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Securities code: 9075

June 5, 2017

To our shareholders:

Shigehiro Komaru
Director and President
FUKUYAMA TRANSPORTING CO., LTD.
20-1, 4-chome, Higashi Fukatsu-cho, Fukuyama City,
Hiroshima Prefecture

NOTICE OF THE 69TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 69th Ordinary General Meeting of Shareholders of FUKUYAMA TRANSPORTING CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet. Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail. Otherwise, review “Procedures for Exercising Voting Rights via the Internet” (Japanese only) and indicate your approval or disapproval of the proposals on the Company’s voting rights exercise website (<http://www.evotep.jp/>). In either case, please exercise your voting rights by no later than 5:00 p.m., Tuesday, June 27, 2017 (Japan Standard Time).

- 1. Date and Time:** Wednesday, June 28, 2017 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** 5F Conference Room, Head Office of the Company
20-1, 4-chome, Higashi Fukatsu-cho, Fukuyama City, Hiroshima Prefecture

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 69th Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 69th Term (from April 1, 2016 to March 31, 2017)

Items to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Consolidation of Shares
- Proposal 3:** Election of Eight (8) Directors
- Proposal 4:** Election of Two (2) Audit & Supervisory Board Members
- Proposal 5:** Continuation of Countermeasures to Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company, in recognizing that returning profits to shareholders is a critical issue of management, has established a basic policy on the appropriation of surplus that is based holistically on the business performance of the for the fiscal year under review, management environment, internal reserves to fund future business expansion, and maintaining a stable dividend.

Under this policy, the Company would like to set the year-end dividends for the fiscal year under review as follows:

Matters related to the year-end dividends

- (1) Type of dividend property
To be paid in cash.
- (2) Allocation of dividend property and total amount thereof
¥5 per common share of the Company
Total amount of dividends: ¥1,287,498,865
- (3) Effective date of distribution of dividends of surplus
Thursday, June 29, 2017

Proposal 2: Consolidation of Shares

1. Reasons for consolidation of shares

Japanese stock exchanges have announced the Action Plan for Consolidating Trading Units with the aim to improve convenience for all users of the stock markets, including investors, and encourage all domestic companies listed on Japanese stock exchanges to consolidate the trading units for common shares (number of shares constituting one unit) to 100 shares by October 1, 2018.

As a company listed on the Tokyo Stock Exchange, the Company respects this intention and resolved at the Board of Directors meeting held on May 12, 2017 to change its number of shares constituting one unit as a trading unit for the Company's shares from the current 1,000 shares to 100 shares on the condition that this Proposal is approved as proposed. In addition, the Company shall execute a consolidation of shares to consolidate five (5) shares into one (1) share to adjust the number of issued shares and maintain the level of investment units preferred by Japanese stock exchanges (more than ¥50,000 and less than ¥500,000).

2. Ratio of consolidation

The Company proposes to consolidate each five (5) shares of the Company's common shares into one (1) share.

The total number of shares issued after consolidation of shares will be 55,770,363.

If any fractional shares of less than one (1) share arise as a result of share consolidation, in accordance with the Companies Act, the Company shall sell fractional shares in bulk and distribute the proceeds to the shareholders having fractional shares in proportion to their respective fractions.

3. Effective date of the consolidation of shares

October 1, 2017

4. Total number of shares authorized to be issued as of the effective date:

160,000,000

By carrying out share consolidation, in accordance with the Companies Act, the Company shall be deemed to have changed the Articles of Incorporation relating to the total number of shares authorized to be issued as of the effective date of the consolidation of shares.

