

1. This document is a translation of the official Japanese Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 94th Business Term.
2. This translation is provided only as a reference to assist shareholders in their voting and does not constitute an official document.
3. In the event of any discrepancies between this translated document and the Japanese original, the original shall prevail.

(Securities code: 7915)

May 31, 2013

To All Shareholders

3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan
Nissha Printing Co., Ltd.
Junya Suzuki, President and CEO, Representative Director of the Board

Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 94th Business Term

We hereby notify that the Ordinary General Meeting of Shareholders for the 94th Business Term of Nissha Printing Co., Ltd. (the “Company”) shall be held as described below and request your attendance.

If you are unable to attend on the day, you may exercise your voting rights in writing or by an electromagnetic method (via Internet, etc.). You are requested to exercise your voting rights by 6 p.m. on June 20, 2013 (Thurs.) after examining the “Reference Materials for the General Meeting of Shareholders” (Pages 45 through 76 of the Japanese original).

Ordinary General Meeting of Shareholders

1. **Date and time:** June 21, 2013 (Fri.), 10:00 a.m.
2. **Venue:** Company auditorium, 3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan
(Please refer to the “Guide to the Venue for the General Meeting of Shareholders” of the Japanese original.)
3. **Agenda:**
Matters to be reported
 1. The contents of the Business Report and Consolidated Financial Documents for the 94th business term (from April 1, 2012 through March 31, 2013)
The Consolidated Financial Documents Audit Report of the Accounting Auditor and the Board of Corporate Auditors
 2. The contents of Non-consolidated Financial Documents for the 94th business term (from April 1, 2012 through March 31, 2013)

Proposals to be resolved

- Proposal 1** Election of 7 Directors
- Proposal 2** Election of 1 Corporate Auditor
- Proposal 3** Election of 1 Alternate Corporate Auditor
- Proposal 4** Renewal of Countermeasures Against a Large-scale Purchase of Shares of the Company (Takeover Defense Measures)

[Exercise of voting rights by postal mail]

After indicating your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form, please send the form to reach us by the deadline for exercising voting rights given above.

[Exercise of voting rights by an electromagnetic method (via Internet, etc.)]

Please access the Company's designated websites for exercising voting rights (<http://www.it-soukai.com/>), and after using the "Voting Rights Exercise Code" and "Password" indicated on the enclosed Voting Rights Exercise Form, please enter your approval or disapproval of the proposals in accordance with the guidance given on the screen.

We request that you confirm the "Guide to the Exercise of Voting Rights via the Internet, etc." (Pages.77 to 78 of the Japanese original) when exercising your voting rights via the Internet, etc.

In addition, if voting rights are exercised in duplicate in writing and via the Internet, the voting rights exercised via the Internet shall be deemed valid.

END

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1. If you intend to attend the meeting, we request that you submit the enclosed Voting Rights Exercise Form to the reception desk at the meeting.
 2. If there are any corrections to the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Documents, and Financial Documents, such corrections will be posted on the Company's website (<http://www.nissha.co.jp/english/index.html>).

Attachments

Business Report

(from April 1, 2012 through March 31, 2013)

1. Current status of the business group

(1) Progress and results of operations

During the fiscal year under review, with regard to global economic conditions, a slowdown in Europe persisted due to the effects of the debt issue and financial crisis, although a gradual recovery continued in the U.S. economy. The emerging countries including China experienced a slower growth than in previous years. For the Japanese economy, severe conditions remained due to the impact of the slowdown in overseas economies and the persistent undertone of the high yen rate. Although expectations of an economic upturn have been growing since the start of calendar year 2013 in light of the recent trend toward an adjustment of the yen appreciation, uncertainty remained on a full-year basis.

In the field of consumer electronics including PCs and smartphones, which comprise the main products of the Group, rapid changes in product demand and lower product prices and lower cost services, which have become commonplace, have been leading to a significant impact on sales and profits.

Under such circumstances, we forced through structural reforms strengthening measures in the second half of the previous fiscal year and strove to improve our managerial efficiency in the year under review based on the Fourth Medium-term Business Plan for improvement in business performance. In addition, in the mainstay Devices business segment, we established a full-fledged production system for new capacitive-type touch panels (photolithography method) at the state-of-the-art Himeji Factory in the third quarter, and the production thereof has been steady subsequently due to vigorous demand. Meanwhile, production costs accrued along with the increased production capacity of the aforementioned new capacitive-type touch panels and a decline in demand for conventional capacitive-type touch panels (printing method) were the factors that put pressure on profitability.

As a result, for the fiscal year under review the Company posted consolidated net sales of ¥89,427 million (up 11.6% year-on-year), but, for income, posted an operating loss of ¥6,783 million (operating loss of ¥11,716 million for the previous fiscal year), ordinary loss of ¥4,643 million (ordinary loss of ¥11,320 million for the previous fiscal year) and net loss of ¥5,438 million (net loss of ¥28,684 million for the previous fiscal year).

From the above situation, it is with regret that we announce that the year-end dividend for the fiscal year under review will not be paid again. We deeply apologize to our shareholders and ask for your understanding.

An overview of operations by business segment is as follows:

Industrial Materials

The Industrial Materials segment centers on technologies for decorating the surfaces of plastic products and metalwares, etc., and it will expand the business field into functional films, etc. IMD, a technology enabling the simultaneous molding of plastics and printing, is applied widely to various items such as notebook PCs, mobile phones, automotives (interior) and home appliances in the global market.

During the fiscal year under review, demand for automotives (interior) was steady. However, demand for use in personal notebook PCs, which had been in key demand, decelerated in the second half and demand for use in mobile phones was sluggish year round.

Consequently, consolidated net sales for the fiscal year under review stood at ¥27,689 million, down 22.7% year-on-year.

Devices

The Devices segment provides devices that pursue high precision and functionality, centering on touch input devices, FineTouch. These are adopted in smartphones, tablet devices and portable game consoles, etc., in the global market.

During the fiscal year under review, although demand for conventional capacitive-type touch panels used

mainly in smartphones was stagnant, sales of new capacitive-type touch panels increased significantly due to strong demand for those used in tablet devices. Demand for touch panels used in portable game consoles was firm, on the whole.

Consequently, consolidated net sales for the fiscal year under review stood at ¥43,133 million, up 67.6% year-on-year.

Information and Communication

The Information and Communication segment engages in sales promotions, Web solutions, commercial and publication printing, which support the general communication activities of customers such as publicity, advertising and sales promotion, as well as the production of digital archives of cultural assets.

During the fiscal year under review, we conducted aggressive activities to secure orders although the competition for receiving orders became severe, affected by factors such as the reduction in advertising spending by companies following the slowdown of the domestic economy and the decrease in printed matter due to diversifying information media in the commercial field, which is the main field of this segment.

Consequently, consolidated net sales for the fiscal year under review stood at ¥18,494 million, up 0.6% year-on-year.

(2) Status of fund procurement, etc.

1) Status of fund procurement

The Company did not procure funds through the issuance of corporate bonds and new shares, etc.

2) Status of capital expenditures

The Group considers it essential to keep maintaining our operating structure to ensure the speedy and timely provision of high-quality, high-value-added products that meet market trends and customers' needs.

To this end, especially in the Devices business segment, we established a full-fledged production system for new capacitive-type touch panels (photolithography method) at the state-of-the-art Himeji Factory in the third quarter. Furthermore, a project for extensive application of the said method at the Kaga Factory started in the fourth quarter.

As a result, capital expenditures amounted to ¥617 million in the Industrial Materials segment, ¥12,225 million in the Devices segment, ¥13 million in the Information and Communication segment and ¥812 million in the common corporate division (Administration divisions) with the overall capital expenditures of the Group standing at ¥13,669 million.

The details of our major capital expenditures are as follows:

By segment	Breakdown of major capital expenditures
Devices	Expansion of production capacity of Nitec Precision and Technologies, Inc. Himeji Factory (touch input device factory) and Nitec Precision, Inc. Kaga Factory (touch input device factory)

(3) Status of assets and operating results

1) Status of assets and operating results of the business group

(Millions of Yen)

Item	Fiscal 2010 [the 91 st business term]	Fiscal 2011 [the 92 nd business term]	Fiscal 2012 [the 93 rd business term]	Fiscal 2013 (current term) [the 94 th business term]
Net sales	126,965	114,054	80,160	89,427
Operating income or operating loss	11,257	(4,946)	(11,716)	(6,783)
Ordinary income or ordinary loss	12,061	(5,396)	(11,320)	(4,643)
Net income or net loss	6,934	(2,464)	(28,684)	(5,438)
Net income or net loss per share (Yen)	160.38	(57.25)	(668.40)	(126.72)
Total assets	153,077	142,942	105,250	114,964
Shareholders' equity	88,700	80,396	48,986	44,491

Note: Net income or net loss per share is calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury stock).

2) Status of assets and operating results of the Company

(Millions of Yen)

Item	Fiscal 2010 [the 91 st business term]	Fiscal 2011 [the 92 st business term]	Fiscal 2012 [the 93 rd business term]	Fiscal 2013 (current term) [the 94 th business term]
Net sales	120,007	105,226	72,114	82,526
Operating income or operating loss	4,182	(2,331)	(7,386)	(6,877)
Ordinary income or ordinary loss	5,505	(3,023)	(6,928)	(4,090)
Net income or net loss	2,612	(954)	(17,834)	(3,146)
Net income or net loss per share (Yen)	60.41	(22.17)	(415.57)	(73.32)
Total assets	120,532	114,833	91,843	102,865
Shareholders' equity	66,682	62,052	43,214	42,019

Note: Net income or net loss per share is calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury stock).

(4) Issues to be addressed

The global economy is expected to remain uncertain with various risk factors owing to concerns about the impact of the debt crisis in Europe and other issues, although the recovery in the U.S. economy and the pickup of the Chinese economy are expected. An expansion of the Japanese economy is anticipated in light of the trend of correction to yen appreciation following the monetary easing upon implementation of the inflation targets set by the Bank of Japan. However, the fluctuation risk of the global economy requires careful attention and thus the outlook of the Japanese economy remains unpredictable.

The Group is making concerted efforts to tackle new initiatives to return to a growth trend with the aim of realizing our vision in the Fourth Medium-term Business Plan, which we initiated in fiscal 2013, that states “Nissha develops cutting-edge printing technologies and creates an array of exceptional products that fundamentally redefines value for our customers.”

In fiscal 2014, the second year of the Fourth Medium-term Business Plan, the demand for new capacitive-type touch panels in the Devices business segment will be the key driver of our profits. With efforts to further improve efficiency and profitability in the Industrial Materials and Information and Communication business segments, the Group aims to eliminate its operating loss and return to operating profitability during the current fiscal year.

Meanwhile, in pursuit of the limitless possibilities of printing technologies as well as the creation of our new business domain, we have set forth three priority social domains—information-oriented society, lifestyle support, and sustainable society—and are developing new businesses that provide our industrial materials, devices, products, and solutions through reinforcing our capability to design materials and our core technologies in those domains. The soluble microneedle patch, which we released in fiscal year 2013 targeting the skin care and cosmetics markets, is an example of our efforts in lifestyle support. Also, the pulp molding technology Nissha PAX, which realizes both eco-friendliness and good design, is an example of our undertakings toward a sustainable society.

We at the Group will fulfill our social responsibilities in order to be a company “committed to pursuing a mutually trustful co-existence with society,” a goal enshrined in our Corporate Mission. We promote dialogue with shareholders, customers, suppliers, society, and employees with an eye to reinforcing Nissha’s Circle of Trust. We strive to maintain and improve compliance, so that under a more highly transparent governance system, we may enhance our corporate value over the long term.

We would like to ask our shareholders for their continuing support.

(5) Principal businesses (as of March 31, 2013)

The Group has paid attention to the fact that most of our social lives comprise such elements as color, design and function, and plans, develops, designs, produces and sells unique products and services in three business segments—Industrial Materials, Devices and Information and Communication—by expanding the fields of printing technologies.

The principal products of the Group by business segment are as follows:

By segment	Principal products
Industrial Materials	IMD (simultaneous In-mold Decoration & design transfer system), IML (simultaneous In-mold Decoration & design insert system), Heat Transfer Foils, transfer to metal Nissha In-Metal, TechSol (functional film)
Devices	FineTouch (touch input devices) (capacitive-type touch panels and resistive-type touch panels)
Information and Communication	Sales promotion, web solution, commercial printing, publication printing, and digital archive production

(6) Principal bases, etc. of the business group (as of March 31, 2013)

1) Principal sales offices and factories

(i) The Company

Headquarters	Kyoto
Division Headquarters	Tokyo (Minato-ku, Tokyo)
	Osaka (Osaka)

(ii) Subsidiaries

Nitec Industries, Inc.	Headquarters (Kameoka, Kyoto Pref.)
	Koka Factory (Koka, Shiga Pref.)
	Tsu Factory (Tsu, Mie Pref.)
Nitec Mold Engineering, Inc.	Headquarters/Factory (Kameoka, Kyoto Pref.)
	Kumihama Factory (Kyotango, Kyoto Pref.)
Nitec Precision, Inc.	Headquarters/Factory (Kaga, Ishikawa Pref.)
Nitec Precision and Technologies, Inc.	Headquarters/Factory (Himeji, Hyogo Pref.)
Nissha USA, Inc.	Head Office (U.S.A.)
Nissha Europe GmbH	Head Office (Germany)
Nissha Korea Inc.	Head Office (Korea)
Nissha Industrial and Trading (Shenzhen) Co., Ltd.	Head Office/Factory (China)
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	Head Office/Factory (China)
Guangzhou Nissha High Precision Plastics Co., Ltd.	Head Office/Factory (China)
Hong Kong Nissha Co., Ltd.	Head Office (China)
Nissha Industrial and Electronics Trading (Shanghai) Co., Ltd.	Head Office (China)
Taiwan Nissha Co., Ltd.	Head Office (Taiwan)
Eimo Technologies, Inc.	Head Office/Factory (U.S.A.)
Southern Nissha Sdn. Bhd.	Head Office/Factory (Malaysia)
Nitec Printing Co., Ltd.	Headquarters/Factory (Kyoto)
	Yachiyo Factory (Yachiyo, Chiba Pref.)
Nissha Business Service Co., Ltd.	Headquarters (Kyoto)

Notes: 1. Nissha Industrial and Trading (Shenzhen) Co., Ltd. was established as of May 11, 2012.

2. Nitec Precision and Technologies, Inc., merged by absorption of Nitec Precision, Inc., as of April 1, 2013, formed a three-plant system with the Himeji, Kaga and Kyoto factories.

2) Status of employees

(i) Status of employees of the business group

By segment	Number of employees	Change from the previous fiscal year-end
Industrial Materials	1,703	-201
Devices	1,085	+221
Information and Communication	336	-20
Administration	285	+13
Total	3,409	+13

Note: "Number of employees" indicates the number of employees actually working.

(ii) Status of employees of the Company

Number of employees		Change from the previous fiscal year-end	Average age	Average length of service
Male	666	-115	39 years and 10 months	14 years and 9 months
Female	195	-7	32 years and 11 months	8 years and 8 months
Total or average	861	-122	38 years and 3 months	13 years and 4 months

Note: "Number of employees" indicates the number of employees actually working.

(7) Status of important parent company and subsidiaries (as of March 31, 2013)

- 1) Status of the parent company
Not applicable.

2) Status of subsidiaries

Company name	Capital (Millions of Yen)	Equity stake of the Company	Major businesses
Nitec Industries, Inc.	12	100%	Production of decorative films
Nitec Precision, Inc.	20	100%	Production of touch input devices
Nitec Precision and Technologies, Inc.	20	100%	Production of touch input devices
Nissha USA, Inc.	1,716	100%	Sales of the Company's products, as well as R&D activities
Nissha Korea Inc.	673	100%	Sales of the Company's products
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	946	100%	Production and sales of the Company's products
Eimo Technologies, Inc.	1,712	100%*	Production and sales of plastic injection molded products

- Notes: 1. The figure ending with an * indicates the ratio of indirect equity participation.
2. For the fiscal year under review, Nitec Precision and Technologies, Inc., has been included in the category of "Important subsidiaries."
3. Nitec Precision and Technologies, Inc. merged by absorption of Nitec Precision, Inc. as of April 1, 2013.

(8) Principal creditors and amount of borrowings (as of March 31, 2013)

(Millions of Yen)

Creditors	Amount of borrowings
Mizuho Bank, Ltd.	10,500
The Bank of Kyoto, Ltd.	5,250
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,250

2. Items Regarding Shares of the Company (as of March 31, 2013)

- (1) Total number of shares authorized 180,000,000 shares
- (2) Total number of common shares issued 45,029,493 shares
(including 2,114,472 shares of treasury stock)
- (3) Number of shareholders 11,170
- (4) Major shareholders (Top 10)

Name	No. of Shares Held (thousand shares)	Shareholding Ratio (%)
Taiyo Fund, L.P.	3,691	8.60
Suzuki Kosan Co., Ltd.	2,563	5.97
Meiji Yasuda Life Insurance Company	2,341	5.45
Mizuho Bank, Ltd.	2,076	4.83
The Bank of Kyoto, Ltd.	1,442	3.36
NORTHERN TRUST CO AVFC RE NORTHERN TRUST GUERNSEY IRISH CLIENTS	1,248	2.90
Nissha Kyoekai	1,023	2.38
DIC Corporation	905	2.10
Oji Holdings Co., Ltd.	894	2.08
Japan Trustee Services Bank, Ltd. (Trust Account)	843	1.96

- Notes: 1. The Company holds 2,114 thousand shares of treasury stock and is excluded from the list of major shareholders above.
2. The shareholding ratio was computed after excluding shares of treasury stock from the total number of common shares issued.
3. The shares held by Mizuho Bank, Ltd., mentioned above, are trust assets of a retirement benefit trust contributed by the bank (the name in the register of shareholders is Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Retrustee Trust & Custody Services Bank, Ltd.).
4. Nissha Kyoekai is a supplier ownership association of the Company.
5. The shares held by DIC Corporation, mentioned above, are trust assets of a retirement benefit trust contributed by the company (the name in the register of shareholders is The Master Trust Bank of Japan, Ltd. (retirement benefit trust account/DIC Corporation account)).

