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(Stock Exchange Code 5101)  
March 9, 2018

**To Shareholders with Voting Rights:**

Masataka Yamaishi  
President and Representative Member  
of the Board  
The Yokohama Rubber Co., Ltd.  
36-11, Shimbashi 5-chome,  
Minato-ku, Tokyo

**NOTICE OF  
THE 142ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 142nd Ordinary General Meeting of Shareholders of The Yokohama Rubber Co., Ltd. (the “Company”). The meeting will be held for the purposes described below.

**If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Wednesday, March 28, 2018, Japan time, as per “4. Guidance on the Exercise of Voting Rights” below.**

**1. Date and Time:** Thursday, March 29, 2018, at 10 a.m., Japan time  
(Reception starts at 9 a.m.)

**2. Place:** Meeting Hall on the 9th floor of the Company located at  
36-11, Shimbashi 5-chome, Minato-ku, Tokyo, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 142nd Fiscal Year (January 1, 2017–December 31, 2017) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the Company’s 142nd Fiscal Year (January 1, 2017–December 31, 2017)

**Proposals to be resolved:** (Please see the Reference Documents for the General Meeting of Shareholders from page 3.)

**Proposal 1:** Appropriation of Surplus

**Proposal 2:** Election of Ten (10) Members of the Board

**Proposal 3:** Election of One (1) Audit & Supervisory Board Member

**Proposal 4:** Determination of Compensation for the Allotment of Restricted Stock to Members of the Board (Excluding Outside Members of the Board)

**4. Guidance on the Exercise of Voting Rights**

- (1) If you exercise your voting rights in writing:  
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it to us so that it arrives by 5:30 p.m. on Wednesday, March 28, 2018, Japan time.
- (2) If you exercise your voting rights via the Internet:  
Please read the Guidance on the Exercise of Voting Rights via the Internet (Japanese only), and cast your vote by 5:30 p.m. on Wednesday, March 28, 2018, Japan time.
- (3) If you exercise your voting rights both in writing and via the Internet, only the vote cast through the Internet shall be deemed valid. If you cast a vote more than once through the Internet or other means, only the last vote shall be deemed valid.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Among the documents to be provided with the notice of this convocation, the Consolidated Statement of Changes in Net Assets, the Notes to Consolidated Financial Statements, the Non-Consolidated Statement of Changes in Net Assets and the Notes to Non-Consolidated Financial Statements (Japanese only) are disclosed on the Company's website (<http://www.y-yokohama.com/cp/ir/>) pursuant to laws and regulations and Article 20 of the Company's Articles of Incorporation. Therefore, they are not attached to this convocation notice.  
The aforementioned documents, as well as other documents attached to this convocation notice, are subject to auditing by the Accounting Auditor and/or the Audit & Supervisory Board Members.
- Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and/or the Non-Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

Regarding the appropriation of surplus, we would like to propose the following.

#### 1. Details of the appropriation of surplus

We would like to propose that the reserve for dividends that we have accumulated to prepare for the payment of dividends to shareholders be reserved for its intended purpose and transferred to retained earnings brought forward to serve as capital for the year-end dividend.

- |  |              |
|--|--------------|
| (1) Amount of reserve for dividends to be reduced:               |              |
| Reserve for dividends  | ¥700,000,000 |
| (2) Amount of retained earnings brought forward to be increased: |              |
| Retained earnings brought forward                                | ¥700,000,000 |

#### 2. Details of the year-end dividend

Regarding dividends, the Company's basic policy is to continue the stable payment of dividends, while ensuring the internal reserves necessary for future development of business operations and reinforcement of management structure.

During the 142nd fiscal year, the Company celebrated its 100th anniversary on October 13, 2017. This milestone is due to the long years of support and cooperation of all stakeholders, including shareholders, for which we express our sincere appreciation.

Accordingly, we would like to propose that the year-end dividend for the fiscal year under review be as follows, adding commemorative dividend to ordinary dividend to express our gratitude to our shareholders and commemorate the 100th anniversary.

