

Interim Proposal concerning
Revision of Companies Act (related to Corporate Governance, etc.)

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Note from Tokyo Stock Exchange:

Capitalized terms used but not defined in this Interim Proposal have the meanings assigned to them in the Companies Act or Financial Instruments and Exchange Act of Japan. For Example, a “Public Company” is not limited to a listed company but include any Stock Company the Articles of Incorporation of which does not require, as a feature of all or part of its shares, the approval of the Stock Company for the acquisition of such shares by transfer.

Part 1 Revision of Rules concerning Shareholders Meeting

I Notice & Access of Shareholders Meeting Material

1 Provisions of Articles of Incorporation

(i) A Stock Company may provide in its Articles of Incorporation that, in lieu of delivery or provision of Reference Documents for Shareholders Meeting, Voting Form, Financial Statements and Business Reports under Article 437 of the Companies Act and Consolidated Financial Statements under Article 444, Paragraph 6 of the said Act (hereinafter, the “Reference Documents for Shareholders Meeting, etc.”), it takes a measure that information related to matters to be stated or recorded in the Reference Documents for Shareholders Meeting, etc. is made available to the shareholders for receipt through an electronic or magnetic means (hereinafter, the “Electronically Accessible Method”).

(Note) The measure to make available to shareholders for receipt through an electronic or magnetic means above includes the measure using an Automatic Public Transmission Server connected to the internet among the methods prescribed under Article 222, Paragraph 1, Item 1, (b) of the Ordinance for Enforcement of the Companies Act, in a similar way to the method of Electronic Public Notice.

(ii) The Book-Entry Transfer Institution (meaning the Book-Entry Transfer Institution provided under Article 2, Paragraph 2 of the Act on Book Entry of Corporate Bonds and Shares (hereinafter, the “Book-Entry Transfer Act”); hereinafter the same) may only handle shares of a Stock Company that has the provisions under (i) in its Articles of Incorporation.

(iii) A Stock Company which issues Book-Entry Transfer Shares (meaning the Book-Entry Transfer Shares provided under Article 128, Paragraph 1 of the Book-Entry Transfer Act; hereinafter the same) as of the date of enforcement of the amended act pursuant to this Interim Proposal is deemed to have passed a resolution of amendment of the Articles of Incorporation to include the provisions of the Articles of Incorporation under (i) with the date of enforcement being the effective date of the amendment to the Articles of Incorporation.

2 Electronically Accessible Method

(i) If any Item of Article 299, Paragraph 2 of the Companies Act applies, a director of a Stock Company that has the provisions of the Articles of Incorporation mentioned in 1(i) must continue to take the Electronically Accessible Method in connection with information related to the following matters (hereinafter, the “Matters to be made accessible by an Electronically Accessible Method”) for the period commencing on the Start Date for an Electronically Accessible Method until the day on which three

months have passed since the date of the shareholders meeting:

- a. matters prescribed in each Item of Article 298, Paragraph 1 of the Companies Act
- b. if Article 301, Paragraph 1 of the Companies Act applies, matters to be stated in Reference Documents for Shareholders Meeting and Voting Form

(Note) When a Voting Form is delivered to shareholders upon notice under Article 299, Paragraph 1 of the Companies Act, the Electronically Accessible Method need not be taken in relation to information related to matters to be stated in the Voting Form.

- c. if Article 302, Paragraph 1 of the Companies Act applies, matters to be stated in Reference Documents for Shareholders Meeting
- d. if a demand under the provisions of Article 305 of the Companies Act is made, a summary of a proposal under Paragraph 1 of the said Article
- e. where a Stock Company is a Company with a Board of Directors, if a director issues a notice of calling of an annual shareholders meeting, matters stated in or recorded on Financial Statements and Business Reports under Article 437 of the Companies Act
- f. where a Stock Company is a Company with Financial Auditor(s) (limited to the case where it is a Company with a Board of Directors), when a director issues a notice of calling an annual shareholders meeting, matters stated or recorded in Consolidated Financial Statements under Article 444, Paragraph 6 of the Companies Act
- g. if circumstances arise which necessitate amendment to the matters in a. through f., to that effect and matters after amendment

(ii) The “Start Date for an Electronically Accessible Method” in (i) shall be either of the following proposals:

[Proposal A] the earlier of the day that is four weeks prior to the date of a shareholders meeting or the day on which a notice of calling a shareholders meeting is issued; or

[Proposal B] the earlier of the day that is three weeks prior to the date of a shareholders meeting or the day on which a notice of calling a shareholders meeting is issued.

3 Notice of Calling a Shareholders Meeting

(1) Due Date of Dispatch

For a Stock Company which has the provisions of the Articles of Incorporation under 1(i), the due date for dispatch of a notice of calling a shareholders meeting where each Item of Article 299, Paragraph 2 of the Companies Act applies shall be either of the following proposals notwithstanding the provisions of Paragraph 1 of

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the said Article:

[Proposal A] by the day that is four weeks prior to the date of a shareholders meeting;

[Proposal B] by the day that is three weeks prior to the date of a shareholders meeting; or

[Proposal C] by the day that is two weeks prior to the date of a shareholders meeting.

(2) Matters to be Stated

For a Stock Company which has the provisions of the Articles of Incorporation under 1(i), if any Item of Article 299, Paragraph 2 of the Companies Act applies, the following matters must be stated or recorded in the notice of calling a shareholders meeting in writing or by an electronic or magnetic means notwithstanding the provisions of Paragraph 4 of the said Article:

- (i) date, time and place of shareholders meeting;
- (ii) if there is a purpose of the shareholders meeting, such purpose; and
- (iii) website address on which information related to Matters to be made accessible by an Electronically Accessible Method is posted.

(Note to (2)) In addition to the matters in the main sentence, the following matters, for example, might also be considered as matters that must be stated or recorded in the notice of calling a shareholders meeting in writing or by an electronic or magnetic means:

- a. if matters prescribed under Article 298, Paragraph 1, Item 3 of the Companies Act are determined, a statement to that effect and the due date for exercising votes in writing;
- b. if matters prescribed under Article 298, Paragraph 1, Item 4 of the Companies Act are determined, a statement to that effect and the due date for exercising votes by an electronic or magnetic means; and
- c. if the following matters are determined in the determination of calling a shareholders meeting (excluding the case where the provisions related to such matters are provided in the Articles of Incorporation), the content of such determination:
 - (a) matters related to exercise of voting right by proxy; and
 - (b) method of notice under the provisions of Article 313, Paragraph 2 of the Companies Act.

