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(Securities Code: 3673)  
March 8, 2016

To Our Shareholders

Kenji Oyama  
President & CEO,  
Representative Director  
Broadleaf Co., Ltd.  
4-13-14 Higashi-Shinagawa, Shinagawa-ku,  
Tokyo, Japan

## **NOTICE OF THE 7TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 7th Annual General Meeting of Shareholders (the “Meeting”) of Broadleaf Co., Ltd (the “Company”). The Meeting will be held for the purposes as described below.

If you are unable to attend the Meeting, you can exercise your voting rights in writing (by mail) or by electromagnetic means (Internet, etc.). Please review the accompanying Reference Documents for the General Meeting of Shareholders before exercising your voting rights.

1. **Date and Time** Wednesday, March 30, 2016 at 10:00 a.m. Japan time
2. **Place:** TKP Garden City Shinagawa [GREEN WIND], SHINAGAWA GOOS 1F,  
3-13-3 Takanawa, Minato-ku, Tokyo, Japan
3. **Meeting Agenda:**
  - Matters to be reported:** The Business Report and the Non-Consolidated Financial Statements for the 7<sup>th</sup> Fiscal Year (from January 1, 2015 to December 31, 2015)
  - Matters to be resolved:**
    - Proposal No. 1:** Appropriation of Surplus
    - Proposal No. 2:** Partial Amendments to the Articles of Incorporation
    - Proposal No. 3:** Election of Five (5) Directors
    - Proposal No. 4:** Election of Three (3) Corporate Auditors
    - Proposal No. 5:** Election of Two (2) Substitute Corporate Auditors
    - Proposal No. 6:** Decision of Amounts and Details of Share-based Compensation Linked to Performance for Directors

#### 4. Guide to Exercising Voting Rights

- (1) If you exercise your voting rights in writing (by mail)
  - Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Tuesday, March 29, 2016.
- (2) If you exercise your voting rights by electronic means (Internet, etc.)
  - Please visit the Company’s designated voting website (<http://www.it-soukai.com>) and vote for or against the proposals by 5:30 p.m. on Tuesday, March 29, 2016, in accordance with the instructions on the screen.
  - In addition, the electronic platform for exercising voting rights operated by Investor Communications Japan Inc. (ICJ, Inc.) is available to institutional investors.
- (3) If you exercise your voting rights more than once:
  - If you exercise your voting rights both in writing (by mail) and online, regardless of the date your Voting Rights Exercise Form is received, only the voting rights you exercise online will be counted.
  - If you exercise your voting rights more than once online, only the voting rights you exercise last will be counted.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

We position the return of profit to our shareholders as an important management issue. Our basic policy is to continue to pay stable dividends, while securing the retained earnings necessary to expand our future business and strengthen our management structure.

The Company plans to pay a year-end dividend for the fiscal year under review of 12.50 yen per share. (This brings our annual dividend to 25.00 yen per share when combined with the interim dividend that has already been paid.) Details are as follows.

At the meeting of the Board of Directors held on February 10, 2016, the Company resolved to pay a commemorative dividend of 5 yen per share at the time of the interim dividend payment for the fiscal year ending December 2016.

1. Type of dividend property  
Cash
2. Matters concerning the allocation and total amount of dividend property  
12.50 yen per share of common stock of the Company, or 303,395,200 yen in total
3. Date on which dividends from surplus shall be effective  
March 31, 2016

#### 【Reference】

	5 <sup>th</sup> Fiscal Year (FY2013)	6 <sup>th</sup> Fiscal Year (FY2014)	7 <sup>th</sup> Fiscal Year/Fiscal Year Under Review (FY2015)	8 <sup>th</sup> Fiscal Year (Forecast) (FY2016)
Interim dividend per share	—	10 yen	12.5 yen	17.5 yen Ordinary dividend 12.5 yen Commemorative dividend 5 yen
Year-end dividend per share	20 yen	10 yen	12.5 yen (Plan)	12.5 yen
Annual dividend per share	20 yen	20yen	25 yen (Plan)	30 yen
Dividend payout ratio	26.0%	23.8%	49.5% (Plan)	44.8%

