

Securities identification code: 6104

June 1, 2016

To our shareholders:

Yukio Iimura

President and Chief Executive Officer

TOSHIBA MACHINE CO., LTD.

2-2 Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo

NOTICE OF THE 93RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 93rd Ordinary General Meeting of Shareholders of TOSHIBA MACHINE CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet. Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders no later than 5:30 p.m., Thursday, June 23, 2016 (Japan Standard Time).

Meeting Details

- 1. Date and time:** Friday, June 24, 2016 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** RIVER SIDE HOTEL NUMAZU
SHANGRI-LA on the fourth floor
100-1 Agetsuchi-cho, Numazu City, Shizuoka
- 3. Purposes:**
 - Items to be reported:**
 1. Business Report and Consolidated Financial Statements for the 93rd Term (from April 1, 2015 to March 31, 2016), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board.
 2. Non-Consolidated Financial Statements for the 93rd Term (from April 1, 2015 to March 31, 2016)
 - Items to be resolved:**
 - Proposal 1:** Election of eight (8) Directors
 - Proposal 2:** Election of one (1) Audit and Supervisory Board Member
 - Proposal 3:** Election of one (1) substitute Audit and Supervisory Board Member
 - Proposal 4:** Renewal of policy for responding to large-scale share acquisitions (takeover defense measures)

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of eight (8) Directors

The term will expire for all ten (10) Directors at the conclusion of this meeting. Thus, the Company proposes that eight (8) Directors be elected.

The candidates for Directors are as follows:

The candidates for Directors are as follows.			
No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yukio Iimura (June 17, 1956) [Reelection]	<div><div>April 1980</div><div>Joined the Company</div></div> <div><div>October 2000</div><div>Injection Molding Machine Engineering Department Senior Manager of the Company</div></div> <div><div>October 2004</div><div>Micro-Pattern Imprinting Device Division General Manager of the Company</div></div> <div><div>June 2006</div><div>Director of the Company</div></div> <div><div>June 2008</div><div>Headquarters of Engineering Division General Manager of the Company</div></div> <div><div>June 2009</div><div>President of the Company</div></div> <div><div>June 2013</div><div>President and Chief Executive Officer of the Company (present position)</div></div>	82,000
	<div>[Reasons for nomination as candidate for Director]</div> <div>Yukio Iimura has been involved with the Toshiba Machine Group management as President since 2009, and possesses extensive work experience and insight into management overall, as well as achievements in using his strong leadership skills to lead the whole Group and raise corporate value. We expect him to promote the Group management and strengthen corporate governance and have thus nominated him as a candidate for Director.</div> <div>[Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)]</div> <div>Attended all of the 16 meetings</div>		

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)		Number of the Company's shares owned
2	Shigetomo Sakamoto (May 22, 1958) [Reelection]	April 1983	Joined the Company	19,000
		June 2006	Corporate Planning Division General Manager of the Company	
		June 2009	Director of the Company	
		June 2010	Tokyo Head Office General Manager of the Company	
		October 2010	Global Corporate Strategy Division General Manager of the Company	
		June 2013	Director and Managing Executive Officer, Component Business Unit General Manager, and Corporate Planning Division General Manager of the Company (present position)	
	[Reasons for nomination as candidate for Director] Since being appointed as Director, Shigetomo Sakamoto has played a central role in the Group management, including overseas business based on his extensive experience and achievements, particularly in the Corporate Planning Division. We believe that he will continue to be an appropriate appointment to strengthen the Group management and global expansion, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director. [Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)] Attended all of the 16 meetings			
3	Masayuki Yagi (November 6, 1958) [Reelection]	April 1983	Joined the Company	56,000
		June 2002	Extrusion Machine Engineering Department Senior Manager of the Company	
		October 2004	Extrusion Machine Sales Department Senior Manager of the Company	
		June 2006	Extrusion Machine Division General Manager of the Company	
		June 2009	Director of the Company	
		October 2010	Advanced Machinery Business Unit General Manager of the Company	
		June 2013	Director and Executive Officer of the Company	
		June 2014	Director and Managing Executive Officer, Machine Tools Business Unit General Manager, Engineering and Quality Division General Manager, and Gotemba Plant General Manager of the Company (present position)	
	[Reasons for nomination as candidate for Director] Since he was appointed as Director, Masayuki Yagi has been involved with management mainly from the perspective of the Research and Development Division based on his extensive experience and achievements gained in carrying out operations in the Extrusion Machine business in the past. We believe that he will continue to be an appropriate appointment to refine the Group's technology and raise quality, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director. [Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)] Attended all of the 16 meetings			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)		Number of the Company's shares owned
4	Takahiro Mikami (October 13, 1959) [Reelection]	April 1982	Joined the Company	15,000
		October 2007	Die Casting Machine Sales Department Senior Manager of the Company	
		June 2011	Die Casting Machine Division General Manager of the Company	
		June 2013	Executive Officer of the Company	
		June 2014	Director and Executive Officer of the Company	
		June 2014	Molding Machinery Business Unit General Manager, and Sagami Plant General Manager of the Company (present position)	
		June 2015	Director and Managing Executive Officer of the Company (present position)	
	[Reasons for nomination as candidate for Director] Since being appointed as Director, Takahiro Mikami has been involved with management from the perspective of being responsible for the Molding Machinery Business Unit based on his extensive experience and achievements gained in carrying out operations in the Die Casting Machine business in the past. We believe that he will continue to be an appropriate appointment to help expand the Group's business, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director. [Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)] Attended all of the 16 meetings			
5	Katsuo Ito (November 12, 1958) [Reelection]	April 1981	Joined the Company	10,000
		October 2004	Injection Molding Machine Engineering Department Senior Manager of the Company	
		October 2008	Injection Molding Machine Division General Manager of the Company	
		March 2010	Seconded to SANJO SEIKI CO., LTD.	
		June 2010	Headquarters of Sales Division General Manager of the Company	
		June 2011	Global Corporate Strategy Division Regional Operating Headquarter (the Americas) of the Company	
		June 2013	Director and Executive Officer of the Company (present position)	
		June 2014	Production Division General Manager of the Company (present position)	
	[Reasons for nomination as candidate for Director] Since being appointed as Director, Katsuo Ito has been involved with management from the perspective of the Production Oversight Division based on his extensive experience and achievements gained in carrying out operations in the Injection Molding Machine business and overseas business in the past. We believe that he will continue to be an appropriate appointment to expand the Group's manufacturing activities, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director. [Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)] Attended all of the 16 meetings			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)		Number of the Company's shares owned
6	Akiyoshi Kobayashi (November 14, 1960) [Reelection]	April 1985 October 2004 June 2013 June 2014 June 2015	Joined the Company Extrusion Machine Engineering Department Senior Manager of the Company Extrusion Machine Division General Manager of the Company (present position) Executive Officer of the Company Director and Executive Officer, Advanced Machinery Business Unit General Manager of the Company (present position)	9,000
	[Reasons for nomination as candidate for Director] Since being appointed as Director, Akiyoshi Kobayashi has been involved with management from the perspective of dividing the Advanced Machinery Business Unit based on his extensive experience and achievements gained in carrying out operations in the Extrusion Machine business in the past. We believe that he will continue to be an appropriate appointment to help expand the Group's business, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director. [Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)] Attended all of the 16 meetings			
7	Kan Akiyama (July 21, 1943) [Reelection] [Candidate for Outside Director]	April 1967 June 1999 June 2001 June 2005 October 2005 June 2006 June 2009 June 2010 June 2013	Joined Yuasa Battery Co., Ltd. (currently GS Yuasa Corporation) Director of Yuasa Battery Co., Ltd. Managing Director of Yuasa Battery Co., Ltd. Senior Managing Director of Yuasa Battery Co., Ltd. President of GS Yuasa Manufacturing Ltd. Chairman of GS Yuasa Corporation Advisor of GS Yuasa Corporation Member of Independent Committee of the Company (present position) Outside Director of the Company (present position)	2,000
	[Reasons for nomination as candidate for Director] Kan Akiyama possesses an impressive character and knowledge, and we believe that he will be able to fulfill his responsibilities as Outside Director by utilizing his extensive experience and knowledge gained as an officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director. [Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)] Attended 15 of the 16 meetings			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8	Yoshihiro Ogura (December 8, 1945) [Reelection] [Candidate for Outside Director]	<p>April 1973 Lawyer registration (DAINI TOKYO BAR ASSOCIATION); Joined Takeshi Niiya Law Office</p> <p>April 1982 Established Ogura Tanaka Law Office (currently Hibiki Law Office) (present position)</p> <p>June 1994 Outside Audit and Supervisory Board Member of Tokyo Aircraft Instrument Co., Ltd.</p> <p>June 2009 Outside Audit and Supervisory Board Member of Nippon Steel Trading Co., Ltd. (currently NIPPON STEEL & SUMIKIN BUSSAN CORPORATION) (present position)</p> <p>June 2010 Member of Independent Committee of the Company (present position)</p> <p>June 2013 Outside Director of the Company (present position)</p>	1,000
	<p>[Reasons for nomination as candidate for Director] Yoshihiro Ogura possesses an impressive character and knowledge, and we believe that he will be able to fulfill his responsibilities as Outside Director by utilizing his extensive experience and knowledge gained as a lawyer and as an Outside Audit and Supervisory Board Member for other companies. Accordingly, we have nominated him as a candidate for Outside Director.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2015 to March 31, 2016)] Attended all of the 16 meetings</p>		

