[Translation]

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To whom it may concern:

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Notice Concerning the Introduction of the Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties Carry Out Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc. and Response Policies to Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc.

Since City Index Eleventh Co., Ltd. ("City Index Eleventh") submitted a statement of large-volume holdings of the Company's share certificates, etc. for the first time on April 5, 2022, City Index Eleventh has been buying up the shares, etc. of Cosmo Energy Holdings Co., Ltd. (the "Company") in the market (the "Share Buying-up"), together with its joint holder, Ms. Aya Nomura, and Reno, Inc. (City Index Eleventh, Ms. Aya Nomura, and Reno, Inc., collectively, "City and Other Parties"). The Company acknowledges that according to the amended report dated November 22, 2022 on the statement of large-volume holdings, as of November 15, 2022, City and Other Parties held shares of the Company equivalent to 19.81% of the holding ratio of shares certificates, etc. regarding the Company's share certificates, etc.; and thereafter, as of January 4, 2023, following the issuance of the Company's shares through the exercise of share options concerning the euro-yen denominated convertible bonds due in 2022 ("Convertible Bonds") issued by the Company and the additional acquisition of the Company's shares by City and Other Parties, City and Other Parties held shares of the Company equivalent to 19.96% of the holding ratio of share certificates, etc.

On April 15, 2022, the Company received a phone call from Mr. Hironao Fukushima, the representative director of City Index Eleventh, and Mr. Yoshiaki Murakami, who is the father of Ms. Aya Nomura and has significant influence on City and Other Parties ("Mr. Murakami"), who proposed a meeting between the Company, City Index Eleventh, and Mr. Murakami. At the same time, we were asked what the Company considered to be the appropriate holding ratio of the Company's shares by City and Other Parties, and we were also informed that City and Other Parties intended to hold the Company's shares for a long period of time, and that one of the options was that City and Other Parties would acquire a majority or all of the Company's shares with the Company's consent. After receiving the call, on April 20, 2022, the Company informed its intention to accept the meeting above, and since it is not desirable for the Company's stakeholders, including other shareholders, if some shareholders have the holding of the above kind while the purpose, etc. of the large-volume holding of the Company's shares, etc. is unclear, in response to the questions from City Index Eleventh and Mr. Murakami, the Company sent a letter to City Index Eleventh requesting that City and Other Parties do not purchase additional shares of the Company in excess of 20% because the Company was not anticipating at present that City and Other Parties would hold 20% or more of the Company's shares as calculated on a large-volume holdings statement basis. After that, a meeting was held between Shigeru Yamada, the Company's Director and Senior Executive Officer, City Index Eleventh, and Mr. Murakami on April 26 of the same year. In the meeting, the response from them

was “Assuming that your company will announce a path to improve your corporate value and shareholder value that is satisfactory to the shareholders, at present, we inform you that we have no plans to acquire 20% or more of your shares as calculated on a large-volume holdings statement basis.” The Company continued to have regular dialogue with City and Other Parties and Mr. Murakami, and City and Other Parties and Mr. Murakami consistently stated that they had no plan to acquire 20% or more of the Company’s shares as calculated on a large-volume holdings statement basis in a meeting between Hiroshi Kiriyama, the Company’s Representative Director and Group CEO, City and Other Parties, and Mr. Murakami held on May 25 of the same year, a meeting between the Company, City Index Eleventh, and Ms. Aya Nomura held on August 22 of the same year, and in a letter from City Index Eleventh dated November 14 of the same year.

Thereafter, however, while City and Other Parties continued to have this dialogue with the Company, they continued the Share Buying-up, and in a meeting on November 18, 2022 between the Company, City Index Eleventh, and Ms. Aya Nomura, after City and Other Parties came to hold 19.81% of the Company’s share certificates, etc., as calculated on a large-volume holdings statement basis, Ms. Aya Nomura indicated their desire to hold 30% of the Company’s shares as calculated on a large-volume holdings statement basis, a sudden reversal of the intention they conveyed in their previous remarks and letters. Thereafter, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami held on November 22, 2022, Mr. Murakami suddenly announced his desire to dispatch an outside director to the Company and proposed that it is one of the choice Mr. Murakami himself become an outside director. Further, in a meeting between Hiroshi Kiriyama, the Company’s Representative Director, Group CEO, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami on November 25, 2022, Mr. Murakami indicated that they desired to have a person recommended by Mr. Murakami be a director candidate proposed by the Company at the Company’s ordinary general meeting of shareholders next year, and in exchange they would not acquire 30% of the Company’s shares as calculated on a large-volume holdings statement basis. Mr. Murakami also stated that if the Company’s Nomination and Remuneration Committee (at that time, the name was “Nomination and Remuneration Advisory Committee”) rejects the proposal for the director candidate that he recommends at the Company’s ordinary general meeting of shareholders next year, they would engage in a proxy fight and oppose and defeat the director appointment proposal by the Company. Mr. Murakami went on to state that not acquiring 20% or more of the Company’s shares as calculated on a large-volume holdings statement basis and the dispatch of the director recommended by Mr. Murakami mentioned above were a “package” deal, and if the Company does not accept the dispatch of the director mentioned above, he would seek to acquire 30% of the Company’s shares as calculated on a large-volume holdings statement basis. Thereafter, on December 13, 2022, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami, Mr. Murakami again stated that City and Other Parties would not acquire 20% or more of the Company’s shares as calculated on a large-volume holdings statement basis. However, on December 27, 2022, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami, such intention was again reversed, and instead an intention was expressed to the effect that if the Company did not decide by January 6, 2023 to buy back the shares (8,899,262 shares) allocated for conversion through the exercise of share options concerning the Convertible Bonds issued by the Company before the Company settles its accounts for the third quarter, fiscal year 2022 (“Share Buy-back”), City and Other Parties would acquire 20% or more of the Company’s shares as calculated on a large-volume holdings statement basis. Thereafter, on January 6, 2023, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami, the Company told Mr. Murakami that as the appropriateness of the Share Buy-back was related to the Company’s medium-term management strategy, the Company planned to explain necessary equity capital in the Medium-Term Management Plan, scheduled to be announced in March 2023, and could not give a definite answer regarding the implementation of the Share Buy-back as of January 6, 2023. In response, Mr. Murakami made a one-sided announcement that City and Other Parties would acquire 20% or more of the Company’s shares as calculated on a large-volume holdings statement basis as the Share Buy-back was not promised as of the meeting date of January 6, 2023, and expressed an intention that there was no room for discussion regarding this point.

In addition, at the meeting on January 6, 2023, when the Company explained, as measures for improvement of the Company's medium to long-term corporate value, the offshore wind power business that the Company had been engaged in by utilizing its know-how accumulated through running its onshore wind power generation business for approximately 20 years, Mr. Murakami made a one-sided decision so as to damage the value of the Company's offshore wind power business without presenting any reasonable grounds and discontinued the topic on the Company's medium to long-term strategy. Further, when the Company explained its plans for its necessary equity capital, taking into consideration the forthcoming medium to long-term investments mainly in the offshore wind power business, Mr. Murakami, without presenting any sufficient grounds, stated, among other matters, that the Company's appropriate equity capital was 400 billion yen, while he could accept up to 500 billion yen, and that the Company's equity capital would increase too much without a 100% shareholder return by the Company, thereby unilaterally discontinuing the discussion on the Company's necessary equity capital. Moreover, Mr. Murakami talked throughout the meeting about the demand for the Share Buy-back and acquisition of 20% or more of the Company's shares as calculated on a large-volume holdings statement basis. Due to reasons including the above and the attitudes, remarks, etc. of Mr. Murakami and City and Other Parties at the meeting on January 6, 2023 in which they persistently demanded an immediate shareholder return without showing any interest in the Company's medium to long-term strategy, the Company could not help but have strong doubts about Mr. Murakami and City and Other Parties and believed that they had no interest in the Company's medium to long-term strategy or medium to long-term corporate value improvement, and only wanted from the Company an immediate shareholder return, and were not willing to discuss with the Company its medium to long-term business strategy or corporate value improvements.

In such fashion, under such circumstances in which City and Other Parties have come to hold 19.96% of the Company's shares as calculated on a large-volume holdings statement basis through the Share Buying-up, Mr. Murakami unilaterally declared that he would acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis, and he showed his intention that there is no room to discuss this point. Therefore, the Company has come to a reasonable conclusion that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company's shares as calculated on a large-volume holdings statement basis in the future.

Further, as stated above, on November 25, 2022, when they came to hold 19.81% of the Company's shares on a large-volume holdings statement basis, Mr. Murakami suddenly indicated that he desired to have a person recommended by himself be a director candidate proposed by the Company at the Company's ordinary general meeting of shareholders next year in exchange for not acquiring 30% of the Company's shares on a large-volume holdings statement basis, and that if the Company's Nomination and Remuneration Committee (at that time, the name was "Nomination and Remuneration Advisory Committee") rejects Mr. Murakami's proposal, they would defeat the Company's candidate through a proxy battle, and on November 27, 2022 and January 6, 2023, Mr. Murakami stated that unless the Share Buy-back is immediately decided to be implemented, they would acquire 20% or more of the Company's shares on a large-volume holdings statement basis. Considering that City and Other Parties and Mr. Murakami have demonstrated an attitude of escalating their demands to the Company and taking stronger measures, against the backdrop of their behavior of increasing their holding ratio of voting rights of the Company's shares and by using the threat of additional purchases as a bargaining chip, the Company has reached the conclusion that it cannot expect that City and Other Parties and Mr. Murakami will sincerely share or explain information regarding the Share Buying-up, such as the intent and purpose for the Share Buying-up, the planned number of the Company's share certificates, etc. to be acquired by City and Other Parties in the future, and whether and how City and Other Parties and Mr. Murakami will be involved in the Company's management.