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reason for Proposal

- (1) The Company is implementing initiatives for medium-to-long-term growth in line with its management philosophy of offering comprehensive services that benefit car owners, and wishes to make additions to Article 2 (Purpose) of the Articles of Incorporation in response to the increasing diversification of its core businesses.
- (2) Pursuant to the Act for Partial Revision of the Companies Act (Act No.90 of 2014) that took effect on May 1, 2015, corporate auditors other than external corporate auditors were also allowed to enter into an agreement with respect to limitation of liability. Accordingly, the Company wishes to make certain amendments to Article 36 (Limitation of Liability of Corporate Auditors), Paragraph 2 of the Articles of Incorporation in order to enable corporate auditors to fully perform their expected roles.

2. Details of Amendments

The details of amendments are as follows.

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I GENERAL PROVISIONS	CHAPTER I GENERAL PROVISIONS
<p>Article 2 (Purpose)</p> <p>The purpose of the Company shall be to engage in the following businesses:</p> <p>(1) ~ (4) (Omitted) (Newly established)</p> <p>(5) (Omitted)</p> <p>(6) (Omitted) (Newly established)</p> <p>(7) (Omitted)</p> <p>(8) (Omitted)</p> <p>(9) (Omitted)</p> <p>(10) (Omitted) (Newly established)</p> <p>(Newly established)</p> <p>(11) (Omitted)</p>	<p>Article 2 (Purpose)</p> <p>(No amendment)</p> <p>(1) ~ (4) (No amendment)</p> <p>(5) <u>Business of providing telecommunications services in accordance with the Telecommunications Business Act and related agency business</u></p> <p>(6) (No amendment)</p> <p>(7) (No amendment)</p> <p>(8) <u>Advertising and publicity business and advertising agency business</u></p> <p>(9) (No amendment)</p> <p>(10) (No amendment)</p> <p>(11) (No amendment)</p> <p>(12) (No amendment)</p> <p>(13) <u>Non-life insurance agency business, insurance agency business in accordance with the Automobile Liability Security Act, and life insurance agency business</u></p> <p>(14) <u>Worker dispatch business</u></p> <p>(15) (No amendment)</p>
Current Articles of Incorporation	Proposed Amendments
CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS	CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS
<p>Article 36 (Exemption from Liability of Corporate Auditors)</p> <p>1. (Omitted)</p> <p>2. The Company may enter into an agreement with <u>External Corporate Auditors specified in Article 2, Item 16</u> of the Companies Act that limits the liability provided for in Article 423, Paragraph 1 of the Companies Act to the extent of the minimum amount of liability provided for in Article 425, Paragraph 1 of the Companies Act, provided that such <u>External</u> Corporate Auditors act in good faith without gross negligence in the performance of their duties.</p>	<p>Article 36 (Exemption from Liability of Corporate Auditors)</p> <p>1. (No amendment)</p> <p>2. The Company may enter into an agreement with Corporate Auditors that limits the liability provided for in Article 423, Paragraph 1 of the Companies Act to the extent of the minimum amount of liability provided for in Article 425, Paragraph 1 of the Companies Act, provided that such Corporate Auditors act in good faith without gross negligence in the performance of their duties.</p>

**Proposal No. 3: Election of Five (5) Directors**

The term of office of all the five (5) directors will expire at the close of this general meeting of shareholders.

Accordingly, we propose the election of five (5) directors.

To achieve the diversity of the Board of Directors and enhancement of corporate governance, a majority (three) of the five candidates for directors are candidates for external directors.