4 Delivery or Provision of Reference Documents for Shareholders Meeting, etc.

(1) Special Provisions, etc. of Article 301, Paragraph 1 of Companies Act

- (i) A director of a Stock Company which has the provisions of the Articles of Incorporation under 1(i) is not required to deliver or provide to shareholders with the Reference Documents for Shareholders Meeting, etc. upon notice of calling a shareholders meeting notwithstanding the provisions of Article 301, Paragraph 1, Article 302, Paragraph 1, Article 437 and Article 444, Paragraph 6 of the Companies Act.
- (ii) When Article 305, Paragraph 1 of the Companies Act applies to a Stock Company which has the provisions of the Articles of Incorporation under 1(i), “shall be stated or recorded in such notice” in the said Paragraph shall be replaced with “shall be included in the Matters to be made accessible by an Electronically Accessible Method.”

(2) Request for a Paper Copy

- (i) A shareholder of a Stock Company that has the provisions of the Articles of Incorporation under 1(i) may demand to such Stock Company delivery of a document stating the Matters to be made accessible by an Electronically Accessible Method.

(Note 1) For a shareholder of Book-Entry Transfer Shares to make a Request for a Paper Copy, it must be made through the Book-Entry Transfer Institution, etc.

(Note 2) Whether a provision to the effect that shareholders may not make a Request for a Paper Copy may be provided in the Articles of Incorporation will be considered further.

- (ii) If each Item of Article 299, Paragraph 2 of the Companies Act applies, a director must deliver the document under (i) to the shareholder who has made a request under (i) no later than two weeks prior to the date of the shareholders meeting (if the Stock Company sets a Record Date provided under Article 124, Paragraph 1 of the said Act in order to designate persons who may exercise voting rights at the shareholders meeting, this shall be limited to the shareholder who has made the Request for a Paper Copy by such Record Date).

(Note) Paragraph 1 through Paragraph 4 of Article 126 of the Companies Act shall apply mutatis mutandis to the delivery of a document under (i).

5 Interruption of an Electronically Accessible Method

Notwithstanding 2(i), if interruption of an Electronically Accessible Method (meaning a situation where information made available to a shareholder for receipt has been made unavailable, or such information has been altered after being made available; hereinafter the same) occurs during the period of an Electronically

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Accessible Method and all of the following items are satisfied, such interruption of an Electronically Accessible Method shall not affect the effectiveness of such Electronically Accessible Method:

- (i) the Stock Company acted in good faith and without gross negligence or the Stock Company has justifiable grounds with regard to the occurrence of interruption of an Electronically Accessible Method;
- (ii) total period during which interruption of an Electronically Accessible Method occurs does not exceed 1/10 of the period of an Electronically Accessible Method; and
- (iii) promptly after the Stock Company becomes aware of the occurrence of interruption of an Electronically Accessible Method, it takes the Electronically Accessible Method by including the fact of occurrence of interruption, period during which interruption of an Electronically Accessible Method occurs and content of interruption of an Electronically Accessible Method in the Matters to be made accessible by an Electronically Accessible Method.

6 Investigation of an Electronically Accessible Method

A Stock Company which intends to take an Electronically Accessible Method must request an investigation body to perform an investigation as to whether information related to Matters to be made accessible by an Electronically Accessible Method is made available to shareholders for receipt during the period of an Electronically Accessible Method.

(Note) Necessary provisions shall be established with respect to an investigation body in line with an Electronic Public Notice Investigation Body.

(Note 1 after I) Similar rules shall be established with respect to Reference Documents for Shareholders Meeting and Voting Form for meeting of class shareholders.

(Note 2 after I) Whether use of Electronic Data Processing System for Disclosure (EDINET) is permitted or not shall be considered further.

(Note 3 after I) With respect to a shareholder who has given consent under Article 299, Paragraph 3 of the Companies Act, whether, for example, the following revision will be made or not shall be considered further:

- a. The proviso of Article 301, Paragraph 2 and proviso of Article 302, Paragraph 2 of the Companies Act shall be deleted, and a shareholder who has given consent under Article 299, Paragraph 3 of the said Act may not demand delivery of Reference Documents for Shareholders Meeting and Voting Form.
- b. When an Electronically Accessible Method is taken, the document under 4(2)(i)

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need not be delivered to a shareholder who has given consent under Article 299, Paragraph 3 of the Companies Act.

(Note 4 after I) Whether it is necessary or not to review the existing system of Deemed Delivery of reference documents for general meetings of shareholders through web disclosure (Paragraph 1 and Paragraph 2 of Article 94, Paragraph 3 through Paragraph 5 of Article 133 of the Ordinance for Enforcement of the Companies Act, Paragraph 4 through Paragraph 6 of Article 133 and Paragraph 4 through Paragraph 6 of Article 134 of the Rules of Corporate Accounting)(hereinafter, the “Deemed Delivery”) upon establishment of Notice & Access of a shareholders meeting material, such as whether the Notice & Access and the Deemed Delivery should co-exist, shall be considered further.

II Shareholders’ Right to Propose

1 Number of Proposals which may be Proposed:

[Proposal A1] for a Company with a Board of Directors, the number of proposals under Article 305, Paragraph 1 of the Companies Act may not exceed five (5). In this case, with respect to a proposal concerning appointment of officers (meaning a director, accounting advisor and company auditor) and financial auditor (hereinafter in this section referred to as “Officers, etc.”), such proposal shall be counted as one (1) regardless of the number of Officers, etc. to be appointed, and the same shall apply to a proposal concerning dismissal of Officers, etc.;

[Proposal A2] for a Company with a Board of Directors, the number of proposals under Article 305, Paragraph 1 of the Companies Act (excluding a proposal concerning appointment or dismissal of Officers, etc.) may not exceed five (5);

[Proposal B1] for a Company with a Board of Directors, the number of proposals under Article 305, Paragraph 1 of the Companies Act may not exceed ten (10). In this case, with respect to a proposal concerning appointment of Officers, etc., such proposal shall be counted as one (1) regardless of the number of Officers, etc. to be appointed, and the same shall apply to a proposal concerning dismissal of Officers, etc.; or

[Proposal B2] for a Company with a Board of Directors, the number of proposals under Article 305, Paragraph 1 of the Companies Act (excluding a proposal concerning appointment or dismissal of Officers, etc.) may not exceed ten (10).

(Note to 1) With respect to the number of proposals concerning amendment to the Articles of

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Incorporation, whether or not to expressly stipulate that the number shall be counted separately for each of the matters the content of which are related shall be considered further.

2 Limitation of Proposal based on Subject Matter

Provisions of Article 304 and Article 305 of the Companies Act shall not apply if one of the following is satisfied:

- (i) when a shareholder submits a proposal under the provisions of Article 304 of the Companies Act or demand under the provisions of Article 305 of the said Act (hereinafter, the “Shareholder’s Proposal”) solely for the purpose of defaming or insulting a person;
- (ii) when a shareholder makes a Shareholder’s Proposal solely for the purpose of confusing a person;
- (iii) when a shareholder makes a Shareholder’s Proposal solely for the purpose of seeking unlawful benefits of such shareholder or a third party; or
- (iv) when there is a risk that proper operation of a shareholders meeting is disturbed and the common interest of shareholders is materially impaired due to the Shareholder’s Proposal.

