

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 9449)
March 6, 2018

To Shareholders with Voting Rights:

Masatoshi Kumagai
CEO, Chairman of the Board and
President, and Group CEO
GMO Internet, Inc.
26-1, Sakuragaoka-cho, Shibuya-ku,
Tokyo

NOTICE OF
THE FY2017 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Date and Time:	Wednesday, March 21, 2018 at 10:00 a.m. Reception opens at 9:00 a.m.
Place:	The second basement floor, “Ballroom” at the Cerulean Tower Tokyu Hotel 26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo (Please refer to the map to the venue at the end of this document.)
Meeting Agenda:	
Matters to be reported:	<ol style="list-style-type: none">1. Reporting on the Business Report, Consolidated Financial Statements and Non- Consolidated Financial Statements for the Company’s Fiscal Year 2017 (January 1, 2017 - December 31, 2017)2. Reporting on the results of audits by the Financial Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
Proposals to be resolved:	
	Company proposals (Proposal 1 through Proposal 4) These are the proposals presented by the Board of Directors of the Company.
Proposal 1:	Partial Amendment to the Articles of Incorporation
Proposal 2:	Election of 16 Directors (excluding Directors who are Audit and Supervisory Committee Members)
Proposal 3:	Election of 4 Audit and Supervisory Committee Members
Proposal 4:	Matters in Relation to Determining the Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)
	Shareholder proposals (Proposal 5 through Proposal 10) These are the proposals presented by some shareholders, all of which are disapproved by the Board of Directors.
Proposal 5:	Abolition of Policy for Large-scale Purchase of the Company’s Shares (Takeover Defense Measures)
Proposal 6:	Partial Amendment to the Articles of Incorporation (Introduction Method for Takeover Defense Measures)
Proposal 7:	Partial Amendment to the Articles of Incorporation (Change to the System for Company with Nominating Committee, etc.)
Proposal 8:	Partial Amendment to the Articles of Incorporation (Prohibition of Concurrent Posts of President and Chairperson of the Board of Directors)
Proposal 9:	Partial Amendment to the Articles of Incorporation (Election of Directors by

Proposal 10: Cumulative Voting)
Setting Compensation Amount for Directors (Excluding Audit and Supervisory
Committee Members) (Adoption of a Compensation Structure Linked with the
Interests of Minority Shareholders)

Reference Documents for the General Meeting of Shareholders

Company Proposals

Proposal 1: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendment

As a result of the Company's business expansion, the Company will add its business purposes to provisions of Article 3 (Objectives).

2. Description of the amendment

Description of the amendment is as follows:

(Amended parts are underlined.)

Current	Proposed amendment
Chapter 1. General Provisions	Chapter 1. General Provisions
Article 1 – 2 Unchanged	Article 1 – 2 Unchanged
Article 3 (Objectives) The Company's objectives are to operate the following businesses. Unchanged (New) From (15) to (16) Unchanged (New)	Article 3 (Objectives) The Company's objectives are to operate the following businesses. Unchanged (15) <u>Bank agency service</u> From (16) to (17) Unchanged (18) <u>Business related to information concerning electromagnetic value including virtual currency</u>
From (17) to (20) Unchanged	From (19) to (22) Unchanged
Article 4 – 52 Unchanged	Article 4 – 52 Unchanged

Proposal 2: Election of 16 Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all of our Directors (15 in total) will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the election of 16 Directors is proposed.

This proposal was discussed at the Audit and Supervisory Committee, with no opinions given.

The candidates are as follows:

Table: List of Candidates for Election as Directors

Candidate No.	Name	Positions	Responsibilities
1	Masatoshi Kumagai	Founder and Group CEO	–
2	Masashi Yasuda	C.F.O.	Deputy to Group CEO and Head of Group Management Division
3	Hiroyuki Nishiyama	C.O.O.	Deputy to Group CEO, Head of Group Ecommerce Solutions Division and Head of Group Staff Development Division
4	Issei Ainoura	Vice President	Head of Group Payment Processing Division
5	Tadashi Ito	Managing Director	Head of Group Infrastructure Division and General Manager of Business Division
6	Hirofumi Yamashita	Managing Director	Head of Group Systems Division and General Manager of Systems Division
7	Toshiaki Horiuchi	Executive Director	Head of Innovation and Technology Systems Office
8	Katsumi Arisawa	Executive Director	In charge of Group Finance Division, in charge of Group Global Business Development Office and General Manager of Group Human Resources Department
9	Teruhiro Arai	Director	Head of Group Investment Strategy Office
10	Kentaro Sato	Director	–
11	Kimihiko Kodama	Director	General Manager of Hosting Business Department, Business Division
12	Ichiro Chujo	Director	In charge of Security Business and Adviser for Overseas Strategies
13	Makoto Hashiguchi	Director	Head of Group Advertising Division
14	Atsuko Fukui	Director	General Manager of Group Public Relations/Investor Relations Department
15	Takehito Kaneko	Director	New candidate
16	Yasuo Hayashi	Director	New candidate

(Note) Each candidate approved the Policy toward Large-scale Purchases of the Company's Shares, which has been adopted since March 2006. For the outline of the policy, please refer to "7. Basic Policy Regarding the Control of the Stock Company" on page 39 through page 45 of this Notice of Convocation.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 <p>Masatoshi Kumagai (July 17, 1963) [Reappointment]</p>	<p>May 1991 CEO of Voice Media Inc. (currently, GMO Internet, Inc.) September 1999 CEO of MagClick Inc. (currently, GMO AD Partners, Inc.) April 2000 Director of MagClick Inc. (currently, GMO AD Partners, Inc.) August 2001 Representative Director and Chairman of iSLE Inc. (currently, GMO CLOUD K.K.) April 2002 Chairman of the Board of GMO Research Institute (currently, GMO Research, Inc.) (current position) March 2003 CEO, Chairman of the Board and President of Global Media Online Inc. (currently, GMO Internet, Inc.) Chairman of the Board of iSLE Inc. (currently, GMO CLOUD K.K.) (current position) March 2004 Chairman of the Board of paperboy&co. Inc. (currently, GMO Pepabo, Inc.) (current position) Chairman of the Board of GMO Mobile and Desktop Inc. (currently, GMO Media, Inc.) (current position) December 2004 Chairman of the Board of Card Commerce Services Inc. (currently, GMO Payment Gateway, Inc.) March 2007 Chairman of the Board of MagClick Inc. (currently, GMO AD Partners, Inc.) May 2008 CEO, Chairman of the Board and President, and Group CEO of GMO Internet, Inc. (current position) April 2009 Chairman of the Board of Inovex, Inc. (currently, GMO TECH, Inc.) (current position) December 2011 Chairman of the Board and President of GMO Payment Gateway, Inc. December 2012 Chairman of the Board of GMO Payment Gateway, Inc. (current position) March 2015 Director of GMO AD Partners, Inc. March 2016 Chairman of the Board of GMO AD Partners, Inc. (current position)</p> <p>[Reasons for the selection] As founder of the Company, Masatoshi Kumagai has led 9 listed companies including the Company, as well as 104 Group companies, and possesses not only rich knowledge of corporate management and business strategy but also leadership skills for spearheading pioneering initiatives not bound by preconceived notions. As our CEO, Chairman of the Board and President, and Group CEO, we have determined that he is qualified as the driving force to become a company that will continue for hundreds of years, and as a Director that will execute and promote our Group management strategy in Japan and abroad, and therefore have selected him as a candidate.</p>	11,450,411

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	 Masashi Yasuda (June 10, 1971) [Reappointment]	<p> April 2000 Registered as a certified public accountant Joined interQ Inc. (currently, GMO Internet, Inc.) September 2001 Head of Corporate Strategy of Global Media Online Inc. (currently, GMO Internet, Inc.) March 2002 Director and Head of Corporate Strategy of Global Media Online Inc. (currently, GMO Internet, Inc.) March 2003 Executive Director in charge of Group Corporate Strategy and Investor Relations of Global Media Online Inc. (currently, GMO Internet, Inc.) March 2005 Managing Director and Head of Management Division, in charge of Group Corporate Strategy and Investor Relations of Global Media Online Inc. (currently, GMO Internet, Inc.) May 2008 Managing Director and Head of Group Management Division of GMO Internet, Inc. March 2013 Managing Director, Deputy to Group CEO and Head of Group Management Division of GMO Internet, Inc. March 2015 Deputy CEO, Deputy to Group CEO and Head of Group Management Division of GMO Internet, Inc. (current position) March 2016 Director of GMO Media, Inc. (current position) Director of GMO CLOUD K.K. (current position) Director of GMO Pepabo, Inc. (current position) Director of GMO Research, Inc. (current position) Director of GMO AD Partners Inc. (current position) Director of GMO TECH, Inc. (current position) June 2016 Director of GMO CLICK Holdings, Inc. (currently, GMO Financial Holdings, Inc.) (current position) Auditor of Aozora Trust Bank, Ltd. (current position) December 2016 Director of GMO Payment Gateway, Inc. (current position) </p> <p> [Reasons for the selection] Since joining the Company in 2000, Masashi Yasuda has demonstrated his professional knowledge and experience as a certified public accountant to contribute to the growth of the Group. Since 2005, he has overseen administrative departments of the Company and the Group, conducting risk management through enhancement of legal compliance and governance. As the officer in charge of Investor Relations, he has actively developed timely disclosure and the investor relations/financial strategy of the Group. From the time of his appointment as Deputy CEO in 2015, he has assisted the Group CEO in the fields of business management and finance. He also has rich knowledge in the fields of business management, finance, and corporate governance in terms of listed company management for Group management of the Company, and therefore we have determined that he is qualified as a Director, and have selected him as a candidate. </p>	31,600

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 Hiroyuki Nishiyama (August 14, 1964) [Reappointment]	<p>September 1999 Joined MagClick Inc. (currently, GMO AD Partners, Inc.)</p> <p>April 2000 CEO of MagClick Inc. (currently, GMO AD Partners, Inc.)</p> <p>March 2001 Director of interQ Inc. (currently, GMO Internet, Inc.)</p> <p>March 2003 Executive Director in charge of Group Media of Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>March 2006 Chairman of the Board of MagClick Inc. (currently, GMO AD Partners, Inc.)</p> <p>March 2007 Managing Director of GMO Internet, Inc.</p> <p>May 2008 Managing Director and Head of Group Business Division of GMO Internet, Inc.</p> <p>March 2010 Director of paperboy&co. Inc. (currently, GMO Pepabo, Inc.) (current position)</p> <p>March 2013 Managing Director, Deputy to Group CEO, Head of Group Ecommerce Solutions Division and Head of Group Staff Development Division of GMO Internet, Inc.</p> <p>March 2015 Deputy CEO, Deputy to Group CEO, Head of Group Ecommerce Solutions Division and Head of Group Staff Development Division of GMO Internet, Inc. (current position)</p> <p>[Reasons for the selection] After joining in the Group in 1999, Hiroyuki Nishiyama was appointed as CEO of MagClick Inc., (currently, GMO AD Partners Inc.), the Group's first listed company, and in 2001 was appointed as Director of the Company. He has overseen media departments within the Group, and has demonstrated a wealth of corporate management experience, as well as leadership skills for promoting business across the entire Group. He was appointed as Deputy CEO in 2015, aiding the Group CEO from a position overseeing business departments, and leading the field as a manager of the Group's staff development. Because of his high level of insight cultivated through corporate management, familiarity with service within the industry and the Group, and rich experience in human resources strategy, we have determined that he is qualified as a Director, and have selected him as a candidate.</p>	50,100