The candidates for directors are as follows:

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
1	Kenji Oyama (September 10, 1968)  Attendance at meetings of the Board of Directors 13/13(100%)	<p>April 1987    Joined Being Co., Ltd.</p> <p>April 1989    Director of Being Co., Ltd.</p> <p>July 2000    Director and Vice President of Being Co., Ltd.</p> <p>July 2002    Executive Officer, General Manager of Marketing Department and Sales Department of Being Co., Ltd.</p> <p>October 2005    Consultant to ITX Corporation</p> <p>January 2006    Director and Executive Vice President of the Company</p> <p>June 2006    Representative Director and President of the Company (present)</p> <p>January 2015    Visiting Professor at the Graduate School of Project Design (present)</p>	210,000 shares

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
2	Kenichi Yamataka (October 10, 1968)  Attendance at meetings of the Board of Directors 13/13(100%)	<p>April 1992    Joined Mitsubishi Electric Engineering Co., Ltd.</p> <p>January 1996    Joined Being Co., Ltd.</p> <p>April 2000    Executive Officer of Being Co., Ltd.</p> <p>May 2005    Assistant Manager of Business Promotion Office of Being Co., Ltd.</p> <p>November 2005    Executive Officer of JIMOS Co., Ltd.</p> <p>October 2010    Executive Officer and General Manager of Administration Division of the Company</p> <p>January 2011    Executive Officer, General Manager of Administration Division and General Manager of Corporate Management Group of the Company</p> <p>March 2012    Director, Executive Officer and General Manager of Administration Division of the Company</p> <p>January 2014    Director and Executive Vice President of the Company (present)</p>	0 shares

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
3	<p>Morio Kizawa (April 8, 1944)</p> <p>Candidate for External Director</p> <p>Attendance at meetings of the Board of Directors 13/13(100%)</p>	<p>April 1970    Joined Nippon Univac Ltd. (now Nihon Unisys, Ltd.)</p> <p>March 1985    Joined Citizen Watch Co., Ltd.</p> <p>February 1992    Representative Director and President of Mentor Graphics Japan Co. Ltd.</p> <p>February 1999    Representative Director and President of Conexant Systems Japan Co., Ltd.</p> <p>February 2006    Representative Director and President of Autodesk, Inc.</p> <p>March 2012    Advisor to Autodesk, Inc.</p> <p>External Director of the Company (present)</p>	0 shares
	Reasons for nomination as candidate for External Director	<p>Having served as Representative Director of Autodesk, Inc. and other companies, Mr. Morio Kizawa has been involved in the management of IT companies and global companies in areas such as software development and sales, and has specialist knowledge and extensive experience of industries related to the business of the Company.</p> <p>The Company nominated Mr. Morio Kizawa as a candidate for External Director because, by leveraging his knowledge and experience, it can expect to obtain advice from various perspectives on the general management of the Company.</p>	
	Matters relating to independence	<p>The Company considers Mr. Morio Kizawa to be a candidate for independent external director because, given his objective and neutral standpoint that is independent from the Company, he is unlikely to have conflicts of interest with general shareholders, and the Company has designated him as an independent director and filed notification to that effect in accordance with the provisions of the Tokyo Stock Exchange.</p>	

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
4	<p>Kiichiro Watanabe (January 23, 1959)</p> <p>Candidate for External Director</p> <p>Attendance at meetings of the Board of Directors 12/13(92%)</p>	<p>April 1981    Joined Oriental Land Co., Ltd.</p> <p>April 1991    Joined Nissan Motor Co., Ltd.</p> <p>December 1995    Joined Nippon Telegraph and Telephone Corporation Section Manager in charge of Multimedia Business Development Department</p> <p>October 2003    Joined Tomy Co., Ltd. Assistant General Manager of Content Business Strategy Division of Tomy Co., Ltd.</p> <p>January 2006    Representative Director and Executive Vice President of T2i Entertainment Co., Ltd. (now T-FIELDTEC Company, Ltd.)</p> <p>November 2008    Director and Managing Executive Officer of Media Kobo, Inc.</p> <p>May 2012    Representative Director of DELTA FORCE, Inc.</p> <p>March 2014    Corporate Auditor of (THE) ONE of THEM, Inc (present)</p> <p>External Director of the Company (present)</p>	0 shares
	Reasons for nomination as candidate for External Director	<p>Mr. Kiichiro Watanabe has experience of using unique marketing techniques to lead many projects to success at business companies such as The Oriental Land Co., Ltd. and has served as an executive of listed IT companies. He has specialist knowledge and extensive experience in creating new businesses.</p> <p>The Company nominated Mr. Kiichiro Watanabe as a candidate for External Director because, by leveraging his knowledge and experience, it can expect to obtain advice from various perspectives, especially in the area of marketing.</p>	
	Matters relating to independence	<p>The Company considers Mr. Kiichiro Watanabe to be a candidate for independent external director because, given his objective and neutral standpoint that is independent from the Company, he is unlikely to have conflicts of interest with general shareholders, and the Company has designated him as an independent director and filed notification to that effect in accordance with the provisions of the Tokyo Stock Exchange.</p>	