Proposal 3: Election of Eight (8) Directors

The terms of all eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders. The Company therefore proposes that eight (8) Directors be elected, including four (4) Outside Directors. The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)		Number of the Company's shares owned
1	Noriyuki Komaru (July 20, 1928) [Reelection] Attendance of Board of Directors Meetings 7/7	Jan. 1951	Joined the Company	920,584
		Feb. 1984	Representative Director and President of the Company	
		June 1989	Director and Corporate Advisor of the Company	
		Dec. 1990	Director and Chairman of the Company (present position)	
		Mar. 1991	Representative Director of the Company (present position)	
		[Significant concurrent positions outside the Company] President, Shibuya Scholarship Foundation		
	[Reasons for nomination as candidate for Director] For many years the candidate has, in his role as Chief Executive Officer, been striving to strengthen the management base by putting the management philosophy into practice. Having determined that his business management, which is based on his extensive knowledge and wealth of experience, contributes to sustained growth and a further enhancement of corporate value in the Group, the Company requests his reelection.			
2	Shigehiro Komaru (April 16, 1950) [Reelection] Attendance of Board of Directors Meetings 7/7	Oct. 1974	Joined the Company	699,405
		June 1991	Managing Director of the Company	
		June 1993	Senior Managing Director of the Company	
		June 1995	Representative Director of the Company (present position)	
		June 1997	Director and President of the Company (present position)	
		Apr. 2011	President and Executive Officer of the Company (present position)	
	[Reasons for nomination as candidate for Director] In his role as Representative Director and President, the candidate has led the management of the Company and furthered the enhancement of corporate value and the strengthening of the business base. Having determined that through his leadership, which is based on his extensive knowledge and wealth of experience, he can establish an even stronger management structure for the Group and enhance and strengthen corporate governance, the Company requests his reelection.			
3	Hiroyuki Kumano (April 23, 1970) [Reelection] Attendance of Board of Directors Meetings 7/7	Mar. 2005	Joined the Company	133,904
		June 2007	Director and Manager of Sales Division of the Company	
		June 2009	Managing Director of the Company Responsible for Sales and Information Systems	
		Mar. 2010	Representative Director and Executive Vice President of the Company (present position) General Manager of Sales Section of the Company (present position)	
		Apr. 2011	Executive Vice President and Executive Officer of the Company (present position)	
	[Reasons for nomination as candidate for Director] The candidate has a wealth of experience and expertise in the field of company management, and having determined that his work as Director in charge of the Sales Section contributes to sustained growth and a further enhancement of corporate value in the Group, the Company requests his reelection.			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p>Eiju Nagahara (October 22, 1948)</p> <p>[Reelection]</p> <p>Attendance of Board of Directors Meetings 7/7</p>	<p>Apr. 1971 Joined the Company</p> <p>Dec. 2004 Manager of Operations Management Division of the Company</p> <p>June 2007 Director of the Company General Manager of Safety Division (present position)</p> <p>June 2009 Managing Director of the Company Responsible for Operations Management</p> <p>June 2010 Senior Managing Director of the Company</p> <p>Apr. 2011 Director and Senior Executive Officer of the Company (present position)</p> <p>Oct. 2014 Responsible for Transport Operations of the Company (present position)</p>	125,008
<p>[Reasons for nomination as candidate for Director]</p> <p>The candidate has a wealth of experience and expertise in main line transport, and having determined that his work as Director in charge of the sections for transport and safety contributes to sustained growth and a further enhancement of corporate value in the Group, the Company requests his reelection.</p>			
5	<p>Shingo Kusaka (April 5, 1970)</p> <p>[Reelection]</p> <p>Candidate for Outside Director</p> <p>[Independent Officer]</p> <p>Attendance of Board of Directors Meetings 7/7</p>	<p>Oct. 1996 Joined Tohmatsu LLC (presently Deloitte Touche Tohmatsu LLC)</p> <p>Jan. 2001 Founded Kusaka Shingo CPA Office</p> <p>Jan. 2001 Director of Seiyukaikeisha K.K.</p> <p>June 2004 Audit & Supervisory Board Member of the Company</p> <p>Jan. 2005 Representative Director of Seiyukaikeisha K.K. (present position)</p> <p>June 2012 Retired as Audit & Supervisory Board Member of the Company</p> <p>June 2013 Director of the Company (present position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director of Seiyukaikeisha K.K.</p>	22,494
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>As a certified public accountant, the candidate has a wealth of experience and expertise related to finance and accounting which he applies to give opinions from an independent standpoint, mostly from the viewpoint of compliance. Having determined that he can continue to give such valuable advice, the Company requests his reelection as Outside Director. Further, the term of office as an Outside Director will reach four (4) years at the conclusion of this General Meeting of Shareholders. Please note that the candidate previously served the Company as an Audit & Supervisory Board Member. Further, the Company has registered the candidate as an Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., and if his reappointment is approved, the Company plans to renew his appointment as Independent Officer.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	<p data-bbox="347 405 531 465">Masako Ishizuka (January 14, 1946)</p> <p data-bbox="288 501 592 562">[Reelection] Candidate for Outside Director</p> <p data-bbox="331 598 549 627">[Independent Officer]</p> <p data-bbox="323 663 557 752">Attendance of Board of Directors Meetings 7/7</p>	<p data-bbox="616 241 1235 365">Apr. 1968 Labor Standards Supervisor, Hokkaido Labor Standards Bureau (presently Hokkaido Labor Bureau), Ministry of Labor (presently Ministry of Health, Labour and Welfare)</p> <p data-bbox="616 371 1182 432">Apr. 1972 Kyoto Labor Standards Bureau (presently Kyoto Labor Bureau)</p> <p data-bbox="616 439 1182 499">Apr. 1977 Tokyo Labor Standards Bureau (presently Tokyo Labor Bureau)</p> <p data-bbox="616 506 1177 566">Apr. 1999 Head of Oji Labor Standards Supervision Department</p> <p data-bbox="616 573 1230 633">Apr. 2002 Head of Hachioji Labor Standards Supervision Department</p> <p data-bbox="616 640 1190 701">Apr. 2003 Retired from the Hachioji Labor Standards Supervision Department</p> <p data-bbox="616 707 1206 819">Apr. 2003 Business Director of the Tokyo Labor Standards Association Federation (presently TOKYO FEDERATION OF LABOUR STANDARDS ASSOCIATIONS)</p> <p data-bbox="616 826 1222 887">June 2011 Retired from the TOKYO FEDERATION OF LABOUR STANDARDS ASSOCIATIONS</p> <p data-bbox="616 893 1193 920">June 2014 Director of the Company (present position)</p>	1,079
<p data-bbox="276 927 852 956">[Reasons for nomination as candidate for Outside Director]</p> <p data-bbox="276 960 1442 1211">Apart from her appointment as Outside Officer, the candidate has no experience participating in company management. However, having determined that she can continue to properly exercise her duties as Outside Director, which include providing recommendations from the viewpoint of strict compliance and her wealth of experience and expertise in the fields of working conditions and occupational health and safety, the Company requests her reelection. Further, the term of office as an Outside Director will reach three (3) years at the conclusion of this General Meeting of Shareholders. Further, the Company has registered the candidate as an Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., and if her reappointment is approved, the Company plans to renew her appointment as Independent Officer.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	<p>Tomoyoshi Arita (February 1, 1948)</p> <p>[Reelection] Candidate for Outside Director</p> <p>[Independent Officer]</p> <p>Attendance of Board of Directors Meetings 6/6 (Since assuming the office on June 28, 2016)</p>	<p>Apr. 1974 Public Prosecutor, Kobe District Public Prosecutors Office</p> <p>Sept. 2005 Head of Public Safety Division, Supreme Public Prosecutors Office</p> <p>July 2007 Superintending Prosecutor, Takamatsu High Public Prosecutors Office</p> <p>July 2008 Superintending Prosecutor, Sendai High Public Prosecutors Office</p> <p>Jan. 2009 Superintending Prosecutor, Fukuoka High Public Prosecutors Office</p> <p>Jan. 2010 Retired as Superintending Prosecutor, Fukuoka High Public Prosecutors Office</p> <p>Apr. 2010 Registered as attorney-at-law</p> <p>Apr. 2010 Joined City-Yuwa Partners</p> <p>July 2010 Outside Director of Japan Post Bank Co., Ltd. (present position)</p> <p>June 2011 Outside Audit & Supervisory Board Member of WDB Holdings Co., Ltd. (present position)</p> <p>June 2015 Outside Audit & Supervisory Board Member of BROTHER INDUSTRIES, LTD. (present position)</p> <p>Apr. 2016 Joined Ginza Central Law Office (to the present)</p> <p>June 2016 Director of the Company (present position)</p> <p>[Significant concurrent positions outside the Company] Ginza Central Law Office Outside Director, Japan Post Bank Co., Ltd. Outside Audit & Supervisory Board Member, WDB Holdings Co., Ltd. Outside Audit & Supervisory Board Member, BROTHER INDUSTRIES, LTD.</p>	278
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Apart from his appointment as Outside Officer, the candidate has no experience participating in company management. However, as an attorney, he has a wealth of experience and extensive knowledge as well as expertise in corporate legal affairs, since he has held successive positions as Superintending Prosecutor at High Public Prosecutors Offices over his long years of experience in Public Prosecutor Offices. Thus, the Company requests his reelection as Outside Director so that he can continue to provide guidance on the implementation of the law and compliance management. Further, the term of office as an Outside Director will reach one (1) year at the conclusion of this General Meeting of Shareholders. Further, the Company has registered the candidate as an Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., and if his reappointment is approved, the Company plans to renew his appointment as Independent Officer.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8	Michiyoshi Wadabayashi (November 21, 1951) [New election] Candidate for Outside Director	<p>Apr. 1976 Joined Kintetsu Corporation (presently Kintetsu Group Holdings Co., Ltd.)</p> <p>June 2005 Executive Officer of Kintetsu Corporation Chief Manager of Nagoya Transport Department of Railway Business Division</p> <p>Mar. 2009 Executive Officer of Kintetsu Corporation Chief Manager of Planning Department of Railway Business Division</p> <p>June 2009 Managing Director of Kintetsu Corporation Chief Manager of Planning Department of Railway Business Division</p> <p>June 2011 Senior Executive Director of Kintetsu Corporation Deputy General Manager of Railway Business Division</p> <p>June 2012 Representative Director and Executive Vice President of Kintetsu Corporation General Manager of Railway Business Division</p> <p>Jan. 2015 President of Kintetsu Division Preparation Company (presently Kintetsu Corporation) (present position)</p> <p>Apr. 2015 Director of Kintetsu Group Holdings Co., Ltd. (present position)</p> <p>[Significant concurrent positions outside the Company] Director, Kintetsu Group Holdings Co., Ltd. President, Kintetsu Corporation</p>	0
<p>[Reasons for nomination as candidate for Outside Director] The candidate is Representative Director and President of Kintetsu Corporation. Having determined that he can provide pertinent supervision and advice related to areas such as the Company's management and compliance applying his business experience and extensive knowledge, the Company requests his election as Outside Director.</p>			

- Notes:
1. Michiyoshi Wadabayashi is a new candidate for Director.
 2. The four (4) candidates Shingo Kusaka, Masako Ishizuka, Tomoyoshi Arita, Michiyoshi Wadabayashi are candidates for Outside Director.
 3. Candidate for Director Noriyuki Komaru serves concurrently as President of the Shibuya Scholarship Foundation. This corporation holds 27,400,000 shares of the Company's stock.
There is no other special interest between the Company and other each candidates for Director.
 4. The Company's Articles of Incorporation stipulate that, pursuant to the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company can conclude contracts with its Directors (excluding Executive Directors, etc.) to limit their liability stated in Article 423, Paragraph 1 of the Companies Act. In accordance with this provision, the Company has concluded a limited liability agreement with Shingo Kusaka, Masako Ishizuka, and Tomoyoshi Arita and the limit on the amount of liability coverage under this contract is the minimum amount stipulated by laws and regulations. Moreover, if Shingo Kusaka, Masako Ishizuka, and Tomoyoshi Arita are reappointed, the Company plans on retaining this contract with each of them. Further, if Michiyoshi Wadabayashi is elected, the Company plans to conclude the same limited liability agreement with him.
 5. On December 19, 2013, when Michiyoshi Wadabayashi was in the office of Director of Kintetsu Corporation (presently Kintetsu Group Holdings Co., Ltd.), Kintetsu Corporation was reprimanded by the Consumer Affairs Agency over mislabeling menu items at hotels and related facilities it held. The agency issued an order for action as the hotels and facilities, whose operations were entrusted to a subsidiary of Kintetsu Corporation, violated the Act against Unjustifiable Premiums and Misleading Representations.