As stated above, in these circumstances in which information on the purposes, details, and other such information regarding the Share Buying-up being conducted by City and Other Parties is currently insufficient and is not expected to be provided or explained, Mr. Murakami and City and Other Parties are not interested in mid- to long-term improvement of the Company's corporate value, what they request the Company is immediate shareholder return only, and it is strongly suspected that they have

no intention to discuss the Company's mid- to long-term business strategy with the Company, the Company believes that it is undeniable that the purpose or results of the Share Buying-up could prevent maximization of the Company's corporate value and the shareholders' common interests, given factors including the Court's finding of the previous investment activities of relevant investors, including Mr. Murakami, and the funds over which he exercises influence ("Mr. Murakami Funds, Etc.") as stated in **Exhibit 1** (for example, in the Yokohama District Court decision rendered on May 20, 2019, the court found that Mr. Murakami and the Mr. Murakami Funds, Etc. purchased a large number of shares in multiple listed companies from 2012 to 2019, placed their management under pressure, and earned a resale gain by causing those listed companies or their affiliated companies to purchase at high prices all or a substantial part of the shares that they had purchased (page 126 of the *Siryoban Shojihomu* No. 424)).

In light of the above, and since it can be reasonably determined that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company's shares on a large-volume holdings statement basis (i.e., the Large-scale Purchase Actions, etc. (as defined in **III.2(2)** below; the same definition applies hereinafter)) through the Share Buying-up in the future, contrary to the previous expression that City and Other Parties had no plan to acquire 20% or more of the Company's shares on a large-volume holdings statement basis as discussed above, and also upon the presumption that another party may contemplate Large-scale Purchase Actions, etc. under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. of the Company's shares, etc., the Company's Board of Directors has concluded that **Large-scale Purchase Actions, etc. must be conducted in accordance with certain procedures that it determines, which will contribute to maximizing the Company's corporate value and the shareholders' common interests, to secure the information and time required for the Company's shareholders to make appropriate decisions on the potential impact of any such Large-scale Purchase Actions, etc. on the Company's corporate value or the sources thereof and to enable the Company's Board of Directors to negotiate or discuss with Large-scale Purchasers** (as defined in **III.2(2)** below; the same applies hereinafter) **regarding Large-scale Purchase Actions, etc. or the Company's management policy or other related matters.**

As a result, the Company's Board of Directors determined basic policies for the purpose of securing and improving our corporate value and our shareholders' common interests (Article 118, item (iii) of the Regulations for Enforcement of the Companies Act) at the Board of Directors meeting held today, and has resolved to introduce response policies for (i) Large-scale Purchase Actions, etc. by City and Other Parties for the Company's shares, etc. and (ii) other Large-scale Purchase Actions, etc. that may be planned under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. for the Company's shares, etc. (the "Response Policies"). Furthermore, we would like to inform you of the mechanisms we have determined to implement based upon these basic policies, designed to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act), as set forth below. The Response Policies will be introduced by primarily focusing on the response to the Large-scale Purchase Actions, etc. that have already occurred, including the Share Buying-up, and differ from proactive takeover defense measures that are introduced in times when a company is not currently being subjected to such actions. The introduction of these policies have been determined at the above-mentioned Board of Directors meeting with the approval of all directors of the Company, including all four independent outside directors, audit and supervisory committee members alike.

In addition to passing the resolution above, the Company's Board of Directors has established an Independent Committee and appointed four independent outside directors in order to prevent it form making arbitrary decisions and to further enhance the fairness and objectiveness of the operation of the Response Policies. For the establishment of the Independent Committee and the appointment of the Independent Committee members, please see the "Notice Concerning Establishment of Independent Committee and Appointment of Independent Committee Members" dated today).

If there is any amendment to the Companies Act, the Financial Instruments and Exchange Act or other laws, any rule, cabinet order, cabinet office order or ministerial order, or any rule of the financial instruments exchange on which the Company's shares are listed (collectively, "Laws") (including a name change of any Law, and the enactment of any new Law to replace a former Law; hereinafter the same), and any such amendment is enforced, the provisions of the Laws quoted in the Response Policies will be respectively replaced by the relevant provisions of the amended Laws that substantively replace those former Laws, unless separately determined by the Company's Board of Directors.

I. Basic policies on persons who control the decisions of the Company's financial and business policies

As a listed company, the Company recognizes that if a share purchase proposal is made by specific persons that may materially impact the Company's basic management policies, the acceptance of that proposal should ultimately be left to its shareholders' decision and that information necessary and sufficient for the purpose of making that decision in order to have the shareholders make that decision appropriately should be offered to them.

Further, where Large-scale Purchase Actions, etc. are actually conducted, it is difficult for the Company's shareholders to appropriately assess the impact of the Large-scale Purchase Actions, etc. on the Company's corporate value and the shareholders' common interests, without necessary and sufficient information being provided by the Large-scale Purchaser. Further, it is undeniable that some Large-scale Purchase Actions, etc., would damage the Company's medium- to long-term corporate value and the shareholders' common interests, which the Company has maintained and enhanced, such as those that: (i) attempt to temporarily control the management and transfer the Company's tangible/intangible important management assets to the Large-scale Purchaser or its group companies; (ii) attempt to appropriate the Company's assets for repayment of the Large-scale Purchaser's debts; (iii) attempt to merely have the Company and/or its related parties acquire the Company's shares at a high price without intending to actually participate in the management (colloquially referred to as a "greenmailer"); (iv) attempt to obtain temporary high dividends by having the Company sell and dispose of its expensive assets; (v) potentially damage the good relationships with the Company's stakeholders and damage the Company's medium- to long-term corporate value; (vi) do not provide the period of time or information reasonably necessary for the Company's shareholders and the Company's Board of Directors to consider the content of purchases and acquisition proposals and for the Company's Board of Directors to offer alternative proposals; and (vii) do not fully reflect the Company's value.

In light of the above, the Company believes that the Company's Board of Directors has a duty: (i) to have the Large-scale Purchaser provide the information necessary and sufficient for the Company's shareholders to make decisions; (ii) to provide the results of evaluation and consideration by the Company's Board of Directors regarding the impact of the proposal by the Large-scale Purchaser on the Company's medium- to long-term corporate value and the shareholders' common interests, as a reference for the Company's shareholders to consider the proposal; and (iii) (as the case may be) to negotiate or discuss the Large-scale Purchase Actions, etc. or the Company's management policies with the Large-scale Purchaser, or to present the Board of Directors' alternative proposals for the management policies to the Company's shareholders.

In terms of the basic policies above, the Company's Board of Directors will require that the Large-scale Purchaser provide the information necessary and sufficient for the Company's shareholders to appropriately determine whether to accept the Large-scale Purchase Actions, etc., in order to ensure maximization of the Company's medium- to long-term corporate value and the shareholders' common interests. The Board of Directors will also timely and properly disclose such information as provided to the Company or otherwise take measures to be deemed

appropriate within the extent permissible under the Laws and the Company's Articles of Incorporation.

The basic policies regarding persons who control the decisions of the Company's financial and business policies are as stated above. Thus, the Company's Board of Directors believes that any Large-scale Purchase Action, etc. by a Large-scale Purchaser ultimately requires the Company's shareholders agreement to the Large-scale Purchase Actions, etc., and that such agreement should be made upon consideration of the details of the purposes and conditions thereof and upon being provided in advance with sufficient time and information necessary to determine whether it is acceptable. As such, as long as the Large-scale Purchaser complies with the procedures established in the Response Policies, before enacting the countermeasures based on the Response Policies, the Company's Board of Directors will hold a shareholders meeting ("Shareholders' Will Confirmation Meeting") as a venue for such consideration and determination by the Company's shareholders. Further, if the Company's shareholders express their will to support the Large-scale Purchase Actions, etc. at the Shareholders' Will Confirmation Meeting (such will is to be expressed by the passage of a proposal requesting approval for the Company to take prescribed countermeasures against Large-scale Purchase Actions, etc. by the consent of a majority of the voting rights of the shareholders present at the Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights), the Company's Board of Directors will not take any action to substantially prevent the Large-scale Purchase Actions, etc., as long as it is implemented pursuant to the terms and conditions disclosed at the Shareholders' Will Confirmation Meeting.

Therefore, countermeasures based on the Response Policies (specifically, allotment of share options without contribution) will be enacted, fully respecting the Independent Committee's recommendations, only (a) if approval is obtained by the Shareholders' Will Confirmation Meeting and if the Large-scale Purchaser does not withdraw the Large-scale Purchase Actions, etc., or (b) if the Large-scale Purchaser seeks to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's share certificates, etc.) without complying with the procedures specified in **III.2(3)** below.

II. Special efforts assisting in the implementation of the basic policies

1. Efforts to enhance the Company's corporate value and the shareholders' common interests

(1) Group Management Vision

The Company's Group Vision is "in striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities" and the Company holds the following basic concepts of sustainability as its fundamental management policies: "Harmony and Symbiosis (Harmony and Symbiosis with the Global Environment; Harmony and Symbiosis between Energy and Society; and Harmony and Symbiosis between Companies and Society)" as well as "Creating Future Values (Creating the Value of "Customer First;" Creating Value From the Diverse Ideas of the Individual; and Creating Value by Expressing Collective Wisdom)."

