

NOTICE: For the convenience of capital market participants, NIPPON PAINT HOLDINGS CO., LTD. makes efforts to provide English translations of the information disclosed in Japanese, provided that the original Japanese version prevails over its English translation version in the case of any discrepancy found between the original and translation.

Consolidated Financial Results
for the Three Months Ended June 30, 2015
[Japanese GAAP]



August 10, 2015

Company name: NIPPON PAINT HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4612
 URL: <http://www.nipponpaint-holdings.com/>
 Representative: Tetsushi Tado, Representative Director and President
 Contact: Hiroshi Hanaoka, General Manager of Corporate Administration
 Phone: +81-6-6455-9141
 Scheduled date of filing quarterly securities report: August 11, 2015
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2015 (April 1, 2015 to June 30, 2015)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2015	120,168	92.1	12,980	60.6	14,636	40.7	4,675	(23.3)
June 30, 2014	62,558	1.3	8,085	3.3	10,403	(9.2)	6,097	(16.6)

Note: Comprehensive income: Three months ended June 30, 2015: ¥5,582 million [13.2%]
 Three months ended June 30, 2014: ¥4,931 million [-69.3%]

	Profit per share	Diluted profit per share
Three months ended June 30, 2015	Yen 14.58	Yen -
June 30, 2014	23.39	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2015	797,071	565,049	58.6
As of March 31, 2015	810,727	589,923	59.2

Reference: Equity: As of June 30, 2015: ¥466,877 million
 As of March 31, 2015: ¥479,829 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2015	Yen -	Yen 10.00	Yen -	Yen 12.00	Yen 22.00
Fiscal year ending March 31, 2016	-	-	-	-	-
Fiscal year ending March 31, 2016 (Forecast)	-	11.0	-	11.00	22.00

Note: Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	266,000	109.0	33,500	113.5	35,000	53.3	14,000	(10.3)	43.65
Full year	560,000	114.9	74,000	119.2	76,500	55.3	33,000	(81.8)	102.90

Note: Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the period under review: No
- (2) Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - June 30, 2015: 325,402,443 shares
 - March 31, 2015: 325,402,443 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2015: 4,695,135 shares
 - March 31, 2015: 4,694,319 shares
 - 3) Average number of shares during the period:
 - Three months ended June 30, 2015: 320,707,726 shares
 - Three months ended June 30, 2014: 260,723,155 shares

* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act, and quarterly review procedures for the quarterly consolidated financial statements are performed separately.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that are judged to be reasonable. Actual results, etc. may differ greatly from the forecast figures depending on various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 3 of the Attachment.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the three months ended June 30, 2015, consolidated net sales of NIPPON PAINT HOLDINGS CO., LTD. (the “Company”) and its group companies (collectively, the “Group”) increased by 92.1% from the corresponding period of the previous year (the “previous year”), to ¥120,168 million due to the acquisition of equity of joint venture companies in the Asian region (making them into subsidiaries). Consolidated operating income increased by 60.6% from the previous year, to ¥12,980 million as a result of the effects of acquiring equity in the joint venture companies and the recording of related amortization expenses for goodwill and intangible assets in selling and administrative expenses, and consolidated ordinary income increased by 40.7% from the previous year, to ¥14,636 million. Profit attributable to owners of parent was decreased by 23.3% from the previous year, to ¥4,675 million as a result of the elimination of profit attributable to non-controlling interests. Results by business segment are as follows. Overseas group companies, with the exception of some companies, adopt a December fiscal year-end, and a corresponding period for the period under review is from January to March 2015.

Japan

In this region, as a result of the effects of a decrease in the number of automobiles manufactured, net sales of automotive coatings decreased from the previous year. As for industrial coatings, a decline in sales of coatings for housing materials and other factors led to lower net sales compared to the previous year. With respect to trade-use paints, while performance has been weak in the overall market, owing to efforts in sales promotion activities, net sales remained at the same level as the previous year.