3. Items Regarding Stock Acquisition Rights

Not applicable.

4. Items Regarding Directors and Corporate Auditors (as of March 31, 2013)

(1) Items regarding Directors and Corporate Auditors of the Company

Position	Name	Responsibilities	Significant positions concurrently held
President and CEO, Representative Director of the Board	Junya Suzuki	Chief Executive Officer	Chairperson, President and Director, Nissha USA, Inc.
			President and CEO, Representative Director of the Board, Suzuki Kosan Co., Ltd.
			Representative Director, Nissha Foundation for Printing Culture and Technology
Director	Takuji Shibata	Executive Vice President Chief Production Officer	
Director	Takao Hashimoto	Executive Vice President Chief Technology Officer	Representative Director, Nitec Precision and Technologies, Inc
Director	Hayato Nishihara	Senior Vice President Chief Financial Officer	
Director	Yoshiharu Tsuji	Special Assistant to President	
Director	Tamio Kubota		
Director	Kenji Kojima		Specially Appointed Professor at Research Institute for Economics & Business Administration, Kobe University
Full-time Corporate Auditor	Yoshitaka Matsumiya		
Full-time Corporate Auditor	Hitoshi Konishi		
Corporate Auditor	Yoshio Nakano		Outside Corporate Auditor, Seiwa Electric Mfg. Co., Ltd.
Corporate Auditor	Shigeaki Momo-o		Partner, Momo-o, Matsuo & Namba

- Notes: 1. Both Mr. Tamio Kubota and Mr. Kenji Kojima are Outside Directors as stipulated in Article 2, Item 15, of the Companies Act.
2. Both Mr. Yoshio Nakano and Mr. Shigeaki Momo-o are Outside Corporate Auditors as stipulated in Article 2, Item 16, of the Companies Act.
3. Corporate Auditor Yoshio Nakano has a qualification as certified public accountant and possesses considerable knowledge with regard to finance and accounting.
4. Changes in Directors and Corporate Auditors during the fiscal year under review are as follows:
- (1) As of June 22, 2012, Mr. Hayato Nishihara was elected as Director and Mr. Hitoshi Konishi was elected as Corporate Auditor at the 93rd Ordinary General Meeting of Shareholders, and both of them assumed their respective positions as of the same date.
- (2) As of June 22, 2012, a Director, Mr. Yoshiharu Tsuji, resigned from the position of Representative Director of the Board and assumed the position of Director.
- (3) As of June 22, 2012, a Corporate Auditor, Mr. Michio Taniguchi, resigned due to the expiration of his term.
5. As of April 1, 2013, changes to the responsibilities of and significant positions concurrently held by Directors were as follows:

Position	Name	Responsibilities	Significant positions concurrently held
President and CEO, Representative Director of the Board	Junya Suzuki	Chief Executive Officer	Chairperson, President and Director, Nissha USA, Inc.
			President and CEO, Representative Director of the Board, Suzuki Kosan Co., Ltd.
			Representative Director, Nissha Foundation for Printing Culture and Technology
Director	Takao Hashimoto	Senior Executive Vice President Chief Technology Officer	
Director	Takuji Shibata	Executive Vice President Chief Production Officer	
Director	Hayato Nishihara	Executive Vice President Chief Financial Officer	
Director	Yoshiharu Tsuji	Special Assistant to President	
Director	Tamio Kubota		
Director	Kenji Kojima		Specially Appointed Professor at Research Institute for Economics & Business Administration, Kobe University

6. The Company has introduced a corporate officer system to enhance corporate governance. As of April 1, 2013, the Company had 16 Corporate Officers including three Corporate Officers who concurrently serve as Directors.
7. Each of the Tokyo Stock Exchange and Osaka Securities Exchange was notified of the names of the following as Independent Directors/Auditors of the Company: Directors Tamio Kubota and Kenji Kojima and Corporate Auditors Yoshio Nakano and Shigeaki Momo-o.

(2) **Total amount of remunerations paid to Directors and Corporate Auditors**

Title	Number of officers	Total amount of remunerations
Directors	7	¥89 million (¥9 million of which were paid to two Outside Directors)
Corporate Auditors	5	¥23 million (¥9 million of which were paid to two Outside Corporate Auditors)
Total	12	¥112 million (¥18 million of which were paid to four Outside Directors and Outside Corporate Auditors)

- Notes: 1. It was resolved at the Ordinary General Meeting of Shareholders for the 89th Business Term, held on June 27, 2008, that the amount of remunerations to be paid to Directors in total per year shall not exceed ¥430 million (of which, the amount of remunerations to be paid to Outside Directors shall not exceed ¥30 million).
2. It was resolved at the Ordinary General Meeting of Shareholders for the 88th Business Term, held on June 28, 2007, that the amount of remunerations to be paid to Corporate Auditors in total per year shall not exceed ¥50 million (of which, the amount of remunerations to be paid to Outside Corporate Auditors shall not exceed ¥16 million).

(3) **Items regarding Outside Directors and Outside Corporate Auditors**

- 1) Relationships between the companies where significant positions are concurrently held by Outside Directors or Outside Corporate Auditors and the Company
No special interest exists between these companies and the Company.

2) **Major activities of Outside Directors and Outside Corporate Auditors**

Position	Name	Major activities
Outside Director	Tamio Kubota	He attended all of the 16 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on his international knowledge and broad experience as a manager and corporate auditor in other companies.
Outside Director	Kenji Kojima	He attended all of the 16 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinion concerning the management of the Company based on his deep knowledge as an expert in corporate governance and corporate strategies.
Outside Corporate Auditor	Yoshio Nakano	He attended all of the 16 meetings of the Board of Directors and all of the 13 meetings of the Board of Corporate Auditors held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a certified public accountant.
Outside Corporate Auditor	Shigeaki Momo-o	He attended all of the 16 meetings of the Board of Directors and all of the 13 meetings of the Board of Corporate Auditors held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a lawyer.

3) **Outline of the details of contracts for limitation of liability concluded with Outside Directors and Outside Corporate Auditors**

The Company has concluded contracts for limitation of liability with all Outside Directors and all Outside Corporate Auditors to limit liability for damages to the Company under Article 423, Paragraph 1, of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act, when the Director's or Corporate Auditor's duty is performed in good faith and with no gross negligence.

- 4) **Total amount of remunerations of Outside Directors and Outside Corporate Auditors received from subsidiaries of the Company**
Not applicable.

5. Items Regarding Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of remunerations

Classification	Amount of remunerations
Amount of remunerations to be paid during the fiscal year under review	¥46 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor	¥47 million

Notes: 1. The “Amount of remuneration to be paid during the fiscal year under review” is the sum of the amount of remunerations for auditing services in accordance with the Companies Act and the amount of remunerations for auditing work in accordance with the Financial Instruments and Exchange Act, since the two kinds of remunerations are not clearly divided under the audit agreement concluded between the Company and the Accounting Auditor and they cannot be divided practically.

2. A part of foreign subsidiaries of the Company were audited by the audit firms other than the Accounting Auditor of the Company.

(3) Details of non-auditing services

The Company pays the Accounting Auditor consideration for advice and guidance regarding international businesses, which are businesses other than the businesses under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Outline of the details of the liability limitation agreement concluded with the Accounting Auditor

Not applicable.

(5) Policy on decision to dismiss or not to reappoint the Accounting Auditor

In the case that the Accounting Auditor falls under any of the items in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors shall discharge the Accounting Auditor upon the unanimous approval of the Corporate Auditors.

In addition to the aforementioned case, when execution of proper auditing is thought to be difficult due to the occurrence of events that harm eligibility and independence of the Accounting Auditor, Directors shall, after obtaining the consent of the Board of Corporate Auditors or on the request of the Board of Corporate Auditors, submit a proposal for the dismissal or the disapproval of reappointment of the Accounting Auditor to the General Meeting of Shareholders.

6. Systems and Policies of the Company

(1) Systems necessary to ensure that the execution of the duties by Directors complies with laws and regulations and the Company's articles of incorporation and other systems necessary to ensure the properness of operations of the Company

The details of the resolution made by the Board of Directors on the establishment of the aforementioned systems are as follows:

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company shall establish systems to ensure the properness of operations of the Company (hereinafter referred to as "Internal Control") as follows:

- 1) Systems necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Company's articles of incorporation**
 - (i) The Company shall establish and enforce a Corporate Ethics and Code of Conduct based on its corporate mission, Shared Values and code of conduct so as to comply laws and social ethics from a global point of view.
 - (ii) The Company shall establish a Corporate Ethics and Compliance Committee under Corporate Ethics and Compliance Rules to carry out monitoring and educational activities to ensure compliance with laws and regulations, the Company's articles of incorporation and social norms. In addition, in order to appropriately address any compliance-related problems, "in-house reporting system (Nissha Hotline)" shall be established and operated, through which employees may provide information directly to the Company.
 - (iii) The Company shall elect multiple Outside Directors to maintain and enhance the function of supervising the execution of duties by Directors.
 - (iv) The Company shall ensure the properness of operations by setting up an Internal Control-related division, and establish an Internal Control system to prevent the occurrence of misconduct or mistakes in business processes.
 - (v) The Internal Audit Division, which is under the direct control of the President and Representative Director, shall audit the state of the establishment of an Internal Control system.
 - (vi) The Company shall not have any relationship with antisocial forces. The Company shall set a basic policy to counter antisocial forces and operate the policy in compliance with the regulations regarding antisocial forces for responding to any unreasonable demands with a resolute attitude.

- 2) Systems regarding the retention and management of information relating to the execution of duties by Directors**
 - (i) The Company shall retain and manage information regarding execution of duties by Directors, including the minutes of the General Meetings of Shareholders, the minutes of the meetings of the Board of Directors and the requests for managerial decision, properly and with certainty pursuant to the laws and regulations and in-house regulations on information management, and the information shall be maintained in a condition which can be inspected.
 - (ii) The Company shall disclose important information on all Group companies timely and properly by establishing a Disclosure Control Committee which shall discuss the necessity of timely disclosure of corporate information and the contents of disclosure.

- 3) Rules and other systems for risk management**
 - (i) The Company shall establish a basic policy for risk management to clarify its stance toward risk management.
 - (ii) The Company shall establish a Risk Management Committee in accordance with the Risk Management Rules, to analyze and oversee the risk of all Group companies and make reports on a regular basis to the Board of Directors and the Board of Corporate Auditors.
 - (iii) The cross-organizational committee and the superintending division shall properly prevent and cope with the risks relating to compliance, insider trading, product quality, environment,

information security, safety and health, trade management, etc.

4) Systems necessary to ensure the efficient execution of the duties by Directors

- (i) Through introduction of the corporate officer system, the Company shall establish functional segregation between strategy development and management monitoring functions to be undertaken by the Board of Directors and business executive functions to be undertaken by the Corporate Officers.
- (ii) The Board of Directors shall approve medium-term business plans, and the Directors and employees shall execute operations based on such strategic and performance plans.
- (iii) The Company shall establish a Monthly Business Review (MBR) as a meeting body to request the Corporate Officers to report the status of their execution of business and to confirm that the business is executed according to the plans.
- (iv) The Company shall share the status of execution of business by the Corporate Officers and the strategy implementation items to be undertaken by the organization through the use of IT (information technology) to improve business efficiency.

5) Systems necessary to ensure the proper operation of the business group consisting of the Company and its subsidiaries

- (i) The Affiliated Company Management Regulations shall be formulated to set basic administration policy for all Group companies.
- (ii) The Company shall appoint its officers or employees to Directors and Corporate Auditors of each Group company in order to ensure the proper execution of operations.
- (iii) The Internal Control-related division, etc., shall manage the proper execution of operations at all Group companies and lead and counsel the subsidiaries.
- (iv) In order to construct a framework to promote corporate ethics and compliance, managers and personnel in charge of such promotion shall be appointed in each division of each Group company. Corporate Ethics and Code of Conduct shall be prepared in the languages of major countries and made known to all Directors, Corporate Auditors, Corporate Officers and employees globally through training programs.

6) Matters regarding employees assisting the duties of Corporate Auditors, when Corporate Auditors ask for appointment of such employees, and matters regarding the independence of such employees from Directors

- (i) The Company shall establish a Corporate Auditor's Office to assist the duties of Corporate Auditors, and shall arrange for employees to be exclusively assigned to the office.
- (ii) The Corporate Auditor's Office shall belong to the Board of Corporate Auditors and be independent of Directors. With regard to matters regarding the personnel affairs of the employees of the Corporate Auditor's Office, approval of the Board of Corporate Auditors shall be obtained through consultation.

7) Systems for reporting to Corporate Auditors by Directors and employees and other systems regarding reporting to Corporate Auditors

Directors and employees shall quickly report to the Board of Corporate Auditors items that have a serious influence on all Group companies, the status of risk management, the results of internal audit, the status of internal reports and the details of such reports, etc. Corporate Auditors shall request the Directors and employees to report the same as necessary.

8) Other systems necessary to ensure the effective audit by Corporate Auditors

- (i) The regular meetings for exchanges of opinions between the Representative Directors and the Board of Corporate Auditors shall be held. Corporate Auditors shall also set up regular meetings with the Accounting Auditor, Internal Audit Divisions and Internal Control-related divisions, etc., to cooperate with them closely.
- (ii) Corporate Auditors shall attend not only the meetings of the Board of Directors, but also other

important meetings such as the MBR (Monthly Business Review), etc., and express their opinions as necessary. In addition, they shall also examine the requests for managerial decision and other important documents.

- (iii) The Company shall ensure objectivity and effectiveness of audits through Outside Corporate Auditors, including those who have considerable knowledge concerning finance and accounting or legal affairs, such as a certified public accountant or an attorney, etc.

(2) Basic policy for controlling a stock company

An overview of the details of the resolution passed by the Board of Directors concerning the above policy is as follows:

1) Contents of basic policy

The Company believes that a decision on whether to accept or reject proposals for a large-scale purchase of shares of the Company or acts similar thereto involving the transfer of control of the Company must ultimately be based on the will of its shareholders.

However, the Company finds it necessary to assume that some of these proposals for a large-scale purchase of shares or acts similar thereto: 1) may explicitly undermine the corporate value or the common interests of shareholders in consideration of the purpose of such proposals; 2) may pose the danger of actually forcing shareholders to sell off their shares; or 3) do not benefit the corporate value and the common interests of the shareholders, such as denying the Board of Directors or shareholders of the target company adequate time or information to examine the details of the proposals for a large-scale purchase of shares or acts similar thereto, or denying the Board of Directors of the target company adequate time or information to present alternative proposals.

The Company believes that it is essential that the Company carries out its corporate social missions as a forward-looking company centered on its in-house technologies accumulated over a number of years and based on the Company's corporate mission. Specifically, the Company believes that it is necessary to carry out our corporate activities by making effective use of the Company's expertise in planning, development, design, production, sales and other business activities, and the operating know-how and experience acquired primarily by employees, and through actively developing favorable relationships with stakeholders and adequately verifying tangible and intangible management resources of the Company, latent effects of future strategies, synergistic effects between strategies, and other matters.

The Company believes that parties who hold control over the determination of the Company's financial matters and business policies must fully understand the said basic views described above, and secure and enhance the corporate value of the Company and the common interests of its shareholders with medium-term and long-term points of view.

Therefore, the Company believes that any party that, without adequately understanding the basic views described above, proposes any inappropriate large-scale purchase of shares or any acts similar thereto that do not benefit the corporate value or the common interests of shareholders, should be considered inappropriate to have control over the determination of the Company's financial matters and business policies, and there must be measures to prevent any large-scale purchase of shares of the Company by such parties.

2) Special initiatives contributing to implementation of basic policy

The Company plans, develops, designs, produces and sells unique products and services in the three business areas of Industrial Materials, Devices, and Information and Communication under the corporate mission of "pursuing a mutually trustful Co-existence with society through our business activities utilizing a unique technology development, based on Printing as a core." Taking notice of the fact that people's social livelihoods are often formed of such elements as colors, designs and functions, the Company has offered and extended its innovative printing-technology-based solutions not only in the traditional paper printing field but also in the Industrial Materials and Devices business segments. The Industrial Materials segment centers on technologies for decorating the surfaces of three-dimensional plastic products, whereas the Devices segment boasts the world's

top-rated touch panel products. Our “core competence” is proprietary printing technologies that have been developed over a number of years.

In the Fourth Medium-term Business Plan, of which operation started in the fiscal 2013, the medium-term vision is established as: “Nissha develops cutting-edge printing technologies and creates an array of exceptional products that fundamentally redefines value for our customers.” The Company pursues the creation of new values and innovative product lineups through the in-depth exploration and evolution of our proprietary printing technologies, along with the vision that our printing technologies will be accepted and applied in an increasing number of fields around the world.

The Board of Directors of the Company comprises five Directors and two Outside Directors. To respond flexibly to changes in the management environment and to promote the clarification of management responsibility, the term of office of a Director has been set at one year. The Company has the corporate officer system in place to reinforce the business execution system, in order to segregate strategy development and management monitoring functions to be undertaken by the Board of Directors and business executive functions to be undertaken by the Corporate Officers. The Board of Corporate Auditors is composed of two Corporate Auditors (full-time) and two Outside Corporate Auditors (part-time), including those who have considerable knowledge concerning finance, accounting or legal affairs, such as a certified public accountant or an attorney. The Company ensures the objectivity and effectiveness of audits and establishes a system to support the smooth running of auditing operations by establishing a Corporate Auditor’s Office to support auditing operations of Corporate Auditors and arranging for employees to be exclusively assigned to the office. With regard to our internal management system, the Company improves the internal auditing function setting up an Internal Audit Division, which reports directly to the President and Representative Director of the Board, as an internal auditing function, and discloses important information on all Group companies timely and properly by establishing a Disclosure Control Committee, which determines the need for the timely disclosure of corporate information and the contents of disclosure.