(2) the Medium-Term Management Plan to embody the management policies

In the 6th Medium Term Management Plan that started in FY2018, under the slogan of "Oil & New Everything About Oil－And Beyond," we strengthen our oil refining and sales, which were the main revenue bases in the prior Medium Term Management Plan, as well as aim to expand the business portfolio by promoting growth investment in wind

power generation and petrochemical businesses, with a view to the accelerating movement toward a fossil-fuel-free society.
Since the decline of petroleum product demand is assumed, in order for our group to grow sustainably, it is essential to shift the focus to new businesses for future growth, and in the 6th Medium Term Management Plan, we set "securing profitability to enable reinvestment," "expanding growth driver toward the future," and "improving financial condition," and "strengthening Group management foundation" as the basic policies, and will solidify the strong financial base by increasing the profitability of our oil exploration and production business and petroleum business and expanding the business portfolio. Specifically, with regard to "securing profitability to enable reinvestment," we will start to supply fuel oil to Kygnus Sekiyu in the petroleum business, and increase profitable products by transforming refineries to bottomless ones in order to comply with the IMO regulations; with regard to "expanding growth driver toward the future," we will invest in new businesses for future growth, including expanding the wind power business; with regard to "improving financial condition," we will increase equity capital by strengthening profitability; with regard to "strengthening Group management foundation," we identified important ESG tasks (Materiality) that will influence the sustainable growth of society and the Group, and promote sustainable management to achieve our group's sustainable creation of value. In addition, the 7th Consolidated Medium-Term Management Plan will start in the fiscal year 2023 and we currently discuss to achieve the further enhancement of the corporate value of the Group trough this plan.

2. Strengthening of corporate governance

The Company has specifically implemented the following efforts to further strengthen corporate governance.

(Corporate governance system)

The Company has set "In striving for harmony and symbiosis between our planet, man, and society, we aim for sustainable growth towards a future of limitless possibilities." as the Group Management Vision, and we promote "improvement in transparency and efficiency in management," "prompt execution of business," and "thorough risk management and compliance" based on this management vision and specific guidelines for promoting and achieving it.

Specifically, the Company shifted to the holding company system in October 2015 and adopted a corporate governance structure with an Audit and Supervisory Committee in order to strengthen the management supervision function and improve transparency and efficiency in its management. The Company has also introduced an executive officer system to strictly divide management supervision from business execution, ensure quick response to changes in the business environment, and execute prompt decision making.
The Company's Board of Directors consists of five internal directors (of these, one director who is a member of the Audit and Supervisory Committee) and four independent outside directors (of these, two independent outside directors who are members of the Audit and Supervisory Committee), determines important matters such as basic policies of its management, and supervises business execution. It is intended to strengthen the management supervision function and achieve fair and transparent management by inviting outside directors.
In addition, the Executive Officers' Committee which is a decision-making body by the group chief executive officer and consists of main executive officers, including the group chief executive officer and internal director who is a member of the Audit and Supervisory Committee, will be held every two weeks in principle and makes decisions on business execution based on the management policy determined by the Board of Directors.

Further, the Company has established the Nomination and Remuneration Committee in order to ensure transparency and objectivity regarding the process of determining candidates for directors and remuneration. The Nomination and Remuneration Committee consists of one internal director and four independent outside directors, and conducts deliberations on nomination and remunerations of officers. An outside director serves as its chairperson.

(Audit by the Audit and Supervisory Committee and internal audit)

The Audit and Supervisory Committee consists of one internal director and two independent outside directors, and, based on the "Regulations for the Audit and Supervisory Committee" and "Standards for Audit and Supervising in the Audit and Supervisory Committee," uses an internal control system to audit and supervise the execution of duties by directors and the status of execution of other general duties related to group management. In principle, the Audit and Supervisory Committee meeting will be held more than once a month, and, when necessary, it will be held on a temporary basis.

The Company's internal auditing office is an organization independent from the business execution line, which reports directly to the representative group chief executive officer. The internal auditing office conducts internal audits of the Company and its affiliated companies and evaluates internal control of the Company and its affiliated companies under the "Internal Audit Regulations" and "Internal Control Evaluation Regulations for Financial Reports."
The internal auditing office periodically reports audit results regarding compliance with various laws and regulations and internal regulations, responses to risk management, etc. and evaluation results of internal control to the Executive Officers' Committee and the Audit and Supervisory Committee, and conducts follow-up audits to grasp whether and how the business has been improved in response to its advice and recommendation to each department executing its business.

(Other matters)

In addition, the Company has been diligently working on strengthening corporate governance, based on Japan's latest Corporate Governance Code. For the details of the Company's corporate governance system, please refer to the Company's corporate governance report (dated June 27, 2022).

III. Efforts to prevent the determination of financial and business policies of the Company from being controlled by inappropriate persons in light of the basic policies

1. The purposes of the Response Policies

The Response Policies will be introduced in accordance with **I.** "Basic policies on persons who control the decisions of the Company's financial and business policies" above, with the aim of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests.

The Company's Board of Directors believes that the decision to accept Large-scale Purchase Actions, etc. must ultimately be made by the shareholders, from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests. The Company's Board of Directors also believes that, in order for the shareholders to properly decide to accept Large-scale Purchase Actions, etc., it is necessary to secure an opportunity to confirm their general will by holding a Shareholders' Will Confirmation Meeting in advance of the commencement of the Large-scale Purchase Actions, etc.; and that, in order to allow such confirmation of the will to be substantive and based on deliberation, it is necessary, as a precondition therefor, to secure sufficient information from the Large-scale Purchaser and to provide time to consider to the shareholders.

In light of the above, the Company's Board of Directors decided on the Response Policies as procedures to be taken if Large-scale Purchase Actions, etc. are to be conducted, as described below. These Response Policies are the framework for requesting that the Large-scale Purchaser provide the necessary information and for securing the time required for the Company's shareholders to deliberate over the propriety of the relevant Large-scale Purchase Actions, etc. based on the provided information, as a precondition to enable the shareholders to determine based on sufficient information, in advance of the Large-scale Purchase Actions, etc., whether the Large-scale Purchase Actions, etc. will prevent the maximization of the Company's medium- to long-term corporate value and the shareholders' common interests. We believe that the above-mentioned procedures provide the shareholders with necessary and sufficient information and time to make a proper decision regarding whether to accept Large-scale Purchase Actions, etc., and that such will contribute to the maximization of the Company's medium- to long-term corporate value and the shareholders' common interests.

Therefore, the Company's Board of Directors plans to request that Large-scale Purchasers comply with the Response Policies; and if a Large-scale Purchaser fails to do so, to take certain countermeasures, fully respecting the Independent Committee's opinions, from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests.

In response to the fact that it can be reasonably determined that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company's shares on a large-volume holdings statement basis through the Share Buying-up (i.e., the Large-scale Purchase Actions, etc.), the decision to introduce the Response Policies was made by the Company's Board of Directors, based on the determination that it is necessary to establish certain procedures to respond to (i) Large-scale Purchase Actions, etc. by City and Other Parties for the Company's share certificates, etc. and (ii) other Large-scale Purchase Actions, etc. that may be intended under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. for the Company's shares, etc., from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests. In addition, the Response Policies entail the decision regarding whether the Company should take prescribed countermeasures against the Large-scale Purchase Actions, etc. will also be ultimately left to the will of the shareholders through a Shareholders' Will Confirmation Meeting, as long as a Large-scale Purchaser complies with the procedures established in the Response Policies. Accordingly, on the condition that the time and information required to evaluate and examine details of the Large-scale Purchase Actions, etc. are sufficiently secured, the Company believes that it is fair to deem the following process reasonable: if enacting the countermeasures is passed by the consent of a majority of the voting rights of the shareholders present at a Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights after the Company's Board of Directors fulfills its accountability to them, then the relevant countermeasures may be deemed to be based on the reasonable will of the shareholders (for details of the structure to enhance reasonableness of the Response Policies, please refer to **5.** below.).

2. Details of the Response Policies

(1) Outlines

(i) Procedures for the Response Policies

As stated above, the Company believes that the decision to accept Large-scale Purchase Actions, etc. must ultimately be made by the shareholders. Accordingly, if the Company obtains approval at a Shareholders' Will Confirmation Meeting and the relevant Large-scale Purchase Actions, etc. are

not withdrawn, the Company will enact prescribed countermeasures, fully respecting the Independent Committee's opinions, in order to maximize the Company's medium- to long-term corporate value and the shareholders' common interests.

In addition, the Response Policies request that the Large-scale Purchaser provide the information necessary to serve as the basis for the shareholders to make decisions, to secure the time required for the shareholders to deliberate over the propriety of the Large-scale Purchase Actions, etc. based on the provided information, and then to confirm the shareholders' will regarding acceptance of the Large-scale Purchase Actions, etc. through a Shareholders' Will Confirmation Meeting. Therefore, should those aims not be achieved, namely, if the Large-scale Purchaser seeks to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures specified in **(3)** below, the Company's Board of Directors will enact prescribed countermeasures, fully respecting the Independent Committee's opinions.

(ii) Establishment of Independent Committee

In relation to the operation of the Response Policies, the Company has established the Independent Committee in order to appropriately operate the Response Policies, to prevent arbitrary decisions by the Company's Board of Directors, and to ensure the objectiveness and reasonableness of its decisions, pursuant to the Independent Committee Regulations (for the outline thereof, please refer to **Exhibit 2**). The Independent Committee will give the Company's Board of Directors recommendations on the propriety of enacting countermeasures and other matters necessary to respond in accordance with the Response Policies. The Company's Board of Directors will determine the propriety of enacting countermeasures and other relevant matters fully respecting the Independent Committee's recommendations.

In addition, the Independent Committee can, among other things, obtain advice from external experts (such as financial advisers, lawyers, certified public accountants, and tax accountants) independent from the Company's Board of Directors and the Independent Committee, as necessary. All the expenses incurred to obtain the advice will be borne by the Company, to the extent that they are reasonable.

In principle, resolutions of the Independent Committee will be passed by a majority vote of the committee members present at a meeting of the committee where all the incumbent committee members are present. However, if any member of the Independent Committee is unable to attend the committee meeting or any other exception applies, resolutions will be passed by a majority vote of the committee members present at a meeting where the majority of the committee members are present.

