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(Stock Exchange Code 2812)  
June 11, 2018

**To Shareholders with Voting Rights:**

Jun Yamada  
President and Representative Director  
YAIZU SUISANKAGAKU  
INDUSTRY CO., LTD.  
5-8-13 Kogawashinmachi, Yaizu City,  
Shizuoka

**NOTICE OF  
THE 59TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 59th Annual General Meeting of Shareholders of YAIZU SUISANKAGAKU INDUSTRY CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

**If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Tuesday, June 26, 2018, Japan time.**

**1. Date and Time:** Wednesday, June 27, 2018 at 10:00 a.m. Japan time (doors open 9:30 a.m.)

**2. Place:** Small Hall on the first floor of Yaizu Cultural Center located at  
1550 Sangamyō, Yaizu City, Shizuoka, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 59th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 59th Fiscal Year (April 1, 2017 - March 31, 2018)

**Proposals to be resolved:**

**Proposal 1:** Election of 6 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

**Proposal 2:** Partial Amendment and Continuation of Policy for Responding to a Large-scale Purchase of the Company’s Shares (Takeover Defense Measures)

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Of the documents needed to be attached to this notice of convocation, the “Company’s Systems and Policies,” the “Basic Policy Regarding the Company’s Control,” the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are, based on the stipulations in laws and regulations as well as Article 17 of the current Articles of Incorporation, posted on the Company’s website and are therefore not included with this notice of convocation. Of these, the Company disclosed the “Company’s Systems and Policies” in March 2018, in accordance with the rules of timely disclosure, and the “Basic Policy Regarding the Company’s Control” is the same as the policy prior to certain amendments in Proposal 2 of this notice of convocation. Furthermore, the documents in this notice of convocation are a part of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor during preparation of the Audit Reports.

Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<http://www.yskf.jp/ir/kabunusisoukai.html>).

## Reference Documents for the General Meeting of Shareholders

**Proposal 1:** Election of 6 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all 7 Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same applies hereinafter within this Proposal) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 6 Directors is proposed in order to promote flexible management that is capable of responding accurately to changes in the management environment. Furthermore, the Audit and Supervisory Committee has provided its opinion that all candidates for Director are appropriately qualified.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Jun Yamada (July 9, 1976)	<p>April 2001      Joined the Company</p> <p>July 2011      Manager of Seasonings Development Division, Products Development Center</p> <p>April 2014      General Manager of Development Center, Development Headquarters</p> <p>June 2014      Executive Officer and Chief General Manager of Development Headquarters, General Manager of Development Center</p> <p>June 2014      Director of UMI Wellness Co., Ltd.</p> <p>June 2015      Director and Executive Officer, Chief General Manager of Business Administration Headquarters, General Manager of Corporate Planning Division</p> <p>June 2015      Corporate Auditor of Marumi Foods Co., Ltd. and Corporate Auditor of UMI Wellness Co., Ltd.</p> <p>April 2016      President and Representative Director (current position)</p>	10,900
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Jun Yamada has been involved in the development section for many years, and has a wealth of experience and achievements regarding development technology, the Company's strength. As President and Representative Director, he has taken responsibility for the management of the Group, and the Company has judged that he can demonstrate management leadership with youthful strength, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Mariko Ishikawa (June 26, 1959)	<p>April 1983      Joined the Company</p> <p>March 1994      Factory Manager, Manufacturing Division</p> <p>August 2001      Manager of Quality Assurance Section, Quality Assurance Division, Production Headquarters</p> <p>July 2003      General Manager of Quality Assurance Office</p> <p>July 2005      General Manager of Quality Assurance Center</p> <p>June 2007      Director and General Manager of Quality Assurance Center</p> <p>November 2010      Managing Director and Chief General Manager of Production Headquarters</p> <p>April 2011      Managing Director and Chief General Manager of Production Headquarters, General Manager of Manufacturing Division</p> <p>June 2011      Director of OK Food Industry Co., Ltd</p> <p>March 2012      Managing Director and Chief General Manager of Production Headquarters, General Manager of Production Technology Center</p> <p>November 2012      Managing Director and General Manager of Quality Assurance Center</p> <p>April 2013      Managing Director and Chief General Manager of Sales Headquarters, General Manager of Sales Administration Division</p> <p>June 2014      Director and Managing Executive Officer, Chief General Manager of Sales Headquarters, Chief General Manager of Sales Administration Headquarters</p> <p>September 2014      Director and Managing Executive Officer, General Manager of Overseas Sales Division, Sales Headquarters, in charge of Overseas Special Mission</p> <p>April 2015      Director and Executive Officer, Chief General Manager of Business Administration Headquarters, in charge of Overseas Special Mission, General Manager of Corporate Planning Division</p> <p>June 2015      Director and Executive Officer, supervising Quality Assurance Office and Internal Audit Office</p> <p>April 2016      Director and Managing Executive Officer, Chief General Manager of Quality Control Headquarters</p> <p>April 2017      Director and Managing Executive Officer, Chief General Manager of Quality Assurance Headquarters (current position)</p>	11,900
<p>Reasons for selection as a candidate for Director</p> <p>Ms. Mariko Ishikawa has been involved in the quality control section for many years, has experience in the production section and sales section, etc., and has wide knowledge and experience. The Company has judged that she is suitable to promote improvement in the Company's operational management in the future, and has selected her as a candidate for Director.</p>			
3	Katsuhiro Tanaka (December 8, 1960)	<p>May 1983      Joined the Company</p> <p>July 2006      Manager of Purchasing Section, Purchasing Division</p> <p>July 2014      General Manager of Purchasing Division</p> <p>March 2015      Deputy Chief General Manager of Production Headquarters, General Manager of Purchasing Division</p> <p>April 2015      Chief General Manager of Production Headquarters, General Manager of Purchasing Division</p> <p>June 2015      Director and Executive Officer, Chief General Manager of Production Headquarters, General Manager of Purchasing Division</p> <p>April 2016      Director and Executive Officer, Chief General Manager of Sales Headquarters (current position)</p>	4,800
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Katsuhiro Tanaka has been involved in the purchasing section for many years, has experience in the production section, etc., and has a wealth of knowledge and experience from being well-versed in work-site operations. The Company has judged that he can manage and supervise the execution of business by utilizing his strength in work-site operations, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Takehiko Uchiyama (March 8, 1962)	<p>April 1984      Joined the Company</p> <p>July 2000      Manager of Administrative Section, Administrative Division, Production Headquarters</p> <p>July 2004      Acting General Manager of Manufacturing Division, Development and Production Headquarters</p> <p>July 2005      General Manager of Corporate Planning Division, Business Administration Headquarters</p> <p>August 2010    General Manager of Purchasing Division, Production Headquarters</p> <p>March 2012    Factory Manager of Daito Factory, Manufacturing Division, Production Headquarters</p> <p>November 2012 Chief General Manager of Production Headquarters, General Manager of Production Technology Center</p> <p>June 2013      Director and Chief General Manager of Production Headquarters, General Manager of Purchasing Division, General Manager of Production Technology Center</p> <p>April 2014      Director and Chief General Manager of Production Headquarters</p> <p>June 2014      Executive Officer and General Manager of Accounting Division, Business Administration Headquarters</p> <p>September 2014 Executive Officer and Deputy Chief General Manager of Business Administration Headquarters, General Manager of Accounting Division</p> <p>September 2014 Director of Dalian YSK Bio-Technology Co., Ltd.</p> <p>April 2015      Executive Officer and Deputy Chief General Manager of Business Administration Headquarters, General Manager of Accounting Division, General Manager of IR and Public Relations Office</p> <p>April 2016      Executive Officer and Chief General Manager of Business Administration Headquarters, General Manager of Corporate Planning Division</p> <p>April 2016      Corporate Auditor of Marumi Foods Co., Ltd. and Corporate Auditor of UMI Wellness Co., Ltd. (current position)</p> <p>June 2016      Director and Executive Officer, Chief General Manager of Business Administration Headquarters, General Manager of Corporate Planning Division (current position)</p>	5,500
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Takehiko Uchiyama has been involved in the production section and business section for many years and has a wealth of knowledge and experience regarding management. In view of realizing the Company's management strategy in the future, the Company has judged that he can make decisions utilizing his experience, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
5	Atsushi Yamashita (June 14, 1954)	April 1978 June 2004 May 2005 April 2007 June 2009 July 2016 June 2017	Joined THE SHIZUOKA BANK, LTD. General Manager of Corporate Banking Department, THE SHIZUOKA BANK, LTD. General Manager of Osaka Branch, THE SHIZUOKA BANK, LTD. General Manager of Kakegawa Branch, THE SHIZUOKA BANK, LTD. Director and Senior Executive Officer, Shizuoka Capital Company Limited Joined the Company as Executive Officer and Deputy Chief General Manager of Sales Headquarters Director and Executive Officer, Deputy Chief General Manager of Sales Headquarters, in charge of Operation Reform Special Mission (current position)	1,500
Reasons for selection as a candidate for Director Mr. Atsushi Yamashita has a wealth of sales experience and knowledge regarding finance. The Company has judged that he can make decisions utilizing his experience when promoting the Company's sales activities in the future, and has selected him as a candidate for Director.				
6	Tadaharu Takato (January 14, 1951)	April 1973 April 1999 June 2001 June 2003 June 2005 June 2007 June 2008 January 2009 June 2013 June 2014 June 2015 June 2016	Joined THE SHIZUOKA BANK, LTD. Executive Officer and General Manager of Numazu Branch, THE SHIZUOKA BANK, LTD. Senior Executive Officer, Eastern Area Business Unit, THE SHIZUOKA BANK, LTD. Director and Senior Executive Officer, Deputy General Manager of Banking Division in charge of sales and marketing, THE SHIZUOKA BANK, LTD. Director and Vice Chairman, THE SHIZUOKA BANK, LTD. President and Representative Director of SHIZUOKA FUDOSAN Co., Ltd. Chairman and Representative Director of SHIZUOKA FUDOSAN Co., Ltd. Outside Director of MAKIYA CO., LTD. (current position) Chairman and Director of SHIZUOKA FUDOSAN Co., Ltd. Outside Director of IZUHAKONE RAILWAY CO., LTD. (current position) Outside Corporate Auditor of the Company Director (Audit and Supervisory Committee Member) Director (current position)	—
Reasons for selection as a candidate for Outside Director Mr. Tadaharu Takato has a wealth of knowledge and experience regarding finance, accounting, and management, and the Company has judged that he can monitor the Company's management from a standpoint independent of the management team that conducts business execution, and has selected him as a candidate for Outside Director.				