3) Initiatives in light of basic policy to prevent the control over the determination of the Company’s financial and business policies by an inappropriate party

The Company resolved at a meeting of its Board of Directors on May 13, 2010, to make partial revisions to the “Countermeasures Against a Large-scale Purchase of Shares of Nissha Printing Co., Ltd.” (the “Plan”), for the purpose of further protecting and enhancing the corporate value of the Company and the common interests of shareholders and the Plan was approved at the 91st Ordinary General Meeting of Shareholders held on June 25, 2010.

The Plan sets forth procedures aimed at protecting and enhancing the corporate value of the Company and common interests of shareholders. In case that any party performing or seeking to perform (the “Purchaser, etc.”) any purchase of stock certificates, etc., issued by the Company that results in the holder’s shareholding ratio becoming 20% or above, a public tender offer that results in the total shareholding ratio of the purchasers of such public tender offer and specially related parties becoming 20% or above with respect to stock certificates, etc., issued by the Company, or any acts similar thereto (the “Purchase, etc.”) emerges, the Company requests any and all Purchasers, etc., to provide, in advance, information regarding the subject Purchase, etc., and give a period of time to collect, examine, and take other steps regarding said Purchase, etc. The Company will thus present the plan made by its Board of Directors or alternative plans to the shareholders, and will negotiate with a Purchaser, etc. In case a Purchaser, etc., pursuing Purchase, etc., without complying with the procedures prescribed in the Plan, or in case an act of Purchase, etc., by a Purchaser, etc., is judged to severely damage the corporate value of the Company and the common interests of shareholders, the Company may implement certain countermeasures.

(For reference)

For details of the Plan, please refer to the website of the Company:

(http://www.nissha.co.jp/news/disclosure/2010/05/had98i0000041gv-att/disclosure20100513_1.pdf)

As the effective period of the Plan will end at the end of this Ordinary General Meeting of Shareholders, the Company decided, at a meeting of its Board of Directors on May 10, 2013, to make partial revisions to and renew the Plan, subject to the approval of shareholders to be obtained at this Ordinary General Meeting of Shareholders, and announced the details of the said revisions on the same date. For details thereof, please refer Proposal 4 (Pages 50 through 76 of the Japanese original) in the attached Reference Materials for the General Meeting of Shareholders.

4) Judgment of the Board of Directors on aforementioned initiatives

The initiatives described in aforementioned 2) are formulated to secure and enhance the corporate value of the Company and the common interests of shareholders, and when the results of such initiatives are reflected in the evaluation of shares of the Company by shareholders and investors, large-scale purchases of shares that may significantly harm the corporate value of the Company and the common interests of shareholders are considered to become difficult.

The initiatives described in the aforementioned 3) set forth the procedures to secure and enhance the corporate value of the Company and the common interests of shareholders. Moreover, the Plan stipulates (i) the system to confirm the will of the Company's shareholders regarding whether to implement countermeasures against certain cases of purchase, in addition to its introduction having been approved by the shareholders at a general meeting of shareholders; (ii) that it may be abolished at any time by a resolution of the Board of Directors comprising directors appointed at the general meeting of shareholders; (iii) that the Company shall establish the Independent Committee to eliminate any arbitrary judgment of the Board of Directors and the Board of Directors shall pay the utmost respect to the advice of the Independent Committee in its decision making; and (iv) rational and objective prerequisites for the activation of the Plan.

Therefore, we believe that the initiatives described in aforementioned 2) and 3) are in line with the basic policy and contribute to protection and enhancement of the common interests of shareholders, and they are not aimed at maintaining the status of Directors and Corporate Auditors of the Company.

Consolidated Balance Sheets

(As of March 31, 2013)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	59,280	Current liabilities	61,144
Cash and deposits	23,974	Notes and accounts payable-trade	24,663
Notes and accounts receivable-trade	21,996	Short-term borrowings	21,099
Merchandise and finished goods	5,041	Lease liabilities	621
Work in process	2,052	Accrued expenses	3,186
Raw materials and supplies	2,161	Accrued income taxes	68
Deferred tax assets	598	Provision for bonuses	977
Consumption taxes receivable	2,836	Other	10,527
Other	834		
Allowance for doubtful accounts	(215)	Long-term liabilities	9,328
		Lease liabilities	1,872
Noncurrent assets	55,684	Deferred tax liabilities	1,326
Property, plant and equipment	45,282	Liability for retirement benefits	5,884
Buildings and structures	17,116	Other	244
Machinery, equipment and vehicles	16,550		
Tools, furniture and fixtures	1,236	Total liabilities	70,472
Land	6,175		
Lease assets	2,372	(NET ASSETS)	
Construction in progress	1,830	Shareholders' equity	42,704
		Capital stock	5,684
Intangible assets	3,702	Capital surplus	7,355
Software	3,300	Retained earnings	32,591
Other	402	Treasury stock	(2,926)
		Accumulated other comprehensive income	1,786
Investments and other assets	6,699	Valuation difference on available-for-sale securities	2,483
Investment securities	6,103	Foreign currency translation adjustment	(696)
Deferred tax assets	173		
Other	858	Total net assets	44,491
Allowance for doubtful accounts	(435)		
Total assets	114,964	Total liabilities and net assets	114,964

(Note: Amounts are rounded down to the nearest million yen.)

Consolidated Statements of Income

(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

Items	Amount	
Net sales		89,427
Cost of sales		83,508
Gross profit		5,918
Selling, general and administrative expenses		12,702
Operating loss		6,783
Non-operating income		
Interest and dividend income	180	
Foreign exchange gain	2,567	
Other	215	
		2,963
Non-operating expenses		
Interest expenses	166	
Compensation expenses	440	
Other	217	
		823
Ordinary loss		4,643
Extraordinary income		
Gain on sales of noncurrent assets	1,594	
Gain on sales of investment securities	9	
State subsidy	159	
		1,763
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,757	
Loss on reduction of noncurrent assets	152	
Impairment loss	220	
		2,130
Loss before income taxes		5,010
Current	270	
Deferred	156	
		427
Net loss before minority interests		5,438
Net loss		5,438

(Note: Amounts are rounded down to the nearest million yen.)

Consolidated Statements of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

Items	Amount
Shareholders' equity	
Capital stock	
Balance at the beginning of current period	5,684
Balance at the end of current period	5,684
Capital surplus	
Balance at the beginning of current period	7,355
Changes of items during the period	
Disposal of treasury stock	(0)
Total changes of items during the period	(0)
Balance at the end of current period	7,355
Retained earnings	
Balance at the beginning of current period	38,029
Changes of items during the period	
Net loss	(5,438)
Total changes of items during the period	(5,438)
Balance at the end of current period	32,591
Treasury stock	
Balance at the beginning of current period	(2,925)
Changes of items during the period	
Purchase of treasury stock	(0)
Disposal of treasury stock	0
Total changes of items during the period	(0)
Balance at the end of current period	(2,926)
Total shareholders' equity	
Balance at the beginning of current period	48,143
Changes of items during the period	
Net loss	(5,438)
Purchase of treasury stock	(0)
Disposal of treasury stock	0
Total changes of items during the period	(5,439)
Balance at the end of current period	42,704

(Note: Amounts are rounded down to the nearest million yen.)

(Millions of Yen)

Items	Amount
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	
Balance at the beginning of current period	2,807
Changes of items during the period	
Net changes of items other than shareholders' equity	(323)
Total changes of items during the period	(323)
Balance at the end of current period	2,483
Foreign currency translation adjustment	
Balance at the beginning of current period	(1,964)
Changes of items during the period	
Net changes of items other than shareholders' equity	1,268
Total changes of items during the period	1,268
Balance at the end of current period	(696)
Total accumulated other comprehensive income	
Balance at the beginning of current period	842
Changes of items during the period	
Net changes of items other than shareholders' equity	944
Total changes of items during the period	944
Balance at the end of current period	1,786
Total net assets	
Balance at the beginning of current period	48,986
Changes of items during the period	
Net loss	(5,438)
Purchase of treasury stock	(0)
Disposal of treasury stock	0
Net changes of items other than shareholders' equity	944
Total changes of items during the period	(4,494)
Balance at the end of current period	44,491

(Note: Amounts are rounded down to the nearest million yen.)

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

(1) Scope of consolidation

1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 23

Names of major consolidated subsidiaries

Nitec Industries, Inc., Nitec Precision, Inc., Nitec Precision and Technologies, Inc., Nissha USA, Inc., Nissha Korea Inc., Nissha (Kunshan) Precision IMD Mold Co. Ltd., Eimo Technologies, Inc.

(2) Application of equity method

No affiliates or subsidiaries are accounted for by the equity method.

(3) Fiscal year, etc. of consolidated subsidiaries

The balance sheet date of Nissha USA, Inc. and 10 other consolidated subsidiaries is December 31.

When preparing consolidated financial statements, we used the financial statements of the aforementioned consolidated subsidiaries as of their balance sheet date, and made the necessary consolidation adjustments for material transactions concluded between the consolidated balance sheet date and the balance sheet date of these subsidiaries.

(4) Significant accounting policies

1) Standards and methods of valuation of assets

i. Securities

Available-for-sale securities

-Available-for-sale securities with market values: Stated at fair value based on market prices as of the balance sheet date.

(Differences in valuation are included directly in net assets and the cost of securities sold is determined based on the moving-average method.)

-Available-for-sale securities without market values: Stated at cost determined by the moving-average method.

ii. Derivatives

Stated at fair value.

iii. Inventories

-Finished products Stated at cost determined by the specific identification method.

(excluding Decorative Film products of Industrial Materials) (The balance sheet amount is written down based on the decrease of profit.)

and work in process:

-Finished products Stated at cost determined by the moving-average method. (Decorative Film products of Industrial Materials): (The balance sheet amount is written down based on the decrease of profit.)

Materials):

-Raw materials and supplies: Stated at cost determined mainly by the periodic average method.

(The balance sheet amount is written down based on the decrease of profit.)

- 2) Depreciation methods of noncurrent assets
- i. Property, plant and equipment (excluding lease assets):
 Declining-balance method (However, the straight-line method is principally applied to foreign subsidiaries, etc.)
 Useful lives are principally as follows:
 Buildings and structures: 7 to 50 years
 Machinery, equipment and vehicles: 3 to 12 years
 - ii. Intangible assets (excluding lease assets)
 - Software: Software for internal use is amortized by the straight-line method based on a usable life of generally five years.
 - Other intangible assets: Amortized by the straight-line method.
 - iii. Lease assets
 - Lease assets concerning finance Depreciated by the straight-line method over the lease terms as useful lives with no residual value.
 leases except those that deem to transfer ownership of the leased property to the lessee:
- 3) Standards for accounting for significant reserves
- i. Allowance for doubtful accounts
 The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful accounts.
 - ii. Provision for bonuses
 To provide for the payment of bonuses to employees, the amount deemed necessary for employees' bonuses in the consolidated fiscal year under review is posted based on the estimated amount of payment.
 - iii. Provision for directors' bonuses
 To provide for the payment of bonuses to Directors and Corporate Auditors, the amount deemed necessary for bonuses for Directors and Corporate Auditors in the consolidated fiscal year under review is posted based on the estimated amount of payment.
 - iv. Liability for retirement benefits
 To provide for the payment of retirement benefits to employees, the Company posts the amount that is deemed to have accrued at the end of the consolidated fiscal year under review, based on projected benefit liability and plan assets at the end of the consolidated fiscal year under review.
 Actuarial gain/loss is recognized as expenses starting from the following consolidated fiscal year and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.
 Prior service cost is recognized as expenses starting from the consolidated fiscal year in which such cost is incurred and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.

- 4) Other items of basis of presenting consolidated financial statements
- i. Standard for translating major foreign-currency-denominated assets or liabilities into Japanese yen
Foreign-currency-denominated monetary claims and debts are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and exchange differences are scored as profits/losses. Assets, liabilities, earnings, and expenses of foreign subsidiaries are translated into Japanese yen at the spot exchange rates in effect at the balance sheet date of the relevant subsidiaries, and exchange differences are included in foreign currency translation adjustments under net assets.
 - ii. Accounting for consumption taxes
Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.
 - iii. Method and period of goodwill
Goodwill is amortized equally within a period that is decided on the basis of an estimate for the period during which its effect will be revealed (principally within five years).

- (5) Change in accounting policy that is difficult to distinguish from the change in accounting estimates
Effective from the fiscal year under review, pursuant to revisions to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property, plant and equipment, which have been obtained on and after April 1, 2012, to that based on the revised Corporation Tax Act.

Consequently, compared with the previous depreciation method, the operating loss, the ordinary loss and the loss before income taxes for the consolidated fiscal year under review each decreased by ¥522 million.

- (6) Unapplied accounting standards, etc.
Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 issued on May 17, 2012)
Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued on May 17, 2012)

- 1) Summary
The revisions in the above accounting standard and its implementation guidance mainly focused on (a) how unrecognized actuarial gains and losses and unrecognized prior service costs should be accounted for, (b) how retirement benefit liability and current service costs should be determined and (c) enhancement of disclosures from the viewpoint of improvements to financial reporting and international convergence.

- 2) Planned date of application
The aforementioned revised accounting standard and its guidance are planned to be applied from the end of fiscal 2014, the consolidated fiscal year ending March 31, 2014. Provided, however, that the revisions to the calculation method for retirement benefit obligations and current service costs are planned to be applied from the beginning of fiscal 2015, the consolidated fiscal year ending March 31, 2015.

- 3) Impact of the application of the above accounting standards
The impact of the application of the above accounting standard and its guidance is being estimated when the consolidated financial statements are prepared.

2. Notes to the Consolidated Balance Sheets

- | | |
|--|-----------------|
| (1) Accumulated depreciation concerning assets | |
| Accumulated depreciation on property, plant and equipment: | ¥49,431 million |
| (2) Guarantee liabilities | |
| Discount on notes receivable-trade: | ¥250 million |

3. Notes to the Consolidated Statements of Changes in Net Assets

- (1) Type and total number of shares issued at the end of the consolidated fiscal year under review
Common stock: 45,029 thousand shares
- (2) Items concerning dividends
 - 1) Dividends paid
Not applicable.
 - 2) Of dividends whose base date belong to the consolidated fiscal year under review, dividends that take effect in the following consolidated fiscal year
Not applicable.

4. Notes Concerning Financial Instruments

- (1) Items concerning the status of financial instruments
 - 1) Financial instrument guidelines
The Group focuses on highly safe financial assets in its fund management, and procures funds mainly through borrowings from banks. It carries out optimum fund procurements at each time while giving full consideration to the management environment. The Group uses derivative transactions to hedge foreign exchange risk, and does not enter into derivative transactions for speculative purposes.
 - 2) Details and risks of financial instruments
Notes and accounts receivable are exposed to credit risk of customers. As operating receivables denominated in foreign currencies, which arise from global business development, are exposed to the risk of fluctuating foreign exchange risk, for some of them, the Group uses forward exchange contracts to hedge against such risk.
Investment securities are exposed to the risk of fluctuating market prices.
Notes payable, accounts payable, and accrued expenses are all due within one year. Although some of these are denominated in foreign currencies and are exposed to foreign exchange risk, they are kept constantly within the scope of the outstanding balance of accounts receivable respectively denominated in the same foreign currencies.
Short-term borrowings are exposed to the risk of fluctuating interest rates because they are borrowed at variable interest rates.
 - 3) Financial instrument risk control structure
The credit status of major customers is assessed periodically through the management of due dates and outstanding balance by customer in accordance with Credit Management Regulations.
The Company uses forward exchange contracts to hedge foreign exchange risk associated with operating receivables/payables denominated in foreign currencies.
The operation and management of derivative transactions are conducted by the finance and accounting division in accordance with Exchange Contract Management Regulations. The status of transactions is reported quarterly to Chief Financial Officer.
The finance and accounting division periodically assesses the fair value of investment securities and the financial status, etc., of their issuers.
The finance and accounting division manages liquidity risk concerning fund procurement by preparing and/or updating fund management plans in a timely manner.

(2) Items concerning fair value, etc., of financial instruments

Book value, fair value, and net unrealized gains/losses as of March 31, 2013 (consolidated balance sheet date of the current term) are as follows. Those whose fair value is difficult to assess are not included in the following table. (Refer to Note 2.)

(Millions of Yen)			
	Book value	Fair value	Net unrealized gains/losses
(1) Cash and deposits	23,974	23,974	-
(2) Notes and accounts receivable-trade	21,996	21,996	-
(3) Consumption taxes receivable	2,836	2,836	-
(4) Investment securities	5,733	5,733	-
Total assets	54,541	54,541	-
(1) Notes and accounts payable-trade	24,663	24,663	-
(2) Short-term borrowings	21,099	21,099	-
(3) Accrued expenses	3,186	3,186	-
(4) Accrued income taxes	68	68	-
(5) Lease liabilities	2,494	2,456	(38)
Total liabilities	51,512	51,473	(38)

(Note 1) Items concerning method of calculating fair values of financial instruments and securities

Assets

- (1) Cash and deposits
- (2) Notes and accounts receivable-trade
- (3) Consumption taxes receivable

Because these are settled within a short period, fair value is almost the same as book value. Therefore, fair value is based on the relevant book value.

- (4) Investment securities

Fair values of investment securities are based on the market prices as of the end of the consolidated fiscal year under review.

Notes concerning securities by purpose of holding are as follows:

- 1) Available-for-sale securities (March 31, 2013)

(Millions of Yen)			
Classification	Amount on consolidated balance sheets	Acquisition cost	Net unrealized gains/losses
Securities with amount on consolidated balance sheets exceeding acquisition cost			
Stock	5,264	1,405	3,859
Other	17	14	3
Subtotal	5,282	1,419	3,862
Securities with amount on consolidated balance sheets not exceeding acquisition cost			
Stock	440	555	(115)
Other	10	11	(1)
Subtotal	451	567	(116)
Total	5,733	1,987	3,746

- 2) Available-for-sale securities that were sold during the consolidated fiscal year (from April 1, 2012 to March 31, 2013)

(Millions of Yen)

Classification	Sales Value	Total gain on sales	Total loss on sales
Stock	65	9	-
Total	65	9	-

- 3) Securities for which impairment losses were recognized (from April 1, 2012 to March 31, 2013)
 “Acquisition cost” in the above table is the book value after impairment losses were recognized. Impairment losses were recognized in the consolidated fiscal year under review, and loss on valuation of investment securities of ¥48 million was posted.