Notes:

1. There is no special interest between the above candidates for Director and the Company.
2. Both Kan Akiyama and Yoshihiro Ogura are currently Outside Directors of the Company, and at the conclusion of this General Meeting of Shareholders, they will have served as Outside Directors for three years respectively.
3. In accordance with the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company has concluded limited liability agreements referred to in Article 423, Paragraph 1 of the Companies Act with Kan Akiyama and Yoshihiro Ogura, which prescribe that the maximum extent of the liability for damages shall be the amount set forth in laws and regulations. If their reelections are approved, the Company plans to continue these limited liability agreements.
4. The Company has designated both Kan Akiyama and Yoshihiro Ogura as Independent officers based on the stipulation by the Tokyo Stock Exchange and registered them to the said exchange. If their reelections are approved, the Company plans to continue their registration as the Independent officers.

Proposal 2: Election of one (1) Audit and Supervisory Board Member

The term will expire for the Audit and Supervisory Board Members, Shinsuke Wataya and Makoto Tsuji, at the conclusion of this meeting. Thus, the Company proposes that one (1) Audit and Supervisory Board Member be elected.

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

The candidate for Audit and Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Makoto Tsuji (August 5, 1956) [Reelection]	April 1983 Joined the Company April 2002 Die Casting Machine Engineering Department Senior Manager of the Company April 2006 Die Casting Machine Division Deputy General Manager of the Company July 2006 Die Casting Machine Division General Manager of the Company June 2011 Director, Plant Reformation Project Leader of the Company June 2013 Director and Executive Officer, Production Division General Manager and Sagami Plant General Manager of the Company June 2014 Full-time Audit and Supervisory Board Member of the Company (present position)	10,000
[Reasons for nomination as candidate for Audit and Supervisory Board Member] Makoto Tsuji has extensive knowledge and experience built up as a Director of the Company and in carrying out business operations, and we expect him to carry out audits from a neutral and objective perspective and contribute to the soundness of the Company's management. Accordingly, we have nominated him as a candidate for Audit and Supervisory Board Member. [Attendance at the Board of Directors and Audit and Supervisory Board meetings (from April 1, 2015 to March 31, 2016)] 1) Board of Directors: Attended all of the 16 meetings 2) Audit and Supervisory Board: Attended all of the 16 meetings		

Note:

There is no special interest between the above candidate for Audit and Supervisory Board Member and the Company.

Proposal 3: Election of one (1) substitute Audit and Supervisory Board Member

The appointment of substitute Audit and Supervisory Board Member Akifumi Imamura, approved at the 92nd Ordinary General Meeting of Shareholders held on June 26, 2015, will be expired at the start of this Ordinary General Meeting of Shareholders. Accordingly, as the number of Audit and Supervisory Board Members will no longer meet the number stipulated in laws and regulations, the Company proposes that one (1) substitute Audit and Supervisory Board Member be elected.

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

The candidate for substitute Audit and Supervisory Board Member is as follows:

Name (Date of birth)	Career summary (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Akifumi Imamura (April 18, 1953)	April 1982 Lawyer registration (DAIICHI TOKYO BAR ASSOCIATION) April 1989 Partner Lawyer of Atago Law Office May 2003 Partner Lawyer of Greenhill Law and Patent Office (present position) April 2005 Vice-president of DAIICHI TOKYO BAR ASSOCIATION June 2005 Outside Audit and Supervisory Board Member of JBCC Holdings Inc. (present position) June 2011 Outside Audit and Supervisory Board Member of Itoham Foods Inc. April 2016 Outside Audit and Supervisory Board Member of ITOHAM YONEKYU HOLDINGS INC. (present position)	0
[Reasons for nomination as candidate for substitute Audit and Supervisory Board Member] Akifumi Imamura has an impressive character and knowledge, and we believe that he will be able to reflect his extensive experience and knowledge gained as a lawyer and an Outside Audit and Supervisory Board Member for other companies. Accordingly, we have nominated him as a candidate for substitute Audit and Supervisory Board Member.		

Notes:

1. There is no special interest between the above candidate for substitute Outside Audit and Supervisory Board Member and the Company.
2. Akifumi Imamura meets the requirements for the position of Outside Audit and Supervisory Board Member.
3. In accordance with the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, if Akifumi Imamura is elected as an Audit and Supervisory Board Member, the Company plans to conclude limited liability agreement referred to in Article 423, Paragraph 1 of the Companies Act with Akifumi Imamura, which prescribes that the maximum extent of the liability for damages shall be the amount set forth in laws and regulations.

