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FOR IMMEDIATE RELEASE

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Code 4681, First Section of the Tokyo and
Nagoya Stock Exchanges

**Notice on the Renewal of the Measures Against Large-scale Purchases of Company Shares
(Takeover Defenses)**

Resorttrust, Inc. (the “Company”) originally adopted the Measures Against Large-scale Purchases of Company Shares (Takeover Defenses), based on the approval of shareholders at the 34th Annual General Meeting of Shareholders held on June 28, 2007. They were recently renewed by the resolution at the 40th Annual General Meeting of Shareholders held on June 27, 2013 (the renewed measures, as mentioned above, hereinafter referred to as the “Current Measures”). The latest Measures after the last renewal shall expire at the conclusion of the 43rd Annual General Meeting of Shareholders scheduled to be held in June 2016 (hereinafter referred to as the “General Meeting of Shareholders”). Since the renewal of the Current Measures, the Company has been continuously studying how they should be in its operational framework, including the pros and cons of further renewals, in view of the changes in socio-economic circumstances, various trends in the market and developments in social discussions over takeover defenses, as part of an effort to secure and enhance its corporate value and the common interest of its shareholders.

As a result, the Company decided, at the Board of Directors’ Meeting held today, to amend part of the Current Measures and renew them as “Measures Against Large-scale Purchases of Company Shares (Takeover Defenses),” subject to the approval of shareholders at the General Meeting of Shareholders (the measures after the aforementioned renewal shall be hereinafter referred to as the “Measures”).

Attending the Board of Directors’ Meeting today were all 18 Directors including four outside directors. It was decided unanimously to adopt the Measures and the agenda of the General Meeting of Shareholders. No proposal has been received as of this date for a large-scale purchase of Company shares.

The main amendments reflected in the Measures are as follows.

- 1) In a large-scale purchase proposal, the Board of Directors has decided to set a time limit in cases where provision of additional information is required after receipt of required information to be forwarded by the purchaser.
- 2) A clear statement has been made that the setting of the period of evaluation by the Board of Directors is to be publicly announced.
- 3) A clear statement has been made that there is no presumption of payment of monetary consideration for acquisition of stock acquisition rights held by a large-scale purchaser in case of gratis allotment of stock acquisition rights to resist a large-scale purchase.
- 4) Some words and phrases have been modified and/or rearranged.

I Basic Policies concerning Parties in Control of the Company's Decisions on its Financial and Business Policies

The Board of Directors of the Company (the "Board of Directors") believes that the Company, as a publicly-held corporation allowing for free trading of its shares, should leave it ultimately to its shareholders to decide whether to sell their shares in response to the proposal made by a specific party for a large-scale purchase of Company shares.

However, the Board of Directors also believes, in light of the special nature of our membership-based business, that it is essential for the management to engage in initiatives with medium- to long-term perspective, based on the Group's strengths, namely "sales capabilities," "planning and development capabilities" and "operational capabilities," in order to build a long-term relationship of trust with its customers comprising largely membership holders, while continuously maintaining and expanding relationship of trust with all stakeholders involved in the business of Resorttrust Group, including business partners, employees and local communities. In the event that parties in control of the Company's decisions on its financial and business policies fail to implement such measures with medium- to long-term perspective, corporate value of the Group and the common interest of its shareholders may be compromised.

The Company believes that any party engaging in the large-scale purchases of Company shares must provide the Board of Directors with necessary and sufficient information concerning such act of purchase in advance, for the purpose of assisting shareholders in making judgment, and that such act of purchases should be allowed to commence, only after a certain assessment period for the Board of Directors to form collective opinion thereon and to prepare an alternative proposal.

Meanwhile, there is no ruling out the possibility that some of the large-scale purchases may be considered to significantly compromise the Company's corporate value and the common interest of its shareholders. The Company believes that it will be necessary to take certain measures against such large-scale purchases which are considered appropriate by its Board of Directors, for the purpose of protecting its corporate value and the common interest of its shareholders.

II Special Initiatives for Implementing the Basic Policies regarding Corporate Control Including the Effective Use of the Company's Assets, and the Formation of an Appropriate Corporate Group

The Company is engaged in the following initiatives as part of the special initiatives for implementing the basic policies regarding corporate control.

1. Initiatives Based on the Medium-term Management Plan

The Resorttrust Group, under the Medium-term Management Plan called "Next 40" which started in April 2013, aims to build new relations with our customers, as well as to accelerate the speed of reformation, as we continue in our unceasing pursuit of challenges with a view to moving to the next stage of growth. We will leverage the business base we have built up to date in order to create and establish businesses that exert the Group-wide capabilities to their full potential with a view to even greater growth.

The four basic strategies under "Next 40" are as follows.

- 1) Further enhancement and establishment of a permanent model for the membership resort business
- 2) Expansion of the Medical and Senior Lifestyle Businesses

- 3) Expansion of Combined and Peripheral Businesses Leveraging the Collective Group-wide Capabilities
- 4) Strengthening the Human Resources Base and Group-wide Capabilities in order to realize the Three Business Strategies above

Measures taken to date are as follows. With regard to 1), in June 2015, the Company launched a construction work of “Ashiya Baycourt Club,” the Company's second Baycourt complex, and began marketing memberships. In March 2016, the “Grand XIV Toba” opened, combining the newly opened “XIV Toba Bettei” and the refurbished “XIV Toba”, the first XIV series complex. Looking ahead, the Company will steadily develop and carry out plans for expansion of the continuous membership-based hotel business. With regard to 2), the Company has smoothly expanded operations with the new construction and opening for business of four “Grand HIMEDIC Club” facilities in the Tokyo, Nagoya and Osaka areas between 2015 and 2016, as well as the construction and acquisition of two Private Pay Nursing Homes. The Company plans to continue developing complexes in the same way in future, and will consider launching new initiatives on global expansion and inbound services of this business. With regard to 3), the Company acquired The Kahala Hotel & Resort in October 2014 as its first overseas expansion initiative. Looking ahead, the Company is considering further business development maintaining its brand quality. With regard to 4), while sustaining ROE at more than 10%, the Company succeeded in increasing the number of employees from 4,361 at the end of March 2013 (consolidated basis here and below) to 5,931 employees at the end of March 2016, reinforcing the human resource platform that forms the basis of our hospitality. Looking ahead, the Company plans to further develop the human resource base, and is taking measures to ensure creation of an environment that enables employees to work with enthusiasm and motivation while at the same time improving earnings over the medium to long term.

