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(Stock Exchange Code 8237)  
May 7, 2019

**To Shareholders with Voting Rights:**

Masaki Akita  
Representative Director,  
President and  
Executive Operating Officer  
Matsuya Co., Ltd.  
3-6-1 Ginza, Chuo-ku, Tokyo

**NOTICE OF  
THE 150TH 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 150th Annual General Meeting of Shareholders of Matsuya Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by following the instructions in the “Instructions for Exercising Voting Rights” on page 37 no later than 6 p.m. on Wednesday, May 22, 2019, Japan time.

**1. Date and Time:** Thursday, May 23, 2019 at 10 a.m., Japan time (Reception starts at 9 a.m.)

**2. Place:** The second floor hall of GINZA BLOSSOM Chuo Kaikan,  
located at 2-15-6 Ginza, Chuo-ku, Tokyo

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 150th Fiscal Year (March 1, 2018 - February 28, 2019) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 150th Fiscal Year (March 1, 2018 - February 28, 2019)

**Proposals to be resolved:**

- Proposal 1:** Election of 8 Directors  
**Proposal 2:** Election of 4 Corporate Auditors  
**Proposal 3:** Determination of the Basic Policy for Introduction (Renewal) of the Countermeasures against Large-scale Acquisition of Company Shares (Takeover Defense Measures)

**4. Exercise of voting right**

- (1) If voting rights are exercised more than once via the Internet, the most recent vote will be deemed valid.
- (2) If voting rights are exercised both by the Internet and in writing, votes submitted via the Internet will be deemed valid, regardless of the time and date of arrival of the vote.

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

- © Any revisions made to the Reference Materials for Annual General Meeting of Shareholders, Business Report, Financial Statements, and Consolidated Financial Statements will be posted on the Company's website (<http://www.matsuya.com/soukai/>).

# Reference Documents for the General Meeting of Shareholders

## Proposal and References

### Proposal 1: Election of 8 Directors

The terms of office of all 8 Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 8 Directors is proposed.

The candidates for Directors are as follows:

#### Candidates for Directors

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Special interests between the candidate and the Company
1	Masaki Akita (December 24, 1958)	<p>July 1991      Joined the Company</p> <p>May 1999      Director</p> <p>May 2001      Managing Director</p> <p>March 2005    Senior Managing Director; General Manager, Sales Division</p> <p>May 2005      Representative Director and Vice President; General Manager, Sales Division</p> <p>May 2007      Representative Director and President; General Manager, Sales Division</p> <p>May 2008      Representative Director, President and Executive Operating Officer; General Manager, Sales Division</p> <p>May 2009      Representative Director, President and Executive Operating Officer</p> <p>November 2014 Representative Director, President and Executive Operating Officer; General Manager, Sales Division</p> <p>May 2015      Representative Director, President and Executive Operating Officer (current position)</p> <p>[Significant concurrent positions]</p> <p>Representative Director and Chairman, Ginza Core Co., Ltd.</p> <p>Outside Director, Meiji Yasuda Life Insurance Company</p>	37,100	See Note 1 below

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Special interests between the candidate and the Company
2	Yasunori Obinata (September 21, 1951)	<p>April 1975      Joined the Company</p> <p>May 2002      Operating Officer; General Manager, External Sales and Credit Business Division</p> <p>May 2003      Operating Officer; General Manager, Asakusa Store</p> <p>May 2007      Operating Officer; General Manager, Corporate Communications Division</p> <p>May 2008      Managing Operating Officer; vice in charge of General Affairs Division; General Manager, Corporate Communications Division</p> <p>May 2009      Managing Operating Officer; General Manager, Business Strategies Office; in charge of Regional Stores</p> <p>May 2012      Managing Operating Officer; General Manager, Business Strategies Office; in charge of General Affairs Division, Clerical Division and Regional Stores</p> <p>May 2013      Director and Managing Operating Officer; overseeing the Administration Division and Corporate Planning Office</p> <p>May 2015      Representative Director and Senior Executive Operating Officer; overseeing the Administration Division and Corporate Planning Office</p> <p>March 2016      Representative Director and Senior Executive Operating Officer; overseeing the Administration Division; General Manager, Corporate Planning Office (current position)</p> <p>[Significant concurrent positions]</p> <p>Representative Director and President, A table Matsuya Co., Ltd.</p>	14,700	None
3	Takehiko Furuya (August 17, 1973)	<p>April 1996      Joined The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)</p> <p>July 2001      Joined the Company</p> <p>May 2011      Director and Operating Officer; Head, the Secretariat of the Structural Reform Promotion Committee; General Manager, General Store Women's Wear Division I</p> <p>March 2013      Director and Operating Officer; General Store Manager</p> <p>November 2014      Director and Operating Officer; Associate General Manager, Sales Division; General Store Manager</p> <p>May 2015      Director and Managing Operating Officer; General Manager, Sales Division; General Store Manager</p> <p>March 2016      Director and Managing Operating Officer; in charge of Group Business Planning Division and Business Strategies Office</p> <p>March 2018      Director and Managing Operating Officer; in charge of Group Business Planning Division, Business Strategies Office and Accounting Division (current position)</p>	155,600	None

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Special interests between the candidate and the Company
4	Naoki Yokozeki (March 10, 1962)	<p>April 1984      Joined the Company</p> <p>May 2007      Operating Officer; Assistant Manager in charge of General Store Merchandise and General Manager, Sales Planning Division and General Manager, Advertising Division</p> <p>May 2015      Senior Operating Officer; Associate Store Manager (Merchandise); General Manager, Merchandise Strategies Office</p> <p>March 2016      Senior Operating Officer; Associate General Manager, Sales Division; General Store Manager</p> <p>March 2018      Managing Operating Officer; General Manager, Sales Division</p> <p>May 2018      Director and Managing Operating Officer; General Manager, Sales Division (current position)</p> <p>[Significant concurrent positions]</p> <p>Representative Director and President, Scandex Co., Ltd.</p>	6,300	None
5	Akiko Kawai (April 28, 1960)	<p>April 1983      Joined the Company</p> <p>May 2014      Operating Officer; Head, the Secretariat of the Structural Reform Promotion Committee; General Manager, General Store Sales Promotion Division</p> <p>July 2014      Operating Officer; Head, the Secretariat of the Structural Reform Promotion Committee; Assistant Manager in charge of Store Operation of General Store</p> <p>September 2014      Operating Officer; Head, the Secretariat of the Structural Reform Promotion Committee; Associate Store Manager (Store Operation)</p> <p>May 2015      Director and Operating Officer; Head, the Secretariat of the Structural Reform Promotion Committee; Associate Store Manager (Store Operation)</p> <p>March 2018      Director and Senior Operating Officer; General Store Manager; Head, the Secretariat of the Structural Reform Promotion Committee</p> <p>May 2018      Director and Senior Operating Officer; General Store Manager (current position)</p>	3,600	None
6	Yoshizumi Nezu (October 26, 1951)	<p>April 1974      Joined Tobu Railway Co., Ltd.</p> <p>June 1999      President, Tobu Railway Co., Ltd.</p> <p>May 2002      Outside Director, the Company (current position)</p> <p>April 2018      President and Executive Operating Officer, Tobu Railway Co., Ltd. (current position)</p> <p>[Significant concurrent positions]</p> <p>President and Executive Operating Officer, Tobu Railway Co., Ltd.</p> <p>External Audit &amp; Supervisory Board Member, Fukoku Mutual Life Insurance Company</p>	22,000	See Note 2 below

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Special interests between the candidate and the Company
7	Hitoshi Kashiwaki (September 6, 1957)	<p>April 1981      Joined Recruit Center Co., Ltd. (currently Recruit Holdings Co., Ltd.)</p> <p>April 1994      General Manager, Finance Division</p> <p>June 1997      Board Director</p> <p>June 2001      Board Director and Managing Corporate Executive Officer</p> <p>April 2003      Representative Director and Managing Corporate Executive Officer (COO)</p> <p>June 2003      President, Representative Director and COO</p> <p>April 2004      President, Representative Director and CEO</p> <p>April 2012      Board Director and Advisor</p> <p>May 2016      Outside Director, the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Outside Director, ASICS Corporation</p> <p>Outside Director, TOKYO BROADCASTING SYSTEM HOLDINGS, INC.</p>	2,400	None
8	Masako Yoshida (June 11, 1961)	<p>April 1980      Joined Tokio Marine and Fire Insurance Co., Ltd. (currently Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.)</p> <p>July 2009      Deputy Manager, Keiyo Branch; General Manager, Funabashi Branch</p> <p>August 2011    General Manager, Travel Business Department</p> <p>July 2012      Executive Director; General Manager, Travel Business Department</p> <p>June 2013      Executive Officer; General Manager, Travel Business Department</p> <p>April 2015      Executive Officer; General Manager, Chiba Branch</p> <p>May 2017      Outside Director, the Company (current position)</p> <p>April 2018      Managing Executive Officer in charge of Shikoku Area, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. (current position)</p> <p>[Significant concurrent positions]</p> <p>Managing Executive Officer in charge of Shikoku Area, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p>	400	None

(Notes)

- Relationship between the Company and the candidate for Director Mr. Masaki Akita  
Mr. Masaki Akita is Representative Director and Chairman of Ginza Core Co., Ltd., between which the Company is in competitive relationship in certain areas, and with which the Company engages in building leasing transactions, etc.
- Relationship between the Company and the candidate for Director Mr. Yoshizumi Nezu  
The Company has real estate lease transactions, etc. concerning the operation of Asakusa Store with Tobu Railway Co., Ltd., where Mr. Yoshizumi Nezu serves as President and Executive Operating Officer.
- Mr. Yoshizumi Nezu, Mr. Hitoshi Kashiwaki and Ms. Masako Yoshida are candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- The Company has designated Mr. Hitoshi Kashiwaki and Ms. Masako Yoshida as independent directors as stipulated by the rules of the Tokyo Stock Exchange, and has registered them as such with the Exchange. If their reelection is approved, they will remain as independent directors.
- Reasons for nomination as candidates for Directors
  - Mr. Masaki Akita was nominated as a candidate based on our belief that he is well-suited to serve as a Director due to his considerable knowledge and experience regarding the overall management including the department store business, group business planning, and corporate governance, as well as his outstanding leadership that has brought the Group together.
  - Mr. Yasunori Obinata was nominated as a candidate based on our belief that he is well-suited to serve as a Director due to his considerable knowledge and experience regarding overall management including the department store business, group business planning, and corporate governance.
  - Mr. Takehiko Furuya was nominated as a candidate based on our belief that he is well-suited to serve as a Director due to his considerable knowledge and experience regarding each of our businesses including the department store business, which will enable him to engage in the management of the Company with a broad perspective.
  - Mr. Naoki Yokozeiki was nominated as a candidate based on our belief that he is well-suited to serve as a Director

due to his considerable knowledge and experience regarding each of our businesses including the department store business, which will enable him to engage in the management of the Company with a broad perspective.

- (5) Ms. Akiko Kawai was nominated as a candidate based on our belief that she is well-suited to serve as a Director due to her considerable knowledge and experience regarding merchandise policy planning, marketing and store operation in the department store business.
  - (6) Mr. Yoshizumi Nezu was nominated as a candidate for Outside Director so that his excellent knowledge and in-depth experience as an experienced corporate manager will be reflected in the Company's management.
  - (7) Mr. Hitoshi Kashiwaki was nominated as a candidate for Outside Director so that his excellent knowledge and in-depth experience as an experienced corporate manager will be reflected in the Company's management.
  - (8) Ms. Masako Yoshida was nominated as a candidate for Outside Director so that her rich experience and broad knowledge accumulated at a general insurance company will be reflected in the Company's management.
6. Number of years as Outside Director since each candidate for Outside Director assumed office
- (1) Mr. Yoshizumi Nezu will have served as Outside Director for 17 years at the conclusion of this year's Annual General Meeting of Shareholders.
  - (2) Mr. Hitoshi Kashiwaki will have served as Outside Director for 3 years at the conclusion of this year's Annual General Meeting of Shareholders.
  - (3) Ms. Masako Yoshida will have served as Outside Director for 2 years at the conclusion of this year's Annual General Meeting of Shareholders.
7. Details of the liability limitation agreements concluded with each Director are as follows.
- The Company has concluded an agreement with each of Messrs. Yoshizumi Nezu and Hitoshi Kashiwaki, and Ms. Masako Yoshida to limit their liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act to the predetermined amount of four million yen or more, or the minimum liability amount as stipulated by laws and regulations, whichever is higher, for cases falling under the requirements specified in laws and regulations. If their reelection is approved, the Company intends to continue the aforementioned liability limitation agreement with each of them.

**Proposal 2:** Election of 4 Corporate Auditors

The terms of office of all 4 Corporate Auditors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 4 Corporate Auditors is proposed.

The Board of Corporate Auditors has previously given its approval to the submission of this proposal to this Annual General Meeting of Shareholders.