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
5	Shigeru Ikeda (March 4, 1941) Candidate for External Director New Appointment	<p>April 1964      Joined Nippon Telegraph and Telephone Public Corporation (now Nippon Telegraph and Telephone Corporation or NTT)</p> <p>July 1985      Manager of Niigata Branch of NTT</p> <p>June 1992      Director and General Manager of Personnel Department of NTT</p> <p>June 1996      Managing Director and General Manager of Multimedia Promotion Division of NTT</p> <p>April 1999      Representative Director and President of NTT-ME Corporation</p> <p>July 2002      Managing Director of Communications and Information Network Association of Japan</p> <p>April 2007      External Director of Sky Perfect JSAT Corporation External Director of BROADEARTH Inc. (present)</p> <p>June 2007      Consultant to ACCESS Co., Ltd. (present)</p> <p>April 2008      Visiting Professor at the Graduate Institute for Entrepreneurial Studies (present)</p> <p>April 2009      Visiting Professor at Tama Graduate School of Business</p> <p>September 2015 Director of the Social Development Research Center (present)</p>	0 shares
	Reasons for nomination as candidate for External Director	<p>Mr. Shigeru Ikeda has served as Director at NTT and its affiliated company and has experience of being involved in management in the telecommunications industry since the spread of IT and the Internet. He has specialist knowledge and extensive experience of corporate management. He has also taught at Tama Graduate School of Business and other institutes and has wide-reaching knowledge of other areas including IT and information sociology.</p> <p>The Company nominated Mr. Shigeru Ikeda as a candidate for External Director because, by leveraging his knowledge and experience, it can expect to obtain advice on the general management of the Company in terms of both practical business and scientific technology.</p>	
	Matters relating to independence	<p>The Company considers Mr. Shigeru Ikeda to be a candidate for independent external director because, given his objective and neutral standpoint that is independent from the Company, he is unlikely to have conflicts of interest with general shareholders, and satisfies the requirements for independent executives as specified by the Tokyo Stock Exchange.</p>	

#### Notes

- There are no special interests between any candidate for director and the Company.
- The candidates Morio Kizawa, Kiichiro Watanabe and Shigeru Ikeda are nominated as External Directors.
- The candidate Morio Kizawa is currently serving as External Director of the Company, and his tenure as External Director will be four (4) years at the close of this Annual Shareholders' Meeting.
- The candidate Kiichiro Watanabe is currently serving as External Director of the Company, and his tenure as External Director will be two (2) years at the close of this Annual Shareholders' Meeting.
- The Company has notified the Tokyo Stock Exchange (TSE) of Morio Kizawa and Kiichiro Watanabe as Independent Executives. Candidate Shigeru Ikeda satisfies the requirements for Independent Executives as specified by the TSE, and the Company has notified the TSE of him as a candidate for Independent Executive.
- The Company has entered into a liability limitation agreement with each of its External Directors pursuant to Article 427, Paragraph 1 of the Companies Act, limiting their liability for damages as provided for under Article 423, Paragraph 1 of the Companies Act. If candidates Morio Kizawa and Kiichiro Watanabe are re-elected as External Directors, the Company will extend the term of the agreements. The Company also plans to enter into a similar liability limitation agreement with candidate Shigeru Ikeda if he is elected. The limitation of liability for damages under these agreements is the amount specified by laws and regulations, and such limitation of liability is approved only if the applicable External Director has executed his or her duties in good faith without committing gross negligence.

