

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 5451
June 1, 2020

To our shareholders:

Satoshi Nitta
President and Representative Director
Yodogawa Steel Works, Ltd.
4-1-1 Minami-honmachi, Chuo-ku, Osaka

NOTICE OF THE 121ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified of the 121st Ordinary General Meeting of Shareholders of Yodogawa Steel Works, Ltd. (the “Company”), which will be held as described below.

With regard to this year’s Ordinary General Meeting of Shareholders, having taken into account the continuing risk of infection with the novel coronavirus (COVID-19), and the safety and security of our shareholders, we humbly request that, if at all possible, you forgo attending the meeting on the day.

You may exercise your voting rights either by postal mail (voting form) or electronically (via the Internet). Please review the attached ‘Reference Documents for the General Meeting of Shareholders’ and we request that you exercise your rights no later than 5:00 p.m., Monday, June 22, 2020 (Japan Standard Time).

1. Date and Time: Tuesday, June 23, 2020 10:00 a.m. (Japan Standard Time)

2. Venue: Banquet Room “Kujaku,” 4th Floor, Hotel Nikko Osaka
1-3-3 Nishi-Shinsaibashi, Chuo-ku, Osaka

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 121st Term (from April 1, 2019 to March 31, 2020), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Non-Consolidated Financial Statements for the 121st Term (from April 1, 2019 to March 31, 2020)

Items to be resolved:

- Proposal 1:** Election of Six (6) Directors
Proposal 2: Election of Four (4) Audit & Supervisory Board Members
Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal 4: Continuation of the Company’s Policy for Responding to Large-Scale Acquisitions of the Company’s Shares, etc. (Takeover Defense Measures)

4. Exercise of Voting Rights:

You may exercise your voting rights by one of the following three (3) methods.

- (1) Exercise of voting rights by attendance at the General Meeting of Shareholders
Please submit the enclosed voting form to the receptionist on the day of the General Meeting of Shareholders.
Date and Time of the General Meeting of Shareholders: Tuesday, June 23, 2020, at 10:00 a.m. (Japan Standard Time)
- (2) Exercise of Voting Rights by Postal Mail
Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it by postal mail to reach us no later than the deadline for exercising voting rights.
Deadline for exercising voting rights: To reach us no later than 5:00 p.m., Monday, June 22, 2020 (Japan Standard Time)
- (3) Exercise of Voting Rights via the Internet
Kindly peruse the “Guide to the Exercise of Voting Rights via the Internet” on page 3, and please exercise your voting rights by accessing the “Smart Exercise” or “Exercise of Voting Rights Website” (<https://soukai.mizuho-tb.co.jp/>) no later than the deadline for exercising voting rights.

Deadline for exercising voting rights: To input no later than 5:00 p.m., Monday, June 22, 2020 (Japan Standard Time)

Duplicate Exercises of Voting Rights

- i. In cases of duplicate exercise of voting rights both by using the voting form and by using the Internet, the exercise of the voting rights via the Internet shall be treated as valid.
- ii. In cases in which multiple exercises of voting rights have been made via the Internet, the most recent exercise of voting rights shall be treated as valid.

Guide to the Exercise of Voting Rights via the Internet

1. Exercise of Voting Rights by the “Smart Exercise”

- 1) Please read the QR code*¹ on the right-hand side of the enclosed Voting Form using a smartphone or similar device*², access the “Smart Exercise” website designated by the Company, and indicate your approval or disapproval of the proposals in accordance with the guidance on the screen (It is not necessary to enter the Exercise of Voting Rights Code and the Password).
- 2) The exercise of voting rights using “Smart Exercise” can only be performed once. In the event that you wish to revise the approval or disapproval indicated after exercising voting rights, you must use method 2. below to exercise your voting rights once again.

*1. QR Code is a registered trademark of DENSO WAVE INCORPORATED.)

*2. An application (or a feature) to read QR Codes will be required.

2. Exercise of Voting Rights by the entry of the Exercise of Voting Rights Code and the Password

- 1) Please access the “Exercise of Voting Rights Website” (refer to the URL below), and enter the Exercise of Voting Rights Code and the Password printed on the enclosed voting form to log in, then indicate your approval or disapproval in accordance with the guidance on the screen. It is necessary for you to change your password when you log in for the first time.

<https://soukai.mizuho-tb.co.jp/>

- 2) The Exercise of Voting Rights Code and the Password (including the new password selected by yourself when asked to change it) shall be valid only for this Ordinary General Meeting of Shareholders.
- 3) Please be careful how you manage your password, as it is used as a means of confirming the identity of the shareholder exercising voting rights. Please be noted that the Company (shareholder registry administrator) will not contact you to ask for your password.
- 4) If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the guidance on the screen.

(Notes)

- The deadline for exercising voting rights is 5:00 p.m., Monday, June 22, 2020 (Japan Standard Time). Voting rights reaching the Company (shareholder registry administrator) before the deadline are valid, so we request that you kindly exercise them well in advance.
- In the event that voting rights are exercised both by using the voting form and via the Internet, only the vote performed via the Internet shall be deemed effective. If you exercise your voting rights more than once via the Internet, only your final vote shall be deemed effective.
- You shall bear your own expenses for connection to the Internet.
- Although operational checks have been carried out for the exercise of voting rights for common Internet connection devices, there is a possibility that you may be unable to access the site due to the device you are using and the situation at the time.

3. For your inquiries

If you have any inquiries, please contact the Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd., which is the Company’s shareholder registry administrator, as shown below.

- 1) Inquiries regarding the operation of the “Smart Exercise” and “Exercise of Voting Rights Website”
Tel: 0120-768-524 (toll free only from Japan) (Business hours: 9 a.m. to 9 p.m. on weekdays)
- 2) Inquiries regarding share handling matters other than the above:
Tel: 0120-288-324 (toll free only from Japan) (Business hours: 9 a.m. to 5 p.m. on weekdays)

Reference Documents for the General Meeting of Shareholders

Items to be Resolved and Reference Documents

Proposal 1: Election of Six (6) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, the Company proposes the election of six (6) Directors.