The candidates for Corporate Auditors are as follows:

## Candidates for Corporate Auditors (\* indicates new candidates for Corporate Auditors)

No.	Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held	Special interests between the candidate and the Company
1	Shinichi Mayama (June 20, 1959)	<p>April 1983      Joined the Company</p> <p>March 2005      General Manager in Charge of Accounting</p> <p>March 2008      General Manager, Accounting Division</p> <p>December 2011      General Manager, General Affairs Division, Scandex Co., Ltd.</p> <p>March 2012      Director and Executive Operating Officer; General Manager, General Affairs Division</p> <p>March 2015      General Manager attached to General Affairs Division, the Company</p> <p>May 2015      Corporate Auditor (current position)</p>	3,300	None
2	Youhei Furuhashi (May 28, 1949)	<p>April 1974      Joined Nippon Signal Co., Ltd.</p> <p>April 1997      General Manager, Automatic Fare Collection Sales Department of Sales and Marketing Head Office</p> <p>June 2000      Executive Officer; General Manager, Automatic Fare Collection Business Department</p> <p>June 2003      Executive Officer; General Manager, Automatic Fare Collection Business Department; General Manager, Visionary Business Center</p> <p>June 2004      Director; Managing Executive Officer; Responsible for Visionary Business Center and Automatic Fare Collection Business</p> <p>June 2006      Director; Deputy Chief Executive Officer; Responsible for Corporate Strategy, Business Audit, and Visionary Business Center; General Manager, Visionary Business Center</p> <p>June 2008      Representative Director and President; Chief Operating Officer</p> <p>June 2012      Representative Director and President; Chief Executive Officer; Chief Operating Officer</p> <p>April 2015      Representative Director and President; Chief Executive Officer</p> <p>June 2016      Chairman; Chief Executive Officer (current position)</p> <p>May 2017      Outside Auditor, the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Chairman; Chief Executive Officer, Nippon Signal Co., Ltd.</p>	-	None



No.	Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held	Special interests between the candidate and the Company
3 (*)	Katsumasa Furuya (January 28, 1950)	<p>April 1973      Joined Fukoku Mutual Life Insurance Company</p> <p>April 1998      General Manager, Business Headquarters</p> <p>July 1998      General Manager, Retail Management Department</p> <p>July 2001      General Manager, Kinki Block; General Manager, Osaka Kita Branch</p> <p>July 2002      Director</p> <p>January 2003    Director; General Manager, Retail Management Department</p> <p>October 2004    Director; General Manager, Strategic Market Promotion Department</p> <p>July 2005      Managing Director</p> <p>April 2009      Director; Managing Executive Officer</p> <p>July 2010      Director; Deputy President and Executive Officer</p> <p>April 2019      Director (current position)</p> <p>[Significant concurrent positions]</p> <p>Director, Fukoku Mutual Life Insurance Company</p>	-	None
4 (*)	Takao Nakamura (August 25, 1965)	<p>April 1989      Joined Bank of Japan</p> <p>February 1996    Board Director; CFO, Digital Garage, Inc.</p> <p>May 1997      Vice President &amp; Representative Director; COO &amp; CFO</p> <p>June 1999      President &amp; Representative Director, Infoseek, Inc.</p> <p>January 2009    Joined Torikai Law Office</p> <p>January 2016    Partner lawyer, Wadakura Gate Law Office (current position)</p> <p>[Significant concurrent positions]</p> <p>Partner lawyer, Wadakura Gate Law Office</p> <p>Senior Legal Advisor, Mitsui &amp; Co. (Asia Pacific) Pte. Ltd.</p> <p>Outside Director, PA Co., Ltd.</p> <p>Outside Director (Audit and Supervisory Committee Member), ValueCommerce Co., Ltd.</p> <p>Outside auditor, KAYAC Inc.</p> <p>Outside Director, Medical Data Vision Co., Ltd.</p>	-	None

(Notes)

- Mr. Youhei Furuhashi, Mr. Katsumasa Furuya and Mr. Takao Nakamura are candidates for Outside Auditors as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
- The Company has designated Mr. Youhei Furuhashi as an independent auditor as stipulated by the rules of the Tokyo Stock Exchange, and has registered him as such with the Exchange. If his reelection is approved, he will remain as an independent auditor. Mr. Katsumasa Furuya and Mr. Takao Nakamura are candidates for independent auditors.
- Special notes regarding the candidates for Outside Auditors are as follows:
  - Reasons for nomination as candidates for Outside Auditors
    - Mr. Youhei Furuhashi was nominated as a candidate for Outside Auditor so that his abundant experience and broad insight as an experienced corporate manager will be reflected in the Company's audits.
    - Mr. Katsumasa Furuya was nominated as a candidate for Outside Auditor so that his abundant experience and broad insight as an experienced corporate manager will be reflected in the Company's audits.
    - Mr. Takao Nakamura was nominated as a candidate for Outside Auditor so that his professional expertise as a lawyer mainly in the areas of compliance with laws and regulations and articles of incorporation, and establishment and maintenance of the Company's compliance system, as well as his excellent knowledge and in-depth experience as an experienced corporate manager, will be reflected in the Company's audits.
  - Number of years as Outside Auditor since the candidate for Outside Auditor assumed office
 

Mr. Youhei Furuhashi will have served as Outside Auditor for 2 years at the conclusion of this year's Annual General Meeting of Shareholders.
- Details of the liability limitation agreements concluded with each Corporate Auditor are as follows.
 

The Company has concluded an agreement with each of Messrs. Shinichi Mayama and Youhei Furuhashi to limit their liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act to the predetermined amount of four million yen or more, or the minimum liability amount as stipulated by laws and regulations, whichever is higher, for cases falling under the requirements specified in laws and regulations. If their reelection is approved, the Company intends to continue the aforementioned liability limitation agreement with each of them.

Also, if the election of Messrs. Katsumasa Furuya and Takao Nakamura is approved, the Company intends to conclude

an agreement with each of them to limit their liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act to the predetermined amount of four million yen or more, or the minimum liability amount as stipulated by laws and regulations, whichever is higher, for cases falling under the requirements specified in laws and regulations.

**Proposal 3:** Determination of the Basic Policy for Introduction (Renewal) of the Countermeasures against Large-scale Acquisition of Company Shares (Takeover Defense Measures)

The “basic policy for of the countermeasures against large-scale acquisition of Company shares (takeover defense measures)” (hereinafter, the basic policy is referred to as the “Current Basic Policy for Takeover Defense Measures”) approved at the 147th Annual General Meeting of Shareholders held on May 26, 2016, and the concrete measures based on the Current Basic Policy for Takeover Defense Measures, resolved to be introduced at the Company’s Board of Directors meeting held on the same day (hereinafter, the “Current Plan”), will both expire at the conclusion of this Annual General Meeting of Shareholders.

Prior to the expiration of the Current Basic Policy for Takeover Defense Measures and the Current Plan, the Company, at the Company’s Board of Directors meeting to be held on April 11, 2019, would like to revise as follows the Current Basic Policy for Takeover Defense Measures as an initiative to prevent an inappropriate party from controlling the Company’s decisions on financial and business policies (Article 118, Item iii-b (2) of the Regulation for Enforcement of the Companies Act) based on the basic policy regarding persons who control the Company’s decisions on financial and business policies (means those defined in the main text of Article 118, Item iii of the Regulation for Enforcement of the Companies Act; hereinafter, the “Basic Policy”), and set out a new basic policy for takeover defense measures pursuant to Article 51 of the Company’s Articles of Incorporation (hereinafter, the revised Current Basic Policy for Takeover Defense Measures is referred to as the “Basic Policy for Takeover Defense Measures”) with details shown below. Accordingly, the Company would like to ask for the approval from shareholders.

Primarily, the Basic Policy for Takeover Defense Measures involves the following three revisions: ① the examination period by the Special Committee is reduced to a maximum of 90 days from 120 days, ② decision-making on the activation of a countermeasure shall be subject to discussion and resolution by the Shareholders’ Intent Confirmation Meeting based on recommendation of the Special Committee, whereas the decision-making was left to the Board of Directors as a general rule based on recommendation of the Special Committee (provided, however, it is left to a resolution by the Board of Directors, if the Special Committee judges that a purchase obviously falls under a so-called four types of takeovers deemed inappropriate by the Tokyo High Court (as set out in Activation Case 2 (a) in 2. (4) below) or a coercive two-tier tender offer, and recommends that the decision be made by the Board of Directors); and ③ the Special Committee shall be composed of two Independent Outside Directors and two Independent Outside Auditors, instead of two Outside Directors, one Outside Auditor and one external expert.

In addition, as with the Current Basic Policy for Takeover Defense Measures, the effective period of the Takeover Defense Measures is set to a three-year period starting from fiscal 2019 in line with the term of the Mid-term Business Plan.

Currently, the Company has not received any proposal regarding large-scale acquisition of the Company shares by a specific third party.

**1. Reason for the proposal**

**(1) Basic policy regarding persons who control the Company’s decisions on financial and business policies**

The Company believes that persons who control the Company’s decisions on financial and business policies should demonstrate an adequate understanding of the Company’s sources of its corporate value, and should also have the ability to maintain and enhance the corporate value of the Company and common interests of its shareholders over the medium to long term.

If any party proposes a purchase involving acquisition or transfer of corporate control of the Company, the Company believes that the decision shall be ultimately made based on the intent of the shareholders as a whole. In addition, the Company will not categorically reject all cases involving a large-scale acquisition of the Company shares, provided that such case will benefit the corporate value and shareholders’ common interests. Nonetheless, some large-scale acquisition benefit neither corporate value of the target company nor shareholders’ common interests. Such purchases include those with a purpose that would obviously harm the corporate value of the target company and shareholders’ common interests, those that threaten to virtually coerce shareholders into selling their shares, those that fail to provide sufficient time or information for the target company’s board of directors and shareholders to consider the details of the large-scale acquisition or for the target company’s board of directors to make an alternative proposal, and those that fail to provide for the target company sufficient opportunity to negotiate with the acquirer.

The Company regards parties proposing such large-scale acquisition that benefit neither the corporate value of the Company nor shareholders’ common interests as inappropriate to be responsible for the Company’s financial and business policies. Therefore, the Company considers that it should have in place a rational framework to inhibit the large-scale acquisition that benefit neither the Company’s corporate value

nor shareholders' common interests. Such framework should (a) ensure necessary time and information for the shareholders to judge whether or not a large-scale acquisition of Company shares would harm the Company's corporate value and shareholders' common interests, and whether or not to accept the large-scale acquisition of the Company shares, (b) ensure necessary time and information for the Company's Board of Directors to prepare alternative proposals, and (c) enable the Company's Board of Directors to negotiate with a party proposing a large-scale acquisition for the purpose of securing benefits of its shareholders and other stakeholders.

(2) Sources of the Company's corporate value and special initiatives to contribute to realizing the Basic Policy

(a) Sources of the Company's corporate value

(A) The Company's Philosophy

With "Creative Lifestyle Group" as the Philosophy, we at the Company have been determined to stay by our customers' side as we evolve into a group that embodies everything Ginza has to offer, centered around our department store business.

(B) Sources of the Company's corporate value

As mentioned above, under the Philosophy of "Creative Lifestyle Group," the Company has enhanced its corporate value through proposing top-grade, sophisticated lifestyles mainly to urban residents.

Ginza is one of the world's leading commercial districts where the latest fashion and cultures of the times have constantly gathered while retaining its unique culture combining traditions and innovations. The sources of the Company's corporate value lie in the accumulated knowhow for its unique store operation based on "Ginza quality," which was established through our presence in the town of Ginza over the past 90 years. What enhances the Company's corporate value is the customer satisfaction realized through such knowhow. This can be rephrased as a knowhow to maintain over the years the position of a representing department store amid the most contested commercial district in the country with frequent store turnover, and to provide a value for embodying the right status for Ginza—consumption value and cultural value—mainly to urban residents. Customer satisfaction realized through this knowhow is what enhances the Company's corporate value.

(i) Providing consumption value

To satisfy those who visit Ginza with high expectation, we at the Company, by maximizing the potential of our advantageous location, provide products and services that help upgrade and sophisticate the lifestyles of urban residents in tune with the times—or provide consumption value. This is the first mission of the Company.

(ii) Providing cultural value

Ginza has long been an information hub of Western culture and fashion where a number of theaters and art galleries have gathered. Thus, not only is Ginza the world-class urban commercial cluster, but it is a unique town fusing commercial and cultural functions. Values to the town visitors should be consumption value and cultural value that embody the Ginza quality. Therefore, passing on the cultural function that Ginza has offered, and continuing delivery of information on cultures and fashion—or providing cultural value—is the Company's second mission.

(b) Initiatives to improve the corporate value

Recently, with the opening of GINZA SIX built on the site of former Matsuzakaya Ginza Department Store, the Ginza area has attracted even more flagship stores of overseas luxurious brands. Amid such circumstances, number of hotels are opening in succession in response to an increase in visitors from other countries. Among others, openings of luxurious hotels with a high degree of grace, quality and internationality befitting the nature of Ginza are further refining the appeal of the area.

Further, in expectation of the Olympic and Paralympic Games Tokyo to be held in neighboring districts, Japan and Tokyo will draw more attention of the world and in line with this, it is hoped that even more tourists will visit Ginza, Tokyo from Japan and abroad.