- (1) Type of dividend property:  
Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount thereof:  
¥31 per share of common stock of the Company (¥26 for the ordinary dividend and ¥5 for a commemorative dividend)  
Total cash dividends of ¥4,970,483,921.
- (3) Effective date of dividend of surplus:  
March 30, 2018

## Proposal 2: Election of Ten (10) Members of the Board

The terms of office of all twelve (12) Members of the Board will expire at the conclusion of this General Meeting of Shareholders. To promote efficient operation of the Board of Directors, we would like to reduce the total number of Members of the Board by two (2), while increasing the number of Outside Members of the Board by one (1) to enhance management transparency and further reinforce corporate governance. Accordingly, we would like to elect ten (10) Members of the Board, including four (4) Outside Members of the Board.

The candidates for Members of the Board are as follows.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Tadanobu Nagumo (February 12, 1947)	<p>April 1969      Joined the Company</p> <p>May 1994        General Manager, Deputy Head of Shinshiro Plant</p> <p>July 1996        President and CEO of Yokohama Tire Philippines, Inc.</p> <p>June 1999        Director of the Company</p> <p>June 2002        Managing Director</p> <p>June 2003        Executive Director</p> <p>June 2004        President and Representative Director</p> <p>June 2011        Chairman and CEO and Representative Director</p> <p>March 2016      Chairman and Representative Member of the Board (to present)</p> <p>[Significant concurrent positions]</p> <p>President, The Japan Rubber Manufacturers Association</p>	97,825
	Reason for his nomination as a Member of the Board	Mr. Tadanobu Nagumo took office as President and Representative Director of the Company in 2004 and has served as Chairman and Representative Director since 2011, taking the leadership in managing the Company for many years. He has contributed to the growth of the Yokohama Rubber Group while contributing to the development of the rubber industry as President of The Japan Rubber Manufacturers Association. The Company believes that, with his ample expertise and experience in overall business management, he is capable of appropriately supervising the management of the Company. Therefore, the Company nominated him as a Member of the Board again.	
2	Masataka Yamaishi (June 5, 1962)	<p>April 1986        Joined the Company</p> <p>June 2007        General Manager, Head of Waste-Reduction Promotion Dept.</p> <p>November 2008    General Manager, Head of GD100 Promotion Dept.</p> <p>January 2010      General Manager, Head of Secretariat</p> <p>January 2012      President of Yokohama Europe GmbH</p> <p>October 2013      General Manager, Head of Corporate Planning Dept. of the Company and President of Acty Corporation</p> <p>March 2014        Corporate Officer of the Company</p> <p>March 2015        Director and Corporate Officer of the Company and President of Yokohama Motorsports International Co., Ltd.</p> <p>July 2016          Member of the Board and Managing Officer of the Company</p> <p>March 2017        President and Representative Member of the Board, and Head of Corporate Planning Division of the Company (to present)</p>	9,800
	Reason for his nomination as a Member of the Board	Mr. Masataka Yamaishi took office as a Director of the Company in 2015 and President and Representative Member of the Board in 2017, having been energetically engaged in the business execution for the growth of the Yokohama Rubber Group. He currently serves as Head of the Corporate Planning Division of the Company. The Company believes that, with his ample expertise and experience accumulated in the Corporate Planning Division, including the acquisition of Alliance Tire Group in 2016 to make it a wholly-owned subsidiary of the Company, he is capable of appropriately supervising the management of the Company. Therefore, the Company nominated him as a Member of the Board again.	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Osamu Mikami (June 5, 1962)	<p>April 1985      Joined the Company</p> <p>June 2004      General Manager, Head of Tire Sales Promotion Dept.</p> <p>June 2005      General Manager, Head of Tire Domestic Sales Promotion Dept.</p> <p>June 2007      General Manager, Head of Tire Logistics &amp; Distribution Control Dept.</p> <p>June 2009      President of Yokohama Europe GmbH, and General Manager, Head of Tire Overseas Sales &amp; Marketing Dept. No. 1 of the Company</p> <p>January 2012    General Manager, Head of Corporate Planning Dept. of the Company and President of Acty Corporation</p> <p>June 2012      General Manager, Head of Corporate Planning Dept. of the Company</p> <p>October 2013    Acting Head of Tire Overseas Sales &amp; Marketing Division</p> <p>January 2014    Corporate Officer</p> <p>March 2015      Managing Corporate Officer President of Yokohama Tire Japan Co., Ltd.</p> <p>March 2016      Member of the Board and Managing Officer of the Company</p> <p>March 2017      Member of the Board and Senior Managing Officer (to present)</p>	5,500
