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Securities code: 4401  
June 3, 2019

To our shareholders

Hidetaka Shirozume  
President and Chief Operating Officer  
**ADEKA Corporation**  
7-2-35 Higashi-ogu, Arakawa-ku, Tokyo 116-8554, Japan

## Notice of the 157th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 157th Ordinary General Meeting of Shareholders, which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights through any of the following methods. After having reviewed the Reference Documents for the General Meeting of Shareholders, please exercise your voting rights by 5:15 p.m. on Thursday, June 20, 2019 (JST).

**1. Date and Time:** June 21, 2019 (Friday) 10:00 a.m. (JST)

**2. Location:** ADEKA Corporation Head Office  
7-2-35 Higashi-ogu, Arakawa-ku, Tokyo, Japan

### 3. Purpose of the Meeting:

#### Matters to be reported:

1. Report on the content of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 157th fiscal year (from April 1, 2018 to March 31, 2019)
2. Report on the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

#### Matters to be resolved:

- Proposal 1** Appropriation of the Surplus
- Proposal 2** Election of 12 Directors
- Proposal 3** Election of Two (2) Audit & Supervisory Board Members
- Proposal 4** Renewal of the Response Measures to Large-Scale Purchases of the Company Shares (Takeover Defense Measures)

### 4. Exercise of Voting Rights

#### (1) Exercise of voting rights in writing

Please indicate your approval or disapproval to each of the proposals on the enclosed voting form, and return it to us **by 5:15 p.m. on Thursday, June 20, 2019.**

#### (2) Exercise of voting rights via the Internet, etc.

Please access the dedicated website for exercising voting rights specified by the Company (<https://www.web54.net>), and, having used the voting code and password, follow the on-screen explanation to enter your approval or disapproval to each of the proposals **by 5:15 p.m. on Thursday, June 20, 2019.**

In addition, in the event that voting rights are exercised multiple times when exercising voting rights in writing and via the Internet, etc., the most recent one to arrive with us shall be considered valid, but if both arrive on the same day, the exercise of voting rights via the Internet, etc. shall be considered valid.

- If you are attending the meeting in person, please submit the enclosed voting form at the reception of the venue.
- With regard to the following matters, in accordance with relevant laws and regulations, and as prescribed in Article 15 of the Company's Articles of Incorporation, the materials have been made available on the Company's website (<https://www.adeka.co.jp>), and are therefore not presented in the document appended to this Notice.
  - (1) From the Business Report, in the section entitled "II. Current Status of the Company," the "Outline of the content of resolutions regarding systems etc. put in place to ensure the appropriateness of operations, and the operational status of such systems," and the "Outline of the content of the basic policy regarding control of the Company"
  - (2) The "Consolidated Statements of Changes in Equity" and "Notes to the Consolidated Financial Statements" from the Consolidated Financial Statements
  - (3) The "Non-consolidated Statements of Changes in Equity" and "Notes to the Financial Statements" from the Non-consolidated Financial Statements
- In the event that revisions are required to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, or the Consolidated Financial Statements, revised versions of these documents will be available on the Company's website (<https://www.adeka.co.jp>).
- In order to save electricity, on the day of the meeting, the temperature of the air conditioning in the venue will be set at a slightly higher level, and accordingly we respectfully suggest that you avoid heavy clothing.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference matters

#### Proposal 1 Appropriation of the Surplus

With regard to the appropriation of the surplus, the Company proposes the following.

##### Year-end dividends

The Company's basic policy is to return profits to shareholders in an appropriate manner, having considered the financial situation and performance etc., while at the same time working to strengthen and expand the financial position and the management base, and the dividend amount is determined accordingly. As a result of careful consideration based on this dividend policy, and after having taken into account performance for the fiscal year under review, the need to reinforce the management base and future business expansion, the Company proposes a year-end dividend for the 157th fiscal year as follows.

##### (1) Type of dividends

Cash

##### (2) Dividend allocation and their aggregate amount

Dividend per common share of the Company: ¥24

Adding the year-end dividend for the fiscal year under review to the interim dividend of ¥21 yields an annual dividend of ¥45 (the annual dividend for the previous fiscal year was ¥39 per share).

Total dividends: ¥2,486,207,712

Effective date of dividends of surplus on Monday, June 24, 2019

**Proposal 2** Election of 12 Directors

The terms of office of all 12 Directors will expire at the conclusion of this general meeting of shareholders, and accordingly the Company proposes the election of 12 directors.

Candidates for the role of Director are as follows:

andidate No.	Name	Current position and responsibilities within the Company	Reelection / New election
1	Akio Kohri	Chairman and Chief Executive Officer	Reelection
2	Hidetaka Shirozume	President and Chief Operating Officer	Reelection
3	Haruhiko Tomiyasu	Director and Senior Managing Operating Officer Assistant to the President, Secretarial Department, Human Resources Department, Purchasing & Distribution Department, as well as Chair of Internal Control Promotion Committee	Reelection
4	Ryozo Arata	Director and Managing Operating Officer General Manager, Production Division	Reelection
5	Koji Tajima	Director and Managing Operating Officer Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Information System Department, Chemicals Business in China, Chair of Capital Investment Committee, and Chair of Compliance Promotion Committee	Reelection
6	Toshinori Yukino	Director and Managing Operating Officer General Manager, Polymer Additives Division	Reelection
7	Yoshiaki Kobayashi	Director and Operating Officer General Manager, Foods Division and Project Team Leader, East Asia Foods Business	Reelection
8	Shigeki Fujisawa	Director and Operating Officer General Manager, Chemicals Division	Reelection
9	Yoji Shiga	Director and Operating Officer General Manager, Finance & Accounting Department	Reelection
10	Atsuya Yoshinaka	Director and Operating Officer General Manager, Research & Development Division	Reelection
11	Kazuyuki Nagai	Director	Reelection External Independent
12	Shigeru Endo	Director	Reelection External Independent

New election: New Candidate for Director

Reelection: Candidate for reelection as Director

External: Candidate for External Director

Independent: Registered with the Tokyo Stock Exchange as an Independent Officer

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Akio Kohri (December 21, 1948) [Reelection]  Attendance rate at the Board of Directors meetings 100% (17 out of 17)	<p>Apr. 1971    Joined the Company</p> <p>Jun. 2003    General Manager, Foods Planning &amp; Development Department</p> <p>Jun. 2005    Operating Officer, General Manager, Foods Planning &amp; Development Department</p> <p>Jun. 2007    Operating Officer, Deputy General Manager, Foods Division, and General Manager, Foods Planning &amp; Development Department</p> <p>Jun. 2008    Director and Operating Officer, General Manager, Foods Division, and General Manager, China Foods Business Development Department</p> <p>Jun. 2010    Director and Managing Operating Officer, General Manager, Corporate Planning &amp; Strategy Division and Chair of Capital Investment Committee</p> <p>Jun. 2012    President and Chief Executive Officer</p> <p>Dec. 2013    External Director of NIHON NOHYAKU CO., LTD.</p> <p>Jun. 2015    External Audit &amp; Supervisory Board Member of ZEON Corporation (current position)</p> <p>Jun. 2018    Chairman and Chief Executive Officer (current position)</p> <p>Sep. 2018    Director of NIHON NOHYAKU CO., LTD. (current position)</p>	71,300 shares
[Reasons for nomination as candidate for Director]			
<p>Since June 2012, Akio Kohri has, as President and Chief Executive Officer, supervised the drawing up and execution of three Medium-Term Management Plans during his tenure of office, thus making important contributions to improvements in the corporate value of the Group. Since June 2018, he has held the position of Chairman of the Board of Directors in his role as Chairman and Chief Operating Officer, and has striven to strengthen corporate governance and to enhance the effectiveness of the Board of Directors. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director. Moreover, in the event that he is elected as Director, he is scheduled to be selected Chairman and Chief Executive Officer at the meeting of the Board of Directors taking place after this general meeting of shareholders.</p>			
[Other matters of note in relation to this candidate for Director]			
No special interests exist between the candidate and the Company.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Hidetaka Shirozume (November 10, 1961) [Reelection ]  Attendance rate at the Board of Directors meetings 100% (17 out of 17)	<p>Apr. 1985    Joined the Company</p> <p>Jun. 2005    General Manager, Electronic Materials Sales Department</p> <p>Jun. 2010    General Manager, Information &amp; Electronic Materials Sales Department</p> <p>Jun. 2011    General Manager, Chemicals Planning &amp; Marketing Department</p> <p>Jun. 2014    Operating Officer, General Manager, Chemicals Planning &amp; Marketing Department</p> <p>Jun. 2015    Operating Officer, General Manager, Osaka Main Branch</p> <p>Jun. 2016    Director and Operating Officer, General Manager, Osaka Main Branch</p> <p>Jun. 2017    Director and Managing Operating Officer, General Manager, Corporate Planning &amp; Strategy Division and Chair of Capital Investment Committee</p> <p>Jun. 2018    President and Chief Operating Officer (current position)</p>	26,400 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>As the individual responsible for the Chemicals Department and the Chemicals Planning &amp; Marketing Department, Hidetaka Shirozume has worked ceaselessly to stabilize and strengthen the chemicals business of the Company. Since June 2016, he has been involved as a Director in the management of the Company and, beginning in June 2018, his powerful leadership as President and Chief Executive Officer has been used to direct management from the front and guide them towards the goals of the Medium-Term Management Plan "BEYOND 300." In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as Director. Moreover, in the event that he is elected as Director, he is scheduled to be selected President and Chief Operating Officer at the meeting of the Board of Directors taking place after this general meeting of shareholders.</p>			
<p>[Other matters of note in relation to this candidate for Director]</p> <p>No special interests exist between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p>Haruhiko Tomiyasu (July 7, 1956) [Reelection]</p> <p>Attendance rate at the Board of Directors meetings 100% (17 out of 17)</p>	<p>Apr. 1979    Joined DAI-ICHI KANGYO BANK, LTD. (present MIZUHO BANK, LTD.)</p> <p>Jul. 2005    General Manager, Administration Department, MIZUHO BANK, LTD.</p> <p>Jun. 2007    Audit &amp; Supervisory Board Member of the Company</p> <p>Jun. 2009    Resigned from position of Audit &amp; Supervisory Board Member of the Company Director and Operating Officer, Legal Affairs &amp; Publicity Department, Finance &amp; Accounting Department, and Chair of Internal Control Promotion Committee</p> <p>Dec. 2009    External Auditor of NIHON NOHYAKU CO., LTD.</p> <p>Jun. 2010    Director and Operating Officer, Legal Affairs &amp; Publicity Department, Finance &amp; Accounting Department, Information System Department, and Chair of Internal Control Promotion Committee</p> <p>Jun. 2012    Director and Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Information System Department and Chair of Internal Control Promotion Committee</p> <p>Jun. 2014    Director and Managing Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Information System Department, and Chair of Internal Control Promotion Committee</p> <p>Jun. 2015    Director and Managing Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Purchasing &amp; Distribution Department and Chair of Internal Control Promotion Committee</p> <p>Jun. 2018    Director and Senior Managing Operating Officer, Assistant to the President, Secretarial Department, Human Resources Department, Purchasing &amp; Distribution Department, and Chair of Internal Control Promotion Committee (current position)</p> <p>Sep. 2018    Corporate Auditor of NIHON NOHYAKU CO., LTD. (current position)</p>	27,900 shares
<p>[Reasons for nomination as candidate for Director] Haruhiko Tomiyasu possesses long years of experience in the financial industry, coupled with a high level of knowledge, and has provided valuable opinions on management in general, including the treatment of important issues related to the finances of the Company. In addition, as Chair of the Internal Control Promotion Committee, he has pushed for the strengthening of the Group's internal control promotion systems. In order to leverage his abundant experience, knowledge and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.</p>			
<p>[Other matters of note in relation to this candidate for Director] No special interests exist between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned	
4	Ryoza Arata (May 17, 1956) [Reelection]  Attendance rate at the Board of Directors meetings 100% (17 out of 17)	Apr. 1980	Joined ADEKA ARGUS CHEMICAL CO., LTD.	19,900 shares
		Oct. 1990	Joined the Company	
		Jun. 2010	General Manager, Mie Plant	
		Jun. 2011	Operating Officer, General Manager, Mie Plant	
		Jun. 2012	Operating Officer, General Manager, Production Administration Department	
		Jun. 2014	Director and Operating Officer, General Manager, Production Division	
		Jun. 2018	Director and Managing Operating Officer, General Manager, Production Division (current position)	
		[Reasons for nomination as candidate for Director] As the individual responsible over many years for supervising the Production Division, Ryoza Arata has worked to strengthen the production system of the Company. Since June 2014, he has been involved in the management of the Company as Director, and has performed his duties in an appropriate manner. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as Director.		
		[Other matters of note in relation to this candidate for Director] No special interests exist between the candidate and the Company.		
5	Koji Tajima (May 20, 1955) [Reelection]  Attendance rate at the Board of Directors meetings 100% (17 out of 17)	Apr. 1980	Joined ADEKA ARGUS CHEMICAL CO., LTD.	23,100 shares
		Oct. 1990	Joined the Company	
		Jun. 2009	General Manager, Osaka Chemicals Department, Osaka Main Branch	
		Jun. 2010	President and Chief Executive Officer, AMFINE CHEMICAL CORP. President and Chief Executive Officer, ADEKA USA CORP.	
		Jun. 2014	Operating Officer, General Manager, Corporate Planning & Strategy Division	
		Jun. 2015	Director and Operating Officer, General Manager, Corporate Planning & Strategy Division, Secretarial Department, Legal Affairs & Publicity Department, Information System Department, Chair of Capital Investment Committee and Chair of Compliance Promotion Committee	
		Jan. 2017	Managing Director, ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD. (current position)	
		Jun. 2017	Director and Operating Officer, Secretarial Department, Legal Affairs & Publicity Department, Information System Department, Chemicals Business in China and Chair of Compliance Promotion Committee	
		Jun. 2018	Director and Managing Operating Officer, Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Information System Department, Chemicals Business in China, Chair of Compliance Promotion Committee and Chair of Capital Investment Committee (current position)	
		(Significant concurrent position outside the Company) Managing Director, ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD.		
		[Reasons for nomination as candidate for Director] Koji Tajima has developed wide-ranging experience and knowledge in the research & development and sales departments, as well as in overseas subsidiaries, and has striven to strengthen the businesses of the Group both in Japan and overseas. Since June 2015, he has been involved in the management of the Company as a Director, and has performed his duties in an appropriate manner. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.		
		[Other matters of note in relation to this candidate for Director] The Company and ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD. have a transactional relationship involving financial loans.		



Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<p>Toshinori Yukino (May 10, 1955) [Reelection]</p> <p>Attendance rate at the Board of Directors meetings 88% (15 out of 17)</p>	<p>Apr. 1979 Joined ADEKA ARGUS CHEMICAL CO., LTD. Oct. 1990 Joined the Company Jun. 2007 General Manager, Polymer Additives R&amp;D Laboratory Jun. 2010 Operating Officer, General Manager, Polymer Additives R&amp;D Laboratory Jun. 2014 Operating Officer, Deputy General Manager, Polymer Additives Division Sep. 2014 Chairman and Representative Director, ADEKA INDIA PVT. LTD. (current position) Jun. 2015 Senior Operating Officer, Deputy General Manager, Polymer Additives Division Apr. 2016 Managing Director, ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (current position) President and Chief Executive Officer, ADEKA AL GHURAIR ADDITIVES LLC (current position) Managing Director, CHANG CHIANG CHEMICAL CO., LTD. (current position) Jun. 2016 Director and Operating Officer, General Manager, Polymer Additives Division (current position) President and Chief Executive Officer, OXIRANE CHEMICAL CORP. (current position) Jun. 2018 Director and Managing Operating Officer, General Manager, Polymer Additives Division (current position)</p> <p>(Significant concurrent positions outside the Company) Chairman and Representative Director, ADEKA INDIA PVT. LTD. Managing Director, ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. President and Chief Executive Officer, ADEKA AL GHURAIR ADDITIVES LLC Managing Director, CHANG CHIANG CHEMICAL CO., LTD. President and Chief Executive Officer, OXIRANE CHEMICAL CORP.</p>	26,700 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>As the individual responsible for the research &amp; development department within the Polymer Additives Division, Toshinori Yukino has contributed to the growth of the business through the development of products that meet the needs of the market and customers. After that, he continued as the individual responsible for that division and, since June 2016, he has been involved in the management of the Company as a Director, and has performed his duties in an appropriate manner. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.</p>			
<p>[Other matters of note in relation to this candidate for Director]</p> <p>The Company has transactional relationships involving the buying and selling products with ADEKA INDIA PVT.LTD., CHANG CHIANG CHEMICAL CO., LTD. and OXIRANE CHEMICAL CORP. The Company has a transactional relationship involving the buying and selling products, as well as technology licensing, with ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. The Company and ADEKA AL GHURAIR ADDITIVES LLC have a transactional relationship involving the buying and selling of products and financial loans.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	Yoshiaki Kobayashi (May 7, 1962) [Reelection]  Attendance rate at the Board of Directors meetings 100% (17 out of 17)	Apr. 1985 Joined the Company Feb. 2011 General Manager, West Japan Foods Sales Department Jun. 2012 General Manager, East Japan Foods Sales Department Jun. 2016 Operating Officer, Deputy General Manager, Foods Division, and General Manager, East Japan Foods Sales Department Jun. 2017 Director and Operating Officer, General Manager, Foods Division, and Project Team Leader, East Asia Foods Business (current position) Mar. 2018 Managing Director, ADEKA FOODS (CHANGSHU) CO., LTD. (current position) (Significant concurrent position outside the Company) Managing Director, ADEKA FOODS (CHANGSHU) CO., LTD.	14,400 shares
[Reasons for nomination as candidate for Director] Yoshiaki Kobayashi has been involved in foods product sales for many years, and, as the individual responsible for the sales department, has worked ceaselessly to stabilize and strengthen the foods business. Since June 2017, he has been involved in the management of the Company as a Director, and has performed his duties in an appropriate manner. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.			
[Other matters of note in relation to this candidate for Director] The Company has a transactional relationship involving loan guarantees, financial loans the buying and selling of products, and technology licensing with ADEKA FOODS (CHANGSHU) CO., LTD.			
8	Shigeki Fujisawa (May 26, 1963) [Reelection]  Attendance rate at the Board of Directors meetings 100% (17 out of 17)	Apr. 1987 Joined the Company Jun. 2009 General Manager, Functional Resins Sales Department Jun. 2011 General Manager, Information & Electronic Materials Sales Department Jun. 2015 General Manager, Chemicals Planning & Marketing Department Jun. 2016 Operating Officer, Deputy General Manager, Chemicals Division, and General Manager, Chemicals Planning & Marketing Department Mar. 2017 Managing Director, ADEKA FINE CHEMICAL TAIWAN CORP. (current position) Managing Director, ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. (current position) Jun. 2017 Director and Operating Officer, General Manager, Chemicals Division (current position) (Significant concurrent positions outside the Company) Managing Director, ADEKA FINE CHEMICAL TAIWAN CORP. Managing Director, ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.	12,000 shares
[Reasons for nomination as candidate for Director] Shigeki Fujisawa has been involved in chemical product sales for many years, and, as the individual responsible for the Chemicals Department and the Chemicals Planning & Marketing Department, has worked unceasingly to strengthen the chemicals business. Since June 2017, he has been involved in the management of the Company as a Director, and has performed his duties in an appropriate manner. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.			
[Other matters of note in relation to this candidate for Director] The Company has transactional relationships involving the buying and selling products, as well as technology licensing, with ADEKA FINE CHEMICAL TAIWAN CORP. and ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	Yoji Shiga (August 3, 1962) [Reelection]  Attendance rate at the Board of Directors meetings 100% (13 out of 13)	Apr. 1985    Joined the Company Jun. 2006    General Manager, Finance & Accounting Department Jun. 2014    Operating Officer, General Manager, Finance & Accounting Department Jun. 2018    Director and Operating Officer, General Manager, Finance & Accounting Department (current position)	14,900 shares
	[Reasons for nomination as candidate for Director] Yoji Shiga has many years of experience as the individual responsible for the Finance & Accounting Department, working to strengthen the financial position of the Group by drawing up and promoting the financial strategy as the General Manager of the Financial & Accounting Department. Since June 2018, he has been involved in the management of the Company as a Director. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.		
	[Other matters of note in relation to this candidate for Director] No special interests exist between the candidate and the Company.		
10	Atsuya Yoshinaka (February 10, 1963) [Reelection]  Attendance rate at the Board of Directors meetings 100% (13 out of 13)	Apr. 1985    Joined the Company Sep. 2009    General Manager, Electronic Materials Development Laboratory Jun. 2014    Operating Officer, General Manager, Electronic Materials Development Laboratory Jun. 2015    Operating Officer, General Manager, R&D Planning Department Jun. 2018    Director and Operating Officer, General Manager, Research & Development Division (current position) President, TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO.,LTD. (current position) President & Chief Executive Officer, TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD.  (Significant concurrent positions outside the Company) President & Chief Executive Officer, TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD.	11,200 shares
	[Reasons for nomination as candidate for Director] Atsuya Yoshinaka has many years of experience as the individual responsible for research and development in the electronic materials field and the R&D Planning Department, driving R&D and implementing initiatives promote the Company's R&D and planning development activities. Since June 2018,, he has been involved in the management of the Company as Director. In order to leverage his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as Director.		
	[Other matters of note in relation to this candidate for Director] There is a transactional relationship involving consignment of analytical operation between the Company and TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD.		

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
11	Kazuyuki Nagai (September 24, 1945) [Reelection]  [External] [Independent] Attendance rate at the Board of Directors meetings 100% (17 out of 17)  Years of service (as of the conclusion of this general meeting of shareholders) Nine (9) years	Apr. 1981 Professor, Faculty of Law, CHUO UNIVERSITY (Companies Act)	6,900 shares
		Nov. 1999 Dean, Faculty of Law, CHUO UNIVERSITY	
		May 2004 Registered as attorney (current position)	
		Nov. 2005 President, CHUO UNIVERSITY	
		Dec. 2005 Chancellor, CHUO UNIVERSITY	
		Jun. 2010 External Director of the Company (current position)	
Jun. 2012 Chairman, UNIVERSITY CORRESPONDENCE EDUCATION (current position)	(Significant concurrent position outside the Company)		
Apr. 2016 Professor Emeritus, CHUO UNIVERSITY (current position)	Chairman, UNIVERSITY CORRESPONDENCE EDUCATION		
	[Reasons for nomination as candidate for External Director]	Kazuyuki Nagai has taught commercial law (Companies Act) in the University's Law Faculty for many years, and is also a qualified attorney. He has had no direct experience of involvement in company management in the past except through his role as External Director of the Company, but the Company has determined that his abundant practical experience in the management of university as Chancellor and President of the University in combination with his highly specialized knowledge, enables him to offer advice on the general management of the Company, and we therefore request that he be elected to continue serving as External Director.	
	[Matters related to independence]	The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered them with the Tokyo Stock Exchange as Independent Director. In the event that the candidate is reelected as External Director, the Company will continue his registration as Independent Director. Moreover, the criteria prescribed by the Company for assessing the independence of external directors can be found on page 16.	
	[Limitation of liability contract]	In Article 25 of the Articles of Incorporation there is a provision to the effect that contracts may be concluded with the Company to limit the liability of directors (excluding those who are operating officers) in circumstances in which they have acted in good faith and where there has been no gross negligence. The Company has concluded with the candidate a contract with the effect of limiting the liability of directors (excluding those who are operating officers) to the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the candidate is reelected as Director at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.	
	[Other matters of note in relation to this candidate for Director]	No special interests exist between the candidate and the Company.	

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
12	<p>Shigeru Endo (October 16, 1948) [Reelection] [External] [Independent]</p> <p>Attendance rate at the Board of Directors meetings 100% (13 out of 13)</p> <p>Years of service (as of the conclusion of this general meeting of shareholders) One (1) years</p>	<p>Apr. 1974 Joined Ministry of Foreign Affairs</p> <p>Apr. 2001 Deputy Director-General in the Middle Eastern and African Affairs Bureau, Ministry of Foreign Affairs</p> <p>Feb. 2002 Deputy Director-General in the Consular and Migration Affairs Bureau, Ministry of Foreign Affairs</p> <p>Aug. 2003 Ambassador to the Permanent Mission of Japan to the International Organizations in Geneva, and Consul General of Japan in the Japanese Consulate in Geneva</p> <p>Mar. 2007 Ambassador Extraordinary and Plenipotentiary to Republic Tunisia</p> <p>Jul. 2009 Ambassador Extraordinary and Plenipotentiary to Saudi Arabia</p> <p>Oct. 2012 Retired from Ministry of Foreign Affairs</p> <p>Jun. 2013 External Director, JGC CORPORATION (current position) External Director, IINO KAIUN KAISHA, LTD. (current position)</p> <p>Apr. 2014 Special Assistant to the Ministry of Foreign Affairs (current position)</p> <p>Jun. 2018 External Director of the Company (current position)</p> <p>(Significant concurrent position outside the Company) External Director of JGC CORPORATION External Director of IINO KAIUN KAISHA, LTD. Special Assistant to the Ministry of Foreign Affairs</p>	0 shares
<p>[Reasons for nomination as candidate for External Director] Shigeru Endo spent many years as an active diplomat, and has abundant international experience. He has had no direct experience of involvement in company management in the past except through his role as External Director of the Company, but the Company has determined that his broad knowledge and insights into international affairs and his international sense, enables him to offer advice on the general management of the Company, and we therefore request that he be elected to continue serving as External Director.</p>			
<p>[Matters related to independence] The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as Director, the Company will continue his registration as Independent Director. Moreover, the criteria prescribed by the Company for assessing the independence of external directors can be found on page16.</p>			
<p>[Limitation of liability contract] In Article 25 of the Articles of Incorporation there is a provision to the effect that contracts may be concluded with the Company to limit the liability of Directors (excluding those who are operating officers) in circumstances in which they have acted in good faith and where there has been no gross negligence. The Company has concluded with the candidate a contract with the effect of limiting the liability of Directors (excluding those who are operating officers) to the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company plans to roll over this limitation of liability contract.</p>			
<p>[Other matters of note in relation to this candidate for Director] No special interests exist between the candidate and the Company.</p>			

**Proposal 3** Election of Two (2) Audit & Supervisory Board Members

The term of office of the Audit & Supervisory Board Members Yoshito Hayashi and Yoko Takemura will expire at the conclusion of this general meeting of shareholders, and accordingly the Company proposes the election of two (2) Audit & Supervisory Board Members.

In addition, this proposal has obtained the consent of the Audit & Supervisory Board.

The candidate for the Audit & Supervisory Board Member is as follows

Candidate No.	Name (Date of birth)	Career summary, position within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Yoshito Hayashi (November 7, 1953) [Reelection]	Apr. 1976    Joined the Company Jun. 2008    General Manager, Foods Planning & Development Department Jun. 2012    Operating Officer, General Manager, Foods Planning & Development Department Jun. 2014    Audit & Supervisory Board Member (current position)	20,000 shares
	Attendance rate at the Board of Directors meetings 100% (17 out of 17)		
	Attendance rate at the Audit & Supervisory Board meetings 100% (6 out of 6)		
	[Reasons for nomination as candidate for Audit & Supervisory Board Member] Yoshito Hayashi's career background and practical experience include business execution, primarily in the sales departments as Operating Officer, and he possesses in-depth knowledge of the Company's operations. In addition, having served as representative director and corporate auditor at subsidiaries, he possesses a significant level of knowledge regarding company management and audit operations. With the intention of utilizing his abundant experience and his track record to strengthen the audit structure, the Company proposes that he be elected to continue serving as an Audit & Supervisory Board Member.		
		[Limitation of liability contract] In Article 32 of the Articles of Incorporation there is a provision to the effect that contracts may be concluded with the Company to limit the liability of Audit & Supervisory Board Members in circumstances in which they have acted in good faith and where there has been no gross negligence. The Company has concluded with the candidate a contract with the effect of limiting the liability of Audit & Supervisory Board Members to the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company plans to roll over this limitation of liability contract.	
		[Other matters of note in relation to this candidate for Audit & Supervisory Board Member] No special interests exist between the candidate and the Company.	