(iii) Use of allotment of share options without contribution as a countermeasure

If the countermeasures stated in (i) above are enacted, the Company will allot all of its shareholders share options with a discriminative exercise condition to the effect that Ineligible Persons (as defined in **3(1)(v)(a)** below; hereinafter the same definition applies) are not entitled to exercise rights and other conditions, and an acquisition clause to the effect that, while share options owned by shareholders other than Ineligible Persons will be acquired in exchange for

common shares of the Company, share options owned by Ineligible Persons will be acquired in exchange for other share options with a certain exercise condition and acquisition clause, and other clauses (the "Share Options") by way of allotment of share options without contribution (Article 277 et seq. of the Companies Act) (for details, please refer to **3.** below).

(iv) The Company's acquisition of the Share Options

If the Share Options are allotted without contribution in accordance with the Response Policies, and shares of the Company will be delivered to the shareholders other than Ineligible Persons in exchange for the Company's acquisition of the Share Options, and the ratio of shares of the Company held by Ineligible Persons will be diluted to a certain extent.

(2) Large-scale Purchase Actions, etc. subject to the Response Policies

In the Response Policies, the term "Large-scale Purchase Actions, etc." refers to the actions reasonably deemed to fall under the following categories of actions (except for those conducted with the prior consent of the Company's Board of Directors):

(i) a purchase (including but not limited to the commencement of a tender offer; hereinafter the same applies) of the Company's share certificates, etc. (Note 3) with the aim of making the holding ratio of voting rights (Note 2) of the specific shareholders' group (Note 1) 20% or greater;
(ii) a purchase of the Company's share certificates, etc. as a result of which the holding ratio of voting rights of the specific shareholders' group would be 20% or greater; or
(iii) irrespective of whether an action provided for in (i) or (ii) above is undertaken, any action conducted by the Company's specific shareholders' group with another shareholder of the Company (including cases where the relevant action is conducted with multiple other shareholders of the Company; hereinafter the same applies in this (iii)) that falls under either of the following items: (a) agreements or other actions after which the relevant shareholder would be categorized as a joint holder of the specific shareholders' group; or (b) any action to establish a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively (Note 4) (Note 5) (limited to cases where the total holding ratio of share certificates, etc. of the specific shareholders' group and the relevant shareholder would be 20% or greater with respect to the share certificates, etc. issued by the Company).

As stated above, the term "Large-scale Purchaser" refers to a person who conducts or seeks to conduct Large-scale Purchase Actions, etc. alone or jointly or cooperatively with another person.

(Note 1) The term "specific shareholders' group" refers to (i) a "holder" (as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act, including a person who is included in the definition of a holder pursuant to paragraph (3) of the same Article) and a "joint holder" (as provided in Article 27-23, paragraph (5) of the same Act, including a person who is deemed to be a joint holder pursuant to paragraph (6) of the same Article; hereinafter the same applies) of "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company, (ii) a person who conducts a "purchase, etc." (as provided in Article 27-2, paragraph (1) of the same Act,

including a purchase, etc. conducted on a financial instruments exchange market) of "share certificates, etc." (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and any party falling under the definition of a "specially related party" for it (as provided in Article 27-2, paragraph (7) of the same Act; hereinafter the same applies), and (iii) a related party of any of the persons set forth in (i) or (ii) above (meaning investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, tax accountants, other advisors, or persons reasonably considered by the Company's Board of Directors as persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons).

(Note 2) The term "holding ratio of voting rights" refers to, depending on the specific purchase method used by the specific shareholders' group, either (i) the "holding ratio of share certificates, etc." (as provided in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act) of the specific shareholders' group if such group is a holder and that of any joint holder of the "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company (in this case, the "number of share certificates, etc. held" (as provided in the same paragraph) by joint holders of the holder will be included for the purpose of this calculation); or (ii) the total of the "ownership ratio of share certificates, etc." (as provided in Article 27-2, paragraph (8) of the same Act) of the specific shareholders' group if such group is a person conducting a purchase, etc. of share certificates, etc. (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and that of the specially related parties of such person. For the purpose of the calculation of the holding ratio of share certificates, etc., (A) specially related parties as defined in Article 27-2, paragraph (7) of the same Act, (B) investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with specific shareholders, as well as the specific shareholders' tender offer agents, lead underwriters, lawyers, as well as accountants, tax accountants, and other advisors, and (C) persons who acquire the Company's shares, etc. through off-market direct transactions or on-market after-hours transactions at the Tokyo Stock Exchange (ToSTNeT-1) from the persons falling under (A) and (B) above are deemed to be joint holders in regard to the specific shareholders in the Response Policies. In addition, for the purpose of the calculation of the ownership ratio of share certificates, etc., joint holders (including those who are deemed to be joint holders in the Response Policies) are deemed to be specially related parties of the specific shareholders in the Response Policies. For the purpose of calculating a holding ratio of share certificates, etc. or an ownership ratio of share certificates, etc. of the Company, the latest annual securities report, quarterly securities report, and report on repurchase may be referred to with respect to the "total number of issued shares" (as provided in Article 27-23, paragraph (4) of the same Act) and the "total number of voting rights" (as provided in Article 27-2, paragraph (8) of the same Act).

(Note 3) The term "certificates, etc." refers to certificates, etc. as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act.

(Note 4) A decision on whether "a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively" has been established will be made based on such factors as (a) the formation of any relationship such as an investment relationship, business alliance relationship, business or contractual relationship, interlocking officers relationship, funding relationship, credit granting relationship, the structure of the relationship in terms of the actual benefits with relation to the share certificates, etc. of the Company, through such things as purchases of share certificates, etc. of the Company, exercises of the voting rights related to the Company's share certificates, etc., derivatives, and stock lending, etc.; and (b) effects that the specific shareholders' group and the relevant shareholder directly or indirectly have on the Company, among other things.

(Note 5) A decision on whether an action specified in (iii) in the main text above has taken place will be made reasonably by the Company's Board of Directors (in making the decision, the Independent Committee's recommendations will be fully respected). In addition, the Company's Board of Directors may request information from its shareholders to the extent necessary to make a decision on whether the relevant action falls under the requirements specified in (iii) of the main text above.

(3) Procedures leading to enactment of countermeasures

The Response Policies are intended to provide an opportunity for the shareholders to express their will in order for the Company to accept the Large-scale Purchase Actions, etc. However, a certain period of time will be necessary before a Shareholders' Will Confirmation Meeting can be held. The Response Policies are also intended to provide the shareholders with the time required for careful consideration before the shareholders' expression of their will.

Accordingly, in order to obtain information concerning Large-scale Purchase Actions, etc. from a Large-scale Purchaser, to secure a deliberation period for the shareholders, and then to ensure that a Shareholders' Will Confirmation Meeting will be held, the Large-scale Purchaser will be required to comply with the following procedures provided in the Response Policies.

(i) Submission of a statement of intent for the Large-scale Purchase Actions, etc.

The Large-scale Purchaser will be required to submit a statement of intent for the Large-scale Purchase Actions, etc. to the Company's Board of Directors in writing no later than 60 business days before the commencement of the Large-scale Purchase Actions, etc. after the introduction of the Response Policies.

The statement of intent for the Large-scale Purchase Actions, etc. will be required to contain substance equivalent to that which is required to be contained in a tender offer statement as provided in Article 27-3, paragraph (2) of the Financial Instruments and Exchange Act, in Japanese, according to the details, manner, and other factors of the Large-scale Purchase Actions, etc. intended to be conducted, to which the representative of the Large-scale Purchaser will be required to affix his/her signature or his/her name and seal, and the representative's certificate of qualification will be required to be attached.

As stated at the beginning, it can be reasonably determined that there is a relatively high probability that the acquisition of 20% or more of the Company's shares, etc. on a large-volume holdings statement basis through the Share Buying-up (i.e., the Large-scale Purchase Actions, etc.) will be conducted in the future, contrary to the previous indication that City and Other Parties had no plan to acquire 20% or more of the Company's shares on a large-volume holdings statement basis, the Company has requested that City and Other Parties and Mr. Murakami cause City and Other Parties to comply with the Response Policies and to suspend Large-scale Purchase Actions, etc. (including additional acquisition of share certificates, etc. of the Company) until the Board of Directors' Evaluation Period (as defined in **(iii)** below) has ended (if a Shareholders' Will Confirmation Meeting is to be held, until the proposal regarding the enacting of countermeasures is rejected and the Shareholders' Will Confirmation Meeting is concluded), and submit a written statement of intent no later than 60 business days before the commencement of the Large-scale Purchase Actions, etc. with the contents and in the format stated above to the Company's Board of Directors, from the viewpoint of maximizing corporate value and the shareholders' common interests when conducting of the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's share certificates, etc.) after the introduction of the Response Policies.

If the Company's Board of Directors receives a statement of intent for Large-scale Purchase Actions, etc. from a Large-scale Purchaser, we will promptly announce that it has been received, and if necessary, announce its details.

(ii) Provision of information

The Company will request that a Large-scale Purchaser provide the information that is considered necessary for the shareholders to decide whether to accept the conduct of Large-scale Purchase Actions, etc., at a Shareholders' Will Confirmation Meeting (hereinafter, the information is referred to as the "Necessary Information") within five business days (the first day is not included; hereinafter the same applies) from the day on which the Company's Board of Directors receives a statement of intent for the Large-scale Purchase Actions, etc., at the latest. Incidentally, the general items of the Necessary Information are as shown in **Exhibit 3**. The specific details that will be required will vary depending on the nature of the Large-scale Purchaser and the details of the Large-scale Purchase Actions, etc., but in any case, they are limited to those necessary and sufficient for the shareholders to make decisions and for the Company's Board of Directors to form opinions.

If the Necessary Information is submitted, the Company will disclose the fact that it has been submitted and the substance of the disclosure in a timely and appropriate manner to the extent necessary or beneficial for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Actions, etc. If the Company's Board of Directors reasonably decides that the information received from the Large-scale Purchaser is insufficient for the shareholders to decide whether to accept the Large-scale Purchase Actions, etc. in light of the details, manner, and other factors of the Large-scale Purchase Actions, etc., then it may request that the Large-scale Purchaser provide additional information by setting a due date as necessary (in making that decision, the Independent Committee's opinions will be fully respected). In this case, the Large-scale Purchaser will be required to provide the relevant additional information to the Company's Board of Directors by the due date. If the additional information is provided, the Company will also disclose the fact that it has been provided

and its substance in a timely and appropriate manner, to the extent necessary or beneficial for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Actions, etc.