With regard also to the next Medium-term Management Plan starting in April 2018, based on the basic strategies in the current Medium-term Management Plan, the Company aims to further create corporate value, fulfill our social responsibilities expected of a leading company in the industry, and improve earnings for all stakeholders over the medium to long term.

2. Measures for Strengthening Corporate Governance

The Company defines enhancement of corporate governance as a management priority, with a view to becoming a company trusted by all stakeholders involved in its business, including customers, business partners, local communities and employees, let alone shareholders. Thus, the Company is striving to develop and maintain the internal control system, while thoroughly upholding corporate ethics and legal compliance to ensure management transparency.

As part of the above initiatives, in June 2015 the Company transitioned to a Company with Audit & Supervisory Committee. This will enable the Company to speed up decision-making and further strengthen the auditing and supervisory functions, based on a structure in which the Board of Directors comprises five Audit & Supervisory Committee members, including four outside directors. This has increased the effectiveness of the Board of Directors overall.

Likewise, in November 2015, the Company appointed two independent outside executives as part of measures to strengthen corporate governance. With the aim of ensuring greater transparency and objectivity in decision-making processes for the election, appointment and remuneration of directors, the

Company adopted a “Nomination Advisory Committee” and “Remuneration Advisory Committee” chaired by one of the independent outside directors who form the majority of members, and meet the independence criteria of the Tokyo Stock Exchange and the Company. Looking ahead, the Company will take further measures to strengthen corporate governance, to continuously improve medium- and long-term corporate value.

III Measures for Preventing a Party Considered Inappropriate in Light of the Company's Basic Policies regarding Corporate Control, from Dominating the Company's Decisions on Financial and Business Policies

1. Objectives of the Measures

The Company does not necessarily believe that a party conducting large-scale purchases of Company shares should automatically be considered inappropriate as the party exerting control over the Company's decisions on its financial and business policies, insofar as its objectives are beneficial in securing and enhancing the Company's corporate value and the common interest of its shareholders. The Company also believes that the judgment on whether to accept a proposal for purchases involving the transfer of corporate control, should be made based ultimately on the intention of shareholders.

However, not a few of large-scale purchases of shares do not contribute to corporate value of the targeted companies and the common interest of their shareholders, including those which may, as apparent from the purpose, etc., clearly compromise corporate value of the targeted company and the common interest of its shareholders, those which may virtually force shareholders to sell their shares, those which do not provide reasonably necessary and sufficient time and information for shareholders and the Board of Directors to consider the details of such large-scale purchases of shares, or for the Board of Directors to present alternative proposals, those with the terms of purchase insufficient or inappropriate in light of the corporate value of the targeted company and the common interest of its shareholders, or those intended to destroy the relationship between the targeted company and its stakeholders, which is vital to maintain or increase its corporate value.

Meanwhile, as of March 31, 2016, around 24% of the issued shares of the Company are held by the founder of the Company along with its officers and associates. However, since the Company is a publicly-held company whose shares are transferred through trading based on the free will of its shareholders, there is no denying the possibility that the ratios of shares held respectively by the founder of the Company, its officers and associates may decline in the future, due to disposal of shares including transfer thereof by each of these shareholders under their respective circumstances. As the rest of the Company shares are largely held by individual shareholders, institutional investors such as trust banks and foreign corporate shareholders, the Company believes that, upon the emergence of a party attempting to conduct a large-scale purchase, it is critical to ensure opportunities for those shareholders to make appropriate final decisions on whether to accept the proposal for such purchase, based on the consideration of the details of such proposal, as well as the opinion of, and an alternative proposal made by, the Board of Directors.

Considering the aforementioned, the Board of Directors believes that, in the event of a large-scale purchase of Company shares, sufficient information and time should be provided for shareholders to make appropriate decisions and that negotiations with the purchaser should be conducted in accordance with certain reasonable rules, which will also protect its corporate value and the common interest of its shareholders. In light of this, the Company has established such rules as follows (hereinafter referred to as the "Large-scale Purchase Rules") for ensuring adequate provision of information and sufficient time for consideration in the event of a large-scale purchase, and decided to partially amend and renew the Current Measures as the Measures for takeover defenses, including measures against a large-scale purchase conducted by an inappropriate party in light of the Company's basic policies regarding corporate control.

2. Purchase of Company Shares Subject to the Measures

Purchase of Company shares subject to the Measures is: the purchase of share certificates of the Company (Note 3) which, whether by intention or not, results in an increase of the voting rights ratio (Note 2) of a specific shareholder group (Note 1) to 20% or higher (using whatever purchase method including market trading and tender offer, but excluding the purchase conducted by a party in accordance with the prior agreement of the Board of Directors. Such purchase shall hereinafter be referred to as the “Large-scale Purchase,” the party engaging in such purchase as the “Large-scale Purchaser”).

Note 1: Specific shareholder group is defined as follows.

- (i) Holder (including parties recognized as holders in accordance with Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Act; hereinafter the same shall apply) of share certificates, etc. of the Company (referring to share certificates, etc. as defined in Paragraph 1, Article 27-23 of the Act), and its joint holder (referring to joint holders as defined in Paragraph 5, Article 27-23 of the Act, including parties deemed to be joint holders in accordance with Paragraph 6, Article 27-23 of the Act, hereinafter the same shall apply), as well as parties in a relationship with such holder or its joint holder, which is similar to the relationship between the holder and its joint holder (hereinafter “quasi-joint holder”), or
- (ii) A party conducting purchase, etc. (referring to purchases, etc. as defined in Paragraph 1, Article 27-2 of the Act, including purchases conducted in the financial instruments exchange market), of share certificates, etc. of the Company (referring to share certificates, etc. as defined in Paragraph 1, Article 27-2 of the Act), and its specially related parties (referring to specially related parties as defined in Paragraph 7, Article 27-2 of the Act).