Proposal 4: Election of Two (2) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Koichiro Hirai and Katsuya Morita will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the election of two (2) Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

No.	Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)		Number of the Company's shares owned
1	Koichiro Hirai (May 29, 1956) [Reelection] Candidate for Outside Audit & Supervisory Board Member [Independent Officer] Attendance of Board of Directors Meetings 7/7 Attendance of Audit & Supervisory Board Meetings 8/8	Oct. 1982 June 1989 Jan. 1998 June 2005 June 2009 [Significant concurrent positions outside the Company]	Joined Hirai Co., Inc. Director of Hirai Co., Ltd. Representative Director and President of Hirai Co., Ltd. Audit & Supervisory Board Member of the Company (present position) Representative Director and President of Hirai Holdings Co., Ltd. (present position) Representative Director and President, Hirai Holdings Co., Ltd.	21,029
[Reasons for nomination as candidate for Outside Audit & Supervisory Board Member] The candidate is Representative Director and President of Hirai Holdings Co., Ltd. and has a wealth of experience and extensive knowledge as a corporate manager. The Company continues to expect him to provide supervision to the overall management and pertinent advice and requests his reelection as Outside Audit & Supervisory Board Member. The term of office as an Outside Audit & Supervisory Board Member will reach four (12) years at the conclusion of this General Meeting of Shareholders. Further, the Company has registered the candidate as an Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., and if his reappointment is approved, the Company plans to renew his appointment as Independent Officer.				
2	Shinji Fujita (September 19, 1958) [New election]	Apr. 1981 Sept. 2003 July 2004 Dec. 2005 Nov. 2011 Mar. 2013 May 2017	Joined the Company General Manager of Saitama Main Branch of the Company General Manager of Tokyo Main Branch of the Company Assistant Manager of Operations Management Division of the Company Chief of Operations Management Department of Tokyo Main Branch of the Company Audit & Supervisory Board Members Office of the Company General Manager of Audit & Supervisory Board Members Office of the Company (present position)	8,236
[Reasons for nomination as candidate for Audit & Supervisory Board Member] The candidate has a wealth of on-the-ground experience from his many years in the department managing main line transport as well as a vast knowledge of auditing practices. Having determined that he is capable of appropriately fulfilling duties as Audit & Supervisory Board Member, the Company requests his election.				

- Notes:
1. Shinji Fujita is a new candidate for the Audit & Supervisory Board Member.
 2. Koichiro Hirai is a candidate for outside Audit & Supervisory Board Member.
 3. There is no special interest between the Company and either candidate for Auditor.
 4. The Company's Articles of Incorporation stipulate that the Company can conclude contracts with its Audit & Supervisory Board Members to limit their liability stated in Article 423, Paragraph 1 of the Companies Act per the stipulations of Article 427, Paragraph 1 of the Companies Act. In accordance with this provision, the Company has concluded a limited liability agreement with Koichiro Hirai and the limit on the amount of liability coverage under this contract is the minimum amount stipulated by laws and regulations. If Koichiro Hirai is reappointed, the Company plans on retaining this contract with him.

5. In February 2016, when Koichiro Hirai was in office as an Outside Audit & Supervisory Board Member, it was confirmed that a former Managing Director at one of the Company's consolidated subsidiaries (a former Executive Officer at the Company) had been involved in wrongful embezzlement in dealings with a subcontractor. The candidate had not been aware of this fact until it emerged, and had been routinely calling attention to the importance of legal compliance on bodies such as the Board of Directors and Audit & Supervisory Board. Further, after the incident came to light, he has been fulfilling his responsibilities through measures such as calling for enhancement of governance and putting forward proposals to prevent recurrence.

Proposal 5: Continuation of Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

Fukuyama Transporting Co., Ltd. (the "**Company**") continued "Countermeasures to Large-Scale Purchase of the Company's Shares" (the "**Current Plan**") after receiving approval by the shareholders at the Ordinary General Meeting of the Company held on June 27, 2014.

Since the term of the Current Plan ends upon the adjournment of the Ordinary General Meeting of the Company to be held on June 28, 2017 (the "**2017 AGM**"), the Company has been giving consideration to the Current Plan as to how it should be as well as whether or not it should be kept, in the light of maintaining and enhancing the corporate value and shareholders' common interest. Considering changes in conditions and the contents of "The State of Takeover Defense Measures Considering Recent Changes in Various Environments" announced by the Corporate Value Study Group on June 30, 2008, etc., the Board of Directors of the Company resolved on May 12, 2017 on the continuation of "Countermeasures to Large-Scale Purchase of the Company's Shares" (the countermeasures after the continuation are referred to as the "**Plan**" hereafter), subject to approval of the shareholders at the 2017 AGM, so this agenda item is being submitted as a matter to be resolved.

All the six Audit & Supervisory Board Members of the Company, including four Outside Audit & Supervisory Board Members, attended the Board of Directors' Meeting at which the Plan was resolved, and expressed opinions to the effect that the Plan is deemed to be reasonable as countermeasures to a large-scale purchase of the Company's shares, provided the specific administration of the Plan is conducted appropriately.

In the case where the Plan is approved at the 2017 AGM, the term of the Plan will be until the adjournment of the Ordinary General Meeting of the Company to be held in June 2020.

Corrections to wording and other minor revisions were made in the continuation of the Current Plan, but the effective contents of the Plan have no changes from the Current Plan.

1. Basic Policy on Suitable Persons Who Control the Decisions on the Financial and Business Policies of the Company

The Company, as a listed company on financial stock exchanges, respects the freedom of transactions of the Company's shares on the market, and would not necessarily reject a large-scale purchase of the Company's shares by a particular person as long as the purchase contributes to the maintenance and enhancement of the corporate value and the common interest of the shareholders of the Company and its group companies. The Company also believes that the ultimate decision on how to respond to an offer of a large-scale purchase of the Company's shares should be left to the shareholders.

Offers of a large-scale purchase, however, sometimes may not retain good relationships with stakeholders or may otherwise harm the corporate value of the Company and its group companies or the shareholders' common interest, or do not sufficiently reflect the value of the Company and its group companies, or may not provide sufficient information necessary for the shareholders to make the final decisions on the offer.

In responding to such a large-scale purchase offer, the Board of Directors of the Company is prepared to discharge its entrusted duty to the shareholders by securing the time and information necessary for shareholders, by negotiating for the shareholders with the offeror of a large-scale purchase of the Company's shares, etc.

2. Special Measures that Contribute to Achieving the Basic Policy

(1) Corporate Philosophy

The Company is engaged in business activities with the corporate philosophy of “pioneering the frontiers of distribution with tireless innovation and ingenuity to contribute to the elevation of culture and creation of a rich life and to the development of local economies as a comprehensive distribution company.” This corporate philosophy demonstrates the Company’s stance that distribution is important infrastructure for the people’s livelihood, and that by providing the service of distribution as an enterprise in that field the Company not only increases corporate value, but also positively fulfills social responsibility in order to secure sustainable development as a company that is loved and respected by society as a good corporate citizen.

(2) Source of the Corporate Value

The Company believes that realizing the satisfaction of customers, employees, shareholders, local communities and all other stakeholders is the source of the corporate value. To further increase this corporate value, the Company is positively advancing enhancement of the transportation network, expansion and improvement of distribution facilities and other sales development, strengthening and enrichment of corporate governance, as well as environmental conservation and social contribution activities. The Company also believes that, in addition to these activities, continuing business operation through the labor-management cooperation that has been fostered ever since the Company was founded contributes to realizing the corporate philosophy and improving performance as a company that is trusted and chosen by all stakeholders as a good corporate citizen.