**Proposal No. 4: Election of Three (3) Corporate Auditors**

The term of office of all the three (3) corporate auditors will expire at the close of this general meeting of shareholders. Accordingly, we propose the election of three (3) corporate auditors.

The Board of Corporate Auditors has approved this proposal in advance.

The candidates for corporate auditors are as follows:

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
1	<p>S h i n y a A o k i (December 16, 1946)</p> <p>Attendance at meetings of the Board of Directors 13/13(100%)</p> <p>Attendance at meetings of the Board of Corporate Auditors 12/12(100%)</p>	<p>April 1965      Joined Iwai Sangyo Co., Ltd. (now Sojitz Corporation) Representative Director and Executive Vice President of</p> <p>April 2000      Nissho Iwai Management Service Corporation (now Sojitz Shared Service Corporation)</p> <p>June 2003      Representative Director of Brains Of Trust Inc.</p> <p>July 2004      Executive Officer and General Manager of General Affairs Bureau of News Service Center Inc.</p> <p>January 2007    Joined the Company</p> <p>March 2007      Corporate Auditor of the Company (present)</p>	2,000 shares

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
2	<p>Nobuhiro Shibatoko (August 9, 1951)</p> <p>Candidate for External Corporate Auditor</p> <p>New Appointment</p>	<p>April 1974      Joined Nissho Iwai Corporation (now Sojitz Corporation)</p> <p>November 1997 Representative Director of Nissho Iwai Investment Advisors Co., Ltd. (now Sompo Japan Nipponkoa Asset Management Co., Ltd.)</p> <p>March 2001      Director of Nissho Iwai Securities Co., Ltd. (now SBI Securities Co., Ltd.)</p> <p>June 2004      Director of Shinsanko Seisen Co., Ltd. (now Mitsubishi Metal Industry Co., Ltd.)</p> <p>April 2010      Executive Officer of Mitsubishi Metal Industry Co., Ltd.</p> <p>June 2010      Director of SUS-TECH Corporation</p> <p>June 2012      Managing Director of SUS-TECH Corporation</p> <p>April 2014      Managing Executive Officer of SUS-TECH Corporation</p>	0 shares
Reasons for nomination as candidate for External Corporate Auditor		<p>Mr. Nobuhiro Shibatoko has held key positions at many business companies and has specialist knowledge and extensive experience in the areas of corporate management, accounting and finance.</p> <p>The Company nominated Mr. Nobuhiro Shibatoko as a candidate for External Corporate Auditor because, by leveraging his knowledge and experience, it can expect to obtain advice from various perspectives on the general management of the Company, especially strengthening the audit functions of Corporate Auditors.</p>	
Matters relating to independence		<p>The Company considers Mr. Nobuhiro Shibatoko to be a candidate for independent corporate auditor because, given his objective and neutral standpoint that is independent from the Company, he is unlikely to have conflicts of interest with general shareholders, and satisfies the requirements for independent executives as specified by the Tokyo Stock Exchange.</p>	





Matters relating to independence	<p>Mr. Tomoji Ishii previously worked at Asahi Audit Corporation (now KPMG AZSA LLC), which is the Company's accounting auditor, and also once worked at Yasuda Trust and Banking Co., Ltd. (now Mizuho Trust &amp; Banking Co., Ltd.), which is an affiliated company of Mizuho Bank, Ltd., a major lender for the Company. However, he left Asahi Audit Corporation (now KPMG AZSA LLC) in March 1988, and left Yasuda Trust and Banking Co., Ltd. (now Mizuho Trust &amp; Banking Co., Ltd.) in June 1995, and a considerable amount of time has elapsed since he left both companies. The Company, therefore, considers Mr. Tomoji Ishii to be a candidate for independent corporate auditor because, given his objective and neutral standpoint that is independent from the Company, he is unlikely to have conflicts of interest with general shareholders, and satisfies the requirements for independent executives as specified by the Tokyo Stock Exchange. Furthermore, as of the end of the fiscal year under review, Mizuho Bank, Ltd, was not classed as a major lender for the Company.</p>
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Notes