(Notes)

1. There are no special interests between each candidate and the Company.
2. Mr. Tadaharu Takato is a candidate for Outside Director. He will have served as Outside Director for 3 years at the conclusion of this General Meeting of Shareholders.
3. The Company has appointed Mr. Tadaharu Takato as an Independent Officer (Outside Director) as stipulated by the Tokyo Stock Exchange and submitted a notification of the appointment to the same Exchange. If his appointment is approved as proposed, he is expected to remain as an Independent Officer (Outside Director).

**Proposal 2:** Partial Amendment and Continuation of Policy for Responding to a Large-scale Purchase of the Company's Shares (Takeover Defense Measures)

At a meeting of the Board of Directors of the Company held on April 27, 2007, the Company resolved to introduce a policy for responding to a large-scale purchase of the Company's shares (takeover defense measures), as part of basic policies related to the status of persons controlling decisions on the financial and business policies of the Company (as defined in the main clause of Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act; hereinafter the "Basic Policies") and efforts to prevent decisions on the financial and business policies of the Company from being controlled by an inappropriate person in light of the Basic Policies (as defined in Article 118, Item (iii) (b) (2)), and received shareholders' approval at the 48th Annual General Meeting of Shareholders of the Company held in June 2007. Subsequently, after amendments to the policy in 2009 and 2012, the Company made partial changes to the policy at a meeting of the Board of Directors of the Company held on May 8, 2015, which were approved by shareholders at the 56th Annual General Meeting of Shareholders of the Company held on June 26, 2015 (hereinafter, the "Former Plan").

The effective period of the Former Plan is until the conclusion of the first meeting of the Board of Directors to be held after this Annual General Meeting of Shareholders, but at a meeting of the Board of Directors of the Company held on May 10, 2018, the Company resolved to continue the Former Plan with the necessary amendments as follows (hereinafter, the plan after the amendments is referred to as this "Plan" and the amendments shall be referred to as these "Amendments"), as part of efforts to prevent decisions on the financial and business policies of the Company from being controlled by an inappropriate person in light of the Basic Policies, taking into consideration the status of discussions regarding takeover defense measures since the 56th Annual General Meeting of Shareholders of the Company. Furthermore, the main changes to the Former Plan are the fact that the period by which the Board of Directors' evaluation period may be extended has been defined as up to 30 days, together with certain additional descriptions to the Former Plan and amendments and revisions to wording and phrasing, etc.

These Amendments shall take effect subject to receiving the approval of the Company's shareholders at this Annual General Meeting of Shareholders, and therefore these Amendments are proposed in accordance with Article 36, Paragraph 1 of the Articles of Incorporation of the Company.

Furthermore, in the event of amendments to the Companies Act, the Financial Instruments and Exchange Act and related regulations, cabinet orders, cabinet office orders, ministerial orders, etc. and the rules of financial instruments exchanges where the Company's shares are listed (hereinafter collectively referred to as "laws and regulations, etc.") (including changes to the names of laws and regulations, etc. and the establishment of new laws and regulations, etc. that succeed the former laws and regulations, etc.), and these amendments come into effect, each provision or term of laws and regulations, etc. cited in this Plan shall be deemed to be replaced with the provision or term in the laws and regulations, etc. that substantially succeeds these provisions or terms of laws and regulations, etc. after the amendments, unless otherwise determined by the Board of Directors of the Company.

## **1. Basic Policies**

### **(1) Sources of the Company's Corporate Value**

Since our founding in 1959, the Company and its subsidiaries (hereinafter, collectively referred to as the "Group") have explored the possibilities of natural ingredients as a leading company in the field of natural seasonings, and have focused on improving people's nutrition through their daily food lifestyles and maintaining and improving people's health, leading the Group to supply a varied range of products and win a high level of trust and support from its shareholders and other stakeholders. The Group's corporate philosophy is to "pursue the endless possibilities of natural resources and contribute to a rich and varied food lifestyle through 'Good Taste & Good Health,'" and we consider our mission to be to continue contributing to social and economic development through peoples' food lifestyles, and we create new value in food resources based on the proprietary technical expertise built over many years as a company with value for stakeholders. Taking "Good Taste & Good Health" as keywords, the Group operates in the area of seasonings, manufacturing and selling liquid and powdered seasoning products developed with proprietary technical expertise and a focus on carefully selected natural ingredients, and maintains a high share of the domestic natural seasonings market. In addition, the Group operates businesses in a wide range of areas in addition to food products and cosmetic products, based on functional food ingredients, with "N-acetylglucosamine" as our core product in the area of functional food products.

In addition, all officers and employees of the Group have a strong sense of responsibility, and promote initiatives aimed at tackling environmental problems and social contribution activities, etc., in addition to thorough compliance with related laws and regulations, etc. as a member of society. The Group firmly

believes that the accumulation of these corporate activities leads to an enhancement of the brand value of the Group, and the protection and enhancement of corporate value over the medium- to long-term.

The realization of a rich food lifestyle is an unchanging desire of humankind, and in order to fulfill the obligation to respond to that desire, the Group builds and maintains business structures for the stable supply of high-quality “natural seasonings” and “functional food ingredients” that customers can use in the knowledge that they are safe and secure. In addition to the abundant experience and expertise that the Group has built in relation to natural ingredients, and the high level of technical expertise we have accumulated, the human resources that support these, and the trust from stakeholders that it has accumulated since its founding are essential for building and maintaining these business structures, and we believe they are the source of the corporate value of the Company and shareholders’ common interests.

## (2) Details of the Basic Policies

The Company believes that whether or not to accept a large-scale purchase of the type that accompanies a transfer of control of the Company (as defined in the below Item 3. (2) (a); hereinafter the same applies) should ultimately be entrusted to the judgment of shareholders. Accordingly, even in the event of a large-scale purchase, the Company shall not reject it if it contributes to the enhancement of the corporate value of the Company and the common interests of shareholders.

However, among large-scale purchases for the Company’s shares, some may be expected where the above sources of corporate value that have been built over many years by the Company are not understood, and for which there is a risk of harm to the corporate value of the Company or shareholders’ common interests. The Company believes that, from the perspective of securing and enhancing the corporate value of the Company and shareholders’ common interests, persons conducting such a large-scale purchase are not suitable as persons controlling decisions on the financial and business policies of the Company. Accordingly, if there is a risk that the corporate value of the Company or shareholders’ common interests will be harmed by the acquisition of shares with 20% or more of the voting rights of the Company (hereinafter, “controlling shares”) by a specific person or group (hereinafter, a specific person or group that aims to acquire controlling shares is referred to as a “purchaser, etc.”), the basic policy of the Company is to take appropriate measures to protect and enhance the corporate value of the Company and shareholders’ common interests within the limits permitted by laws and regulations, etc. and the Articles of Incorporation of the Company, based on the view that such a purchaser, etc. is not suitable as a person controlling decisions on the financial and business policies of the Company.

## **2. Special Initiatives to Contribute to the Realization of the Basic Policies**

### (1) “YSK Priority” Three-year Medium-term Management Plan

As we aim to be a global company that will continue to create new value, the Group has formulated “YSK Priority,” a three-year medium-term management plan that covers the period from fiscal 2016 to fiscal 2018. Based on this three-year medium-term management plan, the Group positions our strategy as “concentrating resources on areas where we have an advantage,” and our basic policy is to focus management resources (people, money, and objects) on three pillars ((i) establishing an earnings base, (ii) expanding the scope of new businesses, and (iii) strengthening personnel and organizational functions), and implement growth strategies. Through focusing on these areas, the Group is endeavoring to protect and enhance the corporate value of the Group and shareholders’ common interests.

#### (a) Establishing an Earnings Base

Following the liquidation of businesses with low profitability as a result of business restructuring and the slimming down of assets, we will focus on our strength: seasonings and functional food products, using natural marine resources as ingredients. Based on development and production systems backed by our proprietary technical expertise and policy of focusing on quality, we will aim to strengthen our sales capabilities and establish a more solid earnings base.

In terms of sales, the Group will further strengthen systems for the development and sale of prepared meal and restaurant products, by opening a new development site in Tokyo. In terms of manufacturing, the Group will strive to create systems that ensure even greater stability of quality, while also enhancing productivity. The Kakegawa Plant (Kakegawa City, Shizuoka Prefecture) has been established as a major production site capable of providing “food safety and security,” with the Group obtaining FSSC 22000 certification, and we shall endeavor to build and strengthen systems capable of providing “food safety and security” in future, including responding to the trend toward mandatory implementation of HACCP (Hazard Analysis and Critical Control Point).