The Company believes that continuing and developing these sources of corporate value into the future contributes to maintaining and enhancing corporate value and the common interest of shareholders.

(3) Initiatives Based on Management Strategy

The Company has compiled the third medium-term management plan “Challenge, Change 2017” which has fiscal year 2015 as the first year, and is implementing initiatives toward achieving management goals.

In order to enhance corporate value and build up solid management foundations, this medium-term management plan sets forth the four basic policies of (i) increasing customer satisfaction by providing safe and secure transportation services, (ii) increasing employee satisfaction by improving the work environment, (iii) increasing shareholder satisfaction by enhancing corporate value, and (iv) increasing the satisfaction of society by advancing CSR activities.

The Company will aim at further enhancing the corporate value by implementing the initiatives toward realizing “*We strive to boost satisfaction*” in 2017, the final fiscal year of the plan as well.

(4) Strengthening Corporate Governance

In implementing the various measures above, the Company recognizes that strengthening corporate governance is extremely important, and strives to establish an efficient and highly transparent management structure. As part of those efforts the management decision-making function and the business execution function have been separated, and in order to strengthen the structure by expediting management decision-making and business execution and clarifying responsibility in the Company and its group companies, the Company introduced a corporate officer system from April 1, 2011. Also, from June 27, 2013 the number of Directors was reduced from ten to seven, and regarding the Outside Directors the number was increased from two to three, and from June 26, 2015 one more was added for a total of four. Furthermore, to make the management responsibility of Directors to the Company’s shareholders and other stakeholders clear, the term of office of Directors is set at one year, and the four Outside Directors with abundant management experience provide the company with effective advice, etc. and contribute to strengthening the supervision of the Board of Directors from diverse viewpoints. In addition, the Company’s Audit & Supervisory Board is comprised of six members including four highly independent Outside Audit & Supervisory Board Members, and the Company has arranged a system whereby the Audit & Supervisory Board Members can always supervise the conditions of the execution of business by the Board of Directors by attending meetings of the Board of Directors. The Company will continue working to further improve and strengthen corporate governance aiming at quickly responsive and efficient management.

3. Basic Approach of the Plan

The Company's Board of Directors decided to continue the Plan to clarify rules that must be followed by persons who attempt a large-scale purchase of the shares of the Company, and to secure necessary and sufficient information and time for shareholders to make appropriate judgments and opportunities to negotiate with persons who attempt a large-scale purchase of the shares of the Company. With the goal of maintaining and enhancing the Company's corporate value and the common interest of its shareholders, the Plan stipulates specific countermeasures in accordance with the contents of the Plan stipulated in and after 4., and by making the contents of the Plan known through timely disclosure on financial stock exchanges, disclosure in the Company's business reports and other legal disclosure documents, and posting on the Company's web site, etc., the Company gives prior warning that there are procedures that must be followed by persons who attempt a large-scale purchase of the shares of the Company and that the Company may implement an allotment of share options without contribution with the following exercise conditions and acquisition provisions.

- (1) The exercise condition that the exercise of rights by the purchaser, etc. is not permitted.
- (2) The acquisition provision of acquiring share options in exchange for shares from a person other than the purchaser, etc.

The Plan secures transparency by having an independent committee (the **"Independent Committee"**) comprised only of persons independent of the Company's management and consisting of (1) the Company's Outside Directors, (2) the Company's Outside Audit & Supervisory Board Members, and (3) outside experts (experienced corporate management persons, lawyers, certified public accountants, and persons with relevant knowledge and experience) make decisions pursuant to the Independent Committee Rules (refer to Attachment 1 for an outline) and by disclosing information to the shareholders and investors in a timely manner, so as to avoid arbitrary decisions that might be made by the Company's Board of Directors. The members of the Independent Committee are to be the three persons listed in Attachment 2.

Major shareholders of the Company as of March 31, 2017 are shown in Attachment 4 "Company's Shares held by Major Shareholders." The Company confirms that at present the Company has not received any offers for large-scale purchase of the shares of the Company.

4. Contents of the Plan (Measures to Prevent Control over Determination of the Company's Financial and Business Policies by Persons Not Suitable in Light of the Basic Policy)

(1) Procedures Pertaining to the Activation of the Plan

(i) Subject Purchases, etc.

The Plan shall be applicable in cases where large-scale purchases of the Company's shares that fall under A or B below or similar conducts ("**Purchases, etc.**") are implemented. Any person who makes or proposes such purchases ("**Purchaser, etc.**") is requested to follow the procedures provided beforehand by the Plan.

- A. Concerning shares, etc.¹ issued by the Company, purchases that would make the ownership ratio of the shares, etc.² of a holder³ become 20 percent or more of the shares, etc. issued by the Company.
- B. Concerning shares, etc.⁴ issued by the Company, tender offers⁵ that would make the total of the ownership ratio⁶ of the shares, etc. pertaining to the tender offer and the ownership ratio of the shares, etc. of specially related parties⁷ thereto become 20 percent or more.

(ii) Requests to the Purchaser, etc. to Submit Information

Except as otherwise stipulated by the Company's Board of Directors, the Purchaser, etc., is requested, before the Purchaser, etc. conducts the Purchase, etc., to submit a statement of intent in the Japanese language in the form designated by the Company to the Board of Directors of the Company with the Purchaser, etc.'s name, address, governing law under which incorporated, representative's name, contact in Japan, and outline of the proposed Purchase, etc. and in which the Purchaser, etc. states a pledge to follow the procedures provided in the Plan, etc. Within 10 business days of receiving said Statement of Intent, the Company's Board of Directors will deliver a list of the necessary and sufficient information required for the Company's shareholders and investors to make decisions and for the Company's Board of Directors to form opinions ("**Essential Information**") to said Purchaser, etc. Said Purchaser, etc. who has received delivery of the list will provide the Essential Information to the Company's Board of Directors in a written form in the Japanese language.

In cases where the information provided by the Purchaser, etc. is, in light of the details and manner of the Purchase, etc., reasonably judged by the Board of Directors of the Company as not sufficient for the shareholders and investors to make decisions and for assessment and examination to be made by the Independent Committee, the Board of Directors may set a reasonable time limit and request the Purchaser, etc. to provide additional information. In this case the Purchaser, etc. shall additionally provide said information in a written form in the Japanese language.

Regardless of the contents and manner of the Purchase, etc., information concerning each of the following items shall be included as part of the Essential Information.

¹ Meaning "Share Certificates, etc." stipulated by Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act; the same hereinafter unless otherwise stipulated.

² Meaning "Ownership Ratio of Share Certificates, etc." stipulated in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act; the same hereinafter.

³ Including persons included in holders based on Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act.

⁴ Meaning "Share Certificates, etc." stipulated in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same in B below.

⁵ Defined in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act; the same hereinafter.

⁶ Meaning "Ownership Ratio of Share Certificates, etc." stipulated in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act; the same hereinafter.

⁷ Meaning "Specially Related Party" defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act (including persons recognized by the Company's Board of Directors to correspond to these persons). However, regarding the persons listed in item (i) of the same paragraph, excluding persons stipulated in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons other than the Issuer; the same hereinafter.