Candidate No.	Name (Date of birth)	Career summary, position within the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p>Yoko Takemura (April 7, 1952) [Reelection] [External] [Independent]</p> <p>Attendance rate at the Board of Directors meetings 94% (16 out of 17)</p> <p>Attendance rate at the Audit &amp; Supervisory Board meetings 100% (6 out of 6)</p> <p>Years of service (as of the conclusion of this general meeting of shareholders) Eight (8) years</p>	<p>Apr. 1990 Registered as attorney (Tokyo Bar Association) Joined MIYAKE IMAI IKEDA LAW OFFICE</p> <p>Jan. 1997 Partner of MIYAKE IMAI IKEDA LAW OFFICE (current position)</p> <p>Jun. 2004 External Audit &amp; Supervisory Board Member, SEIYO FOOD SYSTEMS INC. (now SEIYO FOOD-COMPASS GROUP, Inc.) (current position)</p> <p>Oct. 2005 Outside Auditor, WACOAL CORP. (now WACOAL HOLDINGS CORP.)</p> <p>Jun. 2011 External Audit &amp; Supervisory Board Member of the Company (current position)</p> <p>(Significant concurrent position outside the Company) External Audit &amp; Supervisory Board Member, SEIYO FOOD-COMPASS GROUP, INC.</p>	6,700 shares
<p>[Reasons for nomination as candidate for Audit &amp; Supervisory Board Member] Yoko Takemura is intimately familiar with corporate legal affairs, having been an attorney for many years. Although she has no experience of company management except in her previous roles as an external auditor, the Company has determined that she will leverage her abundant experience and insights to conduct audit work objectively from a specialized legal standpoint, and therefore requests that she be elected to continue serving as External Audit &amp; Supervisory Board Member.</p>			
<p>[Matters related to independence] The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered her with the Tokyo Stock Exchange as an Independent Director. If she is reelected as an Audit &amp; Supervisory Board Member, the Company will continue her registration as an Independent Director. Moreover, the criteria prescribed by the Company for assessing the independence of external directors can be found on page16.</p>			
<p>[Limitation of liability contract] In Article 32 of the Articles of Incorporation there is a provision to the effect that contracts may be concluded with the Company to limit the liability of Audit &amp; Supervisory Board Members in circumstances in which they have acted in good faith and where there has been no gross negligence. The Company has concluded with the candidate a contract with the effect of limiting the liability of Audit &amp; Supervisory Board Members to the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company plans to roll over this limitation of liability contract.</p>			
<p>[Other matters of note in relation to this candidate for Audit &amp; Supervisory Board Member] No special interests exist between the candidate and the Company.</p>			

<Reference> Criteria for assessing the independence of external directors

The Board of Directors of the Company shall nominate candidates for external directors (independent external directors, independent external Audit & Supervisory Board Members), for whom there is no risk of conflict of interest with general shareholders, based on the existence or otherwise of personal relationships, capital relationships or transactional relationships with the Company, and the scale of the same relationships.

In cases where the requirements prescribed below are deemed satisfied, the candidate shall be considered to be sufficiently independent.

1. The candidate shall not be an executive officer of the Group, nor shall they have come from such a background.  
In addition, close family members (Note 1) of the candidate shall not have been executive officers of the Group within the past five (5) years.
2. The candidate shall not, either now or for the past five (5) years, correspond to one of the following categories.
  - (1) An executive officer of a major shareholder (Note 2) of the Company
  - (2) An executive officer of a major customer (Note 3), or an executive officer of a company for which the Company constitutes a major customer
  - (3) An executive officer of a major creditor of the Group (Note 4)
  - (4) A person affiliated with an auditing firm that performs statutory audits of the Company
  - (5) A person receiving large (Note 5) sums of money, other than director's remuneration, from the Company
  - (6) An executive officer from a company where directors of the Company have taken on roles, and vice versa
  - (7) A person executing the business of an organization receiving large amounts of donations or subsidies (Note 6) from the Company
3. Close family members of the candidate shall not correspond currently to 2(1) or 2(7).

Notes:

1. Close family members shall mean a spouse of the candidate, or relations in the second degree, or family living with the candidate.
2. Major shareholders shall mean entities with 10% or more of the voting rights at the end of the fiscal year.
3. Major customers shall mean a customer of the Company for which the annual value of transactions has accounted to more than 2% of the consolidated total revenue of the Company during the previous three fiscal years, or of the consolidated total revenue of the other party.
4. Major creditors shall mean financial institutions from which the Group has borrowed money, and for which the total outstanding loan balance at the end of the fiscal year exceeds 2% of the consolidated total assets of the Company, or of the financial institution in question.
5. Large sums of money shall mean cases in which payments received by individuals from the Company average more than ¥10 million annually over the past three fiscal years, or in cases where the consideration paid by the Company to the organization to which they belong exceeds 2% of the average revenues, or total income, of the organization over the past three fiscal years.
6. Organizations in receipt of large amounts of donations or subsidies shall mean an organization that receives more than ¥10 million annually from the Company in donations or subsidies.

Moreover, when external directors and external Audit & Supervisory Board Members are elected, in addition to their independence from the Company, candidates shall be required to be of good character and discernment, and possess a high level of specialized knowledge of, or practical experience in, management, law or accounting etc.



**Proposal 4**      Renewal of the Response Measures to  
Large-Scale Purchases of the Company Shares (Takeover Defense Measures)

The Company introduced response measures to large-scale purchases of its shares at the 145th Ordinary General Meeting of Shareholders held on June 22, 2007 as one of the efforts to prevent the determination of its financial and business policies from being controlled by an inappropriate person in light of the basic policy regarding how a person is to control the determination of financial and business policies of the Company (the policy as defined in the main paragraph of Article 118, item (iii) of the Regulation for Enforcement of the Companies Act; the “Basic Policy”) (the efforts as defined in Article 118, item (iii)(b)2. thereof). Those response measures were renewed twice and have been further renewed at the 154th Ordinary General Meeting of Shareholders of the Company held on June 24, 2016 (the “Existing Plan”).

The effective term of the Existing Plan will expire at the close of this General Meeting of Shareholders, and the Company has decided at the meeting of its Board of Directors (the “Board of Directors”) on May 20, 2019 to renew the Existing Plan by making the required amendments thereto (the “Amendment”), subject to obtaining the shareholders’ approval at this General Meeting of Shareholders (the Existing Plan so amended will be referred to as the “Plan”).

The Plan will take effect subject to obtaining the Company shareholders’ approval for this proposal. Accordingly, the Company requests its shareholders’ approval for this proposal.

The characteristics, necessity, and overview of the Plan are as set forth below.

**(Characteristics of the Plan)**

The Plan aims to secure and enhance the Company’s corporate value as well as its shareholders’ common interests and has the following characteristics:

- (1) To prevent the management from triggering abusive countermeasures, the Company’s Independent Committee comprising members independent from the management executing its business provides the Board of Directors with recommendations for the propriety of triggering countermeasures, and the Board of Directors respects the Independent Committee’s recommendations to the maximum extent.
- (2) If a large-scale purchaser complies with the large-scale purchase rules and the Independent Committee does not recommend that the Company’s Board of Directors not trigger the countermeasures, then the Board of Directors is required to convene a General Meeting of Shareholders and ascertain the shareholders’ intention regarding the propriety of triggering the countermeasures under the Plan.
- (3) The Plan does not assume that the legal rights or economic interests of the shareholders other than an inappropriate person in light of the Basic Policy will be prejudiced by the countermeasures being triggered.

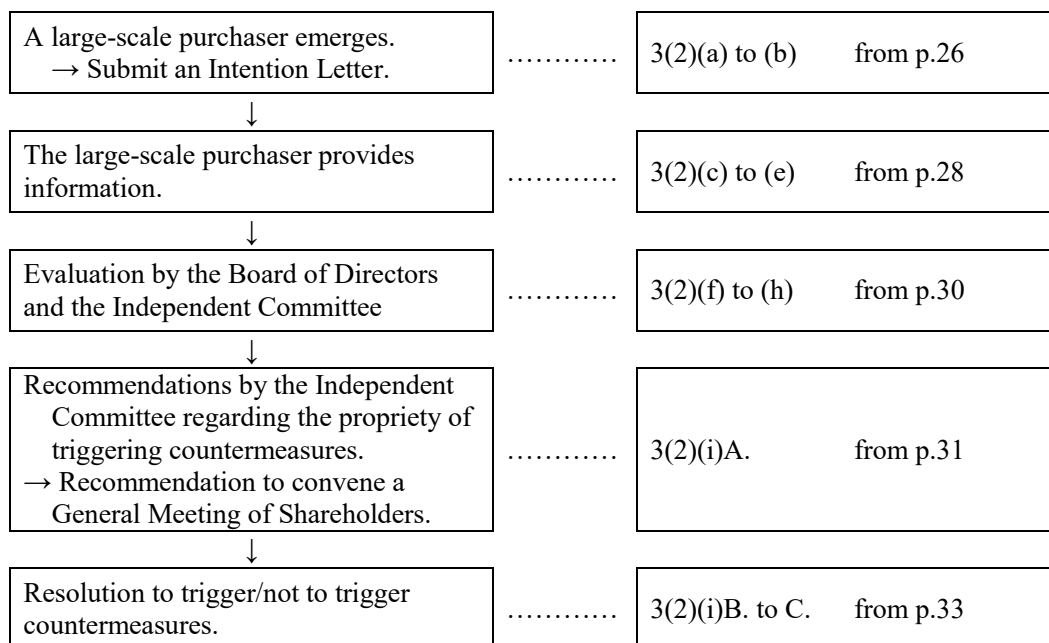
**(Necessity of the Plan)**

The Company believes that it is necessary to renew the Plan for the following reasons:

- (1) A decision to respond to a large-scale purchase, if made, should be ultimately left to the shareholders' intention. However, the Company considers that its Board of Directors is responsible for providing appropriate information for the large-scale purchase in order for all shareholders to make appropriate decisions. To this end, the Company prescribes in the Plan that it will request all large-scale purchasers to provide information, and that the Company will spend a reasonable amount of time and examine the information so provided, and disclose the results of the examination to its shareholders.
- (2) The Company considers that it is worthwhile to secure information and time pursuant to the Plan, as the rules for the tender offer system under the Financial Instruments and Exchange Act (the "FIEA") do not necessarily allow for securing sufficient information and time to examine the proposed large-scale purchase, and instead those rules allow for obtaining a majority of issued shares without conducting a tender offer.

**(Overview of the Plan)**

The basic substance of the Plan is the same as that of the Existing Plan. The Plan provides procedures for the Board of Directors to take when the Company becomes a target of a large-scale purchase, as follows: (i) request information on the large-scale purchaser and the large-scale purchase from the large-scale purchaser; (ii) evaluate and examine the large-scale purchase by respecting the Independent Committee's recommendations to the maximum extent; (iii) negotiate with the large-scale purchaser the terms of purchase and propose alternatives to the shareholders; and (iv) trigger countermeasures under certain circumstances.



## Basis for the renewal of the Existing Plan

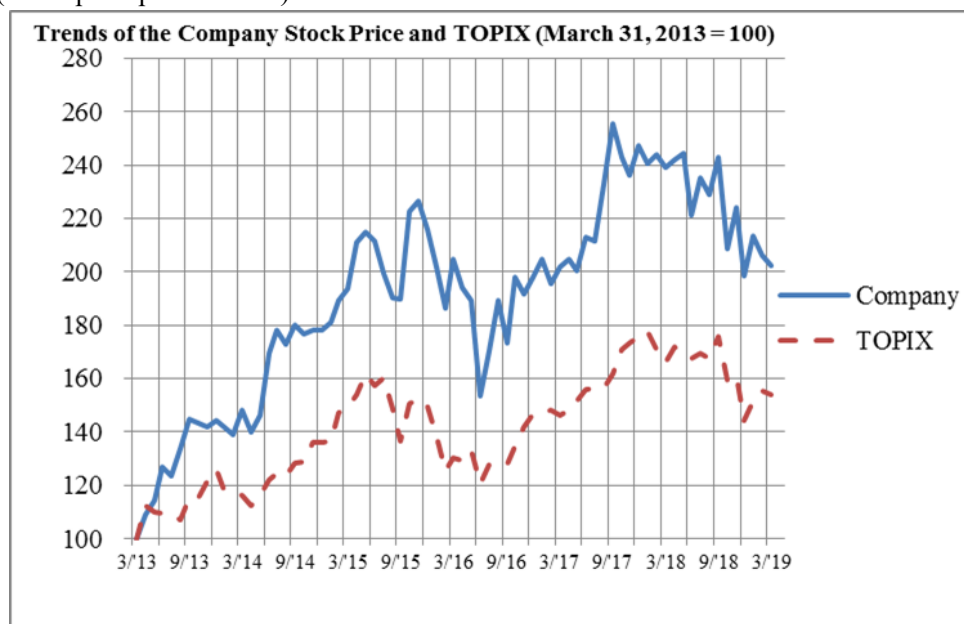
The Company renewed its response measures for large-scale purchases of the Company shares to the Existing Plan, with the approval at the 154th Ordinary General Meeting of Shareholders held on June 24, 2016.

Ever since the renewal of the former plan to the Existing Plan, the Company has significantly boosted its performance and increased dividend payments, as indicated in the table below. Its stock price has outperformed the Tokyo Stock Exchange Stock Price Index (TOPIX) to date since “STEP 300” (FY 2012 to FY 2014), the second last Mid-term Management Plan in which the Company, its subsidiaries and affiliates (the “Company Group”) set a target of “consolidated sales exceeding JPY 300 billion” for the first time.