The candidates for Directors are as follows:

| No. | Name (Date of birth) | Career summary, position, responsibilities, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|--|-----------------------------------|--|--------------------------------------|
| 1 | Satoshi Nitta (March 26, 1956) | <p>Apr. 1980 Joined the Company</p> <p>Nov. 2009 Was seconded to Sheng Yu Steel Co., Ltd.</p> <p>Sept. 2010 Was treated as General Manager of Sheng Yu Steel Co., Ltd.</p> <p>Apr. 2012 Senior Executive Officer, Senior General Manager Corporate Planning Division, General Manager of Overseas Business Planning Dept., and Supervisor of Steel Coil & Sheet Plants of the Company</p> <p>Apr. 2014 Senior Executive Officer of the Company, and President of YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD.</p> <p>June 2017 Director, Managing Executive Officer of the Company, and President of YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD.</p> <p>June 2018 President and Representative Director of the Company (Current Position)</p> <p>[Significant concurrent position outside the Company] Chairman of the Board, YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD.</p> | 9,091 |
| <p>Reasons for selection as a candidate for Director</p> <p>Satoshi Nitta has worked mainly in the production and corporate planning department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of overseas subsidiary companies, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p> | | | |

| No. | Name (Date of birth) | Career summary, position, responsibilities, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|--|-------------------------------------|--|--------------------------------------|
| 2 | Toshio Kumamoto (March 13, 1963) | <p>Apr. 1986 Joined the Company</p> <p>June 2011 General Manager of General Affairs Dept. of the Company</p> <p>Sept. 2012 General Manager of General Affairs Dept. and General Manager of General Affairs Dept. of Tokyo Branch of the Company</p> <p>Apr. 2014 Executive Officer, General Manager Kure Plant and General Manager of General Affairs Dept. Kure Plan of the Company</p> <p>June 2016 Senior Executive Officer, General Manager Administration Division, General Manager of General Affairs Dept. and General Manager of General Affairs Dept. of Tokyo Branch of the Company</p> <p>June 2017 Senior Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, in charge of affiliated companies of the Company</p> <p>June 2018 Director, Managing Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, in charge of affiliated companies of the Company</p> <p>Apr. 2019 Director, Managing Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, Senior General Manager Corporate Planning Division, General Manager of Overseas Business Planning Dept., in charge of affiliated companies of the Company</p> <p>June 2019 Director, Managing Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, in charge of affiliated companies of the Company (Current Position)</p> | 4,423 |
| <p>Reasons for selection as a candidate for Director</p> <p>Toshio Kumamoto has worked mainly in the general affairs department. Since he also has considerable operational experience as a leader of main plants, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p> | | | |

| No. | Name (Date of birth) | Career summary, position, responsibilities, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---|------------------------------------|--|--------------------------------------|
| 3 | Tadashi Hattori (July 16, 1958) | <p>Apr. 1982 Joined the Company</p> <p>June 2011 General Manager of Sales Dept. - 1 of Sales Division of the Company</p> <p>Apr. 2012 Executive Officer, General Manager Sales Division, General Manager of Sales Dept. - 1, and Branch Manager of Tokyo of the Company</p> <p>Apr. 2015 Executive Officer, General Manager Sales Division, and General Manager of Sales Dept. - 1 of the Company</p> <p>June 2016 Senior Executive Officer of the Company President and Representative Director of YODOKO SHOJI CO., LTD.</p> <p>June 2019 Director, Managing Executive Officer, Senior General Manager of the Sales Division, General Manager of Sales Dept. - 1 and Sales Dept. - 2, and Branch Manager of Tokyo of the Company</p> <p>Apr. 2020 Director, Managing Executive Officer, Senior General Manager of the Sales Division, General Manager of Sales Dept. - 1, and Branch Manager of Tokyo of the Company (Current Position)</p> | 7,424 |
| <p>Reasons for selection as a candidate for Director</p> <p>Tadashi Hattori has worked mainly in the sales department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of subsidiary companies, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p> | | | |
| 4 | Toshikazu Saeki (March 1, 1948) | <p>Apr. 1970 Joined Kobe Steel, Ltd.</p> <p>June 2001 Administration Officer and General Manager Osaka branch of Kobe Steel, Ltd.</p> <p>June 2002 President and Representative Director of Shinko Care Life Co., Ltd. (currently Sumirin Care Life Co., Ltd.)</p> <p>June 2011 Advisor of Shinko Care Life Co., Ltd.</p> <p>Apr. 2012 Specially Appointed Professor and Assistant to the President of Kobe University</p> <p>June 2015 Outside Director of the Company (Current Position)</p> <p>Dec. 2016 Director (Audit & Supervisory Committee Member) of LOCKON CO., LTD. (currently YRGLM Inc.) (Current Position)</p> <p>[Significant concurrent position outside the Company]</p> <p>Director (Audit & Supervisory Committee Member) of YRGLM Inc.</p> | 0 |
| <p>Reasons for selection as a candidate for Outside Director</p> <p>Toshikazu Saeki has extensive experience as a manager and a wide range of knowledge, and so we request that he continue to be appointed as an Outside Director so that such abundance of experience and knowledge can be reflected in the management of the Company.</p> | | | |

| No. | Name (Date of birth) | Career summary, position, responsibilities, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---|-------------------------------------|--|--------------------------------------|
| 5 | Hiroshi Okamura (April 13, 1952) | <p>Apr. 1976 Joined The Daiwa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>June 2006 Representative Director, Vice President and Executive Officer of Resona Bank, Limited</p> <p>June 2008 President and Representative Director of Resona Research Institute Co., Ltd.</p> <p>June 2009 Director of The Kinki Osaka Bank, Ltd. (currently Kansai Mirai Bank, Limited)</p> <p>June 2011 Part-time Auditor-secretary of Osaka Cosei Shinkin Bank (Current Position)</p> <p>June 2011 Part-time Auditor of Japan Foundation Engineering Co., Ltd. (Current Position)</p> <p>June 2012 President and Representative Director of Shikishima Printing Co., Ltd. (Current Position)</p> <p>June 2012 Part-time Director of Koyubusiness Co., Ltd. (Current Position)</p> <p>June 2013 Auditor of Osaka International Convention Center Corporation (Current Position)</p> <p>June 2015 Outside Director of the Company (Current Position)</p> <p>[Significant concurrent position outside the Company] President and Representative Director of Shikishima Printing Co., Ltd.</p> | 0 |
| <p>Reasons for selection as a candidate for Outside Director</p> <p>Hiroshi Okamura has extensive experience as a manager and a wide range of knowledge, and so we request that he continue to be appointed as an Outside Director so that such abundance of experience and knowledge can be reflected in the management of the Company.</p> | | | |
| 6 | Mitsuaki Yuasa (June 30, 1946) | <p>Sept. 1973 Registered as Certified Public Accountant</p> <p>June 2006 Retired from KPMG AZSA & Co. (currently KPMG AZSA LLC)</p> <p>July 2006 Opened Mitsuaki Yuasa CPA Office (Current Position)</p> <p>June 2008 Outside Audit & Supervisory Board Member of the Company</p> <p>Nov. 2008 Outside Member of the Board of WORLD Co., Ltd.</p> <p>June 2009 Outside Audit & Supervisory Board Member of Sojitz Corporation</p> <p>June 2016 Retired from Outside Audit & Supervisory Board Member of the Company</p> <p>June 2018 Outside Director of the Company (Current Position)</p> | 0 |
| <p>Reasons for selection as a candidate for Outside Director</p> <p>Mitsuaki Yuasa has experience as Outside Officer at listed companies in addition to considerable knowledge of finance and accounting and a wide range of insight from his many years of experience as a Certified Public Accountant. We request that he continue to be appointed as an Outside Director so that such experience and knowledge can be reflected in the management of the Company. He has not been directly involved with the management of a company other than serving as an outside officer. However, he has considerable expertise involving finance, and accounting matters as a Certified Public Accountant. Since he has sufficient knowledge to deal with these matters, the Company believes that he will be able to properly perform the duties of an Outside Director.</p> | | | |