Note 2: Voting rights ratio is defined as follows.

- (i) In the case where a specific shareholder group is applicable to (i) of Note 1 above, voting rights ratio refers to the combined total of, 1) holding ratio of share certificates, etc. of the holder (referring to the holding ratio of share certificates, etc. as defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act. In this case, for the purpose of calculation, number of share certificates, etc. held by its joint holder (referring to the number of share certificates, etc. as defined in the same Paragraph of the Act; hereinafter the same shall apply) is also considered) and 2) holding ratio of share certificates, etc. of its quasi-joint holder (number of share certificates, etc. doubly counted between 1) and 2) in the combined ratio shall be excluded), or
- (ii) In the case where a specific shareholder group is applicable to (ii) of Note 1 above, voting rights ratio refers to the combined total of holding ratio of share certificates, etc. of the Large-scale Purchaser and that of its specially related party (referring to holding ratio of share certificates, etc. as defined in Paragraph 8, Article 27-2 of the Act).

For the purpose of calculating the voting rights ratio of each party, total number of voting rights (referring to the number of voting rights as defined in Paragraph 8, Article 27-2 of the Act), and the total number of shares issued (referring to the total number of outstanding shares as defined in Paragraph 4, Article 27-23 of the Act) may refer to the most recently submitted among the securities report, quarterly report or share buyback report.

Note 3: Share certificates, etc. refer to the share certificates, etc. as defined in Paragraph 1, Article 27-23 or Paragraph 1, Article 27-2 of the Act.

3. Establishment of the Independent Committee

As an advisory body for appropriately applying the Measures, and preventing the Board of Directors from making arbitrary decisions, the Independent Committee shall be established as in the Current Measures (Outline of the Regulations of the Independent Committee is described in Appendix 2). In conformity with the independence criteria of the Tokyo Stock Exchange and the Company, the Independent Committee shall comprise three or more members selected to enable fair and neutral judgment from among outside directors (including Audit & Supervisory Committee members) and outside experts (Note) who are independent from the senior management engaged in business execution for the Company. Names and career summaries of the candidates scheduled to be appointed at the time of renewal of the Measures are as stated in Appendix 3. The Board of Directors, in making any significant judgments concerning the Measures, including judgment on whether a large-scale purchase is deemed to significantly compromise the Company's corporate value and the common interest of its shareholders, judgment on whether the Large-scale Purchase Rules are duly complied with, judgment on whether the Board of Directors' assessment period should be extended, or judgment on whether the countermeasures should be implemented, changed or suspended, shall always consult, and fully respect the recommendations of, the Independent Committee.

The Independent Committee shall, for the purpose of ensuring its judgments to be made in line with corporate value of the Company and the common interest of its shareholders, be able to obtain advice as necessary from independent outside experts at the cost of the Company.

Note: Outside experts refer to corporate managers with abundant management experience, persons familiar with investment banking business, attorneys, certified public accountants, scholars specializing mainly in the Companies Act, etc., or persons with equivalent expertise.

4. Content of the Large-scale Purchase Rules

The Large-scale Purchase Rules established by the Company stipulate that 1) the Large-scale Purchaser must provide in advance the Board of Directors with necessary and sufficient information concerning the Large-scale Purchase, and that 2) the Large-scale Purchase must commence only after the expiry of a certain period for assessment/study by the Board of Directors.

(1) Submission of the Statement of Intent to the Company

The Large-scale Purchaser will be requested to submit, prior to the Large-scale Purchase, or the proposition thereof, to the Representative Director of the Company, the "Statement of Intent" containing the Large-scale Purchaser's declaration of compliance with the Large-scale Purchase Rules, its name, address, governing law for incorporation, name of its representative, information on its contact point in Japan, and the summary of the proposed Large-scale Purchase in Japanese language.

The Board of Directors, upon receipt of the Statement of Intent from the Large-scale Purchaser, will promptly announce the fact of such receipt and its contents as necessary.

(2) Provision of Required Information

The Board of Directors will issue, within 10 business days beginning on the following day of the receipt of the Statement of Intent, to the Large-scale Purchaser a document listing the items of information concerning the Large-scale Purchase necessary and sufficient for shareholders of the Company to make judgment, and for the Board of Directors to form its opinion thereon (hereinafter referred to as the "Required Information"), and the Large-scale Purchaser shall submit the Required

Information in writing to the Board of Directors, according to such list of the Required Information. General items to be included in the Required Information are as follows. Its specific details shall vary, depending on the attributes of the Large-scale Purchaser as well as the objectives and content of the Large-scale Purchase. In any case, such requirement shall be limited to the extent necessary and sufficient for shareholders of the Company to make judgment, and for the Board of Directors to form its opinion thereon.

- 1) Details of the Large-scale Purchaser and its group (including its joint holders, quasi-joint holders, and specially related parties (including, in the case of a fund, its partners and constituent members)) (including information such as description of business of the Large-scale Purchaser and its capital structure, its track record in the type of business similar to the Group's)
- 2) Objectives and content of the Large-scale Purchase (including the amount and type of consideration for the Large-scale Purchase, etc., its timing, structure of the related transactions, legitimacy of its method, feasibility of the Purchase itself and the related transactions)
- 3) Basis of calculating the consideration for Company shares, as well as the source of the funds for acquisition (such as the specific names of the providers of the fund (including all substantial providers), funding methods, content of the related transactions) involved in the Large-scale Purchase
- 4) Candidates for senior management envisaged by the Large-scale Purchaser after its participation to the management of the Group (including information about their track record in the type of business similar to the Group's), management policies, business plans, financial plans, capital policies, dividend policies, asset utilization policies (hereinafter referred to as the "Post-purchase Management Policies")
- 5) Changes to be scheduled after the completion of the Large-scale Purchase, if any, with respect to the Group's relationship with its stakeholders, including its business partners, customers/members, employees, and local communities, and their details

The Board of Directors may, for the purpose of speedy application of the Large-scale Purchase Rules, impose a time limit as necessary on the provision of information by the Large-scale Purchaser, provided, however, that such time limit may be extended subject to the request for extension from the Large-scale Purchaser based on reasonable grounds.