(iii) Board of Directors' Evaluation Period

The Company's Board of Directors will set a period reasonably determined by the Board of Directors, up to 60 business days from the date when the Company receives a statement of intent for the Large-scale Purchase Actions, etc. from the Large Purchaser, as the period for the Company's Board of Directors to evaluate and consider the propriety of the Large-scale Purchase Actions, etc. (the "Board of Directors' Evaluation Period"). The Board of Directors' Evaluation Period is calculated not on a calendar day basis but on a business day basis, considering that the period starts not from the completion of the information provision stated in (ii) above but from the date of receiving a statement of intent for the Large-scale Purchase Actions, etc.

Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) in the future are to be conducted only after the Board of Directors' Evaluation Period has passed (alternatively, if a Shareholders' Will Confirmation Meeting is held, then after the proposal on enacting the countermeasures is rejected and the Shareholders' Will Confirmation Meeting is concluded).

(iv) Holding of a Shareholders' Will Confirmation Meeting

If the Company's Board of Directors opposes the Large-scale Purchase Actions, etc. and considers it appropriate to enact the countermeasures against it, the Company will determine to hold a Shareholders' Will Confirmation Meeting within 60 business days after receiving a statement of intent for the Large-scale Purchase Actions, etc. and thereafter promptly hold a Shareholders' Will Confirmation Meeting. At the Shareholders' Will Confirmation Meeting, the shareholders' will is to be confirmed regarding whether to accept the Large-scale Purchase Actions, etc., by asking for a vote for or against a proposal on enacting countermeasures. Meanwhile, the Company's Board of Directors may make a proposal to maximize the Company's medium- to long-term corporate value and the shareholders' common interests that will serve as an alternative to the Large-scale Purchase Actions, etc. When making such proposal, the Company's Board of Directors will fully respect the Independent Committee's opinions.

The Company's shareholders will be requested to express their decision on whether to accept the Large-scale Purchase Actions, etc. after deliberating over the information regarding the Large-scale Purchase Actions, etc., by voting for or against the proposal on enacting the countermeasures submitted by the Company's Board of Directors. If the proposal is passed by the consent of a majority of the voting rights of the shareholders present at the Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights, the proposal on enacting the countermeasures will be approved. If the Shareholders' Will Confirmation Meeting is held, the Company's Board of Directors will send to the shareholders a document containing the Necessary Information provided by the Large-scale Purchaser, the opinion of the Company's Board of Directors on the Necessary Information, the alternative proposal to the Large-scale Purchase Actions, etc. by the Company's Board of Directors, and other matters that the Company's Board of Directors considers

appropriate, together with the notice of convocation of the general meeting of shareholders, and disclose them in a timely and appropriate manner. In addition, if a Shareholders' Will Confirmation Meeting is held, details such as the extent of the shareholders who are entitled to exercise voting rights (the Company will determine the extent of the shareholders appropriately, taking into account recent court precedents and the manner and other factors of the Large-scale Purchase Actions, etc.), the record date for exercise of the voting rights, and the date and time to hold the Shareholders' Will Confirmation Meeting will be timely and properly announced.

(v) Countermeasures

If the Company's shareholders approve a proposal on enacting countermeasures submitted by the Company's Board of Directors at the Shareholders' Will Confirmation Meeting, and the Large-scale Purchaser does not withdraw the Large-scale Purchase Actions, etc., the Company's Board of Directors will enact the countermeasures stated in **3.** below (allotment of the Share Options subject to discriminatory exercise conditions and acquisition clause without contribution), in accordance with the shareholders' will, fully respecting the Independent Committee's opinions. Meanwhile, if the Company's shareholders do not approve the proposal on enacting the countermeasures at the Shareholders' Will Confirmation Meeting, then the Company's Board of Directors will not enact the countermeasures, in accordance with the shareholders' will.

However, if the Large-scale Purchaser attempts to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures stated in (i) to (iii) above, this will prevent the procurement of the time necessary for the Company's shareholders to deliberate, using the information to be disclosed by the Large-scale Purchaser, or the opportunity for the Company to confirm their will, regarding whether to accept the Large-scale Purchase Actions, etc. Therefore, in such a case, the Company's Board of Directors will enact the countermeasures without holding the Shareholders' Will Confirmation Meeting, unless exceptions apply. In determining whether enacting countermeasures is appropriate, the Company's Board of Directors will fully respect the Independent Committee's opinions.

3. Outline of the Countermeasures (allotment of Share Options without contribution)

The following provides an outline of the allotment of Share Options without contribution to be conducted by the Company as countermeasures under the Response Policies (details of the Share Options not provided below will be separately determined by the Company's Board of Directors via a resolution regarding the allotment of Share Options without contribution).

(1) Substance of Share Options to be allotted

(i) Type of shares underlying Share Options

Common shares of the Company

(ii) Number of shares underlying Share Options

The number of shares underlying one Share Option shall be separately determined by the Company's Board of Directors.

(iii) Value of assets required for exercise of Share Options

The form of assets required for the exercise of the Share Options shall be cash, and the value thereof shall be one yen multiplied by the number of shares underlying each Share Option.

(iv) Exercise period for Share Options

The period in which the Share Options may be exercised shall be a certain period separately determined by the Company's Board of Directors.

(v) Conditions for exercise of Share Options

(a) No Share Options held (or substantially held) by Ineligible Persons may be exercised.

"Ineligible Persons" means any of the following persons:

(i) Large-scale Purchasers;
(ii) Joint holders (including those who are deemed to be joint holders in the Response Policies) of a Large-scale Purchaser;
(iii) Specially related parties (including those who are deemed to be specially related parties in the Response Policies) of a Large-scale Purchaser; or
(iv) Persons who the Company's Board of Directors reasonably determine to fall under either of the following, taking into account the Independent Committee's recommendations:
(x) A person who acquires or succeeds to a Share Option from any of the persons set forth in (i) above through to and including (iv) without the Company's approval; or
(y) A "related party" of any of the persons set forth in (i) above through to and including (iv). A "related party" means investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, tax accountants, other advisors, or persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons. In deciding whether a partnership or other fund falls under the definition of a "related party," the fund manager's substantive identity and other factors are taken into account.

(b) A holder of Share Options may exercise its Share Options only if it provides the Company with: a document containing its representations, warranties regarding the holder not being an Ineligible Person as listed in **(v)(a)** above (if the Share Options are exercised on behalf of a third party, then including that the third party not being an Ineligible Person in **(v)(a)** above), indemnifications and other matters designated by the Company; materials that demonstrate the satisfaction of conditions

reasonably required by the Company; and any document required by any Laws.

(c) If, pursuant to applicable securities laws and other Laws of foreign countries, it is necessary to implement prescribed procedures or satisfy prescribed conditions with respect to exercise of the Share Options by any person residing in the jurisdiction of these Laws, the person residing in that jurisdiction may exercise the Share Options only if the Company deems that all of these procedures and conditions have been implemented or satisfied. Meanwhile, even if implementation or satisfaction of the above procedures and conditions by the Company would enable a person residing in that jurisdiction to exercise the Share Options, the Company will not be obligated to implement or satisfy them itself.

(d) The confirmation regarding the satisfaction of the conditions specified in (v)(c) above shall be pursuant to the procedures to be prescribed by the Company's Board of Directors, which will be similar to those set forth in **(v)(b)** above .

(vi) Acquisition clause

(a) On a date that comes on or after the effective date of allotment of the Share Options without contribution and that is designated by the Company's Board of Directors, the Company may acquire the Share Options that can be exercised in accordance with **(v)(a)** and **(b)** above (i.e., which are held by persons who do not fall under the definition of Ineligible Persons) but that have not been exercised yet (including the Share Options that are held by persons who fall under **(v)(c)** above; hereinafter referred to as "Exercisable Share Options" in **(vi)(b)** below), by providing, as consideration therefor, such persons with common shares of the Company in the number equivalent to the integer portion of the product of: (a) the number of the Share Options to be acquired; and (b) the number of shares underlying one Share Option.

(b) On a date that comes on or after the effective date of allotment of the Share Options without contribution and that is designated by the Company's Board of Directors, the Company may acquire the Share Options, <u>other than</u> the Exercisable Share Options, that have not been exercised yet. It may do this by providing, as consideration therefor, such shareholders with share options, the exercise of which by Ineligible Persons is subject to certain restrictions (i.e., subject to the exercise conditions and acquisition clause described below and other features set forth by the Company's Board of Directors; these share options shall hereinafter be referred to as the "Second Share Options"), in the same number as the number of the Share Options to be acquired.

(i) Exercise conditions

Ineligible Persons may exercise the Second Share Options <u>only</u> to the extent that the ratio recognized by the Company's Board of Directors as the holding ratio of share certificates, etc. of the Large-scale Purchaser after exercise of the Second Share Options falls below 20% or a ratio separately determined by the Company's Board of Directors (if, for instance, City and Other

Parties' holding ratio of share certificates, etc. of the Company as of today exceeds 20%, in relation to City and Other Parties, "20% or the ratio separately determined by the Company's Board of Directors" can be read as the "holding ratio of share certificates, etc. of the Large-scale Purchaser as of today"; hereinafter the same applies), if all of the following conditions are met or in other cases determined by the Company's Board of Directors:

(x) If the Large-scale Purchaser ceases or withdraws the Large-scale Purchase Actions, etc., and pledges not to conduct any Large-scale Purchase Action, etc. thereafter; and

(y) (α) If the ratio recognized by the Company's Board of Directors as the holding ratio of share certificates, etc. of the Large-scale Purchaser (in (i) of this provision, when calculating the holding ratio of share certificates, etc., Ineligible Persons other than the Large-scale Purchaser or its joint holders will also be deemed to be joint holders of the Large-scale Purchaser; and the Second Share Options held by Ineligible Persons for which the exercise conditions have not been satisfied will be excluded) falls below 20% or the ratio separately determined by the Company's Board of Directors, or (β) if the ratio recognized by the Company as the holding ratio of share certificates, etc. of the Large-scale Purchaser is equal to, or greater than, 20% or the ratio separately determined by the Company's Board of Directors and if the Large-scale Purchaser and other Ineligible Persons dispose of the Company's shares, etc. through on-market transactions by delegating it to the securities corporation approved by the Company and the ratio recognized by the Company's Board of Directors as the holding ratio of share certificates, etc. of the Large-scale Purchaser after the disposal falls below 20% or the ratio separately determined by the Company's Board of Directors.