- Notes:
1. There is no particular business or other relationship between any of the candidates and the Company.
 2. Director candidate Satoshi Nitta will resign as Chairman of the Board, YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD. as of June 23, 2020, and is scheduled to be appointed as the President and Representative Director of Keiyo Tekko Futo Co., Ltd. on June 18, 2020. The Company has transactional relationship with the company such as storage and transportation services of the Company's products and so on.

3. Number of Years since the Candidates for Outside Directors were appointed as Outside Directors of the Company
As of the date of the conclusion of this General Meeting of Shareholders, Toshikazu Saeki and Hiroshi Okamura both will have served as Outside Directors of the Company for a period of five (5) years and Mitsuaki Yuasa will have served for a period of two (2) years.
4. Director candidates Toshikazu Saeki, Hiroshi Okamura and Mitsuaki Yuasa are candidates for election as Outside Directors. A notice has been submitted to the Tokyo Stock Exchange that these three candidates are designated as Independent Officers in accordance with the regulations of this exchange.
5. The Company has agreements with Toshikazu Saeki, Hiroshi Okamura and Mitsuaki Yuasa respectively that limit their liability as prescribed in Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation. The liability limit in these agreements is the higher of 8 million yen or the minimum limit on liability in Article 425, Paragraph 1 of the Companies Act, and in case they are re-elected, the Company plans to continue such agreements with them.

Proposal 2: Election of Four (4) Audit & Supervisory Board Members

The term of office of all four (4) Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of four (4) Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

| No. | Name (Date of birth) | Career summary, position, and significant concurrent position outside the Company | Number of the Company's shares owned |
|--|--|---|--|
| 1 | Shirou Morioka (August 24, 1950) | Aug. 1975 Joined the Company | 1,574 |
| | | Sept. 2007 General Manager of Steel Sheet Sales Dept. of Sales Division of Tokyo branch of the Company | |
| | | Jan. 2011 Managing Director of YODOKO (THAILAND) CO., LTD. (seconded) | |
| | | Sept. 2011 Joined HAKUYO SANGYO CO., LTD. (currently YODOKO SHOJI CO., LTD.) | |
| | | June 2013 Councilor of HAKUYO SANGYO CO., LTD. | |
| | | June 2014 Audit & Supervisory Board Member of the Company (Current Position) | |
| Reasons for selection as a candidate for Audit & Supervisory Board Member Shirou Morioka has worked mainly in the marketing department of steel-coil and sheet-related operations, and since he also has considerable overseas and other operational experience, we request that he continue to be appointed as an Audit & Supervisory Board Member of the Company. | | | |
| 2 | * Kazuki Miyajima (April 24, 1961) | Apr. 1988 Joined the Company | 1,536 |
| | | Oct. 2015 Deputy General Manager of Development Dept. of Development Division of the Company | |
| | | July 2018 Deputy General Manager of Purchasing Dept. of Administration Division of the Company | |
| | | Apr. 2019 General Manager of Corporate Planning Dept. of Corporate Planning Division of the Company (Current Position) | |
| Reasons for selection as a candidate for Audit & Supervisory Board Member Kazuki Miyajima has considerable operational experience and knowledge, primarily related to the development department and corporate planning department of the steel-coil and sheet-related operations, and consequently we request that he be appointed as an Audit & Supervisory Board Member. | | | |

| No. | Name (Date of birth) | Career summary, position, and significant concurrent position outside the Company | Number of the Company's shares owned |
|--|--|---|--|
| 3 | Miho Ishihara (February 17, 1969) | <p>Oct. 1996 Joined Asahi & Co. (currently KPMG AZSA LLC)</p> <p>Jan. 2002 Registered as Certified Public Accountant</p> <p>Feb. 2006 Joined Protiviti Japan (currently Protiviti LLC)</p> <p>Apr. 2009 Joined EY Advisory Co., Ltd. (currently EY Advisory & Consulting Co., Ltd.)</p> <p>May 2010 Opened Ishihara Certified Public Accountant Office (currently Ishihara Certified Public Accountant & Certified Public Tax Accountant Office) (Current Position)</p> <p> Joined Hibiki Audit Corporation (Current Position)</p> <p>Dec. 2010 Registered as Certified Public Tax Accountant</p> <p>June 2019 Audit & Supervisory Board Member of the Company (Current Position)</p> | 0 |
| <p>Reasons for selection as a candidate for Outside Audit & Supervisory Board Member</p> <p>Miho Ishihara has many years of experience as a Certified Public Account and Certified Public Tax Accountant. In addition, she has experience with internal control and risk management, having worked as a consultant. Since she has sufficient experience in these areas, the Company believes that she will be able to significantly strengthen and raise the level of the Company's corporate governance, and consequently we request that she continue to be appointed as an Outside Audit & Supervisory Board Member. She has not been directly involved with the management of a company. However, she has considerable expertise involving finance and accounting matters as a Certified Public Account and Certified Public Tax Accountant. The Company believes that she will be able to properly perform the duties of an Outside Audit & Supervisory Board Member.</p> | | | |
| 4 | * Ritsuko Watanabe (June 15, 1977) | <p>Sept. 2007 Registered as Attorney</p> <p> Joined Hommachi Chuo Law Office (Current Position)</p> | 0 |
| <p>Reasons for selection as a candidate for Outside Audit & Supervisory Board Member</p> <p>Ritsuko Watanabe has extensive experience as an Attorney and we request that she be appointed as an Outside Audit & Supervisory Board Member so that her independent viewpoints from outside the Company can be reflected in the auditing process and because we believe that the effectiveness of the Company's Audit & Supervisory Board will benefit as a result of her participation. She has not been directly involved with the management of a company. However, as an Attorney she has considerable expertise in legal matters and the Company believes that she will be able to properly perform the duties of an Outside Audit & Supervisory Board Member.</p> | | | |