(Historical trend of performance and dividends)

	FY 2015	FY 2016	FY 2017	FY 2018
Net sales	JPY 222.7 billion	JPY 223.4 billion	JPY 239.6 billion	JPY 299.3 billion
Operating profit	JPY 19.3 billion	JPY 21.0 billion	JPY 21.3 billion	JPY 26.6 billion
Ordinary profit	JPY 19.5 billion	JPY 21.8 billion	JPY 22.3 billion	JPY 26.6 billion
Profit attributable to owners of parent	JPY 13.2 billion	JPY 15.3 billion	JPY 15.3 billion	JPY 17.0 billion
Dividend	JPY 30	JPY 35	JPY 39	JPY 45

(Stock price performance)



One of the factors that has allowed the performance increase is the Existing Plan. Specifically, the Existing Plan provides the rules for the Company to request, when its shares may be subject to a large-scale purchase, sufficient information and lead time to consider and examine the matter in advance. This has helped the Company to secure the stability of its business foundations. As a result, the Company was able to focus on its Mid-term Management Plan, “STEP 300-II”, that covered FY 2015 to FY 2017.

The Company has also continued its initiatives to further strengthen the Company Group’s corporate governance system. For example, the Company has enhanced, since the previous renewal, the Board of Directors’ supervisory functions and procured business transparency, as well as established the “ADEKA Group Corporate Governance Guideline” and introduced a stock compensation plan as a medium- to long-term incentive from a “proactive governance” perspective to ensure the sustainable growth of the Company Group and to further enhance its corporate value in the medium- to long-term.

The Company is confident that the Existing Plan has contributed to furthering its corporate value and its

shareholders' common interests, considering such factors as the results of the foregoing and its initiatives for three years after the renewal of the former plan to the Existing Plan, and its initiatives for the current Mid-term Management Plan, "BEYOND 300", that was launched in April 2018.

Based on the foregoing, the Company proposes to this General Meeting of Shareholders the agenda for the renewal of the Existing Plan to the Plan in order to achieve its goals for the final fiscal year (FY 2020) in the Mid-term Management Plan, "BEYOND 300" (i.e., consolidated sales exceeding JPY 300 billion (via organic growth), a 10% operating income margin, and a 10% ROE) and to raise the dividend payout rate to 30% in a phased manner.

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### **1. Basic Policy**

The Company believes that its shareholders must be determined by freely trading the Company shares on the market. If it is subject to a Large-Scale Purchase (as defined in 3(2)(a) below; hereinafter the same) involving a change of control, the Company will not repudiate it if it contributes to its corporate value and shareholders' common interests. The Company considers that a decision to respond to a Large-Scale Purchase is ultimately left to the shareholders.

However, the recent capital markets show movements that unsolicited large-scale share purchases are unilaterally executed without the consent of the target companies' management. Many of those large-scale purchases do not contribute to the target company's corporate value and shareholders' common interests. Examples include those whose purpose will result in manifestly prejudicing the target company's corporate value and shareholders' common interests; those that may *de facto* force shareholders to sell shares; and those that do not provide sufficient time or information for the target company's board of directors or shareholders to examine the terms thereof or for the board of directors to propose alternatives.

The Board of Directors believes that those who control the decision-making of the Company's financial and business policies must fully understand the substance of its finance and business, and the source of its corporate value, as well as being instrumental in securing and enhancing its shareholders' common interests and its corporate value. Accordingly, the Board of Directors considers that those who engage in an improper Large-Scale Purchase or similar conduct that may prejudice the Company's corporate value and its shareholders' common interests, including the above examples, are not appropriate to be persons controlling the decision-making of its financial and business policies.

## **2. Initiatives to Facilitate Realization of the Basic Policy**

### **(1) Source of Corporate Value**

#### **(i) Management Policy**

The Company Group has been accelerating its global business development with competitive and technologically advantageous product lines in the global market and continues to provide cutting-edge products as well as environmentally-friendly products that cater to customer needs under its management policy, “To be a company that is progressive and dynamic with a keen attitude towards the new changing tide”, and “Creating a better future for the people of the world”.

The above management policy is underlain by the Company’s CSR (corporate social responsibility) philosophy, “social contribution through business operations”. The Company aims to become a corporation that is trusted and truly needed by society. Specifically, this will be achieved by providing solutions to new social challenges with a keen attitude towards social environment changes and progressively leveraging its advanced technologies. This will also be accompanied by managing its business by respecting the interest of its shareholders and investors, as well as all other stakeholders including customers, business counterparties, employees and the local community.

The basic policy of the Company’s management is to continue sound and sustainable growth and development by enhancing its corporate value through contribution to a wide range of stakeholders and increasing the shareholders’ common interests. The very source of its corporate value is the favorable trust relationship with the customers, business counterparties, employees, local community and other stakeholders that the Company has created since its foundation.

#### **(ii) Substance and Features of Business**

The Company operates as a unique corporation whose main businesses are twofold: chemical products and food products. Both business fields have an extremely broad coverage: the chemical products business extends to polymer additives, IT chemicals and advanced chemicals, whereas the food products business covers processed oil and fats as well as processed foods. The unique feature is that the respective businesses are organically linked to each other.

The Company aims to be a corporation that contributes to global society by sustainably developing and providing innovative products that assist in environmental preservation and people’s healthy and affluent lifestyles by creating new technologies and combining specialized technologies. To this end, the Company continues to develop highly unique technologies and to create new value through co-generation with business partners, including customers and business counterparties, in both of the chemical products and food products business domains. The Company is also focusing on new business domains, such as environment, energy and life sciences by combining its specialized technologies that it has amassed within its existing business domains.

The highly unique technologies that the Company has established with a strong trust relationship with its business partners in a wide variety of business domains since its foundation to date are also a source of its corporate value.

## (2) Mid-term Management Plan

In April 2018, the Company Group launched “BEYOND 300”, the Mid-term Management Plan for the period from FY 2018 to FY 2020. “BEYOND 300” is the second stage to achieve “ADEKA VISION 2025”, an ideal vision that the Company Group desires to attain by 2025. In this three-year period, the Company aims to exceed sales of JPY 300 billion via organic growth and strive for further expansion.

### Medium- to long-term vision “ADEKA VISION 2025”

A global company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies

The Company Group aims to become a global corporation that contributes to society (affluent lifestyles) through business operations. This will be achieved by expanding not only its existing business foundation (i.e., chemical products and food products businesses) but also a wide scope of businesses globally, and by leading the world’s technologies as a manufacturer.

### Mid-term Management Plan “BEYOND 300”

- (i) Basic policy  
To “become an excellent company with sales exceeding JPY 300 billion”
- (ii) Three basic strategies
  - a) Global expansion of three main businesses  
Globally expand sales of strategic products defined for each of the three main businesses: Polymer additives, Chemical products and Food products.
  - b) Entering new domains  
Build business models and promote commercialization in the target domains of Life sciences, Environment, and Energy.
  - c) Enhancing the management foundation  
Promote CSR to increase our contribution to society and trust from society.  
Enhance mutual cooperation within the Company Group to leverage our comprehensive ability.

### (iii) Five measures

Corporate management	Enhancing group corporate management. Cultivate common values for the Company Group, establish systems and structures, and enhance group corporate management.
Global business development	Expanding globalization and accelerating localization. Further expand globalization of procurement, production, and sales, while accelerating growth of individual overseas subsidiaries.
Technology	Creating innovation and enhancing competitiveness. In order to perpetually create products required by society, enhance R&D, promote new business development, and intensify/inherit production technologies.
Human resources	Expanding global human resources and leaders. Continuously invest in the human resources as our corporate asset to expand global human resources and leaders.
Corporate value	Promoting CSR and developing together with society. Improve the CSR promotion system, contribute to the solving of problems in society via our business, and utilize these efforts to achieve continuous growth.

(iv) Management target

	FY 2017 Actual	FY 2018 Actual	FY 2020 (Final FY in the Mid-term Management Plan)
Consolidated net sales	JPY 239.6 billion	JPY 299.3 billion	Over JPY 300.0 billion
Operating profit/net sales margin	8.9%	8.9%	10%
ROE	8.1%	8.5%	10%
Dividend payout ratio	26.1%	27.1%	30%

Consolidated net sales:

The Company aims to exceed consolidated net sales of JPY 300 billion via organic growth. It will also actively pursue M&A growth, aiming to expand its business domains and develop new businesses.

Investments and finance plans:

Three-year total: JPY 100 billion

(JPY 50 billion in capital investment, JPY 50 billion in M&A funds)

Dividends and shareholder returns:

The Company will increase corporate value by expanding its business, such as through investment in business growth areas, which will be made from a medium-to long-term perspective and for enhancement of the management foundation. At the same time, with the continuation of stable dividends as the basis, the Company will carry out the appropriate return of profits to shareholders after comprehensive consideration of the business environment, its performance and financial standing. The policy in regard to dividends is for medium-to long-term increases in level, with a consolidated dividend payout ratio target of 30% for FY 2020 (the final year of the Mid-term Management Plan “Beyond 300”) after incremental increases. The Company will continue to work towards attaining higher added value of and differentiating its products in the future, with an eye to efficiently structuring and managing its capital.

The Company Group will seek to enhance its corporate value and secure the shareholders’ common interests through implementing the Mid-term Management Plan.

**(3) Expansion of Life Science Business**

The Mid-term Management Plan “BEYOND 300” positions the life science business as one of the new domains that the Company must enter. Accordingly, the Company entered into a Capital and Business Alliance Agreement with Nihon Nohyaku Co., Ltd. (“Nihon Nohyaku”) and made Nihon Nohyaku its consolidated subsidiary, in order to accelerate expansion of the life science business by adding the agrochemical business to its portfolio.

Nihon Nohyaku is a company incorporated in 1928 as a separate and independent company from the Company’s agrochemical division. As Nihon Nohyaku’s business and corporate culture is highly compatible with those of the Company, both companies have traditionally been exchanging a variety of technologies between their research divisions. The Company will pursue expanding the life science business of the Company Group through the capital and business alliance by further exchanging human resources, mutually complementing the research and development domains, and reciprocally using the production technologies and production bases to bring about synergies with Nihon Nohyaku’s organic synthesis and drug formulation technologies.

In particular, developing new chemicals and medical devices in the life science business requires constant research and development activities from a long-term perspective, and a significant amount of

investment for commercialization. This calls for creating stable and sustainable research and development systems, and production and sales systems leveraging the advantages of both companies.

In order to further advance long-term and stable business activities from new product development to market launch under the Capital and Business Alliance Agreement with Nihon Nohyaku, it is becoming increasingly necessary not only to pursue short-term interest, but also to seek to enhance the corporate value and shareholders' common interests from a medium- to long-term perspective.

#### **(4) Strengthening of Corporate Governance**

In order to accelerate the above measures, the Company is endeavoring to further strengthen its corporate governance, compliance, and risk management that are the foundation of sound, transparent, and stable management.

To upgrade its corporate governance, the Company has introduced an executive officer system and segregates the supervision of management and the making and execution of decisions, in order to maximize the segregation of supervision and execution within the framework of the company with a board of company auditors system. The Company also provides that the respective terms of office of its directors and executive officers be one year to secure greater clarity in their responsibilities regarding the execution of their duties. The Board of Directors holds monthly regular Board of Directors meetings and non-regular Board of Directors meetings from time to time where decisions are made through proactive and full consideration, as well as discussions at Management Committee meetings that are held on several occasions each month.

The Company has established the Management Committee to have important matters that require the Board of Directors' approval discussed in advance, to share information on business execution and to expedite discussions by the Board of Directors. The Management Committee comprising full-time directors and executive officers discusses and determines the matters prescribed by the Management Committee Rules. The Company has appointed two independent external directors and three independent external audit & supervisory board members in order to strengthen the Board of Directors' supervisory functions and to seek advice from the viewpoint of sustainable growth and medium- to long-term corporate value enhancement. Notifications of all those directors and audit & supervisory board members as independent officers have been filed pursuant to the rules of the Tokyo Stock Exchange.

The Company has adopted a stock compensation plan with a restriction on transfer in June 2017, to incentivize the sustainable enhancement of its corporate value and to further share value between its directors and shareholders.

The Company decides the nomination of director and audit & supervisory board member candidates, the election of executive officers and decisions on officer remuneration by Board of Directors' resolutions by having the representative directors provide explanations to the independent external directors in advance and taking into account their opinions and advice to ensure transparency and fairness in those decisions, pursuant to the "ADEKA Group Corporate Governance Guideline".

To respond to a Large-Scale Purchase, the Company has the Independent Committee comprising highly independent external officers and external knowledgeable persons to secure transparency and objectivity in the procedures for the Board of Directors to make decisions under the Plan when a Large-Scale Purchaser emerges. When there is a Large-Scale Purchaser, the Independent Committee provides recommendations and proposals to the Board of Directors in an objective and independent capacity to enhance the corporate value and secure the shareholders' common interests. Under normal circumstances, Independent Committee meetings are held twice a year, through which the Company provides the Independent Committee members with updated information on its business management. By receiving objective and independent opinions and advice from the Independent Committee, the



Company has an environment in place to make proper management decisions at all times.

In response to the Tokyo Stock Exchange's Corporate Governance Code, the Company has devised the "ADEKA Group Corporate Governance Guideline" (<https://www.adeka.co.jp/ir/library/pdf/cgg.pdf>) that provides the basic idea and fundamental policy of corporate governance, in order to realize the Company Group's mission and management policies as well as achieve sustainable growth and enhance the medium- to long-term corporate value. The Company will continue to further strengthen corporate governance of the entire group in the future, in accordance with the purpose and spirit of the Corporate Governance Code.