- 1 . There are no special interests between any candidate for corporate auditor and the Company.
- 2 . The candidates Nobuhiro Shibatoko and Tomoji Ishii are nominated as External Corporate Auditors.
- 3 . The candidate Tomoji Ishii is currently serving as External Corporate Auditor of the Company, and his tenure as External Corporate Auditor will be two (2) years at the close of this Annual Shareholders' Meeting.
- 4 . The Company has notified the Tokyo Stock Exchange (TSE) of Tomoji Ishii as Independent Executive. The candidate Nobuhiro Shibatoko satisfies the requirements for Independent Executives as specified by the TSE, and the Company has notified the TSE of him as a candidate for Independent Executive.
- 5 . The Company has entered into a liability limitation agreement with candidate Tomoji Ishii pursuant to Article 427, Paragraph 1 of the Companies Act, limiting his liability for damages as provided for under Article 423, Paragraph 1 of the Companies Act. If candidate Tomoji Ishii is re-elected as External Corporate Auditor, the Company will extend the term of the agreement. The Company also plans to enter into a similar liability limitation agreement with candidate Nobuhiro Shibatoko if he is elected. The Company will also enter into a similar liability limitation agreement with candidate Shinya Aoki if he is elected, on condition that Proposal No. 2 on partial amendments to the Articles of Incorporation is approved and passed as drafted. The limitation of liability for damages under these agreements is the amount specified by laws and regulations, and such limitation of liability is approved only if the applicable External Corporate Auditor has executed his or her duties in good faith without committing gross negligence.

**Proposal No. 5: Election of Two (2) Substitute Corporate Auditors**

The Company wishes to elect two (2) Substitute Corporate Auditors in advance in case there is a shortfall in the number of Corporate Auditors specified by laws and regulations.

The candidates for Substitute Corporate Auditors are as follows. Candidate Kenji Hirasawa is nominated to fill any vacancy for a Corporate Auditor who is not an External Corporate Auditor, and candidate Yusuke Asakura is nominated to fill any vacancy for an External Corporate Auditor.

The Board of Corporate Auditors has approved this proposal in advance.

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
1	Kenji Hirasawa (February 6, 1952) New Appointment	<p>April 1975      Joined Daido Mutual Life Insurance Company (now Daido Life Insurance Company)</p> <p>April 1998      General Manager of Nonlife Insurance Business Development Department of Daido Life Insurance Company</p> <p>April 1999      General Manager of Real Estate Department of Daido Life Insurance Company</p> <p>April 2005      General Manager of Business Audit Department of Daido Life Insurance Company</p> <p>June 2010      Director of T&amp;D Confirm, Ltd.</p> <p>June 2012      Corporate Auditor of T&amp;D Information Systems, Ltd.</p> <p>April 2015      Manager of Internal Audit Office of the Company (present)</p>	0 shares

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
2	Yusuke Asakura (August 19, 1982) Candidate for External Corporate Auditor New Appointment	<p>September 2007      Passed the bar examination</p> <p>December 2008      Registered as attorney-at-law</p> <p>December 2008      Joined Bingham McCutchen Murase, Sakai Mimura Aizawa-Foreign Law Joint Enterprise</p> <p>September 2011      Partner of Sanba Law Firm (present) (Important concurrent positions) Partner of Sanba Law Firm</p>	0 shares
	Reasons for nomination as candidate for External Corporate Auditor	The Company nominated Mr. Yusuke Asakura as a candidate for Substitute External Corporate Auditor based on the judgment that, as a qualified attorney-at-law and expert in corporate law, Mr. Yusuke Asakura would be able to give the Company suggestions and advice on the execution of duties by its directors. The Company judged that, although Mr. Yusuke Asakura has not been involved in corporate management in the past, he would be capable of executing the duties of an External Corporate Auditor appropriately for the reasons outlined above.	
	Matters relating to independence	The Company does not have any dealings with the abovementioned law firms and considers Mr. Yusuke Asakura to be a candidate for independent corporate auditor because, given his objective and neutral standpoint that is independent from the Company, he is unlikely to have conflicts of interest with general shareholders, and satisfies the requirements for independent executives as specified by the Tokyo Stock Exchange.	