- Notes:
1. Asterisks (*) indicate new candidates for Audit & Supervisory Board Member.
 2. There is no particular business or other relationship between the candidate as above and the Company.
 3. Miho Ishihara and Ritsuko Watanabe are both candidates for election as Outside Audit & Supervisory Board Members.
 4. Number of years since the Candidates for Outside Audit & Supervisory Board Members were appointed as Outside Audit & Supervisory Board Members of the Company
As of the date of the conclusion of this General Meeting of Shareholders, Miho Ishihara will have served as Outside Audit & Supervisory Board Member of the Company for a period of one (1) year.
 5. Audit & Supervisory Board Member candidates Miho Ishihara and Ritsuko Watanabe are candidates for election as Outside Audit & Supervisory Board Members. A notice has been submitted to the Tokyo Stock Exchange that they are designated as Independent Officers in accordance with the regulations of this exchange.
 6. If Miho Ishihara is elected, in accordance with Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company plans to continue an agreement with this individual to limit her liability as prescribed in Article 423, Paragraph 1 of the Companies Act. The liability limit in this agreement will be the higher of a predetermined amount that is at least 8 million yen or the minimum limit on liability in Article 425, Paragraph 1 of the Companies Act.

7. If Ritsuko Watanabe is elected, in accordance with Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company plans to establish an agreement with this individual to limit her liability as prescribed in Article 423, Paragraph 1 of the Companies Act. The liability limit in this agreement will be the higher of a predetermined amount that is at least 8 million yen or the minimum limit on liability in Article 425, Paragraph 1 of the Companies Act.
8. Audit & Supervisory Board Member candidate Ritsuko Watanabe is listed in the Family Register under the name of Ritsuko Oura.

Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member

The Company proposes that one (1) substitute Audit & Supervisory Board Member be elected to prepare for a case where the number of the members of Audit & Supervisory Board falls below the number stipulated by laws and regulations.

The Audit & Supervisory Board has given its consent to this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

| Name (Date of birth) | Career summary and significant concurrent position outside the Company | Number of the Company's shares owned |
|---|---|--|
| Ichiro Inui (March 2, 1952) | Nov. 1976 Joined Asahi & Co. (currently KPMG AZSA LLC) Sept. 1980 Registered as Certified Public Accountant June 2000 Appointed as Partner June 2008 Appointed as Board Member Sept. 2010 Appointed as Internal Auditor July 2014 Opened Inui Certified Public Accountant Office (Current Position) | 0 |
| <p>Reasons for selection as a candidate for substitute Outside Audit & Supervisory Board Member</p> <p>Ichiro Inui has considerable knowledge of finance and accounting from his many years of experience as a Certified Public Accountant. He was asked to become an Outside Audit & Supervisory Board Member candidate in order to utilize this knowledge in the Company's auditing activities. He has not been directly involved with the management of a company. However, he has considerable expertise involving finance, and accounting matters as a Certified Public Accountant. Since he has sufficient knowledge to deal with these matters, the Company believes that he will be able to properly perform the duties of an Outside Audit & Supervisory Board Member.</p> | | |

- Notes:
1. There is no particular business or other relationship between the candidate as above and the Company.
 2. Ichiro Inui is a candidate for election as a substitute Outside Audit & Supervisory Board Member.
 3. Ichiro Inui fulfills the requirements as an Outside Audit & Supervisory Board Member.
 4. If Ichiro Inui is elected as Outside Audit & Supervisory Board Member, the Company plans to submit notification to Tokyo Stock Exchange, Inc. that he is designated as an Independent Officer in accordance with the regulations of this exchange.
 5. If Ichiro Inui is elected as Outside Audit & Supervisory Board Member, in accordance with the Company's Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company plans to establish an agreement with this individual that limit his liability as prescribed in Article 423, Paragraph 1 of the Companies Act. The liability limit in this agreement will be the higher of 8 million yen or the minimum limit on liability in Article 425, Paragraph 1 of the Companies Act.

Proposal 4: Continuation of the Company’s Policy for Responding to Large-Scale Acquisitions of the Company’s Shares, etc. (Takeover Defense Measures)

The Company introduced “The Company’s Policy for Responding to Large-Scale Acquisitions of the Company’s Shares, etc.” (Takeover Defense Measures) at the Board of Directors meeting held on May 23, 2006. Subsequently, we continued to consider the policy as one of the initiatives to protect and increase the Company’s corporate value and the common interests of shareholders, including whether or not to continue it and its form if it were to continue, based on social and economic changes, various developments surrounding takeover defense measures, the unfolding of various discussions, and the Corporate Governance Code, and so on.

At the 118th annual general meeting of shareholders held on June 22, 2017, the shareholders approved a partial amendment to update “The Company’s Policy for Responding to Large-Scale Acquisitions of the Company’s Shares, etc.” (Takeover Defense Measures) (hereinafter referred to as the “Current Plan”). Further, prior to the expiry of the Current Plan, at the Company’s Board of Directors meeting held on May 12, 2020, it was resolved that the Takeover Defense Measures would be continued subject to the approval of the shareholders at the general shareholders meeting (hereinafter, the Takeover Defense Measures after continuation will be referred to as the “Plan”).

Accordingly, the shareholders’ approval of the Plan shareholders is requested.