Amid such changes surrounding Ginza which serves as the base for the Company's source of value, the Company, at the Board of Directors meeting held on April 11, 2019, formulated the Mid-term Business Plan "Matsuya, as Designer" (FY2019 - 2021)" (hereinafter, the "Business Plan"), a new mid-term business plan in light of the 150th anniversary of its foundation to be marked in November 2019 (for details of the Business Plan, please see the press release concerning the Business Plan announced on April 11, 2019 at <http://www.matsuya.com/ir/>).

In the Business Plan, we represented what we want to achieve for society as "Enriching life with good design," and also formulated missions to be fulfilled for that vision and behavioral guidelines

for daily operations. “Matsuya, as Designer” is a concentration of these ideas and is the term to be used for promoting the initiatives related thereto.

Furthermore, we redefined the concepts of Ginza and Asakusa stores to make them more tuned to the characteristics of each area. Specifically, the one for the Ginza store was changed to “GINZA GOOD ANSWERS,” while for Asakusa store, we clarified the content of its original concept “MY TOWN, MY STORE.”

The spirit of “GINZA Specialty Store,” which had been the concept for the Ginza store, was now redefined and incorporated into the aforementioned new theories.

Positioning the one year from September 2019 to August 2020 as the period for its 150th anniversary commemorative businesses, the Company promotes strengthening of its brand power and sales capability toward achieving “Matsuya, as Designer.” In so doing, we aim to hone our uniqueness that would remain solid throughout years beyond the 150 years of its foundation.

Core initiatives to be implemented under the Business Plan are as follows.

(a) Management loyal to customers

1) Increase “avid Matsuya fans” with management loyal to customers

Based on the survey result to quantify the degree of customers’ loyalty, we work to ascertain and improve issues in order to win “avid Matsuya fans” with the aim of securing stable sales to be brought by the fans.

At the same time, in our store card strategy, we will set about improving measures for acquiring point card members and for purchase promotion targeted at Matsuya Card members.

2) Strengthen brand power: “Matsuya, as Designer”

On the occasion of the 150th anniversary of its foundation, we promote the activities of “150 Project Committee” toward strengthening “Design,” which is a competitive edge of Matsuya. From the view point of “Design,” we create a more comfortable store environment and run promotional activities in commemoration of the 150th anniversary, and thereby strengthen our brand power.

3) Strengthen communication with customers with the use of digital technology

Both online as well as at storefront, we strive to strengthen communication with customers with the use of digital technology.

Digital technology will be also utilized for enhancing communications among employees and for streamlining operations.

4) Store operation and MD (merchandise policies)

While investing in the creation of highly unique sales floors commensurate with the town of Ginza, we press forward with such initiatives as a “fashion consulting service” targeted at female customers, and “Matsuya Men’s Club” engaged in sales of made-to-measure suits as an exclusive service for members. Through these initiatives, we endeavor to strengthen merchandise customization to better match customers’ tastes and requirements and our consulting sales service.

(b) Securely capture the inbound tourism market

We believe that raising the appeal and distinctiveness unique to Matsuya will ultimately lead to fascinating more foreign customers. On the basis of that, toward creating a stress-free store environment in particular, we promote diversification of payment method, establish Muslim prayer rooms in response to diverse foreign visitors, and take other actions as a preparation for welcoming them.

Also, we strive to attract wealthy class and gain repeat customers through continuing partnerships with overseas corporations mainly in Asian countries.

(c) Initiatives to expand business domains

We will continue expanding the Contents Business engaged in holding cultural exhibitions and selling related merchandise outside the Company.

With regard to the Contents Business conducted within Matsuya, we work to further enrich its contents through developing new, powerful ones, so as to contribute to enhancing the Company’s branding, advertising and attracting customers, not just for greater sales.

(d) Revamp operations in terms of profit

During the period of the Business Plan, we revamp our operations to enhance productivity, and reconsider and improve the structure for operating events and sales floors, with the aim of improving business performance.

(e) Improve structures of major Group companies

A table Matsuya Group engaged in the Restaurant Business will be committed to improving profitability of its Wedding and Banquet Business, and returning to profitability in its Food Service (Staff Canteen) Business.

At CBK Co., Ltd. engaged in the Building Service and Advertising Business, enhancement of designing capability and creativity will be strengthened toward expanding its external sales.

The Company, based on the sources of its corporate value described in (2) (a) above, endeavors to improve its corporate value and shareholders' common interests by implementing the aforementioned initiatives.

(c) Strengthening corporate governance

The Company strives to strengthen its corporate governance to continually enhance its corporate value. As part of this effort, the Company has selected Outside Directors and Outside Auditors, and currently three Outside Directors (including two Independent Outside Directors) and three Outside Auditors (including three Independent Outside Auditors) are in office, thereby strengthening monitoring function of the management. Nomination and remuneration of Directors are deliberated first at the Nomination and Remuneration Committee in which Outside Directors hold a majority. Based on the Committee's advice, decision is made by the Board of Directors, thereby securing objectivity and fairness.

Within the Company, we have set up the Compliance Committee, Risk Management Committee, Group Audit Office and other organs to strengthen internal control function and audit function. Also, the Company has introduced the Executive Officer System under which some of the authority for business execution are delegated to Operating Officers, while limiting the term of office of Directors to one year in order to clarify the management responsibilities and enhance the efficiency of management.

The Company continues to maximize its corporate value and shareholders' common interests through enhancing its corporate governance.

(3) Purpose of the Basic Policy for Takeover Defense Measures

The Basic Policy for Takeover Defense Measures will be revised with the purpose of maintaining and enhancing the corporate value of the Company and shareholders' common interests, pursuant to the Basic Policy described in (1) above.

The Company's Board of Directors, as provided in the Basic Policy, regards parties proposing large-scale acquisition that benefit neither the corporate value of the Company nor shareholders' common interests as inappropriate to be responsible for the Company's financial and business policies. For this reason, and with intent to prevent decisions on the Company's financial and business policies from being controlled by inappropriate parties, and to inhibit large-scale acquisition that benefit neither the Company's corporate value nor shareholders' common interests, the Company decided to revise the Basic Policy for Takeover Defense Measures as a rational framework in the case of any large-scale acquisition of the Company shares, in order to ensure necessary time and information for the shareholders to judge whether or not to accept such large-scale acquisition propositions, or for the Company's Board of Directors to propose alternative proposals to the shareholders or to negotiate with acquires to maintain benefits of shareholders and other stakeholders.

The status of major shareholders of the Company as of February 28, 2019 are as provided in page 10 of the Business Report.

2. Details of the Basic Policy for Takeover Defense Measures

(1) Outline of the Basic Policy for Takeover Defense Measures

The purpose of the Basic Policy for Takeover Defense Measures is to maintain and enhance the Company's corporate value and shareholders' common interests. The Company will resolve the introduction (renewal) of concrete measures (hereinafter, the "Plan") pursuant to the provisions in (2) and below at the Company's Board of Directors meeting after obtaining approval for the Basic Policy for Takeover Defense Measures, and then disseminate the details of the Plan by way of timely disclosure at a financial instruments exchange, disclosure on the Company's Business Report and other legal disclosure documents, and posting on the Company's website. Through this process, parties conducting a large-scale acquisition of the Company shares are warned that there are procedures to be respected, and that the Company may conduct a gratis allotment of stock acquisition rights with discriminative conditions for exercise. In this manner, the Policy also serves as a measure for large-scale acquisition of Company shares (peacetime takeover defense measure).

The effective period of the Basic Policy for Takeover Defense Measures shall be until the conclusion of the Annual General Meeting of Shareholders pertaining to the last fiscal year ending within three years after

the conclusion of this Annual General Meeting of Shareholders (which is the final year of the Business Plan; scheduled to be held in May 2022).

(2) Details of the Plan

(a) Establishing procedures to activate the Plan

With the primary purpose of maintaining and enhancing the Company's corporate value and shareholders' common interests, when the acquisition, etc. of the Company shares (to be defined in (3) "Procedures to activate the Plan" (a) below; hereinafter the same) is to be effected, the Plan sets out procedures where it requires a person that attempts to conduct an acquisition, etc. (hereinafter, the "Acquirer") to submit information on the acquisition, etc. in advance so that the Company will provide business plans and alternative proposals by the Company's management team to shareholders upon ensuring a period to collect and examine information of the acquisition, etc., or negotiate with the Acquirer (For its details, see (3) "Procedures to activate the Plan" below).

(b) Gratis allotment of stock acquisition rights and use of the Special Committee and Shareholders' Intent Confirmation Meeting

In the case where the Acquirer attempts to conduct acquisition, etc. without complying with the procedures prescribed in the Plan or the acquisition by the Acquirer is deemed to harm the corporate value of the Company and shareholders' common interests (for its details, see (4) "Requirements for gratis allotment of the Stock Acquisition Rights" below), the Company will allot stock acquisition rights, which carry conditions that the Acquirer would not be allowed to exercise the rights and that the stock acquisition rights can be acquired by the Company in exchange for the Company shares from anybody other than the Acquirer, to all the shareholders except the Company itself as of that time (its details is described in (5) "Outline of gratis allotment of the Stock Acquisition Rights" below; hereinafter the "Stock Acquisition Rights") by way of a gratis allotment of stock acquisition rights (defined in Article 277 and onward of the Companies Act).

Upon deciding implementation, non-implementation or acquisition of a gratis allotment of the Stock Acquisition Rights, to eliminate arbitrary decisions by the Company's Board of Directors, as the first step, the Special Committee consisting solely of (i) the Company's Independent Outside Directors and (ii) the Company's Independent Outside Auditors, determines if the purchase would fall under the case that could impair the Company's corporate value and shareholders' common interests, pursuant to the Special Committee Regulations (for its outline, please see Attachment 1). If the Committee judges that the purchase falls under such case, the Committee recommends convening a Shareholders' Intent Confirmation Meeting (to be defined in (3) "Procedures to activate the Plan" (f) below, hereinafter the same) to confirm shareholders' intent. As the second step, upon receiving such recommendation, the Board of Directors convenes a Shareholders' Intent Confirmation Meeting and proposes the activation of a countermeasure as a meeting agenda to seek the Meeting's decision. However, if the Special Committee judges that the large-scale purchase obviously falls under any of ① a purchase noncompliant with the procedures set out in the Plan (Activation Case 1 in (4) below), ② a purchase categorized as a so-called four types of takeovers deemed inappropriate by the Tokyo High Court (Activation Case 2 (a) in (4) below), or ③ a coercive two-tier tender offer (Activation Case 2 (b) in (4) below), and recommends that the decision on activation of the countermeasure be made by Board of Directors, the countermeasure may be activated by resolution of the Board of Directors, without deliberation at the Shareholders' Intent Confirmation Meeting.

The Company ensures the transparent decision-making process through disclosing the state of the abovementioned processes in a timely manner to its shareholders.

For names and career summaries of the members of the Special Committee, please see Attachment 2.

(c) Exercise of Stock Acquisition Rights and acquisition of Stock Acquisition Rights by the Company

If a gratis allotment of the Stock Acquisition Rights is conducted in accordance with the Plan and the Stock Acquisition Rights are exercised by shareholders other than the Acquirer, or the Company shares are delivered to shareholders other than the Acquirer in exchange for the acquisition of the Stock Acquisition Rights by the Company, voting rights in the Company shares held by the Acquirer may be diluted to a maximum of 50% per implementation of the Plan.

(3) Procedures to activate the Plan

(a) Applicable acquisition

The Plan shall be applicable to acquisition that falls under either ① or ② below or a similar act

or a proposal therefor<sup>1</sup> (hereinafter, collectively the “Acquisition”).

- ① Acquisition that would result in a holding ratio of share certificates, etc.<sup>2</sup> of a holder<sup>3</sup> amounting to 20% or more of the share certificates, etc.<sup>4</sup> issued by the Company
- ② A tender offer<sup>5</sup> that would result in the offeror’s owning ratio of share certificates, etc.,<sup>6</sup> and the owning ratio of share certificates, etc., of a person in special relationship<sup>7</sup> with the offeror totaling 20% or more of the share certificates, etc.<sup>8</sup> issued by the Company

(b) Request to the Acquirer for the Provision of Information

Unless otherwise approved by the Company’s Board of Directors, prior to the execution of the Acquisition, the Acquirer attempting to conduct the Acquisition set forth in (a) above shall submit to the Company information necessary for examining the content of the Acquisition as set out in the following items (hereinafter, the “Required Information”) and an agreement that the Acquirer will, upon conducting the Acquisition, comply with the procedures established by the Plan (hereinafter, collectively the “Acquisition Explanatory Document”) in a form prescribed by the Company. The language used in the Required Information and Acquisition Explanatory Document must be Japanese only.