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	 Issei Ainoura (July 19, 1962) [Reappointment]	<p> April 1986 Joined IBM Japan, Ltd. April 2000 President and Representative Director of Card Call Service, Inc. (currently, GMO Payment Gateway, Inc.) December 2003 Director of MTI Ltd. March 2006 Director of GMO Internet, Inc. December 2011 CEO and Representative Director of GMO Payment Gateway, Inc. December 2012 President and Representative Director of GMO Payment Gateway, Inc. (current position) March 2014 Managing Director and Head of Group Payment Processing Division of GMO Internet, Inc. March 2016 Deputy CEO and Head of Group Payment Processing Division of GMO Internet, Inc. (current position) </p> <p> [Reasons for the selection] After working for IBM Japan, Ltd., Issei Ainoura was appointed as Representative Director of Card Call Service, Inc. (currently GMO Payment Gateway, Inc.) in 2000. In 2005, he listed that company, and three years later brought it to the First Section of the Tokyo Stock Exchange. He has realized strategic planning that pledged continuous growth of 25% or more of operating profit and a medium term growth strategy for that company as well. Because of his rich experience in corporate management in general and broad knowledge of global expansion, we have determined that he is qualified as a Director, and have selected him as a candidate. </p>	3,300

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	 <p>Tadashi Ito (March 12, 1974) [Reappointment]</p>	<p>October 1997 Joined interQ Inc. (currently, GMO Internet, Inc.) December 2001 General Manager of OEM Division of Global Media Online Inc. (currently, GMO Internet, Inc.) March 2004 Director and President of Business Partner Company of Global Media Online Inc. (currently, GMO Internet, Inc.) September 2004 Director and Manager of Business Partner Division of Global Media Online Inc. (currently, GMO Internet, Inc.) August 2006 Director and Manager of Group Business Development Division of GMO Internet, Inc. April 2008 Executive Director and Manager of Group Business Development of GMO Internet, Inc. January 2009 Executive Director and General Manager of Business Division of GMO Internet, Inc. March 2013 Director of GMO CLOUD K.K. (current position) Director of paperboy&co. Inc. (currently, GMO Pepabo, Inc.) (current position) Managing Director, Head of Group Infrastructure Division and General Manager of Business Division of GMO Internet, Inc. (current position)</p> <p>[Reasons for the selection] Tadashi Ito joined the Company in 1997, primarily handling new business and alliances with external entities. As Executive Director and General Manager of Business Division, he has organically linked services including Domain & Cloud Hosting businesses, our core businesses, and led growth through price strategy and marketing strategy since 2008. Business overseen by him has achieved the number one share in Japan, and he has established a business strategy and organizational management of aggressive approach. We have determined that he is qualified as a Director with the capability to carry out management strategy with an eye on our continued growth in future global business expansion, and have selected him as a candidate.</p>	127,000

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	 Hirofumi Yamashita (July 1, 1962) [Reappointment]	<p>April 1985 Joined IBM Japan, Ltd.</p> <p>February 2002 General Manager of Financial Solutions and Service Development Division of IBM Japan, Ltd.</p> <p>April 2007 Joined GMO Internet, Inc. Acting Head of Group Systems Support Office of GMO Internet, Inc.</p> <p>April 2008 Head of Group Systems Support Office of GMO Internet, Inc.</p> <p>January 2009 General Manager of Systems Division of GMO Internet, Inc.</p> <p>March 2009 Director and General Manager of Systems Division of GMO Internet, Inc.</p> <p>December 2010 External Director of GMO Payment Gateway, Inc.</p> <p>March 2011 Executive Director and General Manager of Systems Division of GMO Internet, Inc.</p> <p>June 2011 External Director of GMO CLICK Securities, Inc.</p> <p>March 2013 Executive Director, Head of Group Systems Division and General Manager of Systems Division of GMO Internet, Inc.</p> <p>March 2015 Managing Director, Head of Group Systems Division and General Manager of Systems Division of GMO Internet, Inc. (current position)</p> <p>[Reasons for the selection] Hirofumi Yamashita was invited into the Group in 2007 for the competence he showed while engaged in the development of financial solution services at IBM Japan, Ltd. He has overseen the Systems Division as a Director since 2009. With his rich knowledge and experience, and strong leadership, he has contributed to improving the technical capabilities and efficiency of operation of the Systems Division of the Group including the Company. He was appointed as Executive Director in 2011, and as Managing Director in 2015. We have determined that he is qualified as a Director possessing specialized knowledge and experience of the systems that support the service infrastructure of the Company and Group, and therefore have selected him as a candidate.</p>	28,600

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	 Toshiaki Horiuchi (March 27, 1971) [Reappointment]	<p>July 2002 Joined GMO Media and Solutions Inc. (currently, GMO Media, Inc.)</p> <p>March 2003 Director and General Manager of Systems of GMO Media and solutions Inc. (currently, GMO Media, Inc.)</p> <p>March 2008 Joined GMO Internet, Inc.</p> <p>March 2011 Head of Innovation and Technology Systems Office Director and Head of Innovation and Technology Systems Office of GMO Internet, Inc.</p> <p>October 2014 Head of Group CTO Office of GMO AD Partners Group</p> <p>March 2015 Executive Director and Head of Innovation and Technology Systems Office of GMO Internet, Inc. (current position)</p> <p>Vice President of GMO AD Partners, Inc. and Head of CTO Office of GMO AD Partners Group (current position)</p> <p>[Reasons for the selection] In 2002, Toshiaki Horiuchi joined GMO Media and Solutions Inc. (currently, GMO Media, Inc.), and was invited to the Company in 2008 for his high technical capabilities. He has demonstrated strong leadership in initiatives on advanced technology development, engineer training and management, and contributed to the development of new services that stretch across the Group, etc. He was appointed as a Director of the Company in 2011, and Executive Director of the Company in 2015, and also serves as the Vice President of the Group company, GMO AD Partners, Inc. We have determined that he is qualified as a Director that has both a track record of cutting- edge technology development and insight into an area of expertise, and therefore have selected him as a candidate.</p>	10,500

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	 Katsumi Arisawa (December 21, 1973) [Reappointment]	<p> May 1999 Joined interQ Inc. (currently, GMO Internet, Inc.) July 2001 Manager of Corporate Strategy Office of Global Media Online Inc. (currently, GMO Internet, Inc.) September 2001 Registered as a certified tax accountant March 2003 Head of Group Corporate Strategy Office of Global Media Online Inc. (currently, GMO Internet, Inc.) April 2004 General Manager of Group Corporate Strategy Division of Global Media Online Inc. (currently, GMO Internet, Inc.) March 2005 Director and General Manager of Group Corporate Strategy Division of Global Media Online Inc. (currently, GMO Internet, Inc.) March 2008 External Auditor of MagClick Inc. (currently, GMO AD Partners, Inc.) May 2008 Director and General Manager of Group Finance Division of GMO Internet, Inc. January 2009 Director and General Manager of Group Finance Department of GMO Internet, Inc. March 2016 Director of GMO AD Partners, Inc. (current position) Executive Director and General Manager of Group Finance Department and Group Human Resources Department of GMO Internet, Inc. May 2017 Executive Director and General Manager of Group Finance Department, Group Global Business Development Office and Group Human Resources Department of GMO Internet, Inc. (current position) </p> <p> [Reasons for the selection] Since joining the Company in 1999, Katsumi Arisawa has consistently been responsible for the accounting and financial fields. He is a certified tax accountant, and on account of his professional knowledge and rich experience, he assumed the office of the Director in charge of accounting and the Group's consolidated financials in 2005. In 2016, he was appointed as Executive Director and General Manager of Group Finance Department and Group Human Resources Department. We have determined him to be qualified as a Director who carries out highly transparent financial strategies from the perspective of financial soundness and accuracy, possesses rich business experience and broad insights, and in terms of human resources strategy, has practical skills to support and train human resources as colleagues and to deal with diversifying work styles. Therefore we have selected him as a candidate. </p>	31,900

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	 Teruhiro Arai (February 27, 1973) [Reappointment]	<p>December 1999 Joined interQ Inc. (currently, GMO Internet, Inc.)</p> <p>April 2001 Manager of Corporate Strategy Office of Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>July 2001 Resigned from Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>July 2001 Established Arai Accounting Office</p> <p>December 2003 Returned to Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>April 2004 Head of Group Investment Strategy Office of Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>March 2005 Director and Head of Group Investment Strategy Office of Global Media Online Inc. (currently, GMO Internet, Inc.) (current position)</p> <p>December 2010 Registered as a certified public accountant</p> <p>[Reasons for the selection] Teruhiro Arai possesses rich knowledge and experience as a certified public accountant. He has been in charge of the Company's investment strategy (alliance building) since 1999, and has contributed to the expansion of the Group as a Director and Head of Group Investment Strategy Office since 2005. We have determined him to be qualified as a Director who promotes alliance building in fields of high priority and significance in the Group's business and global strategy, and possesses broad knowledge of general management, administration and business operations, and therefore have selected him as a candidate.</p>	15,300
10	 Kentaro Sato (January 10, 1981) [Reappointment]	<p>January 2003 Joined paperboy&co. Inc. (currently, GMO Pepabo, Inc.)</p> <p>January 2005 Head of Executive Office of paperboy&co. Inc. (currently, GMO Pepabo, Inc.)</p> <p>February 2006 Director and Head of Corporate Planning Office of paperboy&co. Inc. (currently, GMO Pepabo, Inc.)</p> <p>March 2007 Director, Senior Vice President and Head of Corporate Planning Office of paperboy&co. Inc. (currently, GMO Pepabo, Inc.)</p> <p>March 2008 Representative Director, Senior Vice President and Head of Corporate Planning Office of paperboy&co. Inc. (currently, GMO Pepabo, Inc.)</p> <p>March 2009 Representative Director and CEO of paperboy&co. Inc. (currently, GMO Pepabo, Inc.) (current position)</p> <p>March 2010 Director of GMO Internet, Inc. (current position)</p> <p>[Reasons for the selection] Kentaro Sato joined paperboy&co. Inc. (currently, GMO Pepabo Inc.) as a founding member in 2003. He was appointed as Representative Director and CEO in 2009, and changed the company name to GMO Pepabo, Inc. He was appointed as a Director of the Company in 2010. We have determined him to be qualified as a Director from his rich experience in general corporate management and business operations, such as development of services targeting individual users in the domain hosting business which is the Company's core business, and therefore have selected him as a candidate.</p>	2,700