Liabilities

- (1) Notes and accounts payable-trade
- (2) Short-term borrowings
- (3) Accrued expenses
- (4) Accrued income taxes

Because these are settled within a short period, fair value is almost the same as book value. Therefore, fair value is based on the relevant book value.

- (5) Lease liabilities

Fair value is estimated at present value, which is calculated by discounting principal and interest at a rate assumed to be applied to a new similar lease transaction.

- (Note 2) Financial instruments whose fair value is deemed to be very difficult to assess

(Millions of Yen)

Classification	Book value
Unlisted stock	102
Other	267
Total	370

The aforementioned financial instruments are not included among “Assets (4) Investment securities” because they have no market prices and it is deemed to be very difficult to assess their fair values. Impairment losses were recognized for the aforementioned unlisted stocks in the consolidated fiscal year under review and a loss on valuation of investment securities of ¥4 million was posted.

- (Note 3) Projected redemption amounts for monetary claims with maturities after the consolidated settlement date

(Millions of Yen)

	Within one year
Cash and deposits	23,974
Notes and accounts receivable	21,996
Consumption taxes receivable	2,836
Total	48,808

(*) Investment securities are not presented because there are no investment securities with maturities.

- (Note 4) Projected repayment amounts of lease liabilities after the consolidated settlement date

(Millions of Yen)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease liabilities	621	611	604	599	56	0
Total	621	611	604	599	56	0

(*) Long-term loans payable is not presented because it is not material.

5. Notes to Per Share Information

Net assets per share	¥1,036.74
Net loss per share	¥126.72

6. Other Notes (Notes to loss on reduction of noncurrent assets)

Loss on reduction of noncurrent assets is the amount directly reduced from the acquisition value of assets obtained through the acceptance of state subsidy.

Land	¥59 million
Buildings	<u>¥93 million</u>
Total	<u>¥152 million</u>

7. Other Notes (Notes to Impairment Loss)

The Group posted the following impairment losses by asset group for the consolidated fiscal year under review.
(Millions of Yen)

Application	Location	Type	Impairment loss
Production equipment	Kyotango, Kyoto	Buildings and structures, Machinery, equipment and vehicles, etc.	212
Production equipment	Kameoka, Kyoto	Machinery, equipment and vehicles, etc.	7
Total			220

The asset grouping for the Group was made based on business segments. However, idle assets, which are planned to be sold or for which future use cannot be expected, were grouped separately as a minimum unit of generating independent, identifiable cash flows.

Because future use of the above assets could be no longer expected as a result of the decision to shut down Nitec Mold Engineering, Inc., due to changes in its market environment and business structure, the book value thereof was reduced to the respective recoverable amounts, and the reductions were posted as impairment losses under the extraordinary loss. The breakdown of impairment losses is ¥99 million for buildings and structures, ¥87 million for machinery, equipment and vehicles, ¥28 million for land and ¥4 million for other.

The recoverable amounts are measured by the net realizable value. The net realizable value for land is calculated based on the assessments of inheritance tax according to the prices of land fronting major roads, whereas the net realizable value for other assets is calculated based on the memorandum price.

Non-consolidated Balance Sheets

(As of March 31, 2013)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	59,120	Current liabilities	53,650
Cash and deposits	16,556	Notes payable-trade	2,154
Notes receivable-trade	1,235	Accounts payable-trade	22,133
Accounts receivable-trade	19,894	Short-term borrowings	21,000
Short-term loans receivable	12,218	Accrued expenses	1,500
Merchandise and finished goods	3,296	Provision for bonuses	459
Work in process	750	Other	6,402
Raw materials and supplies	37		
Prepaid expenses	285	Long-term liabilities	7,195
Accounts receivable-other	2,873	Deferred tax liability	1,294
Consumption taxes receivable	2,106	Liability for retirement benefits	5,702
Other	65	Asset retirement obligation	22
Allowance for doubtful accounts	(200)	Other	175
		Total liabilities	60,846
Noncurrent assets	43,745	(NET ASSETS)	
Property, plant and equipment	17,133	Shareholders' equity	39,535
Buildings	9,671	Capital stock	5,684
Structures	207	Capital surplus	7,355
Machinery and equipment	112	Legal capital surplus	7,115
Vehicles	1	Other capital surplus	240
Tools, furniture and fixtures	933	Retained earnings	29,422
Land	6,111	Legal retained earnings	1,230
Lease assets	3	Other retained earnings	28,192
Construction in progress	91	General reserve	28,766
Intangible assets	3,526	Retained earnings brought forward	(573)
Software	3,240	Treasury stock	(2,926)
Other	286		
Investments and other assets	23,086	Valuation and translation adjustments	2,483
Investment securities	6,103	Valuation difference on available-for-sale securities	2,483
Stocks of subsidiaries and affiliates	2,845		
Investments in capital of subsidiaries and affiliates	1,480		
Long-term loans receivable	15,032		
Claims provable in bankruptcy, claims provable in rehabilitation and other	433		
Other	228		
Allowance for doubtful accounts	(2,920)		
Allowance for investment loss	(118)		
		Total net assets	42,019
Total assets	102,865	Total liabilities and net assets	102,865

(Note: Amounts are rounded down to the nearest million yen.)

Non-consolidated Statements of Income

(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

Items	Amount	
Net sales		82,526
Cost of sales		77,872
Gross profit		4,653
Selling, general, and administrative expenses		11,531
Operating loss		6,877
Non-operating income		
Interest and dividend income	400	
Noncurrent assets rent	1,207	
Foreign exchange gain	2,637	
Other	229	
		4,475
Non-operating expenses		
Interest expenses	161	
Loss on valuation of investment securities	53	
Expenses for noncurrent asset loaned	895	
Compensation expenses	440	
Other	137	
		1,687
Ordinary loss		4,090
Extraordinary income		
Gain on sales of noncurrent assets	1,277	
State subsidy	59	
Gain on extinguishment of tie-in shares	1,724	
Reversal of allowance for investment loss	75	
		3,137
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	143	
Loss on reduction of noncurrent assets	59	
Loss on valuation of stocks of subsidiaries and affiliates	9	
Provision of allowance for doubtful debts of subsidiaries and affiliates	1,965	
		2,179
Loss before income taxes		3,132
Current	14	14
Net loss		3,146

(Note: Amounts are rounded down to the nearest million yen.)

Non-consolidated Statements of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

Items	Amount
Shareholders' equity	
Capital stock	
Balance at the beginning of current period	5,684
Balance at the end of current period	5,684
Capital surplus	
Legal capital surplus	
Balance at the beginning of current period	7,115
Balance at the end of current period	7,115
Other capital surplus	
Balance at the beginning of current period	240
Changes of items during the period	
Disposal of treasury stock	(0)
Total changes of items during the period	(0)
Balance at the end of current period	240
Total capital surplus	
Balance at the beginning of current period	7,355
Changes of items during the period	
Disposal of treasury stock	(0)
Total changes of items during the period	(0)
Balance at the end of current period	7,355
Retained earnings	
Legal retained earnings	
Balance at the beginning of current period	1,230
Balance at the end of current period	1,230
Other retained earnings	
General reserve	
Balance at the beginning of current period	28,766
Balance at the end of current period	28,766
Retained earnings brought forward	
Balance at the beginning of current period	2,572
Changes of items during the period	
Net loss	(3,146)
Total changes of items during the period	(3,146)
Balance at the end of current period	(573)
Total retained earnings	
Balance at the beginning of current period	32,568
Changes of items during the period	
Net loss	(3,146)
Total changes of items during the period	(3,146)
Balance at the end of current period	29,422

(Note: Amounts are rounded down to the nearest million yen.)

(Millions of Yen)

Items	Amount
Treasury stock	
Balance at the beginning of current period	(2,925)
Changes of items during the period	
Purchase of treasury stock	(0)
Disposal of treasury stock	0
Total changes of items during the period	(0)
Balance at the end of current period	(2,926)
Total shareholders' equity	
Balance at the beginning of current period	42,683
Changes of items during the period	
Net loss	(3,146)
Purchase of treasury stock	(0)
Disposal of treasury stock	0
Total changes of items during the period	(3,147)
Balance at the end of current period	39,535
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the beginning of current period	530
Changes of items during the period	
Net changes of items other than shareholders' equity	1,952
Total changes of items during the period	1,952
Balance at the end of current period	2,483
Total valuation and translation adjustments	
Balance at the beginning of current period	530
Changes of items during the period	
Net changes of items other than shareholders' equity	1,952
Total changes of items during the period	1,952
Balance at the end of current period	2,483
Total net assets	
Balance at the beginning of current period	43,214
Changes of items during the period	
Net loss	(3,146)
Purchase of treasury stock	(0)
Disposal of treasury stock	0
Net changes of items other than shareholders' equity	1,952
Total changes of items during the period	(1,194)
Balance at the end of current period	42,019

(Note: Amounts are rounded down to the nearest million yen.)

Notes to Non-consolidated Financial Statements

1. Notes to Items Concerning Significant Accounting Policies

(1) Standards and methods of valuation of assets

1) Securities

- i. Stocks of subsidiaries Stated at cost determined by the moving-average method.
- ii. Available-for-sale securities
 - Available-for-sale securities Stated at fair value based on market prices as of the
 - with market values: balance sheet date.
 - (Differences in valuation are included directly in net assets and the cost of securities sold is determined based on the moving-average method.)
 - Available-for-sale securities Stated at cost determined by the moving-average method.
 - without market values:

2) Derivatives Stated at fair value.

3) Inventories

- Finished products Stated at cost determined by the specific identification method.
- (excluding Decorative Film products of Industrial Materials) (The balance sheet amount is written down based on the decrease of profit.)
- and work in process:
- Finished products Stated at cost determined by the moving-average method.
- (Decorative Film products of Industrial Materials) (The balance sheet amount is written down based on the decrease of profit.)
- Raw materials and supplies: Stated at cost determined mainly by the periodic average method.
- (The balance sheet amount is written down based on the decrease of profit.)

(2) Depreciation methods of fixed assets

1) Property, plant and equipment (excluding lease assets):

- Declining-balance method
- Useful lives are principally as follows:
- Buildings and structures: 7 to 50 years
- Machinery, equipment and vehicles: 3 to 12 years

2) Intangible assets (excluding lease assets)

- Software: Software for internal use is amortized by the straight-line method based on a usable life of generally five years.
- Other intangible assets: Amortized by the straight-line method.

3) Lease assets

- Lease assets concerning finance leases except those that deem to transfer ownership of the leased property to the lessee: Depreciated for by the straight-line method over the lease terms as useful lives with no residual value.

4) Long-term prepaid expenses: Amortized by straight-line method

- (3) Standards of accounting for significant reserves
- 1) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful receivables.
 - 2) Allowance for investment loss
To provide against losses on investments in subsidiaries and affiliates, an allowance for investment loss is posted in consideration of the financial conditions of the said subsidiaries and affiliates.
 - 3) Provision for bonuses
To provide for the payment of bonuses to employees, the amount deemed necessary for employees' bonuses in the fiscal year under review is posted based on the estimated amount of payment.
 - 4) Provision for directors' bonuses
To provide for the payment of bonuses to Directors and Corporate Auditors, the amount deemed necessary for bonuses for Directors and Corporate Auditors in the fiscal year under review is posted based on the estimated amount of payment.
 - 5) Liability for retirement benefits
To provide for the payment of retirement benefits to employees, the Company posts an amount that is deemed to have accrued at the end of the fiscal year under review, based on projected benefit liability and plan assets at the end of the fiscal year under review.
Actuarial gain/loss is recognized as expenses starting from the following fiscal year and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.
Prior service cost is recognized as expenses starting from the fiscal year in which such cost was incurred and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.
- (4) Other items of basis of presenting non-consolidated financial statements
- Accounting for consumption tax
Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.
- (5) Change in accounting policy that is difficult to distinguish from the change in accounting estimates
Effective from the fiscal year under review, pursuant to revisions to the Corporation Tax Act, the Company has changed its depreciation method for property, plant and equipment, which have been obtained on and after April 1, 2012, to that based on the revised Corporation Tax Act.
Consequently, compared with the previous depreciation method, the operating loss, the ordinary loss and the loss before income taxes for the fiscal year under review each decreased by ¥10 million.

2. Notes to the Non-consolidated Balance Sheets

- | | |
|--|-----------------|
| (1) Accumulated depreciation concerning assets | |
| Accumulated depreciation on property, plant and equipment: | ¥21,618 million |
| (2) Guarantee liabilities | |
| 1) Guarantee liabilities | ¥3,383 million |
| The Company guarantees factoring debts of subsidiaries and affiliates. | |
| 2) Discount on notes receivable-trade: | ¥250 million |

(3)	Monetary claims receivable from and monetary debts payable to subsidiaries and affiliates	
	Short-term monetary claims	¥16,057 million
	Long-term monetary claims	¥14,977 million
	Short-term monetary debts	¥3,408 million
(4)	Monetary debts payable to directors and corporate auditors	¥73 million
	Long-term monetary debts payable to directors and corporate auditors are liabilities concerning amounts equivalent to payments of retirement allowances to each of them, corresponding to the period up until the day the Company terminated its unfunded retirement allowance plan for directors and corporate auditors. They are included in “Other” under Long-term liabilities.	

3. Notes to the Non-consolidated Statements of Income

(1)	Transactions with subsidiaries and affiliates	
	Operating transactions	
	Net sales	¥3,631 million
	Purchases	¥59,739 million
	Non-operating transactions	¥1,557 million

4. Notes to the Non-consolidated Statements of Changes in Net Assets

(1)	Class and number of shares of treasury stock at the end of the fiscal year under review	
	Common stock	2,114 thousand shares

5. Notes to Tax Effect Accounting

Significant cause-specific components of deferred tax assets and deferred tax liabilities

1)	Current		
	Deferred tax assets	Inventories	¥335 million
		Allowance for doubtful accounts	¥60 million
		Provision for bonuses	¥174 million
		Other	¥103 million
		Subtotal deferred tax assets	¥674 million
		Less valuation allowance	(¥674 million)
	Total deferred tax assets		-
2)	Noncurrent		
	Deferred tax assets	Depreciation	¥492 million
		Impairment loss	¥1,055 million
		Software	¥202 million
		Investment securities	¥228 million
		Stocks of subsidiaries	¥363 million
		Allowance for doubtful accounts	¥998 million
		Liability for retirement benefits	¥2,031 million
		Tax loss carryforward	¥5,872 million
		Other	¥107 million
		Subtotal deferred tax assets	¥11,351 million
		Less valuation allowance	(¥11,351 million)
	Total deferred tax assets		-
	Deferred tax liabilities	Unrealized gain on available-for-sale securities	(¥1,294 million)
	Net deferred tax assets (liabilities)		(¥1,294 million)

6. Notes to Related Party Transactions

Type	Company name	Ownership (owned) percentage	Relationship	Description of transaction	Transaction amount (Millions of Yen)	Items	Balance at the end of the fiscal year (Millions of Yen)
Subsidiaries	Nitec Industries, Inc.	(Owning) 100%	Manufacturing of products of the Company	Onerous supply of materials	-	Accounts receivable-other	2,663
				Purchase of products	14,989	Accounts payable-trade	1,085
				Rent of noncurrent assets	614	-	-
				Collection of funds	846	Short-term loans receivable	813
						Long-term loans receivable	5,650
	Nitec Precision, Inc.	(Owning) 100%	Manufacturing of products of the Company	Purchase of products	19,087	Accounts payable-trade	458
				Lending of funds	2,244	Short-term loans receivable	6,042
	Nitec Precision and Technologies, Inc.	(Owning) 100%	Manufacturing of products of the Company Concurrent directors and corporate auditor	Purchase of products	19,577	Accounts payable-trade	528
				Lending of funds	4,832	Short-term loans receivable	4,832
				Loan guarantee	2,694	Long-term loans receivable	5,955
	Nissha Business Service Co., Ltd.	(Owning) 100%	Management of real estate Temporary staffing service Concurrent directors and corporate auditor	Absorption-type company split			
				Succeeded assets	6,459		
				Succeeded obligations	3,134	-	-
				Succeeded valuation difference on available-for-sale securities	1,589		
				Gain on extinguishment of tie-in shares	1,724		

Transaction condition and policy for deciding transaction condition

- (Notes):
1. Offset elimination processing is conducted for onerous transactions of materials in the Non-consolidated Statements of Income.
 2. The purchase of products, etc., is decided in consideration of market prices.
 3. The lending of funds is decided in consideration of market prices. The provision of collateral is not allowed.
 4. An allowance for doubtful accounts of ¥1,685 million is posted with regard to the funding of Nitec Industries, Inc. A provision of allowance for doubtful debts of subsidiaries and affiliates of ¥1,685 million was posted for the fiscal year under review.
 5. Loan guarantee refers to guarantee liabilities on factoring debts.
 6. Consumption taxes are not included in the transaction amount. They are included in the balance at the end of the fiscal year.

7. Notes to Per Share Information

Net assets per share	¥979.13
Net loss per share	¥73.32

8. Other Notes (Notes to Retirement Benefit Accounting)

(1) General information on adopted employee retirement benefit plans

The Company has adopted a defined benefit pension plan, in addition to an in-house reserve lump-sum severance payment plan in accordance with the Retirement Allowance Regulations.

(2) Items concerning retirement benefit liabilities

1) Projected benefit liability	(¥6,980 million)
2) Fair value of plan assets	¥1,365 million
3) Unfunded retirement benefit liability (1) + 2))	(¥5,615 million)
4) Unrecognized actuarial loss	¥61 million
5) Unrecognized prior service cost	(¥147 million)
6) Liability for retirement benefits (3) + 4) + 5))	(¥5,702 million)

(3) Items concerning retirement benefit expenses

1) Service cost	¥589 million
2) Interest cost	¥133 million
3) Expected return on plan assets	(¥12 million)
4) Recognized actuarial gain/loss	¥8 million
5) Amortization of prior service cost	(¥29 million)
6) Net retirement benefit expenses (1) + 2) + 3) + 4) + 5))	¥689 million

(Note) Service cost includes the expense of ¥415 million, incurred in connection with the payment of retirement benefit for those who had been seconded to or from subsidiaries and affiliates.