- ① Details (including a joint holder,<sup>9</sup> a person in special relationship and (in the case of a fund) respective partners and other members) of the Acquirer and its group (including specific names, major shareholders, principle business, group organization chart, financial information (including securities reports of the recent three years or documents equivalent thereof, and consolidated financial statements), business performance, previous legal violations and details thereof, details of previous transactions similar to the Acquisition by the Acquirer)
- ② The purpose, method and details of the Acquisition (including the amount and type of the consideration of the Acquisition, time of the Acquisition, structure of related transactions, lawfulness of means of the Acquisition, information on the feasibility of the Acquisition)
- ③ Amount of the Acquisition and the basis for calculation thereof (including facts and assumptions of calculation, calculation method, numerical information used in the calculation, information on the amount of consideration in the case of acquisition with consideration other than cash, synergy expected as a result of the series of transactions related to the Acquisition and synergy to be shared with minority shareholders)
- ④ Source of funds for the Acquisition (including specific names of suppliers of the funds (including substantial suppliers), means and conditions of procurement, and details of related transactions)
- ⑤ The Groups’ management policy, brand strategy, recovery policy for investment capital, management plan, business plan, financial policy, capital policy, dividend policy, target figures for management and financial statements for the three years after the acquisition of a controlling interest and basis for calculation thereof, as well as candidates for executives and career summaries thereof, which will be adopted after the Acquisition
- ⑥ A treatment policy for the Company’s shareholders (excluding the Acquirer), employees, business partners, clients, and other stakeholders of the Company, which will be adopted after the Acquisition
- ⑦ Other information judged to be reasonably necessary by the Special Committee

Upon receiving the aforementioned Acquisition Explanatory Document, the Company’s Board of Directors shall promptly provide it to the Special Committee. If the Special Committee judges that the

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<sup>1</sup> This includes bidding for purchases from third parties.

<sup>2</sup> Defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; hereinafter the same.

<sup>3</sup> Includes a person stated as a holder under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act.

<sup>4</sup> Defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act; hereinafter the same unless otherwise specified.

<sup>5</sup> Defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act; hereinafter the same.

<sup>6</sup> Defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act; hereinafter the same.

<sup>7</sup> This means a person in special relationship defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (Includes persons regarded as applicable by the Company’s Board of Directors). Provided, however, that persons stipulated in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers are excluded from the persons specified in Article 27-2, Paragraph 7, Item 1 of the said Act; hereinafter the same.

<sup>8</sup> Defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.

<sup>9</sup> This means a joint holder defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, and includes persons regarded as joint holders by the Company’s Board of Directors pursuant to Paragraph 6 of the same Article; hereinafter the same.



information contained in the Acquisition Explanatory Document is insufficient as the Required Information, the Committee may, directly or through the Company's Board of Directors, request the Acquirer to submit additional Required Information upon setting a reasonable reply deadline. In this case, the Acquirer is requested to provide the additional Required Information by the reply deadline.

The Acquirer shall not conduct the Acquisition during the information provision period and the period from the day on which information provision is completed until a recommendation is made by the Special Committee, or in the case of convening a Shareholders' Intent Confirmation Meeting (described in (f) below), until a resolution is adopted at the Meeting whether or not to activate a countermeasure. This is, for the sake of maintaining the Group's corporate value and shareholders' common interests, to secure opportunity for the Company's Board of Directors to evaluate and examine the information, holding a negotiation and discussion with the Acquirer, form opinions on the Acquisition, prepare alternative proposals and propose them to the Company's shareholders, and to confirm the intent of shareholders at a General Meeting.

(c) Examination of the details of the Acquisition, negotiation with the Acquirer and provision of alternative proposals

① Requesting the Company's Board of Directors to provide information

Once the Acquirer has submitted the Acquisition Explanatory Document and the Required Information additionally requested by the Special Committee (if any), the Special Committee may request the Company's Board of Directors to provide an opinion on the Acquisition by the Acquirer (including opinions to reserve judgment; hereinafter the same), materials supporting such opinion, alternative proposals (if any), and any other sufficient information and materials deemed necessary at the Special Committee's discretion within a reasonable period predetermined by the Special Committee (within 60 days as a general rule). The request is based on the purpose of comparing the content of the Acquisition Explanatory Document and the Required Information with the management plan and the company evaluation prepared by the Company's Board of Directors, from the perspective of maintaining and enhancing the Company's corporate value and shareholders' common interests.

② Examination by the Special Committee

An examination period of 30 days (however, pursuant to the provision in (d) ③ below, the Special Committee may extend or re-extend such period by its resolution; hereinafter, the "Special Committee's Examination Period") is established from the day on which sufficient information and documents (including those requested additionally) requested by the Special Committee are provided by the Acquirer and the Company's Board of Directors (in the case that the Company's Board of Directors was requested to provide information and materials as shown in ① above).

During the Special Committee's Examination Period, the Special Committee examines the terms of the Acquisition by the Acquire and alternative proposals presented by the Company's Board of Directors, and collects, compares and examines the information on the business plans of the Acquirer and the Company's Board of Directors, based on the information and documents submitted by the Acquirer and the Company's Board of Directors, from the perspective of maintaining and enhancing the Company's corporate value and shareholders' common interests. Furthermore, the Special Committee may hold a discussion and negotiation with the Acquirer directly or indirectly through the Company's Board of Directors, if it is deemed necessary to improve the terms of the Acquisition from the perspective of maintaining and enhancing the Company's corporate value and shareholders' common interests. Also, the Special Committee presents the alternative proposals of the Company's Board of Directors to shareholders.

If the Special Committee during the Special Committee's Examination Period makes a request directly or through the Company's Board of Directors for documents for examination and any other information, as well as discussions and negotiations, the Acquirer shall promptly respond. Additionally, the Acquirer shall not initiate the Acquisition until the expiration of the Special Committee's Examination Period.

To ensure that the decision made by the Special Committee benefits the Company's corporate value and shareholders' common interests, the Special Committee may receive advice from independent third parties (such as financial advisers, certified public accountants, attorneys-at-law, consultants and other experts) at the Company's expense.

③ Disclosure of information to shareholders

The Special Committee will promptly disclose directly or through the Company's Board of Directors the information on the fact of the submission of the Acquisition Explanatory Document and the outline thereof. Also, the Special Committee will disclose to shareholders the outline of the Required Information and other matters deemed appropriate by the Special Committee at the time deemed adequate by the Special Committee.

(d) Decision making method by the Special Committee

Based on the aforementioned procedures, the Special Committee shall make recommendations to the Company's Board of Directors as shown below. If the Special Committee makes recommendation or adopts a resolution as defined in any of ① to ③ below, or whenever deemed appropriate by the Special Committee, the Special Committee shall promptly disclose information on the fact of such recommendation or resolution along with the outline thereof, and any other matters deemed appropriate by the Special Committee (if the Special Committee resolves to extend or re-extend the Special Committee's Examination Period pursuant to ③ below, including such decision along with the outline of the reasons for such extension or re-extension).

(1) If the Special Committee makes a recommendation to activate the Plan

- (i) If the Special Committee judges that the Acquisition by the Acquirer falls under the Activation Case 1, or either of Activation Case 2 (a) or (b) in the activation cases defined in (4) "Requirements for gratis allotment of the Stock Acquisition Rights" below, and that implementation of a gratis allotment of the Stock Acquisition Rights should be suitable from the standpoint of necessity and adequacy, the Committee shall, regardless of whether the Special Committee's Examination Period has commenced or ended, make a recommendation to the Company's Board of Directors to implement a gratis allotment of the Stock Acquisition Rights.

If the Acquisition falls under the Activation Case 1, or either of Activation Case 2 (a) or (b), the Special Committee shall, from the standpoint of necessity and adequacy, make a recommendation to implement a gratis allotment of the Stock Acquisition Rights upon carefully examining the following points, among others.

1. Status of information provision by the Acquirer to shareholders and investors
2. Details of the consideration for the Acquisition
3. Feasibility of the Acquisition by the Acquirer
4. Coercive power of the Acquisition by the Acquirer to shareholders and investors
5. Status of presentation of information, documents and alternative proposals by the Company's Board of Directors

- (ii) Additionally, if the Special Committee judges that the Acquisition could fall under either of the Activation Case 2 (c) or (d) in the activation cases defined in (4) "Requirements for gratis allotment of the Stock Acquisition Rights" below, the Committee shall make a recommendation to confirm the intent of shareholders prior to the implementation of a gratis allotment of the Stock Acquisition Rights. Also, even if the Committee judges that the Acquisition falls under either of the Activation Case 2 (a) or (b), the Committee may make a recommendation to confirm the intent of shareholders prior to the implementation of a gratis allotment of the Stock Acquisition Rights.
- (iii) However, even after a recommendation is made to implement a gratis allotment of the Stock Acquisition Rights, if the Special Committee determines that either of the following causes are applicable, the Committee may make a new recommendation to the effect that the Board of Directors cancel the gratis allotment of the Stock Acquisition Rights by two business days prior to the expiration of the rights for the gratis allotment of Stock Acquisition Rights or that the Stock Acquisition Rights be acquired at no cost no later than the day before the first day of the exercise period of the Stock Acquisition Rights, after the effective date of the gratis allotment of the Stock Acquisition Rights.
  - (a) The Acquirer withdraws the Acquisition, or any other cases where the Acquisition no more exists, after the recommendation is made
  - (b) There is a change in the facts or other matters on which the recommendation was

made, and the Acquisition by the Acquirer consequently fails to fall under any of the requirements provided in (4) “Requirements for gratis allotment of the Stock Acquisition Rights” below, or it is judged that the implementation of a gratis allotment of Stock Acquisition Rights should not be suitable from the standpoint of necessity and adequacy

(2) If the Special Committee makes a recommendation not to activate the Plan

If the Special Committee judges that, as a result of examination of the terms of the Acquisition by the Acquirer, and discussions and negotiations with the Acquirer, the Acquisition by the Acquirer fails to fall under any of the requirements defined in (4) “Requirements for gratis allotment of the Stock Acquisition Rights” below, or if the Company’s Board of Directors fails to provide opinions set forth in (c) ① above and the information and documents requested by the Special Committee within a predetermined period in spite of the Special Committee’s request, the Committee shall make a recommendation to the Company’s Board of Directors not to implement a gratis allotment of Stock Acquisition Rights, regardless of the termination of the Special Committee’s Examination Period.

However, even after a recommendation is made not to implement a gratis allotment of the Stock Acquisition Rights, the Special Committee may make a separate decision including the implementation of a gratis allotment of Stock Acquisition Rights and recommends to that effect to the Company’s Board of Directors, if the following cases are true: it is judged that there is a change in the facts or other matters on which the recommendation was made; the Acquisition by the Acquirer falls under any of the requirements provided in (4) “Requirements for gratis allotment of the Stock Acquisition Rights” below; and it is judged that the implementation of a gratis allotment of Stock Acquisition Rights should be suitable from the standpoint of necessity and adequacy.

(3) If the Special Committee extends or re-extends the Special Committee’s Examination Period

If the Special Committee fails to reach a recommendation for implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights or for convening of the Shareholders’ Intent Confirmation Meeting by the end of the initial Special Committee’s Examination Period, the Special Committee shall resolve to extend or re-extend the Special Committee’s Examination Period to the extent necessary for examining the terms of the Acquisition by the Acquirer, holding discussions and negotiations with the Acquirer, or examining alternative proposals and other matters (provided, however, that the period of such extension or re-extension shall be at a maximum of 30 days, respectively, for a total of 60 days, as a general rule).

If the Special Committee’s Examination Period is extended by the aforementioned resolution for extension, the Special Committee shall continue to collect and examine information, and make a maximum effort to recommend implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights, and to provide alternative proposals during such extended period.

(e) Resolution of the Board of Directors

Upon receiving a recommendation of the Special Committee set forth in (d) ① (i) or ② above, the Company’s Board of Directors shall pay the utmost respect to the recommendation and promptly make a resolution concerning implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights (including cancellation of the gratis allotment of the Stock Acquisition Rights) as an organ prescribed in the Companies Act. In addition, in the case of convening a Shareholders’ Intent Confirmation Meeting based on (f) below in response to a recommendation in (d) ① (ii) above, the Company’s Board of Directors shall follow the resolution of such Shareholders’ Intent Confirmation Meeting.

Promptly after adopting the aforementioned Board of Directors’ resolution, the Company’s Board of Directors shall disclose an outline of its resolution and any other matters deemed appropriate by the Company’s Board of Directors.

(f) Convening the Shareholders’ Intent Confirmation Meeting

Upon implementing a gratis allotment of the Stock Acquisition Rights based on the Plan, the Company’s Board of Directors shall convene a shareholders’ intent confirmation meeting (referred to as “Shareholders’ Intent Confirmation Meeting” in this document) to confirm the intent of the shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if (i) the Special Committee recommends to confirm shareholders’ intent prior to the implementation of

a gratis allotment of the Stock Acquisition Rights pursuant to (d) ① (ii) above, or if (ii) in the cases other than (i) (including the case where the Special Committee recommends implementation of a gratis allotment of the Stock Acquisition Rights), the Acquisition's applicability of the Activation Case 2 (a) or (b) becomes an issue and the Board of Directors determines it appropriate to confirm shareholders' intent taking into consideration the time required to convene a Shareholders' Intent Confirmation Meeting pursuant to the duty of care of Directors. The shareholders' intent at the Shareholders' Intent Confirmation Meeting shall be determined by approval from the majority of the voting rights exercised of shareholders present at the Meeting, a quorum of which is the attended shareholders' voting rights representing at least one-third of the total number of shareholders' voting rights, including those exercised in writing and via the Internet.