#### (b) Expanding the Scope of New Businesses

The Group will aim to expand sales channels in the ASEAN region, where the economy is growing and the popularity of Japanese food is increasing, and we shall utilize the information gathering functions of the representative office newly opened in Bangkok, Thailand to inspire activities with close ties to the local



market and stimulate demand for marine-based seasonings, in addition to striving to capture local needs in each ASEAN country in functional food products, as we focus on expanding our sales channels to develop this into a growth area.

In the mail order-based B-to-C business, the Group will take steps to expand the business while promoting added value in a wide range of markets, including the area of cosmetics, in addition to food products, utilizing our strength of having an integrated structure from resource development to end sales.

(c) Strengthening Personnel and Organizational Functions

Amid a rapidly changing business environment, the Group will aim to solidify management foundations, and develop and strengthen personnel and organizational functions to support those foundations. In order to promote the medium-term management plan, it is vital that a working environment is in place that allows the Group as a whole to act in a coordinated manner, and we will strive to encourage motivated participation by building a new personnel system, while also focusing on rebuilding personnel development programs, including the education system, and enhancing productivity, with an eye toward the future trend toward a decline in the working population.

(2) Strengthening Corporate Governance

In order to gain the further expectations and trust of stakeholders, the Group aims for highly sound, transparent management, and considers the strengthening of corporate governance as one of its most important management issues.

The Board of Directors of the Company comprises 10 Directors, including 3 Outside Directors, and 3 Directors serving as Audit and Supervisory Committee Members, and discusses, deliberates, and makes decisions on important matters, including those related to subsidiaries. This includes making timely reports on the status of business performance based on the medium-term management plan and annual targets, and debating and considering these matters. In addition, the Company has introduced an Executive Officer system, as it strives to clarify responsibilities and authority related to the execution of business operations, make decision-making faster, and strengthen corporate governance, in addition to holding a Management Meeting once a month, to determine swift responses and policies for countering changes in the business environment. The Audit and Supervisory Committee comprises 3 Directors serving as Audit and Supervisory Committee Members, including 2 Outside Directors, and, in addition to attending meetings of the Board of Directors, etc. and expressing their views as necessary, Directors serving as Audit and Supervisory Committee Members conduct strict audits of the legality and validity of the execution of business operations by Directors other than Audit and Supervisory Committee Members, including receiving reports from the Accounting Auditor and Directors other than Audit and Supervisory Committee Members. In addition, the Company has judged that the 3 Outside Directors, including 2 Directors serving as Audit and Supervisory Committee Members, are Outside Officers with no risk of a conflict of interest occurring with general shareholders, and has therefore submitted notification of their appointments as Independent Officers to the financial instrument exchanges where the Company is listed. It is expected that these Independent Officers shall act to protect the interests of general shareholders with regard to decisions pertaining to the execution of business operations in the Board of Directors, etc., including expressing necessary opinions to ensure that the interests of general shareholders are considered. Furthermore, the Company has voluntarily established a Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors, and strives to strengthen the supervision of the nomination and compensation of Directors by making it such that this Committee deliberates and determines matters related to the selection of candidates for Director and compensation for Directors. In addition, the Company analyzes and evaluates the effectiveness of the Board of Directors on an annual basis, and takes steps to improve its effectiveness based on the results thereof.

In this way, by measures including having an Audit and Supervisory Committee where the majority of members are Outside Directors, the Company enhances the supervisory function of the Board of Directors through the election of multiple Outside Directors, and strives to further enhance corporate governance, in addition to making it possible for the Board of Directors to broadly delegate decisions regarding the execution of business operations to Directors, thereby separating the execution of business operations and their supervision, making management decision-making faster, and further enhancing corporate value.

**3. Details of this Plan (Initiatives to Prevent Decisions on the Financial and Business Policies of the Company from being Controlled by an Inappropriate Person in light of the Basic Policies)**

(1) Purpose of the Continuation of Takeover Defense Measures under this Plan

In accordance with the Basic Policies described in the above Item 1., the Company believes that in certain cases it is necessary to take countermeasures against purchasers, etc., but as a listed company, believes that decisions about whether to sell shares to a purchaser, etc., and final decisions regarding the appropriateness of entrusting the management of the Company to a purchaser, etc. should fundamentally be entrusted to the

will of individual shareholders.

However, as a precondition for shareholders to make an appropriate assessment, the Company believes that there must be an appropriate understanding of the corporate value of the Company and the sources of that corporate value, taking into sufficient consideration the unique business characteristics of the Company and the history of the Group, as described above.

Then, cases may be easily anticipated where the information provided by the purchaser, etc. is insufficient by itself to have an understanding of the effect of the acquisition of controlling shares in the Company by the purchaser, etc. on the corporate value of the Company and the sources of that corporate value, and in order for shareholders to make an appropriate assessment, the Company believes that it will be necessary for shareholders to take into consideration information provided by the Board of Directors of the Company, which sufficiently understands the unique business characteristics of the Company, the assessment and views of the Board of Directors of the Company regarding the acquisition of controlling shares by the purchaser, etc., and, in certain cases, a new proposal from the Board of Directors of the Company.

Accordingly, the Company believes that it is extremely important to secure sufficient time for shareholders to analyze and consider this diverse range of information.

From the above viewpoint, the Company has concluded that, based on the above Basic Policies described in the above Item 1., the continuation of takeover defense measures under this Plan is necessary as a measure for making possible appropriate assessments by shareholders regarding whether to accept a large-scale purchase through requesting the submission of necessary information regarding the large-scale purchase in advance from persons attempting to conduct or actually conducting a large-scale purchase (hereinafter, “large-scale purchaser(s)”), the presentation of the views of the Board of Directors of the Company regarding the appropriateness of the large-scale purchase, taking into account the recommendation of the Special Committee (as defined in the below Item 3. (2) (e); hereinafter, the same applies) together with alternative business plans, etc. (hereinafter, “alternative proposal(s)”) to the purchase proposal and business plans, etc. presented by the large-scale purchaser, and negotiations with the large-scale purchaser on shareholders’ behalf, and thus to prevent decisions on the financial and business policies of the Company from being controlled by an inappropriate person in light of the Basic Policies (specifically, this refers to certain large-scale purchasers determined by the Board of Directors of the Company in accordance with prescribed procedures, together with their joint holders, specially related parties, and anyone recognized by the Board of Directors of the Company as effectively controlled by these persons, and acting together with or in concert with these persons, etc.; hereinafter, “exceptional person(s)”). Naturally, confirming the will of shareholders is desirable when continuing takeover defense measures under this Plan. Therefore, the Company shall hereby confirm the will of shareholders regarding the continuation of takeover defense measures under this Plan with this Proposal.

Furthermore, at the present time, the Company is not aware of any specific signs of a large-scale purchase for the Company’s shares.

Additionally, please refer to page 9 of the Business Report regarding the status of the Company’s major shareholders as of March 31, 2018.

## (2) Details of this Plan

The flowchart in (Attachment 1) shows an overview of procedures pertaining to this Plan, but the specific details of this Plan are as follows.

### (a) Definition of Large-scale Purchases Eligible for the Activation of Countermeasures

If an action falling under any of the following categories 1) through 3), or an action with the possibility of falling under any of these categories (however, this excludes actions with the prior approval of the Board of Directors of the Company; hereinafter, collectively referred to as “large-scale purchase(s)”) is conducted or attempted, countermeasures based on this Plan may be activated.

- 1) Purchases or other acquisitions (Note 1) of share certificates, etc. whereby the ownership ratio of share certificates, etc. (Note 2) of a specified shareholder of the Company in relation to share certificates, etc. (Note 3) issued by the Company will be 20% or more;
- 2) Purchases or other acquisitions (Note 4) of share certificates, etc. whereby the total ownership ratio of share certificates, etc. (Note 5) of a specified shareholder of the Company in relation to share certificates, etc. (Note 6) issued by the Company and the ownership ratio of share certificates, etc. of his or her specially related parties (Note 7) will be 20% or more;
- 3) Actions where, regardless of whether or not an action stipulated in the above Items 1) or 2) is conducted, a specified shareholder of the Company will conduct the action with another shareholder of the Company (including multiple shareholders; the same applies hereinafter in this Item 3)), and as a result of this action, will enter into an agreement or other action whereby the other shareholder will be classed as a joint holder of the specified shareholder, or actions where a relationship (Note 8) will be established whereby either the specified shareholder or the other shareholder will effectively control the other, or act

together with or in concert with that person (Note 9) (however, this applies only to cases when the total ownership ratio of share certificates, etc. of the specified shareholder and the other shareholder in relation to share certificates, etc. issued by the Company will be 20% or more).