The main points of alteration of the Plan from the Current Plan from the perspective of protection and enhancement of our corporate value and the common interest of shareholders, in addition to revision of words and phrases and paraphrase, are as follows:

- (1) It sets the maximum term (within 60 days calculated from the date when a list of Necessary Information is first submitted) for a time limit that sets for the Large-Scale Buyer to provide information.
- (2) It sets the rule, in case of execution of the countermeasures against the Large-Scale Buyer, to hold a shareholders meeting, in principle, for confirmation of the shareholders’ intention, in order to preclude arbitrary decision-making by the Company’s Board of Directors.

1. Purpose of the Plan

The environment surrounding the Company’s primary business, the manufacture and sale of surface-treated steel sheet, has increasingly changing and is becoming more difficult. Under such circumstances, the company group has made efforts to expand businesses that take advantage of our strengths, such as management that focuses on flexibility only available to companies that are independent with respect to their management policies, raw material procurement, and so on, an optimal balance of geographical locations in Asia, our customer base and reputation which we have built up through over 80 years of operations, and our strong financial structure. In conjunction with this, we are also taking measures to improve corporate value, such as enhancement of fundamental earning power primarily on sheet steel segment, and reforms to our corporate management structure. In terms of the Company’s management, we believe that, in order to have a proper appreciation of corporate value, it is indispensable to understand not only our technology and experience in relation to surface finishing for steel sheet, casting rolls, etc., which we have accumulated over many years, and the relationships of trust which we have been built not only with stakeholders such as the Company’s trade partners and employees, but also with business partners and their employees in countries and regions where the company group has conducts business. Further, we believe that, for manufacturing businesses in particular, which require a considerable amount of time in order to research and develop new base technologies and commercialize them, management that takes initiatives to improve medium to long-term growth in corporate value rather than short-term profit would contribute to the interests of the shareholders overall.

On the other hand, due to the current state of Japan’s capital markets and legal system, we cannot deny the possibility that there will be a Large-Scale Acquisition that damages such strength of the company group and clearly harms corporate value of the company group and eventually the common interests of shareholders.

Under the Financial Instruments and Exchange Act, while tender offers are mandatory for certain large-scale acquisitions, and rules pertaining to disclosure and procedures are prescribed, in principle, it is only applicable to off-market transactions, not to market transactions. Further, in the event of a sudden hostile

large-scale acquisition, it is considered that there is a risk that shareholders may not be able to secure necessary information and sufficient time for considerations, since the buyer may refuse to answer the questions of the target company as long as it provides a clear reason and it is highly possible that the actual maximum tender offer period becomes 30 business days.

Having considered the points above, the Company's Board of Directors has, believing that securing necessary information and time for shareholders' appropriate decision making, and securing negotiations with buyers to be made in accordance with certain reasonable rules would lead to enhancement of our corporate value and the common interests of shareholders, set forth certain rules below in relation to securing of information provision and consideration time in case of a large-scale acquisition (hereinafter referred to as the "Large-Scale Acquisition Rules"). And the Board of Directors has decided to keep a takeover defense measures subject to the approval of the shareholders at the general shareholders meeting, that includes the countermeasures in the event of a large-scale acquisition by an unsuitable buyer, in accordance with "The Company's Basic Policy in Relation to Those Who Controls its Finances and Business Policy Decisions."

2. The Targets of the Plan

The Plan is applied to an acquisition of the Company's shares, etc. (note 3), for the purpose of making the ratio of voting rights (note 2) of the specific shareholder group (note 1) 20% or more, or any acquisition of the Company's shares, etc., where as a result the ratio of voting rights of a specific shareholder group becomes 20% or more (with respect to both cases, acquisitions where the Company's Board of Directors has given its consent in advance are excluded and the method of acquisition, market transaction or tender offer, does not matter. Hereinafter, such acquisition is referred to as a "Large-Scale Acquisition" and the entity making such acquisition is referred to as the "Large-Scale Buyer").

Note 1: Specific Shareholder Group means:

- (i) A holder (including a person included in a holder pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act, and hereinafter the same applies) of the Company's shares, etc., (meaning securities, etc., as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) or a joint holder (meaning a joint holder as defined by Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act; including those considered to be joint holders pursuant to Article 27-23, Paragraph 6) of the Company's shares, etc., as well as a person having a certain relationship with said holders or their joint-holders, which is similar to that among holders or joint holders (hereinafter referred to as a "quasi-joint holder"; hereinafter the same applies);

or

- (ii) A person engaged in purchase, etc., (meaning purchase, etc., as defined by Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act, including conducts made on financial instruments exchange markets) of the Company's shares, etc., (meaning securities, etc., as defined by Article 27.3.1 of the Financial Instruments and Exchange Act) and persons in special relationships with such person (meaning persons in special relationships as defined by Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act; hereinafter the same applies).

Note 2: Ratio of voting rights means

- (i) In the case of a specific shareholder group noted in (i) of note 1, the combined ratio of (1) the holding ratio of such holder (meaning the holding ratio of shares, etc., as defined by Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in such case, the number of shares, etc., held by the joint holders of such holder (meaning the number of shares, etc., held as defined in the same Paragraph; hereinafter the same applies) shall also be included) and (2) the holding ratio of shares, etc., of quasi-joint holders of such holder (however, in respect of the addition of (1) and (2), the number of shares, etc., held that overlaps between (1) and (2) shall be subtracted);

or

- (ii) In the case of a specific shareholder group noted in (ii) of note 1, the total of the ratio of shares, etc., held (meaning the ratio of shares held as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) by the large-scale buyer and the persons in a special relationship with it. For the calculation of the holding ratio of shares, etc., the most recently calculated figures in securities reports, quarterly financial statements, and share buyback reports may be referred to in terms of the total number of voting rights (as defined by Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) and the total number of issued shares (as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act).

Note 3: Shares, etc. means securities, etc., as defined in Article 27-23, Paragraph 1 and 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Establishment of an Independent Committee and Confirmation of Shareholders' Intention

The Company's Board of Directors will, under the Plan, just like under the Current Plan, establish an independent committee composed of persons independent of the Company (hereinafter referred to as the "Independent Committee") in order to preclude arbitrary decision-making by the Company's Board of Directors.

The Independent Committee will be composed of three members or more to be elected by the Board of Directors from among the Company's outside directors, outside auditors, or other outside experts (the names and career summaries of Independent Committee members are attached as Appendix 1).