Proposal 4: Renewal of policy for responding to large-scale share acquisitions (takeover defense measures)

The Company introduced its Policy for Responding to Large-Scale Share Acquisitions (Takeover Defense Measures) (the “**Takeover Defense Measures**”) at the 84th Ordinary General Meeting of Shareholders held on June 26, 2007 in order to protect against large-scale acquisitions that would be detrimental to the Company’s corporate value and the common interests of the shareholders, and renewed the Takeover Defense Measures through obtaining the approval of the shareholders at the 87th Ordinary General Meeting of Shareholders held on June 25, 2010, and at the 90th Ordinary General Meeting of Shareholders held on June 26, 2013. Because the three year term of the Takeover Defense Measures is set to expire at the closing of the 93rd Ordinary General Meeting of Shareholders to be held on June 24, 2016, we propose that a proposal be made at that shareholders meeting to obtain the approval of the shareholders for the renewal of the Takeover Defense Measures.

I. Necessity of renewing the Takeover Defense Measures

Compared to when the Takeover Defense Measures were last renewed at the 90th Ordinary General Meeting of Shareholders, overseas institutional investors are gradually increasing their shareholdings and are now among the Company’s top shareholders, activist shareholders with unclear motives continue to operate in the market, and the Company’s share price is by no means high. Furthermore, the ability of the tender offer rules provided for in the Financial Instruments and Exchange Act to protect against large-scale acquisitions is limited, given that the rules only apply to large-scale acquisitions where the post-acquisition ownership ratio of share certificates, etc., is greater than one third, do not ensure a response period before the actual commencement of the large-scale acquisition, and only allow the term of a takeover bid to be extended by a maximum of 30 days.

In light of the above circumstances there remains the possibility that the Company will be the target of a large-scale acquisition, and given that it is conceivable that some large-scale acquisitions might be detrimental to the Company’s corporate value and the common interests of the shareholders, we propose that the Takeover Defense Measures be renewed for another term of three years in order to protect against such acquisitions.

II. Changes upon renewal of the Takeover Defense Measures

Upon the renewal of the Takeover Defense Measures, we have made slight changes to the standards of judgment with respect to triggering countermeasures based on the policies of proxy advisory firms, the advice of our lawyers, and other reasons; however, no substantial changes have been made.

III. Details of the proposals to be made at the Shareholders Meeting (Major changes from the current Takeover Defense Measures are underlined.)

Renewal of Policy for Responding to Large-Scale Share Acquisitions (Takeover Defense Measures)

The Company introduced its Policy for Responding to Large-Scale Share Acquisitions (Takeover Defense Measures) in 2007 in order to protect against large-scale acquisitions that would be detrimental to the Company's corporate value and the common interests of the shareholders, and renewed the Takeover Defense Measures through obtaining the approval of the shareholders at the 87th Ordinary General Meeting of Shareholders held on June 25, 2010, and at the 90th Ordinary General Meeting of Shareholders held on June 26, 2013. The effective period of the Takeover Defense Measures will expire at the closing of the ordinary general meeting of shareholders for the financial year ending March 31, 2016 (the "**Shareholders Meeting**").

Accordingly, the Company has considered the renewal of the Takeover Defense Measures in light of the changes in social and economic situation after the expiry of the Takeover Defense Measures and the further developments of practices and discussions regarding takeover defense measures. It was resolved at the Board of Directors meeting on May 17, 2016, prior to the expiry of the Takeover Defense Measures, that the Takeover Defense Measures should be renewed, subject to obtaining the approval of the shareholders at the Shareholders Meeting, from the perspective of maintaining and enhancing corporate value and the common interests of the shareholders.

As such, the approval of the shareholders is requested with respect to the renewal of the Takeover Defense Measures.

The renewal of the Takeover Defense Measures includes a change (paragraph (6)(2)B.(VIII) under "Measures to prevent the Company's financial and business policy from being determined by an entity that is inappropriate from the perspective of the fundamental policy on corporate control" below) restricting the standards for determining whether countermeasures should be triggered when the large-scale acquirer adheres to the Rules for Large-Scale Acquisitions (as defined in section 3.(1) below), to the effect that countermeasures should be triggered when the terms and conditions of the acquisition (the amount and type of consideration, the timing of the acquisition, the legality of the acquisition method, the feasibility of executing the acquisition) and other such matters are significantly insufficient or inappropriate considering the intrinsic corporate value of the Company; however, no substantial changes have been made.

1. Fundamental policy on the nature of the entity that controls the determination of the Company's financial and business policies

The Company believes that as a listed company, it should leave to the shareholders' judgment the ultimate decision as to whether to accept a large-scale acquisition by any entity that would have a significant effect on the fundamental management policies of the Company.

However, in the actual event of such a large-scale acquisition, unless the large-scale acquirer provides necessary and sufficient information, it is difficult for the shareholders to appropriately judge the effect that such large-scale acquisition will have on the Company's corporate value and the common interests of the shareholders. Moreover, some large-scale share acquisitions would be detrimental to the corporate value and common interests of the shareholders that the Company has so far maintained and enhanced, such as: acquisitions for the purpose of temporarily taking control of management in order to transfer the Company's important tangible and intangible assets to the large-scale acquirer or its group companies and affiliates; acquisitions for the purpose of appropriating the Company's assets to service the large-scale acquirer's debts and obligations; acquisitions with no real intention of taking part in

the management of the company that are solely for the purpose of forcing the Company or related persons to buy back the acquired shares at a premium (greenmail); and acquisitions for the purpose of producing a temporary high dividend yield by selling off the Company's valuable assets or other means.

The Company believes that the Board of Directors of the Company owes the following responsibilities: (i) to make a large-scale acquirer provide necessary and sufficient information for the shareholders to make a decision; (ii) to provide the results of evaluation and examination by the Board of Directors on the effect that the large-scale acquirer's proposal would have on the Company's corporate value and the common interests of the shareholders, for reference purposes for the shareholders to make a decision regarding that proposal; and, (iii) where appropriate, to negotiate or discuss with the large-scale acquirer with respect to the matters such as the large-scale acquisition and the Company's management policy or to make an alternative proposal to the shareholders with respect to the management policy of the Board of Directors. Furthermore, in the case of a large-scale acquisition that would be detrimental to the Company's corporate value and the common interests of the shareholders, the Company believes it is also the responsibility of the Board of Directors to maintain the processes such as the provision of information by the large-scale acquirer and evaluation and examination by the Board of Directors, and to prepare countermeasures against large-scale acquisitions to prevent obvious harm to the Company's corporate value and the common interests of the shareholders.

Based on the above, the Board of Directors believes that it is consistent with the purpose of maintaining and enhancing the Company's corporate value and the common interests of the shareholders to ensure that large-scale acquisitions adhere to a set of rational rules that specifically implement the views described above, and that the Board of Directors implement countermeasures to prevent large-scale acquisitions that would be detrimental to the Company's corporate value and the common interests of the shareholders.

2. Special measures contributing to the realization of a fundamental policy on corporate control such as the effective utilization of the Company's assets, appropriate formation of the corporate group.

The Company believes that it contributes to maintaining and enhancing corporate value and the common interests of the shareholders to achieve the management policy set out below and the medium-term management plan for implementation thereof.

(1) Company's management policies

The Group's management is based on the three pillars of (i) always be ahead of change, (ii) strengthen product appeal, and (iii) reinforce Corporate Social Responsibility (CSR) and corporate governance.