- (Note 1) Includes the holding of claims for delivery of share certificates, etc. based on a purchase or other agreement and each transaction stipulated in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.
- (Note 2) Refers to the ownership ratio of share certificates, etc. as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. The same applies hereinafter, but when calculating the ownership ratio of share certificates, etc., (i) specially related parties as defined in Article 27-2, Paragraph 7 of the same, and (ii) investment banks, securities firms, and other financial institutions that have entered into a financial advisory contract with the specified shareholder, and any tender offer agent and lead managing underwriter of the specified shareholder (hereinafter, “contracted financial institutions, etc.”) shall be deemed joint holders of the specified shareholder (refers to joint holders as defined in Article 27-23, Paragraph 5 of the same; and includes persons deemed joint holders under Paragraph 6 of the same (including persons to whom this is recognized to apply by the Board of Directors of the Company); hereinafter the same applies). In addition, when calculating the ownership ratio of share certificates, etc., the most recent information publicly disclosed by the Company may be referred to regarding the total number of issued shares of the Company.
- (Note 3) Refers to share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. The same applies hereinafter unless otherwise provided for.
- (Note 4) Includes a purchase, other types of acceptance of transfer for value, and types of acceptance of transfer for value as stipulated in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.
- (Note 5) Refers to the ownership ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter. Furthermore, when calculating the ownership ratio of share certificates, etc., the most recent information publicly disclosed by the Company may be referred to regarding the total number of voting rights of the Company.
- (Note 6) Refers to share certificates, etc. as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. The same applies hereinafter in this Item 2).
- (Note 7) Refers to a specially related party as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, for persons set forth in Item (i) of the same, this excludes persons specified in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer. Furthermore, (i) joint holders and (ii) contracted financial institutions, etc. shall be deemed specially related parties of the specified shareholder. The same shall apply hereinafter.
- (Note 8) The determination of whether a “a relationship whereby either the specified shareholder or the other shareholder will effectively control the other, or act together with or in concert with that person” has been established shall be based on such factors as the formulation of new investment relationships, business alliance relationships, transactional or contractual relationships, relationships of officers holding concurrent posts, relationships of capital provision, relationships of credit provision, effective special interest relationships pertaining to the Company’s share certificates, etc. through derivatives or share lending, etc., and the direct or indirect effect of the specified shareholder and other shareholder on the Company.
- (Note 9) The Board of Directors of the Company shall reasonably determine whether an action prescribed in Item 3) in the text has been conducted. Furthermore, the Board of Directors of the Company may request the submission of necessary information from shareholder of the Company within the range judged necessary for determining whether the purchase meets the criteria for Item 3).

(b) Submission of Letter of Intent

Prior to the commencement or implementation of the large-scale purchase, the large-scale purchaser shall submit to the President and Representative Director of the Company, in the format separately determined by the Company, a written document pledging to the Board of Directors of the Company that the large-scale purchaser will comply with the procedures set forth in this Plan (hereinafter, the “large-scale purchase rules”) signed or stamped by the representative of the large-scale purchaser and certification of the qualifications of the representative who has signed or stamped the document (hereinafter, collectively referred to as the “Letter of Intent”). Upon receiving the above Letter of Intent, the President and Representative Director of the Company shall promptly submit it to the Board of Directors of the Company and the Special Committee.

In addition to a pledge to comply with the large-scale purchase rules, the Letter of Intent shall indicate the name of the large-scale purchaser; the address or location of headquarters or office, etc.; governing law of incorporation; name of representative; contact details in Japan; number of the Company's share certificates, etc. actually held by the large-scale purchaser; status of transactions relating to the Company's shares by the large-scale purchaser in the 60 days prior to the submission of the Letter of Intent; overview of the planned large-scale purchase, etc. Furthermore, the only language used in the Letter of Intent shall be Japanese.

If a Letter of Intent is submitted by a large-scale purchaser, the Company shall make timely, appropriate disclosure regarding matters recognized as appropriate by the Board of Directors of the Company or the Special Committee, in accordance with applicable laws and regulations, etc.

(c) Request for Submission of Information from the Large-scale Purchaser

Within 5 business days (not including the first day) of the Board of Directors of the Company and the Special Committee receiving the Letter of Intent, the large-scale purchaser shall submit to the Board of Directors of the Company the information, etc. listed in the following Items 1) through 12) (hereinafter, collectively referred to as the "large-scale purchase information"). If the Board of Directors of the Company receives the large-scale purchase information, it shall promptly submit it to the Special Committee.

Furthermore, if the Board of Directors of the Company or the Special Committee judges that it will be difficult for shareholders to make an appropriate assessment of whether to accept the large-scale purchase with only the information initially received from the large-scale purchaser, and for the Board of Directors of the Company and the Special Committee to form an opinion regarding the appropriateness of the large-scale purchase (hereinafter, "opinion forming") or create an alternative proposal (hereinafter, "alternative proposal creation") and appropriately present it to shareholders, then the Board of Directors of the Company or the Special Committee may at any time request from the large-scale purchaser the submission of additional information necessary for the appropriate assessment of shareholders, and the opinion forming and alternative proposal creation of the Board of Directors of the Company and the Special Committee, after determining a reasonable period for submission and disclosing to shareholders the specific period determined and the reasons a reasonable period is necessary.

In addition, if the Board of Directors of the Company or the Special Committee judges that the submission of the large-scale purchase information has been completed, the Company shall immediately make disclosure to that effect to shareholders in accordance with applicable laws and regulations, etc. Furthermore, in principle, the Company shall make timely, appropriate disclosure of information in the large-scale purchase information recognized as necessary for shareholders to make an appropriate assessment of whether to accept the large-scale purchase, at an appropriate time after receiving the large-scale purchase information, as determined by the Board of Directors of the Company or the Special Committee, in accordance with applicable laws and regulations, etc.

Furthermore, the only language used in the submission of the large-scale purchase information and other notifications and communications to the Company based on the large-scale purchase rules shall be Japanese.

- 1) Overview of the large-scale purchaser and his or her group (including major shareholders or investors (regardless of whether they are direct or indirect shareholders or investors; hereinafter, the same applies), important subsidiaries and affiliates, and if the large-scale purchaser is a fund or business entity pertaining to investment, major members, investors, other constituents, executive partners, and persons providing investment advice on an ongoing basis; hereinafter, the same applies) (including specific name, capital structure, investment ratio, financial details, and detailed information regarding any experience in the same types of businesses as those of the Group and the possibility of future competition, whether there have been any violations of laws and regulations in the past (and an overview of any such incidences if they exist))
- 2) Specific details of the internal control systems of the large-scale purchaser and his or her group (including the internal control systems of the group), whether these systems are effective, and their status
- 3) The large-scale purchase objective (including, in the event that there is an objective to engage in the acquisition of control or participation in management, pure investment or strategic investment, any transfer of the Company's share certificates, etc. to a third party after the large-scale purchase, etc., or any material proposal (refers to a material proposal as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act; hereinafter the same applies) or any other objective, notice to that effect and an overview thereof; furthermore, if there are multiple objectives, a description of all objectives shall be provided), method, and details (type and number of share certificates, etc. of the Company to which the large-scale purchase applies; type and amount of consideration for the large-scale purchase; timing of the large-scale purchase; structure of any related transactions; legality of the method of large-scale purchase; feasibility of the large-scale purchase and any related transactions (and the details of conditions attached to the large-scale purchase, if such conditions exist); and if the share certificates, etc. of the Company are expected to be delisted after the completion of the large-scale

- purchase, notice to that effect and the reasons thereof; furthermore, a written opinion shall also be provided from a qualified attorney regarding the legality of the method of large-scale purchase)
- 4) Whether there has been a communication of intent with any third parties on the occasion of the large-scale purchase (including a communication of intent regarding conducting a material proposal against the Company; hereinafter the same applies) and if there has been a communication of intent, the specific format and details thereof
  - 5) Calculation basis and calculation process for the consideration for the purchase, etc. pertaining to the large-scale purchase (including facts and assumptions used as the basis for the calculation, calculation method, name of the institution conducting the calculation and information regarding that institution, numerical data used in the calculation, the amount of any synergies or negative synergies expected to arise as a result of transactions related to the large-scale purchase and the calculation basis thereof)
  - 6) Backing for funds for the purchase, etc. pertaining to the large-scale purchase (including the specific name of the provider of funds (including de facto providers, whether direct or indirect), method of raising funds, conditions for the provision of funds to be implemented, existence of any collateral or pledges after the provision of funds and the details thereof, and the specific details of any related transactions)
  - 7) Management policies planned for the Group after the large-scale purchase, career summaries and other information related to the details of Directors planned to be dispatched after the large-scale purchase (including information regarding any experience in the same types of businesses as those of the Group, etc.), business plans, financial plans, capital plans, investment plans, capital policies, dividend policies, etc. (including plans related to the sale, pledging as collateral, or other disposal of the Group's assets after completion of the large-scale purchase), and any other policies related to the treatment of the Group's officers, employees, business partners, clients, local public bodies where the Company's plants, etc. are located, and other stakeholders of the Company after the completion of the large-scale purchase
  - 8) A written document pledging that the large-scale purchaser does not fall under the category of an abusive purchaser (as defined in the below Item (f) a. 2) ).
  - 9) The probability of the acquisition in regard to matters restricted based on laws and regulations, etc. in Japan and overseas that may be applied to the large-scale purchase, and approval or permission, etc. that should be acquired from a third party or the government in Japan or overseas based on the Antimonopoly Act or other laws and regulations, etc. (furthermore, a written opinion shall also be provided from a qualified attorney regarding these matters)
  - 10) Possibility of maintaining the necessary approval for the management of the Group in Japan and overseas after the completion of the large-scale purchase and the likelihood of compliance with various laws and regulations, etc. in Japan and overseas
  - 11) Whether there are any relationships with antisocial forces or terrorist organizations (regardless of whether they are direct or indirect), and in the event that there is a relationship, the details thereof and policies for countering these relationships
  - 12) Any other information that the Board of Directors of the Company or the Special Committee have reasonably judged to be necessary and requested in writing that the large-scale purchaser submit within 5 business days (not including the first day), in principle, of the date the Board of Directors of the Company and the Special Committee received the Letter of Intent, in the appropriate format, without any omissions.
- (d) Establishment of the Board of Directors' Evaluation Period, etc.