If and when the provision of the Required Information from the Large-scale Purchaser is recognized to be completed by the Board of Directors, it shall be notified to the Large-scale Purchaser and publicly announced. In the event that initially provided information is, as a result of evaluation thereof, deemed insufficient, the Board of Directors may ask the Large-scale Purchaser for additional information with the time limit specified as appropriate (with an upper limit of 60 days counted from date of first receipt of the Required Information), until the Required Information is fully furnished. In the case where the request for additional provision of the Required Information is not fully met and some of such information is not provided with reasonable explanation from the Large-scale Purchaser about its inability to provide such information, negotiation with the Large-scale Purchaser for the provision of such information may be terminated, even with the lack of some of the Required Information requested by the Board of Directors, the fact of such termination may be announced, and the assessment and study by the Board of Directors as in (3) hereunder may commence.

The Required Information provided to the Board of Directors shall be presented promptly to the Independent Committee, the whole or a part of which may, if deemed necessary for shareholders of the Company to make judgment, be announced at the time when the Board of Directors deems appropriate.

(3) Assessment and Study by the Board of Directors

The Board of Directors shall, upon completion of provision of the Required Information to the Board of Directors by the Large-scale Purchaser, establish a period of, for the assessment, study, negotiation, formation of opinion, and preparation of alternative proposal, according to the degree of difficulty in assessing the Large-scale Purchase, up to 60 days in the case of the Large-scale Purchase involving purchase of all Company shares only by cash tender offer (Japanese Yen), or up to 90 days in all other cases of the Large-scale Purchase (hereinafter referred to as the “Board of Directors’ Assessment Period”). Due announcement to such effect shall be made immediately. The Large-scale Purchase shall commence after the expiry of such Board of Directors’ Assessment Period.

During the Board of Directors’ Assessment Period, the Board of Directors shall fully assess and study the Required Information provided, while consulting the Independent Committee, or receiving advice from outside experts as necessary, and carefully form and announce the opinion as the Board of Directors, while fully respecting the recommendation from the Independent Committee. The Board of Directors may also negotiate with the Large-scale Purchaser as necessary for improvement of conditions of the Large-scale Purchase, or may present an alternative proposal as the Board of Directors to the shareholders of the Company.

In the event that the Board of Directors fails to make resolution to implement, or not to implement the countermeasures within the Board of Directors’ Assessment Period under unavoidable circumstances, including the inability of the Independent Committee to make recommendation to implement, or not to implement the countermeasures within the Board of Directors’ Assessment Period, the Board of Directors shall be allowed to extend the Board of Directors’ Assessment Period to the extent necessary for up to 30 days, based on the recommendation by the Independent Committee. If the Board of Directors resolves to extend the Board of Directors’ Assessment Period, specific extension period resolved and the reason for the necessity of such extension shall be announced immediately.

5. Measures in the Event of a Large-scale Purchase

(1) In the case where the Large-scale Purchaser Complies with the Large-scale Purchase Rules

In the case where the Large-scale Purchaser complied with the Large-scale Purchase Rules, the Board of Directors shall, even if it opposes such Purchase, restrict its actions within the efforts to dissuade shareholders of the Company from accepting such proposal, by expressing its opposition thereto, or presenting an alternative proposal, and not enforce countermeasures against the Large-scale Purchase as a general rule. Thus whether to accept the proposal or not shall be up to the judgment of each shareholder of the Company, based in consideration of the proposal itself, as well as the opinion expressed thereon and alternative proposal presented by the Company.

However, even in the case where the Large-scale Purchase Rules are complied with, if the Large-scale Purchase falls into for example any of the categories from (a) to (g) below, potentially causing irrecoverable damage to the Company, and thus are considered by the Board of Directors to significantly compromise the Company’s corporate value and the common interest of its shareholders, the Board of Directors may, as exceptional measures to the extent necessary and justifiable, take certain countermeasures such as gratis allotment of stock acquisition rights as allowed under the Companies Act and other laws, as well as the Articles of Incorporation of the Company, for the purpose of protecting the Company’s corporate value and the common interest of its shareholders. To ensure objectivity and rationality of the judgment in implementing the aforementioned exceptional

countermeasures, the Board of Directors shall make its decision only after having studied the specific details of the Large-scale Purchaser and the Large-scale Purchase, as well as its impact on the Company's corporate value and the common interest of its shareholders, based on the Required Information presented by the Large-scale Purchaser including the Post-purchase Management Policies, along with advice from outside experts, while fully respecting the recommendation from the Independent Committee.

In implementing the countermeasures, the Board of Directors may, if the Independent Committee makes recommendation to verify the intention of shareholders, or if such verification is considered necessary by the Board of Directors even in the absence of such recommendation, may take the procedure for verifying the intention of shareholders. If such procedure is taken after the expiry of the Board of Directors' Assessment Period, the Large-scale Purchase shall not commence until the Board of Directors makes resolution on whether to implement the countermeasures or not, based on such verification. In case of a Large-Scale Purchase that violates this, as stated in (2) below, regardless of the specific method of purchase, the Board of Directors of the Company, with the purpose of protecting corporate value or the common interests of shareholders, may take measures under the Companies Act and other laws as well as the Articles of Incorporation for gratis allotment of stock acquisition rights, to resist a Large-Scale Purchase.