### **3. Substance of the Plan (Efforts to Prevent the Determination of the Company's Financial and Business Policies from Being Controlled by an Inappropriate Person in Light of the Basic Policy)**

#### **(1) Purpose of Renewing the Takeover Defense Measures under the Plan**

The Company believes that it may be necessary to take certain measures against any person seeking to acquire shares with voting rights representing 20% or more of its total voting rights (the "Controlling Shares"), and any person in the same group ("Bidder"), pursuant to the Basic Policy set forth in 1. above. Nevertheless, the Company, being a listed company, considers that a decision on whether to sell shares to a Bidder or a final decision regarding the propriety of delegating the Company's business operations to the Bidder should be basically left up to the shareholders. However, in order for the shareholders to make appropriate decisions, the Company considers it necessary for them to first properly recognize its corporate value and the source thereof, with a full understanding of its unique business features and the history of the Company Group set forth above. It is well-anticipated that information provided by any Bidder may be insufficient to understand the impact that the proposed acquisition of the Company's Controlling Shares by the Bidder may potentially have on its corporate value and the source thereof. For the shareholders' appropriate decision-making, it would therefore be necessary for them to understand the information provided by the Board of Directors that fully understands the Company's unique business features, its assessment of and opinions on the proposed acquisition of the Controlling Shares by the Bidder, and a new alternative proposal, if any, that may be made by the Board of Directors.

Therefore, the Company believes that it is extremely important to secure a sufficient amount of time for the shareholders to analyze and examine the multi-faceted information.

Given the foregoing, the Company has concluded that its takeover defense measures must be renewed pursuant to the Plan, as one of the efforts to prevent the determination of its financial and business policies from being controlled by an inappropriate person (specifically, the Excepted Parties as defined in (2)(k) below) in light of the Basic Policy by requesting, in accordance with the Basic Policy referred to in 1. above, that any person potentially or actually engaging in a Large-Scale Purchase ("Large-Scale Purchaser") provide necessary information on the Large-Scale Purchase, and the time to consider and examine the information, by allowing the following: (i) the shareholders appropriately deciding whether to respond to the Large-Scale Purchase; (ii) the Board of Directors presenting to the shareholders, upon recommendation by the Independent Committee (as defined in (2)(h) below; hereinafter the same), its opinion for or against the Large-Scale Purchase, or a business plan or other alternative for the acquisition offer, business plan or other terms proposed by the Large-Scale Purchaser (the "Alternative Proposal"); or (iii) negotiating with the Large-Scale Purchaser for the shareholders.

Needless to say, it is desirable to confirm the shareholders' intention before renewing the takeover defense measures pursuant to the Plan. To this end, the Board of Directors would like to confirm the shareholders' intention by presenting this proposal to this General Meeting of Shareholders.

The Company is not aware of any specific indication of a Large-Scale Purchase of its shares being

threatened at this point in time.

The status of major shareholders as of March 31, 2019, is as summarized in Exhibit 1.

**(2) Substance of the Plan**

The flowchart outlining the flow of the Plan's procedures is attached as Exhibit 2, and the specifics of the Plan are as provided below.

If the Companies Act, the FIEA, other acts, or any rules, cabinet ordinance, cabinet office order, ministerial order or other orders related thereto, or the rules of the financial instruments exchange on which the Company shares are listed (collectively, the "Laws and Regulations") is or are amended (including changes in the name of any Law or Regulation, and enactment of a new Law or Regulation that supersedes an old Law or Regulation) and enforced, the provisions of the Laws and Regulations cited in the Plan are respectively replaced with those of the Laws and Regulations so amended that substantially supersede the provisions of the relevant Laws and Regulations, unless otherwise determined by the Board of Directors.

**(a) Definition of a Large-Scale Purchase for Which Countermeasures are Triggered**

Countermeasures under the Plan may be triggered when there is or is likely to be any act that falls or may fall under any of (i) through (iii) below (excluding an act approved in advance by the Board of Directors) (collectively, "Large-Scale Purchases"):

- (i) A purchase or other such acquisition (Note 1) of share certificates and the like (Note 2) issued by the Company that would result in the ownership ratio (Note 3) of share certificates and the like of the Company's particular shareholder amounting to 20% or more of all share certificates and the like issued by the Company;
- (ii) A purchase or other such acquisition (Note 4) of share certificates and the like (Note 5) issued by the Company that would result in the total ownership ratios (Note 6) of share certificates of the Company's particular shareholder and of the specially related parties thereof (Note 7) amounting to 20% or more of all share certificates issued by the Company; or
- (iii) Notwithstanding whether any of the acts set forth in (i) or (ii) above is implemented, any act conducted by the Company's particular shareholder with the Company's other shareholder (whether one or more other shareholders; hereinafter the same in this (iii)), which act falls under either of the following: (a) an agreement or other act where that other shareholder will be a joint holder (Note 8) of the particular shareholder as a result of the first act; or (b) an act that establishes a relationship between that particular shareholder and that other shareholder where one of them substantially controls the other or where they engage in conduct jointly or in cooperation (Note 9)(Note 10) (this is limited to cases where the total ratios of share certificates and the like issued by the Company owned by that particular shareholder and that other shareholder amount to 20% or more of all share certificates and the like issued by the Company).

(Note 1) This includes having the right to request delivery of share certificates and the like under a sale and purchase agreement, or other relevant agreement, and engaging in any of the transactions defined in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(Note 2) This refers to the share certificates and the like defined in Article 27-23, paragraph 1 of the FIEA (hereinafter the same, unless otherwise provided).

(Note 3) This refers to the "ownership ratio of share certificates and the like" defined in Article 27-23, paragraph 4 of the FIEA (hereinafter the same). For the purpose of calculating the

ownership ratio of share certificates and the like, the following are deemed to be a joint holder of the Company's particular shareholder: (i) specially related parties defined in Article 27-2, paragraph 7 of the FIEA; and (ii) investment banks, securities companies and other financial institutions that have a financial advisory agreement with the Company's particular shareholder, and the tender offer agent and the lead-managing securities company of the Company's particular shareholder ("Contracted Financial Institutions"). Also, for the purpose of calculating the ownership ratio of share certificates and the like, the latest figure publicized by the Company may be used for the total number of the Company's issued shares.

- (Note 4) This includes purchases and other acquisitions for compensation, and other acceptance of transfer for value defined in Article 6, paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.
- (Note 5) This refers to the share certificates and the like defined in Article 27-2, paragraph 1 of the FIEA (hereinafter the same in this (ii)).
- (Note 6) This refers to the "ownership ratio of share certificates and the like" defined in Article 27-2, paragraph 8 of the FIEA (hereinafter the same). For the purpose of calculating the ownership ratio of share certificates and the like, the latest figure publicized by the Company may be used for the total number of the Company's voting rights.
- (Note 7) This refers to the specially related parties defined in Article 27-2, paragraph 7 of the FIEA; provided that the persons provided 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 scope of persons provided in item (1) of that paragraph. Further, (i) joint holders, and (ii) Contracted Financial Institutions are deemed the particular shareholder's specially related parties (hereinafter the same, unless otherwise provided).
- (Note 8) This refers to the joint holder defined in Article 27-23, paragraph 5 of the FIEA (hereinafter the same).
- (Note 9) Whether there is "a relationship between that particular shareholder and that other shareholder where one of them substantially controls the other or where they engage in conduct jointly or in cooperation" established is determined based on factors including the following: (i) formation of a relationship such as a new investment relationship, business collaboration relationship, transaction or contractual relationship, interlocking officer relationship, credit extension relationship, and substantial interest regarding the Company's share certificates or the like through a derivative or stock loan; and (ii) impact that that particular shareholder and that other shareholder will directly or indirectly have on the Company.
- (Note 10) Whether there have been any of the acts set forth in (iii) above will be reasonably assessed by the Board of Directors based on the Independent Committee's recommendations. The Board of Directors may request required information from the Company's shareholders, within the scope considered necessary for assessing whether the requirements in (iii) above are satisfied.

**(b) Submission of Intention Letter to the Company**

A Large-Scale Purchaser will be required to submit the following documents in the form separately designated by the Company to the President and Representative Director of the Company before commencing or implementing the Large-Scale Purchase: (i) a document signed by, or affixed with the name and seal impression of, the Large-Scale Purchaser's representative to the effect that it covenants to the Board of Directors to comply with the procedures provided in the Plan (the "Large-Scale Purchase Rules"); and (ii) a written qualification certificate of the representative who signed, or affixed his or her name and seal impression to, the above document (collectively, "Intention Letter").

The Board of Directors will submit the Intention Letter to the Independent Committee, promptly upon receipt thereof.

The Intention Letter must clearly state the following matters, in addition to the covenant to comply

with the Large-Scale Purchase Rules. The Intention Letter shall be created only in the Japanese language.

- (i) Outline of the Large-Scale Purchaser:
  - (a) Name
  - (b) Address, or location of the head office, office or other place of business
  - (c) Law governing incorporation
  - (d) Name of representative
  - (e) Contact address in Japan
- (ii) Outline of the proposed Large-Scale Purchase
- (iii) Number of share certificates and the like of the Company currently held by the Large-Scale Purchaser
- (iv) The results of trading by the Large-Scale Purchaser of the share certificates of the Company for the 60 days prior to submission of the Intention Letter

When an Intention Letter is submitted by a Large-Scale Purchaser, the Company will disclose any matters that the Board of Directors or the Independent Committee considers are appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

**(c) Provision of Information by Large-Scale Purchaser**

A Large-Scale Purchaser will be required to provide the Board of Directors with the information listed in (i) through (ix) below (collectively, “Large-Scale Purchase Information”) within five business days (excluding the first day) from the date that the Board of Directors has received the Intention Letter. Upon receipt of Large-Scale Purchase Information, the Board of Directors will promptly provide the same to the Independent Committee.

The provision of Large-Scale Purchase Information, and any other notices and communications to be made to the Company under the Large-Scale Purchase Rules must be made only in the Japanese language.

- (i) Outline of the Large-Scale Purchaser, and its group companies and other similar entities (including major shareholders or equity investors (whether direct or indirect; hereinafter the same), and important subsidiaries and affiliates; if the Large-Scale Purchaser is a fund or a business entity in which the fund invests, including its major partners, equity investors and other members, and operating partners and persons who continuously provide investment advice; hereinafter the same) (including information such as the specific name, capital structure, investment ratio and financial conditions, and the names and biographies of officers, and whether they have engaged in a violation of any law or regulation in the past (and the outline of the violation, if any));
- (ii) Specifics of the internal control systems of the Large-Scale Purchaser and its group; whether those systems are effective; and the status of those systems;
- (iii) Purpose, method, and substance of the Large-Scale Purchase (including the type and number of the Company’s share certificates and the like subject to the Large-Scale Purchase; the type and value of consideration for the Large-Scale Purchase; the timing of the Large-Scale Purchase; the structure of the related transactions; legitimacy of the method of Large-Scale Purchase; feasibility of the Large-Scale Purchase and related transactions; and the prospect, if any, of the Company’s share certificates and the like being delisted after the completion of the

Large-Scale Purchase, and the reason therefor. The Large-Scale Purchaser will also be required to submit an opinion letter by a qualified attorney-at-law for the legitimacy of the method of Large-Scale Purchase;

- (iv) Whether there is any communication of intention with any third party for the Large-Scale Purchase (including communication of intention regarding making a material proposal (the material proposal as defined in Article 27-26, paragraph 1 of the FIEA) to the Company; hereinafter the same), and the specific manner and substance of such communication of intention, if any;
- (v) The basis and process of calculation of consideration for the purchase and the like related to the Large-Scale Purchase (including the facts and assumptions underlying the calculation; calculation method; calculation agent and information on the calculation agent; numerical information used for the calculation; and the value and calculation basis of synergies and dissynergies that are anticipated to arise from the series of transactions related to the Large-Scale Purchase);
- (vi) Financial support for the purchase and the like related to the Large-Scale Purchase (including the specific names of the fund providers (including substantial fund providers (whether direct or indirect)); funding method; whether there are any conditions for the funds to be provided, and the substance thereof, if any; whether there is any security or covenant to be submitted after the funds are provided, and the terms thereof, if any; and the substance of specific transactions related thereto);
- (vii) Management policy, business plan, financial plan, investment plan, capital policy, dividend policy and the like of the Company Group that are intended after completion of the Large-Scale Purchase (including plans to sell, provide as security, or otherwise dispose of, any of the Company assets after completion of the Large-Scale Purchase); and other policy to respond to the Company Group's officers, employees, business counterparties, customers and other stakeholders in the Company after completion of the Large-Scale Purchase;
- (viii) Whether there is any connection with an antisocial force or terrorist-related organization (whether direct or indirect); and details of the connection, if any; and
- (ix) Other information that the Board of Directors or the Independent Committee reasonably determines necessary and requests from the Large-Scale Purchaser in writing within five business days (excluding the first day) from the date that the Board of Directors has received a complete and duly-created Intention Letter.

**(d) Request for Additional Information from Large-Scale Purchaser**

If the Board of Directors determines, and the Independent Committee likewise determines, that any information originally provided by the Large-Scale Purchaser alone is not sufficient (i) for the shareholders to appropriately determine whether to respond to the Large-Scale Purchaser; or (ii) for the Board of Directors and the Independent Committee to form opinions on whether to agree or disagree with the Large-Scale Purchase ("Formation of Opinions") or for the Board of Directors to appropriately develop and present Alternative Proposals to the shareholders ("Development of Alternative Proposals"), the Company may request from the Large-Scale Purchaser additional information required for the shareholders to make appropriate decisions, as well as for the Formation of Opinions by the Board of Directors and the Independent Committee, and for the Development of Alternative Proposals by the Board of Directors when necessary. This will be done by designating a reasonable submission due date (a date within 60 days (excluding the first day) from the date that the Board of Directors has received the Intention Letter as designated by the Board of Directors), and by disclosing to the shareholders the specific period so designated, and the reasons requiring the

reasonable period.

In that case, the Board of Directors will respect the Independent Committee's opinions to the maximum extent.

**(e) Completion of Provision of Information; Disclosure of Information**

If the Board of Directors determines that the provision of Large-Scale Purchase Information is complete, the Company will announce the completion in a timely and appropriate manner in accordance with the applicable Laws and Regulations. The Company will also disclose, pursuant to the Board of Directors' decision, the information among the Large-Scale Purchase Information that is deemed necessary for the shareholders to appropriately determine whether to respond to the Large-Scale Purchase, to the extent necessary and in a timely and appropriate manner at an appropriate time after receiving Large-Scale Purchase Information, in accordance with the applicable Laws and Regulations.