(Note after 2) Whether or not to revise, the shareholding requirement of 300 or more voting rights, among the conditions for exercise of the Shareholders’ Right to Propose, and the due date for exercise of the Shareholder’s proposal shall be considered further.

Part 2 Revision of Rules concerning Director, etc.

I Granting of Appropriate Incentive to Director, etc.

1 Remunerations for Director

(1) Policy on Decisions on the Content of the Remunerations for Directors

If a policy on decisions on the content of the Remunerations for Directors is established, a director who submits a proposal to establish the matters prescribed in each Item of Article 361, Paragraph 1 of the Companies Act or to amend such matters to a shareholders meeting must explain at such shareholders meeting an outline of the contents of such policy and the reason why the director (or, in the case of a Company with a Board of Directors, the Board of Directors) has determined that such proposal is consistent with such policy.

(Note 1) “Policy on decisions on the content of the Remunerations for Directors” shall include, for example, a policy on decisions concerning the ratio for each type of Remunerations with respect to Remunerations for each director, policy on decisions concerning

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existence or non-existence of Performance-based Remunerations provided under (5)(iv) and its content, and policy on method of decisions concerning the content of Remunerations for each director.

(Note 2) Whether or not a “policy on decisions on the content of the Remunerations for Directors” must be established in certain cases shall be considered further.

(2) Determination of Remunerations other than Money by Resolution of Shareholders Meeting

Article 361, Paragraph 1, Item 3 of the Companies Act shall be amended, and the following matters with respect to directors’ Remunerations other than money shall be determined by resolution of a shareholders meeting if such matters are not provided in the Articles of Incorporation:

- (i) among Remunerations, with respect to shares of the Stock Company or money to be applied to the funds required to acquire such shares, the maximum number of such shares (in the case of a Company with Class Shares, class of shares and number for each class) and an outline of conditions for delivery of such shares
- (ii) among Remunerations, with respect to Share Options of the Stock Company or money to be applied to the funds required to acquire such Share Options, an outline of the features of Share Options and the maximum number
- (iii) among Remunerations, with respect to those that are not money (excluding shares or Share Options of such Stock Company), the specific contents thereof

(Note 1 to (2)) Specific content of an outline of conditions for delivery of shares in (i) and outline of the features of Share Options in (ii) shall be considered further.

(Note 2 to (2)) If revision such as Proposal A in (4) is not made, “among Remunerations, shares of the Stock Company or money to be applied to the funds required to acquire such shares” in (i) shall be replaced with “among Remunerations, money to be applied to the funds required to acquire shares of the Stock Company.”

(Note 3 to (2)) Matters that need to be determined by the compensation committee as the content of Remunerations for individual executive officer, etc. (Article 409, Paragraph 3 of the Companies Act) shall be revised in the same way as above.

(3) Re-delegation of Decisions on the Content of the Remunerations for Individual Director

[Proposal A] Provisions such as the following shall be established to provide that in order to re-delegate to a director the decisions on the content of the Remunerations for an individual Director in a Public Company, resolution of a shareholders meeting shall be required.

- (i) In the case of a Company with a Board of Directors, if there is no provision in the Articles of Incorporation or resolution by shareholders meeting with respect to Remunerations for each director (excluding a director who is an Audit Committee Member, etc.; hereinafter the same in Proposal A), such Remunerations must be determined by resolution of the Board of Directors within the scope of Remunerations under Article 361, Paragraph 1 of the Companies Act.
- (ii) Notwithstanding (i), a Public Company may, simultaneously with the determination of the matters listed in each Item of Article 361, Paragraph 1 of the Companies Act, determine by resolution of a shareholders meeting under the said Paragraph that all or part of decisions on the content of Remunerations for an individual director under (i) may be delegated to a director by resolution of the Board of Directors.
- (iii) Notwithstanding (i), a Board of Directors of a Stock Company which is not a Public Company may delegate to a director all or part of decisions on the content of Remunerations for an individual director under (i) by its resolution.

[Proposal B] Rules of the current law shall not be revised.

(Note to (3)) In addition to the above, with respect to enhancement of disclosure of information concerning re-delegation of decisions on Remunerations for an individual director, please see (5)(iii).

(4) Stock Remunerations

[Proposal A] If a revision such as (2) is made, a revision such as the following shall be made:

- (i) With respect to an offer of persons who subscribe shares under (2)(i), the Subscription Requirements may provide that payment of money in exchange for the offered shares is not required. In this case, persons other than directors (including those who were a director) of the Stock Company may not subscribe for such shares.
- (ii) With respect to Share Options under (2) (ii), the terms of such Share Options may provide that Contributions to be made upon exercise of such Share Options is not required. In this case, persons other than directors (including those who were a director) of the Stock Company may not exercise such Share Options.

(Note to Proposal A) Method of recording Stated Capital, Etc. in the case where

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shares under (i) are issued and Share Options under (ii) are exercised shall be considered further on the basis of what method conforms to the corporate accounting practices that are generally accepted as fair and appropriate.

[Proposal B] Revision such as (ii) of Proposal A only shall be made.

[Proposal C] Rules of the current law shall not be revised.

(5) Enhancement of Disclosure of Information

Provisions concerning disclosure of information by a Public Company through a Business Report shall be enhanced with respect to the matters listed below concerning Remunerations for company officers:

- (i) matters concerning a policy related to decisions on the content of Remunerations;
- (ii) matters concerning resolution of a shareholders meeting related to Remunerations;
- (iii) matters concerning re-delegation of all or part of decisions related to the content of Remunerations for an individual director by the Board of Directors;
- (iv) matters concerning Performance-based Remunerations (meaning Remunerations by money or other property in the amount or number to be calculated based on an index indicating the business results of the Stock Company);
- (v) matters concerning shares or Share Options, etc. (meaning Share Options, etc. provided under Article 2, Paragraph 3, Item 14 of the Ordinance for Enforcement of the Companies Act) delivered by the Stock Company as consideration for performance of duties; and
- (vi) the total amount for each type of Remunerations.

(Note to (5)) In addition to the above, whether the amount of Remunerations for each individual must be disclosed in a Business Report shall be considered further.