(i) Always be ahead of change

The industries that use the Group's core products (molding machines, machine tools, etc.) operate on a global scale and face major market changes on a daily basis. The Company provides a lineup of products that epitomize the keywords of "energy and environment," "labor productivity," "IoT," and "new materials" – areas that have an important position in the market. We monitor the domains that demonstrate the most vitality, such as autos, airplanes, and electronic devices, etc. and proactively expand our business in these areas.

(ii) Strengthen product appeal

The Group develops new technology so that it is always able to provide products that contribute to its customers' growth, with a foundation based on the eight core technologies that form its technology platform: professional manufacturing, assembling and measuring technologies; engineering abilities for processing and molding machines; customized engineering; materials technology; controls, mechatronics and IoT technologies; slide and rotation; molding processing technology starting from molds; and nano-imprinting technology. In product development, we work to create appealing products that surpass customer expectations and always take the customer's perspective.

(iii) Reinforce CSR and corporate governance

Since 1992, when the Group established the Toshiba Machine Group Code of Business Conduct, which calls for employees to comply with national and regional laws and regulations and respect social norms and ethics, the Company has regularly provided education to all employees to familiarize them with this code. Moreover, the Company has taken a specific stance on corporate governance by adapting to the Tokyo Stock Exchange principles in the corporate governance code in fiscal 2015. In this way, the Company strengthens its compliance in business activities and reinforces internal control functions, thereby earning the trust and praise of its stakeholders and fulfilling its social responsibilities.

(2) Medium-term management plan to implement management policies

The Group launched a new medium-term management plan in fiscal 2016 called the TM-PΣ Plan (Toshiba Machine Profit Σ Plan). The TM-PΣ Plan aims to achieve solid and profitable growth by implementing reforms to create a high-profit system, as well as by focusing resources on carefully selected areas.

The Company will implement the following measures to realize these basic policies.

(i) Provide cutting-edge and augmented products

The Company develops optimal products tailored to the needs of customers in regions all over the world. We provide products equipped with functions that other companies cannot imitate to markets for the industry's most cutting-edge technology. At the same time, we focus on providing the products with functions and pricing that best match the customer's needs in markets for products offering cost performance.

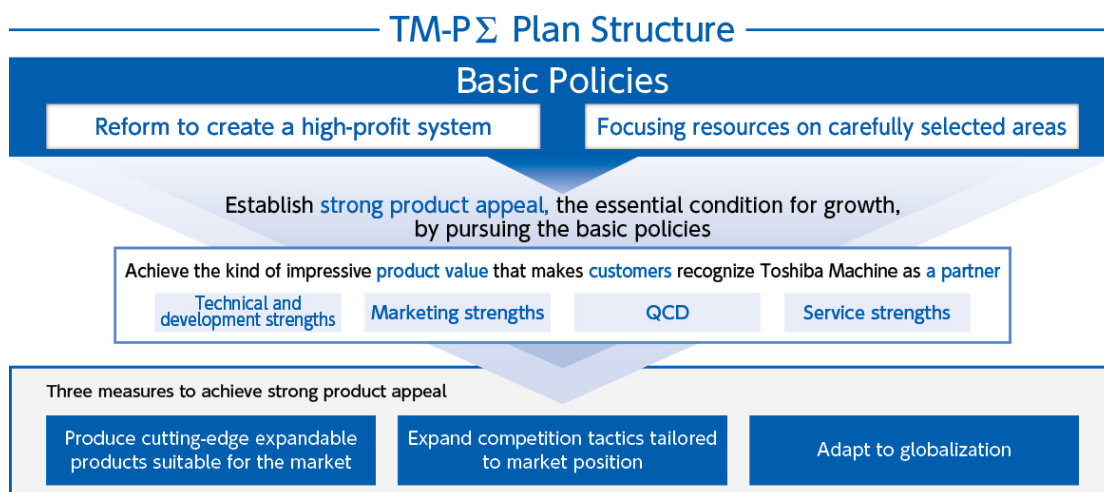
Moreover, we incorporate pre- and post-processes as a system for products that come equipped as standard technology and propose automation and labor conservation measures on the manufacturing line.

(ii) Develop products tailored to markets

In the global market, the Company will further popularize its brand by concentrating its management resources in regions and markets in which many customers require the Group's products.

(iii) Establishment of globalization

We view our factory in Japan as the mother factory, and seek profit by specializing in manufacturing in areas with high added value and by improving manufacturing technology and manufacturing efficiency. At the same time, we operate a "global procurement network" linking together Japan, China, Thailand, and India, and by managing overall procurement information in an integrated manner. We have created a system that is resilient to political, economic, and natural disaster risks, and produce products that are cost competitive as we expand production scale and pursue high production efficiency.



3. Measures to prevent the Company's financial and business policy being determined by an entity that is inappropriate from the perspective of the fundamental policy on corporate control

- (1) Outline of the rules for large-scale acquisitions

The Board of Directors believes that it is consistent with the common interests of the shareholders that acquisitions of the Company's shares as provided for in section 3.(2) below ("**Large-Scale Acquisitions**") be conducted in accordance with the rules for Large-Scale Acquisitions (the "**Rules**") set out below.

The Rules clarify the procedures that should be followed by an entity wishing to conduct a Large-Scale Acquisition of the shares of the Company (a "**Large-Scale Acquirer**"), and establish that a Large-Scale Acquisition shall start only after necessary and sufficient information has been provided to the Board of Directors by the Large-Scale Acquirer and a certain examination period has passed.

The purpose of the Rules is to protect against the financial and managerial policies of the Company being controlled by an entity that would cause detriment to the Company's corporate value and the common interests of the shareholders, by ensuring that the shareholders are provided with necessary and sufficient information and time to make an appropriate judgment and securing opportunities to negotiate with Large-Scale Acquirers, and by allowing the Company to trigger countermeasures (as provided for in section 3.(6) below, the Board of Directors will determine what specific countermeasures are appropriate when they are triggered; hereinafter referred to collectively as "**Countermeasures**") against any Large-Scale Acquisition if the Large-Scale Acquirer does not follow the Rules or if the Large-Scale Acquisition would be detrimental to the Company's corporate value or the common interests of the shareholders.

- (2) Large-Scale Acquisitions

The Rules apply to the following types of acquisitions (including acquisitions by purchase on a securities exchange market, takeover bid, or any other method, but excluding acquisitions conducted with the prior approval of the Board of Directors and further purchases by a person whose holding ratio or ownership ratio of the Company's share certificates, etc. (kabuken tou hoyuu wariai or kabuken tou shoyuu wariai) is already 20% or greater as at the renewal of the Rules at the Ordinary Meeting of Shareholders to be held on June 24, 2016.):

- (i) any acquisition that would increase the combined holding ratio (kabuken tou hoyuu wariiai)¹ of a holder² of the Company's share certificates, etc.³ and its joint holders⁴ to 20% or greater; and
- (ii) the commencement of any takeover bid that would increase the bidder's post-acquisition ownership ratio (kabuken tou shoyuu wariiai)⁵ of the Company's share certificates, etc.⁶ to 20% or greater.