If the Special Committee makes a recommendation not to implement a gratis allotment of the Stock Acquisition Rights pursuant to (d) ② above, the Company's Board of Directors will not convene a Shareholders' Intent Confirmation Meeting in principle.

After the commencement of examination by the Special Committee as provided in (c) ② above, the Company's Board of Directors shall set a record date (which shall be within 90 days from the date on which the examination commenced) to determine shareholders entitled to exercise their voting rights at a Shareholders' Intent Confirmation Meeting, and make a public notice at least two weeks prior to such record date.

(4) Requirements for gratis allotment of the Stock Acquisition Rights

The requirements for the implementation of a gratis allotment of the Stock Acquisition Rights according to the Plan are as follows. As stated in (3) "Procedures to activate the Plan" (d) above, the determination on whether an Acquisition falls under any of the following requirements must be by way of deliberation by the Special Committee.

Activation Case 1

In the case that the Acquisition fails to comply with the information provision set forth in (3) "Procedures to activate the Plan" (b) above, securing of the Special Committee's Examination Period set forth in (c) above and other procedures prescribed in the Plan (including the cases where the Acquisition is conducted without providing to the Company's shareholders the Required Information and other sufficient information deemed reasonably necessary for judging the terms of the Acquisition.)

Activation Case 2

In the case that the Acquisition falls under any of the following:

- (a) The Acquisition is likely to significantly harm the corporate value of the Company and shareholders' common interests due to the following or other similar actions
  - ① Buyout of the Company's shares to demand that the Company purchase said shares at an inflated price;
  - ② Management that benefits the Acquirer to the detriment of the Company, such as taking temporary control of the Company's management for the low-cost acquisition of material assets of the Group;
  - ③ Diversion of the Group's assets to secure or repay debts of the Acquirer or its group companies; and
  - ④ Taking temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Group's businesses and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in the share price created by the temporarily high dividends
- (b) The Acquisition threatens to have the effect of compelling shareholders to sell their shares, such as a coercive two-tier tender offer (meaning acquisition of shares including a tender offer that does not offer to acquire all shares in the initial acquisition, and sets unfavorable acquisition terms for the second stage or does not set clear terms for the second stage)
- (c) The economic conditions of the Acquisition (including the value and type of consideration, the Acquisition timing, and payment method) are insufficient or inappropriate in light of intrinsic value of the Company
- (d) The content of the Acquisition by the Acquirer (including the legality of the Acquisition method, the feasibility of the Acquisition, policies regarding the treatment of stakeholders in the Company, including employees, business partners and customers, in addition to the economic conditions of the Acquisition) detracts from the sources of the Company's corporate

value that are indispensable for generating the corporate value as represented by “knowhow to provide consumption and cultural values” as explained in 1 (2) (a) and gives serious adverse effects to the corporate value and shareholders’ common interests

(5) Outline of gratis allotment of the Stock Acquisition Rights

The outline of the gratis allotment of the Stock Acquisition Rights according to the Plan is as follows (For details of the Stock Acquisition Rights, see Attachment 3 “Outline of the Gratis Allotment of Stock Acquisition Rights”).

(a) Number of the Stock Acquisition Rights

The number of Stock Acquisition Rights shall be equivalent to the final total number of issued Company shares as of the date of allotment (hereinafter, the “Allotment Date”) (excluding the number of Company shares held by the Company at that time) separately determined by the Board of Directors in a resolution on the gratis allotment of the Stock Acquisition Rights (hereinafter, the “Gratis Allotment Resolution”).

(b) Eligible shareholders

The Company will implement a gratis allotment of the Stock Acquisition Rights to those shareholders except the Company who are registered or recorded in the Company’s final register of shareholders on the Allotment Date at a ratio of one (1) Stock Acquisition Right for every one (1) Company share held.

(c) Effective date of the gratis allotment of the Stock Acquisition Rights

The effective date of the gratis allotment of the Stock Acquisition Rights shall be separately determined in the Gratis Allotment Resolution by the Board of Directors of the Company.

(d) Class and number of shares underlying the Stock Acquisition Rights

The class of shares underlying the Stock Acquisition Rights shall be a common share of the Company. The number of shares underlying one (1) Stock Acquisition Right (hereinafter, the “Applicable Number of Shares”) shall be one (1) share in principle.

(e) Amount of property to be contributed upon exercise of the Stock Acquisition Rights

Property to be contributed upon exercise of the Stock Acquisition Rights shall be cash, and the amount to be contributed per one (1) Company share upon exercise of the Stock Acquisition Rights shall be an amount to be separately determined by the Board of Directors of the Company in the Gratis Allotment Resolution between ¥1 and any amount equivalent to 50% of the fair value of one (1) Company share.

(f) Exercise period of the Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights shall be a period to be separately determined by the Board of Directors of the Company in the Gratis Allotment Resolution between one (1) month and two (2) months, starting from the effective date of the gratis allotment of the Stock Acquisition Rights or the day separately determined by the Board of Directors of the Company in the Gratis Allotment Resolution. However, if the Stock Acquisition Rights are acquired by the Company pursuant to (i) ② below, the exercise period of the Stock Acquisition Rights subject to such acquisition shall be until the preceding business day of the acquisition date. Furthermore, if the final day of the exercise period falls on a holiday for the payment handling institution for the cash payable upon exercise, the following business day will be the final day.

(g) Exercise conditions of the Stock Acquisition Rights

(i) Specified large-scale holders,<sup>10</sup> (ii) joint holders of the specified large-scale holders, (iii) specified large-scale purchasers,<sup>11</sup> (iv) persons in special relationship of the specified large-scale purchasers, (v) any persons or companies that have been transferred or have inherited the Stock Acquisition Rights from any persons or companies falling under (i) to (iv) above without the approval of the Company’s Board of Directors, or (vi) any related parties of the persons or

<sup>10</sup> “Specified large-scale holders” mean holders of share certificates, etc., issued by the Company and whose holding ratio of the said share certificates, etc., is deemed by the Company’s Board of Directors to be 20% or more.

<sup>11</sup> “Specified large-scale purchasers” mean persons or companies that have provided a public notice of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply throughout (iii)), of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply throughout (iii)), issued by the Company through a tender offer and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., owned by such persons or companies after such purchase, etc. (including similar ownership as prescribed in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act), is deemed by the Company’s Board of Directors to be 20% or more when combined with the holding ratio of share certificates, etc. of a person in special relationship of such persons or companies.

companies falling under (i) to (v) above<sup>12</sup> (hereinafter, any parties falling under (i) to (vi) above shall be collectively referred to as the “Specified Acquirers”) cannot exercise the Stock Acquisition Rights as a general rule. Furthermore, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and regulations to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that, certain nonresidents of Japan subject to exemption provisions of such procedures under applicable foreign laws and regulations may exercise the Stock Acquisition Rights, and the Stock Acquisition Rights held by such nonresidents may be subject to acquisition by the Company in exchange for Company shares as set out in (i) below. For details, see Attachment 3 “Outline of the Gratis Allotment of Stock Acquisition Rights”). In addition, any person who does not submit a statement in a form prescribed by the Company containing representations and warranties regarding matters such as the fact that he/she is not a Specified Acquirer, indemnity clauses and other covenants, cannot exercise the Stock Acquisition Rights.

(h) Transfer of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights via transfer thereof shall require the approval of the Company’s Board of Directors.

(i) Acquisition of the Stock Acquisition Rights by the Company

- ① The Company may acquire, upon arrival of the date separately determined by the Company’s Board of Directors, all the Stock Acquisition Rights for no consideration at any time up to the date prior to the exercise period starting date in the case that the Company’s Board of Directors deems that it is appropriate for the Company to acquire the Stock Acquisition Rights.
- ② As of the date separately determined by the Company’s Board of Directors, the Company may acquire all the Stock Acquisition Rights held by persons or companies other than the Specified Acquirers that have not been exercised until the business day preceding the date determined by the Company’s Board of Directors, and in exchange, may deliver Company shares in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. In addition, if, on or after the date such acquisition takes place, the Company’s Board of Directors deems that there are any persons or companies holding the Stock Acquisition Rights other than the Specified Acquirers, the Company may acquire all the unexercised Stock Acquisition Rights held by such persons or companies as of the date separately determined by the Company’s Board of Directors, which should be later than the date of the aforementioned acquisition, and up to the business day preceding the date determined by the Company’s Board of Directors, and in exchange, may deliver Company shares in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. The same shall apply subsequently.

For definitions and details of the terms used above, please see Attachment 3 “Outline of the Gratis Allotment of Stock Acquisition Rights.”

(6) Effective period of the Plan (sunset clause)

As with the effective period of the Basic Policy for Takeover Defense Measures, the effective period of the Plan shall be until the conclusion of the Annual General Meeting of Shareholders (scheduled to be held in May 2022) pertaining to the last fiscal year ending within three years after the conclusion of this Annual General Meeting of Shareholders.

(7) Abolition and modification of the Plan

After introducing (renewing) the Plan, even before the expiration of the effective period, ① in the case that a resolution that the Basic Policy for Takeover Defense Measures be modified or abolished is adopted by the Company’s General Meeting of Shareholders, the Basic Policy for Takeover Defense Measures shall be modified or abolished at that time pursuant to the resolution. In this case, the Plan shall be promptly modified to meet the modified Basic Policy for Takeover Defense Measures, or abolished. Also, ② in the case that a resolution that the Plan be abolished is adopted by the Company’s Board of Directors consisting of Directors elected by the Company’s General Meeting of Shareholders, the Plan shall be abolished at that time. In this way, the Plan can be abolished in line

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<sup>12</sup> “Related parties” of a person or a company mean any persons or companies that are deemed by the Company’s Board of Directors to virtually control such person or company, or be controlled by such person or company, or be under common control of another entity with such person or company, or any person or company that is deemed by the Company’s Board of Directors to act in concert with such person or company. “Control” in this context means “controlling the determination of financial and business policies” (defined in Article 3, Paragraph 3 of the Regulation for Enforcement of the Companies Act) of other corporations or entities.

with the intent of the shareholders.

Moreover, even during the effective period of the Plan, subject to the approval of the Special Committee, the Company's Board of Directors may revise or modify as necessary the Plan to the extent it is not contradictory to the Basic Policy for Takeover Defense Measures, or to the extent deemed reasonably necessary for reasons of any amendment of or change in interpretation or operation of the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations or rules of relevant financial instruments exchanges, change in the taxation system or amendment in court precedents.

If the Plan is abolished or modified, the Company will promptly disclose information on the fact that such abolition or modification has taken place, the details of the modification (in the event of modification) and any other matters deemed appropriate by the Company's Board of Directors or the Special Committee.

(8) Amendment due to changes in laws and regulations

The provisions of the laws and regulations cited in the Plan are based on those in effect as of April 11, 2019. In the case that any establishment, revision or abolition of the laws and regulations from this day forward necessitates amendment to the provisions and meanings of terms set forth in the above clauses, such provisions, meanings of terms, etc. set forth in the above clauses may be replaced as appropriate within a reasonable range upon consideration of the purpose of such establishment, revision or abolition.

(Reference)

The details of the Basic Policy for Takeover Defense Measures are as described in 2. above. The Company believes that the Basic Policy for Takeover Defense Measures has rational substance as shown below. The impacts of the Basic Policy for Takeover Defense Measures on shareholders is also provided below. The Company would like to ask for the approval from the shareholders upon taking into consideration these factors.

3. High rationality of the Basic Policy for Takeover Defense Measures and the Plan

The Basic Policy for Takeover Defense Measures and the Plan are designed to contribute to the Company's corporate value and shareholders' common interests and thus have rational substance as provided in (1) through (9) below.

(1) Fully satisfying the requirements of the guidelines for takeover defense measures

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

More specifically, there is no intention to hinder every corporate acquisition without the consent of the Company's Board of Directors. The sole and ultimate purpose is to ensure sufficient time and information for the shareholders to judge whether to transfer the shares to the Acquirer or retain them, and for the Company's Board of Directors to provide business plans and alternative proposals by the management team of the Company to shareholders, and to negotiate with the Acquirer.

(2) Maintaining and enhancing shareholders' common interests

The Basic Policy for Takeover Defense Measures and the Plan will be revised and introduced (renewed) for the purpose of maintaining and enhancing the Company's corporate value and shareholders' common interests through securing necessary time and information for shareholders to judge whether or not to accept the Acquisition or for the Company's Board of Directors to prepare alternative proposals or to negotiate with the Acquirer on behalf of shareholders, in the case of the Acquisition of the Company shares.

(3) Valuing the intent of the Shareholders

The Basic Policy for Takeover Defense Measures will be determined by approval at this Annual General Meeting of Shareholders, as mentioned above. The Plan will be introduced (renewed) conditional upon the adoption of the resolution on the Basic Policy for Takeover Defense Measures at this Annual General Meeting of Shareholders.