2 Company Indemnification

Provisions related to Company Indemnification shall be established as follows:

- (i) A Stock Company may enter into an agreement under which the Stock Company agrees to indemnify all or part of the cost, etc. listed below (hereinafter, the “Indemnification Agreement”) with a director, accounting advisor, company auditor, executive officer or financial auditor (hereinafter, “Officer, etc.”).
 - a If the following events occurs, the cost incurred by such Officer, etc. due to such event (limited to a reasonable amount):
 - (a) such Officer, etc. is subject to a claim related to enforcement of liability in connection with execution of his/her duties; and

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- (b) such Officer, etc. is suspected of breaching laws or regulations in connection with execution of his/her duties.
- b Where such Officer, etc. is liable to compensate for damage incurred by a third party in performance of his/her duties, if it acted in good faith and without gross negligence, the following losses (where such Stock Company is liable to the third party to compensate for such damage, if such Officer, etc. is subject to liabilities under Article 423, Paragraph 1 of the Companies Act to the Stock Company on the assumption that the Stock Company compensates for such damage, excluding the part of losses related to such liabilities):
 - (a) loss incurred as a result of compensation for damage by such Officer, etc.; and
 - (b) if settlement is concluded between the parties in connection with the dispute related to compensation for damage, loss incurred by payment of money based on such settlement.
- (ii) Content of an Indemnification Agreement must be determined by resolution of a shareholders meeting (or, in the case of a Company with a Board of Directors, the Board of Directors).

(Note) With respect to indemnity under an Indemnification Agreement, which rules among the following rules will be established shall be considered further:

 - a With respect to a Company with a Board of Directors, the director who has made indemnification under an Indemnification Agreement and the director who receives such indemnification must report material facts concerning such indemnity to the Board of Directors without delay.
 - b Determination to make indemnity under an Indemnification Agreement must be made by resolution of a shareholders meeting (or, in the case of a Company with a Board of Directors, the Board of Directors) in the same way as the determination under (ii).
 - c Indemnity under an Indemnification Agreement with respect to the cost under (i)a shall be made under a. and indemnity under an Indemnification Agreement with respect to the loss, etc. under (i)b shall be made under b.
- (iii) With respect to a Company with a Board of Directors, the Board of Directors may not delegate the decision under (ii) to a director or executive officer.
- (iv) The provisions of Article 356, Paragraph 1 (including the case where it is applied mutatis mutandis under Article 419, Paragraph 2), Article 365, Paragraph 2, Article 423, Paragraph 3 and Article 428 of the Companies Act shall not apply to an Indemnification Agreement between a Stock Company and a director or executive officer.

(Note) The provisions of Article 108 of the Civil Code shall not apply to execution of an Indemnification Agreement the content of which is determined by resolution of a

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shareholders meeting (or, in the case of a Company with a Board of Directors, a Board of Directors) under (ii).

(v) Where a Stock Company is a Public Company as of the last day of the relevant business year, if an Indemnification Agreement is entered into, the following matters must be included in a Business Report:

- a counterparty to such Indemnification Agreement
- b outline of content of such Indemnification Agreement (if a measure is taken to ensure that the appropriateness of duties performed by such Officer, etc. is not impaired by such Indemnification Agreement, including the content of such measure)

(Note to (v)) In addition to the above, whether matters such as the following shall be included in the content of Business Report shall be considered further:

- (a) where such officer is found to be responsible in the relevant business year (including the case where such Officer, etc. enters into settlement) or such Officer, etc. is found to breach laws or regulations, if the Stock Company indemnifies the cost, etc. under (i)a pursuant to an Indemnification Agreement with respect to the foregoing, the counterparty and amount thereof; and
- (b) if the Stock Company indemnifies the loss under (i)b pursuant to the Indemnification Agreement in the relevant business year, the counterparty and amount thereof.

3 Directors and Officers Liability Insurance

As the provisions concerning so-called D&O Insurance, provisions concerning Directors and Officers Liability Insurance shall be established as follows:

(i) Directors and Officers Liability Insurance means an insurance contract which falls under either of a. or b. below and to which a Stock Company is a policyholder:

- a non-life insurance contract under which an Officer, etc. is an insured person and which covers damage that may arise due to the insured person becoming liable under the provisions of the Companies Act and other laws and regulations in connection with execution of his/her duties or due to the insured person being subject to a claim related to enforcement of such liability; or
- b non-life insurance contract under which a Stock Company is an insured person and which covers damage that may arise due to the insured person indemnifying the damage under (a) incurred by an Officer, etc.

(Note to (i)) Details of the definition of Directors and Officers Liability Insurance, including the scope of an insurance contract which should be excluded from the definition, shall be considered further.

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- (ii) Content of Directors and Officers Liability Insurance must be determined by resolution of a shareholders meeting (or, in the case of a Company with a Board of Directors, the Board of Directors).
- (iii) With respect to a Company with a Board of Directors, the Board of Directors may not delegate the decision under (ii) to a director or executive officer.
- (iv) The provisions of Article 356, Paragraph 1 (including the case where it is applied mutatis mutandis under Article 419, Paragraph 2), Article 365, Paragraph 2, and Article 423, Paragraph 3 of the Companies Act shall not apply to the following Directors and Officers Liability Insurance:
 - a insurance contract under (i)a under which a director or executive officer is an insured person; and
 - b insurance contract under (i)b which covers damage that may arise due to the Stock Company indemnifying the damage incurred by a director or executive officer.

(Note to (iv)) The provisions of Article 108 of the Civil Code, as amended by Act No. 44 of 2017, shall not apply to the execution of Directors and Officers Liability Insurance the content of which is determined by resolution of a shareholders meeting (or, in the case of a Company with a Board of Directors, a Board of Directors) under (ii).

- (v) Where a Stock Company is a Public Company as of the last day of the relevant business year, if Directors and Officers Liability Insurance is entered into, the following matters must be included in a Business Report:
 - a insured person of such Directors and Officers Liability Insurance; and
 - b outline of such Directors and Officers Liability Insurance (including ratio of insurance fee to be paid by Officers, etc., outline of insured event covered, and, if a measure is taken to ensure that the appropriateness of duties performed by such Officer, etc. is not impaired by such Directors and Officers Liability Insurance, the content of such measure).

(Note to (v)) In addition to the above, whether the insurance amount, insurance fee under such contract or insurance benefit paid under such contract are included in the content of Business Report shall be considered further.

II Utilization, etc. of Outside Director

1 Delegation of Execution of Duties to Outside Director

- (i) If there is a conflict of interest between a Stock Company (excluding a Company with a Nominating Committee, etc.; hereinafter the same in (i)) and a director or there is a risk that the common interest of shareholders is impaired by a director's execution of the operations of the Stock Company, such Stock Company may

delegate execution of such operation to an Outside Director by decision of director(s) (or, in the case of a Company with a Board of Directors, resolution of the Board of Directors) on each occasion; provided, however, that this shall not apply to execution of the operations under supervision and control of an executive director.

(ii) A director who executes the operations delegated under (i) shall not fall under a “director who executes the operations of the Stock Company” under Article 2, Item 15 (i) of the Companies Act.