- A. Details (including full name, equity capital structure, business contents, and financial status) of the Purchaser etc. and the group of the Purchaser, etc. (including co-holders⁸, specially related parties, and [in the case of a fund] each of the members or other constituents)
- B. Purpose, method, and contents of the Purchase, etc. (including type and value of consideration for the Purchase, etc., time for the Purchase, etc., related transaction structure, legality of the method of the Purchase, etc., and likelihood of executing the Purchase, etc.)
- C. Grounds for the calculation of the price of the Purchase, etc. (including the base facts before calculation, calculation formula, figures used for the calculation, contents of synergy projected to emerge from the chain of transactions initiated by the Purchase, etc., and contents of synergy to be distributed to minority shareholders thereof)
- D. Funding arrangement for the Purchase, etc. (including the full name of the funds providers [including substantial providers], the arrangement to obtain the funds, and the contents of related transactions)
- E. Whether or not the Purchaser, etc. communicates with a third party in the large-scale purchase, etc. and if so, the contents of the communications and an outline of said third party.
- F. Management policy, business plan, equity capital policy, and dividend policy of the Company and its group companies after the Purchase, etc.
- G. Policy on how to treat the Company's employees, labor unions, transaction partners, customers, local communities, and other stakeholders after the Purchase, etc.
- H. In cases where conflicts of interest with other shareholders of the Company emerge, specific policy to avoid them
- I. Other information that is deemed rationally necessary by the Independent Committee

When the Independent Committee recognizes that a Purchaser, etc. has initiated a Purchase, etc. without following the procedures stipulated in the Plan, except for cases where there are exceptional circumstances whereby consultations and negotiations with the Purchaser, etc. should be conducted in order to continue to request submission of the Essential Information, in principle, as started in (iv) A below, the Independent Committee shall recommend to the Company's Board of Directors to implement an allotment of share options ("**Share Options**") without contribution ("**Allotment of Share Options without Contribution**") outlined in (3) below.

(iii) Examination of the Contents of Purchases, etc., Negotiations with Purchasers, etc., and Consideration of Alternative Proposals

A. Request to the Company's Board of Directors for Provision of Information

In cases where the Essential Information is submitted from a Purchaser, etc., the Independent Committee may also request the Company's Board of Directors to promptly present, within a reasonable period stipulated by the Independent Committee (not to exceed 30 days, in principle), an opinion regarding the contents of the Purchase, etc. by the Purchaser, etc. (including an opinion to hold off on making a decision; the same hereinafter), documents that form the basis for that opinion, alternative proposals, and other information and materials, etc. recognized as suitable and necessary by the Independent Committee.

⁸ Meaning "co-owner" stipulated in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act. Including persons recognized by the Company's Board of Directors to be viewed as co-owners based on paragraph 6 of the same Article; the same hereinafter.

B. Examination Works by the Independent Committee

In cases where the Independent Committee recognizes that the provision of information and materials, etc. from the Purchaser, etc. and (in cases where the presentation of information and materials, etc. from the Company's Board of Directors is requested as stated above) from the Company's Board of Directors (including those requested additionally), the Independent Committee is to notify the Purchaser, etc. to that effect ("**Notice of Satisfactory Information**") and promptly make disclosure to that effect. After issuing the Notice of Satisfactory Information, the Independent Committee is to set and promptly disclose an assessment period counting from the following day of a maximum of 60 days in the case of a tender offer for all of the shares, etc. of the Company for consideration in cash (in Japanese yen) only or of a maximum of 90 days in the case of other Purchases, etc. ("**Assessment Period for the Independent Committee**") (however, pursuant to the provisions of (iv) C below, the Independent Committee may extend said period by resolution).

During the Assessment Period for the Independent Committee, the Independent Committee shall, based on the information and materials, etc. provided by the Purchaser, etc. and the Company's Board of Directors, from the viewpoint of securing and increasing the Company's corporate value and the common interest of the shareholders, examine the contents of the Purchase, etc. by the Purchaser, etc., examine alternative proposals from the Company's Board of Directors, and collect, compare and examine information concerning the business plans of the Purchaser, etc. and of the Company's Board of Directors.

In cases where, during the Assessment Period for the Independent Committee, the Independent Committee requests, via the Company's Board of Directors, the provision of examination materials and other information, consultations, negotiations, etc., the Purchaser, etc. must promptly respond to said request, and cannot initiate Purchases, etc. until the end of the Assessment Period for the Independent Committee.

To ensure that the decision of the Independent Committee contributes to the Company's corporate value and the common interest of shareholders, the Independent Committee may secure the advice of independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the Company's expense.

C. Disclosure of Information to Shareholders and Stakeholders

The Independent Committee shall, itself or through the Company's Board of Directors, promptly disclose the fact that the Purchaser, etc. has made a proposal to Purchase, etc., and an outline thereof. Also, the Independent Committee shall make disclosure regarding those matters the Independent Committee deems appropriate among the outline of the Essential Information and other conditions at the time the Independent Committee deems they are appropriate.

(iv) Decision-Making Methods of the Independent Committee

In cases where any conduct of a Purchaser, etc. falls under any of the following, the Independent Committee shall make recommendations to the Company's Board of Directors in accordance with the following procedures. In cases where the Independent Committee makes recommendations or a resolution to the Company's Board of Directors stipulated in A or C below, or cases the Independent Committee otherwise deems appropriate, the Independent Committee shall promptly disclose information itself or through the Company's Board of Directors regarding the facts of said recommendation or resolution and its outline and other matters deemed appropriate by the Independent Committee (in cases where a resolution is made to the effect of extending the Assessment Period for the Independent Committee pursuant to C below, including that fact, and an outline of the reasons for the extension).

A. Cases where the Purchaser, etc. Does Not Follow the Procedures Prescribed in the Plan

In cases where the Purchaser, etc. does not follow the procedures prescribed in (ii) and (iii) above, in principle, the Independent Committee shall recommend to the Company's Board of Directors to implement an Allotment of Share Options without Contribution, regardless of whether or not the Assessment Period for the Independent Committee has begun or ended.

B. Cases where the Purchaser, etc. Follows the Procedures Prescribed in the Plan.

In cases where the Purchaser, etc. follows the procedures prescribed in (ii) and (iii) above, in principle, the Independent Committee shall recommend to the Company's Board of Directors not to implement an Allotment of Share Options without Contribution, regardless of whether or not the Assessment Period for the Independent Committee has ended.

However, even in cases where the Purchaser, etc. follows the procedures prescribed in (ii) and (iii) above, when, as a result of the examinations of the contents of the Purchase, etc. by the Purchaser, etc. and the consultations and negotiations with the Purchaser, etc., it is recognized that the Purchase, etc. by the Purchaser, etc. falls under any of the requirements stipulated in (2) below, and that it causes harm to the corporate value and common interest of the shareholders of the Company and its group companies, and it is judged that implementation of the Allotment of Share Options without Contribution is reasonable, the Independent Committee may recommend to the Company's Board of Directors to implement the Allotment of Share Options without Contribution as an exceptional measure, regardless of whether or not the Assessment Period for the Independent Committee has ended.

C. Cases where the Independent Committee Extends the Assessment Period for the Independent Committee

In cases where the Independent Committee does not come to make a recommendation to implement or not to implement the Allotment of Share Options without Contribution by the time the initial Assessment Period for the Independent Committee ends, the Independent Committee shall make a resolution to extend the Assessment Period for the Independent Committee within the range rationally necessary for examination of the contents of the Purchase by said Purchaser, etc., consultations and negotiations with said Purchaser, etc., examination of alternative proposals, etc. (The Assessment Period for the Independent Committee may only be extended once, and for a term not to exceed 30 days).

In cases where the Assessment Period for the Independent Committee is extended by the above resolution for extension, the Independent Committee shall continue to collect information and conduct examinations, etc., and make the greatest effort to make a recommendation to implement or not to implement the Allotment of Share Options without Contribution, or present alternative proposals, within the extension period.

(v) Resolution of the Board of Directors

The Company's Board of Directors, upon receiving the above-stated recommendation made by the Independent Committee, shall give the best consideration to this and promptly make a final resolution, as an organ under the Companies Act, to implement or not to implement the Allotment of Share Options without Contribution.

In cases where the Company's Board of Directors makes the above-stated Board of Directors resolution, it shall promptly disclose information regarding the outline of said resolution and other matters deemed appropriate by the Company's Board of Directors.