As a result of these factors, consolidated net sales for the Japan segment decreased by 8.4% from the previous year, to ¥41,915 million. Consolidated operating income increased by 245.7% from the previous year, to ¥22,557 million due to the transition to a holding company that occurred on October 1, 2014 leading to the recording of dividend income from overseas group companies (recording ¥16,243 million for the three months ended June 30, 2015).

Additionally, such amount is eliminated as an internal transaction under “Inter-segment transaction eliminations and other adjustments.”

Asia

In this region, while net sales and operating income increased substantially due to the acquisition of equity of joint venture companies in the Asian region (making them into subsidiaries), share of profit of entities accounted for using equity method decreased.

As a result of these factors, consolidated net sales for the Asia segment increased by 582.4% from the previous year, to ¥69,569 million, consolidated operating income increased by 508.8% from the previous year, to ¥5,483 million, and share of profit of entities accounted for using equity method decreased by 92.8% from the previous year, to ¥159 million.

In China, the core of the Asia segment, sales of paints for housing interiors were robust.

North America

In this region, net sales increased due to an increase in the number of automobiles manufactured. Furthermore, in addition to reduced expenses for the import of raw materials due to a weaker yen, continued activities to reduce costs led to a significant improvement in profitability.

As a result, consolidated net sales for the North America segment increased by 33.5% from the previous year, to ¥7,773 million, and consolidated operating income increased by 104.5% from the previous year, to ¥1,116 million.

Other

Consolidated net sales for this geographic segment increased by 13.0% from the previous year, to ¥910 million, and consolidated operating income decreased by 5.9% from the previous year, to ¥70 million.

Share of profit or loss of entities accounted for using equity method amounted to a loss of ¥146 million (a loss of ¥3 million in the previous year) partly due to a reassessment of existing equity in line with additional acquisition.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review decreased by ¥13.66 billion from the end of the previous fiscal year to ¥797,071 million. Of these, current assets increased by ¥2.62 billion from the end of the previous fiscal year, primarily caused by strong performance in sales of coatings in the Asian region, and an increase in notes and accounts receivable – trade.

Fixed assets decreased by ¥16.27 billion from the end of the previous fiscal year, primarily caused by factors such as the application of the Accounting Standard for Business Combinations etc., which led to a decrease in goodwill.

Liabilities increased by ¥11.22 billion from the end of the previous fiscal year to ¥232,021 million. The increase was mainly attributable to an increase in short-term loans payable, despite a decrease in income taxes payable due to the payment of income taxes.

Net assets including non-controlling interests decreased by ¥24.87 billion from the end of the previous fiscal year to ¥565,049 million. This was mainly attributable to a decrease in capital surplus due to the application of the Accounting Standard for Business Combinations, etc., despite an increase in retained earnings stemming from the recording of profit attributable to owners of parent.

As a result, equity ratio fell from 59.2% at the end of the previous fiscal year to 58.6%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

There are no changes to the full-year financial results forecast announced on May 12, 2015.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Three Months ended June 30, 2015

There is no relevant information.

(2) Accounting Treatments Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements

(Special Accounting Treatments)

Calculation of tax expenses

Tax expenses have been calculated by multiplying income before income taxes and minority interests by an effective tax rate, which is reasonably estimated after the application of tax effect accounting to income before income taxes and minority interests for the consolidated fiscal year including the first quarter of the fiscal year under review.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

(Changes in Accounting Policies)

Effective from the three months ended June 30, 2015, the Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013; hereinafter the “Business Combination Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter the “Consolidated Financial Statement Accounting Standard”), and “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestiture Accounting Standard”), and along with recording differences in the Company’s holding value for subsidiaries for which control continues as capital surplus, the method for recording expenses related to acquisition has been changed to the consolidated fiscal year in which the expenses were incurred. Furthermore, concerning business combinations which occur at or after the beginning of the three months ended June 30, 2015 under review, the method has been changed to reflect revisions to distribution amounts for acquisition costs resulting from settlement of provisional accounting treatment to the quarterly consolidated financial statements for the consolidated accounting period to which the business combination applies. As a result, changes in presentation in net income, etc. as well as a change in presentation from “minority interests” to “non-controlling interests” have been made. In order to reflect these changes in presentation, reclassifications have been made in the quarterly consolidated financial statements and consolidated financial statements for the previous consolidated first quarter and previous consolidated fiscal year.