(Note to 1) With respect to a Company with a Nominating Committee, etc., if there is a conflict of interest between the Stock Company and an executive officer or a risk that the common interest of shareholders is impaired by an executive officer’s execution of the operations of the Stock Company, rules equivalent to (i) and (ii) above shall be established.

2 Delegation of Decision on Execution of Material Operations by Board of Directors of Company with Auditors

[Proposal A] Notwithstanding the provisions of Article 362, Paragraph 4 of the Companies Act, the Board of Directors of a Company with Auditors may delegate a decision on execution of a material operation (excluding such matters the decision with respect to which may not be delegated to an executive officer in a Company with a Nominating Committee, etc.) to a director by its resolution if a majority of the directors are Outside Directors and certain other conditions are met.

(Note) “Certain other conditions” shall be, for example, the satisfaction of all of the following conditions:

- (i) it is a Company with Financial Auditor(s);
- (ii) the Board of Directors determines the basic management policy;
- (iii) the Board of Directors determines the development of a system provided under Article 362, Paragraph 4, Item 6 of the Companies Act; and
- (iv) the term of office of the director ends on the closing of the annual shareholders meeting concerning the last business year ending within one year after appointment.

[Proposal B] Rules of the current law shall not be revised.

3 Obligation to appoint Outside Director

[Proposal A] A Company with a Board of Company Auditors (limited to the case where it is a Public Company and also a Large Company) which is required to submit an Annual Securities Report to the Prime Minister with respect to shares issued by it pursuant to the provisions of Article 24,

(Reference Translation)

Paragraph 1 of the Financial Instruments and Exchange Act must have an Outside Director.

[Proposal B] Rules of the current law shall not be revised.

Part 3 Others

I Administration of Bonds

1 Bond Administrative Assistant

(1) Establishment of Bond Administrative Assistant

If upon issuance of bonds a Company is not required to determine a bond administrator provided under Article 702 of the Companies Act or trustee company under a trust agreement under Article 2, Paragraph 1 of the Secured Bonds Trust Act (hereinafter, the “Trustee Company”), it may determine a Bond Administrative Assistant and entrust assistance of administration of bonds on behalf of bondholders.

(2) Qualification of Bond Administrative Assistant

A Bond Administrative Assistant must be a person listed under each Item of Article 703 of the Companies Act.

(Note) Whether qualification of a Bond Administrative Assistant is given to, for example, a lawyer, legal professional corporation and other person shall be considered further.

(3) Obligations of Bond Administrative Assistant

(i) The Bond Administrative Assistant must give assistance in administration of the bonds in a fair and sincere manner on behalf of the bondholders.

(ii) The Bond Administrative Assistant must give assistance in administration of the bonds to the bondholders with due care of a prudent manager.

(4) Bond Administrative Assistant’s Power of Representation

(i) The Bond Administrative Assistant shall have the authority to participate in bankruptcy proceedings, rehabilitation proceedings or reorganization proceedings, demand distribution in civil execution proceedings or make application of claim within the period under Article 499, Paragraph 1 of the Companies Act on behalf of bondholders.

(ii) The Bond Administrative Assistant shall have the authority to act as follows on behalf of bondholders to the extent provided under the agreement related to entrustment under (1) (hereinafter, the “Entrustment Agreement”):

a authority to receive payment of a claim relating to the bonds;

b authority to conduct the acts under Article 705, Paragraph 1 of the Companies

(Reference Translation)

Act (excluding the acts under (i) and a above);

- c authority to conduct the acts under each Item of Article 706, Paragraph 1 of the Companies Act; and
- d authority to conduct the acts to cause the bond issuer to forfeit the benefit of time in relation to the total amount of the bonds.

(Note to (ii)) With respect to the case where a Bond Administrative Assistant has the authority under a, provisions equivalent to Paragraph 2 and Paragraph 3 of Article 705 of the Companies Act shall be established.

(iii) In the case of (ii), the Bond Administrative Assistant may not conduct the following acts without a resolution of a bondholders meeting:

a act under (ii)b which falls under the following:

(a) claim of payment to be made with respect to all of the bonds;

(b) compulsory execution, provisional attachment or provisional disposition under the claim related to all of the bonds; and

(c) prosecuting lawsuits, or proceeding with bankruptcy procedures, rehabilitation procedures, reorganization procedures or procedures related to special liquidation with respect to all of the bonds (excluding the acts under (a) and (b)); and

b acts under c. and d. of (ii).

(Note to (iii)) In order to adopt the matter to be resolved concerning an act under (ii)c at a bondholders meeting, special resolution shall be required.

(iv) Pursuant to the Entrustment Agreement, the Bond Administrative Assistant must report to bondholders matters related to the administration of the bonds or take measures to ensure such matters are made available to bondholders.

(5) Appointment of Special Agent

Provisions equivalent to the provisions related to a bond administrator (Article 707 of the Companies Act) shall be established.

(6) Method of Act of Bond Administrative Assistant

When the Bond Administrative Assistant conducts judicial or non-judicial acts on behalf of bondholders, identification of each individual bondholder shall not be required.

(7) Cases where Two or More Bond Administrative Assistants Exist

(i) If there are two or more Bond Administrative Assistants, each Bond Administrative Assistant shall conduct the acts under its authority.

- (ii) Where a Bond Administrative Assistant is liable to compensate for damage incurred by bondholders, if other Bond Administrative Assistants are also liable to compensate for such damage, these persons shall be joint and several obligors.

(8) Liability of Bond Administrative Assistant

If a Bond Administrative Assistant conducts an act that breaches the Companies Act or resolution of a bondholders meeting, it shall be liable to compensate for damage incurred thereby to bondholders.

(9) Resignation, etc. of Bond Administrative Assistant

(i) A Bond Administrative Assistant may resign upon obtaining consent of the bond issuer and bondholders meeting. In this case, such Bond Administrative Assistant must select a Bond Administrative Assistant who succeeds its administration in advance.

(ii) Notwithstanding (i), a Bond Administrative Assistant may resign if any event provided under the Entrustment Agreement occurs; provided, however, that this shall not apply where the provisions do not exist in the Entrustment Agreement with respect to the Bond Administrative Assistant who succeeds administration.

(iii) Notwithstanding (i), a Bond Administrative Assistant may resign by obtaining approval of the court if there is an unavoidable circumstance.

(iv) If a bond administrator or Trustee Company is determined, the Entrustment Agreement shall be terminated.

(Note to (9)) In addition to the above, provisions equivalent to the provision concerning dismissal of a bond administrator (Article 713 of the Companies Act) and provisions concerning succession of administration (Article 714 of the said Act) shall be established.