**Notes**

- There are no special interests between any candidate for substitute corporate auditor and the Company.
- The candidate Yusuke Asakura is nominated as Substitute External Corporate Auditor.
- The candidate Yusuke Asakura satisfies the requirements for Independent Executives as specified by the TSE, and the Company plans to notify the TSE of him as Independent Executive if he assumes office as Corporate Auditor.
- The Company has entered into a liability limitation agreement with each of its External Corporate Auditor pursuant to Article 427, Paragraph 1 of the Companies Act, limiting their liability for damages as provided for under Article 423, Paragraph 1 of the Companies Act. If candidate Yusuke Asakura assumes office as Corporate Auditor, the Company will enter into a similar liability limitation agreement with him. The Company will also enter into a similar liability limitation agreement with candidate Kenji Hirasawa if he assumes office as Corporate Auditor, on condition that Proposal No. 2 on partial amendments to the Articles of Incorporation is approved and passed as drafted.  
The limitation of liability for damages under these agreements is the amount specified by laws and regulations, and such limitation of liability is approved only if the applicable Corporate Auditor has executed his or her duties in good faith without committing gross negligence.

## Proposal No. 6: Decision of Amounts and Details of Share-based Compensation Linked to Performance for Directors

### 1. Reason for Proposal and Grounds for Judging such Compensation Reasonable

The compensation of Directors of the Company is comprised of “basic compensation” and “executives’ bonuses.” However, the Company wishes to introduce a new share-based compensation system linked to performance for the Company’s Directors and Executive Officers (hereinafter “Directors, etc.”) called Board Benefit Trust (BBT; hereinafter referred to as the “System”).

The purpose of the System is to increase an awareness of contributing to improvement of performance in the medium- and long-terms and expansion of corporate value among Directors, etc. by clarifying the link between the compensation of Directors, etc. and the Company’s performance and share price, and by getting Directors, etc. to share with shareholders not only the merits of an increase in share price but also the risk of a fall in share price, and the Company judges that introduction of the System is reasonable.

Regarding the amounts and details of Directors’ compensation under the System, the Company plans to provide the new share compensation to its Directors (excludes External Directors; the same shall apply hereinafter in Proposal No. 6) based on a separate limit from the upper limit on annual compensation for Directors (set at 300 million yen; provided, however, that this does not include employees’ salaries) resolved at the 4<sup>th</sup> Annual General Meeting of Shareholders held on March 29, 2013. The Company proposes leaving the Board of Directors to determine the details of the System within the limits set out in 2. Below.

At the present time, there are two (2) Directors and eight (8) Executive Officers eligible for compensation under the System. If Proposal No. 3 is approved and passed as drafted, there will be two (2) Directors and eight (8) Executive Officers eligible for compensation under the System.

### 2. Amounts and details of compensation under the System

#### (1) Outline of the System

The System is a share-based compensation system linked to performance whereby cash contributed by the Company is used to acquire shares of the Company via a trust (hereinafter referred to as the “Trust”) and the Company’s Directors, etc. receive benefits via the Trust in the form of shares of the Company and the cash equivalent of the market value of the shares of the Company (hereinafter referred to as “shares of the Company, etc.”) depending on factors such as their official position and level of performance, in accordance with the executives’ share benefit regulations to be established by the Board of Directors. As a general rule, Directors, etc. will receive benefits in the form of the shares of the Company, etc. upon their retirement.

#### (2) Upper limit on the Company’s monetary contribution and method of acquiring shares

On condition that introduction of the System is approved at this general meeting of shareholders, the Company plans to establish the Trust by making a total contribution of no more than 73 million yen per fiscal year as the funds required for the Trust to acquire upfront the number of shares reasonably deemed necessary for a certain period under the System.