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
11	 Kimihiro Kodama (November 5, 1972) [Reappointment]	<p>August 1998 Joined interQ Inc. (currently, GMO Internet, Inc.)</p> <p>April 1999 Team Leader of Customer Service Division of interQ Inc. (currently, GMO Internet, Inc.)</p> <p>April 2005 General Manager of Customer Service Division, IxP Business Division, and Group Customer Service Quality Controller of Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>January 2007 General Manager of Access Business Division and Hosting Business Division, IxP Business Division of GMO Internet, Inc.</p> <p>January 2008 General Manager of Hosting Business Division, IxP Business Division of GMO Internet, Inc.</p> <p>January 2009 General Manager of Hosting Business Department, Business Division of GMO Internet, Inc.</p> <p>March 2012 Director and General Manager of Hosting Business Department, Business Division of GMO Internet, Inc. (current position)</p> <p>[Reasons for the selection] From the time he joined the Company in 1998, Kimihiro Kodama has held successive positions in the Customer Service Division of the Company's services, and has demonstrated broad knowledge and insight of service, technology, and even operations of the Group's business. We have determined that he is qualified as a Director who possesses rich business operation experience, making the Company's core Hosting Cloud business a service business with number one market share and providing merchandise with a strong competitive advantage, and therefore have selected him as a candidate.</p>	3,600

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
12	 Ichiro Chujo (July 18, 1965) [Reappointment]	<p>July 1997 Joined WEBKEEPERS, Inc. (currently, GMO-Z.COM USA, INC.)</p> <p>February 2000 Director of iSLE Inc. (currently, GMO CLOUD K.K.)</p> <p>April 2003 President and Representative Director of GeoTrust Japan, Inc. (currently, GMO GlobalSign K.K.) (current position)</p> <p>March 2006 Director and Head of Security Service Business of GMO Hosting&Security, Inc. (currently, GMO CLOUD K.K.)</p> <p>March 2010 Vice President and Head of Security Service Business of GMO Hosting&Security, Inc. (currently, GMO CLOUD K.K.)</p> <p>December 2011 Vice President, Head of Security Service Business and Head of Enterprise Sales Division of GMO CLOUD K.K.</p> <p>January 2013 Vice President, Head of Security Service Business and Head of Marketing Division of GMO CLOUD K.K.</p> <p>January 2014 Vice President and Head of Security Service Business of GMO CLOUD K.K.</p> <p>January 2015 Vice President in charge of Security Business and IAM Business of GMO CLOUD K.K.</p> <p>March 2016 Director in charge of Security Business and Adviser for Overseas Strategies of GMO Internet, Inc. (current position)</p> <p>January 2017 Vice President in charge of Security Business of GMO CLOUD K.K. (current position)</p> <p>[Reasons for the selection] Ichiro Chujo joined the Group company, WEBKEEPERS, Inc. (currently, GMO-Z.COM USA, INC.) in 1997, and was appointed as a Director of iSLE Inc. (currently, GMO CLOUD K.K.) in 2000. He was appointed as President and Representative Director of GeoTrust Japan, Inc. (currently, GMO GlobalSign K.K.), which performs security business, in 2003, and has operated a certificate authority which issues electronic certificates around the world. We have determined him to be qualified as a Director possessing knowledge of general management and global business operations, and therefore have selected him as a candidate.</p>	17,000

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
13	 Makoto Hashiguchi (October 1, 1968) [Reappointment]	April 2000 Director of NIKKO Ltd. April 2003 Managing Director of NIKKO Ltd. April 2004 Managing Executive Director of NIKKO Ltd. September 2006 Managing Executive Director of NIKKO Inc. (currently, GMO AD HOLDINGS, INC.) July 2007 President and Representative Director of NIKKO Inc. (currently, GMO AD Holdings, Inc.) August 2009 President and Representative Director of NIKKO Inc. (currently, GMO NIKKO Inc.) (current position) March 2011 Director of GMO AD Partners, Inc March 2015 President and Representative Director of GMO AD Partners, Inc. (current position) Director of GMO Mobile Inc. (currently, GMO AD Marketing, Inc.) (current position) Director of GMO Solution Partner, Inc. (current position) Director of GMO AD Holdings, Inc. (current position) May 2017 Director and Head of Group Advertising Division of GMO Internet, Inc. (current position) [Reasons for the selection] Makoto Hashiguchi joined Nikko Ltd. in 2000, which is engaged in the advertising agency business, and has consistently fulfilled his duties as management positions in the advertising field. He was appointed as President and Representative Director of NIKKO Inc. (currently, GMO NIKKO Inc.) in 2009 and President and Representative Director of GMO AD Partners, Inc. in 2015. He has overseen the Internet advertising and media business for the Group. We have determined him to be qualified as a Director possessing rich experience as a corporate manager and broad insights of the Internet advertising industry, and therefore have selected him as a candidate.	11,000

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
14	 Atsuko Fukui (November 8, 1971) [Reappointment]	<p>July 2000 Joined interQ Inc. (currently, GMO Internet, Inc.)</p> <p>August 2006 Team Leader of External Affairs of Group Business Development Department, Group Business Development Division of GMO Internet, Inc.</p> <p>October 2007 Senior Producer of Special Project Assisting President of GMO Internet, Inc.</p> <p>August 2012 Manager of Group Public Relations/Investor Relations Department and Senior Producer of Special Project Assisting President of GMO Internet, Inc.</p> <p>April 2015 General Manager of Group Public Relations/Investor Relations Department of GMO Internet, Inc.</p> <p>May 2017 Director and General Manager of Group Public Relations/Investor Relations Department of GMO Internet, Inc. (current position)</p> <p>[Reasons for the selection] Since joining the Company in 2000, Atsuko Fukui has launched new businesses as a person in charge of external affairs at the Executive Office, and led projects such as providing hosting OEM services and business transfers. She was appointed as Senior Producer of Special Project Assisting President in 2007, and then a manager in charge of public relations and investor relations of the Company and the Group in 2012. She has been supporting the Company's management by demonstrating her skills in maintaining favorable relationships with stakeholders including shareholders and investors. We believe that using her extensive experience, she will make significant contribution in the management of the Company, in particular, in diversity management including the career formation of female employees and executives in line with the increase of female workers, and therefore we have selected her as a candidate.</p>	6,200

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
15	 <p>Takehito Kaneko (March 28, 1964)</p> <p>[New candidate]</p>	<p>April 1986 Joined IBM Japan, Ltd. January 1999 Finance No.1, Financial System BU of IBM Japan, Ltd. January 2005 Managing Officer, Finance No.1 of IBM Japan, Ltd. April 2006 VP, Finance No.1 of IBM Japan, Ltd. April 2010 Seconded to IBM Corporation Vice President, Banking Frameworks, Finance Sector of IBM Corporation April 2011 Vice President, Business Development, Global Business Services of IBM Corporation August 2011 VP, Software of IBM Japan, Ltd. January 2012 VP, Outsourcing Business, Global Technology Services of IBM Japan, Ltd. February 2015 VP, General Manager, Global Technology Services of IBM Japan, Ltd. June 2017 Chairman of Aozora Trust Bank, Ltd. (current position) June 2017 External Director of GMO CLICK Securities, Inc. (current position) December 2017 Director of GMO Payment Gateway, Inc. (current position)</p> <p>[Reasons for the selection] As Takehito Kaneko has a career background as VP at IBM Japan, Ltd., we have determined him to be qualified as a Director to contribute to the Company's management by taking advantage of his rich experience and knowledge of finance-related businesses related to the Company.</p>	-

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
16	 <p>Yasuo Hayashi (September 5, 1975) [New candidate]</p>	<p>April 2002 Joined Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>October 2002 Sales Management Team Leader, Access Company of Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>April 2005 General Manager of Sales Management Division, IxP Business Division of Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>January 2008 General Manager of Access Business Division and Sales Management Division, IxP Business Division of GMO Internet, Inc.</p> <p>January 2009 General Manager of Access Business Department, Business Division of GMO Internet, Inc.</p> <p>June 2017 General Manager of Access Business Department and Media Sales Department, Business Division of GMO Internet, Inc. (current position)</p> <p>[Reasons for the selection] Yasuo Hayashi was put in charge of the overall operational management of the Internet access service, the Company's foundation business, when he joined the Company in 2002, and then in 2005, appointed as General Manager of Sales Management Division, IxP Business Division. Since 2009, as a manager in charge of the Access Business Department, he has demonstrated his skills in developing and implementing marketing strategies negotiating with the latest trend in the highly competitive communications business market. We have determined him to be qualified as a Director who possesses rich business operation experience to drive high growth rates in communications business, and therefore have selected him as a candidate.</p>	-

Proposal 3: Election of 4 Audit and Supervisory Committee Members

The terms of office of all of our Directors who are Audit and Supervisory Committee Members (4 in total) will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the election of 4 Directors who are Audit and Supervisory Committee Members is proposed.