(ii) Acquisition clause

If any of the Second Share Options remains unexercised as of the 10th anniversary of their delivery date, the Company may acquire the Second Share Options (limited to those for which the exercise conditions have not been satisfied) by providing, as consideration therefor, money equivalent to the market value of the Second Share Options at that time.

(c) The confirmation regarding the satisfaction of the conditions concerning compulsory acquisition of the Share Options shall be pursuant to the procedures to be prescribed by the Company's Board of Directors, which will be similar to those set forth in **(v)(b)** above. At any time not later than the day immediately before the commencement date of the period in which the Share Options may be exercised, if the Company's Board of Directors considers it appropriate for the Company to acquire the Share Options, the Company may acquire all

the Share Options without consideration on a date separately designated by the Company's Board of Directors.

(vii) Approval for transfer

Any acquisition of the Share Options through transfer will require the approval of the Company's Board of Directors.

(viii) Matters concerning the stated capital and reserves

Matters concerning the stated capital and capital reserves to be increased in conjunction with events such as the exercise and acquisition pursuant to the acquisition clause of the Share Options shall be established in accordance with the Laws.

(ix) Fractions

If the number of shares to be delivered to a person who has exercised the Share Option(s) includes a fraction less than one share, such fraction will be rounded down. When the holder of the Share Options exercises multiple Share Options at one time, the fraction of the number of shares to be delivered to the holder of the Share Options shall be determined by adding together the total number of shares to be delivered in that exercise of the Share Options.

(x) Issuance of share option certificates

No share option certificates will be issued for the Share Options.

(2) Number of Share Options allotted to shareholders

One Share Option will be allotted per common share of the Company (excluding the Company's common shares held by the Company).

(3) Shareholders eligible for allotment of Share Options without contribution

Share Options will be allotted to all shareholders (excluding the Company) holding common shares of the Company who are listed or recorded in the latest shareholder registry on the record date separately designated by the Company's Board of Directors.

(4) Total number of Share Options

The total number of Share Options to be allotted will be equal to the latest total number of issued shares of the Company as of the record date separately designated by the Company's Board of Directors (excluding the number of the Company's common shares held by the Company).

(5) Effective date of allotment of Share Options without contribution

The effective date will be a date that falls on the record date or a date thereafter separately designated by the Company's Board of Directors.

(6) Other matters

Allotment of Share Options without contribution will take effect, subject to either of the following conditions being satisfied: (i) approval by a Shareholders' Will Confirmation

Meeting is obtained and the Large-scale Purchase Actions, etc. is not withdrawn; or (ii) the Large-scale Purchaser attempts to conduct its Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without observing the procedures set forth in **2(3)** above.

4. Impact on shareholders and investors

(1) Impact of the Response Policies on shareholders and investors upon the introduction thereof

The Company will not conduct an allotment of the Share Options without contribution upon introducing the Response Policies. Accordingly, the Response Policies will not have a direct and concrete impact on the rights and economic interests of shareholders and investors upon the introduction of the Response Policies.

(2) Impact on shareholders and investors upon allotment of the Share Options without contribution

The Share Options will be allotted to all shareholders automatically; accordingly, no shareholders will forfeit their rights in relation to the allotment of the Share Options. If the Company conducts an allotment of the Share Options without contribution, the per-share value of the shares of the Company held by shareholders will be diluted. However, the value of all the shares of the Company held by shareholders will not be diluted; thus, it is not anticipated that this will have any direct and concrete impact on the legal rights and economic interests of shareholders and investors. Further, before the exercise period of the Stock Options commences, the Company intends to acquire, through compulsory acquisition, all of the Share Options pursuant to the acquisition clause attached thereto; and the Company will deliver the shares of the Company to the Share Options that satisfy the exercise conditions.

However, if countermeasures are enacted, they may consequently cause disadvantages to the legal rights or economic interests of the Ineligible Persons prescribed in **3(1)(v)(a)** above.

Further, if the Company conducts an allotment of the Share Options without contribution, the Company shall set the record date to determine the shareholders to be entitled to receive them. Because the per-share value of the shares of the Company will be diluted due to the allotment of the Share Options without contribution, the share price of the shares of the Company may decline after the shareholders entitled to receive allotment of the Share Options without contribution are finally determined. The Company's Board of Directors will set the record date for allotment of the Share Options without contribution by considering the manner of the Large-scale Purchase Actions, etc. and various other circumstances. If the Company intends to set such a record date, the Company will disclose the same in a timely and appropriate manner.

If the Large-scale Purchaser observes the Large-Scale Purchase Rules described in **2(3)** above, and if the shareholders do not approve the proposal to enact the countermeasures in the Shareholders' Will Confirmation Meeting, the Company will not conduct an allotment of the Share Options without contribution. Further, even after commencing procedures to enact the countermeasures, the Company's Board of Directors may discontinue or postpone taking countermeasures if it decides that they no longer need to be enacted (for example, if the Large-scale Purchaser withdraws the Large-scale Purchase Actions, etc., and pledges not to conduct any Large-scale Purchase Action, etc. in the future) (in that case, the Company will disclose the same in a timely and appropriate manner in accordance with the Laws). Shareholders and investors who

buy and sell, etc. shares of the Company on the assumption that the dilution of the per-share value of the shares of the Company occurs, may incur significant damage due to fluctuations in the share price if either of the above circumstances arises.

(3) Procedures required for shareholders upon allotment of the Share Options without contribution

(a) Procedures for allotment of the Share Options without contribution

If the Company's Board of Directors resolved to conduct an allotment of the Share Options without contribution, the Company will set the record date for allotment of the Share Options without contribution; and it will disclose the same in a timely and appropriate manner. In this case, the Share Options shall be allotted without contribution to the shareholders of the Company entered or recorded in the latest shareholder registry on the record date, in proportion to the number of common shares owned by them. Accordingly, the shareholders of the Company entered or recorded in the latest shareholder registry on the record date will be allotted the Share Options as a matter of course, without the need to take any specific procedures.

(b) Procedures for acquisition of the Share Options

Although conditions and procedures for exercise are set forth as described in **3.** above regarding the Share Options allotted to shareholders, the Company in principle intends to acquire the Share Options pursuant to the acquisition clause on a date, before the arrival of the exercise period, separately designated by the Company's Board of Directors. In this case, the Company will conduct the acquisition by issuing a public notice not later than two weeks before the intended acquisition date, in accordance with the Laws.

If the Company acquires the Share Options pursuant to the acquisition clause in accordance with **3(1)(vi)(b)** above, the shareholders will receive an allotment of the shares of the Company as compensation for acquisition of the Share Options by the Company, without the need to pay money equivalent to the exercise price.

However, the handling of matters such as acquisition or exercise of the Share Options regarding Ineligible Persons will differ from that of other shareholders.

(c) Other procedures

Regarding the details of each of the above procedures, the Company will make disclosure in a timely and appropriate manner in accordance with the Laws when these procedures actually become necessary. Accordingly, please check the specific content of such disclosures.

5. Structure to enhance reasonableness of the Response Policies

(1) The Response Policies take into account the purposes of guidelines regarding takeover defense measures at normal times

The Response Policies differ from so-called proactive takeover defense measures that are introduced in times when there are no Large-scale Purchase Actions, etc., but have been formulated in light of: (i) the content of the "Guidelines Regarding Takeover

Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice, on May 27, 2005; (ii) the proposal in the report of the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, dated June 30, 2008, titled "Takeover Defense Measures in Light of Recent Environmental Changes"; and (iii) the purposes of the rules for introduction of takeover defense measures, in relation to takeover defense measures in times when there are no Large-scale Purchase Actions, etc. prescribed by the Tokyo Stock Exchange, and of "Principle 1.5 Anti-Takeover Measures" of the "Japan's Corporate Governance Code" (as revised on June 11, 2021) that the Tokyo Stock Exchange introduced and began implementation of as of June 1, 2015, due to revision of the Securities Listing Regulations. The requirements specified in those guidelines that also apply to the emergency countermeasures are satisfied in the Response Policies.

(2) Respect of the shareholders' will (structure where the shareholders' will is directly reflected)

When enacting countermeasures based on the Response Policies, the Company will reflect its shareholders' will by holding a Shareholders' Will Confirmation Meeting. As long as the Large-scale Purchaser complies with the procedures stated in **2(3)** above, whether to enact the countermeasures will be decided based only on the shareholders' will expressed at the Shareholders' Will Confirmation Meeting.

On the other hand, if the Large-scale Purchaser attempts to conduct its Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures stated in **2(3)** above, the countermeasures will be enacted only by a decision of the Company's Board of Directors, fully respecting the Independent Committee's opinions. This is attributable to the Large-scale Purchaser's decision not to provide an opportunity for the Company's shareholders to determine the propriety of the Large-scale Purchase Actions, etc. after deliberating over the necessary and sufficient information. Therefore, the Company believes that enacting the countermeasures against such Large-scale Purchase Actions, etc. which disregards its shareholders' will is unavoidable to protect the Company's corporate value and the shareholders' common interests.