Also, as described in 2. (3) “Procedures to activate the Plan” (f) above, upon implementing a gratis allotment of the Stock Acquisition Rights based on the Plan, intent of shareholders on the implementation of a gratis allotment of the Stock Acquisition Rights shall be confirmed at a Shareholders’ Intent Confirmation Meeting to be convened based on the recommendation of the Special Committee, except where the Special Committee recommends that a resolution be left to the Board of Directors on the grounds that the Acquisition obviously falls under any of the following: ① a purchase noncompliant with the procedures required by the Plan, ② a purchase classified as a so-called four types of takeovers deemed inappropriate by the Tokyo High Court, or ③ a coercive two-tier tender offer.

In addition, the Basic Policy for Takeover Defense Measures and the Plan are subject to a so-referred to as sunset clause setting the effective period to three (3) years, and the Basic Policy for Takeover Defense Measures can be modified or abolished by a resolution of a General Meeting of Shareholders even before the expiration of the effective period. If a resolution to modify or abolish the Basic Policy for Takeover Defense Measures is adopted, the Plan will also be modified to comply with the modified Basic Policy for Takeover Defense Measures or abolished immediately. In this regard, the decision of whether or not to maintain the Basic Policy for Takeover Defense Measures and the Plan, and details thereof depends on the intent of the General Meeting of Shareholders of the Company.

(4) Satisfying the principle of ensuring the necessity and reasonableness

(a) Principle of shareholder equality

When the Plan is activated, a gratis allotment of the Stock Acquisition Rights will be implemented. Although the Stock Acquisition Rights will carry exercise conditions that the Specified Acquirers would not be allowed to exercise their rights as a general rule, the Stock Acquisition Rights will be allotted to all the shareholders including the Specified Acquirers. In this regard, the Basic Policy for Takeover Defense Measures and the Plan satisfy the principle of shareholder equality.

(b) Protection of property right

The Stock Acquisition Rights to be allotted upon the activation of the Plan will carry exercise conditions. Therefore, the Specified Acquirers may incur a property loss as a result of dilution of the shares they own.

Nonetheless, although transfer of the Stock Acquisition Rights to be allotted without consideration will be restricted, this does not mean that the Specified Acquirers cannot in any way transfer the allotted Stock Acquisition Rights. In other words, the Specified Acquirers are allowed to recover the property loss incurred by transferring the allotted Stock Acquisition Rights to a third party with the approval of the Company.

(5) Emphasis on the decisions of highly independent outsiders and disclosure of information

In revising Basic Policy for Takeover Defense Measures and introducing (renewing) the Plan, the Company establishes the Special Committee to eliminate arbitrary decisions by the Company’s Board of Directors and as a body that makes substantial decisions in relation to operations such as the activation of the Plan in an objective manner on behalf of the shareholders.

The Special Committee consists of at least three members who are independent from the management team of the Company in charge of business execution, and who fall under either of the following: (i) an Outside Director of the Company, or (ii) an Outside Auditor of the Company (For names and career summaries of the members of the Special Committee at the time of introduction (renewal) of the Plan, please see Attachment 2).

When the Acquisition of the Company shares is conducted, as described in 2. (3) “Procedures to activate the Plan” above, the Special Committee shall make decisions, in accordance with the Special Committee Regulations, on such issues as whether the Acquisition would harm the Company’s corporate value and shareholders’ common interests, and whether to confirm the intent of shareholders at a Shareholders’ Intent Confirmation Meeting. The Company’s Board of Directors shall pay the utmost respect to those recommendations and as an organ prescribed in the Companies Act make a resolution including the convocation of Shareholders’ Intent Confirmation Meeting.

In this way, the Special Committee strictly monitors the Company’s Board of Directors for any arbitrary activation of the Plan, and outlines of the Special Committee’s decisions are required to be disclosed to shareholders. In addition, the Company’s Board of Directors is required to pay utmost respect to the decision of the Special Committee and intent of shareholders confirmed at the Shareholders’ Intent Confirmation Meeting. This mechanism ensures a structure under which the Plan is operated in a transparent way so that it contributes to the corporate value of the Company and



shareholders' common interests.

(6) Establishment of reasonable and objective requirements for the activation

As described in 2. (3) "Procedures to activate the Plan" (d) and 2. (4) "Requirements for gratis allotment of the Stock Acquisition Rights" above, the Plan has been designed so that it will not be activated unless it satisfies predetermined reasonable, detailed and objective requirements, which ensures a structure to eliminate arbitrary activation by the Company's Board of Directors.

(7) Receiving opinions by third party experts

As described in 2. (3) "Procedures to activate the Plan" (c) above, when the Acquirer emerges, the Special Committee may receive advice from independent third parties (such as financial advisers, certified public accountants, attorneys-at-law, consultants and other experts) at the Company's expense. The fairness and objectivity of the determination of the Special Committee will thus be further ensured.

(8) No dead-hand or slow-hand takeover defense measures

As described in 2. (7) "Abolition and modification of the Plan" above, the Plan has been designed so that it may be abolished by a Board of Directors comprising Directors elected at the Company's General Meeting of Shareholders. It may be abolished by a Board of Directors comprising Directors nominated by a person who acquired a large number of share certificates, etc. of the Company.

Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which the activation of the measure cannot be prevented even if a majority of the members of the Board of Directors are replaced).

In addition, the Plan is neither a slow-hand takeover defense measure (a takeover defense measure that takes time to prevent the activation of the measure due to the fact that the members of the Board of Directors cannot be replaced all at once) because the term of office of the Company's Directors is one (1) year and the Company does not adopt staggered terms of office.

(9) Others

(a) Not a rights plan with no contingency

No stock acquisition rights are issued at the time of introducing (renewing) the Plan. Therefore, the Plan is not a so-called "rights plan with no contingency," by which stock acquisition rights are allotted to shareholders at the time of introduction (renewal).

(b) Limiting destabilizing influence on the stock price formation in the secondary market

The Plan may be discontinued even after the decision of its activation. However, as explained in 2. (3) "Procedures to activate the Plan" (d) ① (iii) above, cases in which the Plan may be discontinued are explicitly provided. Therefore, the Company believes that the Plan limits destabilizing influence on the stock price formation in the secondary market.

4. Impacts on shareholders and investors

The following items (1) and (2) are the expected impacts on shareholders at the time of revision of the Basic Policy for Takeover Defense Measures, introduction (renewal) of the Plan, and a gratis allotment of the Stock Acquisition Rights.

(1) Impacts on shareholders at the time of revision of the Basic Policy for Takeover Defense Measures and introduction (renewal) of the Plan

No gratis allotment of the Stock Acquisition Rights would be implemented upon revising the Basic Policy for Takeover Defense Measures and upon introducing (renewing) the Plan. Therefore, the revision and introduction (renewal) would not have any direct and specific impact on the rights and interests of shareholders and investors.

(2) Impacts on shareholders at the time of gratis allotment of the Stock Acquisition Rights

(a) Procedure for a gratis allotment of the Stock Acquisition Rights

In the case that the Company's Board of Directors adopts the Gratis Allotment Resolution, the Company determines the Allotment Date in the said Resolution and provides a public notice thereof. In this case, the gratis allotment of the Stock Acquisition Rights will be conducted at the ratio of one (1) Stock Acquisition Right per one (1) Company share held by the shareholders who are registered or recorded in the final register of shareholders as of the Allotment Date (hereinafter, the "Eligible Shareholders"). As the Eligible Shareholders will become the Stock Acquisition Rights holders on the

effective date of the allotment of the Stock Acquisition Rights as a matter of course, such shareholders are not required to follow an application procedure.

Even if the Gratis Allotment Resolution is once adopted, the Company may, by paying utmost respect to the recommendation of the Special Committee stated in (d) ① under 2. (3) “Procedures to activate the Plan” above or the intent of shareholders confirmed at the Shareholders’ Intent Confirmation Meeting, cancel the gratis allotment of the Stock Acquisition Rights up to two business days before the expiration of the gratis allotment of the Stock Acquisition Rights, or acquire the Stock Acquisition Rights without consideration after the effective date of the gratis allotment of the Stock Acquisition Rights up to the day preceding the starting date of exercise period. In such cases, as no dilution of per share value will occur, it is possible that any investors who have sold or bought Company shares expecting to see a dilution of per share value may suffer certain damage as a result of a fluctuation in the share price.

(b) Procedure for the exercise of the Stock Acquisition Rights

The Company will, as a general rule, mail an exercise request form for the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves are qualified for exercising the Stock Acquisition Rights, indemnity clauses and other covenants, along with information required to record the Company shares for transfer to an account of the Eligible Shareholders for the Company shares) and other documents necessary for the exercise of the Stock Acquisition Rights to the Eligible Shareholders. After the gratis allotment of the Stock Acquisition Rights, the shareholders will be issued one (1) Company share per one (1) Stock Acquisition Right, as a general rule, by submitting the aforementioned necessary documents during the exercise period of the Stock Acquisition Rights and paying to a payment handling institution an amount equivalent to the exercise price determined in the Gratis Allotment Resolution between ¥1 and any amount equivalent to 50% of the fair value of one (1) Company share.

If shareholders fail to exercise the Stock Acquisition Rights and pay an amount equivalent to the exercise price, the Company shares they hold will be diluted as a result of the exercise of the Stock Acquisition Rights by other shareholders.

However, pursuant to the provision in (c) below, the Company may acquire the Stock Acquisition Rights from shareholders other than the Specified Acquirers and in exchange deliver the Company shares. If the Company follows this acquisition procedure, shareholders other than the Specified Acquirers will receive the Company shares without exercising the Stock Acquisition Rights or paying an amount equivalent to the exercise price, and the Company shares they hold will not be diluted.

The Specified Acquirers will not be allowed to exercise the allotted Stock Acquisition Rights. Therefore, shares may be diluted in proportion to the allotment ratio and damage may be incurred.

(c) Procedure for the acquisition of the Stock Acquisition Rights by the Company

In the case that the Company’s Board of Directors determines to acquire the Stock Acquisition Rights, the Company may acquire the Stock Acquisition Rights from the shareholders other than the Specified Acquirers in accordance with the statutory procedures on the day separately determined by the Company’s Board of Directors and, in exchange, deliver Company shares to the shareholders concerned. In that case, as a general rule, those shareholders will receive one (1) Company share for every one (1) Stock Acquisition Right they hold as consideration for the acquisition of those Stock Acquisition Rights by the Company, without paying an amount equivalent to the exercise price. In such case, the shareholders concerned may be separately requested to submit a written document including representations and warranties regarding matters such as the fact that they are Specified Acquirers, indemnity clauses and other covenants, in a form prescribed by the Company.

If the Gratis Allotment Resolution provides for matters relating to the acquisition of the Stock Acquisition Rights including the acquisition thereof from the Specified Acquirers, the Company may take measures in accordance with such provisions.

## Outline of the Special Committee Regulations

- The Special Committee shall be established by a resolution of the Company's Board of Directors.
- The members of the Special Committee shall be elected and appointed by the Company's Board of Directors from among the persons who are independent from the management team of the Company in charge of business execution, and who fall under either of the following: (i) an Outside Director of the Company, or (ii) an Outside Auditor of the Company. The number of members of the Special Committee shall be at least three (3) and the Board of Directors may, upon obtaining consent of Outside Directors and Outside Auditors, add (iii) an external expert to the members of the Special Committee. However, the external expert shall be an experienced corporate manager, a former employee of government agencies, a person with profound knowledge of the investment banking business, an attorney-at-law, a certified public accountant, an academic expert or a person of similar qualifications, who has executed with the Company an agreement separately specified by the Company's Board of Directors that includes a provision on the duty of care of such external expert against the Company. Additionally, the number of external experts shall not account for more than half of the Special Committee members.
- Unless otherwise determined by a resolution of the Company's Board of Directors, the term of office of members of the Special Committee shall be until the conclusion of the Annual General Meeting of Shareholders pertaining to the business year ending on February 28, 2022. In the case that a member of the Special Committee who served as an Outside Director or an Outside Auditor of the Company withdraws from the position of Director or Corporate Auditor, the term of office as a member of the Special Committee shall expire at the same time.
- The Special Committee shall decide on the matters stated in each item below and recommend the decision to the Company's Board of Directors, along with its reasons (However, if otherwise resolved at the Shareholders' Intent Confirmation Meeting with respect to the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights provided in ①, such resolution shall be followed). The Board of Directors shall pay the utmost respect to the Special Committee's recommendation and make a resolution as an organ prescribed in the Companies Act on the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights. Each member of the Special Committee and each Director of the Company shall make these decisions with a view to whether such decisions serve the interests of the Company, not for the purpose of the personal interests of themselves or the Company's management team.
  - ① Implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights;
  - ② Cancellation of the gratis allotment of the Stock Acquisition Rights or acquisition of the Stock acquisition Rights without consideration
  - ③ Convening the Shareholders' Intent Confirmation Meeting
  - ④ Abolishment or modification of the Plan (However, modifications are limited to the extent

not contradictory to the Basic Policy for Takeover Defense Measures, or to the extent deemed reasonably necessary for reasons of any amendment of or change in interpretation or operation of the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations or rules of relevant financial instruments exchanges, change in the taxation system or amendment in court precedents); and