The Audit and Supervisory Committee has previously given its approval to this proposal.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	 Masahiro Muto (December 23, 1961) [Reappointment]	<p>April 1987 Joined Taito Corporation January 1997 Joined CERESPO CO., LTD. October 1997 Joined Vi Cubic, Inc. Finance Division Manager of Vi Cubic, Inc. March 1998 Auditor of interQ Inc. (currently, GMO Internet, Inc.) March 2016 Director and Audit and Supervisory Committee Member of GMO Internet, Inc. (current position)</p> <p>[Special interests between the candidate and the Company] There is no special interest between Masahiro Muto and the Company.</p> <p>[Reasons for the selection] Masahiro Muto was appointed as an Auditor of the Company in 1998. Based on his rich experience and knowledge of accounting in general, he has conducted auditing and supervision of the soundness, transparency and compliance of our corporate management. We have determined that he is qualified as a Director and Audit and Supervisory Committee Member because of his expert insight in the accounting field and a wide range of knowledge on business of the Group, and therefore have selected him as a candidate.</p> <p>If the above candidate is elected, based on the provisions of the Articles of Incorporation, the Company intends to enter into a liability limitation agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said Act; provided, however, that the maximum amount of liability in accordance with this agreement shall be set at the amount stipulated by laws and regulations.</p>	19,700

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	 Keigo Ogura (July 19, 1971) [Reappointment] [External]	<p>October 1996 Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC)</p> <p>April 2000 Registered as a certified public accountant</p> <p>January 2001 Joined Partners Consulting, Inc.</p> <p>September 2002 Established Ogura Certified Public Accountant Office President of Ogura Certified Public Accountant Office (current position)</p> <p>March 2004 Auditor of Global Media Online Inc. (currently, GMO Internet, Inc.)</p> <p>March 2016 Director and Audit and Supervisory Committee Member of GMO Internet, Inc. (current position)</p> <p>[Special interests between the candidate and the Company] There is no special interest between Keigo Ogura and the Company.</p> <p>[Reasons for the selection] We have determined that Keigo Ogura has high level of insight in corporate management based on his professional perspective of tax accounting and corporate accounting, and therefore he will appropriately execute the duties as Director (External) (Audit and Supervisory Committee Member). If the above candidate is elected, based on the provisions of the Articles of Incorporation, the Company intends to enter into a liability limitation agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said Act; provided, however, that the maximum amount of liability in accordance with this agreement shall be set at the amount stipulated by laws and regulations. If the above candidate is elected, the Company will register him as an independent officer with the Tokyo Stock Exchange. The above candidate will have served as the Company's External Director for two years at the conclusion of this Annual General Meeting of Shareholders.</p>	3,200

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	 Takashi Gunjikake (April 22, 1947) [Reappointment] [External]	<p>April 1966 Joined Tokyo Regional Taxation Bureau (Official, Ministry of Finance)</p> <p>July 1996 Deputy District Director of Kamakura Tax Office</p> <p>July 2003 Chief Examiner, Second Large Enterprise Examination Department of Tokyo Regional Taxation Bureau</p> <p>July 2004 Director, Second Information and Examination Division, Second Taxation Department of Tokyo Regional Taxation Bureau</p> <p>July 2005 District Director of Kanagawa Tax Office</p> <p>August 2007 Registered as a certified tax accountant</p> <p>March 2012 Auditor of GMO Internet, Inc.</p> <p>March 2016 Director and Audit and Supervisory Committee Member of GMO Internet, Inc. (current position)</p> <p>[Special interests between the candidate and the Company] There is no special interest between Takashi Gunjikake and the Company.</p> <p>[Reasons for the selection] We have determined that Takashi Gunjikake has high level of insight based on his professional perspective of a certified tax accountant, and therefore he will appropriately execute the duties as Director (External) (Audit and Supervisory Committee Member). If the above candidate is elected, based on the provisions of the Articles of Incorporation, the Company intends to enter into a liability limitation agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said Act; provided, however, that the maximum amount of liability in accordance with this agreement shall be set at the amount stipulated by laws and regulations. If the above candidate is elected, the Company will register him as an independent officer with the Tokyo Stock Exchange. The above candidate will have served as the Company's External Director for two years at the conclusion of this Annual General Meeting of Shareholders.</p>	8,800

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
4	 Kaname Masuda (April 25, 1963) [Reappointment] [External]	<p>April 1990 Registered as a lawyer with Dai-Ichi Tokyo Bar Association Joined Nishimura & Partners (currently Nishimura & Asahi)</p> <p>October 1998 Joined Merrill Lynch Japan Securities Co., Ltd.</p> <p>November 2000 General Counsel of the Office of General Counsel (Individual Customer Division) of Merrill Lynch Japan Securities Co., Ltd.</p> <p>March 2001 Executive Officer and General Counsel of the Office of General Counsel of Merrill Lynch Japan Securities Co., Ltd.</p> <p>November 2003 Joined Niimura Sogo Law Office</p> <p>September 2006 Registered as a lawyer in New York State</p> <p>February 2008 Established Masuda & Partners Law Office</p> <p>May 2008 External Auditor of paperboy&co. (currently GMO Pepabo, Inc.)</p> <p>June 2008 External Auditor of Jibun Bank Corporation (current position)</p> <p>February 2013 Auditor of Commons Asset Management, Inc. (current position)</p> <p>March 2014 Auditor of GMO Internet, Inc.</p> <p>June 2014 External Director of Kando Co., Ltd.</p> <p>October 2014 External Auditor of CROSSWARP Inc. (current position)</p> <p>November 2015 Executive Director of Japan Hotel REIT Investment Corporation (current position)</p> <p>March 2016 Director and Audit and Supervisory Committee Member of GMO Internet, Inc. (current position)</p> <p>[Special interests between the candidate and the Company] There is no special interest between Kaname Masuda and the Company.</p> <p>[Reasons for the selection] We have determined that Kaname Masuda has strong track record in corporate legal affairs based on his professional perspective as a lawyer and high level of insight in management, and therefore he will appropriately execute the duties as Director (External) (Audit and Supervisory Committee Member). If the above candidate is elected, based on the provisions of the Articles of Incorporation, the Company intends to enter into a liability limitation agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said Act; provided, however, that the maximum amount of liability in accordance with this agreement shall be set at the amount stipulated by laws and regulations. If the above candidate is elected, the Company will register him as an independent officer with the Tokyo Stock Exchange. The above candidate will have served as the Company's External Director for two years at the conclusion of this Annual General Meeting of Shareholders.</p>	400

Proposal 4: Matters in Relation to Determining the Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Company proposes that the annual amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be set at ¥1.2 billion or less in consideration of various circumstances including current economic conditions, to ensure payment of remuneration based on the remuneration system of the Company. (For the concept and specific details of the system, please refer to the opinion of the Board of Directors of the Company on Proposals 7 and 10, presented as shareholder proposals.)

The Company currently has fifteen (15) Directors (excluding Directors who are Audit and Supervisory Committee Members). If Proposal 2 is approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be sixteen (16).

Shareholder Proposals

Proposals 5 through 10 are the proposals presented by some shareholders. The Board of Directors disapproves all of these proposals. Shareholders are kindly requested to exercise their voting rights after reviewing the opinions of the Board of Directors presented after each proposal.

Proposal 5: Abolition of Policy for Large-scale Purchase of the Company's Shares (Takeover Defense Measures)

Opinions of the Board of Directors: We object to this proposal.

(1) Summary of Proposal

The policy for large scale purchase of the shares of the Company was introduced at the board of directors meeting held on March 13, 2006 and has continued with unanimous approval of the board of directors meeting each year (Takeover Defense Measures). This policy will be abolished and not continued.

(2) Reason for Proposal

a. Not abolishing the Takeover Defense Measures has unacceptable demerits

“Takeover Defense Measures”, generally, means measures to be introduced prior to the commencement of acquisition of a stock company by a person who is unfavorable to the management of the targeted company (so-called hostile takeover) and includes measures to make it difficult to realize the acquisition of the said company such as issuing shares or stock acquisition rights without having any appropriate business purpose (such as procuring capital) as the main purpose of such issuance.

For the shareholder, in the acquisition of the company, there is the advantage of (1) the acquirer may gain control of the company and performance may improve after changing the management and (2) providing the incentive for the management to increase share price so that the company is not acquired due to the potential threat of hostile takeover for the management (as, if the share price is high, cost required for the takeover increases). In particular, (1) could be said to be a natural consequence originating from the basic structure of a stock company of providing shareholders with the authority allowing them to control the company management through their right to elect or dismiss directors.

However, as takeover involves a threat to the company control such as a situation of a hostile takeover, there is always a possibility of the directors conducting for the purpose of self-protection and not for the benefit of the company or shareholders. Therefore, the introduction of Takeover Defense Measures could be connected to assisting self-protection by the directors and playing down the shareholders' benefit in above (1) and (2) by the company management. Furthermore, there is a risk of unfairly lowering the share value of the company.

Currently, it has been pointed out that the median of ROE value and dividend pay-out policy, which are popular as indices measuring the capital efficiency of corporations in recent years, for companies having Takeover Defense Measures among listed companies is lower than the median for overall listed companies, and this supports there being the above demerits. As well, the number of listed companies introducing or continuing Takeover Defense Measures is decreasing(See Miki Motegi and Koji Tanino, “Situation for Introduction of Hostile Takeover Defense Measures – In Reference to General Meetings of June 2016” Issue 2120, Page 12 et. seq. Junkan Shoji Homu). Based on such trend for other companies, the Takeover Defense Measures should not be introduced and continued in any form and the Takeover Defense Measures which have already been introduced by the Company should be immediately abolished.

In general, as a merit of introducing so-called prior warning type Takeover Defense Measures which include the Takeover Defense Measures of the Company, it is sometimes said that such Takeover Defense Measures encourage the large scale acquirer to provide information about itself. Considering, however, securing of information concerning a large scale acquirer may be achieved to a considerable degree under the regulations of Financial Instruments and Exchange Act, it cannot be said that such merit is worth accepting the risk of the Takeover Defense Measures being abused for the purpose of directors' self-protection and the risk of lowering the Company's share value.

b. Fatal issues for the Company's Takeover Defense Measures

Even if the introduction of Takeover Defense Measures can be recognized to have a certain amount of reasonableness in general terms, there are the following problems with the Takeover Defense Measures of the Company.

The Takeover Defense Measures of the Company are so-called a prior warning Takeover Defense Measures, which impose on a large scale acquirer an obligation for provision of information regarding itself and has the board of directors, as the final decision maker, determine the pros and cons of the large scale acquisition based on the information provided by the large scale acquirer. Under the prior warning Takeover Defense Measure, if a large scale acquirer tries to make a large scale offer without following the process provided for by the defense measure, the board of directors may issue stock acquisition rights and new shares and take actions to interfere with the purpose of the large scale acquirer.

However, the decision of whether to accept the proposed acquisition is greatly related to the interests of shareholders and in “Policy Concerning Takeover Defense Measures to Ensure or Improve Corporate Value and Common Interests of the Shareholders” published by the Ministry of Economy, Trade and Industry and Ministry of Justice as of May 27, 2005 (“Policy for Takeover Defense Measures”), it is recommended that the decisions related to Takeover Defense Measures should be made in deference to the interests and reasonable intention of the shareholders in principle by stating that introducing, putting into effect and abolishing of Takeover Defense Measures should be done with the purpose of ensuring and improving the common interests of shareholders (Page3) and adopting the principle of shareholder’s intent i.e. such decisions should be based on the reasonable intention of the shareholders who are the substantial owners of the stock company (Page 5). As well in “Corporate Governance Code -Sustainable Corporate Growth and Medium-to-Long Term Improvement of Corporate Value” (“CG Code”) published by Tokyo Stock Exchange, Inc. as rules related to the corporate governance to be applied to listed companies on June 1, 2015, it is stated that Takeover Defense Measures “should not be for the purpose of self-protection of the management or board of directors (Principle1-5).”