(vi) Suspension of the Allotment of Share Options without Contribution, and Acquisition without Contribution

Even after the Company's Board of Directors resolves to implement an Allotment of Share Options without Contribution pursuant to the procedures in (v) above, in cases where, up until the commencement date of the exercise period of the Share Options, (a) the Purchaser, etc. suspends the large-scale purchase, etc., or (b) changes emerge in facts that were assumptions for the decision on whether or not to implement the Allotment without Contribution, and it becomes deemed inappropriate to maintain countermeasures activated from the perspective of maintaining and enhancing the Company's corporate value and the common interest of shareholders, the Company's Board of Directors may (prior to the effective date of the Allotment of Share Options without Contribution) make a resolution to the effect of suspension of the Allotment of Share Options without Contribution or (after the effective date of the Allotment of Share Options without Contribution) to the effect of acquisition of Share Options without contribution.

In cases where the Company's Board of Directors makes the above-stated resolution, it shall promptly disclose information regarding the outline of said resolution and other matters deemed appropriate by the Company's Board of Directors.

(2) Requirements of the Allotment of Share Options without Contribution

As stated in (1) (iv) above, in cases where the Purchaser, etc. does not follow the procedures stipulated in the Plan, in principle, the Independent Committee shall recommend to implement of the Allotment of Share Options without Contribution, and in cases where the Purchaser, etc. does follow the procedures stipulated in the Plan, in principle, the Independent Committee shall recommend not to implement the Allotment of Share Options without Contribution. Also, as stated in (1) (v) above, the Company's Board of Directors shall make a resolution, as an organ under the Companies Act, regarding whether to implement or not to implement the Allotment of Share Options without Contribution, giving the best consideration to the recommendation of the Independent Committee. On the other hand, even in cases where the Purchaser, etc. follows the procedures stipulated in the Plan, in cases where the Purchase, etc. by the Purchaser, etc. falls under any of the following, is recognized as damaging the corporate value of the Company and its group companies and the common interest of the shareholders, and implementing the Allotment of Share Options without Contribution is recognized to be reasonable, the Allotment of Share Options without Contribution may be implemented, as an exceptional measure, by resolution of the Company's Board of Directors stated in (1)(v) above. Also, as stated in (1) (iv) above, the judgement on whether or not a Purchase, etc. falls under the following requirements and whether it is reasonable to implement an Allotment of Share Options without Contribution shall be left to the Independent Committee.

(i) Cases where the Purchases, etc. has a risk of causing clear damage to the Company's corporate value and the common interest of shareholders through the following acts or similar acts

- A. The act of buying up shares, etc., and requesting the Company to purchase those shares, etc. at a high price
- B. The act of temporarily controlling the Company's management, acquiring the Company's important assets, etc. at a low price, etc., and otherwise conducting management to realize the interests of the Purchaser, etc. while sacrificing the Company
- C. The act of diverting the Company's assets as collateral for a loan or underlying assets for repayment of a loan of the Purchaser, etc. or its group companies
- D. The act of temporarily controlling the Company's management, having the Company dispose of high-priced assets that do not concern the Company's business at present, using those disposal profits to have the Company temporarily pay high dividends, or selling out at a high price aiming at the opportunity of a sudden rise in the share price from the temporary high dividends.

(ii) Cases where the Purchase, etc. is a coercive two-tier Purchase, etc. (that is, the exercise of a tender offer or other purchase of shares without soliciting the purchase of all shares in the first-tier purchase while setting disadvantageous conditions for shareholders or not clarifying the conditions for the second-tier purchase) or other Purchase, etc. that has a risk of effectively coercing shareholders to sell shares.

(iii) Cases where the conditions of the Purchase, etc. (including value and type of consideration, timing of the Purchase, etc., legality of method of the Purchase, etc., likelihood of implementing the Purchase, etc., and policy for treatment of the Company's employees, labor union, transaction partners, customers, local communities and other stakeholders after the Purchase, etc.) are conspicuously insufficient or inappropriate in light of the Company's intrinsic value

(iv) Cases where the Purchase, etc. has a risk of causing serious hindrance to the safety or public nature of the transportation business or to securing the interests of customers because the contents of the management policy or business plan, etc. after the Purchase, etc. by the Purchaser, etc. are insufficient or inappropriate

(v) Cases where the Purchase, etc. has a grave risk of being contrary to the corporate value of the Company and its group companies and the common interest of shareholders by destroying relations to employees of the Company and its group companies and to transaction partners essential for generating the corporate value of the Company and the corporate culture of the Company and its group companies.

(3) Outline of the Allotment of Share Options without Contribution

The outline of the Allotment of Share Options without Contribution to be implemented based on the Plan is as stated in Attachment 3 "Outline of the Allotment of Share Options without Contribution."

(4) Effective Period, Abolition and Alteration of the Plan

In cases where approval of the Plan is obtained at the 2017 AGM, the Plan shall be effective until the adjournment of the Ordinary General Meeting to be held in June 2020.

However, if a General Meeting of the Company resolves an alteration or abolition of the Plan before the expiration of the effective period, the Plan shall be altered or abolished subsequent to said resolution. Also, where the Board of Directors consisting of only the Directors appointed by a General Meeting of the Company resolves to abolish the Plan, the Plan shall be abolished at the time.

Also, the Board of Directors of the Company may amend or alter the Plan due to amendment of the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations, or the rules of financial instruments exchanges, or due to change of the interpretation or operation of them, or due to change of taxation system or legal precedent, etc., within the range recognized as rationally necessary, with the approval of the Independent Committee.

In cases where the Plan is abolished or altered, the Company shall disclose the fact that the Plan is abolished or altered, and (in cases where altered) the contents of the alteration and other matters deemed appropriate by the Board of Directors of the Company.

5. Rationality of the Plan

(1) Satisfaction of All of the Requirements Provided by the Guidelines regarding Takeover Defense

The Plan satisfies the three principles (principle of maintenance and enhancement of corporate value and common interest of shareholders, principle of prior disclosure and shareholder decision, and principle of necessity and justifiability) that are provided by the “Guidelines regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The Plan also takes into consideration the insights presented in “Anti-takeover Measures in the Latest Environment” published by the Corporate Value Study Group on June 30, 2008.

(2) Continuing Implementation of the Plan to Maintain and Enhance the Common Interest of the Shareholders of the Company

The continuing implementation of the Plan purports to maintain and enhance the corporate value and common interest of the shareholders of the Company by making it possible, when Purchase, etc. of the Company’s shares is attempted, to secure the necessary information and period of time for shareholders to decide whether or not said Purchase, etc. should be accepted, or for the Board of Directors to offer an alternative proposal, or to negotiate with the Purchaser, etc. on behalf of the shareholders.

(3) Respect of Shareholders’ Opinions

The Plan shall be continued, subject to the approval of the shareholders at the 2017 AGM, and as stated in 4. (4), even after receiving approval at the 2017 AGM, if a General Meeting of the Company resolves an alteration or abolition of the Plan, the Plan shall be altered or abolished subsequent to the resolution. Therefore, the opinion of shareholders of the Company shall be fully respected in the continuation and abolishment of the Plan.

(4) Respect of the Opinion of Highly Independent Outsiders, and Information Disclosure

In the Plan, to prevent the Board of Directors from making arbitrary decisions, the Company sets up the Independent Committee as an organ that objectively makes substantial decisions for activating and otherwise executing the Plan for the shareholders.

The Independent Committee is independent from the management persons who execute the business of the Company, and comprises three or more members selected from the Company’s Outside Directors, Outside Audit & Supervisory Board Members, and outside experts.

Also, the Company shall disclose to the shareholders and investors an outline of the decisions of the Independent Committee, as necessary, securing a structure for the transparent operation of the Plan, within the range that contributes to the Company's corporate value and the common interest of the shareholders.

(5) Setting Rational and Objective Requirements for Activation of the Plan

As stated in 4. (1)(iv) and 4. (2) above, the Plan is not activated unless rational and objective requirements set beforehand are satisfied, securing a structure to prevent the Board of Directors from making arbitrary activation.

(6) Obtaining the Opinions of Third Party Experts

As stated in 4. (1) (iii), when a Purchaser, etc. appears, the Independent Committee may obtain the advice of independent third parties (financial advisers, certified public accountants, lawyers, consultants and other experts) at the Company's expense, securing a structure to strongly ensure fair and objective decisions by the Independent Committee.