(10) Convocation, etc. of Bondholders Meeting

(i) Bondholders under Article 718, Paragraph 1 of the Companies Act may demand a Bond Administrative Assistant to convene a bondholders meeting by presenting the matter that is the object of the bondholders meeting and reason for convocation.

(ii) A Bond Administrative Assistant may convene a bondholders meeting only if it receives the demand under (i).

(iii) Notwithstanding (ii), a Bond Administrative Assistant may convene a bondholders meeting in order to obtain consent of a bondholders meeting under (9)(i).

(iv) Resolution of a bondholders meeting resolving matters related to acts under the authority of a Bond Administrative Assistant shall be executed by the Bond Administrative Assistant; provided, however, that this shall not apply where a person to execute the resolution of a bondholders meeting is separately prescribed by a resolution of a bondholders meeting.

(Note to (10)) In addition to the above, provisions equivalent to the provisions concerning a notice of convocation of a bondholders meeting (Article 720, Paragraph 1 of the Companies Act), provisions concerning attendance, etc. at a bondholders meeting (Article 729, Paragraph 1 of the said Act), provisions concerning claim of inspection, etc. of minutes of a bondholders meeting (Article 731, Paragraph 3 of the said Act) and provisions concerning remuneration (Article 741 of the said Act) in connection with a bond administrator shall be established.

(11) Subscription Requirements, etc.

(i) When a Bond Administrative Assistant is determined, the following matters must be determined as matters concerning Bonds for Subscription:

- a that a Bond Administrative Assistant is determined;
- b where the authority under (4)(ii) is to be held, the content of such authority; and
- c content of the provisions of the Entrustment Agreement concerning matters with respect to which the Bond Administrative Assistant must report to the bondholders or take a measure under (4)(iv) and method thereof.

(Note to (i)) In addition to the above, it is possible to provide that the following matters also need to be determined as matters concerning Bonds for Subscription:

- (a) if authority other than the authority under (i) and (ii) of (4) is provided in the Entrustment Agreement, the content of such authority; and
- (b) event under (9)(ii).

(ii) When a Bond Administrative Assistant has been determined, the following matters must be stated or recorded on the Bond Registry:

- a name and address of the Bond Administrative Assistant; and
- b content of the Entrustment Agreement.

(Note to (ii)) Matters under (ii) shall be included in matters concerning class of bonds (Article 681, Item 1 of the Companies Act, Article 165 of the Ordinance for Enforcement of the Companies Act).

(iii) The Book-Entry Transfer Institution must take measures with respect to book-entry transfer corporate bonds (meaning book-entry transfer corporate bonds provided under the main paragraph of Article 66 of the Book-Entry Transfer Act)

(Reference Translation)

to ensure that members are able to know the content of authority of a Bond Administrative Assistant, content of (i)c, etc. as so-called the public notice of the information of the issue (refer to Article 87 of the Book-Entry Transfer Act).

2 Bondholders Meeting

(1) Reduction and Release of Principal and Interest

Release of all or part of an obligation to be made with respect to all of the bonds shall be added as the act provided under Article 706, Paragraph 1, Item 1 of the Companies Act.

(2) Omission of Resolution of Bondholders Meeting

Where a person convening a bondholders meeting makes a proposal with respect to a matter that is the purpose of the bondholders meeting, if all bondholders (limited to those who may exercise a voting right) manifest their intention to consent in writing or by electronic or magnetic record in connection with such proposal, resolution of the bondholders meeting approving such proposal shall be deemed to have been passed.

(Note 1) The provisions of Article 732 through Article 734, Paragraph 1 and Article 735 of the Companies Act shall not apply where resolution of a bondholders meeting is deemed to have been passed hereunder.

(Note 2) With respect to keeping and inspection, etc. of the document and electronic or magnetic record above, necessary provisions shall be established.

II Share Delivery (*Kabushiki Kofu*)

Rules such as the following shall be established so that, when a Stock Company intends to cause another Stock Company to become its Subsidiary Company, the shares of such Stock Company may be delivered to the shareholders of such other Stock Company otherwise than in accordance with the subscription under Article 199, Paragraph 1 of the Companies Act:

1 Definition, etc.

(i) “Share Delivery (*Kabushiki Kofu*)” means that in order for a Stock Company to cause another Stock Company (including a foreign company of the same kind) to become its Subsidiary Company, the Stock Company accepts the shares of such other Stock Company and delivers the shares of the Stock Company to the transferor thereof.

(Note) Subsidiary Company under (i) shall be limited to the second Company, etc. where the first Company provided under Article 2, Item 3 of the Companies Act controls decisions

on the financial and business policies of the second Company, etc. (limited to the case provided under Article 3, Paragraph 3, Item 1 of the Ordinance for Enforcement of the Companies Act). *[Note from the translator: Article 3, Paragraph 3, Item 1 of the Ordinance for Enforcement of the Companies Act basically provides, with certain exceptions, the case where the first Company directly or indirectly holds more than 50 percent of voting rights of the second Company.]*

- (ii) A Stock Company may effect the Share Delivery. In such case, such company shall prepare a Share Delivery plan.

2 Share Delivery Plan

- (i) In the case where a Stock Company effects the Share Delivery, the Stock Company shall prescribe the following matters in the Share Delivery plan:
- a trade name and address of other Stock Company (including a foreign company of the same kind; hereinafter, the “Subsidiary Company Resulting from the Share Delivery”) which becomes a Subsidiary Company of such Stock Company (hereinafter, the “Parent Company Resulting from the Share Delivery”) through the Share Delivery;
 - b minimum number of shares of the Subsidiary Company Resulting from the Share Delivery to be accepted under the Share Delivery (if the Subsidiary Company Resulting from the Share Delivery is a Company with Class Shares (including a foreign company equivalent thereto), the class of shares and number for each class);
 - c number of shares of the Parent Company Resulting from the Share Delivery to be delivered to the transferor of shares of the Subsidiary Company Resulting from the Share Delivery in compensation for such shares under the Share Delivery or the method for calculating such number, and matters concerning the amount of the stated capital and Reserves to be increased;
 - d if property other than shares of the Parent Company Resulting from the Share Delivery is delivered to the transferor of shares of the Subsidiary Company Resulting from the Share Delivery in compensation for such shares through Share Delivery, the description of the features and number or amount of such property, or the method for calculating such number or amount, etc. thereof;
 - e matters concerning allotment of the shares under c. (in the case where d. applies, including the property under d.) to the transferor of shares of Subsidiary Company Resulting from the Share Delivery;
 - f date of application for transfer of shares of the Subsidiary Company Resulting from the Share Delivery (hereinafter, “Application Date”); and

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g date on which the Share Delivery becomes effective (hereinafter the “Effective Date”).

(Note 1 to (i)) If the Parent Company Resulting from the Share Delivery is a Company with Class Shares, as the number of shares to be delivered or the method for calculating such number under c., class of shares and number for each class or calculation method thereof must be provided.