The Board of Directors of the Company shall establish a period as described in Item 1) or 2) below in accordance with the details of the large-scale purchase disclosed by the large-scale purchaser (in either case, the period shall be calculated from the day the Company discloses that the Board of Directors of the Company or the Special Committee have judged that the submission of the large-scale purchase information has been completed, and shall not include the first day) as a period for evaluation, consideration, opinion forming, alternative proposal creation, and negotiations with the large-scale purchaser by the Board of Directors of the Company (hereinafter, the "Board of Directors' evaluation period"). The large-scale purchase shall be commenced only after the Board of Directors' evaluation period has passed, unless indicated otherwise in this Plan. Furthermore, this Board of Directors' evaluation period shall be established taking into consideration such factors as the degree of difficulty of evaluating and considering the content of the Company's businesses, opinion forming, and alternative proposal creation.

- 1) Cases when a purchase will be conducted for all of the Company's share certificates, etc. by tender offer where the consideration is cash (Japanese yen) only: up to 60 days
- 2) Cases when a large-scale purchase will be conducted, excluding those described in the above Item 1): up to 90 days

During the Board of Directors' evaluation period, the Board of Directors of the Company shall engage in evaluation, consideration, opinion forming, alternative proposal creation, and negotiation with the large-scale

purchaser regarding the planned large-scale purchase from the perspective of protecting and enhancing the corporate value of the Company and shareholders' common interests, based on the large-scale purchase information submitted by the large-scale purchaser. When engaging in evaluation, consideration, opinion forming, alternative proposal creation, and negotiations with the large-scale purchaser, the Board of Directors of the Company shall, as necessary, obtain the advice of third-party external experts independent from the Board of Directors of the Company (refers to financial advisers, attorneys, certified public accountants, certified public tax accountants, etc.; hereinafter, the same applies). Furthermore, the Company shall bear all related costs, excluding exceptional cases recognized as particularly unreasonable.

Furthermore, if there are unavoidable circumstances where the Board of Directors of the Company is unable to resolve to activate or not activate countermeasures during the Board of Directors' evaluation period, for reasons such as the Special Committee not providing a recommendation as described in the below Item (f) a. during the Board of Directors' evaluation period, the Board of Directors of the Company may extend the Board of Directors' evaluation period by up to 30 days (not including the first day) within a reasonable range, based on the recommendation of the Special Committee. If the Board of Directors of the Company resolves to extend the Board of Directors' evaluation period, the Company shall make timely, appropriate disclosure of the specific period thus resolved and the reasons the specific period is necessary, in accordance with applicable laws and regulations, etc.

(e) Establishment of the Special Committee

Under the Former Plan, the Company established a Special Committee comprising 3 or more Outside Directors (including substitutes) and external experts who are independent from the management team engaged in the business execution of the Company, in order to eliminate arbitrary judgments by the Board of Directors of the Company regarding the activation of countermeasures, etc., and under this Plan also, the Company shall establish a Special Committee (hereinafter, the "Special Committee") with 3 or more members selected from Outside Directors (including substitutes) and external experts.

The Special Committee may, as necessary, obtain the advice of third-party external experts independent from the Board of Directors of the Company and the Special Committee. Furthermore, the Company shall bear all expenses required to obtain such advice, excluding exceptional cases recognized as particularly unreasonable.

The Company intends for 3 persons to be members of the Special Committee when the Former Plan is revised to this Plan under these Amendments, and the name and past experience of each person planned to be appointed as a member is as shown in (Attachment 2).

Resolutions of the Special Committee shall, in principle, be passed by a majority of members at meetings of the Special Committee when all current members are in attendance. However, if a member of the Special Committee is unable to act or if there are unavoidable circumstances, resolutions shall be passed by a majority of members at meetings of the Special Committee when a majority of members are in attendance.

(f) Procedures for Recommendations of the Special Committee and Resolutions of the Board of Directors of the Company

a. Recommendations of the Special Committee

As set forth in the following Items 1) through 3), the Special Committee shall provide a recommendation regarding the large-scale purchase to the Board of Directors of the Company during the Board of Directors' evaluation period (including the period of any extension, if it is extended).

1) If the Large-scale Purchase Rules are not Complied with

If the large-scale purchaser violates an important point of the large-scale purchase rules, and if the violation is not rectified within 5 business days (not including the first day; hereinafter, the "rectification period") of the Board of Directors of the Company requesting in writing that the large-scale purchaser rectify the violation, then the Special Committee shall, in principle, recommend that the Board of Directors activates countermeasures against the large-scale purchase, excluding cases when it is clear that not activating countermeasures is necessary for protecting and enhancing the corporate value of the Company and shareholders' common interests, and other cases when there are exceptional circumstances (if it is clear that the violation will not be rectified, then the Special Committee shall recommend the activation of countermeasures even before the rectification period has passed). If such a recommendation is made, the Company shall make timely, appropriate disclosure of the opinion of the Special Committee, the reasons for their opinion, and any other information recognized as appropriate, in accordance with applicable laws and regulations, etc.

Furthermore, even after the Special Committee has made a recommendation to the Board of Directors of the Company to activate countermeasures, if the large-scale purchase is withdrawn, or if there are other changes to the facts, etc. that formed the basis for the judgment of the recommendation, then the Special Committee may make a recommendation regarding the cancellation of the activation of countermeasures or other recommendation to the Board of Directors of the Company. If such a repeated

recommendation is made, the Company shall make timely, appropriate disclosure of the opinion of the Special Committee, the reasons for their opinion, and any other information recognized as appropriate, in accordance with applicable laws and regulations, etc.

2) If the Large-scale Purchase Rules are Complied with

If the large-scale purchaser complies with the large-scale purchase rules, the Special Committee shall, in principle, recommend that the Board of Directors of the Company does not activate countermeasures against the large-scale purchase.

Naturally, even if the large-scale purchase rules are complied with, if the Special Committee judges that the large-scale purchaser is a person recognized as meeting any of the conditions listed below in Items (a) through (k) (hereinafter, collectively referred to as an “abusive purchaser”) and the activation of countermeasures against the large-scale purchase is appropriate, then the Special Committee shall recommend that the Board of Directors of the Company activates countermeasures against the large-scale purchase.

- (a) Cases when the purchases of the Company’s share certificates, etc. is being conducted in order to increase the share price and make parties related to the Company purchase the shares at a high price, despite there being no intention to truly participate in the management of the Company (a so-called green-mailer) or cases when the objective of the acquisition of the Company’s share certificates, etc. is mainly to reap short-term profits
- (b) Cases when the objective of participating in the management of the Company is mainly to take temporary control of the management of the Company and transfer the intellectual property rights, expertise, confidential corporate information, main trading partners and clients, etc. that are necessary for the management of the Company’s businesses to the large-scale purchaser or his or her group companies, etc.
- (c) Cases when the large-scale purchaser is acquiring the Company’s share certificates, etc. with the intention of taking control of the management of the Company and subsequently wrongfully using all or an important part of the assets of the Company as collateral or repayment funds for the obligations of the large-scale purchaser or his or her group, etc.
- (d) Cases when the objective of participating in the management of the Company is mainly to take temporary control of the management of the Company and sell or otherwise dispose of real estate, marketable securities, intellectual property rights, and other highly valued assets, etc. that are not immediately related to the businesses of the Company to force the payment of a one-time high dividend using the proceeds from the disposal, or take advantage of the opportunity created by the sudden increase in the share price to sell shares at a high price
- (e) Cases when the large-scale purchaser expresses no particular interest in or does not participate in the management of the Company, and after acquiring the Company’s shares, intends solely to use various methods to sell the Company’s shares to the Company itself or a third-party over the short to medium term and reap short-term profits from the sale, and is ultimately pursuing only his or her own interests, including disposal of the assets of the Company
- (f) Cases when it is judged with reasonable basis that the purchase terms for the share certificates, etc. of the Company presented by the large-scale purchaser (including, but not limited to, the type, amount, and calculation basis for the consideration for the purchase, details, timing, method, whether it is illegal, and feasibility) are insufficient or unsuitable in light of the corporate value of the Company
- (g) Cases when the purchase method presented by the large-scale purchaser is a purchase using a coercive method of the type that will structurally restrict shareholders’ opportunity or freedom to make an assessment, as represented by such purchase methods as a two-stage purchase (refers to a purchase of share certificates, etc. where in the first stage of the purchase, not all of the Company’s share certificates, etc. are bought, and in the second stage of the purchase, unfavorable terms are established, the terms are not made clear, or cause is given to have concerns regarding the future liquidity of the Company’s share certificates, etc. through delisting, etc., and shareholders are thus effectively forced to accept the purchase), or a partial tender offer (refers to a tender offer that applies only to part, not all, of the Company’s share certificates, etc.)
- (h) Cases when, as a result of the acquisition of control by the large-scale purchaser, it is expected that there will be significant harm to the corporate value of the Company including damage to relationships with shareholders, clients, employees, and other stakeholders of the Company, who are the sources of corporate value, and it is judged with reasonable basis that there is a fear of a significant hindrance to protecting and enhancing the corporate value of the Company, or cases when it is judged that, if the large-scale purchaser acquires control, future corporate value over the medium-to long-term will be clearly inferior to the corporate value of the Company if the large-scale purchaser does not acquire control

- (i) Cases when the fact of acquisition of control by the large-scale purchaser itself will cause significant harm to the corporate value of the Company, including losing important business partners of the Company
- (j) Cases when it is judged with reasonable basis that the large-scale purchaser is unsuitable as a controlling shareholder of the Company from the perspective of public order and moral standards, such as cases when the management of the large-scale purchaser, its major shareholders, or investors include persons with a relationship to antisocial forces or terrorist organizations
- (k) In addition to the cases described in Items (a) through (j) above, cases when it is judged with reasonable basis that the corporate value of the Company or shareholders' common interests will be significantly harmed.