(3) Information submission requirement for Large-Scale Acquirers

Prior to a Large-Scale Acquisition, a Large-Scale Acquirer is required to submit to the Board of Directors, in the format designated by the Company, information on the following matters ("**Acquisition Information**") that are necessary for the shareholders' judgment and the formation of opinions of the Board of Directors and a document containing a covenant to the effect that the Large-Scale Acquirer will adhere to the Rules (a statement of intent).

Information to be submitted:

- (i) Details about the Large-Scale Acquirer and its group (including its specific name, background, capital structure, management structure, principal business, and major shareholders, group organization chart, financial information, annual securities reports for the last three years or equivalent documentation, consolidated financial statements, and experience in the Company's areas of business);
- (ii) The purpose, method and details of the Large-Scale Acquisition (such as the amount and type of consideration for the share purchase, the timing of the acquisition, the related transaction schemes, specific details of the purpose of the Large-Scale Acquisition disclosed in the statement of intent, and specific details of the acquisition including the legality of the method and feasibility of the Large-Scale Acquisition);
- (iii) The basis for calculating the consideration offered for the share certificates, etc., of the Company in the Large-Scale Acquisition and evidence of the funds for the purchase (specific details and conditions regarding the funding of the purchase, including the specific name of the persons providing (or substantively providing) funds and the method of funding);
- (iv) The management policy, management plan, business plan, financial strategy, capital strategy and dividend strategy of the Large-Scale Acquirer and its group upon acquiring control of management of the Company through the Large Scale Acquisition, managerial and financial targets for the three years following the acquisition and the ground of its calculation, and a list of officer candidates and their backgrounds;
- (v) An explanation of whether and how the Large-Scale Acquirer plans to alter the way it deals with customers, suppliers, employees, regional stakeholders and other stakeholders in the Company following the Large-Scale Acquisition; and
- (vi) Other matters judged as reasonably necessary by the Board of Directors.

¹ Meaning the holding ratio of share certificates, etc., as provided for in Article 27-23(4) of the Financial Instruments and Exchange Act.

² Meaning a holder as provided for in Article 27-23(1) of the Financial Instruments and Exchange Act, and including all persons included in "holder" pursuant to paragraph (3) of that Article.

³ Meaning share certificates, etc., as provided for in Article 27-23(1) of the Financial Instruments and Exchange Act.

⁴ Meaning joint holders as provided for in Article 27-23(5) of the Financial Instruments and Exchange Act, and including all persons deemed joint holders pursuant to paragraph (6) of that Article.

⁵ Meaning the ownership ratio of share certificates, etc., as provided for in Article 27-23(8) of the Financial Instruments and Exchange Act plus the ownership ratio of share certificates, etc., of persons in special relationship (see Article 27-2(7) of the Financial Instruments and Exchange Act).

⁶ Meaning share certificates, etc., as provided for in Article 27-23(1) of the Financial Instruments and Exchange Act.

If the Company believes that the information submitted is not sufficient for the shareholders to make a judgment or for the Board of Directors to form opinions, the Company may request the submission of further Acquisition Information necessary and sufficient for the shareholders to make a judgment and for the Board of Directors to form opinions, stipulating a reasonable timeframe for that submission. In such case, the Large-Scale Acquirer must submit said information to the Board of Directors within that timeframe.

When the Board of Directors judges that necessary and sufficient Acquisition Information has been provided by the Large-Scale Acquirer for the shareholders to make a judgment and the Board of Directors to form opinions, it shall consult with an independent committee as provided for in section 3.(5) (“**Independent Committee**”) and notify the Large-Scale Acquirer to that effect (the “**Information Provision Completion Notification**”) and also promptly disclose that fact to the shareholders.

(4) Examination of Acquisition

The Board of Directors believes that 60 business days⁷ should be allowed after making an Information Provision Completion Notification to a Large-Scale Acquirer as a period for the Board of Directors to evaluate and examine the information provided by the Large-Scale Acquirer, negotiate with the Large-Scale Acquirer, form opinions with respect to the Large-Scale Acquirer, and prepare alternative proposals to the shareholders (the “**Board Deliberation Period**”).

However, the Board of Directors may extend the Board Deliberation Period to up to 90 business days if it considers that the evaluation of the purpose, methods and details of the Large-Scale Acquisition and the Large-Scale Acquirer’s post-acquisition management policy, business plan, etc., will be especially time-consuming. In such case, the Board of Directors shall notify the Large-Scale Acquirer of the number of days of extension and immediately disclose that fact to the shareholders.

As such, a Large-Scale Acquisition may commence only after the Board Deliberation Period has expired.

The Board of Directors will sufficiently evaluate and examine the submitted information during the Board Deliberation Period while seeking the opinions of outside experts, and determine whether to trigger Countermeasures with respect to the Large-Scale Acquisition and the management policy, etc., proposed by the Large-Scale Acquirer, respecting the recommendation of the Independent Committee to the maximum extent.

The Board of Directors will also, as necessary, negotiate and discuss with the Large-Scale Acquirer to improve the terms and conditions of the Large-Scale Acquisition, and may present alternative proposals for management policies and the like to the shareholders after consulting with the Independent Committee.

(5) Establishment and recommendations of the Independent Committee

The Company has established an Independent Committee composed of persons independent from the executive management of the Company in order to ensure objectivity and rationality in the judgments of the Board of Directors when implementing the Rules. (See Exhibit 1, “Summary of Independent Committee Regulations,” for a summary of the regulations of the Independent Committee.)

The Independent Committee will consist of between three and five members, appointed from among the outside directors and outside Audit and Supervisory Board members or

⁷ A business day means any day other than those specified in the items of Article 1(1) of the Act on Holidays of Administrative Organs.

outside experts who are independent from the executive management of the Company in order to enable fair and neutral judgment. The names and backgrounds of the members of the Independent Committee are listed in Exhibit 2, “Profiles of Independent Committee Members.”

The Independent Committee will make recommendations to the Board of Directors on the following matters, with reference to the opinions of outside experts and information personally obtained from outside third parties with regard to the Large-Scale Acquisition, and with consideration to the Acquisition Information provided by the Large-Scale Acquirer and the results of the evaluation and investigation of that Acquisition Information conducted by the Board of Directors; if the Independent Committee determines that it is appropriate to confirm the intent of the shareholders with respect to triggering of specific Countermeasures, it may recommend that the Board of Directors convene a shareholders meeting to confirm the intent of the shareholders as provided for in section 3.(7) below, and propose that specific Countermeasures be triggered:

- (i) whether a Large-Scale Acquirer has complied with the Rules;
- (ii) the necessity and sufficiency of acquisition information provided by a Large-Scale Acquirer;
- (iii) if the Board of Directors has presented alternative proposals regarding management policies, etc., the reasonableness of the content of those alternative proposals;
- (iv) whether the triggering conditions for Countermeasures have been satisfied and the reasonableness of the content of specific Countermeasures;
- (v) suspending or changing triggered Countermeasures; and
- (vi) any other matters for which the Board of Directors determines that it should consult with the Independent Committee.