	Reason for his nomination as a Member of the Board	Mr. Osamu Mikami took office as a Member of the Board of the Company in 2016, and currently serves as President of the Tire Business and Head of the Japan Replacement Tire Sales & Marketing Division. The Company believes that, with his ample expertise and experience accumulated in the tire business divisions in Japan and overseas, he is capable of appropriately supervising the management of the Company. Therefore, the Company nominated him as a Member of the Board again.	
4	Shigeo Komatsu (August 14, 1956)	<p>April 1980      Joined the Company</p> <p>June 2005      General Manager, Head of Secretariat</p> <p>June 2007      President of Yokohama Europe GmbH, President of Yokohama Russia L.L.C., and President of Yokohama Scandinavia AB</p> <p>June 2008      Corporate Officer of the Company</p> <p>March 2012      President of Yokohama Mold Co., Ltd.</p> <p>March 2013      Managing Corporate Officer of the Company</p> <p>March 2014      Member of the Board, Managing Officer of the Company (to present) and President of Yokohamagomu Finance Co., Ltd.</p> <p>May 2015      President of Yokohama Rubber Singapore Pte. Ltd. (to present)</p> <p>[Significant concurrent positions] President, Yokohama Rubber Singapore Pte. Ltd.</p>	23,687
	Reason for his nomination as a Member of the Board	Mr. Shigeo Komatsu took office as a Member of the Board of the Company in 2014. He currently serves as Head of the Corporate Administration Division and Head of the Global Procurement Division and is in charge of the Corporate Social Responsibility Division. He also serves as President of Yokohama Rubber Singapore Pte. Ltd. The Company believes that, with his ample expertise and experience accumulated in the tire business divisions and administrative departments, he is capable of appropriately supervising the management of the Company. Therefore, the Company nominated him as a Member of the Board again.	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Masaki Noro (October 13, 1962)	<p>April 1986      Joined the Company</p> <p>June 2007      General Manager, Head of PC Tire Designing Dept. No. 2</p> <p>June 2009      General Manager, Head of Mishima Plant</p> <p>January 2011    General Manager, Head of Shinshiro Plant</p> <p>October 2013    General Manager, Head of Consumer Tire Product Planning Dept.</p> <p>March 2014      Corporate Officer of the Company and President of Yokohama Motorsports International Co., Ltd.</p> <p>March 2015      Head of Consumer Tire Development Division of the Company (to present)</p> <p>April 2015      General Manager, Head of Tire Research &amp; Experiment Dept.</p> <p>March 2016      General Manager, Head of Tire R&amp;D Dept.</p> <p>March 2017      Member of the Board and Managing Officer (to present)</p>	4,500
	Reason for his nomination as a Member of the Board	Mr. Masaki Noro took office as a Member of the Board of the Company in 2017 and currently serves as Chief Tire Technical Officer, Head of the Consumer Tire Development Division and is in charge of the R&D Center. The Company believes that, with his ample expertise and experience accumulated in the tire technology and production departments, he is capable of appropriately supervising the management of the Company. Therefore, the Company nominated him as a Member of the Board again.	
6	Gota Matsuo (April 19, 1966)  <u>Newly nominated</u>	<p>April 1989      Joined the Company</p> <p>June 2010      General Manager, Deputy Head of Corporate Finance &amp; Accounting Dept.</p> <p>October 2013    General Manager, Head of Sports Business Planning &amp; Marketing Dept.</p> <p>January 2015    Director and Vice President of PRGR Co., Ltd., and General Manager, Head of Sports Business Planning Dept. of the Company</p> <p>March 2016      General Manager, Head of Corporate Finance &amp; Accounting Dept. (to present)</p> <p>January 2017    Officer of the Company (to present) and Senior Managing Director of Yokohamagomu Finance Co., Ltd.</p> <p>March 2017      President of Yokohamagomu Finance Co., Ltd. (to president)</p> <p>[Significant concurrent positions] President, Yokohamagomu Finance Co., Ltd.</p>	4,200
	Reason for his nomination as a Member of the Board	Mr. Gota Matsuo took office as an Officer of the Company in 2017 and currently also serves as General Manager and Head of the Corporate Finance & Accounting Department, and President of Yokohamagomu Finance Co., Ltd., an important subsidiary of the Company. Mr. Matsuo has long years of experience in the finance and accounting department of the Company as well as in sports products divisions. The Company believes that, with such expertise and experience, he is capable of appropriately supervising the management of the Company. Therefore, the Company newly nominated him as a Member of the Board.	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<p>Naozumi Furukawa (December 22, 1944)</p> <p>Outside Member of the Board</p>	<p>April 1967      Joined Zeon Corporation</p> <p>June 1997      Director of Zeon Corporation</p> <p>June 1999      Managing Director of Zeon Corporation</p> <p>June 2001      Senior Managing Director of Zeon Corporation</p> <p>June 2003      President of Zeon Corporation</p> <p>June 2006      Audit &amp; Supervisory Board Member of the Company</p> <p>June 2013      Chairman of Zeon Corporation (to present)</p> <p>                    Chairman of TOHPE CORPORATION (to present)</p> <p>March 2014    Member of the Board of the Company (to present)</p> <p>[Significant concurrent positions]</p> <p>Chairman, Zeon Corporation</p> <p>Chairman, TOHPE CORPORATION</p>	7,800