(4) Items concerning basis for calculating projected benefit liability

1) Discount rate	1.3%
2) Expected rate of return on plan assets	1.0%
3) Method of attributing projected benefits to periods of service	Periodic straight-line basis
4) Recognition period of actuarial gain/loss	10 years (The amount allocated by the straight-line method is expensed from the following fiscal year.)
5) Amortization period of prior service cost	10 years (The amount allocated by the straight-line method is expensed from the fiscal year when the cost was incurred.)

9. Other Notes (Notes to loss on reduction of noncurrent assets)

Loss on reduction of noncurrent assets is the amount directly reduced from the acquisition value of assets obtained through the acceptance of a state subsidy.

Land	¥59 million
Total	¥59 million

Copy of Accounting Auditors' Report Relating to the Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 7, 2013

To the Board of Directors of
Nissha Printing Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Koichiro Tsukuda

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Hirokazu Miura

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheets as of March 31, 2013 of Nissha Printing Co., Ltd. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from April 1, 2012 to March 31, 2013, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Copy of Accounting Auditors' Report Relating to the Consolidated Financial Statements

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2013, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of Accounting Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 7, 2013

To the Board of Directors of
Nissha Printing Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Koichiro Tsukuda

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Hirokazu Miura

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheets as of March 31, 2013 of Nissha Printing Co., Ltd. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the 94th fiscal year from April 1, 2012 to March 31, 2013, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

Copy of Accounting Auditors' Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2013, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of Audit Report of the Board of Corporate Auditors

(TRANSLATION)

AUDIT REPORT

The Board of Corporate Auditors, upon deliberation, has prepared this Audit Report based on the audit reports prepared by each Corporate Auditor regarding the execution by the Directors of their duties during the 94th business term from April 1, 2012 through March 31, 2013, and hereby reports as follows:

1. Auditing Methods Employed by Corporate Auditors and the Board of Corporate Auditors, and Details Thereof

The Board of Corporate Auditors established the auditing policy, auditing plans and other guidelines for the term under review, received reports from each Corporate Auditor on the execution of audits and results thereof, and in addition, and received reports from Directors, etc. and the Accounting Auditor on the execution of their duties, and when necessary, requested explanations regarding such reports.

In accordance with the auditing standards for Corporate Auditors, established by the Board of Corporate Auditors, and the auditing policy, auditing plans and other guidelines, each Corporate Auditor maintained good communications with Directors, the Internal Control-related division, other employees, etc., and collected information and improved the auditing environment, as well as attended meetings of the Board of Directors and other meetings deemed important, received reports on the execution of their duties from Directors, employees, etc. and, when necessary, requested explanations, inspected documents on the basis of which important decisions were made, and examined status of business and assets at the head office and principal offices. We received reports from Directors and employees, etc., requested explanations regarding such reports when necessary and expressed our opinions regarding the status of construction and management of details of resolutions made by the Board of Directors concerning the establishment of systems necessary to ensure that the execution of the duties by Directors and employees complies with laws, regulations and the Company's articles of incorporation, which is listed in business report, and systems defined under Paragraph 1 and Paragraph 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as what is other systems necessary to ensure the properness of operations of the Company, and systems established on the basis of said resolution (internal control systems). With regard to the basic policy regarding parties who hold control over the determination of the Company's financial matter and business policies, which is stated in the business report, and various activities, we reviewed details based on the deliberations of the Board of Directors, etc. We also maintained good communications and exchanged information with directors, corporate auditors and others of subsidiaries of the Company and, as necessary, received from the subsidiaries reports on their business conditions. Based on the methods stated above, we reviewed the business report for the said business term and their supplementary schedules.

We also monitored and verified whether the Accounting Auditor maintains independence and properly conducts audits, received from the Accounting Auditor reports on the execution of duties and, when necessary, requested explanations. We received a report from the Accounting Auditor that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Ordinance for Corporate Accounting) have been established in accordance with the "Standards for Quality Control of Audit Practices" (Business Accounting Council, October 28, 2005), etc. and, when necessary, requested explanations from the Accounting Auditor. Based on the methods mentioned above, we reviewed the financial statements for the said business term (balance sheets, statements of income, statements of changes in net assets and notes to non-consolidated financial statements), their supplementary schedules and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report, etc.

- 1) The business report and its supplementary schedules are found to correctly present the status of the Company in conformity with laws, regulations, and the Company's articles of incorporation.
- 2) With respect to the execution of duties by Directors, no misconduct or material fact in violation of laws, regulations or the Company's articles of incorporation is found to exist.
- 3) The details of resolutions passed by the Board of Directors concerning internal control systems are found to be appropriate. In addition, there is nothing to be reported on the contents of the business report and the execution of duties by Directors regarding the relevant internal control systems.

Copy of Audit Report of the Board of Corporate Auditors

- 4) There is nothing to be reported on the basic policy regarding parties who hold control over the determination of the Company's financial matter and business policies, which is stated in the business report. Activities based on the relevant basic policy are found neither to damage the common interests of shareholders of the Company nor to have the purpose of maintaining the positions of Directors and Corporate Auditors of the Company.
- (2) Results of audit of financial statements and their supplementary schedules
The methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are found to be appropriate.
- (3) Results of audit of consolidated financial statements
The methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are found to be appropriate.

May 8, 2013

Board of Corporate Auditors of Nissha Printing Co., Ltd.

Full-time Corporate Auditor	Yoshitaka Matsumiya	(Seal)
Full-time Corporate Auditor	Hitoshi Konishi	(Seal)
Outside Corporate Auditor	Yoshio Nakano	(Seal)
Outside Corporate Auditor	Shigeaki Momo-o	(Seal)

END

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of 7 Directors

The term of office of all of the Company's Directors (7) shall expire at the end of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of 7 Directors including 2 Outside Directors.

The candidates for the position of Director are as follows.

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
1	Junya Suzuki (December 8, 1964)	<p>April 1990 Entered The Dai-ichi Kangyo Bank, Limited (Currently, Mizuho Financial Group, Inc.), Ginza Branch Office</p> <p>April 1993 Industrial Research Office, Corporation Planning Division</p> <p>March 1996 Los Angeles Branch Office</p> <p>March 1998 Entered the Company</p> <p>June 1999 Director</p> <p>June 2001 Executive Director</p> <p>June 2003 Senior Executive Director</p> <p>July 2005 Corporate Vice President, Member of the Board</p> <p>June 2007 President and CEO, Representative Director of the Board (present post) Currently, Chief Executive Officer</p> <p>(Significant positions concurrently held)</p> <ul style="list-style-type: none"> • Chairperson, President and Director, Nissha USA, Inc. • President and CEO, Representative Director of the Board, Suzuki Kosan Co., Ltd. • Representative Director, Nissha Foundation for Printing Culture and Technology 	605,051 shares

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
2	Takao Hashimoto (September 11, 1948)	<p>April 1973 Entered the Company</p> <p>June 2005 Director</p> <p>June 2008 Executive Vice President, Member of the Board</p> <p>April 2013 Senior Executive Vice President, Member of the Board (present post) Currently, Chief Technology Officer</p>	14,161 shares
3	Takuji Shibata (July 21, 1948)	<p>March 1967 Entered the Company</p> <p>June 1999 Director</p> <p>July 2007 Executive Director</p> <p>June 2008 Executive Vice President, Member of the Board (present post) Currently, Chief Production Officer</p>	16,130 shares
4	Hayato Nishihara (February 16, 1953)	<p>April 1976 Entered The Dai-ichi Kangyo Bank, Limited (Currently, Mizuho Financial Group, Inc.)</p> <p>December 2004 Entered the Company</p> <p>June 2008 Vice President, Deputy General Manager of Administration</p> <p>April 2009 Vice President, General Manager of Corporate Finance and Accounting</p> <p>April 2011 Senior Vice President</p> <p>June 2012 Senior Vice President, Member of the Board</p> <p>April 2013 Executive Vice President, Member of the Board (present post) Currently, Chief Financial Officer</p>	2,097 shares
5	Yoshiharu Tsuji (February 19, 1942)	<p>March 1965 Entered the Company</p> <p>June 1987 Director</p> <p>June 1997 Executive Director</p> <p>June 2001 Senior Executive Director</p> <p>July 2005 Corporate Vice President, Member of the Board</p> <p>June 2007 Corporate Vice President, Representative Director of the Board</p> <p>April 2012 Representative Director of the Board</p> <p>June 2012 Director (present post) Currently, Special Assistant to President</p>	32,278 shares

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
6	Tamio Kubota (August 4, 1947)	<p>April 1972 Entered The Dai-ichi Kangyo Bank, Limited (Currently, Mizuho Financial Group, Inc.)</p> <p>June 1979 Completed MBA, Yale School of Management, Yale University, USA</p> <p>January 2001 General Manager, International Credit Supervision Division, The Dai-ichi Kangyo Bank, Limited</p> <p>April 2002 Entered TOKYO LEASING CO., LTD. (Currently, Century Tokyo Leasing Corporation)</p> <p>June 2006 Representative Director and Senior Executive Officer</p> <p>June 2007 Senior Executive Officer</p> <p>June 2007 Outside Director, the Company (present post)</p> <p>June 2008 Outside Corporate Auditor, Takashima & Co., Ltd. (Full-time)</p>	3,318 shares
7	Kenji Kojima (February 5, 1948)	<p>April 1970 Entered Matsushita Electric Industrial Co., Ltd. (Currently, Panasonic Corporation)</p> <p>June 1975 Completed MBA, Kellogg School of Management, Northwestern University, USA</p> <p>March 1979 Acquired PhD, Kobe University Graduate School of Business Administration</p> <p>March 1985 Visiting Researcher, Yale School of Management, Yale University, USA</p> <p>September 1988 Visiting researcher, Stanford University, Electrical Engineering Department, USA</p> <p>January 1993 Visiting researcher, Harvard University, Economics Department, USA</p> <p>May 1999 Professor at Research Institute for Economics & Business Administration, Kobe University</p> <p>June 2008 Outside Director, the Company (present post)</p> <p>April 2012 Specially Appointed Professor at Research Institute for Economics & Business Administration, Kobe University (present post)</p>	0 shares

- Notes:
1. No special interest exists between any of the candidates and the Company.
 2. Shares held under the name of the shareholding association are included in the number of shares in the Company held.
 3. Both Mr. Tamio Kubota and Mr. Kenji Kojima are Candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 4. Special items regarding each Candidate for Outside Director are as follows.
 - (1) Mr. Tamio Kubota worked for The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.), in personnel, planning, research and the international divisions; for TOKYO LEASING CO., LTD. (currently, Century Tokyo Leasing Corporation), as Representative Director and Senior Executive Officer; and for Takashima & Co., Ltd., as Outside Corporate Auditor.
Mr. Tamio Kubota has given valuable advice and opinions from an independent point of view across the whole range of the Company's management, making the most of his international knowledge, broad experience as a manager or a corporate auditor in other companies and his excellent judgment gained through such experience. We ask for his election as an Outside Director, since we judged that he will continue to give his valuable counsel.
 - (2) Mr. Kenji Kojima has not participated in corporate management other than as an Outside Director for the Company, but he has given his specialist, objective and valuable counsel from an independent point of view, that comes from his

deep knowledge as a researcher in corporate governance and corporate strategy, and also his rich experiences in developing businesspersons at the Kobe University Graduate School of Business Administration MBA program. We ask for his election as an Outside Director, since we judged that he will continue to give his valuable counsel.

- (3) The terms of office for both Mr. Tamio Kubota and Mr. Kenji Kojima will be for 6 years and 5 years respectively as Outside Directors as of the end of this Ordinary General Meeting of Shareholders.
- (4) Mr. Kenji Kojima conducts seminars on general management strategy for the executives of the Company and receives compensation for doing so, however, the amount is small and it would not affect the independence of Mr. Kenji Kojima as a Director.
- (5) The Company has concluded contracts for limitation of liability with both Mr. Tamio Kubota and Mr. Kenji Kojima, and if we obtain approval for their reelections, we will continue these contracts.

The aforementioned contracts limit liability for damages to the Company under Article 423, Paragraph 1, of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act, when the Director's duty is performed in good faith and with no gross negligence.

- (6) Each of the Tokyo Stock Exchange and Osaka Securities Exchange was notified of Mr. Tamio Kubota and Mr. Kenji Kojima as Independent Directors of the Company.

Proposal 2: Election of 1 Corporate Auditor

The term of office of Corporate Auditor, Mr. Yoshitaka Matsumiya shall expire at the end of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of 1 Corporate Auditor.

The consent of the Board of Corporate Auditors has been obtained in regard to this proposal.

The candidate for the position of Corporate Auditor is as follows.

Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
Yoshitaka Matsumiya (December 8, 1947)	March 1971	5,682 shares
	Entered the Company	
	April 1991	
	Department Manager of Corporate Strategy, Performance Accounting	
	April 2002	
Deputy General Manager of Administration		
April 2005		
Deputy General Manager of Corporate Strategy Planning (Treated as General Manager)		
June 2009		
Full-time Corporate Auditor (present post)		

- Notes:
1. No special interest exists between the candidate and the Company.
 2. Shares held under the name of the shareholding association are included in the number of shares in the Company held.

Proposal 3: Election of 1 Alternate Corporate Auditor

The effective period for the election of the Alternate Corporate Auditor, Mr. Yusuke Nakano, which was approved at the 90th Ordinary General Meeting of Shareholders held on June 25, 2009, shall expire at the end of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of 1 Alternate Corporate Auditor in advance, in case the Company lacks the number of Outside Corporate Auditors stipulated in laws and regulations.

The consent of the Board of Corporate Auditors has been obtained in regard to this proposal.

Furthermore, pursuant to the stipulation of Article 32, Paragraph 3 of the Company's articles of incorporation, the election for Alternate Corporate Auditor under this proposition shall remain in effective until the end of the Ordinary General Meeting of Shareholders with regard to the final fiscal year completed within 4 years after the election.

The candidate for the position of Alternate Corporate Auditor is as follows:

Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
Yusuke Nakano (May 15, 1969)	April 2002 Registered as a certified public accountant	0 shares
	July 2005 Representative Partner, SEIYU AUDIT CORPORATION (present post)	
	September 2005 Outside Corporate Auditor, OHNISHI DENKI CO., LTD.	
	April 2006 Visiting Associate Professor, Ritsumeikan University Management School	
	January 2010 Representative, Nakano Certified Public Accountant (present post)	
	June 2011 Outside Corporate Auditor, FUJIX Ltd. (present post)	

- Notes:
1. No special interest exists between the candidate and the Company.
 2. Mr. Yusuke Nakano is a candidate for Alternate Outside Corporate Auditor.
 3. Special items regarding the Candidate for Alternate Outside Corporate Auditor are as follows:
 - (1) Mr. Yusuke Nakano has not participated in corporate management other than as an Outside Corporate Auditor for other companies, but we judged that he will fulfill his duties appropriately as an Outside Corporate Auditor from an independent point of view by drawing on his ample knowledge regarding finance, accounting and business management as a certified public accountant and his sufficient expertise for administering corporate management. Therefore, we ask for his election as an Alternate Outside Corporate Auditor.
 - (2) The Company plans to conclude a contract for limitation of liability with Mr. Yusuke Nakano if we obtain approval for his election.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1, of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act, when the Corporate Auditor's duty is performed in good faith and with no gross negligence.

Proposal 4: Renewal of Countermeasures Against a Large-scale Purchase of Shares of the Company (Takeover Defense Measures)

The effective period of the “Countermeasures Against a Large-scale Purchase of Shares of the Company” (the “Former Plan”), which was approved at the 91st Ordinary General Meeting of Shareholders held on June 25, 2010, will end at the end of this Ordinary General Meeting of Shareholders.

While taking into account recent developments and so forth in discussions concerning takeover defense measures, the Company thereafter continued the consideration in an effort to further protect and enhance the corporate value of the Company and the common interests of the shareholders.

As a result, at a meeting of its Board of Directors on May 10, 2013, the Company decided, subject to the approval of shareholders to be obtained at this Ordinary General Meeting of Shareholders, to renew the contents of the Former Plan (the renewed “Countermeasures Against a Large-scale Purchase of Shares of the Company”; the “Plan”).

Primary revisions to the Former Plan implemented in the Plan are as follows:

- (i) The period for the provision of information by the Board of Directors of the Company, which may be requested by the Independent Committee, is reduced from 60 days to 30 days; and
- (ii) The description “as a general rule,” which was placed in front of the upper limits of days with regard to the period for the provision of information by the Board of Directors of the Company and the period for deliberation by the Independent Committee, is deleted.

Therefore, the Company proposes the Plan for the approval by the shareholders.

1. Contents of the Plan

(1) Outline of the Plan

- (a) Establishment of Procedures Concerning Purchase, etc.

The Plan sets forth, first of all, procedures aimed at protecting and enhancing the corporate value of the Company and common interests of shareholders. Should any acts of purchase, etc. (defined below in (2) (a); the same applies hereinafter) for shares of the Company be performed, the Company requests any and all purchasers, etc. (defined below in (2) (a); the same applies hereinafter) to provide, in advance, information regarding the subject purchase, etc., and give a period of time to collect, examine, and take other steps regarding the said purchase, etc. The Company will thus present the plan of the management team or alternative plans to the shareholders, and will negotiate with any and purchasers, etc., and take other necessary actions (Please refer to (2) below.).

- (b) Gratuitous Allotment of Stock Acquisition Rights or Use of Other Countermeasures

In case a purchaser, etc., pursuing purchase, etc., without complying with the procedures prescribed in the Plan, or in case an act of purchase, etc., by a purchaser, etc., is judged to severely damage the corporate value of the company and the common interests of shareholders (refer to (3) below for details), the Company may allot stock acquisition rights with (a) an exercise condition that the specified purchasers, etc., (defined separately in Attachment 3; the same applies hereinafter) are not permitted to exercise the right; and (b) a provision to the effect that the Company, in exchange for the acquisition of Stock Acquisition Rights, shall issue shares of the Company to all shareholders other than the specified purchasers, etc. (“Stock Acquisition Rights;” refer to Attachment 3 for details) by the method of gratuitous allotment (provided for in Article 277 and thereafter of the Companies Act) to all shareholders at the time.