(Note 2 to (i)) Where the Subsidiary Company Resulting from the Share Delivery is a Company with Class Shares (including a foreign company equivalent thereto), if there is any arrangement that each class of shares shall be treated differently with respect to matters in e. depending on the description of the feature of shares of class issued by the Subsidiary Company Resulting from the Share Delivery, a statement to such effect and the details of such different treatment must be provided.

(Note 3 to (i)) The provisions concerning the matter in e. must have content to the effect that shares and other property are delivered pursuant to the number of shares transferred by the transferor (where there is a provision in (Note 2 to (i)), number of shares of each class).

(Note 4 to (i)) If Share Options or Bonds with Share Options (including those equivalent thereto; hereinafter, “Share Options, etc.”) of the Subsidiary Company Resulting from the Share Delivery are transferred together with shares of the Subsidiary Company Resulting from the Share Delivery, matters related to the features and number of such Share Options, etc. and consideration therefor must be stated in the Share Delivery plan.

(ii) The minimum number under (i)b must be set so that the Subsidiary Company Resulting from the Share Delivery becomes a Subsidiary Company of the Parent Company Resulting from the Share Delivery as of the Effective Date.

(Note) Subsidiary Company under (ii) shall be limited to the second Company, etc. where the first Company provided under Article 2, Item 3 of the Companies Act controls decisions on the financial and business policies of the second Company, etc. (limited to the case provided under Article 3, Paragraph 3, Item 1 of the Ordinance for Enforcement of the Companies Act). [*Note from the translator: Please refer to our note to “1 Definition, etc., (i)” above.*]

3 Applications, etc. for Transfer of Shares of the Subsidiary Company Resulting from the Share Delivery etc.

(i) The Parent Company Resulting from the Share Delivery must notify the person who intends to apply for transfer of shares of the Subsidiary Company Resulting from the Share Delivery of the trade name of the Parent Company Resulting from the Share

Delivery and contents of the Share Delivery plan.

(Note 1) In addition to the above, other matters related to the Parent Company Resulting from the Share Delivery, such as total number of authorized shares of the Parent Company Resulting from the Share Delivery, might be considered to be included in the matters to be notified under (i).

(Note 2) In the case where the Stock Company delivers the prospectus provided under Article 2, Paragraph 10 of the Financial Instruments and Exchange Act stating the matters to be notified under (i) to a person who intends to apply for transfer of shares of the Subsidiary Company Resulting from the Share Delivery, and certain other cases, notification under (i) shall not be required.

(ii) A person who applies for transfer of shares of the Subsidiary Company Resulting from the Share Delivery must deliver to the Parent Company Resulting from the Share Delivery a document stating the name and address of the person applying, and feature and number of shares to be transferred by the Application Date.

(Note) A person who submits an application under (ii) may, in lieu of delivering a document under (ii), provide the information that is required to be detailed in such document by an electronic or magnetic means with the approval of the Stock Company. In this case, such applicant shall be deemed to have delivered such document.

(iii) The Parent Company Resulting from the Share Delivery shall specify the persons who transfer shares of the Subsidiary Company Resulting from the Share Delivery among the applicants under (ii) (hereinafter, the “Applicants”) and specify the number of shares of the Subsidiary Company Resulting from the Share Delivery which will be transferred from such persons. In this case, the Parent Company Resulting from the Share Delivery may decrease the number of shares to be transferred from an Applicant below the number of shares applied by such Applicant to the extent that the total number of shares of the Subsidiary Company Resulting from the Share Delivery to be transferred under the Share Delivery does not fall below the minimum number determined in 2(i)b.

(iv) The Parent Company Resulting from the Share Delivery shall notify the Applicant of the number of shares to be transferred from such Applicant by the date preceding to the Effective Date.

(v) The Applicant shall become the transferor of shares of the Subsidiary Company Resulting from the Share Delivery in the Share Delivery with respect to the number of shares notified under (iv).

(vi) The transferor must deliver the number of shares notified by the Parent Company Resulting from the Share Delivery under (iv) on the Effective Date.

(vii) If the total number of shares applied by the Applicants does not reach the

minimum number determined under 2(i)b on the Application Date, (iii) through (vi) shall not apply. In this case, the Parent Company Resulting from the Share Delivery shall notify the Applicants that a Share Delivery is not to be undertaken.

(Note 1 to 3) If a person who intends to transfer shares of the Subsidiary Company Resulting from the Share Delivery executes a contract under which the person transfers the total number of shares of the Subsidiary Company Resulting from the Share Delivery which the Parent Company Resulting from the Share Delivery accepts in the Share Delivery, it might be considered that the procedures of notification and application, etc. above may be omitted.

(Note 2 to 3) Necessary provisions shall be established with respect to application, etc. of assignment of Share Options, etc. where Share Options, etc. of the Subsidiary Company Resulting from the Share Delivery are transferred under the Share Delivery together with shares of the Subsidiary Company Resulting from the Share Delivery.

4 Effectuation of Share Delivery

(i) The acceptance of transfer by the Parent Company Resulting from the Share Delivery of shares of the Subsidiary Company Resulting from the Share Delivery delivered under 3(vi) shall become effective on the Effective Date.

(ii) The transferor who made the delivery under 3(vi) shall become a shareholder of the Parent Company Resulting from the Share Delivery on the Effective Date in accordance with the provisions of 2(i)e.

(iii) If the total number of shares delivered to the Parent Company Resulting from the Share Delivery under 3(vi) on the Effective Date does not reach the minimum number determined under 2(i)b, (i) and (ii) shall not apply. In this case, if any share is provided to the Parent Company Resulting from the Share Delivery under 3(vi), the Parent Company Resulting from the Share Delivery must return such share to the transferor.

(Note to 4) Necessary provisions shall be established where Share Options, etc. of the Subsidiary Company Resulting from the Share Delivery are transferred under the Share Delivery together with shares of the Subsidiary Company Resulting from the Share Delivery.

5 Procedure of Parent Company Resulting from the Share Delivery

(i) The Parent Company Resulting from the Share Delivery must keep at its head office a document or electronic or magnetic record stating or recording the content of the Share Delivery plan for the period commencing on the specific day prior to the Effective Date and ending on the day on which six months have passed after the Effective Date.