	Reason for his nomination as a Member of the Board	The term of office of Mr. Naozumi Furukawa as an Outside Member of the Board, will reach four years at the conclusion of this General Meeting of Shareholders. During his term of office, he actively provided opinions and suggestions based on his ample knowledge on corporate management, accounting and finance. The Company nominated him as a Member of the Board again in the belief that he will contribute to the management of the Company with his ample experience and insight as an officer of Zeon Corporation. He had served as an Outside Audit & Supervisory Board Member of the Company for 7 years and 9 months since June 2006.	
8	<p>Hideichi Okada (October 15, 1951)</p> <p>Outside Member of the Board</p> <p>Independent Officer</p>	<p>April 1976      Joined the Ministry of International Trade and Industry (MITI)</p> <p>May 1981      Graduated from Harvard Law School</p> <p>April 2001      Executive Secretary to the Prime Minister</p> <p>August 2008    Director-General, Trade Policy Bureau</p> <p>July 2010      Vice-Minister for International Affairs</p> <p>September 2012 Retired from office</p> <p>January 2013    Advisor to NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.</p> <p>March 2013    Member of the Board of the Company (to present)</p> <p>July 2014      Senior Executive Vice President of NEC Corporation</p> <p>June 2016      President and Chief Executive Officer of Japan Petroleum Exploration Co., Ltd., President and Chief Executive Officer of Japex Offshore Ltd. and President and Chief Executive Officer of Japex Garraf Ltd. (to present)</p> <p>[Significant concurrent positions]</p> <p>President and Chief Executive Officer, Japan Petroleum Exploration Co., Ltd.</p> <p>President and Chief Executive Officer, Japex Offshore Ltd.</p> <p>President and Chief Executive Officer, Japex Garraf Ltd.</p>	—
	Reason for his nomination as a Member of the Board	The term of office of Mr. Hideichi Okada as an Outside Member of the Board, will reach five years at the conclusion of this General Meeting of Shareholders. During his term of office, he actively provided opinions and suggestions from his international perspective and based on his deep insight of economic and social events surrounding corporate management. The Company nominated him as a Member of the Board again in the belief that he will contribute to the management of the Company with his ample experience in the government ministry and knowledge of corporate management accumulated in Japan Petroleum Exploration Co., Ltd. and other companies.	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	<p>Nobuo Takenaka (July 16, 1948)</p> <p>Outside Member of the Board Independent Officer</p>	<p>April 1972      Joined Misawa Homes Co., Ltd.</p> <p>April 1988      Representative Director and Head of Misawa Homes Aomori Co., Ltd.</p> <p>June 1992      General Manager, Sales Planning Dept. of Misawa Homes Co., Ltd.</p> <p>June 1995      Director and General Manager of Ceramics Sales Promotion Dept., Misawa Homes Co., Ltd.</p> <p>February 1999    Director of Misawa Homes Co., Ltd., and Representative Director and President of Misawa Homes Chiba Co., Ltd.</p> <p>April 2004      Representative Director and President of Misawa Homes Tokyo Co., Ltd.</p> <p>October 2007    Director and Senior Managing Executive Officer of Misawa Homes Co., Ltd.</p> <p>June 2008      President and CEO of Misawa Homes Co., Ltd.</p> <p>June 2011      Chairman of Environmentally Symbiotic Housing Promotion Council (to present)</p> <p>March 2016     Member of the Board of the Company (to present)</p> <p>June 2016      Chairman of The Machinami Foundation (to present)</p> <p>June 2017      Chairman of the Board of Misawa Homes Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Chairman of the Board, Misawa Homes Co., Ltd. Chairman, Environmentally Symbiotic Housing Promotion Council Chairman, The Machinami Foundation</p>	300
	Reason for his nomination as a Member of the Board	The term of office of Mr. Nobuo Takenaka as an Outside Member of the Board, will reach two years at the conclusion of this General Meeting of Shareholders. During his term of office, he actively provided opinions and suggestions based on his ample knowledge and long-year experience in corporate management. The Company nominated him as a Member of the Board again in the belief that he will contribute to the management of the Company with his ample experience and insight accumulated as an officer of Misawa Homes Co., Ltd. and its group companies.	