The application of Business Combination Accounting Standard, etc., have been adopted in accordance with transitional treatments stipulated in Business Combination Accounting Standard, Paragraph 58-2 (3), Consolidated Financial Statement Accounting Standard, Paragraph 44-5 (3), and Business Divestiture Accounting Standard, Paragraph 57-4 (3), and the amount of the cumulative effect as of the beginning of the three months ended June 30, 2015 when the new accounting standards are retroactively applied to all previous periods has been added to or subtracted from capital surplus and retained earnings.

As a result, as of the beginning of the three months ended June 30, 2015, goodwill and capital surplus decreased by ¥11,753 million and ¥14,886 million, respectively, while retained earnings increased by ¥3,008 million. In addition, during the three months ended June 30, 2015, operating income increased by ¥260 million, and ordinary income and income before income taxes and minority interests increased by ¥270 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	89,007	85,290
Notes and accounts receivable - trade	136,694	151,087
Securities	43,752	32,874
Inventories	53,279	56,657
Deferred tax assets	7,218	6,742
Other	14,962	14,540
Allowance for doubtful accounts	(3,179)	(2,838)
Total current assets	341,736	344,353
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,570	43,314
Other, net	57,360	59,733
Total property, plant and equipment	100,930	103,048
Intangible assets		
Goodwill	210,538	195,440
Trademark right	54,017	52,851
Other	53,518	52,348
Total intangible assets	318,073	300,640
Investments and other assets		
Investment securities	47,284	46,544
Deferred tax assets	917	775
Other	1,958	1,891
Allowance for doubtful accounts	(174)	(182)
Total investments and other assets	49,987	49,028
Total non-current assets	468,991	452,717
Total assets	810,727	797,071

(Million yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	82,272	78,861
Electronically recorded obligations - operating	11,456	11,951
Short-term loans payable	11,109	19,294
Income taxes payable	9,931	7,127
Other	52,208	62,301
Total current liabilities	166,977	179,536
Non-current liabilities		
Long-term loans payable	2,612	1,855
Deferred tax liabilities	27,404	26,579
Provision for directors' retirement benefits	172	98
Provision for environmental measures	304	332
Net defined benefit liability	16,763	16,533
Other	6,568	7,085
Total non-current liabilities	53,826	52,484
Total liabilities	220,804	232,021
Net assets		
Shareholders' equity		
Capital stock	78,862	78,862
Capital surplus	78,338	63,451
Retained earnings	314,743	318,579
Treasury shares	(6,432)	(6,435)
Total shareholders' equity	465,513	454,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,218	12,673
Deferred gains or losses on hedges	13	19
Foreign currency translation adjustment	4,307	1,893
Remeasurements of defined benefit plans	(2,224)	(2,168)
Total accumulated other comprehensive income	14,316	12,418
Non-controlling interests	110,094	98,171
Total net assets	589,923	565,049
Total liabilities and net assets	810,727	797,071