More specifically, to fund the acquisition of shares for the five (5) fiscal years from the fiscal year ending December 31, 2016 to the fiscal year ending December 31, 2020 (hereinafter referred to as the “initially funded period”), the Company will contribute no more than 365 million yen to the Trust.

Moreover, after the initially funded period has elapsed, the Company will continue to make additional contributions to the Trust of no more than 365 million yen to fund the abovementioned share acquisition every five (5) fiscal years, in principle, until the System is terminated (hereinafter, such periods every five (5) fiscal years are referred to as the “Funded Period” respectively.).

However, when the Company makes such additional contributions, if there are shares of the Company (excluding shares of the Company equal to the number of points awarded to Directors, etc. for which share benefits to Directors, etc. are pending) and cash remaining in the Trust Property (hereinafter referred to as “Remaining Shares, etc.”) on the last day of the Funded Period before the Funded Period in relation to which the Company intends to make such additional investment, the sum total of the amount of the Remaining Shares, etc. (in the case of shares of the Company, the book value on the last day of the directly preceding Funded Period) and the cash additionally contributed shall be within the upper limit approved at this general meeting of shareholders.

Furthermore, acquisitions of the shares of the Company by the Trust shall be made via trading on the open market or by means of subscription to the treasury shares of the Company and there shall be no new share issuance. Accordingly, on acquisitions of shares of the Company by the Trust, there will be no increase in the total number of issued and outstanding shares of the Company and there will also be no dilution of shares.

(3) Specific details of shares of the company to be granted as benefits to Directors, etc.

The Company will award Directors, etc. a number of points as determined by the following equation according to their attainment of performance targets in relation to each fiscal year ending December 31 during the Trust Period.

(Equation)

Number of points awarded = Number of points based on official position (Note 1) × Performance-linked coefficient (Note 2)

- Notes
1. Number of points based on official position is number calculated by dividing basic compensation amount of Directors, etc. (around 20% of total compensation amount of each of Directors, etc.) determined for each official position by the Board of Directors by the average price of shares acquired by the Trust. The average price of shares acquired by the Trust shall be the amount calculated by dividing the total acquisition price of the shares of the Company by the number of shares acquired.
  2. The performance-linked coefficient is evaluated and determined by the Appraisal and Compensation Committee based on total appraisal points calculated based on the level of attainment of targets for the sales, operating income, etc. of the Company each fiscal year. The number of points awarded to Directors is determined between the range of 0% to 130% of the number of points based on official position.

The upper limit on the total number of points per fiscal year awarded to Directors, etc. of the Company is 73,000 points (equivalent to 73,000 shares of the Company).

On initial delivery of the shares, etc. described in (4) below, the points awarded to Directors, etc. shall be converted into common shares of the Company at a conversion rate of 1:1. (Provided, however, that in the event of a share split, allotment of shares without contribution or reverse share split with respect to the shares of the Company after the resolution approved by shareholders at this general meeting of shareholders, the Company will make reasonable adjustments to the conversion rate depending on the rate of such share split, allotment of shares without contribution or reverse share split.)

The number of points of Directors, etc. that form the basis for calculation of the number of shares granted as benefits shall be the sum total of the points awarded to the relevant Directors, etc., as of the time of their retirement (hereinafter points calculated in this way are referred to as the “Final Number of Points”).

(4) Timing of benefits to Directors, etc.

When Directors, etc. of the Company retire and satisfy the beneficiary requirements specified in the executives' share benefit regulations, the relevant Directors, etc. may, by carrying out the prescribed beneficiary finalization procedures, receive benefits from the Trust after their retirement with respect to a number of shares of the Company based on the Final Number of Points determined in accordance with (3) above.

However, when the requirements specified in the executives' share benefit regulations are satisfied, the relevant Directors, etc. may receive the market value of a certain percentage of the shares of the Company in cash, in place of delivery of the shares of the Company, based on the applicable Final Number of Points.

The Trust may sell shares of the Company in order to pay cash benefits.

(Reference)

For further details of the System, please refer to “Notice of Introduction of Share-based Compensation System Linked to Performance” dated February 23, 2016.