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
10	Hirokazu Kono (April 22, 1957)  Newly nominated Outside Member of the Board Independent Officer	<p>March 1980 Graduated from Department of Administration Engineering, Faculty of Engineering, Keio University</p> <p>March 1982 Completed the Master's Course at Graduate School of Engineering, Keio University</p> <p>March 1987 Withdrew from said Graduate School of Engineering after obtaining credits required for completion of the Doctoral Course</p> <p>April 1987 Assistant at Keio University Graduate School of Business Administration</p> <p>April 1991 Assistant Professor, Keio University</p> <p>May 1991 Acquired Ph.D. in Engineering from Keio University</p> <p>July 1991 Visiting scholar, Harvard Business School (until July 1992)</p> <p>April 1998 Professor, Keio University (to present)</p> <p>October 2009 Professor in Operations Management, Keio University Graduate School of Business Administration (to present) Dean, Keio Business School (to present)</p> <p>June 2011 Member of the Company's Independent Committee (until March 2014)</p> <p>[Significant concurrent positions] Professor, Keio University Professor in Operations Management, Keio University Graduate School of Business Administration Dean, Keio Business School Editor-in-chief, IE Review</p>	—
	Reason for his nomination as a Member of the Board	Mr. Hirokazu Kono is a university professor who has long been engaged in studies of management engineering and business administration at universities in Japan and the United States. Currently, he serves as the Professor in Operations Management of Keio University Graduate School of Business Administration and the Dean of Keio Business School, as well as an Outside Director for STANLEY ELECTRIC CO., LTD., and OKASAN SECURITIES GROUP INC. The Company nominated him as an Outside Member of the Board in the belief that he will contribute to the management of the Company with his ample academic knowledge in management engineering and business administration as well as achievements as outside director at other companies.	