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
Net sales	62,558	120,168
Cost of sales	39,481	72,395
Gross profit	23,076	47,773
Selling, general and administrative expenses	14,991	34,792
Operating income	8,085	12,980
Non-operating income		
Interest income	27	193
Dividend income	404	421
Share of profit of entities accounted for using equity method	2,205	11
Foreign exchange gains	–	566
Other	318	878
Total non-operating income	2,955	2,071
Non-operating expenses		
Interest expenses	57	79
Foreign exchange losses	346	–
Other	233	335
Total non-operating expenses	637	415
Ordinary income	10,403	14,636
Extraordinary income		
Gain on sales of non-current assets	9	6
Other	0	–
Total extraordinary income	10	6
Extraordinary losses		
Loss on sales and retirement of non-current assets	39	66
Loss on liquidation of subsidiaries and associates	16	–
Other	1	–
Total extraordinary losses	57	66
Income before income taxes and minority interests	10,356	14,577
Income taxes	3,748	6,383
Profit	6,607	8,193
Profit attributable to non-controlling interests	509	3,517
Profit attributable to owners of parent	6,097	4,675

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
Profit	6,607	8,193
Other comprehensive income		
Valuation difference on available-for-sale securities	618	447
Deferred gains or losses on hedges	(1)	9
Foreign currency translation adjustment	(1,171)	(3,250)
Remeasurements of defined benefit plans, net of tax	212	56
Share of other comprehensive income of entities accounted for using equity method	(1,333)	125
Total other comprehensive income	(1,675)	(2,610)
Comprehensive income	4,931	5,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,713	2,778
Comprehensive income attributable to non-controlling interests	218	2,804

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

I. For the three months ended June 30, 2014

1. Dividends paid

Resolution	Type of stock	Total dividend amount (Million yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 27, 2014	Common stock	3,128	12.00	March 31, 2014	June 30, 2014	Retained earnings

2. Dividends for which the record date falls in the three months ended June 30, 2014, but for which the effective date falls on a date after the end of the three months ended June 30, 2014

There is no relevant information.

3. Significant changes in shareholders' equity

There is no significant change in shareholders' equity from the end of the previous fiscal year.

II. For the three months ended June 30, 2015

1. Dividends paid

Resolution	Type of stock	Total dividend amount (Million yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 26, 2015	Common stock	3,848	12.00	March 31, 2015	June 29, 2015	Retained earnings

2. Dividends for which the record date falls in the three months ended June 30, 2015, but for which the effective date falls on a date after the end of the three months ended June 30, 2015

There is no relevant information.

3. Significant changes in shareholders' equity

From the three months ended June 30, 2015, the Company has applied the Business Combination Accounting Standard, etc. Details regarding the effects are described in "Changes in Accounting Policies."

(Segment information, etc.)

[Segment information]

I. For the three months ended June 30, 2014

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	North America	Subtotal		
Net sales						
Net sales to outside customers	45,734	10,195	5,822	61,752	805	62,558
Inter-segment net sales or transfers	3,069	1,192	49	4,311	392	4,703
Total	48,804	11,387	5,871	66,063	1,198	67,262
Segment income	6,524	900	545	7,971	74	8,046
Share of profit (loss) of entities accounted for using equity method	–	2,209	–	2,209	(3)	2,205

Note: "Other" represents business segments that are not included in the reportable segments, and contains business activities by overseas subsidiaries in Europe, etc.

2. Difference between total reportable segment income (loss) and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to adjustments of differences)

(Million yen)

Income	Amount
Total reportable segment income	7,971
Segment income from "Other"	74
Inter-segment transaction eliminations and other adjustments	38
Operating income recorded in the quarterly consolidated statement of income	8,085

3. Information regarding impairment loss on non-current assets or goodwill, etc. by reportable segment

There is no relevant information.

4. Information on products and services

(Million yen)

Net sales to outside customers	Amount	Change from the previous year (%)
Paints	58,762	0.8
Automotive	22,176	1.8
Trade-use	11,783	(2.4)
Industrial	11,947	4.6
Other paints	12,854	(1.2)
Fine chemicals	3,795	9.2
Total	62,558	1.3

Note: Consumption taxes are not included in these amounts.