Furthermore, the procedure for disclosures relating to such recommendations and procedures related to subsequent repeated recommendations are equivalent to those described in the above Item 1).

3) Other Recommendations, etc. by the Special Committee

In addition to the above, the Special Committee may make recommendations to the Board of Directors of the Company with necessary content, and decisions regarding not activating countermeasures or withdrawing from them in certain cases permitted by laws and regulations, etc.

Furthermore, the procedure for disclosures relating to such recommendations and procedures related to subsequent repeated recommendations are equivalent to those described in the above Item 1).

b. Resolutions by the Board of Directors of the Company

The Board of Directors of the Company shall pass resolutions regarding activating, not activating, or canceling countermeasures, or other necessary matters, while respecting the recommendation of the Special Committee to the maximum extent possible.

Furthermore, even if the Special Committee makes a recommendation to the effect that the Board of Directors should resolve not to activate countermeasures, if, while respecting the recommendation of the Special Committee to the maximum extent possible, the Board of Directors of the Company recognizes that there are circumstances such that, for example, by following the recommendation Directors may be violating their duty of care, then the Board of Directors of the Company may convene a General Meeting of Shareholders of the Company via the method described in the below Item c. in order to ask shareholders whether or not to activate countermeasures. In addition, when activating countermeasures, the Board of Directors of the Company shall do so with the agreement of all Directors, including Outside Directors. If a resolution is passed regarding activating, not activating, or canceling countermeasures, or any other necessary resolution, the Company shall make timely, appropriate disclosure of the opinion of the Board of Directors of the Company, the reasons for their opinion, and any other information recognized as appropriate, in accordance with applicable laws and regulations, etc.

c. Convocation of a General Meeting of Shareholders of the Company

If the Board of Directors judges at its own discretion that it should hold a General Meeting of Shareholders of the Company in order to ask for approval to activate countermeasures under this Plan, then the Board of Directors of the Company shall convene a General Meeting of Shareholders of the Company as promptly as is practically possible, aiming for within 60 days (not including the first day) of the day the results of this judgment are publicly announced, in principle. In this case, the large-scale purchase should be conducted when the proposal to activate countermeasures is rejected at the General Meeting of Shareholders and after the conclusion of the General Meeting of Shareholders. The Board of Directors of the Company shall make a resolution regarding activating or not activating countermeasures, or any other necessary matters, in accordance with the resolution of the General Meeting of Shareholders convened in accordance with these procedures, and in the event that proposal for approval for the activation of countermeasures under this Plan is rejected at the General Meeting of Shareholders, countermeasures under this Plan shall not be activated against the large-scale purchase.

Furthermore, even if convocation procedures for the General Meeting of Shareholders have begun, the Company may cancel convocation procedures for the General Meeting of Shareholders of the Company if the Board of Directors of the Company subsequently passes a resolution not to activate countermeasures, or reaches the judgment that resolving to activate countermeasures is appropriate, etc. If such a resolution is passed, the Company shall make timely, appropriate disclosure of the opinion of the Board of Directors of the Company, the reasons for their opinion, and any other information recognized as appropriate, in accordance with applicable laws and regulations, etc.

(g) Changes to the Large-scale Purchase Information

In accordance with the provisions of the above Item (c), in the event that, after the Company has disclosed that it has judged the submission of the large-scale purchase information to have been completed, the Board of Directors of the Company or the Special Committee judges that there has been a material change to the large-scale purchase information by the large-scale purchaser, then procedures based on this



Plan that have proceeded in regard to the large-scale purchase based on the former large-scale purchase information (hereinafter, the “pre-change large-scale purchase”) shall be canceled through timely, appropriate disclosure of that fact, the reasons thereof, and any other information recognized as appropriate, in accordance with applicable laws and regulations, etc., and the large-scale purchase based on the large-scale purchase information after the change shall be treated as a separate large-scale purchase to the pre-change large-scale purchase, with procedures applied again based on this Plan.

(h) Specific Content of Countermeasures

Countermeasures against a large-scale purchase activated by the Company based on this Plan shall be a gratis allotment of share acquisition rights as provided for in Article 277 and subsequent Articles of the Companies Act, in principle (hereinafter, the share acquisition rights to be allotted are referred to as the “Share Acquisition Rights”). However, if it is judged that activating other countermeasures recognized by the Companies Act, other laws and regulations, etc., and the Articles of Incorporation of the Company is appropriate, then those other countermeasures may be utilized.

An overview of the gratis allotment of Share Acquisition Rights as a countermeasure against a large-scale purchase is as described in (Attachment 3), but if the gratis allotment of Share Acquisition Rights is actually conducted, the Company may establish an exercise period, exercise conditions, and acquisition provisions, etc. that take into account the effect as a countermeasure against the large-scale purchase, including (i) exercise conditions whereby the exercise of rights by exceptional persons is not permitted, or (ii) acquisition provisions whereby when the Company acquires part of the Share Acquisition Rights, it may only acquire Share Acquisition Rights held by share acquisition rights holders who are not exceptional persons.

**4. Effective Period, Continuation, Discontinuation, and Amendments, etc. of this Plan**

The effective period of this Plan shall be from the point the proposal regarding approval for the continuation of takeover defense measures under this Plan is approved and passed at this Annual General Meeting of Shareholders, until the conclusion of the first meeting of the Board of Directors held after the Annual General Meeting of Shareholders pertaining to the final fiscal year ending within 3 years of the conclusion of this Annual General Meeting of Shareholders. However, if, at the conclusion of the relevant meeting of the Board of Directors, there is a person actually conducting a large-scale purchase or planning to conduct such a purchase, and defined as such by the Special Committee, then the effective period may be extended within the limit of what is necessary to respond to the large-scale purchase that is being conducted or planned. In addition, even prior to the end of the effective period, if 1) a proposal is approved to discontinue this Plan at the General Meeting of Shareholders of the Company, or 2) a resolution is passed at a meeting of the Board of Directors of the Company to discontinue this Plan, then this Plan shall be discontinued at that point. Therefore, this Plan may be discontinued at any time in accordance with the will of shareholders. Furthermore, if the proposal regarding approval for the continuation of takeover defense measures under this Plan is not approved and passed at this Annual General Meeting of Shareholders, these Amendments shall not take effect, and the Former Plan shall end upon the conclusion of this Annual General Meeting of Shareholders.

From this year onward, the appropriateness of continuation, discontinuation, and amendments to this Plan shall be considered as necessary at the first meeting of the Board of Directors of the Company held after the conclusion of the Annual General Meeting of Shareholders of the Company, and when necessary, the required resolutions shall be passed.

Additionally, the Board of Directors of the Company may, after receiving the approval of the Special Committee, revise or amend this Plan as necessary at times other than the aforementioned first meeting of the Board of Directors of the Company held after the conclusion of the Annual General Meeting of Shareholders of the Company, within a range that does not violate this Plan from the perspective of protecting and enhancing corporate value and shareholders’ common interests, and within a range reasonably recognized as necessary owing to amendments, etc. to laws and regulations, etc., related guidelines, etc., or changes to the interpretation or implementation thereof, or changes to the tax system, judicial precedents, etc.

If a resolution is passed regarding the discontinuation or amendment, etc. of this Plan, the Company shall make timely, appropriate disclosure of matters recognized as appropriate by the Board of Directors of the Company and the Special Committee in accordance with applicable laws and regulations, etc.

## **5. Effect on Shareholders and Investors**

(1) Effect on Shareholders and Investors when the Former Plan is Revised to this Plan under these Amendments

There shall be no actual issuance of the Share Acquisition Rights when the Former Plan is revised to this Plan under these Amendments. Accordingly, this Plan and these Amendments will have no direct, specific effect on the rights or economic interests of shareholders or investors when they become effective.

(2) Effect on Shareholders and Investors at the time of the Gratis Allotment of Share Acquisition Rights

Based on this Plan, the Board of Directors of the Company may take countermeasures against a large-scale purchase with the objective of protecting and enhancing the corporate value of the Company and shareholders' common interests, but because of the mechanism of countermeasures currently expected, even when the Share Acquisition Rights are issued, no direct, specific effect on the statutory rights or economic interests of shareholders or investors is expected, as there will be no dilution to the value of the Company's shares held as a whole, despite a dilution in the value per share in the Company held.

However, if countermeasures are activated, there is a possibility that the statutory rights or economic interests of exceptional persons may be affected as a result.

In addition, in the event that a resolution is passed regarding the gratis allotment of Share Acquisition Rights as a countermeasure, if, after the shareholders to receive the gratis allotment of Share Acquisition Rights have been confirmed, the Company cancels the gratis allotment of Share Acquisition Rights or acquires the Share Acquisition Rights allotted gratis without consideration, then there will be no dilution to the per-share value of the Company's shares as a result, and therefore there is a possibility that investors who have conducted transactions based on the assumption of a dilution in the per-share value of the Company's shares may suffer a commensurate loss owing to fluctuation in the share price of the Company.

In addition, procedures relating to shareholders with regard to the exercise or acquisition of Share Acquisition Rights allotted gratis are as follows.