For Takeover Defense Measures of the Company, the decisions for introduction, continuation and abolishment are not only left to the decision of the board of directors in all cases, but the right to decide related to the implementation of defensive measures is also entrusted to the board of directors, and the intentions of the shareholders are not at all reflected with this arrangement. Therefore, there is the risk that the board of directors may arbitrarily put into effect Takeover Defense Measures with the aim of self-protection since structurally there is a high likelihood that control of the Company will be lost with a large scale acquisition. Oasis has confirmed that there are shareholders with the same opinion as Oasis among shareholders other than Oasis in regard to Takeover Defense Measures.

As stated above, the abolishing of Takeover Defense Measures is considered to be connected to the proper valuation of the Company, so we propose this Agenda Item.

Opinions of the Board of Directors on Proposal 5

Abolition of Policy for Large-scale Purchase of the Company’s Shares (Takeover Defense Measures)

[Against] The Board of Directors of the Company objects to this proposal.

The Board of Directors of the Company believes that the final decision on whether to accept or reject a large-scale purchase by a large-scale purchaser should be made by the shareholders. Nevertheless, without an understanding of the Company’s businesses, it is difficult to gain an understanding of its corporate value. When the shareholders are to make a decision regarding a large-scale purchase by a large-scale purchaser, the information provided by such large-scale purchaser will not suffice as the basis for making the decision on whether to accept or reject the purchase, and we believe it to be extremely important that the Company’s Board of Directors, which has sufficient understanding of the Company’s business characteristics, etc., appropriately provides its assessment and opinions regarding the large-scale purchase to the shareholders.

The Board of Directors of the Company, at its meeting held on March 13, 2006, adopted the Measures against large-scale purchases of the Company’s shares (Takeover Defense Measures), in the belief that collecting and providing the shareholders with the necessary and sufficient information to make an appropriate judgment by themselves, and disclosing the assessment and examination results regarding such large-scale purchases by the Board of Directors will contribute to the common interests of the shareholders. The Takeover Defense Measures of the Company have been renewed regularly since their adoption, by the unanimous decision of the Directors (including External Directors) elected at the Annual General Meeting of Shareholders held each year.

Moreover, the countermeasures under the Takeover Defense Measures shall be activated only in the event that a large-scale purchaser violates the rules set out under the Takeover Defense Measures, or that the large-scale purchase is considered to significantly compromise the common interests of shareholders of the Company, as well as its corporate value. Furthermore, such activation requires the unanimous agreement of

all Directors, including three External Directors who are independent Directors, while fully respecting the recommendation of the Special Committee, which is established to include four committee members who are independent from the Board of Directors of the Company, as a precautionary measure against any arbitrary triggering by Directors motivated towards self-preservation.

While we are aware of the latest trend among other companies with respect to Takeover Defense Measures, we believe that the Company needs to retain the current Takeover Defense Measures, since the procedures prescribed under the Financial Instruments and Exchange Act are not suitably sufficient (e.g., transactions within the market being outside the regulation of tender offers, in principle) to collect and provide the aforementioned necessary and sufficient information to ensure that the shareholders can appropriately decide whether to accept a large-scale purchase.

Therefore, the Board of Directors of the Company objects to this proposal, as it is against our philosophy, as described above.

Proposal 6: Partial Amendment to the Articles of Incorporation (Introduction Method for Takeover Defense Measures)

Opinion of the Board of Directors: We object to this proposal.

(1) Summary of Proposal

The below Chapter 9 will be added to after Chapter 8 of the current Articles of Incorporation. Depending on the approval of other agenda items (including the agenda item proposed by the company) at the General Shareholder Meeting, if adjustment in form in the text noted as this Agenda item (including, without limitation, revision for adjustment in numbering and changes in the naming for title) is required, the text related to this Agenda Item shall be deemed to be replaced with the text after the necessary adjustments are made (the below partial amendment of the Articles of Incorporation shall be deemed to be replaced in the same way, if necessary).

Chapter 9 Takeover Defense Measures

Article 53 (Introduction of Takeover Defense Measures, Etc.)

1. The introduction and continuation of countermeasure for large scale acquisition of the shares of the Company (“Takeover Defense Measures”) will be determined by the resolution of the general shareholder meeting. The putting into effect of Takeover Defense Measures will be determined by the resolution of the general shareholder meeting unless there are special circumstances such as not having much time to go through the resolution of the general shareholder meeting. The abolishment of Takeover Defense Measures may be decided by the resolution of the general shareholder meeting.
2. Takeover Defense Measures in the preceding paragraph means countermeasure by issuing shares or stock acquisition rights, etc. and other reasonable means against the acquisition of shares and/or potential shares of the Company by a person who may harm the corporate value of the Company or the common interest of the shareholders.
3. For the Takeover Defense Measures which have been introduced by resolution as provided for in Paragraph 1, the continuation must be approved at the annual general shareholder meeting for the business year ending within one year after introduction by resolution of the general shareholder meeting and the same will apply thereafter. If such approval is not obtained, the board of directors will promptly take measures to terminate the Takeover Defense Measures.
4. The resolution provided for in the preceding paragraphs shall be made by using the method provided in Paragraph 1 of Article 309 of the Companies Act.

(2) Reason for Proposal

The reasons that Takeover Defense Measures should be abolished are as stated in the above 1 (2), however, if the Takeover Defense Measures are continued, the decisions related to introduction, continuation and abolishment and appropriateness of continuation of the Takeover Defense Measures should be made in deference to the interest and reasonable intention of the shareholders in principle and as in the current situation, there is a structural conflict of interest and it is not appropriate to entrust the board of directors with the risk of putting into effect arbitrarily Takeover Defense Measures with the aim of self-protection. In regard to this point, it seems that the management of the Company believes that since the directors elected at the annual general shareholder meeting decide whether the Takeover Defense Measures should continue or not, the intention of the shareholders is reflected in such decision making. However, the pros and cons for the agenda item of election of directors may not necessarily be the same as the pros and cons for Takeover Defense Measures, so with the agenda item for election of the directors being approved, it is not necessarily the case that the Takeover Defense Measures have been approved and Oasis considers that it is necessary to provide an opportunity to ask the shareholders about the pros and cons for the Takeover Defense Measures separately from the agenda item for the election of directors.

As stated above, we consider it appropriate that the Articles of Incorporation of the Company provide for the introducing, putting in effect and abolishing of Takeover Defense Measures being matters for resolutions of the general shareholder meeting in principle, and at the general shareholder meeting for each year there are deliberations on appropriateness of continuation of Takeover Defense Measures, so we propose this Agenda Item.

Opinion of the Board of Directors on Proposal 6

Partial Amendment to the Articles of Incorporation (Introduction Method for Takeover Defense Measures)

[Against] The Board of Directors of the Company objects to this proposal.

The Board of Directors of the Company, at its meeting held on March 13, 2006, adopted the Takeover Defense Measures in the belief that collecting and providing the shareholders with the necessary and sufficient information to make an appropriate judgment by themselves, and disclosing the assessment and examination of such large-scale purchase by the Board of Directors in the event of a large-scale purchase of shares in the Company, will contribute to the common interests of the shareholders. The Takeover Defense Measures of the Company have been renewed, since their adoption, by the unanimous decision of the Directors (including External Directors) elected at the Annual General Meeting of Shareholders held each year.

Moreover, as stated in the opinion of the Board of Directors of the Company regarding Proposal 5, the countermeasures under the Takeover Defense Measures shall be activated only in the event that a large-scale purchaser violates the rules set out under the Takeover Defense Measures, or that the large-scale purchase is considered to significantly compromise the common interests of the shareholders of the Company, as well as its corporate value. Furthermore, such activation requires the unanimous agreement of all Directors, including three External Directors who are independent Directors, while fully respecting the recommendation of the Special Committee, which is established to include four committee members who are independent from the Board of Directors of the Company, as a precautionary measure against any arbitrary triggering by Directors motivated toward self-preservation.

Therefore, the Board of Directors of the Company objects to this proposal, as it is against our philosophy, as described above.

Proposal 7: Partial Amendment to the Articles of Incorporation (Change to the System for Company with Nominating Committee, etc.)

Opinion of the Board of Directors: We object to this proposal.

(1) Summary of Proposal

The current Articles of Incorporation will be amended as follows and the numbering for Articles 34, 35, 37, and 39 will be moved up one and Article 41 will be moved up two and Article 46 (Election of Accountant Auditor) and thereafter will be moved down two and the numbering for Chapter 7 (Accountant Auditor) and thereafter will be moved down one.

(An underlined part indicates an amended part)

Current Articles of Incorporation	Amendment Proposal
<p>Article 5 (Organs) The Company shall have the following organs in addition to the general shareholder meeting and directors. (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (3) Accountant auditor</p>	<p>Article 5 (Organs) The Company shall have the following organs in addition to the general shareholder meeting and directors. (1) Board of Directors (2) <u>Nominating committee, audit committee and compensation committee</u> (3) <u>Executive Officers</u> (4) Accountant auditor</p>
<p>Article 22 (Convenor and Chair) 1. The Board of Directors meetings shall be convened by the <u>Representative Director and President</u> by resolution of the Board of Directors except as otherwise provided by law. If the <u>Representative Director and President</u> are unable to convene, another director shall convene in the order determined by the Board of Directors in advance. 2. The <u>Representative Director and President</u> shall be the chair of the Board of Directors meetings. If the <u>Representative Director and President</u> are unable to chair, another director shall chair in the order determined by the Board of Directors in advance.</p>	<p>Article 22 (Convenor and Chair) 1. The Board of Directors meetings shall be convened by the <u>President and Chief Executive Officer</u> by resolution of the Board of Directors except as otherwise provided by law. If the <u>President and Chief Executive Officer</u> are unable to convene, not her <u>executive officer</u> or director shall convene in the order determined by the Board of Directors in advance. 2. The <u>President and Chief Executive Officer</u> shall be the chair of the Board of Directors meetings. If the <u>President and Chief Executive Officer</u> are unable to chair, another director shall chair in the order determined by the Board of Directors in advance.</p>
<p>Article 27 (Number of Directors) 1. The number of directors for the Board of Directors (<u>excluding directors who are members of audit and supervisory committee</u>) shall be 19 directors or less. 2. <u>The number of directors who are members of audit and supervisory committee of the Company (“Audit and Supervisory Committee Member(s)”) shall be five (5) directors or less.</u></p>	<p>Article 27 (Number of Directors) The number of directors for the Board of Directors shall be 19 directors or less. (Paragraph 2 deleted)</p>
<p>Article 28 (Method of Election of Directors) 1. The directors shall be elected by resolution of the general shareholder meeting <u>by distinguishing between the Audit and Supervisory Committee Members and other directors.</u> 2. The election resolution of the directors shall</p>	<p>Article 28 (Method of Election of Directors) 1. The directors shall be elected by resolution of the general shareholder meeting. 2. The election resolution of the directors shall require the majority of voting rights at a meeting where shareholders having one-third or more of</p>