II. For the three months ended June 30, 2015

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	North America	Subtotal		
Net sales						
Net sales to outside customers	41,915	69,569	7,773	119,258	910	120,168
Inter-segment net sales or transfers	21,303	1,228	43	22,574	252	22,827
Total	63,219	70,797	7,816	141,833	1,163	142,996
Segment income	22,557	5,483	1,116	29,157	70	29,227
Share of profit (loss) of entities accounted for using equity method	(1)	159	–	157	(146)	11

Note: “Other” represents business segments that are not included in the reportable segments, and contains business activities by overseas subsidiaries in Europe, etc.

2. Difference between total reportable segment income (loss) and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to adjustments of differences)

(Million yen)

Income	Amount
Total reportable segment income	29,157
Segment income from “Other”	70
Inter-segment transaction eliminations and other adjustments	(16,246)
Operating income recorded in the quarterly consolidated statement of income	12,980

Note: “Inter-segment transaction eliminations and other adjustments” for the three months ended June 30, 2015 includes inter-segment dividend income.

3. Changes to reportable segments

(Application of the Accounting Standard of Business Combinations)

As described in “Changes in Accounting Policies”, effective from the first quarter of the fiscal year under review, the Company records differences in the Company’s holding value for subsidiaries for which control continues as capital surplus, and the method for recording expenses related to acquisition has been changed to the consolidated fiscal year in which the expenses were incurred.

As a result of these changes, segment income for the three months ended June 30, 2015 has increased by ¥243 million in the “Japan” segment and increased by ¥16 million in the “Asia” segment, compared to that recorded using the previous method.

4. Information regarding impairment loss on non-current assets or goodwill, etc. by reportable segment

(Significant changes to goodwill amounts)

From the first quarter of the fiscal year under review, the application of the Business Combination Accounting Standard, Consolidated Financial Statement Accounting Standard, and Business Divestiture Accounting Standard, etc., has resulted in a decrease in goodwill. As a result of these changes, the amount of goodwill at the beginning of the three months ended June 30, 2015 decreased by ¥10,475 million in the “Japan” segment and decreased by ¥1,277 million in the “Asia” segment.

5. Information on products and services

(Million yen)

Net sales to outside customers	Amount	Change from the previous year (%)
Paints	116,863	98.9
Automotive	31,117	40.3
Trade-use	55,285	369.2
Industrial	16,729	40.0
Other paints	13,730	6.8
Fine chemicals	3,305	(12.9)
Total	120,168	92.1

Note: Consumption taxes are not included in these amounts.

(Significant subsequent events)

(Issuance of stock remuneration type stock options (stock acquisition rights))

The Company passed a resolution regarding the issuance of stock remuneration type stock options to Directors (excluding Outside Directors) and Corporate Officers of the Company at the Board of Directors meeting held on June 26, 2015, and issued them on July 13, 2015.

Details are as follows.

Date of resolution	June 26, 2015
Total number of stock acquisition rights	156 (Note 1)
Of stock acquisition rights, number of treasury stock acquisition rights	–
Class of shares to be allocated upon exercise of the stock acquisition rights	Ordinary shares
Number of shares to be allocated upon exercise of the stock acquisition rights	15,600 shares (Note 1)
Paid-in amount upon exercise of stock acquisition rights	The paid-in amount for each stock acquisition right shall be 1 yen per share, and the total amount shall be this figure multiplied by the number of shares to which each stock acquisition right applies.
Period when stock acquisition rights may be exercised	From July 14, 2015 to July 13, 2045
Matters concerning issue price of the stock and amount incorporated into capital in case of the issuance of shares upon the exercise of stock acquisition rights	Issue price ¥3,345 per share Amount incorporated into capital ¥1,673 per share (Note 2)
Conditions for exercising the stock acquisition rights	(Note 3)
Matters concerning transfer of stock acquisition rights	The acquisition of stock acquisition rights by transfer shall require approval by resolution of the Board of Directors of the Company.
Matters concerning substitute payment	–
Matters concerning the issuance of the stock acquisition rights in line with organizational restructuring	(Note 4)

Notes: 1. Ordinary shares in the Company shall be the class of shares to be allocated upon exercise of the stock acquisition rights, and the number of shares to be allocated upon exercise of each stock acquisition right (hereinafter referred to as the “number of shares granted”) shall be 100.