If the Board of Directors of the Company passes a resolution to conduct a gratis allotment of Share Acquisition Rights, the Company shall determine and publicly announce a record date for the gratis allotment of Share Acquisition Rights, in accordance with laws and regulations, etc. and the Articles of Incorporation of the Company. Share Acquisition Rights shall be allotted to shareholders listed or recorded in the final shareholder register on the record date, in accordance with their number of shares held.

Furthermore, if a gratis allotment of Share Acquisition Rights is conducted, shareholders listed or recorded in the final shareholder register on the record date shall automatically become share acquisition rights holders on the effective date of the gratis allotment of Share Acquisition Rights.

The Company shall send to shareholders listed or recorded in the final shareholder register on the record date an exercise request form for the Share Acquisition Rights (in the format prescribed by the Company; this may include the details and number of Share Acquisition Rights to be exercised, the date the Share Acquisition Rights are to be exercised, and other necessary matters, in addition to a pledge that the shareholder is not an exceptional person, etc., and information regarding the account for the transfer of shares of common stock), and other documents necessary for the exercise of the Share Acquisition Rights. Shareholders shall be issued 1 share of common stock in the Company per Share Acquisition Right, by making payment of 1 yen per Share Acquisition Right to the payment handling location, in addition to submitting the necessary documents within the exercise period for the Share Acquisition Rights separately determined by the Board of Directors of the Company. However, exceptional persons may not be able to exercise the Share Acquisition Rights.

However, if the Company acquires the Share Acquisition Rights based on an acquisition provision, monetary payment of an amount equivalent to the exercise price shall not be made, and instead shares of common stock in the Company shall be delivered to shareholders as consideration for the acquisition of the Share Acquisition Rights by the Company (furthermore, in this case, shareholders shall separately submit a pledge that they are not an exceptional person, etc., in addition to documents confirming their identity, and shall submit written documents stating that they will immediately return the shares of common stock in the Company delivered if there are falsehoods in this pledge, and written documents with the information necessary to deliver the shares of common stock in the Company, etc.). However, as described above, exceptional persons may not be eligible for the acquisition of Share Acquisition Rights held.

For details of these procedures, please confirm the content of the timely, appropriate disclosure that shall be made when these procedures are actually necessary, in accordance with applicable laws and regulations, etc.

## **(Reference)**

As described below, this Plan fulfills the three principles set forth in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common

Interests” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (1) the principle of protecting and enhancing corporate value and the interests of shareholders as a whole; 2) principle of prior disclosure and shareholder’ will; and 3) principle of ensuring the necessity and reasonableness), in addition to taking into consideration the “Takeover Defense Measures in Light of Recent Environmental Changes” announced by the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry on June 30, 2008, and “Principle 1.5 Anti-Takeover Measures” of “Japan’s Corporate Governance Code,” which were introduced with amendments to the Securities Listing Regulations of the Tokyo Stock Exchange and applied from June 1, 2015, and other practical experience and discussion related to takeover defense measures, and therefore this Plan has a high level of reasonableness.

(1) Principle of Protecting and Enhancing Corporate Value and the Interests of Shareholders as a Whole

As described in the above Item 3 (1), by requiring the prior securing of a period for the submission of necessary information regarding the large-scale purchase, consideration, and negotiation from the large-scale purchaser, this Plan makes it possible for shareholders to appropriately assess whether to accept the large-scale purchase, the Board of Directors of the Company to provide an opinion for or against the large-scale purchase after receiving the recommendation of the Special Committee and present an alternative proposal to shareholders, and conduct negotiations with the large-scale purchaser on shareholders’ behalf, etc., and thereby has the objective of protecting and enhancing the corporate value of the Company and shareholders’ common interests.

(2) Prior Disclosure

The Company has disclosed this Plan in advance, in order to enhance predictability for shareholders, investors, and large-scale purchasers, and to ensure opportunities for shareholders to make an appropriate choice.

Additionally, the Company will continue to make the required timely, appropriate disclosure as necessary, in accordance with applicable laws and regulations, etc.

(3) Prioritizes Shareholder’ Will

The Company shall confirm the will of shareholders by submitting a proposal regarding approval for the continuation of takeover defense measures under this Plan at this General Meeting of Shareholders. In addition, as described in the above Item 4., if a proposal is approved to discontinue this Plan at the General Meeting of Shareholders of the Company, or if a resolution to discontinue this Plan is passed at a meeting of the Board of Directors of the Company, which comprises Directors elected at the General Meeting of Shareholders, then this Plan shall be discontinued at that point, and its continued existence shall thus be tied to the will of shareholders.

(4) Acquisition of Opinions from External Experts by the Board of Directors of the Company

As described in the above Item 3. (2) (d), the Board of Directors of the Company shall consider the activation of countermeasures after obtaining the advice of third-party external experts independent from the Board of Directors of the Company, as necessary. As a result, the objectivity and reasonableness of judgments of the Board of Directors of the Company is ensured.

(5) Establishment of the Special Committee and Respect of its Recommendation to the Maximum Extent Possible

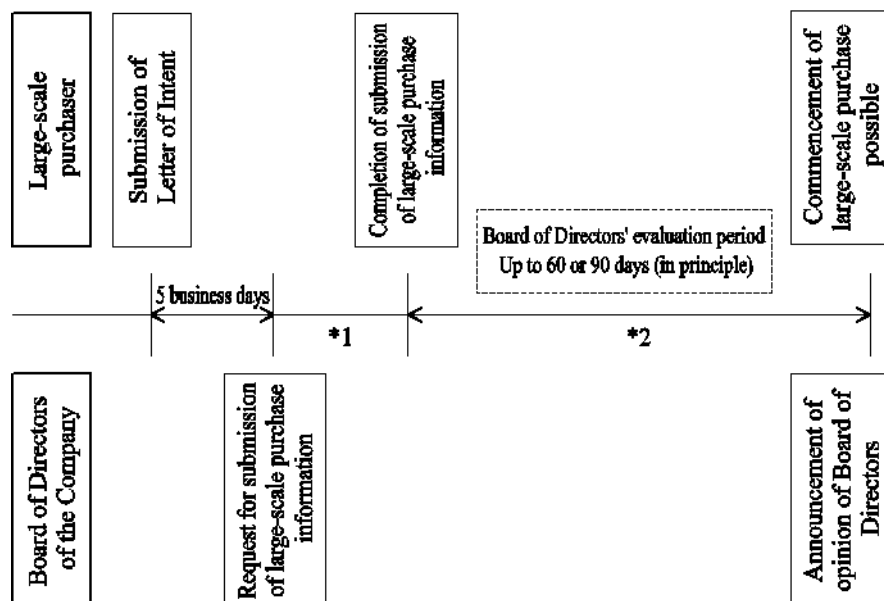
As described in the above Item 3. (2) (e), in order to ensure the necessity and appropriateness of this Plan, and prevent abuse of this Plan by managers for the protection of their own interests, the Company shall establish a Special Committee with members selected from among Outside Directors (including substitutes) and external experts, and if the Board of Directors of the Company activates countermeasures, it shall respect the recommendation of the Special Committee to the maximum extent possible, in order to ensure the fairness of its judgment and prevent arbitrary judgments by the Board of Directors of the Company. In addition, the Special Committee may, as necessary, obtain the advice of third-party external experts independent from the Board of Directors of the Company and the Special Committee, etc. As a result, the objectivity and reasonableness of judgments relating to recommendations of the Special Committee is ensured.

(6) Not Dead-Hand or Slow-Hand Type Takeover Defense Measures

As described in the above Item 4., this Plan may be discontinued at any time by the resolution of a General Meeting of Shareholders of the Company or the Board of Directors, which comprises Directors elected at the General Meeting of Shareholders, and as the Company does not use a staggered term system for the terms of office of Directors, this Plan is not a so-called dead-hand type takeover defense measure (a takeover defense measure whose activation may not be prevented even if a majority of the members of the Board of Directors are replaced) or a slow-hand type takeover defense measure (a takeover defense measure whose activation requires time to prevent as the members of the Board of Directors cannot all be replaced at once).

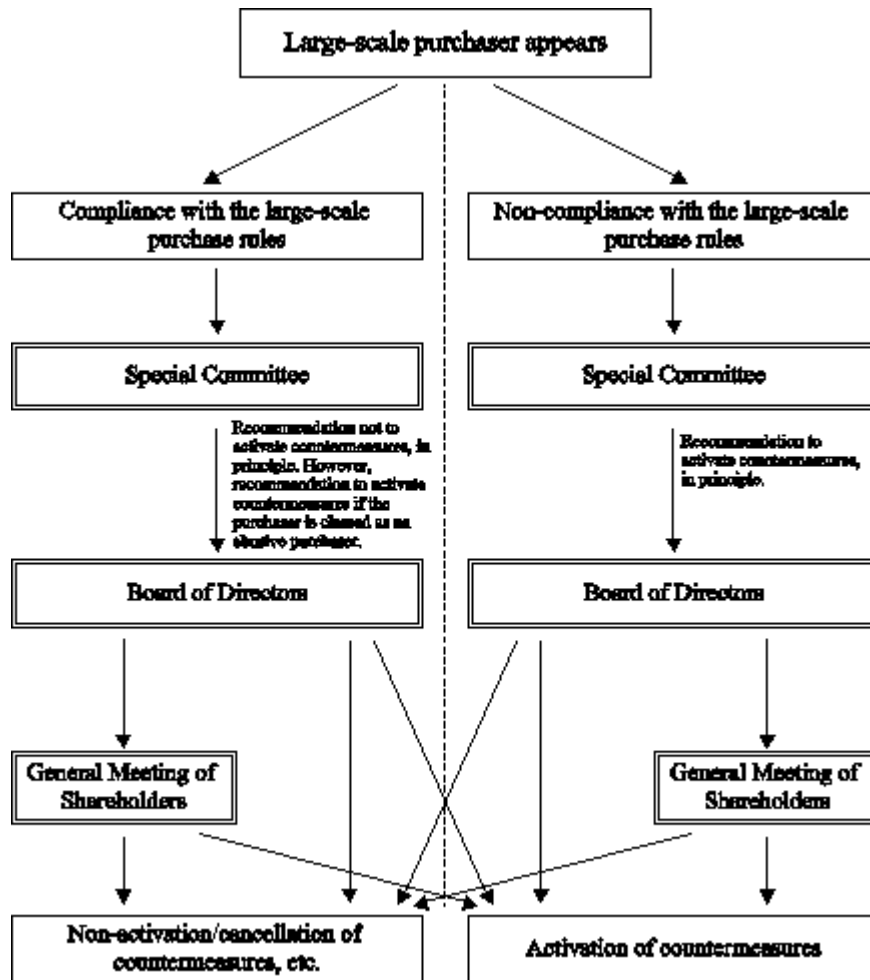
### Procedures of this Plan

[Overview of Large-scale Purchase Rules]