(7) No Dead-hand or Slow-hand Measures

As stated in 4. (4) above, the Plan can be abolished anytime by a Board of Directors consisting of Directors appointed by the Company's General Meeting. Therefore, the Plan is not a dead-hand measure (that is, a takeover defense measure whose activation cannot be stopped even if the majority members of the Board of Directors are replaced).

Since the term of office of the Directors of the Company is one year, the Plan is not a slow-hand measure (that is, a takeover defense measure whose activation takes time to stop because all of the Board's members cannot be replaced at once), either.

6. Effect on Shareholders and Investors

(1) Effect on Shareholders and Investors by the Continuation of the Plan

At the time of the continuation of the Plan, the Allotment of Share Options without Contribution itself is not conducted, so this does not have any direct, specific effect on the rights and interests of shareholders.

As stated in 4. above, the Company's response policy to said act of purchase differs depending on whether or not the Purchaser, etc. follows the Plan or not, so shareholders and investors are advised to pay attention to the behavior of the Purchaser, etc.

(2) Effect on Shareholders and Investors at the time of the Allotment of Share Options without Consideration

Under the resolution for the Allotment of Share Options without Contribution, the Company's Board of Directors makes an Allotment of Share Options without Contribution to shareholders on the separately stipulated allotment date, at a ratio separately determined by the Company's Board of Directors in the resolution for the Allotment of Share Options without Contribution with a maximum of one Share Option for each share of the Company's stock. Theoretically, if shareholders were not to pay the prescribed exercise value and other cash within the rights exercise period or implement other procedures pertaining to the exercise of the Share Options stated in (3) below, the shares of the Company which they hold would be diluted by the exercise of the Share Options by other shareholders. However, by the procedures stated in (3) below, the Company may acquire the Share Options of shareholders other than the Purchaser, etc. and deliver shares of the Company in exchange. When the Company follows said procedures for acquisition, shareholders other than the Purchaser, etc. receive shares of the Company without exercising the Share Options or paying cash equivalent to the prescribed exercise value, so there is no dilution of the shares of the Company they hold.

Even in cases where the Company's Board of Directors resolves Allotment of Share Options without Contribution, in cases where the Company's Board of Directors makes a resolution for suspension of the Allotment without Contribution or for acquisition without contribution in accordance with the procedures stated in 4. (1) (vi) above, the price of the shares of the Company may change accordingly. For example, after the shareholders who should receive Allotment of Share Options without Contribution are decided, and where the Company suspends the activation of countermeasures and acquires Share Options without Contribution without delivering new shares, the

economic value of each share of the Company held by the shareholders would not be diluted. In such case, please be aware that those shareholders and investors who have traded the shares on an assumption that the economic value of each share of the Company would be diluted may incur losses by the fluctuation of the share price.

(3) Shareholder Procedures Accompanying the Allotment of Share Options without Contribution

The shareholders recorded on the final version of the shareholders' register on the allotment date shall automatically become the holders of the Share Options on the effective date of the concerned Allotment of Share Options without Contribution, and therefore need not implement the application procedures, etc.

Also, in principle, the Company will send an invoice for exercise of the Share Options and other documents necessary for the exercise of the Share Options (in a format specified by the Company that includes contents and number of Share Options pertaining to exercise, date of exercise of the Share Options and other necessary matters, as well as representation and warrantee provisions, indemnification provisions, and other wording of pledges for shareholders themselves to satisfy the Share Options exercise conditions) to the shareholders recorded on the final version of the shareholders' register on the allotment date. After the Allotment of Share Options without Contribution, the shareholders submit these necessary documents within the Share Options exercise period, in principle, so that one share of the Company will be issued per Share Option by payment to the place handling the payment of the amount stipulated by the resolution for Allotment of Share Options without Contribution by the Board of Directors of the Company that is at least one yen per Share Option.

However, in cases where the Company's Board of Directors makes a decision to the effect of acquiring the Share Options, the Company, in accordance with the statutory provisions, may acquire the Share Options on the date separately stipulated by the Company's Board of Directors, and in exchange deliver the Company's shares to the shareholders. In this case, the Company may have the concerned shareholders separately submit representation and warrantee provisions that they are not the Purchaser, etc., indemnification provisions, and other wording of pledges in a format specified by the company in writing.

In addition to the above, the Company shall announce and notify the shareholders of the details of the allotment method, exercise method, and method of acquisition by the Company after the Company's Board of Directors passes a resolution concerning the Allotment of the Share Options without Contribution. Please confirm the concerned contents.

Attachment 1

Outline of the Independent Committee Rules

1. The Independent Committee shall be established by resolution of the Company's Board of Directors.
2. The Independent Committee shall have three or more members independent from the management of the Company who shall be appointed by the Company's Board of Directors from among persons that fall within the scope of (1) the Company's Outside Directors, (2) the Company's Outside Audit & Supervisory Board Members, or (3) outside experts. The outside experts shall be experienced corporate management persons, former government officials, lawyers, certified public accountants, persons with relevant knowledge and experience or equivalent persons, and persons concluding a contract with the Company that includes provisions of the duty of due care of a prudent manager as separately stipulated by the Company.
3. The term of office of members of the Independent Committee shall be from the date of appointment to the adjournment of the Ordinary General Meeting concerning the final fiscal year that ends within three years from the appointment. However, this shall not apply in cases where the Board of Directors resolves otherwise. Also, in cases where an Outside Director or Outside Audit & Supervisory Board Member who is a member of the Independent Committee is no longer a Director or Audit & Supervisory Board Member, their term of office as members of the Independent Committee shall also end at that time.

4. The Independent Committee can request the Company's Directors, Audit & Supervisory Board Members, employees, and other persons recognized as necessary to attend, and may seek their opinions and explanations as necessary.
5. The Independent Committee can meet as needed, and its resolutions are made by a majority of members, with all members attending. However, when one or more members are unable to attend because of accident or other unavoidable reason, resolutions are made by a majority of members, with more than half the members attending.
6. The Independent Committee decides on the matters listed in each of the following items, and provides recommendations to the Board of Directors of the Company with the contents of those decisions and the reasoning. The Independent Committee shall make prompt information disclosure itself or through the Board of Directors of the Company regarding the fact that a resolution is made, its outline, and other matters deemed appropriate by the Independent Committee.

Also, each member of the Independent Committee is required to make decisions, etc. from the standpoint of whether or not they contribute to the Company's corporate value and the common interest of shareholders, and must not act exclusively for purpose of their own interests or the personal interest of the Company's management persons.

- (1) Decisions on the relevance of Purchases, etc. subject to the Plan
 - (2) Implementing or not implementing Allotment of Share Options without Contribution pertaining to the exercise of the Plan
 - (3) Suspension of the Allotment of Share Options without Contribution pertaining to the exercise of the Plan, and Acquisition without Contribution
 - (4) Abolition or alteration of the Plan (however, regarding alteration, within the range that does not oppose the Basic Policy of the Plan, also, limited to the range deemed rationally necessary from changes in the Companies Act, Financial Instruments and Exchange Act, and other laws and regulations, or changes in the rules of financial instrument exchanges, or changes in their interpretation or operation, or changes in the taxation system or legal precedent)
 - (5) Decisions on information, opinions, alternative proposals, and materials a Purchaser, etc. and the Company's Board of Directors must submit to the Independent Committee, and their response deadlines
 - (6) Setting the Assessment Period for the Independent Committee (however, the assessment period is not to exceed 60 days in the case of a tender offer for the shares of the Company in cash [Japanese yen] only and not to exceed 90 days in the case of other acts of large-scale purchases) and extensions of said period (for a period not to exceed 30 days)
 - (7) Among all other matters to be decided by the Company's Board of Directors, those matters on which the Board of Directors consults the Independent Committee
7. In addition to the matters specified in 6., the Independent Committee can conduct the matters stated in each of the following items.
 - (1) Carefully investigating and examining the contents of the Purchase, etc. of a Purchaser, etc.
 - (2) Negotiation and consultation with a Purchaser, etc.
 - (3) Examination of alternative proposals
 - (4) Presentation of alternative proposals to shareholders
 - (5) Other matters that the Independent Committee can conduct under the Plan
 - (6) Other matters that Independent Committee can conduct as separately specified by the Company's Board of Directors
 8. The Independent Committee may receive advice from independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the Company's expense.