In making the aforementioned decisions, the Board of Directors will respect the Independent Committee's opinions to the maximum extent.

**(f) Designation and Extension of Board of Directors' Evaluation Period**

The Board of Directors will designate the period in either (i) or (ii) below (excluding the first day; each such period to commence on the date the Company announces that the Board of Directors has determined that the provision of Large-Scale Purchase Information is complete) as the period for evaluation, examination, Formation of Opinions, Development of Alternative Proposals, and negotiations with the Large-Scale Purchaser by the Board of Directors ("Board of Directors' Evaluation Period"), depending on the substance of the Large-Scale Purchase disclosed by the Large-Scale Purchaser.

Unless the Plan sets forth otherwise, a Large-Scale Purchase must be commenced only after the Board of Directors' Evaluation Period has elapsed. The Board of Directors' Evaluation Period is designated by taking into account elements such as the difficulty in evaluating and examining such factors as the substance of the Company's business, Formation of Opinions, and Development of Alternative Proposals.

- (i) In the case of a purchase targeting all of the Company's share certificates and the like via a tender offer with monetary consideration only (in Japanese yen): Up to 60 days; or
- (ii) In the case of other Large-Scale Purchases: Up to 90 days.

Notwithstanding the foregoing, if the Board of Directors is unable to resolve whether to trigger countermeasures within the Board of Directors' Evaluation Period due to unavoidable circumstances, such as the recommendations as set forth in (i) below not being made by the Independent Committee within the Board of Directors' Evaluation Period, the Board of Directors may extend the Board of Directors' Evaluation Period by up to an additional 30 days (excluding the first day) to the extent necessary, based on the unanimous votes of all of the Independent Committee members. If the Board of Directors resolves the extension of the Board of Directors' Evaluation Period, the Company will announce the specific additional period so resolved, and the reasons that the additional period is required, in a timely and appropriate manner in accordance with the applicable Laws and Regulations.

**(g) Evaluation by the Board of Directors during the Board of Directors' Evaluation Period**

During the Board of Directors' Evaluation Period (including an extended period, if any), the Board of

Directors will engage in the evaluation, examination, Formation of Opinions, Development of Alternative Proposals, and negotiations with the Large-Scale Purchaser, in respect of the contemplated Large-Scale Purchase based on the Large-Scale Purchase Information provided by the Large-Scale Purchaser, in light of securing and enhancing the Company's corporate value and the shareholders' common interests.

In engaging in the evaluation, examination, Formation of Opinions, Development of Alternative Proposals, and negotiations with the Large-Scale Purchaser, the Board of Directors will obtain advice from third-party external experts who are independent therefrom (such as financial advisors, attorneys-at-law, certified public accountants and tax accountants; hereinafter the same) as necessary. All expenses therefor will be borne by the Company to a reasonable extent.

**(h) Establishment of an Independent Committee**

The Company already has an independent committee comprising at least three members from among the external directors and external audit & supervisory board members (including their substitutes) who are independent from the management that executes its business, and external knowledgeable persons (the "Independent Committee"), in order to eliminate any arbitral decisions by the Board of Directors in connection with the triggering or other aspects of the Plan. The Independent Committee will also be maintained under the Plan

The Independent Committee may, for example, obtain advice from third-party external experts who are independent from the Board of Directors and from the Independent Committee as necessary. All expenses associated with obtaining such advice will be borne by the Company to a reasonable extent.

The names and biographies of each Independent Committee member as at the time of amendment of the Existing Plan to the Plan via the Amendment are provided in Exhibit 3.

As a general rule, a resolution of the Independent Committee is passed by a majority of the Independent Committee members present at an Independent Committee meeting where all members are present, unless otherwise specifically provided in the Plan. However, if any of the members is unable to so act or there are any other unavoidable circumstances, a resolution is passed by a majority of the Independent Committee members present at an Independent Committee meeting where a majority of the members are present.

**(i) Procedures for the Independent Committee to Make Recommendations; the Board of Directors' Resolutions**

**A. Recommendations by the Independent Committee**

The Independent Committee will make recommendations regarding the Large-Scale Purchase to the Board of Directors as set forth in (a) to (c) below within the Board of Directors' Evaluation Period.

**(a) If the Large-Scale Purchase Rules are not complied with**

If the Large-Scale Purchaser violates any of the Large-Scale Purchase Rules in a material respect (including where a violation of the Large-Scale Purchase Rules occurs during the prescribed procedures, such as where the Board of Directors is required to consult a General Meeting of Shareholders pursuant to the Large-Scale Purchase Rules but the Large Scale Purchaser commences the Large-Scale Purchase without waiting for a resolution by the General Meeting of Shareholders), and the violation is not cured within five business days (excluding the first day) after the Board of Directors requests in writing that the Large-Scale Purchaser cure the violation, then the Independent Committee will, as a general rule,

recommend to the Board of Directors to trigger countermeasures against the Large-Scale Purchase, unless it is evident that the countermeasures must not be triggered for the purpose of securing and enhancing the Company's corporate value or the shareholders' common interests, or there are other specific circumstances.

If such a recommendation is made, the Company will disclose the Independent Committee's opinions, the reasons therefor, and other information deemed appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

If the Independent Committee recommends that the Board of Directors trigger countermeasures, but subsequently the Large-Scale Purchase is withdrawn or a change occurs to any of the facts that underlay the decision to make the recommendations, the Independent Committee may make recommendations to the Board of Directors such as to discontinue triggering the countermeasures. If such subsequent recommendation is made, the Company will also disclose the Independent Committee's opinions, the reasons therefor, and other information deemed appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

**(b) If the Large-Scale Purchase Rules are complied with**

If the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Independent Committee will, as a general rule, recommend to the Board of Directors not to trigger countermeasures against the Large-Scale Purchase.

However, even if the Large-Scale Purchase Rules are complied with, the Independent Committee will recommend to the Board of Directors to consult a General Meeting of Shareholders on whether to trigger countermeasures against the Large-Scale Purchase, if the Independent Committee considers that the Large-Scale Purchaser is a person in any of the circumstances in (i) through (vii) below (collectively, "Abusive Bidders"), and that it is reasonable to trigger countermeasures against the Large-Scale Purchase.

If the Large-Scale Purchase Rules are complied with, and the Independent Committee does not reach a decision that it will recommend not triggering countermeasures by the unanimous votes of all the Independent Committee members, as a result of examinations on the Large-Scale Purchase by the Large-Scale Purchaser or the details of its proposal, and consultations and negotiations with the Large-Scale Purchaser, the Independent Committee will recommend that the Board of Directors consult a General Meeting of Shareholders on whether to trigger the countermeasures under the Plan.

- (i) Where the Large-Scale Purchaser does not have a bona fide intention to participate in the management of the Company but is attempting to purchase the Company's share certificates and the like for the purpose of making parties related to the Company buy them back at an inflated stock price (a "green mailer"), or its primary purpose for acquiring the Company's share certificates and the like is to acquire a short-term profit margin;
- (ii) Where the primary purpose of participating in the Company's management is to temporarily control its management to cause it to transfer to the Large-Scale Purchaser, its group companies, or other related parties the Company's intellectual property rights, know-how, trade secrets, major business counterparties, or customers, which are essential to the Company's business operations;
- (iii) Where the Large-Scale Purchaser is attempting to purchase the Company's share certificates and the like, intending to unfairly utilize the Company's assets as



collateral or funds for the repayment of the obligations of such Large-Scale Purchaser, its group companies, or other related parties after taking control over the management of the Company;

- (iv) Where the primary purpose of participating in the Company's management is to temporarily control the management of the Company to cause it to sell or otherwise dispose of real property, securities, or other high value assets, which are irrelevant to the Company's business for the time being, and then cause it to distribute high dividends temporarily with gains from such disposition, or sell the Company's shares at a high price, seizing the opportunity presented by a sharp rise in the stock price caused by such temporary high dividend payments;
- (v) Where there are reasonable grounds to believe that the conditions for acquiring the Company's share certificates and the like proposed by the Large-Scale Purchaser (including, without limitation, the type and amount of consideration for the purchase, the calculation basis of the amount, terms, timing, method, potential illegality, and feasibility) are inadequate or inappropriate in light of the Company's corporate value;
- (vi) The purchase of the Company's shares proposed by the Large-Scale Purchaser is by a coercive method that may structurally restrict the shareholders' opportunity or liberty to make decisions, as typified by a two-step acquisition (which means a purchase of share certificates and the like under which the purchaser sets unfavorable conditions, or does not set clear conditions for the second purchase of the remaining share certificates and the like after the initial purchase, or which raises concerns about the future liquidity of the share certificates and the like by indicating the possibility of the delisting of the share certificates and the like after the initial purchase); or
- (vii) Where there are reasonable grounds to believe that the acquisition of control by the Large-Scale Purchaser may damage or harm the Company's relationship with the shareholders, as well as with customers, employees, and other stakeholders who are the source of its corporate value, which may result in materially eroding its corporate value or the shareholders' common interests, or in materially impeding securing and enhancing the Company's corporate value and the shareholders' common interests.

The disclosure procedures for the above recommendations, and the procedures for any subsequent recommendations that may follow will be subject to (a) above.

**(c) Other recommendations by the Independent Committee**

In addition to the foregoing, the Independent Committee may make recommendations to the Board of Directors as necessary that are deemed appropriate for maximizing the Company's corporate value and the shareholders' common interests, as well as recommendations to discontinue, or suspend the triggering of, countermeasures if permitted by certain Laws and Regulations.

The disclosure procedures for the above recommendations, and the procedures for any subsequent recommendations that may follow will be subject to (a) above.

**B. Resolutions by the Board of Directors**

The Board of Directors will make resolutions for triggering, not triggering or discontinuing countermeasures, or other required resolutions by respecting the Independent Committee's recommendations set forth in (a), (b), and (c) above to the maximum extent.

If the Independent Committee makes recommendations to pass a resolution not to trigger countermeasures but the Board of Directors considers that there are circumstances such as that complying with the Independent Committee's recommendations may violate the directors' duty of due care of a prudent manager, the Board of Directors may pass a resolution to trigger the countermeasures in the case of A(a) "If the Large-Scale Purchase Rules are not complied with." In the case of A(b) "If the Large-Scale Purchase Rules are complied with," the Board of Directors may, instead of passing a resolution not to trigger the countermeasures, convene a General Meeting of Shareholders of the Company for the shareholders to deliberate on whether to trigger the countermeasures.

If such resolution is passed, the Company will disclose the Board of Directors' opinions and the reasons therefor, and other information deemed appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

The Large-Scale Purchaser will not be permitted to commence or implement the Large-Scale Purchase, unless after the Board of Directors passes a resolution not to trigger the countermeasures in accordance with the procedures prescribed in the Plan (i.e., in response to the Independent Committee making recommendations not to trigger the countermeasures under A. above, or a General Meeting of Shareholders not passing a resolution to trigger the countermeasures pursuant to C. below).

### **C. Convocation of General Meeting of Shareholders**

If the Independent Committee recommends that the Board of Directors consult a General Meeting of Shareholders on whether to trigger the countermeasures as set forth in A(b) above, or if the Board of Directors passes a resolution which convenes a General Meeting of Shareholders of the Company for the shareholders to deliberate on whether to trigger the countermeasures based on B above, the Board of Directors will promptly execute the convocation procedures for a General Meeting of Shareholders, proposing the triggering of the countermeasures under the Plan for the shareholders' approval. In that case, the Board of Directors will pass a resolution for triggering, not triggering or discontinuing the countermeasures, or other required resolutions in accordance with the resolutions passed by the General Meeting of Shareholders held based on such procedures.

If such a resolution is passed, the Company will disclose the Board of Directors' opinions and the reasons therefor, and other information deemed appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

When convening a General Meeting of Shareholders, the Board of Directors will promptly disclose the outline of the Large-Scale Purchase Information, its opinions for the Intention Letter, substance of the Independent Committee's recommendations, and other matters that it considers appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

As the premise for holding the General Meeting of Shareholders, the Board of Directors will designate a base date to fix the shareholders who are entitled to exercise voting rights at the General Meeting of Shareholders (the "Approval Meeting Voting Rights Base Date"), promptly after receiving sufficient information from the Large-Scale Purchaser, and will make a public notice thereof at least two weeks before the Approval Meeting Voting Rights Base Date. The shareholders entitled to exercise voting rights at the General Meeting of Shareholders are the shareholders stated or recorded in the final shareholder register as of the Approval Meeting Voting Rights Base Date.

Resolutions at the General Meeting of Shareholders will be passed by a majority of voting

rights of the shareholders present thereat who are entitled to exercise their voting rights. The results of the General Meeting of Shareholders will be disclosed promptly after those resolutions are passed.

If the convocation procedures for the General Meeting of Shareholders are executed, and the Board of Directors thereafter passes a resolution not to trigger countermeasures, the Company may abort the convocation procedures for the General Meeting of Shareholders. If such resolution is passed, the Company will still disclose the Board of Directors' opinions and the reasons therefor, and other information deemed appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

**(j) Change in Large-Scale Purchase Information**

If the Board of Directors considers that a material change has been made to the Large-Scale Purchase Information by the Large-Scale Purchaser after the Company announced that the Board of Directors determined that the provision of Large-Scale Purchase Information was complete in accordance with (e) above, the Company will announce to that effect, the reasons therefor, and other information deemed appropriate, in accordance with the applicable Laws and Regulations in a timely and appropriate manner. This will discontinue the procedures under the Plan that have been being taken for the Large-Scale Purchase based on the previous Large-Scale Purchase Information ("Large-Scale Purchase Before Change"). In that case, the Large-Scale Purchase based on the Large-Scale Purchase Information so changed will be treated as a Large-Scale Purchase different from the Large-Scale Purchase Before Change, and the procedures under the Plan will again apply thereto.