(6) Triggering of Countermeasures

(i) Contents of Countermeasures

If a Large-Scale Acquisition by a Large-Scale Acquirer falls under either of the criteria given in section 3.(6)(ii) below, and the Board of Directors considers it reasonable to do so, then the Board of Directors may, while respecting to the maximum extent the recommendation of the Independent Committee, trigger Countermeasures provided for in the Companies Act, other laws and ordinances, and the Articles of Incorporation, such as a gratis allotment of share options or the like, in order to resist the Large-Scale Acquisition for the purpose of protecting the common interests of the shareholders. The Board of Directors will choose the specific Countermeasures that it finds most appropriate at that time. As specific Countermeasures, the Company may make a gratis allotment of share options with exercise conditions that do not allow exercise by Large-Scale Acquirers, etc. and with call options enabling the Company to acquire the share options in exchange for delivering Company shares to all shareholders other than Large-Scale Acquirers and their group companies; an overview of such gratis allotment is as stated in Exhibit 3, “Overview of Gratis Allotment of Share Options.”

(ii) Trigger criteria

A. If a Large-Scale Acquirer does not comply with the Rules

If a Large-Scale Acquirer does not comply with the Rules, then regardless of the details of the Large-Scale Acquisition, the Board of Directors will in principle consult with the Independent Committee and decide to trigger Countermeasures.

B. If a Large-Scale Acquirer complies with the Rules

If a Large-Scale Acquirer complies with the Rules, then the Board of Directors will not, in principle, trigger Countermeasures even if it is opposed to the Large-Scale

Acquisition, while it may express its opposing opinions to the acquisition, present alternative proposals, and attempt to persuade the shareholders; instead, the decision of whether to accept the Large-Scale Acquirer's acquisition proposal, etc. will be made by the shareholders after considering the acquisition proposal and the opinions and alternative proposals presented by the Board of Directors.

However, in the following cases, or if the Large-Scale Acquisition will otherwise obviously cause significant harm to the corporate value of the Company and the common interests of the shareholders and it is found reasonable to trigger Countermeasures, the Board of Directors will decide to trigger Countermeasures after consulting with the Independent Committee:

- (I) The purpose of the Large-Scale Acquisition is, despite the Large-Scale Acquirer having no intention of truly participating in the management of the Company, to purchase the Company shares and demand that the Company repurchase those shares at a high price.
 - (II) The purpose of the Large-Scale Acquisition is primarily to achieve profit for the Large-Scale Acquirer at the sacrifice of the Company, such as by acquiring at a reduced price important assets, etc. of the Company, including real estate, movable property, intellectual property rights, expertise, trade secrets, major business partners, and customers.
 - (III) The purpose of the Large-Scale Acquisition is primarily to divert all or a significant part of the assets of the Company in order to secure or repay obligations of the Large-Scale Acquirer, its group companies, or other such parties.
 - (IV) The purpose of the Large-Scale Acquisition is primarily to sell or otherwise dispose of the real estate, securities, or other such high-value assets owned by the Company and to provide temporarily high dividends using the profits therefrom or to take advantage of the sudden rise in share prices due to those temporarily high dividends to sell the Company's share certificates, etc. at a high price.
 - (V) The Large-Scale Acquisition is made by an anti-social organization or a person or group controlled by or involved with such organization.
 - (VI) The Large-Scale Acquisition threatens to, in effect, force shareholders to sell their shares, such as in coercive two-tiered acquisitions where the first step takeover bid is made with the terms of the second step acquisition being unfavorable or unclear.
 - (VII) The acquisition of control of the Company by the Large-Scale Acquirer or the Large-Scale Acquirer's policies on dealing with Company customers, employees, and other interested parties after acquiring control threaten to ruin relationships with Company shareholders as well as the Company employees, business partners, customers, and other interested parties indispensable in creating the corporate value of the Company.
 - (VIII) The terms and conditions of the acquisition (amount and type of consideration, timing of the acquisition, legality of the acquisition method, feasibility of executing the acquisition) and other such matters are significantly insufficient or inappropriate in light of the intrinsic corporate value of the Company.
- (iii) Decision-making bodies regarding triggering
- When making decisions in relation to the triggering of Countermeasures, the Board of Directors will consult in advance with the Independent Committee regarding whether it is appropriate to trigger Countermeasures in order to ensure the fairness of those decisions.

The Independent Committee, based on that consultation from the Board of Directors, will form its opinion while receiving advice from outside experts as appropriate and will make a recommendation to the Board of Directors regarding the triggering of Countermeasures and other such matters. (The Independent Committee may recommend that it is appropriate to convene a shareholders meeting and confirm the intent of the shareholders.)

The Board of Directors will disclose the content of that recommendation to the shareholders and will decide whether to trigger Countermeasures while respecting that recommendation to the maximum extent. The period of time from the Board of Directors consulting with the Independent Committee to receiving a recommendation is included in the Board Deliberation Period set forth in section 3.(4) above.

(iv) Triggering procedures

A. If a Large-Scale Acquirer does not comply with the Rules

If a Large-Scale Acquirer has not complied with the Rules, the Board of Directors will in principle consult with the Independent Committee and decide to trigger Countermeasures. However, if it is objectively obvious that the Large-Scale Acquirer has not complied with the Rules, and the Company or the shareholders would suffer significant disadvantage if the Countermeasures are triggered after the Independent Committee has made a recommendation, then the Board of Directors may decide to trigger Countermeasures without a recommendation from the Independent Committee.

B. If a Large-Scale Acquirer complies with the Rules

If a Large-Scale Acquirer has complied with the Rules, the Board of Directors in principle will not trigger Countermeasures, but if the Independent Committee makes a recommendation to the effect that the Large-Scale Acquisition falls under the conditions for triggering Countermeasures set forth in section 3.(6)(ii)B above and that it is appropriate to trigger Countermeasures, then the Board of Directors will respect that recommendation to the maximum extent and, in principle, decide to trigger Countermeasures. Even in that case, however, if the Board of Directors determines that it is not appropriate to trigger Countermeasures from perspectives of maintaining and improving the corporate value of the Company and the common interests of the shareholders, the Board of Directors may decide not to trigger Countermeasures.

Moreover, even after deciding to trigger Countermeasures or after such Countermeasures have been triggered, if the Large-Scale Acquirer withdraws the Large-Scale Acquisition, or the Board of Directors determines that it is not appropriate to trigger Countermeasures due to circumstances such as a change in the facts that formed the premise of the recommendation of the Independent Committee, then the Board of Directors may suspend or change the Countermeasures after consulting with the Independent Committee. Specifically, for example, in the case of implementing a gratis allotment of share options as a Countermeasure, if after determining the shareholders to receive that allotment, the Board of Directors determines that it is not appropriate to trigger Countermeasures, such as when the Large-Scale Acquirer withdraws or changes the Large-Scale Acquisition, then until the effective date of the share options, the Board of Directors may suspend the gratis allotment thereof, or the Company, after the gratis allotment of share options has become effective and until the day preceding the commencement date of the exercise period, may acquire the share options without

compensation such as delivering Company shares to the share option holders. If conducting such suspension or change of Countermeasures, the Board of Directors will promptly disclose that fact to the shareholders along with any other matters found necessary by the Independent Committee.