Current Articles of Incorporation	Amendment Proposal
<p>require the majority of voting rights at a meeting where shareholders having one-third or more of the voting rights of the shareholders allowed to exercise voting rights are present.</p> <p>3. Cumulative voting shall not be used for the election of the directors.</p> <p>Article 30 (Term of Office of Directors)</p> <p>1. <u>Term of office of a director shall continue until the conclusion of the annual shareholders meeting for the last business year which ends within one (1) year from the time of his or her election.</u></p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, the term of office of an Audit and Supervisory Committee Member shall continue until the conclusion of the annual shareholders meeting for the last business year which ends within two (2) years from the time of his or her election.</u></p> <p>3. <u>Term of office of an Audit and Supervisory Committee Member elected to fill a vacancy shall continue until when the term of office of the retiring Audit and Supervisory Committee Member would have expired.</u></p> <p>4. <u>The effective term of the resolution for election of a substitute Audit and Supervisory Committee Member under Article 329, Paragraph 3 of the Companies Act shall continue until the beginning of an annual General Meeting of Shareholders relating to the last fiscal year ending within two (2) years from his or her election.</u></p>	<p>the voting rights of the shareholders allowed to exercise voting rights are present.</p> <p>3. Cumulative voting shall not be used for the election of the directors.</p> <p>Article 30 (Term of Office of Directors) Term of office of a director shall continue until the conclusion of the annual shareholders meeting for the last business year which ends within one (1) year from the time of his or her election.</p> <p>(Paragraph 2 deleted)</p> <p>(Paragraph 3 deleted)</p> <p>(Paragraph 4 deleted)</p>
<p>Article 31 (Directors with Titles)</p> <p><u>One President and, if necessary, a few group representatives, chair persons, vice-presidents, executive managing directors and managing directors</u> may be elected by resolution of the Board of Directors.</p>	<p>Article 31 (Directors with Titles)</p> <p>If necessary, a few <u>directors with titles</u> may be elected by a resolution of the Board of Directors.</p>
<p>Article 32 (Representative Director)</p> <p>1. <u>The Representative Director and President shall represent the Company.</u></p> <p>2. <u>As required, a Representative Director in addition to the preceding paragraph maybe determined by resolution of the Board of Directors and each shall represent the Company.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Amendment Proposal
<p>Article <u>33</u> (Convenor and Chair of the Board of Directors meeting) The meetings of the Board of Directors shall be convened and chaired by the <u>Representative Director and President</u> except as otherwise provided for in laws. If the <u>Representative Director and President</u> are unable to act, another director shall convene and chair the meeting in the order determined in advance by the Board of Directors.</p>	<p>Article <u>32</u> (Convenor and Chair of the Board of Directors meeting) The meetings of the Board of Directors shall be convened and chaired by the <u>director determined by the Board of Directors</u> except as otherwise provided for in laws. If <u>such director</u> is unable to act, another director shall convene and chair the meeting in the order determined in advance by the Board of Directors.</p>
<p>Article <u>36</u> (Prohibition on After the Fact Approval by the Board of Directors)</p> <ol style="list-style-type: none"> 1. Obtaining resolution of the Board of Directors for matters to be resolved by the Board of Directors after the execution of such matter shall be prohibited. 2. Notwithstanding the preceding paragraph, in regard to matters to be resolved at the Board of Directors, the <u>Representative Director and President</u> may perform such matters prior to the resolution of the Board of Directors to the extent not breaching laws or these Articles of Incorporation, only in cases where such matters are urgent and important and obtaining the resolution of the Board of Directors prior to the execution of such matters would have a material effect on the management of the Company. 3. In the case of the preceding paragraph, <u>Representative Director and President</u> shall report the facts of the execution at the first Board of Directors meeting held after execution provided for in the preceding paragraph and obtain are solution with the unanimous approval of the directors entitled to participate in the vote for such execution. 	<p>Article <u>35</u> (Prohibition on After the Fact Approval by the Board of Directors)</p> <ol style="list-style-type: none"> 1. Obtaining resolution of the Board of Directors for matters to be resolved by the Board of Directors after the execution of such matter shall be prohibited. 2. Notwithstanding the preceding paragraph, in regard to matters to be resolved at the Board of Directors, the <u>President and Chief Executive Officer</u> may perform such matters prior to the resolution of the Board of Directors to the extent not breaching laws or these Articles of Incorporation, only in cases where such matters are urgent and important and obtaining the resolution of the Board of Directors prior to the execution of such matters would have a material effect on the management of the Company. 3. In the case of the preceding paragraph, <u>President and Chief Executive Officer</u> shall report the facts of the execution at the first Board of Directors meeting held after execution provided for in the preceding paragraph and obtain are solution with the unanimous approval of the directors entitled to participate in the vote for such execution.
<p>Article <u>38</u> (Advisers (soudan-yaku)) The Board of Directors may elect a few advisers (soudan-yaku) with a resolution therefor. An adviser (soudan-yaku) shall respond to the inquiries of the President in regard to the business of the Company.</p>	<p>Article <u>37</u> (Advisers (soudan-yaku)) The Board of Directors may elect a few advisers (soudan-yaku) with a resolution therefor <u>in accordance with such answer upon an inquiry to the nominating committee</u>. An adviser (soudan-yaku) shall respond to the inquiries of the President in regard to the business of the Company.</p>
<p>Article <u>40</u> (Compensation, Etc. of Directors) <u>Compensation, Etc. of Directors shall be determined by distinguishing between the Audit and Supervisory Committee Members and other directors by the resolution of the Board of Directors.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Amendment Proposal
<u>Chapter 6 Audit and Supervisory Committee</u>	(Deleted)
<p><u>Article 42 (Convocation Procedure)</u> <u>The convocation of the audit and supervisory committee shall send a notice no later than three (3) days prior to the meeting to the Audit and Supervisory Committee Members; provided, however, that if urgently required, such period maybe shortened.</u></p>	(Deleted)
<p><u>Article 43 (Method of Resolution of the Audit and Supervisory Committee)</u> <u>Resolution of the audit and supervisory committee shall be made by a majority of Audit and Supervisory Committee Members present unless provided for otherwise in laws.</u></p>	(Deleted)
<p><u>Article 44 (Minutes)</u> 1. <u>The summary of the proceedings and the outcome and other matters provided for laws of the audit and supervisory committee meeting shall be described or recorded in the minutes and the Audit and Supervisory Committee Members present shall affix names and seals to or electronically sign such minutes.</u> 2. <u>The minutes of the audit and supervisory committee and supervisory committee shall be kept at the head office for ten (10) years from the date of the minutes.</u></p>	(Deleted)
<p><u>Article 45 (Audit and Supervisory Committee Rules)</u> <u>Matters concerning audit and supervisory committee shall be according to the Audit and Supervisory Committee Rules in addition to the laws or the Articles of Incorporation.</u></p>	(Deleted)
<p>(Newly Established)</p>	<u>Chapter 6 Nominating Committee, Audit Committee and Compensation Committee</u>
<p>(Newly Established)</p>	<p><u>Article 40 (Establishment of Nominating Committee, Audit Committee and Compensation Committee)</u> <u>The Company shall have a nominating committee, an audit committee and a compensation committee.</u></p>
<p>(Newly Established)</p>	<p><u>Article 41 (Election of Members)</u> 1. <u>The directors who compose each committee shall be determined by the Board of Directors.</u> 2. <u>The committee chairperson of each committee shall be determined by the Board of Directors.</u></p>
<p>(Newly Established)</p>	<p><u>Article 42 (Authority of Each Committee)</u> 1. <u>The nominating committee shall determine the</u></p>

Current Articles of Incorporation	Amendment Proposal
	<p><u>content of agenda items for election and dismissal of directors to be submitted to the general shareholder meeting and deliberate on matters concerning the election and dismissal of advisers (soudan-yaku) and counsels (komon). Nominating committee shall refer candidates for executive officers to the Board of Directors after selection and the Board of Directors shall give utmost respect to such nominations.</u></p> <p>2. <u>The audit committee shall audit the execution of the duties of executive officers and directors and prepare audit reports and shall determine the content of agenda items for election and dismissal of accountant auditors and not re-electing accountant auditors to be submitted to the general shareholder meetings.</u></p> <p>3. <u>The compensation committee shall determine the policy concerning the determination of the content of the compensation, etc. individually for executive officers and directors and advisers (soudan-yaku) and counsel (komon) and the content of compensation, etc. for each individual. If the executive officer is concurrently an employee of the Company, content of the compensation, etc. of such employee shall be treated in the same way. The introduction of incentive compensation linked to medium to long term performance shall be examined by the Compensation Committee.</u></p>
(Newly Established)	<p><u>Article 43 (Matters concerning Committees)</u> <u>Matters concerning committees shall be in accordance with the rules of committees determined by the Board of Directors in addition to laws and these Articles of Incorporation.</u></p>
(Newly Established)	<p style="text-align: center;"><u>Chapter 7 Executive Officers</u></p>
(Newly Established)	<p><u>Article 44 (Election of Executive Officers) Executive Officers of the Company shall be elected by the resolution of the Board of Directors.</u></p>
(Newly Established)	<p><u>Article 45 (Term of Office of Executive Officers)</u> 1. <u>Term of office of an executive officer shall continue until the conclusion of the Board of Director meeting first convened after the conclusion of the annual general shareholder meeting for the last business year which ends within one year from the time of his or her</u></p>

Current Articles of Incorporation	Amendment Proposal
<p>(Newly Established)</p>	<p><u>election.</u></p> <p><u>2. The term of office of the executive officer elected to fill an increase or a vacancy shall continue until the expiry of term of office of other executive officers.</u></p> <p><u>Article 46 (Representative Executive Officer and Executive Officer with Titles)</u></p> <p><u>1. The Company shall elect a representative executive officer from among the executive officers by resolution of the Board of Directors.</u></p> <p><u>2. A President and Chief Executive Officer shall be elected and, if necessary, a few group representatives, chairpersons, vice-presidents, executive managing director and managing director may be elected from among the executive officers by resolution of the Board of Directors.</u></p>
<p>(Newly Established)</p> <p>Article <u>48</u> (Compensation, Etc. of Accountant Auditor) Compensation, Etc. of accountant auditor shall be determined by the <u>Representative Director</u> after obtaining the agreement of the audit <u>and supervisory committee</u>.</p>	<p><u>Article 47 (Exclusion of Liability of Executive Officer)</u></p> <p><u>If falling under the requirements specified by law regarding the liability for damage under Article 423, Paragraph 1 of the Companies Act for executive officers (including persons who were executive officers), the Company may exclude liability up to the amount obtained by deducting minimum liability amount provided by law from the damage liability amount by resolution of the Board of Directors.</u></p> <p>Article <u>50</u> (Compensation, Etc. of Accountant Auditor) Compensation, Etc. of accountant auditor shall be determined by the <u>President and Chief Executive Officer</u> after obtaining the agreement of <u>the audit committee</u>.</p>

(2) Reason for Proposal

Since the incorporation of the Company, Masatoshi Kumagai (“Mr. Kumagai”) has consistently served as representative director of the Company and as Mr. Kumagai is also a major shareholder of the Company, it could be said the influence of Mr. Kumagai within the Company is extremely large. Accordingly, it must be said that the board of directors where there are only three outside directors among 19 directors naturally cannot be expected to decide the personnel affairs and compensation of Mr. Kumagai appropriately without the influence of Mr. Kumagai.