In making the decision, the Board of Directors will respect the Independent Committee's opinions to the maximum extent.

**(k) Specifics of Countermeasures**

The countermeasures against a Large-Scale Purchase that the Company triggers under the Plan are expected to be by an allotment of share options without contribution as provided in Article 277 *et seq.* of the Companies Act (the share options so allotted, "Share Options").

An overview of the case where Share Options are allotted without contribution as countermeasures against a Large-Scale Purchase is provided in Exhibit 4. If Share Options are actually allotted without contribution, the Company may prescribe conditions such as the following: (i) conditions for exercise that prevent the Excepted Parties (such as a certain Large-Scale Purchaser designated by the Board of Directors in accordance with the prescribed procedures, and joint holders and specially related parties thereof, as well as the persons recognized by the Board of Directors as persons substantially controlled by, or acting jointly or in cooperation with, any of the foregoing, based on the Independent Committee's advice; hereinafter the same) from exercising their rights; or (ii) a call provision that permits the Company, when it intends to acquire some of the Share Options, to acquire only the Share Options held by the share option holders other than the Excepted Parties.

**4. Effective Term, Continuation, Abolition and Modification of the Plan**

**(1) Effective Term of the Plan**

The Effective term of the Plan shall be from the approval of this proposal at this General Meeting of Shareholders until the close of the Ordinary General Meeting of Shareholders on the last business year ending within three (3) years from the end of this General Meeting of Shareholders.

However, the Plan may be abolished any time according to the intentions of the shareholders. In other words, even before the expiration of such effective term, the Plan may be abolished when (i) the

proposal has failed to be approved at this General Meeting of Shareholders, (ii) the Company's General Meeting of Shareholders approves the proposal to abolish the Plan, or (iii) the Board of Directors resolves to abolish the Plan.

**(2) Continuation, Abolition and Modification of the Plan**

Regarding the Plan, at the first Board of Directors meeting held after the conclusion of the Ordinary General Meeting of Shareholders conducted after this General Meeting of Shareholders, the necessity of the continuation, abolition and modification thereof shall be examined and the necessary resolution shall be made whenever necessary.

Also, the Board of Directors may revise or modify the Plan as necessary, to the extent deemed reasonably necessary based on the revisions, etc. of the Laws and Regulations or the guidelines thereof, with the approval of the Independent Committee, also at times other than the first Board of Directors meeting held after the conclusion of the Company's Ordinary General Meeting of Shareholders above.

If the abolition or modification of the Plan was resolved, the Company will disclose the matters deemed appropriate by the Board of Directors or the Independent Committee in accordance with the applicable Laws and Regulations in a timely and appropriate manner.

**5. Impact on Shareholders and Investors**

**(1) Impact on Shareholders and Investors When Renewing Takeover Defense Measures under the Plan**

When renewing the takeover defense measures under the Plan, the Company will not conduct an allotment of Share Options per se without contribution. Accordingly, neither the Plan nor the Amendment will have a direct or concrete impact on the legal rights or economic interests of shareholders or investors when it takes effect.

**(2) Impact on Shareholders and Investors When Triggering Takeover Defense Measures under the Plan**

While the Board of Directors may execute countermeasures against the Large-Scale Purchase to secure and enhance the Company's corporate value and shareholders' common interests under the Plan, given the structure of the countermeasures presently contemplated, the per-share value of the Company shares held by shareholders and investors is expected to be diluted upon the allotment of Share Options without contribution, but the value of the entire Company shares held by shareholders and investors will not be diluted. Therefore, it is not anticipated that this will have any direct or concrete impact on the legal rights or economic interests of shareholders or investors.

However, there may be an impact on the Excepted Parties' legal rights or economic interests as a result of countermeasures, if triggered.

Further, if the Board of Directors resolves to allot the Share Options without contribution as countermeasures and the shareholders to whom the Share Options will be allotted without contribution have been conclusively determined, and if the Company discontinues the allotment of Share Options without contribution or acquires, without contribution, the Share Options that were allotted without contribution, the per-share value of the Company shares will not be diluted as a result thereof. Accordingly, any investors who purchased or sold the Company shares assuming that the per-share value of the Company shares will be diluted may be subject to unexpected damage due to fluctuations in the stock price or other factors.

The procedures to exercise and acquire the Share Options allotted without contribution that relate to the

shareholders are as provided below. For details of those procedures, please check the details that will be disclosed in accordance with the applicable Laws and Regulations in a timely and appropriate manner when they are actually required.

- (i) If the Board of Directors resolves to allot the Share Options without contribution, the Company will designate the base date for allotting the Share Options and make a public notice thereof in accordance with the Laws and Regulations, and its Articles of Incorporation. In that case, the Share Options will be allotted to the shareholders stated or recorded in the final shareholder register as of the base date, in accordance with the number of their shares held.
- (ii) If the Share Options are allotted without contribution, the shareholders stated or recorded in the final shareholder register as of the base date will automatically become Share Option holders as of the date the allocation of Share Options without contribution takes effect.
- (iii) The Company will send a Share Option exercise claim form and other documents required to exercise Share Options, to each shareholder stated or recorded in the final shareholder register as of the base date (the exercise claim form must be a format prescribed by the Company, and may contain required matters, such as: the terms and number of the Share Options so exercised, and the date of exercise of the Share Options; a covenant that the Shareholder personally is not an Excluded Party; and information on the account for book-entry transfer of the Company's common shares). Shareholders will receive one share of the Company's common stock per Share Option issued by paying the amount separately determined by the Board of Directors (at least one yen per Stock Option) to the institution handling payments, and submitting those required documents within the Share Option exercise period separately determined by the Board of Directors, except that there may be cases where the Excluded Parties are not entitled to exercise their Stock Options.
- (iv) On the other hand, if the Company acquires Share Options pursuant to a call provision, the shareholders will receive delivery of the Company's common shares as consideration for the Company acquiring Share Options, without paying the amount equivalent to the exercise value (in that case, the shareholders may be requested to separately submit an identification document, a document containing information on the account for book-entry transfer of the Company's common shares, and a document in which it covenants, among other matters, that it is not an Excluded Party, stating that it will immediately return the Company's common shares delivered to it if the covenant contains a false statement). Notwithstanding the foregoing, there may be cases where Share Options held by the Excluded Parties are not acquired, as stated above.

## **6. Reasonableness of the Plan**

The Plan satisfies as below the three principles set forth in the "Guidelines Regarding Takeover Defense Measures for the Purposes of Securing or Enhancing Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 ((i) the principle of securing or enhancing corporate value and shareholders' common interests, (ii) the principle of prior disclosure and the shareholders' intention, and (iii) the principle of ensuring necessity and reasonableness). Further, the Plan takes into account the "Takeover Defense Measures in Light of Recent Environmental Changes" released on June 30, 2008, by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry, and "Principle 1-5. So-Called Takeover Defense Measures" in "Japan's Corporate Governance Code" established by Tokyo Stock Exchange Inc., as well as other practices and discussions related to takeover defense measures. Therefore, the Plan has a high degree of reasonableness.

**(1) Aiming to Secure and Enhance the Corporate Value and the Common Interests of the Shareholders**

As stated in 3.(1) above, by requesting that the Large-Scale Purchasers provide necessary information regarding the Large-Scale Purchase in advance, and that they allow a period for consideration and examination on the Large-Scale Purchase, the Plan enables (i) the shareholders to appropriately determine whether to respond to that Large-Scale Purchase, (ii) the Board of Directors to present to the shareholders its opinion for or against, or Alternative Proposals to, that Large-Scale Purchase, following the recommendations of the Independent Committee, and (iii) the Board of Directors to negotiate with the Large-Scale Purchasers for the benefit of the shareholders, and thereby aims to secure and enhance the Company's corporate value and the common interests of the shareholders.

**(2) Prior Disclosure**

The Company will disclose the Plan in advance in order to enhance the predictability of its shareholders, investors, and Large-Scale Purchasers, and ensure opportunities for its shareholders to make the appropriate choice.

The Company will also hereafter make timely and appropriate disclosure, as necessary, in accordance with applicable Laws and Regulations.

**(3) Respect for Shareholders' Intension**

The Company will confirm its shareholders' intention by submitting this proposal before the General Meeting of Shareholders.

As stated in 3.(2)(i)B. and C. above, the Board of Directors must confirm the shareholders' intention regarding the triggering of countermeasures under the Plan, under certain circumstances, at a General Meeting of Shareholders of the Company.

Further, as stated in 4. above, if a proposal to abolish the Plan is approved by (a) a General Meeting of Shareholders of the Company or (b) the Board of Directors consisting of directors elected at a General Meeting of Shareholders of the Company, the Plan will then be abolished even before expiry of the effective term, leaving its survival up to the shareholders' intention.

**(4) Obtaining Opinions from External Experts**

As stated in 3.(2)(g) above, the Board of Directors will examine the triggering of countermeasures by obtaining advice from third-party external experts independent from the Board of Directors, as necessary. This will ensure the objectivity and reasonableness of the decision of the Board of Directors.

**(5) Establishment of an Independent Committee and Respect for Its Recommendations to the Maximum Extent**

As stated in 3.(2)(h) above, the Company has an Independent Committee that is independent from the executive management responsible for the business of the Company and consists of three or more members from among independent external directors and independent external audit & statutory board members (including their substitutes) as well as external knowledgeable persons, in order to ensure the necessity and reasonableness of the Plan and prevent any abusive triggering of the Plan by the management for their own benefit. If the Board of Directors triggers countermeasures, the Company will respect the recommendations of the Independent Committee to the maximum extent, in order to ensure the fairness of the decision thereof and to eliminate any arbitrary decision of the Board of Directors. Further, the Independent Committee may obtain advice from third-party external experts independent from the Board of Directors and the Independent Committee, as necessary. This will

ensure the objectivity and reasonableness of the decision of the Independent Committee on its recommendations.

**(6) Neither a Dead-Hand Takeover Defense Measure Nor a Slow-Hand Takeover Defense Measure**

As stated in 4. above, the Plan may be abolished at any time by resolution of a General Meeting of Shareholders of the Company or resolution of the Board of Directors consisting of directors elected at a General Meeting of Shareholders of the Company, and also the Company does not adopt staggered boards. Therefore, the Plan is neither a so-called dead-hand takeover defense measure (a takeover defense measure that cannot prevent the triggering of countermeasures even after a majority of the members of the board of directors are replaced), nor a slow-hand takeover defense measure (a takeover defense measure that requires time to prevent the triggering of countermeasures because the members of the board of directors cannot be replaced all at once).

End

(Exhibit 1)

### Status of Major Shareholders

As of March 31, 2019

Name	Address	Number of shares held (thousand shares)	Shareholding ratio (%)
* Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	6,418	6.20
* The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-Chome, Minato-ku, Tokyo	5,783	5.58
Asahi Mutual Life Insurance Co.	6-1, Otemachi 2-Chome, Chiyoda-ku Tokyo	4,053	3.91
* Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	Tower Z, Harumi Island Triton Square Office 8-12, Harumi 1-Chome, Chuo-ku, Tokyo	3,770	3.64
* Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	2,914	2.81
ADEKA Business Partners Shareholdings Association	2-35 Higashi-ogu 7-Chome, Arakawa-ku, Tokyo	2,866	2.77
The Norinchukin Bank	13-2, Yurakucho 1-Chome, Chiyoda-ku Tokyo	2,244	2.17
ZEON Corporation	6-2 Marunouchi 1-Chome, Chiyoda-ku, Tokyo	2,188	2.11
National Mutual Insurance Federation of Agricultural Cooperatives	JA Kyosai Building 7-9, Hirakawacho 2-Chome, Chiyoda-ku, Tokyo	2,049	1.98
* Japan Trustee Services Bank, Ltd. (Trust Account5)	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	1,892	1.83
Total		34,180	33.00

- (Notes) 1. The total number of issued shares is 103,651,442 shares.  
2. The shareholding ratios are calculated after deducting the number of treasury shares (59,454 shares).  
3. The number of shares held by the trust banks marked with asterisks includes the number of shares relating to the trust services.

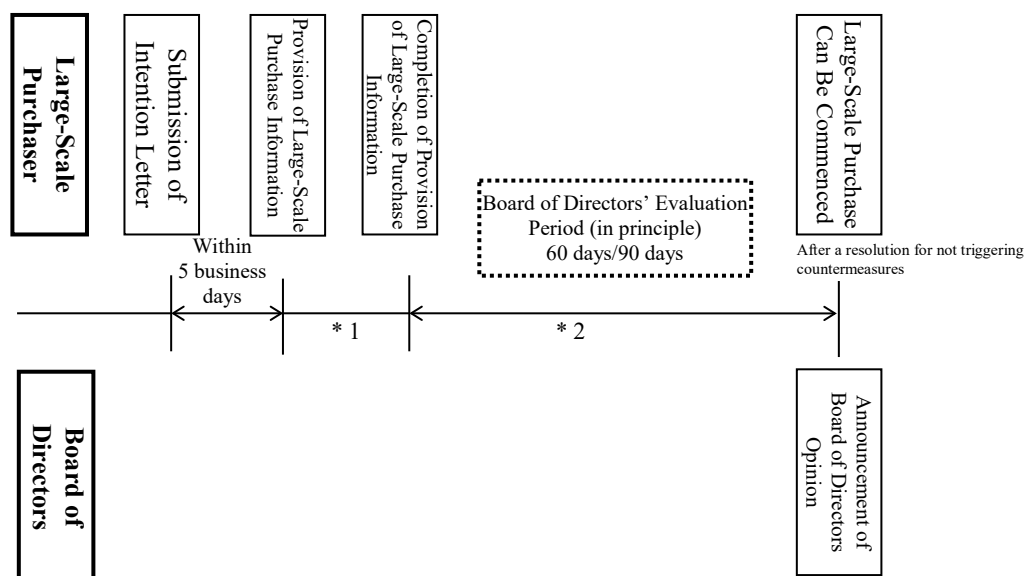
End



(Exhibit 2)

## Flow of Plan Procedures

### (Large-Scale Purchase Rules)



#### Provision of Large-Scale Purchase Information

\* 1: If the Board of Directors concludes that: (i) it is difficult for the shareholders to appropriately determine whether to respond to the Large-Scale Purchase based only on the information initially provided; and (ii) it is difficult for the Board of Directors and the Independent Committee to form opinions for or against the Large-Scale Purchase (“Formation of Opinions”), or for the Board of Directors to develop Alternative Proposals (“Development of Alternative Proposals”) and appropriately present those opinions and proposals to the shareholders, the Board of Directors may, on condition that the Independent Committee reaches a similar conclusion, require from time to time that the Large-Scale Purchasers provide additional information necessary for the shareholders’ appropriate decision-making, for the Board of Directors’ and the Independent Committee’s Formation of Opinions, and for the Board of Directors’ Development of Alternative Proposals, after setting a reasonable submission due date (a certain day within 60 days (excluding the first day) determined by the Board of Directors from the day when the Board of Directors receives the Intention Letter) and by disclosing the specific period so determined, and the reasons why it needs that reasonable period to the shareholders. In this case, the Board of Directors shall respect the opinions of the Independent Committee to the maximum extent.