- ⑤ Other matters on which the Company's Board of Directors consulted the Special Committee from among those to be determined by the Company's Board of Directors
- In addition to the matters prescribed above, the Special Committee shall conduct the matters stated in each of the following.
  - ① Determining whether the Acquisition is subject to the Plan;
  - ② Determining the information to be provided to the Special Committee by the Acquirer and the Company's Board of Directors and its deadline;
  - ③ Examining and assessing the terms of the Acquisition by the Acquirer;
  - ④ Holding negotiations and discussions with the Acquirer;
  - ⑤ Requesting the Company's Board of Directors to submit alternative proposals; discussing and presenting alternative proposals submitted by the Company's Board of Directors
  - ⑥ Extending and re-extending the Special Committee's Examination Period;
  - ⑦ Other matters prescribed under the Plan that the Special Committee can perform; and
  - ⑧ Matters otherwise prescribed by the Company's Board of Directors that the Special Committee can perform
- The Special Committee shall request that the Acquirer submit additional Required Information, whenever it judges that the information contained in the Acquisition Explanatory Document is insufficient as the Required Information. Once the Acquirer has submitted the Acquisition Explanatory Document and the Required Information additionally requested by the Special Committee, the Special Committee may request the Company's Board of Directors to provide an opinion on the Acquisition by the Acquirer, materials supporting such opinion, alternative proposals (if any), and any other sufficient information and materials deemed necessary at the Special Committee's discretion within a predetermined reasonable period (within 60 days as a general rule).
- The Special Committee shall, when necessary, hold a discussion and negotiation with the Acquirer directly or indirectly through the Company's Board of Directors to improve the terms of the Acquisition by the Acquirer from the perspective of maintaining and enhancing the corporate value of the Company and shareholders' common interests, or present the alternative plans of the Company's Board of Directors to shareholders.
- To collect the necessary information, the Special Committee may request the attendance of the Company's Directors, Auditors, Operating Officers, employees or any other persons the Special Committee regards necessary at the Committee and ask them for explanations on matters inquired by the Special Committee.
- The Special Committee may receive advice from independent third parties (such as financial advisers, certified public accountants, attorneys-at-law, consultants and other experts) at the Company's

expense.

- Each member of the Special Committee may convene a meeting of the Special Committee when an Acquisition is conducted or at any other time.
- A resolution of the Special Committee shall be adopted by a majority vote at a meeting with full attendance (including attendance via teleconference or conference call; hereinafter the same), as a general rule. However, if there are unavoidable reasons, such as the occurrence of accidents to a member, it can be adopted by a majority vote at a meeting where a majority of the Special Committee members are present.

## Career Summary of Members of the Special Committee

○Hitoshi Kashiwaki

### [Career summary]

Date of birth: 1957

April 1981      Joined Recruit Center Co., Ltd. (currently Recruit Holdings Co., Ltd.)  
 April 1994      General Manager, Finance Division  
 June 1997      Board Director  
 June 2001      Board Director and Managing Corporate Executive Officer  
 April 2003      Representative Director and Managing Corporate Executive Officer (COO)  
 June 2003      President, Representative Director and COO  
 April 2004      President, Representative Director and CEO  
 April 2012      Board Director and Advisor  
 May 2016      Outside Director (current position), member of the Special Committee (current position),  
                  Matsuya Co., Ltd.

(Significant concurrent positions)

Outside Director, ASICS Corporation

Outside Director, TOKYO BROADCASTING SYSTEM HOLDINGS, INC.

○Masako Yoshida

### [Career summary]

Date of birth: 1961

April 1980      Joined Tokio Marine and Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire  
                  Insurance Co., Ltd.)  
 July 2009      Deputy Manager, Keiyo Branch; General Manager, Funabashi Branch  
 August 2011    General Manager, Travel Business Department  
 July 2012      Executive Director; General Manager, Travel Business Department  
 June 2013      Executive Officer; General Manager, Travel Business Department  
 April 2015      Executive Officer; General Manager, Chiba Branch  
 May 2017      Outside Director (current position), member of the Special Committee (current position),  
                  Matsuya Co., Ltd.  
 April 2018      Managing Executive Officer in charge of Shikoku Area, Tokio Marine & Nichido Fire  
                  Insurance Co., Ltd. (current position)

(Significant concurrent positions)

Managing Executive Officer in charge of Shikoku Area, Tokio Marine & Nichido Fire Insurance Co., Ltd.

\* Mr. Hitoshi Kashiwaki and Ms. Masako Yoshida are candidates for Outside Directors who satisfy the criteria for the Company's Outside Directors stipulated in Article 2, Item 15 of the Companies Act. They will be appointed to the Company's Outside Directors upon selection at this Annual General Meeting of Shareholders.

There are no special interests between the Company and either of the candidates.

○ Youhei Furuhashi

[Career summary]

Date of birth: 1949

April 1974      Joined Nippon Signal Co., Ltd.

April 1997      General Manager, Automatic Fare Collection Sales Department of Sales and Marketing  
Head Office

June 2000      Executive Officer; General Manager, Automatic Fare Collection Business Department

June 2003      Executive Officer; General Manager, Automatic Fare Collection Business Department;  
General Manager, Visionary Business Center

June 2004      Director; Managing Executive Officer; Responsible for Visionary Business Center and  
Automatic Fare Collection Business

June 2006      Director; Deputy Chief Executive Officer; Responsible for Corporate Strategy, Business  
Audit, and Visionary Business Center; General Manager, Visionary Business Center

June 2008      Representative Director and President; Chief Operating Officer

June 2012      Representative Director and President; Chief Executive Officer; Chief Operating Officer

April 2015      Representative Director and President; Chief Executive Officer

June 2016      Chairman; Chief Executive Officer (current position)

May 2017      Outside Auditor, Matsuya Co., Ltd. (current position)

(Significant concurrent positions)

Chairman; Chief Executive Officer, Nippon Signal Co., Ltd.

○ Takao Nakamura

[Career summary]

Date of birth: 1965

April 1989      Joined Bank of Japan

February 1996 Board Director; CFO, Digital Garage, Inc.

May 1997      Vice President & Representative Director; COO & CFO

June 1999      President & Representative Director, Infoseek, Inc.

January 2009      Joined Torikai Law Office

January 2016      Partner lawyer, Wadakura Gate Law Office (current position)

(Significant concurrent positions)

Partner lawyer, Wadakura Gate Law Office

Senior Legal Advisor, Mitsui & Co. (Asia Pacific) Pte. Ltd.

Outside Director, PA Co., Ltd.

Outside Director (Audit and Supervisory Committee Member), ValueCommerce Co., Ltd.

Outside auditor, KAYAC Inc.

Outside Director, Medical Data Vision Co., Ltd.

\* Mr. Youhei Furuhashi and Mr. Takao Nakamura are candidates for Outside Auditors who satisfy the criteria for the Company's Outside Auditors stipulated in Article 2, Item 16 of the Companies Act. They will be appointed to the Company's Outside Auditors upon selection at this Annual General Meeting of Shareholders.

There are no special interests between the Company and either of the candidates.

## Outline of the Gratis Allotment of Stock Acquisition Rights

### I. Determination of matters regarding gratis allotment of stock acquisition rights

(1) Details and number of stock acquisition rights

Details of the stock acquisition rights to be allotted to the shareholders (hereinafter, individually or collectively, “Stock Acquisition Rights”) shall be in accordance with the provision in II. below, and the number of the Stock Acquisition Rights shall be equivalent to the final total number of issued Company shares as of the date of allotment (hereinafter, the “Allotment Date”) (excluding the number of Company shares held by the Company at that time) separately determined by the Board of Directors in a resolution on the gratis allotment of the Stock Acquisition Rights (hereinafter, the “Gratis Allotment Resolution”).

(2) Eligible Shareholders

The Company shall implement a gratis allotment of the Stock Acquisition Rights to shareholders except the Company who are registered or recorded in the Company’s final register of shareholders on the Allotment Date at a ratio of one (1) Stock Acquisition Right for every one (1) Company share held.

(3) Effective date of the gratis allotment of the Stock Acquisition Rights

The effective date of the gratis allotment of the Stock Acquisition Rights shall be separately determined in the Gratis Allotment Resolution by the Board of Directors of the Company.

### II. Details of the Stock Acquisition Rights

1) Class and number of shares underlying the Stock Acquisition Rights

- 1) The class of shares underlying the Stock Acquisition Rights shall be a common share of the Company. The number of shares underlying one (1) Stock Acquisition Right (hereinafter, the “Applicable Number of Shares”) shall be one (1) share in principle. Provided, however, that the Applicable Number of Shares shall be adjusted using the following formula if the Company carries out a stock split or a stock consolidation. Any fractional shares of less than one share to be produced as a result of the adjustment shall be rounded down and no adjustment in cash shall be made.

Applicable Number of Shares after adjustment = Applicable Number of Shares before adjustment x ratio of stock split or stock consolidation

- 2) Applicable Number of Shares after adjustment shall become applicable, in the case of share split, on and after the day following the record date of such share split, and in the case of share consolidation, on and after the day following the effective date of such share consolidation.
  - 3) In addition to what is provided in 1) above, if any acts that cause or may cause a change in the number of issued shares of the Company (however, excluding the number of shares held by the Company), such as a gratis allotment of shares, a merger, and a company split, are conducted and an adjustment of the Applicable Number of Shares is required, the Applicable Number of Shares shall be reasonably adjusted upon consideration of the conditions of such gratis allotment of shares, merger, company split and other acts.
- 2) Amount of property to be contributed upon exercise of the Stock Acquisition Rights
- 1) Property to be contributed upon exercise of the Stock Acquisition Rights shall be cash, and its amount shall be an amount obtained by multiplying the Exercise Price (to be defined in 2) below) by the Applicable Number of Shares.
  - 2) The amount to be contributed per one (1) Company share upon exercise of the Stock Acquisition Rights (hereinafter, the “Exercise Price”) shall be an amount to be separately determined by the Board of Directors of the Company in the Gratis Allotment Resolution between ¥1 and any amount equivalent to 50% of the fair value of one (1) Company share. The “fair value” means an average of the closing price (including quotations) of the Company’s common shares in ordinary transactions at the Tokyo Stock Exchange for the 90-day period preceding the date of the Gratis Allotment Resolution (excluding days when no closing price is quoted). Figures less than ¥1 shall be rounded up.
- 3) Exercise period of the Stock Acquisition Rights
- The exercise period of the Stock Acquisition Rights shall be a period to be separately determined by



the Board of Directors of the Company in the Gratis Allotment Resolution between one (1) month and two (2) months, starting from the effective date of the gratis allotment of the Stock Acquisition Rights or the day separately determined by the Board of Directors of the Company in the Gratis Allotment Resolution. However, if the Stock Acquisition Rights are acquired by the Company pursuant to Paragraph (7), 2) below, the exercise period of the Stock Acquisition Rights subject to such acquisition shall be until the preceding business day of the acquisition date. Furthermore, if the final day of the exercise period falls on a holiday for the payment handling institution for the cash payable upon exercise, the following business day will be the final day.

4) Exercise conditions of the Stock Acquisition Rights

- 1) (i) Specified large-scale holders, (ii) joint holders of the specified large-scale holders, (iii) specified large-scale purchasers, (iv) persons in special relationship of the specified large-scale purchasers, (v) any persons or companies that have been transferred or have inherited the Stock Acquisition Rights from any persons or companies falling under (i) to (iv) above without the approval of the Company's Board of Directors, or (vi) any related parties of the persons or companies falling under (i) to (v) above (hereinafter, any parties falling under (i) to (vi) above shall be collectively referred to as the "Specified Acquirers") cannot exercise the Stock Acquisition Rights.

Terms used above shall be determined as follows.