Attachment 2

Personal Records of the Independent Committee Members

Mr. Kazumitsu Tomimura

Born: March 1940

April 1967 Appointed as a Public Prosecutor
Aug. 1995 Public Prosecutor, Supreme Public Prosecutors Office
Jan. 1996 Chief Prosecutor, Matsue District Public Prosecutors Office
April 1997 Chief Prosecutor, Tsu District Public Prosecutors Office
July 1998 Chief Prosecutor, Kyoto District Public Prosecutors Office
Oct. 1999 Registered as an attorney
April 2003 Vice-Chairperson, Disciplinary Enforcement Committee, Hiroshima Bar Association
Committee Member, Disciplinary Enforcement Committee, Japan Federation of Bar
Associations
April 2005 Chairperson, Disciplinary Enforcement Committee, Hiroshima Bar Association
Feb. 2011 Assistant Director, Hiroshima Branch, Asia Crime Prevention Foundation (current position)

Mr. Tokumitsu Murakami

Born: Dec. 1947

July 1971 Entered the National Police Agency
Jan. 1991 Chief, Headquarters, Iwate Prefecture Police
April 1995 Director, General Affairs Division, Imperial Household Agency
Oct. 1999 Chief, Headquarters, Kanagawa Prefecture Police
Sept. 2001 Director, International Affairs Department, National Police Agency
April 2002 President, National Police Academy
July 2003 Ambassador of Japan to Lebanon
Feb. 2007 Managing Director, Council for Public Policy
July 2013 Comptroller, Police Employees Cooperative Association (current position)

Mr. Kyoichi Toriyama

Born: May 1958

April 1986 Full-time Lecturer, School of Law, Waseda University
April 1988 Assistant Professor, School of Law, Waseda University
May 1989 Overseas research, Pantheon-Sorbonne University (1989-1992)
April 1993 Professor, School of Law, Waseda University
April 2004 Professor, Waseda Law School (current position)

※The three persons listed above do not have any special interest relations with the Company.

Attachment 3

Outline of the Allotment of Share Options without Contribution

1. Number of Share Options

The number of share options shall be the number separately stipulated by the Company's Board of Directors in the resolution for the Allotment of Share Options without Contribution ("**Allotment of Share Options without Contribution Resolution**") not to exceed a number equal to the final total number of the Company's shares in issue on the allotment date separately stipulated in the Allotment of Share Options without Contribution Resolution ("**Allotment Date**") (excluding the number of shares of the Company held by the Company at that time).

2. Shareholders Subject to Allotment

The Share Options are to be allotted without contribution to the shareholders other than the Company recorded in the final shareholders' register of the Company on the Allotment Date, at a ratio separately determined by the Company's Board of the Directors in the Allotment of Share Options without Contribution Resolution, with a maximum of one Share Option for each share of the Company they hold.

3. Effective Date of the Allotment of Share Options without Contribution

The effective date of the Allotment of Share Options without Contribution shall be the date separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution.

4. Type and Number of Shares that are the Object of the Share Options

The type of shares that are the object of the Share Options shall be ordinary shares of the Company, and the number of shares that are the object of each Share Option ("**Number of Subject Shares**") shall be one share, unless adjusted separately.

5. Value of Assets to be Contributed upon Exercise of Share Options

The object of the contribution upon exercise of Share Options shall be money, and the value of assets contributed per share of the Company upon exercise of Share Options shall be a value not less than one Japanese yen as separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution.

6. Share Options Exercise Period

The Share Options exercise period shall be a period from the effective date of the Allotment of Share Options without Contribution or a date separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution until a day within the range of one month to two months separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution. However, in cases of acquisition of the Share Options by the Company based on 9. below, the exercise period for the Share Options pertaining to said acquisition shall be until the business day one day prior to said acquisition day. Also, in cases where the final day of the exercise period is a non-business day at the place handling the payment for the exercise, the final day of the exercise period shall be the next business day.

7. Conditions for Exercise of Share Options

In principle, the persons listed below cannot exercise the Share Options

- (1) Specified large-scale holder⁹
- (2) Co-holder of a specified large-scale holder
- (3) Specified large-scale purchaser¹⁰
- (4) Specially related party of a specified large-scale purchaser
- (5) Person transferred or assigned Share Options from a person corresponding to (1) through (4) above, without approval of the Company's Board of Directors
- (6) Person related to a person¹¹ stated in (1) through (5) above (hereafter, persons corresponding to (1) through (6) are collectively referred to as "**Specified Purchaser, etc.**")

8. Transfer of the Share Options

Acquisition by transfer of Share Options requires approval of the Company's Board of Directors.

9. Acquisition of Share Options by the Company

On the day separately stipulated by the Company's Board of Directors, the Company may acquire Share Options held by persons other than a Specified Purchaser, etc. and in exchange deliver the number of subject shares per share option of the Company's ordinary shares. The details of the conditions for acquisition of Share Options shall be separately stipulated in the Allotment of Share Options without Contribution Resolution.

10. Acquisition without Contribution in cases where Activation of Countermeasures is Suspended, etc.

In cases where activation of countermeasures is suspended by the Company's Board of Directors and other cases separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution, the Company can acquire all of the Share Options without contribution.

⁹ Meaning holders of shares, etc. issued by the Company who are persons recognized by the Company's Board of Directors as those whose ownership ratio becomes 20% of the concerned shares, etc.

¹⁰ A person who has made public notice of the intention to conduct the Purchase, etc. (stipulated in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same hereinafter in this footnote) of Shares, etc. (meaning "Share Certificates, etc." stipulated in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same hereinafter in this footnote) issued by the Company by tender offer whose ownership ratio of Shares, etc. after said purchase is recognized by the Board of Directors of the Company to be 20% or more together with the ownership ratios of Shares, etc. of specially related parties of that person (including cases equivalent thereto set forth in Article 7, paragraph 1 of the Ordinance for Enforcement of the Financial Instruments and Exchange Act).

¹¹ Person related to a person means a person with effective control over that person, or who is controlled by that person, or who is controlled together with that person by some other person. "Control" means "cases of control over the decisions of the financial and business policies" of another company, etc. (defined in Article 3, paragraph 3 of the Ordinance for Enforcement of the Companies Act).

Attachment 4

Company's Shares Held by Major Shareholders

Major Shareholders of the Company (as of the end of March 2017)

Name of Shareholder	Capital Contribution to the Company	
	Shares Held (,000)	Ratio (%)
Shibuya Scholarship Foundation	27,400	10.64
Kintetsu Group Holdings Co., Ltd.	19,398	7.53
Japan Trustee Services Bank, Ltd. as trustee for Retirement Benefit Trust of Kintetsu Railway Co., Ltd. (re-entrusted by Sumitomo Mitsui Trust Banking & Co., Ltd)	17,000	6.60
Japan Trustee Services Bank, Ltd. (Trust A/C 4)	14,302	5.55
Master Trust Bank of Japan, Ltd. (Trust A/C)	13,983	5.43
Nippon Life Insurance Company	10,100	3.92
Sompo Japan Nipponkoa Insurance Inc.	9,207	3.57
Hiroshima Bank, Ltd.	8,813	3.42
Japan Trustee Services Bank, Ltd. (Trust A/C)	8,071	3.13
Fukuyama Transporting Welfare Association	5,046	1.95

- (Note)
1. Number of shares held is rounded down to the nearest thousand.
 2. Although the Company holds 21,352,000 of its own shares, treasury stock is excluded from the above list.
 3. Ratio above is calculated after treasury stock is deducted.