- (a) In the case where the Large-scale Purchase falls into categories 1) to 4) below, and thus may clearly compromise the Company's corporate value and the common interest of its shareholders
 - 1) Buyout of the Company's shares, followed by a demand to the Company for repurchase at an elevated price
 - 2) An attempt by the Purchaser to temporarily control the Company and enforce management in pursuit of proceeds at the cost of the Company, such as acquisition of significant assets of the Company at a low price
 - 3) An attempt to appropriate the Company's assets as collateral for the debt of, or as fund for repayment by the Purchaser or its group companies
 - 4) An attempt to temporarily control the management of the Company, for the purpose of enforcing disposal of expensive assets thereof which are not involved in the Company's business for the time being, payment of temporary high dividends based on the proceeds from such disposal, and/or enabling the Purchaser to sell its Company shares at a profit taking advantage of the soaring share price resulting from such high dividends
- (b) In the case where the Large-scale Purchase may effectively force shareholders to sell their shares, such as coercive two-tier purchase (purchase of shares in the forms including tender offer carried out with less attractive terms of purchase offered in the second phase than in the initial phase, or purchase with the terms of the second phase unclarified)
- (c) In the case where the Large-scale Purchaser's Post-Purchase Management Policies are insufficient or inappropriate, and thus may disturb the growth potential and stability of the Company's business, and seriously harm the protection and enhancement of the Company's corporate value and the common interest of its shareholders
- (d) In the case where the terms of the Large-scale Purchase (including, but not limited to the type and amount of consideration offered, timing of the Large-scale Purchase, legitimacy of its method, and its feasibility) are significantly insufficient or inappropriate in light of the corporate value of the Group and the common interest of its shareholders
- (e) In the case where the Large-scale Purchase may seriously affect the Group's corporate value and

the common interest of its shareholders by destroying the relationship with business partners, customers/members, employees of the Group, and local communities that are vital to generating the Group's corporate value, or ruining the Group's corporate culture.

- (f) In the case where parties associated with anti-social forces are included in the management, major shareholders, or equity investors of the Large-scale Purchaser, or where the Large-scale Purchaser is considered, on reasonable grounds from the viewpoint of public moral and order, to be inappropriate as controlling shareholder of the Company
- (g) In other cases similar to (a) or (f) where the Large-scale Purchase is considered to seriously compromise the Group's corporate value and the common interest of its shareholders

(2) In the case where the Large-scale Purchaser does not Comply with the Large-scale Purchase Rules

In the case where the Large-scale Purchaser does not comply with the Large-scale Purchase Rules, the Board of Directors may counteract the Large-scale Purchase regardless of the specific Purchase method thereof, by taking countermeasures such as gratis allotment of stock acquisition rights as allowed under the Companies Act and other laws, as well as the Articles of Incorporation of the Company, for the purpose of protecting the Company's corporate value and the common interest of its shareholders. Decision on judging whether the Large-scale Purchaser complied with the Large-scale Purchase Rules, as well as on implementing countermeasures shall be made by the Board of Directors, by referring to the opinions of outside experts, and fully respecting the recommendation from the Independent Committee.

As for the specific types of measures to be taken, the Board of Directors shall adopt those deemed to be the most appropriate at that point in time. For example, summary of the above exceptional countermeasures using gratis allotment of stock acquisition rights is as stated in Appendix 4, however, actual issue of stock acquisition rights may involve establishing exercise period and/or exercise terms designed to have effects as countermeasures, such as exercise terms excluding any persons affiliated to a specific shareholder group holding voting rights in excess of a certain threshold. However, in such a case, it is not presumed that monetary payments would be made as consideration for acquisition of stock acquisition rights owned by a Large-Scale Purchaser.

(3) Suspension of Implementation of Countermeasures

The Board of Directors may suspend the implementation of countermeasures after it is decided, in case it judges that such implementation is not appropriate, upon fully respecting the recommendation by the Independent Committee, in instances, for example, such as cancellation of, or an amendment to the Large-scale Purchase by the Large-scale Purchaser in (1) or (2) above.

For example, in the case of gratis allotment of stock acquisition rights as countermeasure, the Board of Directors may suspend the implementation of such countermeasure as follows, if it considers such implementation to be inappropriate in circumstances such as cancellation of, or an amendment to the Large-scale Purchase by the Large-scale Purchaser, after the determination of the shareholders to receive allotment of such stock acquisition rights.

- 1) The Board of Directors shall cancel the gratis allotment of stock acquisition rights, upon fully respecting the recommendation by the Independent Committee in the period up to the day preceding the effective date of the allotment of stock acquisition rights.
- 2) If such suspension is decided after the effective date of the gratis allotment of stock acquisition rights, the Board of Directors shall buy back such stock acquisition rights without compensation, upon fully respecting the recommendation by the Independent Committee up to the day before the commencement date of the exercise period.

Such suspension of countermeasures shall be appropriately disclosed in a timely manner, in accordance with the requirements by the Independent Committee, as well as laws and regulations, and the listing rules of the financial instruments exchange on which the Company is listed.

6. Impacts on Shareholders and Investors

(1) Impacts on Shareholders and Investors due to the Renewal of the Measures

At the time of the renewal of the Measures, there is no specific direct impact on shareholders and investors.

In the event of the emergence of a Large-scale Purchaser, the Company's response measures against the Large-scale Purchase vary as stated in 5. above, depending on whether or not the Large-scale Purchaser complies with the Large-scale Purchase Rules. Thus shareholders of the Company and investors are requested to pay attention to the actions and behavior of the Large-scale Purchaser.

(2) Impacts on Shareholders and Investors in the Event of the Implementation of Countermeasures

The Board of Directors may, as stated in 5. above, take certain countermeasures as allowed under the Companies Act and other laws, as well as the Articles of Incorporation of the Company, for the purpose of protecting the Company's corporate value and the common interest of its shareholders. However, the Company does not assume, because of the structure of the countermeasure, that a situation arises where shareholders of the Company (excluding the Large-scale Purchaser for whom the countermeasures are taken) suffer any particular loss in terms of their legal rights or economic benefit. The Board of Directors, upon deciding on taking any specific countermeasure, shall make appropriate disclosure in a timely manner, in accordance with the laws and regulations as well as the listing rules of the concerned financial instruments exchange.

In the event that gratis allotment of stock acquisition rights is carried out as a countermeasure, for example, shareholders shall be allotted stock acquisition rights in proportion to the respective holdings without payment of consideration. If the Board of Directors decided to buy back stock acquisition rights, the Company may issue new shares to shareholders as a consideration for its acquisition of stock acquisition rights by the Company, without paying the amount equivalent to the exercise price. Details of the procedure in such circumstance shall be appropriately disclosed in a timely manner, upon the Company's actual decision to issue stock acquisition rights, in accordance with laws and regulations as well as the listing rules of the financial instruments exchange on which the Company is listed.