Prior to execution of the countermeasures, the Company's Board of Directors will consult with the Independent Committee on whether or not to execute the countermeasures. The Independent Committee will evaluate and consider the Large-Scale Acquisition based on the provided Necessary Information, and, according to the result of such evaluation and consideration, will make recommendations with reasons and grounds on whether or not to execute the countermeasures to the Company's Board of Directors. The Company's Board of Directors will decide whether or not to execute the countermeasures, respecting the recommendations of the Independent Committee to the fullest extent. The contents of the recommendations of the Independent Committee will be appropriately disclosed at a proper time.

Further, the Company's Board of Directors sets the rule, in case of deciding to execute the countermeasures, to hold a shareholders meeting, in principle, for confirmation of the shareholders' intention (hereinafter referred to as the "Shareholders Meeting for Confirmation of the Shareholders' Intention").

An outline of the Independent Committee is attached as Appendix 2.

4. Details of Large-Scale Acquisition Rules

(1) Submission of Letter of intent to the Company

When a prospective Large-Scale Buyer intends to carry out a Large-Scale Acquisition, prior to the Large-Scale Acquisition or proposal of the Large-Scale Acquisition, it is firstly requested that such Large-Scale Buyer shall submit to the Company's Board of Directors a legally binding affidavit to comply with the Large-Scale Acquisition Rules and a letter of intent stating, in Japanese, the name of the Large-Scale Buyer, their address or location of headquarter or branch office, the governing law of their incorporation, names of representatives, domestic contacts, and an outline of the proposed Large-Scale Acquisition (to be signed or affixed with the name and seal of the representative(s) of the Large-Scale Buyer).

In the event the Company receives a letter of intent from the prospective Large-Scale Buyer, we will promptly make public announcement of such fact and, if necessary, the details of the letter of intent.

(2) Request to the Large-Scale Buyer to Provide Information

The Company's Board of Directors will, within ten business days from the day immediately following the day of receiving the letter of intent in (1) above, submit a list of necessary and sufficient information (hereinafter referred to as the "Necessary Information") that should be submitted by the Large-Scale Buyer to the Company's Board of Directors in order to allow the Company's shareholders to make a decision and the Company's Board of Directors to form an opinion. The Large-Scale Buyer shall provide the Necessary Information in writing and in Japanese to the Company's Board of Directors in accordance with the list of Necessary Information. Matters that will generally be part of the Necessary Information are as per the below. Although their specific contents will differ depending on the type of Large-Scale Buyer and the details of the Large-Scale Acquisition, in any cases, the scope of the Necessary Information will be limited to the extent which is necessary and sufficient to allow shareholders to make a decision and the Company's Board of Directors to form an opinion.

(a) Details (including name, business details, capital composition, financial details, and career or company history, details of past transactions similar to the Large-Scale Acquisition, the result and the impact on the corporate value of the target company of such past transaction; and information

relating to their experience, etc., with regard to the Company's business or similar businesses) of the Large-Scale Buyer and its group (including joint holders, persons in special relationships with it, and other constituent members).

- (b) The purpose and details of the Large-Scale Acquisition (including the amount and type of consideration for the Large-Scale Acquisition, purchase period, related transaction mechanisms, legality of purchase method, and feasibility of such Large-Scale Acquisition and related transactions).
- (c) The basis for the calculations of the purchase price for the Company's shares and substantiation of the purchasing funds with respect to the Large-Scale Acquisition (including facts assumed in the calculations, calculation method, numerical information used for calculations, contents of expected synergy generated by a series of transactions related to the Large-Scale Acquisition, the specific name of the fund provider (including the actual provider), funding method, and details of related transactions).
- (d) Composition of directors (including name and career summaries of candidates, whether or not informal consents of appointment are obtained from such candidates, and information relating to their experience, etc., in the Company's industry and similar industries), management policy, business plan, finance plan, capital policy, dividend policy, capital utilization policy, etc., envisioned after they become involved in the Company's management (hereinafter referred to as the "Post-Acquisition Management Policy, etc.>").
- (e) The expected Company's stakeholders after the completion of the Large-Scale Acquisition (customers, trade partners, employees, regional companies, etc.), and whether or not there will be any changes regarding the Company's relationships with them and the details thereof.
- (f) Other information reasonably deemed to be necessary by the Company's Board of Directors. The Company's Board of Directors may set a time limit for the Large-Scale Buyer to provide information, if necessary, in light of prompt management of the Large-Scale Acquisition rules. However, in the case that the Large-Scale Buyer makes an application for an extension based on reasonable grounds, the time limit may be extended.

Further, in the event that, as a result of careful examination of the information that is initially provided, the Company's Board of Directors finds that the information itself is insufficient, the Company's Board of Directors may request the Large-Scale Buyer to provide with additional information, setting an appropriate time limit (within 60 days calculated from the date when a list of Necessary Information is first submitted). In the event the Company's Board of Directors determines that the provision of Necessary Information by the Large-Scale Buyer has been completed, it will send the Large-Scale Buyer a notification to such effect and make a public announcement.

Further, in the event part of the corresponding information is not provided by the Large-Scale Buyer, despite the request of an additional information by the Company's Board of Directors, there may be instances where our negotiations, etc., with the Large-Scale Buyer pertaining to information provision are concluded without obtaining all of the Necessary Information requested by the Company's Board of Directors and a public announcement is made to such effect along with the commencement of the evaluation and consideration by the Company's Board of Directors in (3) below, as long as reasonable explanation is given by the Large-Scale Buyer regarding the reason why such information has not been provided.

The Necessary Information provided to the Company's Board of Directors will be submitted to the Independent Committee and, if it is deemed to be necessary for the shareholders to make a decision, it will be publicly announced in whole or in part at the point in time determined to be appropriate by the Company's Board of Directors.

- (3) Evaluation and Consideration by the Board of Directors
After the Large-Scale Buyer has completed providing the Necessary Information, the Company's Board of Directors will set a period for the evaluation, consideration, negotiation, formation of opinions and alternate proposals by the Board of Directors (hereinafter referred to as "Board of Directors Evaluation Period"), which will be a maximum of 60 days in case where all of the shares of the Company are acquired through a tender offer using cash only remuneration (yen), and a maximum of 90 days in case of any other Large-Scale Acquisition. The Large-Scale Acquisition may only commence after the Board

of Directors Evaluation Period.