(7) Shareholders meeting to confirm intent of shareholders

If the Independent Committee has recommended that it is appropriate to convene a shareholders meeting and confirm the intent of the shareholders regarding the triggering of countermeasures, and the Board of Directors also finds that it is appropriate to do so, then the Board of Directors will decide upon specific Countermeasures, immediately announce that fact, promptly convene a shareholders meeting to confirm the intent of shareholders, and submit to it a proposal regarding the triggering of countermeasures. (However, if in consideration of practical procedures and other such matters it is found faster and more appropriate to submit that proposal to a shareholders meeting already planned to be held, then the Board of Directors will submit the proposal to that shareholders meeting.)

(8) Effective period, abolition, and amendment

Upon receiving approval by the ordinary general meeting of shareholders for the financial year ending March 31, 2016, the effective period of the Rules will be the three-year period from the closing of that ordinary general meeting of shareholders until the closing of the ordinary general meeting of shareholders for the financial year ending March 31, 2019. Even prior to the expiration of the effective period of the Rules, they may be abolished by a resolution of the Board of Directors.

In consideration of trends in amendments to laws and ordinances and other such matters, the Rules may be amended during their effective period to the extent not contrary to the approval given by the ordinary general meeting of shareholders.

(9) Impact, etc. on shareholders and investors of the Company

If a Large-Scale Acquirer has not complied with the Rules, the Board of Directors may implement Countermeasures allowed under the Companies Act, other laws, and the Articles of Incorporation for the purpose of protecting the interests of the Company and the common interests of the shareholders. In light of the nature of these Countermeasures, no situation is expected in which the shareholders (excluding Large-Scale Acquirers and their group companies) would incur damage to their rights or economic interests due to Countermeasures being triggered. If the Board of Directors decides to implement Countermeasures, the Company will provide timely and appropriate disclosure in accordance with laws, ordinances, and the regulations established by financial instruments exchanges.

If a gratis allotment of share options is made, public notice of the record date for that gratis allotment of share options will be provided, and the share options will automatically be allotted to the shareholders as of that record date without any consideration; therefore, application procedures and the like are unnecessary. However, for shareholders who have not completed share transfer registrations, it will be necessary to promptly carry out share transfer registration procedures. (Share transfer registration procedures are not necessary for shareholders who use JASDEC.)

Moreover, as set out in section 3.(6)(iv)B above, the Company may suspend or change Countermeasures such as a gratis allotment of share options at the judgment of the Board of Directors; in such cases, the value per share of the Company will not be diluted, so investors that traded Company shares in the expectation that their value would be diluted may possibly incur unexpected damage due to changes in share prices.

4. The Rules are in accordance with the fundamental policy on corporate control; they do not harm the common interests of the shareholders, and their purpose is not to maintain the position of the Company's officers (with reasons therefor)

- (1) The takeover defense measures are in accordance with the fundamental policy

As stated in the fundamental policy, the Rules provide a framework for maintaining and improving the corporate value of the Company and the common interests of the shareholders through allowing for measures such as (a) causing any Large-Scale Acquirer to provide necessary and sufficient information for the judgment of the shareholders, (b) moreover, the Board of Directors evaluating and examining the impact of a Large-Scale Acquirer's proposed management policies, etc. on the corporate value of the Company and providing the results of that evaluation and examination as reference for the shareholders for their judgment, (c) where appropriate, the Board of Directors negotiating or discussing with a Large-Scale Acquirer regarding a Large-Scale Acquisition or the management policies, etc. of the Company or presenting alternative proposals by the Board of Directors for management policies, etc. to the shareholders, and (d) additionally, even if the Rules have been complied with, implementing appropriate Countermeasures towards a Large-Scale Acquirer if a Large-Scale Acquisition by the Large-Scale Acquirer will obviously cause significant harm to the corporate value of the Company and the common interests of the shareholders and it is found appropriate to trigger Countermeasures. Therefore, the Rules are in accordance with the fundamental policy of the Company.

- (2) The Rules do not harm the common interests of the shareholders

The Company believes that the Rules do not harm the common interests of the shareholders for the following reasons:

- (i) Purpose of maintaining and improving corporate value and the common interests of the shareholders

The Rules establish in advance the rules to be followed by Large-Scale Acquirers and the requisite conditions and content of Countermeasures that the Company may trigger in order to enable shareholders to appropriately judge whether to accept a Large-Scale Acquisition and in order to prevent obvious harm to the corporate value of the Company or the common interests of the shareholders. Their purpose, therefore, is to maintain and improve the corporate value of the Company and the common interests of the shareholders.

Additionally, the Company believes that the content of the Rules and the content and triggering conditions of the Countermeasures are reasonable in light of the purpose of maintaining and improving the corporate value of the Company and the common interests of the shareholders and that the Rules do not unfairly restrict Large-Scale Acquisitions that would contribute to maintaining and improving the corporate value of the Company and the common interests of the shareholders.

- (ii) Advance disclosure

The Company believes that the content of the Rules and the content and triggering conditions of the Countermeasures have all been specifically and clearly expressed and therefore provide shareholders, investors, and Large-Scale Acquirers with adequate foreseeability.

- (iii) Reflection of shareholder intent

As set out in "Effective period, abolition, and amendment" (section 3.(8) above), the Company has confirmed the intent of the shareholders through the approval of the Rules at the ordinary general meeting of shareholders of the Company.

Moreover, the Company has set the term of office of all directors to be one year in its Articles of Incorporation, and the directors are elected at the ordinary general meeting of shareholders in June of each year. Accordingly, if the shareholders so wish, they are able to abolish the Rules by replacing the directors, thereby enabling their intent to be reflected.

Regarding procedures for triggering Countermeasures, the Company will respect to the maximum extent the recommendation of the Independent Committee, which is independent from the Board of Directors, and, if it is found appropriate to convene a shareholders meeting to confirm the intent of the shareholders, will convene a shareholders meeting and submit to it a proposal regarding the triggering of Countermeasures, thereby confirming their intent.

(3) The purpose of the Rules is not to maintain the position of the Company's officers

The Company believes that the purpose of the Rules is not to maintain the position of the Company's officers for the following reasons:

- (i) Ensuring the objectivity and rationality of the judgment of the Board of Directors
The Rules provide objective and clear conditions for triggering Countermeasures, thereby eliminating to the maximum possible extent any chance of an arbitrary judgment by the Board of Directors entering into the determination of whether those triggering conditions are met.

Additionally, under the Rules, the Board of Directors will consult with and receive advice from outside experts as appropriate when evaluating and examining an acquisition proposal from a Large-Scale Acquirer. Regarding procedures for triggering Countermeasures, the Company will respect to the maximum extent the recommendation of the Independent Committee, which is independent from the Board of Directors, and as necessary confirm the intent of the shareholders by holding a shareholders meeting for that purpose, thereby eliminating any arbitrary judgments by the Board of Directors.

Therefore, the Company believes that the Rules ensure sufficient mechanisms for securing the objectivity and rationality of the judgment of the Board of Directors when deciding whether to trigger Countermeasures.

- (ii) Fulfilling conditions in the guidelines on takeover defense measures

The Rules completely fulfill the three principles ((a) principle of protecting and enhancing corporate value and shareholders' common interests, (b) principle of prior disclosure and shareholders' will, and (c) principle of ensuring necessity and reasonableness) set out in "Guidelines Regarding Takeover Defense Measures for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests," released May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice.