If, subject to the recommendation by the Independent Committee, the Board of Directors cancels the issuance of the stock acquisition rights, or buys back the issued stock acquisition rights without compensation, shareholders and/or investors who engaged in trading in the period following the ex-rights date of the gratis allotment of stock acquisition rights on the premise of dilution of the value of Company shares may suffer loss due to share price fluctuations.

7. Commencement and Expiry of the Measures

The Measures shall become effective on the date of the General Meeting of Shareholders subject to the approval of shareholders thereat, and shall expire at the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within three years from such effective date.

However, even during the effective period of the Measures, if a General Meeting of Shareholders or the Board of Directors resolves to discontinue the Measures, the Measures shall be discontinued at the time of such resolution. In such case, the Company shall promptly disclose the fact of such discontinuation.

Likewise even during such effective period, the Company may change the Measures, while fully respecting the recommendation by the Independent Committee, if such change is not a disadvantage to shareholders, including circumstances where development of relevant specific legislation, or establishment of new regulations, amendments to or abolishment of existing regulations at the financial instruments exchange on which the Company is listed, render changes reflecting such establishment, amendments or abolishment appropriate for the purpose of enhancing the Company's corporate value and the common interest of its shareholders.

IV Statement that the Measures are in line with the Basic Policies regarding Corporate Control, without Compromising the Common Interest of Shareholders, involving no Intention to Preserve the Position of Corporate Officers

(1) The fact that the Measures Satisfy the Requirements under the Takeover Defense Guidelines

The Measures satisfy the three principles (the principle of protection and enhancement of corporate value and the common interest of shareholders, the principle of prior disclosure and shareholders' intention, and the principle of ensuring necessity and reasonableness of defense measures) set out by the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry, and the Ministry of Justice on May 27, 2005.

The Measures also reflect the report of "Takeover Defense Measures in Light of Recent Environmental Changes" announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008, as well as "Principle 1-5 (Anti-Takeover Measures)" of the "Corporate Governance Code" published on June 1, 2015 by the Tokyo Stock Exchange.

(2) The fact that the Measures are in line with the Basic Policies regarding Corporate Control

The Measures are intended to ensure sufficient information and time necessary for shareholders to appropriately decide whether or not to accept the Large-scale Purchase, to provide shareholders with the opinion of the Board of Directors presently in charge of management of the Company, and to ensure opportunities for shareholders to receive the presentation of alternative proposal.

The Measures specify that the Large-scale Purchaser must provide in advance the Board of Directors with the necessary and sufficient information concerning the Large-scale Purchase, that the Large-scale Purchase must commence only after the expiry of a certain assessment period for the Board of Directors, and that the Board of Directors may take countermeasures against the Large-scale Purchaser who does not comply with the aforementioned requirements.

The Measures also specify that even in the case where the Large-scale Purchase Rules are complied with, if the Large-scale Purchase by the Large-scale Purchaser is considered by the Board of Directors to significantly compromise the Company's corporate value and the common interest of its shareholders, the Board of Directors may take certain countermeasures against such Large-scale Purchaser, as deemed appropriate for protecting the Company's corporate value and the common interest of its shareholders.

Thus, it may be stated that the Measures are designed in line with the philosophy underlying the basic policies regarding corporate control.

(3) The fact that the Measures do not Compromise the Common Interest of Shareholders of the Company

The Measures are designed in line with the philosophy underlying the basic policies regarding corporate control, to ensure the provision of information as well as opinion of the Board of Directors, necessary for shareholders to decide whether or not to accept the Large-scale Purchase, along with the opportunities to receive presentation of alternative proposal. Since the Measures enable shareholders of the Company and investors to make appropriate investment decisions, the Company believes that the Measures do not compromise, but enhance the Company's corporate value and the common interest of its shareholders.

Furthermore, the Measures are believed to guarantee that the Company's corporate value and the common interest of its shareholders are not compromised, since its effect and renewal are subject to the approval of shareholders of the Company, and they can enforce their discontinuation at their will.

(4) The fact that the Measures are not Intended to Preserve the Position of Officers of the Company

The Measures are intended, under the primary principle that it should ultimately be up to the judgment of the shareholders of the Company whether or not to accept the Large-scale Purchase, to request the concerned parties to comply with the Large-scale Purchase Rules, and to implement the countermeasures to the extent necessary and reasonable for the purpose of protecting the Company's corporate value and the common interest of its shareholders. The Measures stipulate in advance the cases in detail where the Board of Directors implements the countermeasures, and thus such implementation shall be in accordance with the provisions of the Measures. The Board of Directors cannot activate or continue the Measures on its own, but may do so only subject to the approval of shareholders of the Company.

The Measures also stipulate that the Board of Directors shall, in evaluating and studying the Large-scale Purchase, forming the opinion of the Board of Directors, presenting alternative proposal, negotiating with the Large-scale Purchaser or implementing countermeasures, obtain advice from outside experts, as well as consult the Independent Committee that comprises members independent from the senior management engaged in execution of the Company's business, and fully respect the recommendation of the Committee. As such, the Measures incorporate the procedures for ensuring adequate operation thereof by the Board of Directors.

Accordingly, we believe it is apparent that the Measures are not intended to preserve the position of officers of the Company.

(5) The fact that the Measures are neither a Dead-hand Takeover Defense Measure nor a Slow-hand Takeover Defense Measure

The Measures stipulate that they can be discontinued by the Board of Directors comprising directors elected at a General Meeting of Shareholders of the Company. Therefore it is possible that the Measures be discontinued by a Board of Directors comprising of directors nominated by a large scale purchaser of Company shares at a General Meeting of Shareholders. Thus, the Measures are not a dead-hand takeover defense measure (a takeover defense measure that cannot be prevented even by the replacement of a majority of the members of the Board of Directors). Also, implementation of the Measures will not have the same effect as the adoption of a slow-hand takeover defense measure (a takeover defense measure which takes considerable time to prevent its implementation as members of the Board of Directors cannot be wholly replaced at once), since the term of office for directors of the Company (excluding Audit & Supervisory Committee members) is one year and the staggered board system is not adopted.