It is possible, however, that in case it is deemed appropriate to activate countermeasures other than gratuitous allotment of Stock Acquisition Rights permitted under the Companies Act, other laws and ordinances, and the Articles of Incorporation of the Company (“Other Countermeasures”), the Company may decide to adopt such Other Countermeasures.

(c) Use of Independent Committee to Eliminate Arbitrary Judgment of Board of Directors and Confirmation of Shareholders' Will

The Plan provides that, to eliminate any arbitrary judgment of the Board of Directors of the Company, a judgment on the execution or non-execution of gratuitous allotment of Stock Acquisition Rights or Other Countermeasures, acquisition of Stock Acquisition Rights, or others shall be made after obtaining an advice by the independent committee, in accordance with the Rules of the Independent Committee (refer to Attachment 4 for the outline of Rules), comprising only persons who are (i) outside director of the Company, (ii) outside corporate auditor of the Company, or (iii) outside specialist (experienced management of a company, expert in investment banking business, certified public accountant, attorney, or researcher or any other persons engaged primarily in the research of the Companies Act, etc.), and independent of the management team responsible for executing the business of the Company (the "Independent Committee"), and that timely disclosure of information be made to shareholders to ensure transparency. The Independent Committee at the time of the Renewal shall consist of Yoshio Nakano, Tadashi Ishikawa, and Yasuyuki Nakai (refer to Attachment 5 for a brief personal history of each member).

Furthermore, the Board of Directors of the Company, in addition to the above, may, with respect to a judgment on execution or non-execution of gratuitous allotment of Stock Acquisition Rights or Other Countermeasures under circumstances provided for in the Plan, initiate the procedure to confirm the will of shareholders by convening a general meeting for confirming the will of shareholders or by written ballot (refer to (2) (e) for details of the procedure).

(d) Exercise of Stock Acquisition Rights and the Company's Acquisition of Stock Acquisition Rights

Assuming that gratuitous allotment of Stock Acquisition Rights is executed in accordance with the Plan, in case shareholders other than the specified purchaser, etc., exercise Stock Acquisition Rights, or shares of the Company are issued to shareholders other than the specified purchaser, etc., in exchange for the acquisition of Stock Acquisition Rights by the Company, it is possible that the ratio of voting rights for shares of the Company held by the specified purchaser, etc., may be diluted to as much as approximately 50%.

(2) Procedures Concerning Acts of Purchase, etc.

(a) Applicable Acts of Purchase

The Plan is applicable to any and all parties performing or seeking to perform (the "Purchaser") any acts of purchase specified in (i) or (ii) below or any acts similar thereto (the "Purchase"), excluding, however, cases in which the Board of Directors of the Company acknowledges that the Purchase pursued by the Purchaser does not damage the corporate value of the Company and the common interests of shareholders.

- (i) Any purchase of stock certificates, etc.,¹ issued by the Company that results in the holder's² shareholding ratio³ becoming 20% or above
- (ii) With respect to stock certificates, etc.,⁴ issued by the Company, a public tender offer⁵ that

¹ Defined in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Act; the same applies hereinafter unless otherwise specified.

² Holders prescribed in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Act and including parties corresponding hereto as defined in Paragraph 3 of the said Article.

³ Defined in Paragraph 4 of Article 27-23 of the Financial Instruments and Exchange Act.

⁴ Defined in Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Act; the same applies hereinafter in (ii).

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

results in the total shareholding ratio⁶ of the purchasers of such public tender offer and specially related parties⁷ becoming 20% or above.

(b) Request to Purchaser for Provision of Information

The Purchaser pursuing the Purchase prescribed in (a) above, unless the Board of Directors of the Company acknowledges that Purchase pursued by the Purchaser does not damage the corporate value of the Company and common interests of shareholders of the Company, will be requested to submit, prior to performing the Purchase, in the format prescribed by the Company, a document in Japanese language containing the information defined in each of the following items, which are necessary for the shareholders, the Board of Directors of the Company, and the Independent Committee to examine the contents of the Purchase (the “Required Information”) and the contractual clauses and other provisions stating to the effect that the Purchaser shall comply with the procedures set forth in the Plan when executing the Purchase (the “Purchase Document”).

The Independent Committee, if judging that the information provided in the Purchase Document submitted as the Required Information is inadequate, may request the Purchaser, upon setting a deadline for a response, to additionally submit sufficient information in writing as the Required Information either directly or through the Board of Directors of the Company, etc. In such a case, the Purchaser shall additionally submit, by the specified deadline for a response, the Required Information in writing.

- (i) Details of the Purchaser and its group (including joint holders⁸, special related parties, and (in case of a fund) each member and other constituent members): (including for each party; name, location, name of representative, purpose of company, etc., and contents of business, history, personal history of directors, capital composition, financial status in the latest three business terms, and governing law for establishment, etc.)
- (ii) Purpose, method, and contents of Purchase (including the price and type of consideration, timing of Purchase, structure of related transaction, legality of the method of the Purchase, possibility of execution of the Purchase, and any possibility of shares of the Company being delisted after the Purchase and reasons therefor.)
- (iii) Underlying computation of the price of the Purchase (including facts and assumptions that form the basis of the computation, method of computation, quantitative data used for the computation, and contents of expected synergistic effects arising from transactions related to the Purchase, and such synergistic effects include that are distributed to minority shareholders.)
- (iv) Background of funding for the Purchase (including the providers of funds (including all indirect providers) and their names, method of procurement, and contents of associated transactions.)
- (v) Post-Purchase management policy, business plan, capital strategy and dividend policies, and other policies of the Company and Nissha Group for protecting and enhancing the corporate value and the common interests of shareholders.
- (vi) Policy for the treatment of employees, business partners, and customers of the Company, and other interested parties related to the Company after the Purchase.
- (vii) Any other information rationally determined as required by the Independent Committee.

⁶ Defined in Paragraph 8 of Article 27-2 of the Financial Instruments and Exchange Act; the same applies hereinafter.

⁷ Defined in Paragraph 7 of Article 27-2 of the Financial Instruments and Exchange Act, provided however, the parties provided for in Item 1 of the said Paragraph exclude those defined in Paragraph 2 of Article 3 of the Cabinet Office Ordinance Concerning Disclosure of Public Tender Offer of Shares by Party Other than the Issuers; the same applies hereinafter.

⁸ Joint holders defined in Paragraph 5 of Article 27-23 of the Financial Instruments and Exchange Act and including those considered joint holders based on Paragraph 6 of the said Article.

(c) Examination of Contents of Purchase and Presentation of Alternative Proposal by the Board of Directors of the Company

(i) Request to the Board of Directors of the Company for the Provision of Information

In case the Purchase Document and the Required Information (if any), of which submission was additionally requested by the Independent Committee, have been submitted by the Purchaser, the Independent Committee, based on its rational judgment that the submission of the Purchase Document and the provision of the Required Information by the Purchaser have been completed, may also request the Board of Directors of the Company to present promptly, within 30 days from the time of said judgment, an opinion on the contents of the Purchase (including a comment to reserve issuing an opinion; the same applies hereinafter), materials supporting the opinion, alternative proposals (if any), and any other information and materials deemed necessary by the Independent Committee. Such a request aims to make a comparative review between the contents of said Purchase Document and Required Information, and the business plans of the Board of Directors of the Company and a valuation of the Purchaser's firm made by the Board of Directors, etc., from the viewpoint of protecting and enhancing the corporate value of the Company and common interests of shareholders.

(ii) Deliberation by the Independent Committee

The Independent Committee shall set a period of deliberation of 60 days, at maximum, from when the Independent Committee rationally determines completion of the submission of information and materials (including those additionally requested) by the Purchaser and (if the Independent Committee requested the Board of Directors of the Company so to do, as described in (i) above, present information and materials) the Board of Directors of the Company (the "Independent Committee Deliberation Period"; provided, however, that in accordance with (d) below, the Independent Committee may, by a resolution, extend the Independent Committee Deliberation Period to the extent required for deliberating on the aforementioned information and materials up to a maximum of 30 days [from the next day of the resolution of extension]). The Independent Committee, during the Independent Committee Deliberation Period, shall, based on the information and materials submitted by the Purchaser and the Board of Directors of the Company, deliberate the contents of the Purchase, and alternative proposals made by the Board of Directors of the Company, and gather information and make comparisons regarding the business plans, etc., of the Purchaser and the Board of Directors from the perspective of protecting and enhancing the corporate value of the Company and common interests of shareholders. Furthermore, the Independent Committee, if necessary, shall advise the Board of Directors of the Company to present the shareholders an opinion on the contents of the Purchase, disclose alternative proposals, and take any other action. The Purchaser, if requested by the Independent Committee during the Independent Committee Deliberation Period either directly or through the Board of Directors of the Company, etc., to provide materials for examination along with any other information, shall promptly comply with such a request. The Purchaser shall not initiate the Purchase until the Board of Directors of the Company has passed a resolution on the execution or non-execution of gratuitous allotment of Stock Acquisition Rights or Other Countermeasures described in (f) below.

To ensure that the judgment of the Independent Committee contributes to protecting and enhancing the corporate value of the Company and common interests of shareholders, the Independent Committee may, at the expense of the Company, seek advice from a third party that is independent of the management team responsible for executing the business of the Company (such party including a financial adviser, certified public accountant, attorney, consultant, or any other specialist).

(iii) Information Disclosure to Shareholders

The Independent Committee shall, with respect to submission of the Purchase Document, full completion of submission of information and materials by the Purchaser and the Board of Directors of the Company, initiation of the Independent Committee Deliberation Period and completion of the Independent Committee Deliberation Period, and matters regarding the Required Information and other information deemed appropriate by the Independent Committee, disclose information to shareholders at the time deemed appropriate by the Independent Committee.

(d) Method of Judgment Adopted by the Independent Committee

The Independent Committee shall, upon the emergence of a Purchaser, issue an advice to the Board of Directors of the Company in accordance with the procedures defined hereafter. In case, by the end of the initial Independent Committee Deliberation Period, the Independent Committee cannot reach a conclusion to issue an advice on the execution or non-execution of the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures, the Independent Committee shall pass a resolution to extend, within a reasonable scope, the Independent Committee Deliberation Period necessary for examining information and materials submitted by the Purchaser and the Board of Directors of the Company, deliberation on the contents of the Purchase, review of any alternative proposals developed by the Board of Directors of the Company, and other tasks. In case the Independent Committee Deliberation Period is extended by the afore mentioned resolution for an extension, the Independent Committee shall continue information gathering and deliberations, and make the utmost efforts to issue advice on the execution or non-execution of the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures by the end of the extension period.

In case the Independent Committee issues the advice prescribed below to the Board of Directors of the Company or in any other case whereby the Independent Committee deems it appropriate, the Independent Committee shall promptly disclose the fact of the subject advice and its summary and other matters the Independent Committee considers appropriate (disclosure includes, in case of pursuing a resolution to extend or re-extend the Independent Committee Deliberation Period, the action thereof, the period of extension or re-extension, and a summary of reasons for the extension or re-extension).

(i) When in Noncompliance with the Procedures of the Plan

In case the Purchaser does not comply with the procedures provided for in (b) or (c) above and such noncompliance is not corrected within five business days⁹ after a request for correction is issued in writing by the Independent Committee to the Purchaser either directly or through the Board of Directors of the Company, the Independent Committee shall, as a general rule, advise the Board of Directors of the Company to execute the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures except when it is evident that the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures should not be executed for the sake of protecting and enhancing the corporate value of the Company and common interests of shareholders, or in case under certain other circumstances.

(ii) When in Compliance with the Procedures of the Plan

In case the Purchaser complies with the procedures set forth in (b) and (c) above, the Independent Committee shall, as a general rule, advise, regardless of whether or not the Independent Committee Deliberation Period has passed, the Board of Directors of the

⁹ A business day refers to days other than those provided in each of the items of Paragraph 1 of Article 1 of the Act Concerning Holidays on Administrative Organs; the same applies hereinafter.

Company not to execute the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures.

However, even in case the Purchaser complies with the procedures set forth in (b) and (c) above, the Independent Committee shall advise the Board of Directors of the Company to execute the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures should the Independent Committee recognize that Purchase by the Purchaser applies to any of the cases defined in (3) below.

Furthermore, the Independent Committee may, even after having issued the advice on the execution or non-execution of the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures, pursue a separate judgment regarding the execution or non-execution of the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures, and issue advice based on the judgment should there be a change in the facts, etc., that supported the initial judgment made and advice given, and the Independent Committee reaches the decision that Purchase by the Purchaser applies or does not apply to any of the cases defined in (3) below.

(e) Confirmation of Will of Shareholders

In case the Purchaser complies with the procedures provided for in (b) and (c) above, the Board of Directors of the Company shall, when, based on advice given by the Independent Committee to the Board of Directors of the Company to execute the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures, given that the Purchase by the Purchaser is applicable under any of the cases defined in (3) below, executing the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures in accordance with the Plan, and based on the Board of Directors' judgment that it is appropriate to confirm the will of shareholders in light of the obligation of due care, initiate procedures to confirm the will of shareholders, insofar as there is no difficulty in practically pursuing the procedure to confirm the will of shareholders described hereafter, by selecting as promptly as is practically possible, the method for confirming the will of shareholders either by a vote at a general meeting of shareholders or by written ballot, and implementing the selected process. The general meeting for confirming the will of shareholders may be held in conjunction with an ordinary general meeting of shareholders or an extraordinary general meeting of shareholders.

The Board of Directors of the Company shall determine the method for confirming the will of shareholders, i.e., either by holding a general meeting for confirming the will of shareholders or by written ballot, and the decision shall be disclosed promptly. Voting at a general meeting for confirming the will of shareholders or in writing ballot shall follow the regular resolution process adopted at an ordinary general meeting of shareholders of the Company, and shall determine whether shareholders are either for or against the resolution.

In case a general meeting for confirming the will of shareholders or written ballot is held, the Board of Directors of the Company shall promptly disclose information on the ballot outcome and other matters deemed appropriate by the Board of Directors of the Company.

(f) Resolution of Board of Directors

The Board of Directors of the Company shall, while paying the utmost respect to the advice of the Independent Committee, pass a resolution of the Company as an institution under the Companies Act regarding the execution or non-execution of the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures (including termination of gratuitous allotment of Stock Acquisition Rights or Other Countermeasures).

In addition, the Board of Directors of the Company shall, when pursuing the procedures to confirm the will of shareholders described in (e) above, in accordance with the determination of the procedure for confirming the will of shareholders, pass a resolution on the execution or

non-execution of the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures.

The Board of Directors of the Company shall, upon passing the aforementioned resolution of the Board of Directors, promptly disclose information on the outline of the subject resolution and other matters deemed appropriate by the Board of Directors of the Company.

(3) Conditions for Gratuitous Allotment of Stock Acquisition Rights or Other Countermeasures

Even if the Purchaser complies with the procedures provided for in (2) (b) and (c) above, the Company may execute gratuitous allotment of Stock Acquisition Rights or Other Countermeasures by a resolution of the Board of Directors of the Company described in (2) (f) above, should the Purchase by the Purchaser come under any of a) through h) below. As described in (2) (d) above, the judgment as to whether or not the Purchase comes under any of the following conditions must take into account the advice of the Independent Committee. In addition, the determination on whether or not to execute gratuitous allotment of Stock Acquisition Rights or Other Countermeasures shall, as described in (2) (e) above, be subject to the procedures for confirming the will of shareholders, if the Board of Directors reaches the judgment that confirming the will of shareholders is appropriate in light of the obligation of due care, even in case the Independent Committee had issued advice to the Board of Directors of the Company to execute the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures, provided there is no difficulty performing the procedures.

- a) Types of Purchase involving any of the acts described below or any acts similar thereto, which if executed, pose a threat of clearly damaging the Company's corporate value and common interests of its shareholders:
 - i) Act of accumulating the shares, etc., of the Company and demanding that the Company or the related parties of the Company buy back the shares, etc., at an inflated price
 - ii) Act of taking temporary control of the management of the Company and running the Company in the interests of the Purchaser at the expense of the Company, such as acquiring the Company's important assets at low prices
 - iii) Act of diverting the assets of the Company as collateral for debts of the Purchaser or its group companies or using them to repay such debts
 - iv) Act of taking temporary control of the management of the Company, having the Company dispose of valuable assets not related at the time to the business of the Company and declaring temporarily high dividends with profits from the disposal, or selling off the shares at a high price by taking the opportunity of the sharp rise of the stock price as a result of temporarily high dividends
- b) Purchase such as coercive, two-tiered takeovers (takeovers that coerce shareholders into accepting a front-end tender offer by setting unfavorable terms or not specifically indicating the terms and conditions of the back end of the transaction, without offering to buy all shares at the front end) that pose a threat of actually forcing shareholders to sell shares
- c) Purchase pursued without offering the Company the time rationally required for presenting an alternative proposal to such Purchase
- d) Purchase pursued without offering the shareholders of the Company sufficient information rationally required for judging the contents of the Required Information and other details of the Purchase
- e) The terms and conditions of the Purchase for which (including the amount and type of proceeds, timing of the Purchase, legality of the method of the Purchase, possibility of executing the Purchase, and the post-Purchase policy on the treatment of the employees, business counterparts, and customers of the Company, and other interested parties related to the Company) are judged

on reasonable grounds to be insufficient or inappropriate in light of the intrinsic value of the Company

- f) Purchase that poses a significant threat of destroying relationships with employees, business counterparts, customers, and others of the Company, and the brand value of the Company that are essential for deriving the corporate value of the Company and consequently impairing the Company's corporate value and common interests of its shareholders
- g) Purchaser is judged to be an anti-social force or the like
- h) In case, with respect to a comparison of future corporate value on a medium-term to long-term basis, the corporate value of the Company, when the right to control the Company is acquired by the Purchaser, is judged to deteriorate considerably compared to the corporate value of the Company when the said right is not acquired by such Purchaser

(4) Outline of Gratuitous Allotment of Stock Acquisition Rights

An outline of gratuitous allotment of Stock Acquisition Rights according to the Plan, is provided in Attachment 3.