Moreover, the Rules are reasonable as they take into account "Takeover Defense Measures in Light of Recent Environmental Changes," released June 30, 2008, by the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry as well as other practices and discussions regarding takeover defense measures.

End

Exhibit 1

Summary of Independent Committee Regulations

1. The Independent Committee (the “**Committee**”) is established by a resolution of the Board of Directors for the purpose of ensuring the objectivity and rationality of the judgments of the Board of Directors regarding the large-scale acquisition rules established by the Company (the “**Rules**”).
2. The Committee will consist of three to five members (the “**Members**”), who will be elected by resolutions of the Board of Directors from among outside directors, outside Audit and Supervisory Board members, or outside experts (corporate managers with proven track records, former government agency employees, attorneys, certified public accountants, academic experts, or persons equivalent to any of these), each of whom must be independent from the executive management of the Company.
The Company will execute delegation agreements with the Members that include provisions on confidentiality obligations.
3. The term of office of each Member will be until the closing of the ordinary general meeting of shareholders for the last financial year to end within three years after the appointment of the Member. However, this will not apply if otherwise resolved by the Board of Directors.
4. The Committee will be convened by a representative director of the Company or any Member.
5. The Committee will evaluate, examine, and make decisions regarding the following matters and will recommend those decisions, including the reasons therefor, to the Board of Directors:
 - (1) whether a Large-Scale Acquirer has complied with the Rules;
 - (2) the necessity and sufficiency of acquisition information provided by a Large-Scale Acquirer;
 - (3) if the Board of Directors has presented alternative proposals regarding management policies, etc., the reasonableness of the content of those alternative proposals;
 - (4) whether the triggering conditions for Countermeasures have been satisfied and the reasonableness of the content of specific Countermeasures;
 - (5) whether it is appropriate to convene a shareholders meeting to confirm shareholder intent regarding the triggering of Countermeasures;
 - (6) suspending or changing triggered Countermeasures; and
 - (7) any other matters for which the Board of Directors determines that it should consult with the Independent Committee.
6. The Committee may have the Company’s directors, Audit and Supervisory Board members, employees, and anyone else it deems necessary attend Committee meetings and may request them to provide opinions or explanations on any matters requested by the Committee.
7. The Committee may, as necessary in performing its duties and at the expense of the Company, receive advice from outside experts (including financial advisors, certified public accountants, attorneys, consultants, and other such experts) who are independent from the executive management of the Company.
8. The content of recommendations of the Committee will, in principle, be determined by a majority of the Members when all Members are in attendance. However, if any Member is unable to attend or there are other unavoidable circumstances, the content of recommendations of the Committee will be determined by a majority of the attending Members when a majority of the total Members of the Committee are in attendance.

End

Exhibit 2

Profiles of Independent Committee Members

1. Kan Akiyama
Born July 21, 1943
April 1967 Joined Yuasa Battery Co., Ltd. (currently GS Yuasa Corporation).
June 1999 Director of Yuasa Battery Co., Ltd.
June 2001 Managing Director of Yuasa Battery Co., Ltd.
June 2005 Senior Managing Director of Yuasa Battery Co., Ltd.
October 2005 President of GS Yuasa Manufacturing Ltd.
June 2006 Chairman of GS Yuasa Corporation
June 2009 Advisor of GS Yuasa Corporation
June 2010 Member of Independent Committee of the Company (present position)
June 2013 Outside Director of the Company (present position)
2. Yoshihiro Ogura
Born December 8, 1945
April 1973 Lawyer registration (DAINI TOKYO BAR ASSOCIATION); Joined Takeshi Niiya Law Office.
April 1982 Established Ogura Tanaka Law Office (currently Hibiki Law Office) (present position)
June 1994 Outside Audit and Supervisory Board Member of Tokyo Aircraft Instrument Co., Ltd.
June 2009 Outside Audit and Supervisory Board Member of Nippon Steel Trading Co., Ltd. (currently NIPPON STEEL & SUMIKIN BUSSAN CORPORATION) (present position)
June 2010 Member of Independent Committee of the Company (present position)
June 2013 Outside Director of the Company (present position)
3. Satoshi Teramoto
Born June 29, 1941
February 1966 Joined Miyasaka C.P.A. Office.
March 1969 Established and joined Audit Corporation Daiichi Audit Office.
January 1986 Assumed office as Representative Partner of Century Audit Corporation
April 2000 Assumed office as Representative Partner of Century Ota Showa & Co.
May 2002 Assumed office as Vice-president of Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC).
May 2006 Retired as Vice-president of Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC) due to expiration of his term of office.
June 2007 Retired from Ernst & Young ShinNihon
June 2010 Outside Audit and Supervisory Board Member of Sumitomo Forestry Co., Ltd. (present position)
June 2010 Member of Independent Committee of the Company (present position)

The Company has registered Kan Akiyama and Yoshihiro Ogura as independent directors/auditors with the Tokyo Stock Exchange. None of these three committee members have any special interests in the Company.

End

Exhibit 3

Overview of Gratis Allotment of Share Options

1. Shareholders to be granted share options and terms and conditions of issuance
Share options will be allotted to the shareholders recorded in the final shareholder register as of the record date separately determined by the Board of Directors at a ratio of one share option per share owned (excluding common shares of the Company held by the Company) without any consideration.
2. Class and number of shares to be acquired upon exercise of share options
The class of shares to be acquired upon exercise of shares options will be common shares of the Company, and the number of shares to be acquired upon exercise of each share option (the “**Number of Shares**”) will be one.
3. Value of assets to be contributed upon exercise of each share option
The value of assets to be contributed upon exercise of each share option will be one yen or more as determined by the Board of Directors.
4. Restriction on transfer of share options
Approval of the Board of Directors will be required for the acquisition of share options through transfer.
5. Exercise conditions of share options
Conditions may be placed upon the exercise of share options, such as provisions that do not allow exercise by certain persons such as a Large-Scale Acquirer, a joint holder of a Large-Scale Acquirer, a specially related party of a Large-Scale Acquirer, any person who has obtained or assumed share options from any of the foregoing without the approval of the Board of Directors (excluding persons whose acquisition or holding of share certificates, etc. of the Company is found by the Board of Directors not to be contrary to the interests of the shareholders as a whole) (the “**Non-Qualified Persons**”). The Board of Directors will separately determine the details of any such conditions.
6. Acquisition of share options by the Company
If the Board of Directors finds that it is appropriate for the Company to acquire the share options, such as when the triggering of Countermeasures has been suspended, then the Company may, at any time until the day immediately preceding the commencement date of the exercise period of the share options, acquire all of the share options without providing compensation.
The Company may, on the date separately determined by the Board of Directors (the “**Specified Date**”), acquire all of the share options, excluding those held by Non-Qualified Persons, that have not been exercised on or prior to the business day immediately preceding the Specified Date and in exchange deliver the Number of Shares of Company shares per share option.
7. Exercise period, etc. of share options
The Board of Directors will separately determine the exercise period of the share options, the details of call options, and other necessary matters.

End