During the Board of Directors Evaluation Period, the Company's Board of Directors will, taking advice from external experts (financial advisers, lawyers, CPAs, etc.) as necessary, thoroughly evaluate and consider the Necessary Information provided, to prudently form an opinion as the Company's Board of Directors, respecting the recommendations of the Independent Committee to the fullest extent, from the point of view of whether or not it contributes to the Company's corporate value and the common interests of shareholders, and then publicly announce the outcome. Also, as necessary, the Company's Board of Directors may negotiate with the Large-Scale Buyer to improve the details of the Large-Scale Acquisition and offer alternative proposals.

Further, in the event the Independent Committee cannot reach a decision as to whether or not the countermeasures are to be taken or a decision to hold a Shareholders Meeting for Confirmation of the Shareholders' Intention during the Board of Directors Evaluation Period, due to unavoidable reasons, the Company's Board of Directors may, pursuant to the recommendations of the Independent Committee, extend the Board of Directors Evaluation Period within the scope necessary by up to 30 days. In the event the Company's Board of Directors resolves to extend the Board of Directors Evaluation Period, the specific period of extension and the reason such specific extension is required will be publicly announced.

5. Response Policy in the Event of a Large-Scale Acquisition

- (1) **In the Event the Large-Scale Buyer Has Complied with the Large-Scale Acquisition Rules**
In the event the Large-Scale Buyer has complied with the Large-Scale Acquisition Rules, even if the Company's Board of Directors has an opinion against the Large-Scale Acquisition, it will not, in principle, take the countermeasures against the Large-Scale Acquisition, but will only try persuading the Company's shareholders by providing dissenting opinions against the Large-Scale Acquisition or making alternate proposals. As for whether or not to accept the offer of the Large-Scale Acquisition, the shareholders will make decision upon consideration of the acquisition proposal, etc., and the opinion of the Company regarding such acquisition proposal and alternate proposals of the Company.

Even in the event the Large-Scale Acquisition Rules are complied with, however, if it is decided by the Company's Board of Directors that the Company's corporate value and the common interests of shareholders will be significantly harmed by the Large-Scale Acquisition, the Company's Board of Directors may take the countermeasures against the Large-Scale Acquisition in order to protect and enhance the common interests of the Company's shareholders in the medium to long term.

The Company's Board of Directors determines that in case of execution of the countermeasures in the event the Large-Scale Buyer has complied with the Large-Scale Acquisition Rules, the Company will hold a Shareholders Meeting for Confirmation of the Shareholders' Intention, in principle, to confirm the intention of shareholders. However, the countermeasures may be executed without holding a Shareholders Meeting for Confirmation of the Shareholders' Intention, in the cases that the Large-Scale Acquisition falls in any of (a) through (e) below where it is clearly foreseeable that irreparable harm will be done to the Company and execution of countermeasures are found appropriate, or the Company's Board of Directors does not have enough time to hold a Shareholders Meeting for Confirmation of the Shareholders' Intention. In such cases, the Company's Board of Directors will respect the recommendations of the Independent Committee to the fullest extent to assure objectivity and reasonableness of the judgment whether or not to execute the countermeasures against the Large-Scale Buyer.

Further, the countermeasures can be executed only in the cases where it can be decided on reasonable grounds that the Company's corporate value and the common interests of shareholders will be significantly harmed by the Large-Scale Acquisition. The countermeasures will not be executed solely on the ground that the Large-Scale Acquisition falls in the definition of any of (a) through (e) below.

- (a) In case that, despite having no real intention to participate in the Company's management, the Large-Scale Buyer is acquiring the shares only for the purpose increasing the share price and causing the Company's related parties to purchase the shares at an overstated price (so-called greenmail case);

- (b) In case that the Large-Scale Buyer is acquiring the shares for the purpose of conducting so-called scorched earth management, such as temporarily taking control of the Company's management in order to cause the transfer of intellectual property, know-how, trade secrets, key trading partners or key customers, etc., that are necessary for the management of the Company's business to the buyer or its group company, etc.;
 - (c) In case that the Large-Scale Buyer is acquiring the shares with a plan to use the assets as collateral for or source of funds for repayment of the debts of the buyer or its group company after it takes control of the company's management;
 - (d) In case that it is acquiring the shares for the purpose of temporarily taking control of the company's management in order to dispose of, such as by selling, the high value assets of the Company which are not directly related to the Company's business for the time being, such as real estate and marketable securities, and, with the profits from such disposal, temporarily distributing high dividends or aiming to cause the share price to suddenly increase through high dividends in order to sell the shares at higher price;
 - (e) In case that the method of acquisition of the Company's shares proposed by the Large-Scale Buyer may restrain the shareholder's opportunities or freedom to make a decision, having a risk to substantially force the shareholders to sell the Company's shares, such as in the cases of so-called "coercive two-tiered tender offers" (meaning conducting a tender offer, setting more unfavorable acquisition conditions for the second stage than the first stage, or not setting clear conditions for the second stage).
- (2) In the Event the Large-Scale Buyer Does Not Comply with the Large-Scale Acquisition Rules
- In the event the Large-Scale Buyer has not complied with the Large-Scale Acquisition Rules, regardless of the specific acquisition method, the Company's Board of Directors may take the countermeasures against the Large-Scale Buyer for the purpose of protecting the Company's corporate value and the common interests of shareholders.

Further, in case of judging whether or not the Large-Scale Buyer has complied with the Large-Scale Acquisition Rules, the context of the Large-Scale buyer shall be fully taken into account to a reasonable extent. At least, the Large-Scale Buyer shall not be judged to have not complied with the Large-Scale Acquisition Rules only for the reason that some of the Necessary Information has not be submitted.

- (3) Procedures for Taking the Countermeasures
- In the event the countermeasures against a Large-Scale Buyer in cases of (1) or (2) above is executed, in regard to what measures will be taken in particular, the Company's Board of Directors will select the measure, which it deems to be the most appropriate at the time, from the measures authorized by the Companies Act, other laws and the Company's articles of incorporation. As for the specific countermeasures taken by the Company's Board of Directors, for example, an overview of the allotment of share acquisition rights without contribution is as per Appendix 3, while, in the event of an actual allotment of share acquisition rights without contribution, some conditions may be added in light of the effectiveness of the countermeasure, such as a condition that shareholder shall not belong to a specific shareholder group having certain ratio or more of voting rights for exercise of the share acquisition rights, or adding the condition to share acquisition right that the Company shall be entitled to acquire such share acquisition right in exchange for the Company's shares. In such an event, however, the Company will not offer monetary consideration for the acquisition of share acquisition rights held by a Large-Scale Buyer.