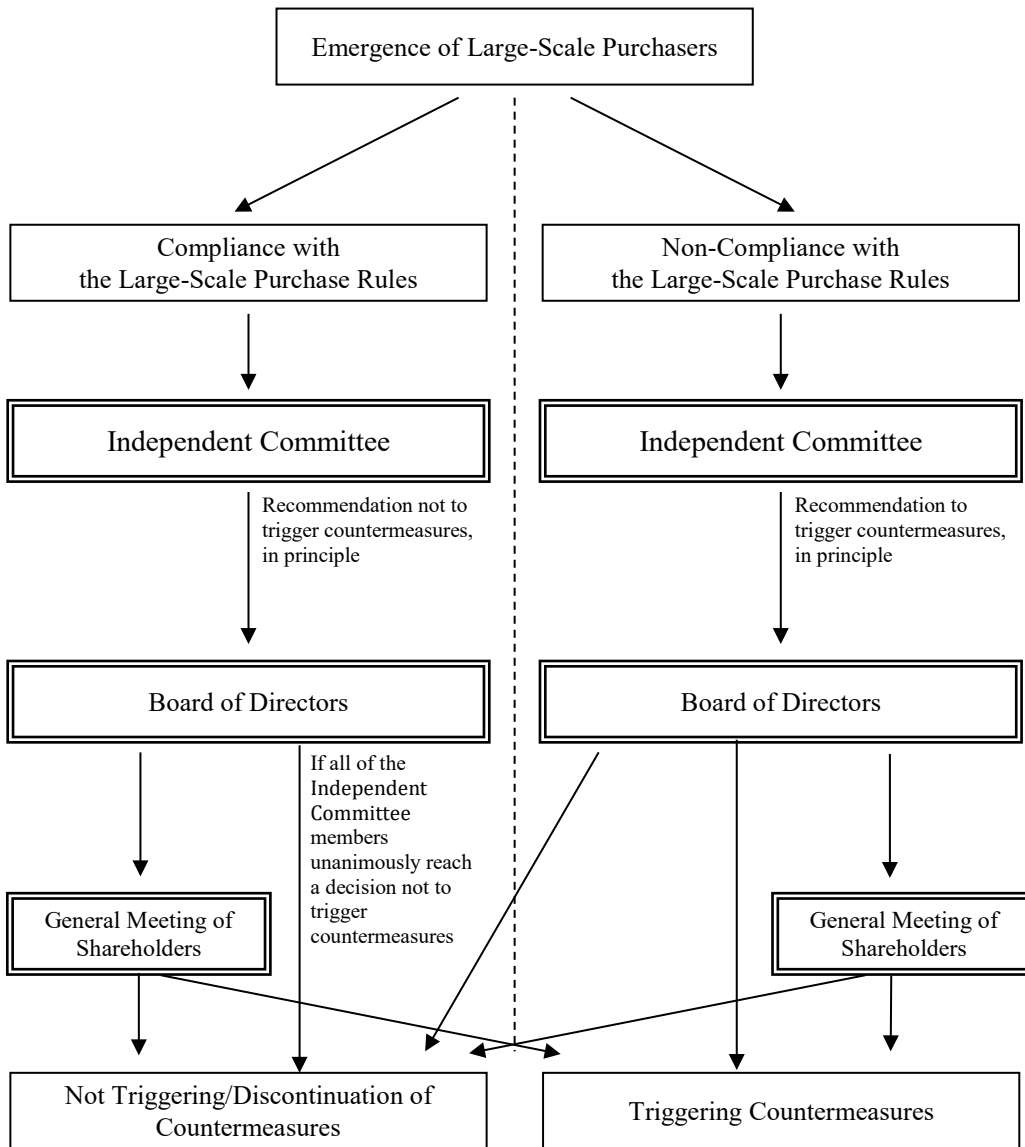
#### Board of Directors’ Evaluation Period

\* 2: Up to 60 days (excluding the first day) in the case of a purchase of all of the share certificates of the Company through a tender offer with monetary consideration only (in Japanese yen); or up to 90 days (excluding the first day) in the case of other Large-Scale Purchases. If there are unavoidable circumstances such that the Board of Directors is not able to reach a resolution to trigger or not to trigger countermeasures within the Board of Directors’ Evaluation Period because, among other things, the Independent Committee does not reach a decision to make a certain recommendation within the Board of Directors’ Evaluation Period, the Board of Directors may extend the Board of Directors’ Evaluation Period by up to 30 days (excluding the first day) to the extent necessary, based on the unanimous votes of all of the Independent Committee members.

#### Procedures of Independent Committee's Making Recommendation

- The Independent Committee will make recommendations to the Board of Directors, as necessary.
- The Board of Directors will present to the Shareholders a business plan or other alternative for the acquisition offer, business plan, or other terms proposed by the Large-Scale Purchaser, in the capacity of the Board of Directors, and negotiate with the Large-Scale Purchasers for the benefit of the shareholders, as necessary.
- If the Large-Scale Purchase Rules are complied with and the Independent Committee does not reach a decision that it will make a recommendation for not triggering countermeasures by the unanimous votes of all of the Independent Committee members, as a result of examinations on a Large-Scale Purchase by the Large-Scale Purchasers or the details of their proposal, and consultations and negotiations with the Large-Scale Purchasers, the Independent Committee shall recommend that the Board of Directors consult on triggering countermeasures under the Plan with a General Meeting of Shareholders. In this case, the Board of Directors shall promptly implement convocation procedures for the General Meeting of Shareholders for an approval to trigger countermeasures under the Plan.

**(Overview of Triggering Countermeasures)**



End

(Exhibit 3)

### Name and Career Summary of Independent Committee Members

(Name)	Kazuyuki Nagai	(External Director of the Company; Chairman of UNIVERSITY CORRESPONDENCE EDUCATION; Professor Emeritus of CHUO UNIVERSITY, and an attorney-at-law)
(Career summary)	April 1981	Professor, Faculty of Law, CHUO UNIVERSITY (Companies Act)
	November 1999	Dean, Faculty of Law, CHUO UNIVERSITY
	May 2004	Registered as attorney-at-law (to present)
	November 2005	President, CHUO UNIVERSITY
	December 2005	Chancellor, CHUO UNIVERSITY
	June 2010	External Director of the Company (current position)
	June 2012	Chairman, Public Interest Incorporated Foundation UNIVERSITY CORRESPONDENCE EDUCATION (current position)
	April 2016	Professor Emeritus, CHUO UNIVERSITY (current position)
(Name)	Shigeru Endo	(External Director of the Company; Special Assistant to the Ministry of Foreign Affairs; External Director of JGC Corporation; External Director of IINO KAIUN KAISHA, LTD.)
(Career summary)	April 1974	Joined Ministry of Foreign Affairs
	April 2001	Deputy Director-General in the Middle Eastern and African Affairs Bureau, Ministry of Foreign Affairs
	February 2002	Deputy Director-General in the Consular and Migration Affairs Bureau, Ministry of Foreign Affairs
	August 2003	Ambassador to the Permanent Mission of Japan to the International Organizations in Geneva, and Consul General of Japan in the Japanese Consulate in Geneva
	March 2007	Ambassador Extraordinary and Plenipotentiary to Republic Tunisia
	July 2009	Ambassador Extraordinary and Plenipotentiary to Saudi Arabia
	October 2012	Retired from Ministry of Foreign Affairs
	June 2013	External Director, JGC CORPORATION (current position) External Director, IINO KAIUN KAISHA, LTD. (current position)
	April 2014	Special Assistant to the Ministry of Foreign Affairs (current position)
	June 2018	External Director of the Company (current position)
(Name)	Akio Okuyama	(External Audit & Supervisory Board Member of the Company; Outside Corporate Auditor of NIPPON FLOUR MILLS CO., LTD.; Corporate Auditor of SHINKIN CENTRAL BANK; and a certified public accountant)
(Career summary)	December 1968	Joined CHUO AUDIT CORPORATION
	March 1983	Partner, CHUO AUDIT CORPORATION (currently MISUZU AUDIT CORPORATION)
	July 2001	Chairperson, JAPANESE INSTITUTE of CERTIFIED

	PUBLIC ACCOUNTANTS
May 2003	Director, INDUSTRIAL REVITALIZATION CORPORATION of JAPAN; Member, INDUSTRIAL REVITALIZATION COMMITTEE
May 2005	Chairperson, CHUO AOYAMA AUDIT CORPORATION (currently MISUZU AUDIT CORPORATION)
April 2006	Visiting Professor, Graduate School of Accountancy, WASEDA UNIVERSITY
February 2007	Chairperson, OKUYAMA ACCOUNTING FIRM (current position)
June 2009	External Audit & Supervisory Board Member of the Company (current position)
June 2010	Outside Corporate Auditor, NIPPON FLOUR MILLS CO., LTD. (current position)
June 2014	Corporate Auditor, SHINKIN CENTRAL BANK (current position)

The Tokyo Stock Exchange has been notified that Mr. Kazuyuki Nagai and Mr. Shigeru Endo, external directors, and Mr. Akio Okuyama, an external audit & supervisory board member, are independent directors/auditors set forth in the Securities Listing Regulations of the Exchange.

End

(Exhibit 4)

### **Overview in the Case of Allotment of Share Options without Contribution**

1. Shareholders Eligible for Allotment

Share options shall be allotted without contribution to the shareholders stated or recorded in the final shareholder registry as of the base date separately determined by the Board of Directors, at the ratio of one share option per share held by those shareholders (excluding the Company's common shares held by the Company).

2. Type and Number of Shares Underlying Share Options

The type of shares underlying the share options shall be the Company's common shares, and the Company's common shares to be delivered as a result of the exercise of share options shall be one share.

3. Effective Date of Allotment of Share Options without Contribution

To be separately determined by the Board of Directors.

4. Value of Assets to Be Contributed upon Exercise of Each Share Option

The form of contribution to be made upon the exercise of each of the share options shall be cash, and the amount of assets, per common share of the Company, to be contributed upon the exercise of the share options shall be an amount (one yen or more) separately determined by the Board of Directors.

5. Restriction on Transfer of Share Options

Any acquisition of the share options through transfer shall require the approval of the Board of Directors.

6. Conditions for Exercise of Share Options

Conditions for the exercise of share options shall be separately determined by the Board of Directors (the Board of Directors may determine such conditions for the exercise of share options that persons who are recognized by the Board of Directors based on advice from the Independent Committee as falling into the category of a certain Large-Scale Purchaser specified by the Board of Directors in accordance with the prescribed procedures, joint holders, and specially related parties thereof, as well as persons who are substantially controlled by, or jointly or collaboratively act with, those parties (the "Excepted Parties")), shall not be permitted to exercise their rights).

7. Acquisition by the Company of Share Options

The Company may propose to the Board of Directors an acquisition provision under which [the Company] may acquire all of the share options or only the share options held by the share option holders other than the Excepted Parties in accordance with a resolution of the Board of Directors, subject either to the date when the Large-Scale Purchasers breach the Large-Scale Purchase Rules arrives or otherwise a certain event occurs, or other date separately specified by the Board of Directors arrives.

8. Grounds for Acquisition of Share Options without Contribution (Grounds for Abolition of Countermeasures)

If any one of the following events occurs, the Company may acquire all of the share options without contribution:

- (a) if a purchase proposal by the Large-Scale Purchasers is adopted by ordinary resolution at a General Meeting of Shareholders;
- (b) if the Independent Committee unanimously so decides; or
- (c) otherwise if the Board of Directors separately so determines.

9. Period for Exercise of Share Options

Period for the exercise of share options and other necessary matters shall be separately determined by the Board of Directors.

End

(Exhibit 5)

### **Overview of Independent Committee**

1. Composition

The Independent Committee shall comprise three or more members to be elected by the Board of Directors from among independent external directors or independent external audit & supervisory board members (including substitute members) of the Company, or external knowledgeable persons (the “Independent Committee Members”).

2. Term of Office

The term of office of the Independent Committee Members shall commence from the day when an Independent Committee Member is appointed and expire at the conclusion of the first Board of Directors meeting to be held after an Ordinary General Meeting of Shareholders for the last fiscal year ending within three years after the close of this General Meeting of Shareholders.

3. Method of Resolution

Unless otherwise specifically set forth in the Plan, a resolution of the Independent Committee shall be adopted with the approval of a majority of the Independent Committee Members present at an Independent Committee meeting where all members are present, unless there are special circumstances. However, if a member is unable to so act, or there are any other unavoidable circumstances, a resolution shall be adopted with the approval of a majority of the members present at an Independent Committee meeting where a majority of the members are present.

4. Resolutions and Other Matters

The Independent Committee shall examine whether to trigger countermeasures against the Large-Scale Purchasers, and other matters that the Board of Directors consulted on , and make necessary recommendations to the Board of Directors.

Further, the Independent Committee may obtain advice from third-party external experts independent from the Board of Directors, at the Company’s expense, in order to examine matters consulted on.

End