(5) Commencement of Application and Effective Period of the Plan

The Plan shall take effect, provided approval has been obtained from the shareholders at the Ordinary General Meeting of Shareholders. The effective period of the Plan shall begin at the close of the Ordinary General Meeting of Shareholders and end at the close of the ordinary general meeting of shareholders of the Company scheduled for June 2016, and subsequently thereafter, the effective period of the Plan may be extended (including extension of the effective period after any partial revision is made), provided approval of shareholders to that effect is obtained at the ordinary general meeting of shareholders scheduled for June 2016. In case of pursuing the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures in accordance with the Plan, the Board of Directors of the Company shall pass a resolution during this period.

(6) Abolition and Revisions to the Plan

Subsequent to the Renewal, even if before the end of the effective period, the Plan shall be terminated in the event and at the time (i) a resolution is passed at a general meeting of shareholders of the Company to terminate the Plan, or (ii) a resolution is passed by the Board of Directors comprising directors appointed by a general meeting of shareholders of the Company to terminate the Plan. Therefore, the Plan may be terminated in accordance with the will of the shareholders. In addition, the Board of Directors of the Company may, even during the effective period of the Plan, revise the Plan or introduce a separate takeover defense measure to the extent that such an action does not run contrary to the purport of the resolution passed at a general meeting of shareholders regarding approval on the Renewal, and based on the approval obtained from the Independent Committee.

In case the Plan is abolished, corrected, or amended, the Company shall promptly disclose the fact of such abolishment, correction, or amendment, (in case of correction and/or amendment) the contents of the correction and/or amendment, and any other information deemed appropriate by the Board of Directors of the Company or the Independent Committee.

The provisions of the laws and ordinances quoted in the Plan are applied on the assumption they are enforced as of this date, and if, as of this date and going forward, any laws and ordinances are newly enacted, revised, or abolished and the need arises in conjunction with such enforcements, the provisions, definitions of terms, and others quoted in the Plan shall, in consideration of the purport of such new enactment, revision, or abolishment, be replaced by the substantively succeeding provisions, definitions of terms, and others, within a reasonable scope except when otherwise specified by the Board of Directors of the Company.

2. Effects on Shareholders and Investors

(1) Impact on Shareholders upon the Renewal

As no gratuitous allotment of Stock Acquisition Rights or Other Countermeasures will be executed at the time of the Renewal, there is no direct impact on the rights and interests of shareholders and investors.

(2) Effects of Gratuitous Allotment of Stock Acquisition Rights on Shareholders

(a) Procedures for Gratuitous Allotment of Stock Acquisition Rights

In case the Board of Directors of the Company passes a resolution regarding the gratuitous allotment of Stock Acquisition Rights (the “Resolution on Gratuitous Allotment of Stock Acquisition Rights”), the Company shall set the allotment date by the Resolution on Gratuitous Allotment of Stock Acquisition Rights and make a public disclosure on the allotment. In this case, Stock Acquisition Rights shall be gratuitously allotted to the shareholders recorded in the final register of shareholders as of the allotment date (the “Shareholders Entitled to Allotment”) at the ratio of one Stock Acquisition Right per share of the Company held. As the Shareholders Entitled to Allotment will naturally become holders of stock acquisition rights related to the Stock Acquisition Rights as of the date on which the gratuitous allotment of Stock Acquisition Rights takes effect, the application procedure need not be taken.

Even upon passing the Resolution on Gratuitous Allotment of Stock Acquisition Rights, the Company may, upon paying the utmost respect to the advice of the Independent Committee described in 1. (2) (d) above, cancel the gratuitous allotment of Stock Acquisition Rights by the date the gratuitous allotment of Stock Acquisition Rights takes effect, or may acquire the Stock Acquisition Rights at no cost, after the gratuitous allotment of Stock Acquisition Rights takes effect and before the first day of the period for exercising Stock Acquisition Rights. In such cases, given that with respect to the shares of the Company held by shareholders and investors, neither economic value per share nor voting right shall be diluted, those investors who traded shares in expectation that the economic value per share of the Company’s stock and the voting right would be diluted, should be aware that they may possibly incur losses due to fluctuations of the stock price.

(b) Procedures for Exercise of Stock Acquisition Rights

The Company shall deliver to the Shareholders Entitled to Allotment, as a general rule, the request form for exercising Stock Acquisition Rights (in the form prescribed by the Company, which includes the contents and the number of Stock Acquisition Rights subject to the exercise, the exercise day of Stock Acquisition Rights, and other necessary matters, as well as provisions for declaration and certification to the effect that a shareholder satisfies the conditions for exercising the Stock Acquisition Right, Indemnification provisions, and other contractual clauses) and other documents necessary for exercising Stock Acquisition Rights. Once Stock Acquisition Rights are gratuitously allotted, shareholders shall submit the required documents during the period for exercising Stock Acquisition Rights and pay the amount corresponding to the exercise value determined by the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors of the Company, which shall be not less than one yen (¥1) per Stock Acquisition Right, to receive, as a general rule, an issue of one share of the Company per Stock Acquisition Right.

Should any shareholders not exercise Stock Acquisition Rights and not pay the amount corresponding to the exercise value, the voting right and the economic value of the shares of the Company held by such shareholders shall be diluted, given the exercising of Stock Acquisition Rights by other shareholders.

The Company, however, may issue shares of the Company to shareholders other than the specified Purchaser in exchange for the acquisition of Stock Acquisition Rights based on the circumstances described in (c) below. In case the Company pursues the procedure to execute such a acquisition, shareholders other than specified Purchaser shall receive shares of the Company without having to exercise their Stock Acquisition Rights and pay the amount corresponding to the exercise value, and the voting right and the economic value of the shares of the Company held by the shareholders will not, in principle, be diluted.

(c) Procedure for Acquiring Stock Acquisition Rights by the Company

In case the Board of Directors of the Company reaches a decision to acquire Stock Acquisition Rights, the Company, in accordance with legal procedures, may acquire the Stock Acquisition Rights from shareholders on a date determined separately by the Board of Directors of the Company and issue shares of the Company to shareholders other than the specified Purchaser. In such a case, the shareholders shall receive, without having to pay the amount corresponding to the exercise value and in exchange for the acquisition of Stock Acquisition Rights by the Company, as a general rule, one share of the Company per Stock Acquisition Right. In this case, the concerned shareholders may be asked to separately submit: a pledge document in the form prescribed by the Company, which includes declaration and certification provisions to the effect that the shareholder is not the specified Purchaser; Indemnification provisions; and other contractual clauses.

In addition to the above, details of the allotment and exercise methods pertaining to the Stock Acquisition Rights and of the method of acquisition by the Company shall be publicly disclosed or notified to shareholders after the Resolution on Gratuitous Allotment of Stock Acquisition Rights. The Company asks that shareholders confirm such details.

3. Reasonableness of the Plan

(1) Fulfillment of Requirements under Guidelines for Takeover Defense Measures and Other Rules

The Plan satisfies the three principles provided for under the “Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (which are the principle of protecting and enhancing the corporate value and shareholders’ common interests, the principle of prior disclosure and shareholders’ will, and the principle of ensuring necessity and reasonableness). The Plan is also designed by taking into account the report entitled “Takeover Defense Measures in Light of Recent Environmental Changes” released on June 30, 2008, by the Corporate Value Study Group, which was established by the Ministry of Economy, Trade and Industry.

(2) Introduction for the Purpose of Protecting and Enhancing Shareholders’ Common Interests

As stated in 1. (1) (a) above, the Plan is adopted for the purpose of securing and enhancing the corporate value of the Company and the common interests of shareholders, which shall be carried out, in the event when Purchase of shares of the Company is pursued in a manner that enables the shareholders to determine whether or not to accept the Purchase, and the Board of Directors of the Company to ensure that necessary information and adequate time are secured for presenting an alternative proposal or to negotiate with the Purchaser on behalf of shareholders.

(3) Respect for Shareholders’ Will

The Company decided at the Meeting of the Board of Directors on the Renewal, provided that approval is granted by shareholders at the Ordinary General Meeting of Shareholders. As described in 1. (5) above, the effective period of the Plan shall begin at the close of the Ordinary General Meeting of Shareholders and end at the close of the ordinary general meeting of shareholders of the Company scheduled for June 2016. After that, the effective period of the Plan may be extended (including extension of the effective period after any partial revision is made), provided that approval of shareholders is obtained at the ordinary general meeting of shareholders of the Company scheduled for June 2016.

The Plan, should a resolution for its abolition be passed by the Board of Directors, shall be abolished as of that time. The term of office of directors of the Company is one year, and the Board of Directors comprising directors appointed at the annual ordinary general meeting of shareholders of the Company shall determine whether or not to continue with the Plan.

In this manner, the Company secures a structure whereby the will of its Shareholders is fully reflected in connection with adoption, amendment, and abolition of the Plan.

Furthermore, as described in 1. (2) (e) above, the Board of Directors of the Company shall, with respect to the execution or non-execution of the gratuitous allotment of Stock Acquisition Rights or Other Countermeasures defined in the Plan, pursue procedures for confirming the will of shareholders, and directly verify the will of shareholders, in certain cases.

(4) Respect for Judgment Decisions of Independent Outside Specialists and Information Disclosure

The Company, for the purpose of eliminating arbitrary decisions of its Board of Directors, established the Independent Committee as an organ to objectively make substantial judgments on the operation of the Plan for shareholders.

The Independent Committee comprises three or more members who are independent of the management team responsible for executing the business of the Company, i.e., individuals who are any of the following mentioned: (i) outside director of the Company, (ii) outside corporate auditor of the Company, or (iii) outside expert (as stated in 1. (1) (c) above, the Independent Committee at the time of the Renewal shall consist of Yoshio Nakano, Tadashi Ishikawa, and Yasuyuki Nakai).

As described in 1. (2) above, in case an Purchase of shares of the Company is proposed, the Independent Committee shall, in accordance with the Independent Committee Rules, make substantial judgments on whether or not the Purchase may impair the Company's corporate value and common interests of shareholders, and the Board of Directors of the Company shall pass a resolution as an institution under the Companies Act while paying the utmost respect to the judgments of the Independent Committee.

In this manner, the Independent Committee shall exercise strict supervision so that the Board of Directors does not arbitrarily operate the Plan, and a summary of judgments made by the Independent Committee shall be disclosed to the shareholders as part of the structure established to ensure transparent operation of the Plan for protecting the Company's corporate value and the common interests of shareholders.

(5) Design for Ensuring Reasonable, Objective Prerequisites for Activation

As described in 1. (2) (d) and (e) and in (3) above, the Plan has been designed so that it is not activated unless the rational and detailed objective prerequisites defined up front are satisfied, and as such, there is a structure in place to prevent any arbitrary activation of the Plan by the Board of Directors of the Company.

(6) Receipt of Comments of Third-party Experts

As described in 1. (2) (c) above, the Independent Committee, at the expense of the Company, may seek advice from a third party who is independent of the management team responsible for executing the business of the Company (such party including financial adviser, certified public accountant, attorney, consultant, or other specialists). As such, there is a structure in place to firmly guarantee the fairness and objectivity of judgments reached by the Independent Committee.

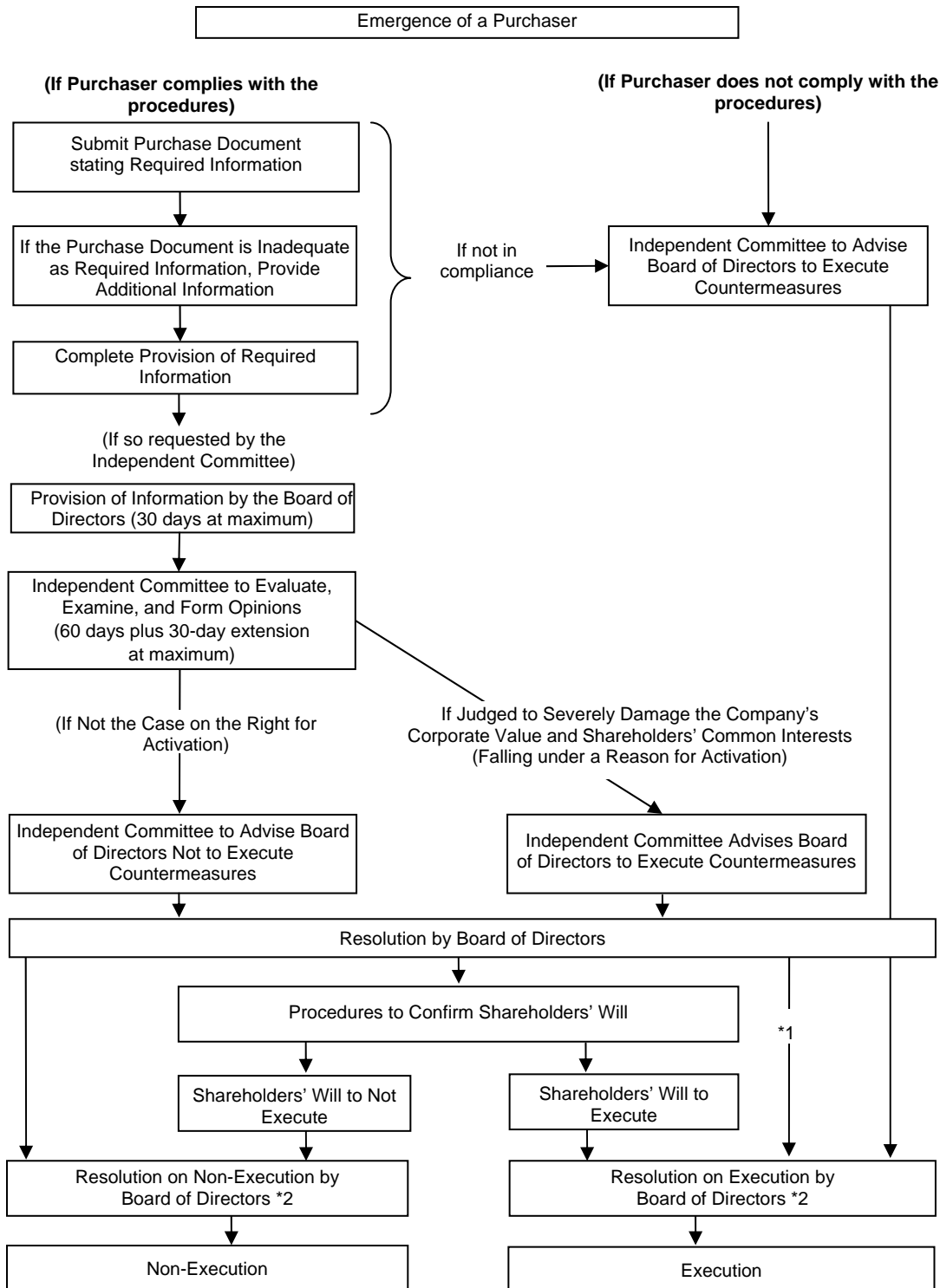
(7) No Dead-hand or Slow-hand Takeover Defense Measures

As described in 1. (6) above, the Plan may be abolished by a resolution of the Board of Directors comprising directors appointed at a general meeting of shareholders of the Company. Hence, it is possible for the party pursuing a large-scale purchase of shares, etc., of the Company to appoint directors at the general meeting of shareholders of the Company, and for the Board of Directors comprising such directors to pass a resolution to abolish the Plan.

Therefore, the Plan is not a dead-hand takeover defense measure (a type of takeover defense measure, the activation of which cannot be prevented even by replacing the majority of members of the Board of Directors).

Further, as the Company does not adopt a staggered board system, the Plan is not a slow-hand takeover defense measure (a type of takeover defense measure, the activation of which requires time as members constituting the Board of Directors cannot be replaced at once). END

Flowchart of Procedures under the Plan (In case Purchase is initiated)



*1 In case the Board of Directors deems it appropriate to confirm the will of shareholders in light of the obligation of due care and there is practical difficulty in pursuing the procedure to confirm the will of shareholders

*2 Decision by Board of Directors with utmost respect to advice of Independent Committee (the decision by the Board of Directors if the procedure to confirm the will of shareholders is pursued)

Note: This flowchart illustrates the summary of the Plan. Please make sure to refer to the main text of the Plan for details.

Gist of Gratuitous Allotment of Stock Acquisition Rights

1. Determination of Matters Concerning Gratuitous Allotment of Stock Acquisition Rights

(1) Contents and Number of Stock Acquisition Rights

The contents of the stock acquisition rights allotted to shareholders (individually or collectively “Stock Acquisition Rights”) shall be based on the description provided in 2. below, and the number of Stock Acquisition Rights shall correspond to the final total number of shares of the Company issued (excluding shares of the Company held by the Company) as of the allotment date specified separately (the “Allotment Date”) by the resolution of the Board of Directors of the Company on gratuitous allotment of Stock Acquisition Rights (the “Resolution on Gratuitous Allotment of Stock Acquisition Rights”).

(2) The Shareholders Entitled to Allotment

Stock Acquisition Rights shall be gratuitously allotted to shareholders other than the Company recorded in the final register of shareholders of the Company as of the Allotment Date, at the ratio of one Stock Acquisition Right per one share of common stock held.

(3) Effective Date of the Gratuitous Allotment of Stock Acquisition Rights

The effective date shall be the date specified separately by the Resolution on Gratuitous Allotment of Stock Acquisition Rights, passed by the Board of Directors of the Company.

2. Contents of Stock Acquisition Rights

(1) Type and Number of Shares Entitled to Stock Acquisition Rights

- (a) The type of shares entitled to Stock Acquisition Rights shall be shares of common stock of the Company and the Number of Shares Entitled per one Stock Acquisition Right (the “Number of Shares Entitled”) shall be one (1) share. However, in case the Company intends to pursue a share split or a consolidation of shares, the Number of Shares Entitled shall be adjusted based on the following formula and any odd number of shares below one (1) share arising as a result of the adjustment shall be discarded and no adjustment with cash shall be made.