(Notes)

1. There are no special interests between each candidate for Member of the Board and the Company.
2. The responsibilities of each candidate are described in "Names and Responsibilities of Members of the Board and Audit & Supervisory Board Members" in the Business Report (Japanese only).
3. Messrs. Naozumi Furukawa, Hideichi Okada, Nobuo Takenaka and Hirokazu Kono are candidates for Outside Member of the Board.
4. Zeon Corporation in which Mr. Naozumi Furukawa assumes a significant concurrent position is a major supplier which supplies synthetic rubber and other products to the Company and that holds 16,276 thousand shares of the Company (10.15% voting rights) as a major shareholder.
5. During Mr. Nobuo Takenaka's term of office as President and CEO of Misawa Homes Co., Ltd., for which he currently serves as Chairman of the Board, a subsidiary of said company in November 2013 committed a breach of duty of type certification in accordance with the Building Standards Act in relation to part of the buildings constructed by the said subsidiary. At a meeting of the Board of Directors of Misawa Home Co., Ltd. and other occasions where the related facts and the policy measures to be taken were discussed, he fulfilled his responsibilities by ensuring the appropriateness of said policy while taking into account requests from the Ministry of Land, Infrastructure, Transport and Tourism and giving direction to identify the cause and take appropriate Group-wide measures for the prevention of a recurrence.
6. Messrs. Hideichi Okada and Nobuo Takenaka are designated as Independent Officers by the Company and have been so reported to the Tokyo Stock Exchange and the Nagoya Stock Exchange.  
Mr. Hirokazu Kono satisfies the respective requirements for Independent Officers prescribed by the Tokyo Stock Exchange and the Nagoya Stock Exchange. Therefore, if his election is approved, he will be designated as an Independent Officer of the Company and be so reported to said Exchanges.
7. Messrs. Naozumi Furukawa, Hideichi Okada, Nobuo Takenaka and Hirokazu Kono are not executives or officers of

specified related business operators of the Company and have not been so for the past five (5) years.

8. Messrs. Naozumi Furukawa, Hideichi Okada, Nobuo Takenaka and Hirokazu Kono do not have any plans to receive a large amount of money or other forms of property from the Company or specified related business operators of the Company and have not received such property during the past two (2) years.
9. The Company has concluded agreements with Messrs. Naozumi Furukawa, Hideichi Okada and Nobuo Takenaka to limit liabilities for damages under Article 423, Paragraph 1 of the Companies Act. The upper limit of liability pursuant to the agreement is the minimum amount stipulated by laws and regulations. The Company will continue the above-mentioned agreement with them if their election is approved.

If the election of Mr. Hirokazu Kono is approved, the Company will conclude the same agreement with him as well.

### Proposal 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Outside Audit & Supervisory Board Member Mr. Akio Yamada will expire at the conclusion of this General Meeting of Shareholders. Therefore, we would like to elect one (1) Audit & Supervisory Board Member.

This proposal has obtained the prior approval of the Audit & Supervisory Board.

The candidate for Outside Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
Megumi Shimizu (July 22, 1968)  Newly nominated Outside Audit & Supervisory Board Member Independent Officer	<p>March 1991 Graduated from Private Law Course, The University of Tokyo Faculty of Law</p> <p>March 1993 Completed the judicial training courses at The Legal Training and Research Institute of Japan</p> <p>April 1993 Entered Nishimura &amp; Sanada (until March 1995)</p> <p>April 1999 Re-entered Nishimura &amp; Partners</p> <p>January 2004 Partner, Nishimura &amp; Partners (currently Nishimura &amp; Asahi) (to present)</p> <p>June 2005 Graduated from Harvard Law School (LL.M.)</p> <p>September 2005 Served at Paul, Weiss, Rifkind, Wharton &amp; Garrison LLP (New York) (until March 2006)</p> <p>December 2015 Outside auditor, EduLab, Inc. (to present)</p> <p>[Significant concurrent positions] Partner, Nishimura &amp; Asahi</p>	—
Reason for her nomination as an Audit & Supervisory Board Member	Ms. Megumi Shimizu has long worked as an attorney and currently serves as a partner at a leading law office of Japan. The Company nominated her as an Outside Audit & Supervisory Board Member in the belief that she will contribute to further reinforcement of the Company's auditing system from a legal perspective and an objective standpoint by utilizing her ample expertise and experience as a law expert.	