Information on Company Shares (as of March 31, 2016)

1. Total number of authorized shares to be issued 150,000,000
2. Total number of shares issued 108,518,999
3. Number of shareholders 20,867

4. Status of Major Shareholders

Name of Shareholders	Number of shares held (Thousands of shares)	Ratio of the number of shares held against the total number of shares issued (%)
TAKARAZUKA CORPORATION	13,419	12.37
Japan Trustee Services Bank, Ltd. (Trust account)	6,518	6.01
The Master Trust Bank of Japan, Ltd. (Trust account)	3,769	3.47
SAPPORO BREWERIES LIMITED	3,351	3.09
Yoshiro Ito	2,922	2.69
Trust & Custody Services Bank, Ltd. (Trust account E)	1,969	1.82
G.I. Co., Ltd.	1,921	1.77
Japan Trustee Services Bank, Ltd. (Trust account 4)	1,818	1.68
N Corporation	1,745	1.61
K Corporation	1,710	1.58

Outline of the Independent Committee

- The Independent Committee shall be established by the resolution of the Board of Directors of the Company.
- Meeting the independence criteria of the Tokyo Stock Exchange and the Company, the Independent Committee shall comprise three or more members selected by the Board of Directors, for the purpose of fair and neutral judgment, from among outside directors (including Audit & Supervisory Committee members), and outside experts who are independent from the senior management of the Company engaged in the business execution for the Company.
- Resolution of the Independent Committee shall be made with a majority vote of the members present at a meeting attended by the majority of the members of the Independent Committee.
- The Independent Committee shall, when consulted by the Board of Directors, decide on the following matters, and make recommendation to the Board of Directors on the content of such decision along with the reasons and grounds thereof.
 - 1) Implementation or non-implementation of the countermeasures as allowed under the Companies Act and other laws as well as the Articles of Incorporation of the Company, including issuance of stock acquisition rights to counteract the Large-scale Purchaser
 - 2) Suspension of the countermeasures in response to the cancellation of the Large-scale Purchase by the Large-scale Purchaser, including acquisition of stock acquisition rights without compensation, and cancellation of issuance of stock acquisition rights
 - 3) Other matters subject to the decision by the Board of Directors on which the Independent Committee has been consulted
- The Independent Committee shall carry out the following matters.
 - 1) Decision to determine whether the Large-scale Purchaser complied with the Large-scale Purchase Rules
 - 2) Decision to determine the Required Information that the Large-scale Purchaser must provide to the Board of Directors
 - 3) Decision to determine the completion of the provision of the Required Information
 - 4) Examination and study of the content of the Large-scale Purchase by the Large-scale Purchaser
 - 5) Decision to determine whether the Large-scale Purchase is considered to significantly compromise the Company's corporate value and the common interest of its shareholders
 - 6) Decision to extend the Board of Directors' Assessment Period
 - 7) Approval of the amendment or change to the Measures
 - 8) Other matters set out by the Board of Directors to be carried out separately by the Independent Committee
- The Independent Committee shall, at the cost of the Company, be able to obtain advice from outside experts including investment banks, securities companies and attorneys.

Candidates for Members of the Independent Committee and their Career Summaries

The following three persons are scheduled to become members of the Independent Committee as of the renewal of the Measures.

Eiichiro Kobayashi

[Career summary]

Born in January, 1938

June, 1994	Representative Director and Senior Managing Director of The Asahi Bank, Ltd. (present Resona Bank, Ltd.)
June, 1997	Deputy President of The Asahi Bank, Ltd.
June, 1998	Representative Director and President of Asahi Bank Research Institute, Inc. (present Resona Research Institute Co., Ltd.)
February, 2003	Special Advisor of CNS CONSULTING GROUP, Inc. (present post)
November, 2004	Executive Vice President of Waseda University Member of the Board of Trustees of Waseda University
June, 2009	Outside Director of ZENKOKU HOSHO Co., Ltd. (present post)
April, 2011	Advisor, The Prudential Gibraltar Financial Life Insurance Co., Ltd. (present post)

Mr. Kobayashi has no special interest in the Company.

Akibumi Kamiya

[Career summary]

Born in October, 1951

April, 1992	Registered as an attorney (Nagoya Bar Association) Served at Ohwaki & Washimi Joint Law Office (present Shirube Law Office)
December, 1998	Welfare and Child Welfare Commissioner of Anjo City
April, 1999	Established Kamiya Law Firm (to present)
April, 2007	Vice President of Aichi Bar Association
April, 2008	Judicial Commissioner and Conciliation Commissioner of Anjo Summary Court (present post)
April, 2012	Conciliation Commissioner of Nagoya Family Court, Okazaki Branch (present post)
April, 2016	General Manager, Nishimikawa Branch, Aichi Bar Association (present post)

Mr. Kobayashi has no special interest in the Company.

Yoshitaka Taniguchi

[Career summary]

Born in March, 1938

July, 1958	Joined Aichi Prefectural Government
April, 1992	Head of Toyota Office of Aichi Prefectural Government
April, 1996	Head of Nishi Mikawa Office of Aichi Prefectural Government
April, 1998	Senior Director of Aichi Forest Park Association
April, 1999	Senior Director of Aichi Park Association
June, 2001	Full-time Corporate Auditor of Nagoya Horse Racing Co., Ltd.
June, 2004	Full-time Corporate Auditor of the Company
June, 2015	Director (Audit & Supervisory Committee member) of the Company (present post)

Mr. Yoshitaka Taniguchi is an outside director as stipulated in Paragraph 15, Article 2 of the Companies Act, and has been registered as independent officer to Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc.

Mr. Taniguchi has no special interest in the Company.

Summary of the Gratis Allotment of Stock Acquisition Rights

1. Shareholders Entitled to the Allotment of Stock Acquisition Rights and its Issue Terms

One stock acquisition right shall be allotted without further contribution, to one share of common stock (excluding, however, common stock held by the Company) held by the shareholders on the final shareholder register on the record date set out by the Board of Directors of the Company (the “Board of Directors”).

2. Class and Number of Shares Subject to Stock Acquisition Rights

Class of shares subject to stock acquisition rights shall be common stock of the Company, while the number of shares subject to one stock acquisition right (hereinafter referred to as “Number of Applicable Shares”) shall be the number as separately set out by the Board of Directors, provided, however, that adjustment shall be made as appropriate in the event the Company carries out share split or share consolidation.