In this sense, currently, it could be said that the governance of the Company is insufficient. As the supervision on the decisions of the personnel affairs and compensation of Mr. Kumagai by the board of directors of the Company cannot be expected as stated above, to eliminate such malfunction of the governance, having an opportunity for the participation of independent outside directors is necessary and that is described in the CG Code and the “Practical Guideline concerning the Corporate Governance System” published by the Ministry of Economy, Trade and Industry on March 31, 2017 (“CGS Guideline”).

Namely, it is advised that the board of directors has the obligation to conduct highly effective supervision of the management (including executive officers) in accordance with fair and highly transparent procedures

from an independent objective position (Basic Principle 4, Principle 4-3, and Supplementary Principle 4-3 (i) of CG Code). From this viewpoint, it is proposed that the board of directors should promote separation of supervision of management and execution and try to utilize outside directors independent from the management (Principles 4-6 and 4-7 of CG Code) and should have a nominating committee or compensation committee composed of outside directors and obtain the participation of outside directors in the examination of personnel affairs and compensation of management (Pages 33 to 34 of CGS Guideline). However, currently, in the system of a company with audit and supervisory committee adopted by the Company, outside directors play only very limited role, in decisions for personnel affairs and compensation of management, of presenting opinions at general shareholder meetings.

Accordingly, in accordance with the above advice, to strengthen the governance of the Company through the conducting of effective supervision from the viewpoint of personnel affairs and compensation to Mr. Kumagai, it is necessary to change to a system for company with nominating committee, etc. in which a nominating committee or a compensation committee at which outside directors are a majority decide personnel affairs and compensation of the directors. In addition, as objectivity, timeliness and transparency are required in the process of election and dismissal of CEO (Follow Up Meeting Opinion (2) Pages 2 to 3), for the personnel affairs for the CEO as representative executive officer, a structure for participation by nominating committee should be established (Pages 69-79 of CGS Guideline). As well, the Company will have a few advisers (soudan-yaku) and counsels (komon), however, the various harms in the adviser (soudan-yaku) and counsel (komon) system are a well-known fact and from the viewpoint of ensuring the objectivity of such election and compensation amount, matters concerning advisers (soudan-yaku) and counsels (komon) should be reference matters for the nominating committee and compensation committee (Pages 36 to 39 of CGS Guideline).

As stated above, we consider that a change to a nominating committee system is appropriate, so we propose this Agenda Item.

Opinion of the Board of Directors on Proposal 7

Partial Amendment to the Articles of Incorporation (Change to the System for Company with Nominating Committee, etc.)

[Against] The Board of Directors of the Company objects to this proposal.

With a view toward further enhancing its corporate governance through strengthening of the supervisory function of the Board of Directors, and improving its medium to long-term corporate value by fully utilizing the functions of non-executive External Directors, the Company adopted an Audit & Supervisory Committee system, based on the approval at the FY2015 Annual General Meeting of Shareholders held on March 21, 2016. The Audit and Supervisory Committee of the Company, with a majority of its members comprising Independent External Directors, is adequately fulfilling its audit and supervisory function over the legitimacy and appropriateness of the business execution by Directors, in order to unflinchingly meet the expectations of all stakeholders of the Company, while materializing management with a high degree of transparency.

The Company decides on the nomination of Directors at the Board of Directors, based on a thorough review of candidates who basically offer their service on a voluntary basis, attended by all Directors including three Independent External Directors, fully utilizing the results of the questionnaire for “360 degree” executive evaluation obtained from all officers of the 104 companies under the Group, comprehensively assessing their talent, attitude, and management ability to decide whether they are the right people who are sufficiently capable to materialize the Spirit Venture Declaration, which is enshrined as the founding philosophy of the Company. Thus, the nomination of Directors of the Company is decided in view of factors for consideration that are clearly predetermined by the Company, and the Company believes that the personnel system for its Directors is sufficiently appropriate and free from arbitrariness.

The Company has adopted a compensation framework for its Directors, in which basic compensation is determined automatically by the multilateral evaluation of progress against qualitative targets based on the Spirit Venture Declaration, as well as quantitative targets established by the Company for each fiscal year, including financial results and dividends targets such as net sales, ordinary profit, dividends paid, profit per employee, net sales growth ratio, and profit growth ratio, along with customer retention rate and employee retention rate. Furthermore, under this framework, basic compensation for each Director is subject to an adjustment within the range of plus or minus 20%, depending on progress against the individual target set for each Director for each fiscal year. In addition, in the event of failure to achieve the corporate performance target, a refund of compensation will be imposed based on certain rules, while payment of an executive

bonus will be cancelled. On the other hand, if the corporate performance target is achieved to some extent, an executive bonus will be paid as additional compensation, depending on the extent of individual performance. Meanwhile, details of the target set individually for each Director, along with the total amount of individual compensation paid on a full-year basis, is disclosed to all executives and employees of the 103 companies under the Group, in an effort to ensure transparency. Thus, we believe that the process to determine the compensation for Directors of the Company is also sufficiently appropriate and free from arbitrariness.

In addition, this compensation system is established and amended by the Board of Directors, based on a thorough conclusive review by all Directors, including three Independent External Directors, while fully respecting the results of deliberation over the necessity for establishing a new system or amending the current system, at a committee comprising members who have voluntarily offered their service, selected from among all officers of the 104 companies under the Group, thereby ensuring that the system is appropriate and free from arbitrariness.

Incidentally, the retroactive approval of the matters to be resolved by the Board of Directors is prohibited in principle, under Article 36 of the Articles of Incorporation of the Company, where an exceptional case of retroactive approval requires the unanimous agreement of all Directors. Under such provision, the Company restricts the authority of executive Directors with respect to important business execution, thereby further enhancing corporate governance through strengthening of the supervisory function of the Board of Directors. As seen in the aforementioned provisions of the Articles of Incorporation currently in place, the Company is taking various measures to materialize fully functioning corporate governance, under the existing framework.

Therefore, we believe that it is not necessary for the Company to change from the current Audit & Supervisory Committee system to a governance structure based on a Nominating Committee, etc.

Senior Advisors and Advisors of the Company are contributing to the enhancement of the corporate value of the Company, by providing effective opinions and advice from an expert standpoint, drawing on a broad-based personal network of contacts, while there exists in the Company neither a structural framework in which Senior Advisors and Advisors can exert undue influence on the management, including the decision-making process concerning the operation of the Company, nor an actual circumstance in which such influence has been exerted. In addition, compensation for Senior Advisors and Advisors of the Company is believed to be appropriate and commensurate with their contributions.

Therefore, the Board of Directors of the Company objects to this proposal, as it is against our philosophy, as described above.

Proposal 8: Partial Amendment to the Articles of Incorporation (Prohibition of Concurrent Posts of President and Chairperson of the Board of Directors)

Opinion of the Board of Directors: We object to this proposal.

(1) Summary of Proposal

Article 33 of the current Articles of Incorporation will be amended as follows.

(An underlined part indicates an amended part)

Current Articles of Incorporation	Amendment Proposal
<p>Article 33 (Convenor <u>and Chair</u> of the Board of Directors) The meetings of the Board of Directors shall be convened <u>and chaired</u> by the President except as otherwise provided for in laws. If the President is unable to act, another director shall convene and chair the meeting in the order determined in advance by the Board of Directors.</p> <p>(Newly Established)</p>	<p>Article 33 (Convenor and Chair of the Board of Directors) The meetings of the Board of Directors shall be convened by the President except as otherwise provided for in laws. If the President is unable to act, another director shall convene the meeting in the order determined in advance by the Board of Directors.</p> <p><u>Article 33-2 (Chair of Board of Directors Meeting)</u> 1. <u>The meetings of the Board of Directors shall be chaired by one outside director elected by resolution of the Board of Directors.</u> 2. <u>Even if the chair is unable to act, the Representative Director and President, group representative and chairperson of the Board of Directors may not also act as the chair of the Board of Directors meeting.</u></p>

(2) Reason for Proposal

The CGS Guideline states that for the board of directors to function effectively, not only the decision making function, but the performance of the supervisory function is also important and as a direction of efforts for strengthening corporate governance in companies in which the authority is substantially focused on the President or CEO (e.g., the top down management is conducted by the President and CEO), and in light of the concern that mutual supervision by the same persons executing the business of the Company cannot really be expected, it should be desirable that there is a change to the board of directors which focuses on supervisory function so that there will be no reckless behavior or corruption of the President or CEO having strong authority and efforts for strengthening such functions. As a concrete plan for such effort, CGS Guideline presents the guideline that “it is desirable for the chair of a board of directors meeting that a person other than a person executing the business of the company acts as chair from view point of objective evaluation.”

On this point, in the Company, Mr. Kumagai, who is the Representative Director, concurrently serves as Representative Director and President, group representative, chairperson and also the chair of the board of directors meetings and Mr. Kumagai is the major shareholder holding more than one-third of shares of the Company. Mr. Kumagai has immense clout in the Company and regardless of his so-called top down management, the supervisory function of the board of directors is in no way valid, so the Company should strengthen the supervisory function of the board of directors and for that purpose, the chair of board of directors meeting should be performed by a person other than a person executing the business of the Company. As well, the amendment of the article of incorporation will conform to 2.1.2 of “Corporate Governance Policy” of the Company, which says that “the board of directors ... will ensure fairness and transparency of management by actively performing the supervisory function for general management.”

As stated above, as a result of the separation of the chair of the board of directors meeting and persons executing the business of the Company, the supervisory function of board of director will be strengthened and corporate governance of the Company will be strengthened, so we propose this Agenda Item.

Opinion of the Board of Directors on Proposal 8

Partial Amendment to the Articles of Incorporation (Prohibition of Concurrent Posts of President and Chairperson of the Board of Directors)

[Against] The Board of Directors of the Company objects to this proposal.

The Company sets out under Article 33 of its Articles of Incorporation that the Board of Directors meetings shall, unless otherwise stipulated by laws and regulations, be convened and chaired by the President and Director.

The Chair of the Board of Directors meeting, given its position to play the leading role in the decision-making for business execution at the Board of Directors, should best be served by the person who is most familiar with the business operations of the entire Group. Thus, the President and Director should be the most suitable person for this position.