(Notes)

1. There are no special interests between the candidate for Audit & Supervisory Board Member and the Company.
2. Ms. Megumi Shimizu is a candidate for Outside Audit & Supervisory Board Member.
3. Ms. Megumi Shimizu satisfies the respective requirements for Independent Officers prescribed by the Tokyo Stock Exchange and the Nagoya Stock Exchange. Therefore, if her election is approved, she will be designated as an Independent Officer of the Company and be so reported to said Exchanges.
4. Ms. Megumi Shimizu is not an executive or an officer of a specified related business operator of the Company and has not been so for the past five (5) years.
5. Ms. Megumi Shimizu does not have any plan to receive a large amount of money or other forms of property from the Company or a specified related business operator of the Company and has not received such property during the past two (2) years.
6. If the election of Ms. Megumi Shimizu is approved, the Company will conclude an agreement with her to limit liabilities for damages under Article 423, Paragraph 1, of the Companies Act. The upper limit of liability pursuant to the agreement is the minimum amount stipulated by laws and regulations.

#### **Proposal 4: Determination of Compensation for the Allotment of Restricted Stock to Members of the Board (Excluding Outside Members of the Board)**

The total amount of compensation for the Company's Members of the Board is set at up to ¥570 million per year (not including the portion of employee salary for Members of the Board who concurrently serve as an employee), which was approved at the 137th Ordinary General Meeting of Shareholders held on March 28, 2013.

To provide stronger incentives for the Company's Members of the Board (excluding Outside Members of the Board) to contribute to increasing the Company's share prices and corporate value by having them further share the advantages and risks of share price fluctuations with shareholders, the Company would like to propose the allotment of shares of its common stock subject to certain conditions (hereinafter the "Restricted Shares") to Members of the Board (excluding Outside Members of the Board), such conditions including a period during which the shares are not transferrable and cases that allow the Company to acquire the shares without contribution, as detailed below.

Accordingly, in comprehensive consideration of the degree of contribution to the Company of its Members of the Board and other various matters, the Company would like to propose that the total amount of claims for monetary remuneration that are awarded to the Company's Members of the Board (excluding Outside Members of the Board) as compensation concerning the Restricted Shares, separately from the aforementioned amount of compensation, etc. for the Company's Members of the Board, be set at up to ¥300 million per year. The decision on the allotment of the Restricted Shares is determined in comprehensive consideration of the degree of contribution to the Company of its Members of the Board and other various matters and the Company considers the content of the allotment as reasonable.

Currently, the Company has twelve (12) Members of the Board, including three (3) Outside Members of the Board. Subject to the approval of Proposal 2, the Company will have ten (10) Members of the Board, including four (4) Outside Members of the Board.

#### **Details of the Restricted Shares Allotted to the Company's Members of the Board (excluding Outside Members of the Board) and the Upper Limit of the Allotted Shares**

##### **1. Allotment of the Restricted Shares and Payment Therefor**

The Company issues to the Members of the Board (excluding Outside Members of the Board) claims for monetary remuneration as compensation relating to the Restricted Shares within the aforementioned annual upper limit, based on a resolution of the Company's Board of Directors. Each Member of the Board is allotted shares of the Restricted Shares by tendering all said claims for monetary remuneration as a contribution in kind.