In addition, as stated in **6.** below, the Response Policies take effect as of today, and the effective term thereof is until the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023, in principle.

As such, the Response Policies fully respect the shareholders' will.

(3) Elimination of the Board of Directors' arbitrary decisions

As stated in **(2)** above, the Company will hold a Shareholders' Will Confirmation Meeting and decide whether to enact countermeasures against Large-scale Purchase Actions, etc. in accordance with its shareholders' will. As long as the Large-scale Purchaser complies with the procedures stated in **2(3)** above, whether to enact countermeasures will be decided based on the Shareholders' Will Confirmation Meeting. Further, if the Large-scale Purchaser attempts to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures stated in **2(3)** above, the Company's Board of Directors will enact the prescribed countermeasures after respecting the Independent Committee's opinion to the utmost extent. Therefore, the countermeasures will not be acted by arbitrary discretion of the the Company's Board of Directors.

Further, as stated in **2(1)(ii)** above, the Company will obtain recommendations from the Independent Committee, regarding the matters necessary to consider the propriety of enacting countermeasures or otherwise take action in line with the Response Policies, in order to ensure the necessity and appropriateness of actions under the Response Policies and to prevent them from being abused to protect management interests. In addition, the Company's Board of Directors will fully respect the Independent Committee's opinions, in order to ensure the fairness of the Board of Directors' decisions and eliminate arbitrary decisions. In addition, the Independent Committee may, among other things, obtain advice from external experts (such as financial advisors, attorneys-at-law, certified public accountants, and tax accountants) independent from the Company's Board of Directors and the Independent Committee, as necessary. As such, the objectiveness and reasonableness of the Independent Committee's decisions are ensured.

Therefore, the Response Policies eliminate the Board of Directors' arbitrary decisions.

(4) The Response Policies are not a dead-hand takeover defense measure or a slow-hand takeover defense measure

As stated in **6.** below, the Response Policies are abolishable at any time by resolution of the Board of Directors comprising the directors appointed at a general meeting of shareholders; therefore, the Response Policies are not a so-called dead-hand takeover defense measure (meaning a takeover defense measure that cannot be prevented from being enacted even by replacing a majority of the members of the Board of Directors) or a slow-hand takeover defense measure (meaning a takeover defense measure that requires time to be prevented from being enacted because the members of the Board of Directors cannot be replaced all at once).

6. Abolition procedures and effective term of the Response Policies

The Response Policies take effect as of today, and the effective term thereof is until the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023. However, upon the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023, if there are persons who are actually engaged in, or contemplating, Large-scale Purchase Actions, etc. and are designated by the Company's Board of Directors, the effective term will be extended, to the extent necessary to respond to such actions engaged in or contemplated. As stated above, the Response Policies will be introduced by primarily focusing on the response to the Large-scale Purchase Actions, etc. that have already occurred, including the Share Buying-up; therefore, the Response Policies are not planned to be maintained after specific Large-scale Purchase Actions, etc. are no longer contemplated .

In addition, if the Company's Board of Directors comprising the directors appointed at the Company's general meeting of shareholders resolves to abolish the Response Policies before expiration of the effective term, they will be abolished upon such resolution.

End

(Exhibit 1) Court's Finding, etc. of Previous Investment Activities of Mr. Murakami Funds, etc.

Part 1. The Yokohama District Court Decision Rendered on May 20, 2019

According to publicly available information, Reno Co., Ltd. (hereinafter "Reno") having delivered letters on multiple occasions to Yorozu Corporation (hereinafter, "Yorozu") demanding returns to its shareholders, including share buybacks, Reno filed on May 10, 2019 for a provisional disposition order for inclusion of a shareholder proposal (hereinafter, "Filing for Provisional Disposition Order") requesting that Yorozu include an agenda item concerning abolition of takeover defense measures in its notice to convene and reference material for a shareholder's meeting.

The subject Filing for Provisional Disposition order was dismissed by the Yokohama District Court (the Yokohama District Court rendered its decision on May 20, 2019 (page 126 of the *Siryoban Shojihomu* No. 424), hereinafter the "Original Decision on the Provisional Disposition"), and the immediate appeal was also dismissed by the Tokyo High Court (the Tokyo High Court rendered its decision on May 27, 2019 (See page 120 of the *Siryoban Shojihomu* No. 424), but according to the portion of the "Case of Filing for Provisional Disposition for Inclusion of a Shareholder Proposal regarding Yorozu" contained on page 126 and the following pages, in *Siryoban Shojihomu* No. 424, the Original Decision on the Provisional Disposition held that, while the presence of a right for preservation is questionable, the court found the likelihood of its attempts to abolish the takeover defense measure which stood in its way because (1) Reno is under the powerful influence of Mr. Yoshiaki Murakami (hereinafter, "Mr. Murakami"), and (2) it can be presumed that, similar to what Reno (or any other corporate entity under the powerful influence of Mr. Murakami) has done in the past to corporations it invested in, its intentions are to obtain a significant amount of profit by purchasing a large number of shares in Yorozu, placing its management under pressure, and earning a resale gain by causing the company or their related companies to purchase at high prices the shares that Reno purchased within a short period of time, and the court held that "it did not find a necessity for preservation of rights in this case because it is not fair to say that the creditor [referring to Reno]will incur significant damage or urgent danger due to the shareholder's proposal not being adopted at the shareholders' meeting, while it should be held that if this filing is permitted, the debtor [referring to Yorozu] will incur not a few disadvantages."

Incidentally, according to the portion of the "Case of Filing for Provisional Disposition for Inclusion of a Shareholder Proposal regarding Yorozu" which begins on page 126 in the same journal, concerning the Original Decision on the Provisional Disposition, the court found that:

"a. The "creditor" (referring to Reno, and references hereinafter refer to the same), Company B (which is the 100% stakeholder of the creditor), C (who held 50% of the company's shares and also served as its representative director until December 1, 2014), Company D (for which the child of A ("A" referring to Mr. Murakami, and references hereinafter refer to the same) serves as the representative director), Company E, Company F, Company G, Company H, and Company I are all under the powerful influence of A (and afterward the aforementioned parties found to be under the powerful influence of A were referred to collectively as the "Creditors").

b. In 2015, when the Creditors acquired approximately 10% of outstanding shares in the debtor (referring to Yorozu, and references hereinafter refer to the same), without indicating any concrete business plans or any business management enhancement plans towards the debtor, A insisted that the debtor's return to shareholders was inadequate and requested that the payout ratio be increased to 100% and that the debtor

present a new medium- to long-term business plan which includes plans for sufficient shareholder returns, and that unless A was satisfied with the medium- to long-term business plan which includes sufficient shareholder returns presented by the debtor, A would propose, "Let us carry out a tender offer. Let's start the process," and "We'll have 11 of the board members resign. We'll keep 3 of them, dispatch 4 from our side, and the 7 will decide the dividend policy at a board meeting," while also commenting, "If the company decides to execute a large scale share buyback, I'll say OK and retract my previous proposal," and demanded, "You have 3 choices – increase shareholder value, become A's company, or execute an MBO." However, in the end, the Creditors sold-off all their shares after the share price of the debtor increased

c. Come 2018, the creditor began acquiring the debtor's shares once again, and in 2019, prior to its total shareholding ratio of the debtor reaching 10%, without showing any interest in concrete business plans or business enhancement measures which would have resulted in profits to the debtor in the medium- to long-term, while demanding an "increase in shareholder value," the creditor simply demanded abolishment of the debtor's takeover defense measures and execution of share buybacks, and then hinted at the exercise of shareholder's proposal rights and eventually exercising those rights, while continuing to acquire the debtor's shares after that.

d. Between 2012 and 2019, the Creditors were purchasing a large number of shares in Company J, Company K, Company L, Company M, and Company N, placing their management of the target companies under pressure, and then earning a resale gain by causing the target companies or their related companies to purchase at high prices all or a substantial part of the shares that the Creditors purchased.

e. Between 2002 and 2005, Company O and Company P, who were under the powerful influence of A, earned a resale gain in the same manner as the Creditors did as described in d. above."

According to publicly available information, on November 20, 2020, Reno subsequently requested that Yorozu convene an extraordinary shareholders' meeting to consider a proposal for a change to the articles of association that would give a shareholders' meeting the power to decide on the abolition of the takeover defense measure. In response to the request, on November 25, 2020, Yorozu decided and announced that it would express its opinion opposing the proposal, and at the extraordinary shareholders' meeting of Yorozu held on January 22, 2021, the proposal was rejected with more than 50% of votes against the proposal.

Part 2 The Tokyo High Court Judgment Rendered on July 19, 2016

The following facts have been found in a judgment rendered by the Tokyo High Court (the Tokyo High Court judgment rendered on July 19, 2016; not published in the Tokyo High Courts' case reports) (A case in which plaintiffs Reno and C&I Holdings Co., Ltd.'s (hereinafter "C&I") appeals were dismissed. The case was finalized when a refusal of acceptance of appeal was decided by the Judgment of the Supreme Court of Japan, 1st Petty Bench, December 15, 2016, not published in case reports) concerning past investment cases made by the funds, etc. upon which Mr. Murakami exercises influence. (Evidence is omitted.)