At the Board of Directors meetings of the Company, a resolution is made for each proposal following an exhaustive deliberation in which Directors are invited to freely voice their opinions, based on a thorough explanation of each proposal.

Meanwhile, the Audit and Supervisory Committee of the Company, with a majority of its members being Independent External Directors, is considered to have strengthened the supervisory function over executive Directors.

In addition, although the reason for this proposal states that the supervisory function of the Board of Directors should be strengthened by prohibiting concurrent service between the chair of the Board of Directors meeting and executive Directors, whether such a prohibition would actually facilitate a strengthening of the supervisory function of the Board of Directors has not been clarified, while the CGS Guidelines quoted in the aforementioned reason for the proposal indicate various avenues toward the reformation of management and the Board of Directors, suggesting that an inside executive Director may effectively serve as chair of the Board of Directors meeting.

As stated in the opinion of the Board of Directors of the Company on Proposal 7, the Company restricts the authority of executive Directors with respect to important business execution, thereby strengthening the supervisory function of the Board of Directors, with a view toward further enhancement of corporate governance, through specific means such as the prohibition in principle, under Article 36 of the Articles of Incorporation of the Company, of the retroactive approval of matters to be resolved at the Board of Directors, where an exceptional case of retroactive approval requires the unanimous agreement of all Directors.

As such, the Company does not find it necessary to bother arranging for a chair of the Board of Directors in which service is provided by a Director other than the President and Director.

Therefore, the Board of Directors of the Company objects to this proposal, as it is against our philosophy, as described above.

Proposal 9: Partial Amendment to the Articles of Incorporation (Election of Directors by Cumulative Voting)

Opinion of the Board of Directors: We object to this proposal.

(1) Summary of Proposal

Paragraph 3 of Article 28 of current Articles of Incorporation (Cumulative voting shall not be used for election of directors) will be deleted.

(Amended parts are underlined.)

Current Articles of Incorporation	Amendment Proposal
<p>Article 28 (Method of Election for Directors)</p> <p>1. The directors shall be elected by resolution of the general shareholder meeting.</p> <p>2. The election resolution of the directors shall require the majority of voting rights at a meeting where shareholders having one-third or more of the voting rights of the shareholders allowed to exercise voting rights are present.</p> <p><u>3. Cumulative voting shall not be used for the election of the directors</u></p>	<p>Article 28 (Method of Election for Directors)</p> <p>1. The directors shall be elected by resolution of the general shareholder meeting.</p> <p>2. The election resolution of the directors shall require the majority of voting rights at a meeting where shareholders having one-third or more of the voting rights of the shareholders allowed to exercise voting rights are present.</p> <p>(Paragraph 3 deleted)</p>

(2) Reason for Proposal

Cumulative voting means, in the election of directors of stock companies, the elections of all directors are all at the same time and a shareholder having voting rights has votes in the same number as the number of directors to be elected for each share unit which it holds, and the voting method freely allows voting by concentrating of the votes entirely on one director or voting by spreading votes on many directors for each shareholder (in the case the directors to be elected are ten, 10 votes will be granted for each share unit) and with such voting, the directors are elected in order from the person who has received the most votes.

A minority shareholder may elect a director who will represent its interests by making a shareholder proposal, so decision making from more diversified viewpoints for the board of directors is possible. As well, if cumulative voting is eliminated and all directors are elected by the majority shareholders, it could be said that the risk that auditing and supervision will not be properly conducted among directors will be high. In particular, in the Company, Mr. Kumagai, who is the Representative Director and President, holds approximately 40.68% of the total number of voting rights if the voting rights of his management company are included. If considering the number of the exercises of the voting at the general shareholder meeting of the Company, it has become a situation where it is possible that Mr. Kumagai substantially controls even with ordinary resolutions of the general shareholder meeting. If that is the case, currently, it is possible for Mr. Kumagai to substantially operate the company with the directors elected by him and we consider that reflecting the opinions of minority shareholders in management of the Company is critical important.

As stated above, with election by cumulative voting for directors, it is anticipated that the effectiveness of decision making function and supervisory function of the board of directors of the Company will be strengthened, so we propose this Agenda Item.

Opinion of the Board of Directors on Proposal 9

Partial Amendment to the Articles of Incorporation (Election of Directors by Cumulative Voting)

[Against] The Board of Directors of the Company objects to this proposal.

The Company believes that the method for electing Directors prescribed under its current Articles of Incorporation ensures that each Director can engage in the smooth and prompt management of its business operations for the benefit of all shareholders, without being partial to the interests of the specific shareholders who elected him or her.

Under the cumulative voting system, however, a Director elected based on a substantial number of votes from a specific group of shareholders may act in favor of the interests of such group, rather than that of the Company and its shareholders as a whole, giving rise to conflicts of interests among Directors, potentially

compromising the smooth and prompt management of its business operations.

As a matter of fact, the provisions of Articles of Incorporation prescribing a method for electing directors with no element of the cumulative voting system are, in practice, adopted by a majority of listed corporations in Japan, and the Company believes that its method for electing Directors, set out under its current Articles of Incorporation, is more reasonable than the cumulative voting system, which is exposed to the aforementioned risks.

Therefore, the Board of Directors of the Company objects to this proposal, as it is against our philosophy, as described above.

Proposal 10: Setting Compensation Amount for Directors (Excluding Audit and Supervisory Committee Members) (Adoption of a Compensation Structure Linked with the Interests of Minority Shareholders)**Opinion of the Board of Directors: We object to this proposal.****(1) Summary of Proposal**

The past shareholders meeting resolution concerning the compensation of directors will be abolished and, in order for the Company's compensation structure to be linked with the interests of minority shareholders, the total amount of directors' compensation will be set to within JPY500,000,000 per annum.

(2) Reason for Proposal

The board of directors, which is the management, owes the greatest obligation for the management of the Company. The compensation of directors, who execute the business of a company, has the important role of giving incentive which will improve the performance of the company to the directors.

In the CG Code as well, it is pointed out that "in regard to the compensation of management, there should be incentive provided to reflect the medium to long term company performance and potential risk and to contribute bringing out a strong entrepreneurial drive" (Principle 4-2) and in recent years, there is an active pursue of restructuring from the perspective of granting incentive for the design of compensation. Specifically, it is stated in CG Code that "for the compensation for the management, the rate of compensation linked to medium to long term and the rate of monetary compensation and company share compensation should be established appropriately so as to function as one of the sound incentives towards continuous growth." (Supplementary Principle 4-2 (i)) and in light of there being the possibility of delivering shares as officer compensation stated in the report of "Study Group concerning Current State of Corporate Governance System" published by the Ministry of Economy, Trade and Industry, the companies adopting compensation by both monetary compensation and shares and stock acquisition rights (collectively, "Shares, Etc.") based on a structure linked to the medium to long term performance are increasing.

Looking at the design of compensation of the Company from such viewpoint, the amount of compensation of directors (excluding those who are Audit and Supervisory Committee Members) was set to be with JPY 1 billion annually at the annual general shareholder meeting the fiscal year ending December 2015 and JPY569,000,000 was paid as basic compensation in the fiscal year ending December 2016. According to the annual securities report for the fiscal year ending December 2016, for the compensation of the directors at the Company, individual compensation was decided by increasing or decreasing at a set rate based on the quantitative and the qualitative target setting and the evaluation of the level of achievement of such targets based on the compensation automatically determined based on performance and compensation using a structure directly linked to the medium to long term performance and Shares, Etc. providing incentive for share value was not used and it seems that there is room for significant improvement.

On the other hand, in the design of incentive compensation, in regard to what level of importance to place on what kind of management indicators and how to set a balance between monetary compensation and compensation using Shares, Etc. as an examination based on the management strategy of the company is required, a proposal from we shareholders is not necessarily appropriate. Accordingly, as shareholders, we think it is necessary to encourage the introduction of an appropriate incentive compensation system, assuming that such incentive compensation system has not been adopted by the Company.

Based on the fact that the Company will highly likely miss the company financial guidance for the fiscal year ending December 2017, we consider that the total annual compensation of directors should be reduced from 516,000,000 yen of the previous year. Therefore, we seek to set a limit of JPY 500,000,000 for the total amount of basic compensation of the directors as in the above (2) and that the bonus as incentive compensation for the directors be referred to the general shareholder meeting for each year for such content and amount (if that is not realistic, we think that appropriate incentive compensation system should be referred to the general shareholder meeting). If the agenda item related to partial amendment of the Articles of Incorporation of the above 3 (change to system for company adopting nominating committee) is resolved and approved, in relation to the entrustment of the decision of compensation of the directors to the compensation committee, we hope that this Agenda Item will be treated as advisory resolution [kankoku-teki ketsugi] for the compensation committee.

Opinion of the Board of Directors on Proposal 10

Setting Compensation Amount for Directors (Excluding Audit and Supervisory Committee Members) (Adoption of a Compensation Structure Linked with the Interests of Minority Shareholders)

[Against] The Board of Directors of the Company objects to this proposal.

The Company has adopted a compensation framework for its Directors, in which basic compensation is determined automatically by the multilateral evaluation of progress against qualitative targets based on the Spirit Venture Declaration, as well as quantitative targets established by the Company for each fiscal year, including financial results and dividends targets such as net sales, ordinary profit, dividends paid, profit per employee, net sales growth ratio, and profit growth ratio, along with customer retention rate and employee retention rate. Furthermore, under this framework, the basic compensation for each Director is subject to an adjustment within the range of plus or minus 20%, depending on progress against the individual target set for each Director for each fiscal year. In addition, in the event of failure to achieve the corporate performance target, a refund of compensation will be imposed based on certain rules, while payment of an executive bonus will be cancelled. On the other hand, if the corporate performance target is achieved to some degree, an executive bonus will be paid as additional compensation, depending on the extent of individual performance. Meanwhile, details of the target set individually for each Director, along with the total amount of individual compensation paid on a full-year basis, is disclosed to all executives and employees of the 104 companies under the Group, in an effort to ensure transparency.

As described above, the Company determines compensation of individual Directors based on a compensation system linked to progress against targets, including numerical performance targets, in an effort to ensure sound incentive towards sustainable growth.

To ensure payment of compensation for Directors based on the aforementioned compensation system of the Company, we find it appropriate to set an upper limit of ¥1.2 billion per year on the aggregate amount of compensation for Directors, and have submitted a company proposal to such effect, in the form of Proposal 4.

The Directors of the Company have been continuously endeavoring to achieve better management, while the scope of their responsibilities is growing wider due to diversification, as well as specialization of their business. Under such circumstances, we are concerned that an inconsiderate reduction of the upper limit on the amount of compensation for Directors would make it difficult to secure talent for directorship at the Company.

Therefore, the Board of Directors of the Company objects to this proposal, as it is against our philosophy, as described above.