- ① "Specified large-scale holders" mean holders (including those included in holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act) of share certificates, etc. (defined in Article 27-23, Paragraph 1 of the same Act; hereinafter the same unless otherwise specified) issued by the Company and whose holding ratio (defined in Article 27-23, Paragraph 4 of the same Act) of the said share certificates, etc., is deemed by the Company's Board of Directors to be 20% or more.
  - ② "Joint holders" mean joint holders as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including those deemed by the Company's Board of Directors to be joint holders pursuant to Paragraph 6 of the same Article.
  - ③ "Specified large-scale purchasers" mean persons or companies that have provided a public notice of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply throughout ③), of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply throughout ③), issued by the Company through a tender offer (defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act) and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., (defined in Article 27-2, Paragraph 8 of the same Act; hereinafter the same) owned by such persons or companies after such purchase, etc. (including similar ownership as prescribed in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act), is deemed by the Company's Board of Directors to be 20% or more when combined with the holding ratio of share certificates, etc. of a person in special relationship of such persons or companies.
  - ④ "Persons in special relationship" mean persons in special relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including those deemed as such by the Company's Board of Directors). However, those specified in Item 1 of the same Paragraph exclude those defined in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers.
  - ⑤ "Related parties" of a person or a company mean any persons or companies that are deemed by the Company's Board of Directors to virtually control such person or company, or be controlled by such person or company, or be under common control of another entity with such person or company, or any person or company that is deemed by the Company's Board of Directors to act in concert with such person or company. "Control" in this context means "controlling the determination of financial and business policies" (defined in Article 3, Paragraph 3 of the Regulation for Enforcement of the Companies Act) of other corporations or entities.
- 2) Notwithstanding 1) above, persons or companies as specified in the following ① through ④ do not fall under specified large-scale holders or specified large-scale purchasers.
    - ① The Company, a subsidiary of the Company (defined in Article 8, Paragraph 3 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements) or an affiliate of the Company (defined in Article 8, Paragraph 5 of the same Regulation)
    - ② In the case of persons or companies that were deemed by the Company's Board of Directors to have no intention to control the Company and fall under 1) (i) above, those who have ceased to fall under the specified large-scale holder in 1) (i) above through disposing of the Company's

share certificates, etc. they own within 10 days (however, the Company's Board of Directors may extend such period) after becoming specified large-scale holders set forth in 1) (i) above

- ③ Persons or companies recognized by the Company's Board of Directors to fall under the large-scale holder in 1) (i) above without their own will, due to the Company's acquisition of its own shares or other reasons (However, this excludes intentional new acquisitions of the Company's share certificates, etc. thereafter.)
  - ④ Persons or companies deemed by the Company's Board of Directors to cause no conflict with the corporate value of the Company and shareholders' common interests after having or holding share certificates, etc., of the Company (The Company's Board of Directors may recognize that those recognized as the Specified Acquirers cause no conflict with the corporate value and shareholders' common interests. Furthermore, if deemed by the Company's Board of Directors to cause no conflict with the corporate value and shareholders' common interests under certain conditions, this shall apply only when such conditions are fulfilled.)
- 3) In allowing persons or companies located in a foreign jurisdiction to exercise the Stock Acquisition Rights, in the event that those in the foreign jurisdiction are required under applicable foreign laws and regulations to (i) perform prescribed procedures, (ii) satisfy prescribed conditions (including prohibition of exercise for a certain period, submission of predetermined documents, etc.), or (iii) perform both of the aforementioned (hereinafter, collectively the "Procedures and Conditions for Exercise under Jurisdiction"), such persons or companies located in the foreign jurisdiction may exercise the Stock Acquisition Rights only when it is recognized by the Company's Board of Directors that the Procedures and Conditions for Exercise under Jurisdiction have been fully performed or fulfilled. If the Procedures and Conditions for Exercise under Jurisdiction are not recognized by the Company's Board of Directors to have been fulfilled, the Stock Acquisition Rights cannot be exercised. Additionally, in allowing persons or companies located in the foreign jurisdiction to exercise the Stock Acquisition Rights, the Company's Board of Directors shall not be held liable for performing or fulfilling the Procedures and Conditions for Exercise under Jurisdiction required to perform or fulfill by the Company. Further, persons or companies located in the foreign jurisdiction cannot exercise the Stock Acquisition Rights if laws and regulations in the foreign jurisdiction prohibit such persons or companies located in the foreign jurisdiction from exercising the Stock Acquisition Rights.
  - 4) Notwithstanding 3) above, persons or companies located in the U.S. may exercise the Stock Acquisition Rights only when such persons or companies (i) represent and warrant the fact that the persons or companies are accredited investors defined in the rule of 501 (a) of the U.S. Securities Act of 1933, and (ii) pledge that they will resell the Company's common shares to be acquired as a result of exercise of their Stock Acquisition Rights, in regular transaction at the Tokyo Stock Exchange (however, this shall not be based on prior arrangements and no prior invitation shall be made). Only in such cases, the Company shall perform or fulfill the Regulation D of the U.S. Securities Act of 1933 and other Procedures and Conditions for Exercise under Jurisdiction related to state laws in the U.S., which are required to be performed or fulfilled by the Company for enabling such persons or companies located in the U.S. to exercise the Stock Acquisition Rights. If persons or companies located in the U.S. are regarded by the Company's Board of Directors as not qualified under the U.S. Securities Act to legally exercise the Stock Acquisition Rights even after fulfilling (i) and (ii) above, due to changes in laws and regulations in the U.S. or other reasons, those located in the U.S. cannot exercise the Stock Acquisition Rights.
  - 5) Persons or companies holding the Stock Acquisition Rights may exercise the Stock Acquisition Rights only when they submit to the Company a written oath containing representations and warranties regarding matters such as the fact that he/she is not a Specified Acquirer, and that the exercise is not to be made on behalf of the Specified Acquirer, along with the fact that exercise conditions of the Stock Acquisition Rights are fulfilled, as well as indemnity clauses and any other matters designated by the Company, in addition to other documents required by laws and regulations.
  - 6) Even when persons or companies holding the Stock Acquisition Rights cannot exercise the Stock Acquisition Rights due to the provision in (4) above, the Company shall not be held liable in any way for damage to the persons or companies holding the Stock Acquisition Rights.
- 5) Share capital and legal capital surplus to be increased upon issuance of shares as a result of exercise of Stock Acquisition Rights

The amount of share capital and legal capital surplus to be increased upon issuance of the Company shares as a result of exercise of Stock Acquisition Rights shall be the amount separately determined by the Company's Board of Directors in the Gratis Allotment Resolution.

- 6) Transfer restriction of the Stock Acquisition Rights
  - 1) Acquisition of the Stock Acquisition Rights via transfer shall require the approval of the Company's Board of Directors.
  - 2) If a person or company transferring the Stock Acquisition Rights is located in Japan and is not qualified for exercising the Stock Acquisition Rights (excluding the Specified Acquirers) due to the provisions in (4) 3) and 4) above, the Company's Board of Directors shall decide whether or not to approve the transfer pursuant to 1) above, in consideration to the following factors.
    - ① With regard to acquisition of all or a part of the Stock Acquisition Rights by a person or company located in the jurisdiction via transfer, whether a statement has been submitted (that includes representations and warranties in ② through ④ below, indemnity clauses and penalty clauses) prepared by the transferor and transferee with their signatures or names and seals
    - ② Whether it is evident that the transferor and transferee are not Specified Acquirers
    - ③ Whether it is evident that the transferee is not a person or company located in the jurisdiction and that the transferee does not receive the Stock Acquisition Rights on behalf of those located in the jurisdiction
    - ④ Whether it is evident that the transferee does not receive the Stock Acquisition Rights on behalf of Specified Acquirers
- 7) Acquisition of the Stock Acquisition Rights by the Company
  - 1) The Company may acquire, upon arrival of the date separately determined by the Company's Board of Directors, all the Stock Acquisition Rights for no consideration at any time up to the date prior to the exercise period starting date in the case that the Company's Board of Directors deems that it is appropriate for the Company to acquire the Stock Acquisition Rights.
  - 2) As of the date separately determined by the Company's Board of Directors, the Company may acquire all the Stock Acquisition Rights held by persons or companies other than the Specified Acquirers that have not been exercised until the business day preceding the date determined by the Company's Board of Directors, and in exchange, may deliver Company shares in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. In addition, if, on or after the date such acquisition takes place, the Company's Board of Directors deems that there are any persons or companies holding the Stock Acquisition Rights other than the Specified Acquirers, the Company may acquire all the unexercised Stock Acquisition Rights held by such persons or companies as of the date separately determined by the Company's Board of Directors, which should be later than the date of the aforementioned acquisition, and up to the business day preceding the date determined by the Company's Board of Directors, and in exchange, may deliver Company shares in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. The same shall apply subsequently.
- 8) Delivery of the Stock Acquisition Rights and conditions thereof in the case of merger (limited to the case where the Company is dissolved due to the merger), absorption-type company split, incorporation-type company split, share exchange, and share transfer  
 Delivery of the Stock Acquisition Rights and conditions thereof shall be separately determined by the Company's Board of Directors in the Gratis Allotment Resolution.
- 9) Issuance of certificates of the Stock Acquisition Rights  
 Certificates of the stock acquisition rights pertaining to the Stock Acquisition Rights shall not be issued.
- 10) Amendment due to changes in laws and regulations  
 The provisions of the laws and regulations cited above are based on those in effect as of April 11, 2019. In the case that any establishment, revision or abolition of laws and regulations from this day forward necessitates amendment to the provisions and meanings of terms set forth in the above clauses, such provisions, meanings of terms, etc. set forth in the above clauses may be replaced by the Company's Board of Directors as appropriate within a reasonable range upon consideration of the purpose of such establishment, revision or abolition.

- (Note) The above flow chart is a reference for providing simple description of the Plan. For details of the Plan, please refer to the main text.

## **Instructions for Exercising Voting Rights**

### **If you are attending the meeting in person**

Please submit the enclosed Voting Rights Exercise Form at the meeting venue reception desk.

When attending the meeting, please bring this convocation notice with you.

Date and time of the Meeting: Thursday, May 23, 2019, at 10 a.m. Japan time

### **If you are unable to attend the meeting in person**

Exercising voting rights in writing by postal mail

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 6 p.m. on Wednesday, May 22, 2019, Japan time

Exercising Voting Rights via the Internet

Please access the website for exercise of voting rights and exercise your voting rights no later than 6 p.m. on Wednesday, May 22, 2019, Japan time.

(For details of the method to exercise your voting rights, please refer to the instructions on pages 38 through 39.)

## **Instructions for Exercising Voting Rights via the Internet, etc.**

If you are exercising your voting rights via the Internet, please confirm the following instructions before exercising your voting rights.

If you intend to attend the meeting in person, you are not required to exercise your voting rights either in writing by postal mail (Voting Rights Exercise Form) or via the Internet.

### **1. Website for exercising voting rights**

- (1) Voting rights may only be exercised via the Internet by accessing the website for exercising voting rights designated by the Company (<https://evote.tr.mufg.jp/>), which is accessible from a personal computer, a smartphone or a mobile phone. (Service is suspended between 2 a.m. and 5 a.m. on all days.)
- (2) Certain personal computers or smartphones may not be able to run the website for exercising voting rights due to the installation of firewall for Internet connection, antivirus software, proxy server, or when TLS encrypted communication is not specified, etc.
- (3) For security reasons, exercise of voting rights via mobile phone is unavailable if your mobile phone model is incapable of specifying TLS encrypted communication or sending mobile phone information.
- (4) Exercise of voting rights via the Internet will be accepted until 6 p.m. on Wednesday, May 22, 2019, Japan time. However, you are cordially requested to exercise your voting rights earlier. Please call the Help Desk for any inquiries concerning the exercise of voting rights.

### **2. Exercising voting rights via the Internet**

- (1) Via personal computer or mobile phone
    - On the website for exercising voting rights (<https://evote.tr.mufg.jp/>), enter the “login ID” and “temporary password” printed on the Voting Rights Exercise Form to indicate your vote for or against each proposal following the on-screen guidance.
    - To prevent persons who are not shareholders (impostors) from illegally accessing the website and altering the content of voting selections, we ask shareholders who use the website to change their “temporary passwords” on the website for exercising voting rights.
    - You will be provided with a new “login ID” and “temporary password” each time a General Meeting of Shareholders is convened.
  - (2) Via smartphone
    - You can automatically access the website for exercising voting rights by scanning the “login QR Code” printed on the Voting Rights Exercise Form and may exercise your voting rights. (No entry of “login ID” and “temporary password” is required.)
    - For security reasons, you may login the website for exercising voting rights using the QR Code only once. From the second time thereafter, you need to enter “login ID” and “temporary password” even after scanning the QR Code.
    - Depending on your smartphone model, you may not be able to login the website using the QR Code. If you cannot login using the QR Code, please follow the instruction in “Via personal computer or mobile phone” provided in 2 (1) above.
- \* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

### **3. Handling of multiple votes**

- (1) If you exercise your voting rights both by postal mail and via the Internet, we will consider the Internet vote to be the valid vote.
- (2) If you exercise your voting rights via the Internet multiple times, we will consider the most recent vote to be the valid vote. In the case when you exercise your voting rights multiple times by using a personal computer, a smartphone or a mobile phone, we will consider the most recent vote to be the valid vote.

### **4. Costs arising from accessing the website for exercising voting rights**

Any costs arising from accessing the website for exercising voting rights (Internet connection fees, etc.) will be borne by the shareholder. In case you are exercising voting rights using a mobile phone, packet communication fees and other fees required for using the mobile phone will be borne by the shareholder as well.

For inquiries concerning operation of systems, please contact:  
Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division (Help Desk)  
• Toll-free service phone number in Japan: 0120-173-027 (Business hours: 9 a.m. – 9 p.m.)

**【Voting Rights Exercise Platform】**

In addition to the above method to exercise voting rights via the Internet, nominee shareholders such as trust and custody services banks (including standing proxies) may use the Voting Rights Exercise Platform operated by ICJ, Inc., a joint company established by the Tokyo Stock Exchange, Inc. and other companies, as an electromagnetic means of exercising voting rights at the Company's General Meeting of Shareholders. Please note that this service is only available for those who requested in advance.