- \*1: If the Board of Directors of the Company or the Special Committee judges that it will be difficult for shareholders to make an appropriate assessment of whether to accept the large-scale purchase with only the information initially received, or for the Board of Directors of the Company and the Special Committee to form an opinion or create an alternative proposal and appropriately present it to shareholders, then the Board of Directors of the Company or the Special Committee may at any time request that the large-scale purchaser submits additional information necessary for the appropriate assessment of shareholders, and opinion formation and alternative proposal creation by the Board of Directors of the Company and the Special Committee, after determining a reasonable period for submission and disclosing to shareholders the specific period determined, and the reasons a reasonable period is necessary.
- \*2: Up to 60 days (not including the first day) for purchases of all of the Company's share certificates, etc. by tender offer where the consideration is cash only (Japanese yen), and up to 90 days (not including the first day) for other large-scale purchases. Furthermore, if there are unavoidable circumstances where the Board of Directors of the Company is unable to resolve to activate or not activate countermeasures during the Board of Directors' evaluation period, for reasons such as the Special Committee not providing a certain recommendation during the Board of Directors' evaluation period, the Board of Directors of the Company may extend the Board of Directors' evaluation period by up to 30 days (not including the first day) within a reasonable range, based on the recommendation of the Special Committee.
- \*3: The Special Committee shall provide a recommendation to the Board of Directors of the Company as necessary.
- \*4: As necessary, the Board of Directors of the Company shall present an alternative business plan, etc. to the purchase proposal and business plan, etc. presented by the large-scale purchaser to shareholders, and shall also conduct negotiations with the large-scale purchaser on shareholders' behalf.
- \*5: If the Board of Directors of the Company judges at its own discretion that it should hold a General Meeting of Shareholders of the Company in order to ask for approval to activate countermeasures under this Plan, then the Board of Directors of the Company shall convene a General Meeting of Shareholders of the Company as promptly as is practically possible, aiming for within 60 days (not including the first day) of the day the results of this judgment are publicly announced, in principle.

[Overview of the Activation of Countermeasures]



- \* (Attachment 1) shows an overview of the procedures of this Plan, for the convenience of shareholders. Please see the main text of this Proposal for details of this Plan.

(Attachment 2)

**Names and Past Experience of Special Committee Members**

[Name]	Tadaharu Takato	
	January 14, 1951	
[Past Experience]	April 1973	Joined THE SHIZUOKA BANK, LTD.
	April 1999	Executive Officer and General Manager of Numazu Branch, THE SHIZUOKA BANK, LTD.
	June 2001	Senior Executive Officer, Eastern Area Business Unit, THE SHIZUOKA BANK, LTD.
	June 2003	Director and Senior Executive Officer, Deputy General Manager of Banking Division in charge of sales and marketing, THE SHIZUOKA BANK, LTD.
	June 2005	Director and Vice Chairman, THE SHIZUOKA BANK, LTD.
	June 2007	President and Representative Director of SHIZUOKA FUDOSAN Co., Ltd.
	June 2008	Chairman and Representative Director of SHIZUOKA FUDOSAN Co., Ltd.
	January 2009	Outside Director of MAKIYA CO., LTD. (current position)
	June 2013	Chairman and Director of SHIZUOKA FUDOSAN Co., Ltd.
		Outside Director of IZUHAKONE RAILWAY CO., LTD. (current position)
	June 2014	Outside Corporate Auditor of the Company
	June 2015	Director (Audit and Supervisory Committee Member)
	June 2016	Director (current position)
	*Mr. Tadaharu Takato is a candidate for Outside Director (Director who is not a Director serving as Audit and Supervisory Committee Member) at this General Meeting of Shareholders.	
[Name]	Keiko Koyama	
	January 17, 1969	
[Past Experience]	April 1991	Joined Kirin Company, Limited
	January 2004	Joined Takazawa Social and Labour Insurance Public Consultant Office (current Office R1 Social and Labour Insurance Public Consultant Office)
	April 2006	Established Koyama Social and Labour Insurance Public Consultant Office
		Director, Koyama Social and Labour Insurance Public Consultant Office (current position)
	June 2014	Outside Corporate Auditor of the Company
	June 2015	Director (Audit and Supervisory Committee Member) (current position)

[Name]	Akira Fujii	
	January 27, 1951	
[Past Experience]	April 1974	Joined Mitsubishi Corporation
	March 2002	SVP of Consumer Goods Industries Division, Mitsubishi Corporation (Americas)
	April 2004	General Manager of Strategy Planning Office, Food Div., Mitsubishi Corporation
	April 2005	Executive Office and Division COO of Food Div., Mitsubishi Corporation
	April 2008	Advisor of YONEKYU CORPORATION
	May 2008	President and Representative Director of YONEKYU CORPORATION
	May 2013	Full-time Counselor of YONEKYU CORPORATION
	May 2014	Part-time Counselor of YONEKYU CORPORATION
	June 2016	Director (Audit and Supervisory Committee Member) of the Company (current position)
	May 2017	Chairman of the Board of Directors, the General Incorporated Foundation Agri Open Innovation (current position)

## **Overview of the Gratis Allotment of Share Acquisition Rights**

### **1. Shareholders Eligible for Allotment**

The Company shall conduct a gratis allotment of share acquisition rights at a ratio of one per share held in the Company (however, this excludes shares of common stock in the Company held by the Company) to shareholders listed or recorded in the final shareholder register on the record date separately determined by the Board of Directors.

### **2. Class and Number of Shares Underlying the Share Acquisition Rights**

The class of share underlying the share acquisition rights shall be shares of common stock in the Company, and 1 share of common stock in the Company shall be delivered owing to the exercise of the share acquisition rights.

### **3. Effective Date of the Gratis Allotment of Share Acquisition Rights**

The effective date of the gratis allotment of share acquisition rights shall be separately determined by the Board of Directors.

### **4. Amount of Property to be Contributed when Exercising each Share Acquisition Right**

Contributions made when exercising each share acquisition right shall be in cash, and the amount of property to be contributed when exercising the share acquisition rights shall be 1 yen per share of common stock in the Company.

### **5. Transfer Restrictions on Share Acquisition Rights**

The acquisition of share acquisition rights by transfer shall require the approval of the Board of Directors.

### **6. Exercise Conditions on Share Acquisition Rights**

Exercise conditions on share acquisition rights shall be separately determined by the Board of Directors (furthermore, the Company may attach exercise conditions that take into account the effect as a countermeasure against the large-scale purchase, such as exercise conditions whereby exceptional persons shall not be permitted to exercise rights).

### **7. Acquisition of Share Acquisition Rights by the Company**

The Board of Directors of the Company may attach acquisition provisions that take into consideration the effect as a countermeasure against the large-scale purchase, including acquisition provisions whereby the Company may, in accordance with a resolution of the Board of Directors, acquire all of the share acquisition rights or only those held by share acquisition rights holders who are not exceptional persons, subject to a date arriving when the large-scale purchaser violates the large-scale purchase rules, or other certain conditions arising, or a date separately determined by the Board of Directors, etc.

### **8. Conditions for the Acquisition of Share Acquisition Rights without Consideration (Conditions for the Discontinuation of Countermeasures)**

If any of the following conditions arise, the Company may acquire all of the share acquisition rights without consideration.

- (a) If consent for the purchase proposal of the large-scale purchaser is obtained by ordinary resolution at a General Meeting of Shareholders
- (b) If a decision is made by all of the members of the Special Committee
- (c) In other cases separately determined by the Board of Directors.

### **9. Cooperation Regarding Disposal of the Share Acquisition Rights**

If it is reasonably recognized that an exceptional person who has received an allotment of share acquisition rights is no longer a threat to the corporate value of the Company or shareholders' common interests, then, after consulting with the Special Committee, the Company shall cooperate to a reasonable extent with regard to the disposal of the share acquisition rights held by the exceptional person or share acquisition rights delivered to the exceptional person as consideration for the acquisition of the share acquisition rights, including assisting in their transfer to a third-party at a fair price at the time of purchase (calculated excluding an amount equivalent to the increase in market price from speculation). However, the Company shall bear no obligation in this regard.



**10. Exercise Period, etc. of the Share Acquisition Rights**

The exercise period of the share acquisition rights and other necessary matters shall be separately determined by the Board of Directors.