



[Translation]

June 1, 2018

To whom it may concern:

Company Name: Tsugami Corporation  
Name of Representative: Takao Nishijima  
Representative Director CEO  
(Code Number 6101, First Section of the Tokyo Stock Exchange)  
Contact: Toshio Honma, CFO, Representative Director  
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**Tsugami Corporation's Position on the ISS Report Concerning Proposal No.3 of the 115<sup>th</sup> Annual Shareholders Meeting of Tsugami Corporation**

Tsugami Corporation (the "Company") has become aware of the fact that Institutional Shareholder Services Inc. ("ISS"), which is a proxy advisory firm, has issued an English language report (the "Report") that advises to vote against the election of Mr. Koichi Maruno and Mr. Kunio Shimada as directors who will become audit and supervisory committee members, which is proposed by the Company as Proposal No. 3 of its 115th Annual Shareholders Meeting to be held on June 20, 2018 ("Proposal No. 3").

Although the Company has already stated its views and position concerning Proposal No. 3 in the reference documents for the Meeting and other documents, the Company herein provides correct information again, and requests the full understanding and cooperation of its shareholders concerning Proposal No. 3.

<Relevant Proposal>

Proposal No. 3: Election of Four Directors who will also be Audit and Supervisory Committee Members

- Candidate No. 3: Mr. Koichi Maruno  
Candidate director who will also be an independent audit and supervisory committee member
- Candidate No. 4: Mr. Kunio Shimada  
Candidate director who will also be an independent audit and supervisory committee member

<ISS's Advice to Vote Against Proposal No. 3>

ISS has advised to vote against Proposal No. 3, due to the candidates having the following relationship with

the Company, and therefore ISS has raised questions about their independence as its standard:

Mr. Koichi Maruno previously worked for Dai-ichi Life Holdings, Inc., and whose affiliate company, Dai-ichi Life Insurance Company, Limited, is a large shareholder (3.95%) of the Company.

Mr. Kunio Shimada works concurrently as a director of a subsidiary of Mizuho Financial Group, which is the main lender of the Company.

<Company's Position>

With regard to Mr. Koichi Maruno, although it is true that Dai-ichi Life Insurance Company, Limited, is a shareholder of the Company, and its shareholding ratio is 3.95%, the Company believes it is not a major shareholder under the standards for Independent Director as stipulated in the rules of the Tokyo Stock Exchange.

With regard to Mr. Kunio Shimada, although it is true that he works concurrently as a director of a subsidiary of Mizuho Financial Group, which is the main lender of the Company, the borrowing amount of the Company is 5.1% of the consolidated assets of the Company and Mizuho Financial Group's borrowing share is 12.5%. Therefore, the Company believes it is not a "Main Business Partner". Furthermore, the Company has no contractual relationship with the law firm Mr. Kunio Shimada belongs to.

Thus, the Company believes that both of the above candidates satisfy the requirements for Independent Directors as stipulated in the rules of the Tokyo Stock Exchange without any problems.