However, in the event that the Company conducts a stock split (including a gratis allotment of ordinary shares; the same applies in descriptions of stock splits hereinafter) or reverse stock split on or after the date of the allotment of the stock acquisition rights (hereinafter referred to as the “allotment date”), the number of shares granted shall be adjusted based on the following formula. Fractions less than one share generated as a result of the adjustment shall be rounded down.

Post-adjustment number of shares granted = pre-adjustment number of shares granted x stock split or reverse stock split ratio

As for post-adjustment number of shares granted, the formula shall apply on or after the date following the record date of the relevant stock split in case of the stock splits (if the record date is not specified, the effective date of the relevant stock split), on or after the effective date of the relevant reverse stock split in case of the

reverse stock split. However, if stock splits are performed subject to the approval of a proposal at the General Meeting of Shareholders to increase capital stock or legal capital surplus by decreasing surplus, and if the date on or before the closing date of the General Meeting of Shareholders is specified as the record date for the stock splits, the formula shall apply to the post-adjustment number of shares granted on or after the date following the closing date of the General Meeting of Shareholders retrospectively for the date following such record date.

In addition, in the event the Company conducts a merger or a company split on or after the allotment date, or other equivalent circumstances whereby an adjustment to the number of shares granted is necessary, the Company may appropriately adjust the number of shares granted, within the limit considered to be reasonable. When adjusting the number of shares granted, the Company notifies or publicly announces necessary matters to holders of each stock acquisition right listed in the Stock Option Registry (hereinafter the “holders of stock acquisition rights”) by the date before the date applying the post-adjustment number of shares granted. However, if it is not possible to make the notice or the public announcement by the date before the date of the application, the notification or the public announcement will be made promptly thereafter.

2. (1) The amount of capital stock to be increased in case of the issuance of shares upon the exercise of stock acquisition rights shall be a half of the maximum limit of an increase of capital stock and others that is calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, and a fraction less than 1 yen resulting from the calculation shall be rounded up.
- (2) The amount of legal capital surplus to be increased in case of the issuance of shares upon the exercise of stock acquisition rights shall be the maximum limit of an increase of capital stock and others described in above (1) less the capital stock to be increased prescribed in above (1).
3. (1) A holder of stock acquisition rights cannot exercise stock acquisition rights for three years after the allocation date. However, if he/she loses both the positions as Director and Corporate Officer of the Company, he/she may exercise the stock acquisition rights on the day after the date of the relevant loss of the position.
- (2) Notwithstanding above (1), if a proposal to approve the merger agreement where the Company becomes a non-surviving company or a proposal to approve the share exchange agreement or the share transfer plan where the Company becomes a wholly owned subsidiary is approved at the General Meeting of Shareholders (or at the Board of Directors of the Company in case the resolution of the General Meeting of Shareholders is not required), the holders of stock acquisition rights may exercise the stock acquisition rights only within fifteen days from the next day of the relevant approval date (or the date of the resolution at the Board of Directors of the Company in case the resolution of the General Meeting of Shareholders is not required), except when it is prescribed in the merger agreement, the share exchange agreement or the share transfer plan that the stock acquisition rights of the target restructuring company are issued to the holder of the stock acquisition rights in accordance with Note 4 below.
- (3) Above (1) shall not apply to person who has succeeded the stock acquisition rights by inheritance.
- (4) If the holders of stock acquisition rights abandon stock acquisition rights, he/she cannot exercise the relevant stock acquisition rights.
4. If the Company performs merger (only if the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (only if the Company becomes a splitting company respectively), or share exchange or share transfer (only if the Company becomes a wholly owned subsidiary respectively) (hereinafter, collectively the “organizational restructuring acts”), the Company shall issue the stock acquisition rights of stock companies pursuant to Article 236, Paragraph 1, Item 8, a. to e. of the