- (Note) It might be considered that the document or electronic or magnetic record above must state or record matters related to the appropriateness of the provisions concerning consideration, certain matters related to the Subsidiary Company Resulting from the Share Delivery, and certain matters related to the Parent Company Resulting from the Share Delivery, etc.
- (ii) The Parent Company Resulting from the Share Delivery must obtain approval of the Share Delivery plan by special resolution of a Shareholders Meeting prior to the day preceding the Effective Date.
- (Note 1) Rules to the effect that the rules under (ii) shall not apply in the cases where the amount of consideration to be delivered to shareholders of the Subsidiary Company Resulting from the Share Delivery does not exceed a certain standard (so-called Simplified procedure) shall be established in line with Share Exchange.
- (Note 2) With respect to resolution of a General Meeting of Class Shareholders of the Parent Company Resulting from the Share Delivery, rules equivalent to the rules concerning resolution of a General Meeting of Class Shareholders of the Wholly Owing Parent Stock Company Resulting from a Share Exchange for share exchange in the case of Share Exchange shall be established.
- (iii) If the Share Delivery breaches the applicable laws or regulations or the Articles of Incorporation and when shareholders of the Parent Company Resulting from the Share Delivery are likely to suffer detriment, shareholders of the Parent Company Resulting from the Share Delivery may request the Parent Company Resulting from the Share Delivery to cease such Share Delivery.
- (iv) A dissenting shareholder of the Parent Company Resulting from the Share Delivery may demand against the Parent Company Resulting from the Share Delivery to purchase the share held by the dissenting shareholder at a fair price.
- (v) If the relevant case does not fall under the case where money or other consideration to be delivered to shareholders of the Subsidiary Company Resulting from the Share Delivery consist only of shares of the Parent Company Resulting from the Share Delivery and others equivalent thereto, a creditor of the Parent Company Resulting from the Share Delivery may state an objection to the Share Delivery against the Parent Company Resulting from the Share Delivery.
- (vi) The Parent Company Resulting from the Share Delivery must prepare a document or electronic or magnetic record stating or recording the number of shares of the Subsidiary Company Resulting from the Share Delivery assigned to the Parent Company Resulting from the Share Delivery through the Share Delivery and other matters related to the Share Delivery without delay after the Effective Date.
- (Note) It might be considered to provide that the date on which the Share Delivery becomes

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effective, situation of procedures at the Parent Company Resulting from the Share Delivery, etc. must be stated in the document or electronic or magnetic record above.

- (vii) The Parent Company Resulting from the Share Delivery shall keep the document or electronic or magnetic record under (vi) for the period of six months following the Effective Date at its head office.
- (viii) Invalidity of a Share Delivery of a Stock Company may be alleged only by filing an action within the period of six months following the Effective Date. Such action may only be filed by a person who was a Shareholder, etc. (meaning a Shareholder, etc. provided under Article 828, Paragraph 2, Item 1 of the Companies Act; hereinafter the same in (viii)) of the Stock Company which conducts the Share Delivery as of the day on which the Share Delivery becomes effective, a person who transfers shares of the Subsidiary Company Resulting from the Share Delivery to the Parent Company Resulting from the Share Delivery under the Share Delivery, or a Shareholder, etc., the trustee in bankruptcy or a creditor who did not consent to the Share Delivery, of the relevant Stock Company which conducts the Share Delivery. Such action shall be made against the Stock Company which conducts the Share Delivery as the defendant.

(Note after II) In addition to the above, necessary provisions shall be established with respect to procedures, etc. concerning the Share Delivery.

III Others

1 Settlement in a Lawsuit pertaining to an Action for Pursuing Liability, etc.

In order for a Stock Company to enter into a settlement in a lawsuit pertaining to an action for pursuing liability of a director (other than an Audit and Supervisory Committee Member and Audit Committee Member), an executive officer and liquidator of the Stock Company and a person who used to be these persons (hereinafter, "Director, etc."), consent of the persons provided under (i) through (iii) must be obtained depending on the category of such Stock Company listed below:

- (i) Company with Auditors: company auditor (if there are two or more company auditors, each company auditor)
- (ii) Company with an Audit and Supervisory Committee: each Audit and Supervisory Committee Member
- (iii) Company with a Nominating Committee, etc.: each Audit Committee Member

2 Inspection, etc. of Voting Form

- (i) When a request under Article 311, Paragraph 4 of the Companies Act is made, the

reason for such request shall be disclosed.

(ii) If a request under Article 311, Paragraph 4 of the Companies Act is made, a Stock Company may not refuse such request, except cases it falls under any of the following:

a [Proposal A] the shareholder who made such request made the request for a purpose other than for research on a procedure of calling a shareholders meeting or method of resolution (limited to those relating to exercise of voting in writing); or

[Proposal B] the shareholder who made such request made the request for a purpose other than for research on securing exercising his/her rights;

b the shareholder who made such request made the request for the purpose of interfering with the execution of the operations of such Stock Company or prejudicing the common benefit of the shareholders;

c the shareholder who made such request made the request in order to report facts to third parties for profit, knowledge of which may be acquired by inspecting or copying a Voting Form; or

d the shareholder who made such request is a person who has reported facts, knowledge of which was acquired by inspecting or copying a Voting Form, to third parties for profit in the immediately preceding two years.

(Note to 2) Rules equivalent to those concerning a request under Article 311, Paragraph 4 of the Companies Act shall be established in connection with a request under Article 312, Paragraph 5 and Article 310, Paragraph 7 of the Companies Act.

3 Matters for Advance Disclosure concerning Consolidation of Shares, etc.

With respect to the procedure for treatment of fractions to be made in the squeezing out of minority shareholders by delivering cash as consideration, using acquisition of Share Subject to Class-Wide Call or consolidation of shares (Article 234, Article 235 of the Companies Act), disclosure of information shall be enhanced by providing that matters concerning the prospect of implementation of voluntary sale and delivery of price against shareholders, etc. must be stated or recorded in the document or electronic or magnetic record that must be kept at the head office under the advance disclosure procedure (Article 171-2, Article 182-2 of the said Act).

4 Registration concerning Share Option

[Proposal A] Matters provided under Item 2 and Item 3 of Article 238, Paragraph 1 of the Companies Act (refer to Article 911, Paragraph 3, Item 12, (d)) need not be registered.

(Reference Translation)

[Proposal B] If the matter provided under Article 238, Paragraph 1, Item 3 of the Companies Act is determined with respect to Share Options for Subscription, the amount to be paid under the said Item must be registered; provided, however, that, where a calculation method of the payment amount is determined as the matter provided under the said Item, if the amount to be paid of the Share Option for Subscription is not fixed by the time of application for registration, such calculation method must be registered.

5 Certificate of Registered Matters stating Address of Representative of Stock Company

Any person may demand delivery of a Certificate of Registered Matters stating the matters stated in the register (excluding address of a representative director or representative executive officer of a Stock Company), and only a person who has an interest in confirming such address may demand delivery of a Certificate of Registered Matters stating such address.

(Note) Making of necessary measures shall be considered in connection with handling of such address in the case where Registration Information is obtained by use of internet.

6 Revocation of Registration at the Location of Branch of Company

Article 930 through Article 932 of the Companies Act shall be deleted.