"a. M&A Consulting, one of the former Murakami Fund's central investment vehicles, purchased shares in Nippon Broadcasting System, Inc., its shareholding ratio reaching 7.37% in 2003. Furthermore, M&A Consulting (represented by Murakami) increased its ownership ratio in Nippon Broadcasting System to 18.57% by January 2005, and placed pressure on Nippon Broadcasting System, Inc.'s major shareholder, Fuji Television Network, Inc. (hereinafter "Fuji Television"), by threatening to engage in a

proxy fight to demand the resignation of the management of Nippon Broadcasting System unless it carried out a TOB (tender offer) of Nippon Broadcasting System, Inc.'s shares, to which Fuji Television responded by initiating a TOB, but M&A Consulting offered to Livedoor Co., Ltd. (hereinafter "Livedoor") [ ] to sell the shares to Livedoor if it were to purchase the shares at a higher price, eventually proceeding to sell the shares to Livedoor at a higher price.

b. MAC Asset, one of the former Murakami Fund's central investment vehicles, submitted a large shareholding report on TBS shares on October 14, 2005, when the fund's shareholding ratio was reported as 7.45% as of September 30, 2005. In August of the same year, MAC Asset pitched a proposal to the management team of TBS to carry out an MBO for it to buy back the company's shares, and also attempted to acquire TBS through a consortium with [ ], and ultimately sold off its TBS shares. The shares were sold through a direct transaction without going through the market. It is reported that MAC Asset made 20 billion yen in profit through this transaction.

c. MAC, one of former Murakami Fund's central investment vehicles, acquired shares in Shoei K.K. (hereinafter "Shoei") through a hostile tender offer against Shoei in 2000 and made a demand for business management that places an emphasis on its shareholders, and enhanced plans to increase shareholder returns, and in 2002, it held 6.52% of Shoei's shares, but Shoei bought back these shares through a TOB as the issuer. The total number of shares Shoei bought back through this TOB as the issuer was 1,298,800 shares, of which 912,800 shares were sold by MAC.

d. M&A Consulting began to purchase more shares in CyberAgent, Inc. (hereinafter "CyberAgent") around 2001, and by 2002, it had acquired 9.2% of the company's issued shares and proposed to CyberAgent to carry out a share buyback. CyberAgent passed a resolution at its shareholders' meeting held at the end of the same year to set a share buyback limit of 19% of its total number of issued shares for the purpose of holding its own shares, and acquired its shares through a closing price transaction on the Tokyo Stock Exchange (ToSTNeT-2). The purchase price was 350,000 yen per share, and according to a report by the Nikkei Newspaper, although Murakami did not disclose the average cost of acquiring the shares, M&A Consulting seems to have gained a profit from the transaction.

e. On March 19, 2003, M&A Consulting sold all shares in Artvivant Co., Ltd. (hereinafter "Artvivant") (equivalent to 10.35% of the total number of issued shares) to Artvivant in JASDAQ's extended-hours trading market, administered in accordance with the policies of the Japan Securities Dealers Association at the price of 600 yen per share.

f. In 2004, MAC acquired shares in Nippon Felt Co., Ltd. (hereinafter "Nippon Felt") in a volume equivalent to 21.70% of the total number of issued shares through purchase of corporate bonds with a convertible price of 428 yen, and then sold those shares, equivalent to 21.10% of shares outstanding, at a price point of 612 yen per share through a TOB (by the issuer) executed by Nippon Felt between February and March 2005.

g. MAC held a significant number of Daido Limited (hereinafter "Daido") shares (equivalent to 19.82% of shares outstanding), but sold those shares, equivalent to 14.29% of shares outstanding, at a price point of 1,708 yen per share through a tender offer by the issuer executed by Daido between February and March 2006.

h. On June 23, 2006, MAC sold its stake of 2,640,000 shares in Tokyo Soir Co., Ltd. (hereinafter "Tokyo Soir") (equivalent to 12% of the total number of issued shares) to Tokyo Soir through a tender offer by the issuer executed by Tokyo Soir for 482 yen per share.

i. On August 30, 2006, MAC sold its stake of 2,571,800 shares in Hoshiden Corporation (hereinafter "Hoshiden") to Hoshiden through a purchase in Tokyo Stock Exchange's ToSTNeT-2 (trading at closing price) for 1,207 yen per share.

j. The appellant, Reno, with [ ] as joint holder, acquired 62,408 shares (equivalent to 5.22% of the total number of issued shares) of Faith, Inc. (hereinafter "Faith") by October 2012, and by July 8, 2015, increased its shares to 8.24% of total number of issued shares, but on the same day, exercised its right to request purchase of shares against Faith, and sold all shares.

k. On December 3, 2012, Accordia expressed its opposing opinion against PGM's tender offer for Accordia shares (purchase price of 81,000 yen per share), which PGM commenced on November 16th of that same year. Reno [appellant], jointly with C&I [appellant] and Minami-Aoyama Fudosan, proceeded to purchase shares in Accordia, and by January of 2013, acquired 18.12% of Accordia's shares. The plaintiff Reno, sent a letter, dated January 13, 2013, to Accordia, demanding: (1) that it come to the table to discuss terms of the management integration with PGM, and (2) that it carry out measures to increase shareholder returns, such as an exhaustive share buyback program. PGM's aforementioned tender offer ended in failure after Accordia expressed its willingness to accept these demands and announced that it would actively carry out share buyback programs. Accordia revealed plans to carry out a TOB by the issuer by selling-off a majority of the golf courses it owned and using the proceeds as funding. Reno [appellant] was unsatisfied with the size of shareholder return, and in a letter dated August 5, 2014, requested dismissal of Accordia's six outside directors, and asked that an extraordinary meeting of shareholders be convened. On August 12 of the same year, as Accordia announced that it would return 20 billion yen to its shareholders, Reno [appellant] withdrew its demand for an extraordinary meeting of shareholders. Reno [appellant], together with six joint holders, tendered their shares in the tender offer by Accordia, which began in August of the same year with all their holdings (35.20% of total number of issued shares), but due to the total number of shares tendered exceeding the planned number of shares to be purchased, the purchase was executed based on the proportional distribution method, resulting in MAC selling 20.07% of the total number of issued shares through the tender offer."

Upon such findings, the decision held that, "Each of the aforementioned share transactions found by [ ], carried out by the appellants [Reno and C&I] and with funds directly connected to Murakami using an event driven method, in which one exploits a situation in which the acquired shares may be sold without detriment to either the issuing company or a strategic buyer, and that such leads one to recognize that the appellants, who are directly connected to Murakami, are quite skillful at this technique."

End

Exhibit 2

Outline of the Independent Committee Regulations

1. The Independent Committee is established by the resolution of the Company's Board of Directors in order to prevent arbitrary decisions by it and to further enhance the fairness and objectiveness of the operation of the Response Policies.

2. The number of the Independent Committee members is three or more, and the Independent Committee members are appointed based on resolutions of the Company's Board of Directors from among the persons who are either (1) the Company's outside directors or (2) outside knowledgeable persons (proven company management, former government officials, lawyers, certified public accountants, or academic experts, or persons equivalent thereto), independent from the management that execute the business of the Company.

3. The term of office of an Independent Committee member continues until the date of the conclusion of the shareholders meeting for the last business year which ends within one year from the time of their appointment.

4. The Independent Committee meetings are convened by any director or any Independent Committee member.

5. The chairperson of the Independent Committee is selected by the Independent Committee members from among themselves.

6. In principle, resolutions of the Independent Committee will be passed by a majority vote of the Independent Committee members present at a meeting of the Independent Committee where all the Independent Committee members are present. However, if any member of the Independent Committee is unable to attend the Independent Committee meeting or any other exception applies, resolutions will be passed by a majority vote of the Independent Committee members present at the meeting where the majority of the Independent Committee members are present.

7. The Independent Committee passes resolutions regarding matters set forth in each of the following items after deliberation, and recommends the details of the resolutions to the Company's Board of Directors together with the reason therefor:

   (1) propriety of enactment of countermeasures regarding the Response Policies;

   (2) discontinuation of enactment of countermeasures regarding the Response Policies;

   (3) matters on which the Independent Committee is given authorization in the Response Policies, in addition to (1) and (2); and

   (4) any other matter on which the Company's Board of Directors or the Company's Representative Director voluntarily asks for the Independent Committee's advice in connection with the Response Policies.

   Each Independent Committee member is required to deliberate and pass resolutions at the Independent Committee meetings, solely from the viewpoint of whether the deliberation and resolutions contribute to the our group's medium- to long-term corporate value and the shareholders' common interests, and they must not deliberate or pass resolutions for the purpose of looking after the personal interests of themselves or the Company's management.

8. The Independent Committee may, as necessary, cause the Company's directors or employees, or any other person considered necessary to attend the Independent Committee meetings, and request that they provide opinions or explanations on the matters on which the Independent Committee requests such opinions or explanations.

9. In performing duties, the Independent Committee may obtain advice from external experts (including investment banks, securities corporations, financial advisers, certified public accountants, lawyers, consultants, tax accountants, and any other experts) independent from the management that execute the business of the Company, at the Company's expense.

End

Exhibit 3

Information Required to be Provided by Large-scale Purchaser

1. Details (including the name, description of business, career or corporate history, capital structure, financial composition, and information concerning experiences with businesses similar to the business of the Company and its group companies) of the Large-scale Purchaser and its group (including joint holders, special related parties, partners (in the case of funds), and other members)

2. Purpose, method, and details of Large-scale Purchase Actions, etc. (including value and type of consideration for Large-scale Purchase Actions, etc., timing of Large-scale Purchase Actions, etc., structure of related transactions, legality of the method of Large-scale Purchase Actions, etc., and feasibility of Large-scale Purchase Actions, etc. and related transactions)

3. Basis for calculation of consideration for purchase of Company's shares in Large-scale Purchase Actions, etc. (including facts on which the calculation is based, calculation method, numerical information used in calculation, and details of synergies expected to arise from a series of transactions in connection with Large-scale Purchase Actions, etc.)

4. Financial Support for Large-scale Purchase Actions, etc. (including specific names of fund providers (including substantial providers), financing methods, and details of related transactions)

5. Candidates for officers of the Company and its group companies expected to be appointed after the completion of Large-scale Purchase Actions, etc. (including information concerning experience with businesses similar to the business of the Company and its group companies), and management policy, business plan, financial plan, capital policy, dividend policy, and asset utilization policy of the Company and its group companies

6. Any change after the completion of Large-scale Purchase Actions, etc. in the relationship between the Company's and its group companies' stakeholders, such as customers, business partners, and employees, and the Company and its group companies, and the details thereof