The amount to be paid in for the Restricted Shares is determined at a meeting of the Company's Board of Directors by referring to the closing price of the Company's common stock at the Tokyo Stock Exchange on its business day preceding the day when a resolution of the Company's Board of Directors is made concerning the issuance or disposal of said stock (or, if the stock's trading is not closed on said day, the closing price on the day when such trading is closed immediately before that day) and within a range that would not be particularly favorable to the Members of the Board who subscribe for shares of said stock.

The aforementioned claims for monetary remuneration will be issued on the condition that a Member of the Board of the Company agrees to the aforementioned contribution in kind and concludes a contract regarding the allotment of the Restricted Shares as prescribed in the paragraph 3 below.

##### **2. Total Number of the Restricted Shares**

The total number of the Restricted Shares to be allotted to the Company's Members of the Board (excluding Outside Members of the Board) shall be up to 500,000 shares per fiscal year.

Provided, however, that said total number of the Restricted Shares may be reasonably adjusted in the case that a stock split (including a gratis allotment) or a reverse stock split of the Company's common stock is conducted on or after the day when this Proposal is approved or whenever any other equivalent reason that would require such adjustment arises.

##### **3. Provisions of the Restricted Share Allotment Contract**

The contract to be concluded as to the allotment of the Restricted Shares between the Company and a Member of the Board who is allotted the Restricted Shares based on a resolution of the Company's Board of

Directors shall include the following provisions.

(1) Restrictions on transfer

A Member of the Board who is allotted the Restricted Shares shall not dispose of said shares in any manner, including transfer to a third party, creation of a security interest, creation of a mortgage, advancement and testamentary bequest, for a period prescribed by the Company's Board of Directors between five (5) and thirty (30) years (hereinafter the "Transfer Restriction Period").

(2) Gratis acquisition of the Restricted Shares

Should a Member of the Board who is allotted the Restricted Shares retire or resign from all the positions of Member of the Board, Officer and/or employee of the Company during a period from the starting date of the Transfer Restriction Period to the date preceding the Ordinary General Meeting of Shareholders of the Company that first arrives thereafter, the Company will automatically acquire the shares allotted to the Member of the Board (hereinafter the "Allotted Shares") without contribution, except when there are reasons for such retirement or resignation that are recognized as justifiable by the Company's Board of Directors.

Of the Allotted Shares, if there are ones as to which the restrictions on transfer have not been lifted in accordance with the provisions for lifting the restrictions in (3) below at the expiration of the Transfer Restriction Period defined in (1) above, the Company will automatically acquire such shares without contribution.

(3) Lifting of restrictions on transfer

The Company will lift the restrictions on all the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that a Member of the Board who was allotted the Restricted Shares serves as either a Member of the Board, an Officer or an employee of the Company without a break between the starting date of the Transfer Restriction Period and the date of the Ordinary General Meeting of Shareholders of the Company that first arrives thereafter.

Provided, however, that, if said Member of the Board retires or resigns from all the positions of Member of the Board, Officer and/or employee of the Company before the Transfer Restriction Period expires for reasons regarded as justifiable by the Company's Board of Directors, the number of the Allotted Shares on which the transfer restrictions will be lifted and the timing when the transfer restrictions will be lifted may be adjusted as necessary on a reasonable basis.

(4) Handling in case of reorganization

In the case that a proposal for a merger agreement under which the Company will be absorbed, a share exchange agreement or a stock transfer plan under which the Company will be a wholly owned subsidiary or other forms of reorganization of the Company is approved by a resolution of the Company's General Meeting of Shareholders (or the Company's Board of Directors when such reorganization does not require approval of the Company's General Meeting of Shareholders) during the Transfer Restriction Period, the Company will, by a resolution of its Board of Directors, lift the transfer restrictions on a number of Allotted Shares reasonably specified in consideration of the period from the starting date of the Transfer Restriction Period until the approval of such reorganization, prior to the effective date of such reorganization.

In that case, the Company will automatically acquire without contribution the Allotted Shares on which the transfer restrictions remain in force at the time immediately after the transfer restrictions are lifted as prescribed above.