3. Total Number of Stock Acquisition Rights to be Issued

Total number of stock acquisition rights to be issued shall be the number as separately set out by the Board of Directors. The Board of Directors may divide the allotment of stock acquisition rights into multiple times.

4. The Amount of Property to be Contributed upon Exercise of Each Stock Acquisition Right (amount to be paid in)

The amount of property to be contributed upon exercise of each stock acquisition right (amount to be paid in) shall be the amount (¥1 or more) as set out by the Board of Directors. In the event that the Board of Directors decides to buy back stock acquisition rights, it may issue new shares to shareholders as consideration for the acquisition of stock acquisition rights by the Company, without payment of the amount equivalent to the exercise price.

5. Restriction to the Transfer of Stock Acquisition Rights

Acquisition of stock acquisition rights by transfer thereof shall be subject to the approval of the Board of Directors.

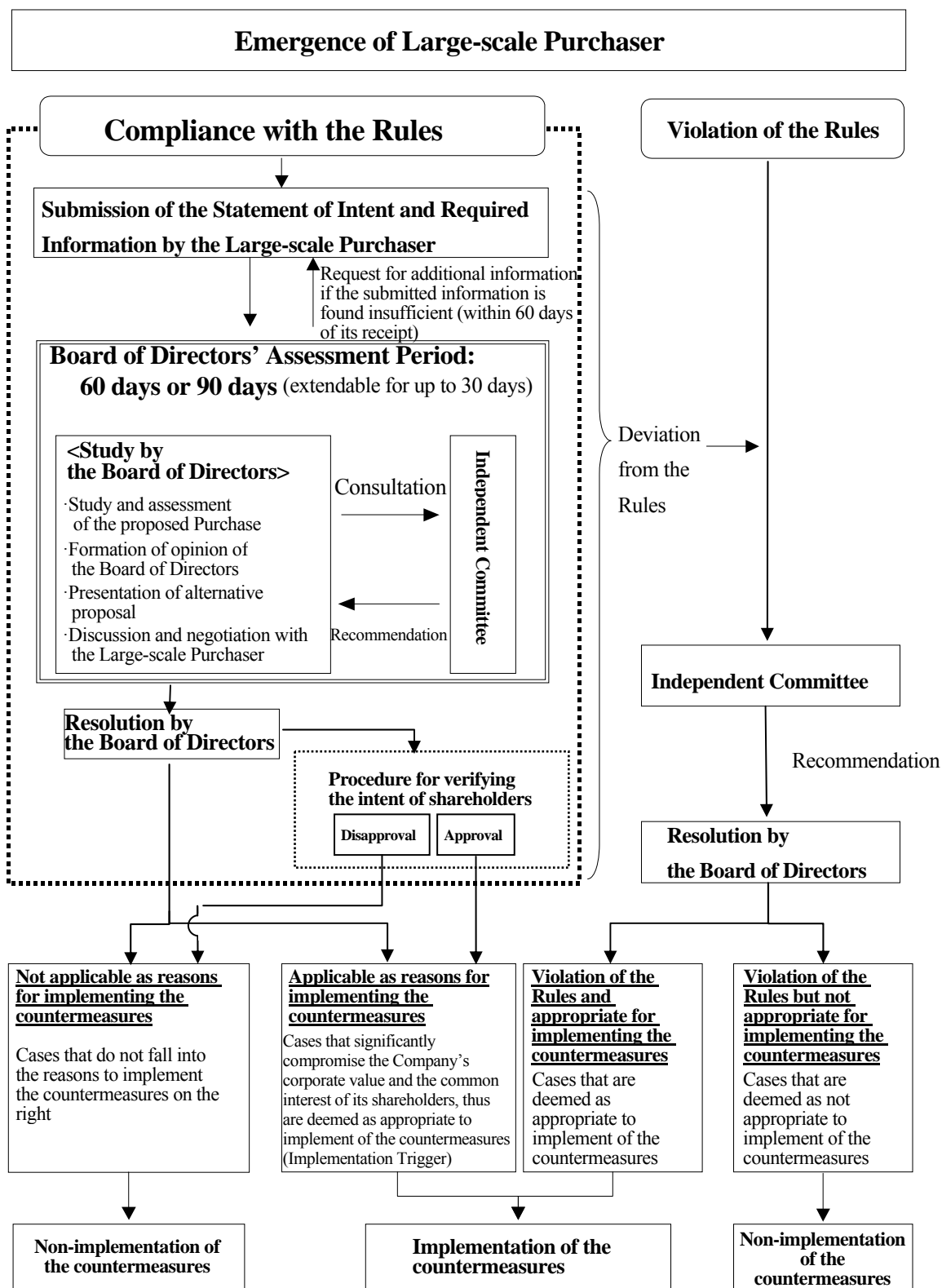
6. Conditions for the Exercise of Stock Acquisition Rights

As part of the conditions for the exercise of stock acquisition rights, anyone who exercises stock acquisition rights must not be affiliated to a specific shareholder group with 20% or higher voting rights ratio (excluding, however, those agreed in advance by the Board of Directors). Details shall be set out separately by the Board of Directors. However, no monetary payment shall be made as consideration for acquisition of stock acquisition rights owned by parties not recognized as eligible to exercise stock acquisition rights.

7. Exercise Period, etc. of Stock Acquisition Rights

Effective date of the gratis allotment of stock acquisition rights, terms of acquisition and other requirements shall be set out separately by the Board of Directors. The Company may establish terms of acquisition which stipulate that the Company may acquire stock acquisition rights held by the persons other than those who are not allowed, due to the conditions for the exercise thereof, to exercise stock acquisition rights, and issue certain number of shares of common stock of the Company for one stock acquisition right, as determined separately by the Board of Directors, and that the Company may buy back stock acquisition rights, involving neither compensation nor issuing of Company shares for stock acquisition rights.

**Illustration of the Measures Against Large-scale Purchases of Company Shares
(Takeover Defenses)**



(Note)

This illustration is intended only as reference material for facilitating the understanding of the Measures. For details of the Measures, please refer to the main text.