Companies Act (hereinafter the “target restructuring company”), to the holders of stock acquisition rights who holds remaining stock acquisition rights (hereinafter the “remaining stock acquisition rights”) immediately before the effective date of the organizational restructuring acts (for absorption-type merger, the date when the absorption-type merger takes effect; for consolidation-type merger, the date when the company incorporated upon consolidation-type merger is incorporated; for absorption-type company split, the date when the absorption-type company split takes effect; for incorporation-type company split, the date when the company incorporated upon incorporation-type company split is incorporated; for share exchange, the date when the share exchange takes effect; and for share transfer, the date when the parent company through share transfer is incorporated; hereinafter, the same shall apply), for each of the cases. However, this is on the condition that the provision that stock acquisition rights of the target restructuring company are issued according to each of the following is stipulated in an absorption-type merger agreement, consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(1) The number of the stock acquisition rights of the target restructuring company to be issued

The identical number with the number of the remaining stock acquisition rights held by the holders of stock acquisition rights shall be issued respectively.

(2) Class of shares of the target restructuring company for the purpose of the stock acquisition rights

This shall be common stocks of the target restructuring company.

(3) The number of shares of the target restructuring company for the purpose of the stock acquisition rights

This shall be determined according to Note 1 above, taking into account the conditions of the organizational restructuring acts.

(4) Value of assets to be contributed upon the exercise of stock acquisition rights

The value of assets contributed upon the exercise of each stock acquisition right to be issued shall be post-restructuring exercised value stipulated below, multiplied by the number of shares of the target restructuring company for the purpose of the relevant stock acquisition rights that is determined pursuant to above (3). The post-restructuring exercised value shall be 1 yen per share of shares of the target restructuring company that may be issued upon the exercise of each stock acquisition right to be issued.

(5) Period when stock acquisition rights may be exercised

This shall be from the date, whichever is later of the start date of the period when stock acquisition rights can be exercised as stipulated in “Period when stock acquisition rights may be exercised” above or the effective date of organizational restructuring acts, until the expiration date of the period when stock acquisition rights can be exercised as stipulated in “Period when stock acquisition rights may be exercised” above.

(6) Matters concerning capital stock and legal capital surplus to increase in case of the issuance of shares upon the exercise of stock acquisition rights

This shall be determined as stipulated in Note 2 above.

(7) Restrictions on the acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer shall require approval by resolution of the Board of Directors of the target restructuring company.

(8) Provisions of acquisition of the stock acquisition rights

This shall be determined as stipulated in Note 5 below.

(9) Other conditions to exercise the stock acquisition rights

This shall be determined based on Note 3 above.

5. If the following proposal of (1), (2), (3), (4) or (5) is approved at the General Meeting of Shareholders of the Company (or at the Board of Directors of the Company in case the resolution of the General Meeting of

Shareholders is not required), the Company may acquire the stock acquisition rights for free of charge on the date determined separately by the Board of Directors of the Company.

- (1) A proposal to approve the merger agreement where the Company becomes a non-surviving company
- (2) A proposal to approve the split agreement or the split plan where the Company becomes a split company
- (3) A proposal to approve the share exchange agreement or the share transfer plan where the Company becomes a wholly owned subsidiary
- (4) A proposal to approve the change to the Articles of Incorporation to establish provisions that the acquisition of the shares by transfer as the contents of all of the shares issued by the Company requires the approval of the Company
- (5) A proposal to approve the change to the Articles of Incorporation to establish provisions that the acquisition of the class of shares by transfer as the contents of the shares in the class for the purpose of the stock acquisition rights requires the approval of the Company, or that all of the shares in the class are acquired by the Company subject to the resolution of the General Meeting of Shareholders