The Number of Shares Entitled after adjustment

$$= \text{The Number of Shares Entitled before adjustment} \times \text{Ratio of split or consolidation}$$

- (b) The Number of Shares Entitled after adjustment shall be applied, in case of a stock split, on the day following the record date or thereafter, and in case of a consolidation of shares, on the day following the effective date or thereafter.
- (c) In addition to (a) above, in case of pursuing gratuitous allotment of shares, merger, corporate split, or any other act that leads to a change or a possible change of the total number of issued shares (excluding shares of the Company held by the Company) and in case the Number of Shares Entitled must be changed, the adjustment to the Number of Shares Entitled shall be made in a reasonable manner taking into account the terms of the gratuitous allotment of shares, merger, corporate split, and other such acts.

(2) Value of Assets Invested in Exercise of Stock Acquisition Rights

- (a) The object of investment upon exercising Stock Acquisition Rights shall be monetary, and the value shall be derived by multiplying the exercise price (defined below in (b)) by the Number of Shares Entitled.
- (b) The value per share of the Company as assets invested upon the exercising of Stock Acquisition Rights (the “Exercise Price”) shall be not less than one yen (¥1) and shall be the price specified

separately by the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors of the Company.

(3) Exercise Period of Stock Acquisition Rights

The exercise period shall be defined separately by the Resolution on Gratuitous Allotment of Stock Acquisition Rights passed by the Board of Directors of the Company within not less than one month and not more than two months, and the commencement date of the exercise period shall be the effective date of the gratuitous allotment of Stock Acquisition Rights or the date defined separately by the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors of the Company. However, in case the Company acquires the Stock Acquisition Rights based on the provisions in (7) (b) below, the exercise period of the Stock Acquisition Rights pertaining to the said acquisition shall be up to one business day prior to the date of the said acquisition (the day other than the date provided in each item of Paragraph 1 of Article 1 of the Act on Holidays of Administrative Organs; the same applies hereinafter). In case the final date of the exercise period falls on a holiday of the institution handling the money paid upon exercise, the following business day shall be the final date.

(4) Conditions for Exercise of Stock Acquisition Rights

- (a) A (i) specified large-scale holder, (ii) joint holder of specified large-scale holder, (iii) specified large-scale purchaser, (iv) special related party of specified large-scale purchaser, or (v) any party that has received or succeeded the Stock Acquisition Rights without the approval from the Board of Directors of the Company from a party corresponding to the afore mentioned (i) through (iv), or (vi) a related party from the party described in (i) through (v) (parties applicable to (i) through (vi); collectively “Specified Purchaser”) cannot exercise Stock Acquisition Rights.

The terms used in the above are defined as follows.

- (i) A “specified large-scale holder” is defined as the holder (the holder provided in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Act, including any party included as a holder based on the provisions of Paragraph 3 of the said Article) of stock certificates, etc., issued by the Company (as defined in Paragraph 1 of Article 27-23 of the said Act; the same applies hereinafter unless otherwise specified), and whose share-holding ratio pertaining to the subject stock certificates, etc. (defined under Paragraph 4 of Article 27-23 of the said Law) is acknowledged by the Board of Directors of the Company as being 20% or more. However, any party acquiring or holding stock certificates, etc., of the Company recognized by the Board of Directors of the Company not to damage the corporate value of the Company and the common interests of shareholders, or a party defined separately under the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors, shall not be considered as a specified large-scale holder.
- (ii) A “joint holder” is the joint holder defined in Paragraph 5 of Article 27-23 of the Financial Instruments and Exchange Act and includes any party considered to be a joint holder under the provisions of Paragraph 6 of the said Article.
- (iii) A “specified large-scale purchaser” is a party that has publicly announced that it is pursuing the purchase (as defined under Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Act; the same applies hereinafter in (iii)) of stock certificates, etc., issued by the Company (as defined under Paragraph 1 of Article 27-2 of the said Act; the same applies hereinafter in (iii)) under a public tender offer (as defined under Paragraph 6 of Article 27-2 of the said Act) and the party for which the holding ratio of stock certificates, etc. (as defined under Paragraph 8 of Article 27-2 of the said Act; the same applies hereafter) pertaining to the holding of the party after the said purchase (including any holding that corresponds to cases provided for in Paragraph 1 of Article 7 of Order for Enforcement of the Financial Instruments and Exchange Act) combined with the share-holding ratio of the special related party of the party amounts to 20% or more, as recognized by the Board of Directors of the Company. However, any party acquiring or

holding stock certificates, etc., of the Company which is recognized by the Board of Directors of the Company not to damage the corporate value of the Company and the common interests of shareholders, or a party defined separately by the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors, shall not be considered a specified large-scale purchaser.

- (iv) A “special related party” is the special related party defined under Paragraph 7 of Article 27-2 of the Financial Instruments and Exchange Act. However, the party provided for in Item 1 of the said Paragraph shall exclude a party defined in Paragraph 2 of Article 3 of the Cabinet Office Ordinance Regarding Disclosure of Tender Offers for Shares, etc., by Entities Other than the Issuers.
 - (v) A “related party” of a given party is a party that has been recognized by the Board of Directors of the Company as having substantial control of the given party, is controlled by the given party, or is under the same control as the given party, or who has been recognized by the Board of Directors of the Company as an individual pursuing activities in collaboration with the given party. “Control” refers to “having control over the determination of financial matters and business policies” of another company etc. (as defined under Paragraph 3 of Article 3 of the Enforcement Regulations of the Companies Act).
- (b) Notwithstanding the descriptions in (a) above, any party provided for in each of the following Items (i) through (iv) shall not be a specified large-scale holder or a specified large-scale purchaser.
- (i) The Company, or a subsidiary of the Company (as defined under Paragraph 3 of Article 8 of the Regulation for Terminology, Forms and Preparation of Financial Statements), or an affiliate of the Company (as defined in Paragraph 5 of the said Article).
 - (ii) A party recognized by the Board of Directors of the Company as a party that has come to be a specified large-scale holder in (a) (i) above without having the intention of taking control of the Company and subsequently within ten days after having been recognized as a specified large-scale holder (provided however that this period of ten days may be extended by the Board of Directors of the Company) ceased to be a specified large-scale holder as stock certificates, etc., of the Company held by the party were divested, etc.
 - (iii) A party recognized by the Board of Directors of the Company as a specified large-scale holder provided in (a) (i) above as a result of the acquisition of treasury shares by the Company or other reasons that are not of the party’s intent (except, however, in case the party subsequently acquires the stock certificates, etc., of the Company on the party’s own will to once again be considered as a specified large-scale holder.)
 - (iv) A party whose acquisition and holding of stock certificates, etc., of the Company is considered by the Board of Directors of the Company not to impair the corporate value of the Company and common interests of shareholders (The Board of Directors of the Company may acknowledge separately that the Company’s corporate value and shareholders’ common interests will not be damaged even by a party that has been recognized to be the Specified Purchaser; provided, however, that in case the Board of Directors of the Company has acknowledged that the Company’s corporate value and shareholders’ common interests will not be damaged under certain conditions, the subject conditions must be fully satisfied.)
- (c) In case a party residing at a location that falls under the jurisdiction of foreign laws and regulations as provided for in such laws and regulations (the “Region of Jurisdiction under Foreign Laws and Regulations”) exercises Stock Acquisition Rights, there is a need to (i) execute the prescribed procedures or (ii) fulfill the prescribed conditions (including prohibition of exercise within a certain period and submission of prescribed documents), or (iii) comply with both (i) and (ii) (the “Legally Required Exercise Procedures and Conditions”). In such a case, the party residing in the Region of Jurisdiction under Foreign Laws and Regulations may exercise Stock Acquisition Rights only if the Board of Directors of the Company has recognized that the

Legally Required Exercise Procedures and Conditions have been fully executed or fulfilled, and in case the Board of Directors of the Company does not recognize fulfillment, the party cannot exercise the Stock Acquisition Rights. With respect to the Legally Required Exercise Procedures and Conditions that are required to be executed or fulfilled by the Company when a party residing in a Region of Jurisdiction under Foreign Laws and Regulations exercises Stock Acquisition Rights, the Board of Directors of the Company shall not bear any obligation to pursue execution or fulfillment. Further, in case the exercising of Stock Acquisition Rights by a party residing in the Region of Jurisdiction under Foreign Laws and Regulations is prohibited under the laws and regulations of the subject region, the party residing in the Region of Jurisdiction under Foreign Laws and Regulations cannot exercise Stock Acquisition Rights.

- (d) Parties holding Stock Acquisition Rights may exercise Stock Acquisition Rights only after submitting to the Company a pledge document that includes provisions for declaration and certification stating that the party is not a specified purchaser, etc., and does not have the intention of exercising Stock Acquisition Rights to become a specified purchaser, etc., and that the conditions for exercising Stock Acquisition Rights are satisfied and, Indemnification provisions and other matters defined by the Company along with other documents required under laws and regulations.
- (e) Even in case a party holding Stock Acquisition Rights cannot, based on the provisions of (4) herein, exercise Stock Acquisition Rights, the Company shall not be held liable for compensating for any damages or for any other liability whatsoever.

(5) Increase of Capital and Capital Reserves in Case of Issuing Shares through Exercising of Stock Acquisition Rights

An increase of capital and capital reserve shall be defined separately by the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors of the Company.

(6) Restrictions on Transfer of Stock Acquisition Rights

- (a) Acquisition of Stock Acquisition Rights by transfer is subject to prior approval by the Board of Directors of the Company.
- (b) In case a party seeking to transfer Stock Acquisition Rights resides outside Japan and is a party not allowed to exercise Stock Acquisition Rights based on the provisions of (4) (c) above (excluding specified purchaser, etc.), the Board of Directors of the Company shall decide whether or not to grant the approval described in (a) above by taking into account the following circumstances:
 - (i) Whether with respect to acquisition by the full or partial transfer of Stock Acquisition Rights by the party residing in the Region of Jurisdiction under Foreign Laws and Regulations, a pledge document is prepared and signed or sealed with names of transferor and transferee (including provisions of declaration and certification concerning (ii) or (iv) below, Indemnification provisions and penalty clauses)
 - (ii) Whether it is evident that the transferor and transferee are not a specified purchaser, etc.
 - (iii) Whether it is evident that the transferee is a party that does not reside in the Region of Jurisdiction under Foreign Laws and Regulations, and does not intend to receive the transfer on behalf of a party residing in the Region of Jurisdiction under Foreign Laws and Regulations
 - (iv) Whether it is evident that the transferee is not a party having the intent to receive the transfer on behalf of a specified purchaser, etc.

(7) Acquisition of Stock Acquisition Rights by the Company

- (a) The Company, provided that the Board of Directors of the Company acknowledges that it is appropriate to acquire the Stock Acquisition Rights, may, at any time up to one day before the initial date of the period for exercising Stock Acquisition Rights acquire at no cost, all of the Stock Acquisition Rights upon the date specified separately by the Board of Directors.

- (b) The Company may, upon the date specified separately by the Board of Directors, acquire, of the Stock Acquisition Rights of all those that have not been exercised until one business day prior to the said date, and in exchange issue the number of shares of the Company entitled per Stock Acquisition Right. The Company may acquire such Stock Acquisition Rights more than once, provided, however, that the Stock Acquisition Rights held by a specified purchaser, etc., are considered not to be eligible for acquisition by the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors of the Company.
- (8) Issuance of Stock Acquisition Rights and Conditions for Merger (only when the Company dissolves), Absorption-type Split, Incorporation-type Split, Share Exchange, and Share Transfer**
- Issuance of Stock Acquisition Rights and conditions thereof shall be determined separately by the Resolution on Gratuitous Allotment of Stock Acquisition Rights by the Board of Directors of the Company.
- (9) Issuance of Warrants related to Stock Acquisition Rights**
- Warrants related to Stock Acquisition Rights shall not be issued.
- (10) Revisions Due to Amendments of Laws and Regulations**
- The provisions of laws and regulations quoted in the above are applied on the assumption that they are enforced as of this date, and if, as of this date and going forward, any laws and ordinances are newly enacted, revised, or abolished and the need arises in conjunction with such enforcements, the provisions, definitions of terms, and others specified in each of the paragraphs above may, in consideration of the purport of such new enactment, revision, or abolishment be replaced by the succeeding provisions, definitions of terms, and others within a reasonable scope, except when otherwise specified by the Board of Directors of the Company.

END

Outline of Independent Committee Rules

1. The Independent Committee shall be established by a resolution of the Board of Directors of the Company.
2. The Independent Committee shall comprise at least three members to be appointed by the Board of Directors from among persons who fulfill any of the following requirements and who are independent of the management team responsible for executing the business of the Company.
 - (1) Outside director of the Company (a director of the Company who is not a director and executive director (a director provided for in each of the items of Paragraph 1 of Article 363 of the Companies Act and other directors that have executed businesses of the Company; the same applies hereinafter), nor is a corporate executive officer (Shikkoyaku) or corporate officer or controller or any other employee of the Company or a subsidiary of the Company, and who has never served as a director and executive director, or corporate executive officer or corporate officer or controller or any other employee of the Company or a subsidiary of the Company.)
 - (2) Outside corporate auditor of the Company (a corporate auditor of the Company who has never served in the Company or a subsidiary of the Company as a director, accounting advisor (in case the accounting advisor is a corporation, an employee undertaking the duties of the corporation), or a corporate executive officer, corporate officer, controller, or other employee.)
 - (3) An individual having expertise of a certain level or higher of corporate management, etc. (experienced management of a company, expert in investment banking business, certified public accountant, attorney, researcher engaged primarily in the research of laws such as Companies Act, or any other party with similar expertise.)

Each member shall enter into, with the Company, an agreement specified separately by the Board of Directors of the Company that includes provisions obligation of due care and other clauses.
3. The term of office of the Independent Committee shall be until the close of the first ordinary general meeting of shareholders after the appointment of the members, but not limited thereto if otherwise specified by a resolution of the Board of Directors of the Company.
4. The Independent Committee shall decide matters with respect to each of the following items and advise the Board of Directors of the Company regarding its decisions along with underlying reasons. The Board of Directors of the Company shall, while paying the utmost respect to the advice of the Independent Committee, make the final decision. Each member of the Independent Committee and each director of the Company, when making the subject decisions must do so based on the perspective of whether the decisions contribute to protecting and enhancing the corporate value of the Company and the common interests of shareholders, and must not do so for the purpose of gaining personal benefits of their own or of the management team of the Company.
 - (1) Execution or non-execution of gratuitous allotment of Stock Acquisition Rights or Other Countermeasures under the Plan
 - (2) Termination of gratuitous allotment of Stock Acquisition Rights or Other Countermeasures, or acquisition of Stock Acquisition Rights under the Plan
 - (3) Extension of the Independent Committee Deliberation Period
 - (4) Abolition or revision to the Plan

- (5) Approval for the adoption of takeover defense measures other than the Plan
- (6) Of the matters to be determined by the Board of Directors of the Company, any other matters referred to the Independent Committee by the Board of Directors of the Company

In addition to (1) through (6) provided above, the Independent Committee shall perform the activities described in each of the following items.

- (7) Determine information to be submitted by the Purchaser and the Board of Directors of the Company to the Independent Committee
- (8) Examine information and materials submitted by the Purchaser and the Board of Directors of the Company
- (9) Deliberate upon and examine the contents of the Purchase
- (10) In case an alternative proposal to the Purchase by the Purchaser is presented by the Board of Directors of the Company, deliberate upon and examine the alternative proposal.
- (11) Other matters that may be executed by the Independent Committee as defined under the Plan

- 5. The Independent Committee shall, from the perspective of protecting and enhancing the corporate value of the Company and the common interests of shareholders, advise the Board of Directors of the Company, if deemed necessary, to present an opinion on the contents of the Purchase, disclose alternative proposals, or take any other action.
- 6. The Independent Committee may, at the expense of the Company, seek advice from a third party that is independent of the management team responsible for executing the business of the Company (investment bank, securities company, financial adviser, certified public accountant, attorney, consultant, or any other specialist).
- 7. Each member of the Independent Committee and the Board of the Directors of the Company may summon an Independent Committee when a Purchase is pursued, or at any time.
- 8. A resolution of the Independent Committee, as a general rule, shall be passed with the attendance of all members of the Independent Committee and by a majority, provided, however, that under inevitable circumstances, a resolution may be passed by a majority with the attendance by more than half of the members of the Independent Committee.

END

Brief Personal History of Independent Committee Members

○ Mr. Yoshio Nakano

Certified Public Accountant (Born on October 26, 1934)

<Brief personal history>

July	1964	Registered as certified public accountant
April	1971	Representative of Nakano Certified Public Accountant
March	1978	Commercial Science, Ph.D.
June	1983	Representative managing member of Seiyu Audit Corporation
June	1994	Outside Corporate Auditor of the Company (current position)
June	2006	Outside Corporate Auditor of SEIWA ELECTRIC MFG. CO., LTD. (current position)

Each of the Tokyo Stock Exchange and Osaka Securities Exchange was notified of Mr. Yoshio Nakano as an independent auditor of the Company.

○ Mr. Tadashi Ishikawa

Attorney at Law (Born on August 24, 1943)

<Brief personal history>

October	1966	Passed the national bar examination
April	1973	Registered as attorney at law (Osaka Bar Association)
January	1981	Established Ishikawa, Tsukamoto and Miyazaki Law Office (currently OH-EBASHI LPC & PARTNERS), partner
April	2004	Professor of Legal Practice at Kobe University Graduate School of Law
January	2013	Special Counsel at OH-EBASHI LPC & PARTNERS (current position)

○ Mr. Yasuyuki Nakai

Attorney at Law (Born on January 3, 1956)

<Brief personal history>

October	1979	Passed the national bar examination
April	1982	Registered as attorney at law (Osaka Bar Association)
April	1982	Partner at Dojima Law Office (current position)
April	2008	Adjunct Professor at Kyoto University Graduate School of Law
November	2009	Member of Group on Civil Law (credit related) of the Legislative Council of the Ministry of Justice (current position)

No special interests exist between any of the Independent Committee members and the Company.

END