Further, in case a Shareholders Meeting for Confirmation of the Shareholders' Intention is to be held, the Large-Scale Acquisition shall not be commenced until the closure of such shareholders meeting. Besides, in case the general shareholders meeting has resolved to execute the countermeasures, the Large-Scale Acquisition shall not be commenced until the closure of the Company's Board of Directors meeting to resolve to execute the countermeasures according to the resolution of the shareholders meeting.

In the event the Company's Board of Directors and general shareholders meeting have decided to take the specific countermeasures, such will be appropriately disclosed at a proper time in accordance with laws and listing regulations of financial instruments exchanges.

(4) Suspension, etc., of the Countermeasures

Even in the event the Company's Board of Directors has decided to take the specific countermeasures in case of (1) or (2) above, the countermeasures may be suspended or changed in the cases below, respecting the opinions and recommendations of the Independent Committee to the fullest extent. For example, in the event share acquisition rights without contribution are allotted as a countermeasure, even if the Company's Board of Directors has passed a resolution for allotment without contribution or even after allotment without contribution has taken place, in the event the Company's Board of Directors decides that taking such countermeasures is not appropriate due to the withdrawal or amendment of the Large-Scale Acquisition by the Large-Scale Buyer, the countermeasures may be suspended by revoking the allotment of the share acquisition rights without contribution on or prior to the day immediately before the effective date of the share acquisition rights, or, after the share acquisition rights have been allotted without contribution, by having the Company acquire the share acquisition rights without consideration on or prior to the date immediately before the commencement date of the exercise period.

- (a) In case that the Large-Scale Buyer changes the acquisition proposal and the Company's Board of Directors has determined that such alternate proposal is reasonable and appropriate;
- (b) In case that the Company's Board of Directors and the Large-Scale Buyer reaches an agreement not to take the countermeasures or suspend the countermeasures;
- (c) In case that the Large-Scale Buyer has withdrawn from the acquisition or the acquisition no longer exists for some other reasons;
- (d) In case that there are changes in the facts on which the taking of the countermeasures is premised and the acquisition by the Large-Scale Buyer no longer fulfills the requirements for such countermeasures, or in the event the Company's Board of Directors reaches a decision that the taking of such countermeasures is not appropriate despite the fact that the requirements for such countermeasures are fulfilled.

In such cases of suspensions, etc., of the countermeasures, such will be appropriately disclosed at a proper time in accordance with laws and listing regulations of financial instruments exchanges.

6. Effective Period, Abolition, and Amendment of the Plan

The Plan shall become effective on the same day of and subject to the resolution at this annual general meeting of shareholders, and its effective period ends upon conclusion of the regular shareholders meeting of the final business in the business year concluding within three years of the effective date (the annual general meeting of shareholders scheduled to be held in June 2020).

However, even prior to the expiration of the effective period of the Plan, in the event the Company's shareholders pass a resolution to abolish the Plan or the Company's Board of Directors passes a resolution to abolish the plan (the period of appointment of the Company's directors is one year and it is possible that the intention of the shareholders will be manifested through the election of directors each year), the Plan shall be abolished at such time.

Further, it is possible that the Company's Board of Directors may change the Plan, upon obtaining consent of the Independent Committee, to the extent it is reasonably deemed to be necessary due to changes to the Companies Act, Financial Instruments and Exchange Act, or other laws or changes to the rules of financial instruments exchanges, or changes to their interpretation or application, or changes to the taxation system, judicial precedent, etc.

In the event the Company's Board of Directors abolishes or changes the Plan, prompt disclosure will be made with respect to such abolition or change, and the details of the change (in the event of change), and other matters recognized to be appropriate by the Company's Board of Directors.

<For Your Reference>

While the details of the Plan are as described in 1. to 6. above, the impact on shareholders and investors and the reasonableness of the plan are as follows.

1. Impact, etc., on Shareholders and Investors

(1) The Impact, etc., of the Plan on Shareholders and Investors

The purpose of the plan is to secure an opportunity for the Company's shareholders to determine whether or not to accept a Large-Scale Acquisition, by providing necessary information and the views of the Board of Directors in charge of the management of the Company at the time, and, further, an opportunity for the Company's shareholders to have alternative proposals. This makes it possible for the Company's shareholders to appropriately determine whether or not to accept the Large-Scale Acquisition based on appropriate information, which we believe will contribute to the protection of the overall interests of the Company's shareholders. The establishment of the Plan, therefore, is a prerequisite for the Company's shareholders and investors to make appropriate investment decisions, and we believe that it will contribute to the interests of the Company's shareholders and investors. Further, as the way the Company handles Large-Scale Acquisitions may vary, depending on whether or not the Large-Scale Buyer complies with the Large-Scale Acquisition Rules, we would like to advise shareholders and investors to pay closer attention to actions and movements of the Large-Scale Buyer.

(2) The Impact, etc., of Execution of the Countermeasures on Shareholders and Investors

In the event a Large-Scale Buyer does not comply with the Plan or the acquisition proposal of a Large-Scale Buyer is recognized to be harmful to the Company's corporate value and the common interests of shareholders, there may be instances where the Company may take the countermeasures described in 5. above against the Large-Scale Buyer. We do not envision, however, that execution of such countermeasures will bring any significant losses to the Company's shareholders (excluding the Large-Scale Buyer) in terms of the legal rights or economic aspects.

Further, in the event that the allotment of share acquisition right without contribution is executed as one of the countermeasures, allotment will be made for shareholders who are registered on the shareholder registry on the date of allotment of share acquisition right. Shareholders will be allotted share acquisition rights without any application procedure for subscriptions and, in case that the Company takes procedures to acquire share acquisition rights, shareholders do not need to take any procedures such as applications or payments, since shareholders will receive shares of the Company consideration for the Company's acquisition of the share acquisition rights without paying an amount equivalent to the exercise price of the share acquisition rights. In such cases, however, it is possible that the Company may request shareholders to submit prescribed forms, including representations and warranties, supplementary terms, and other affidavits with respect to the shareholder themselves fulfilling the conditions for the exercise of share acquisition rights, etc. The details of relevant procedures will be appropriately disclosed at a proper time in accordance with laws and listing regulations of financial instruments exchanges. Further, the Company's Board of Directors, upon recommendations of the Independent Committee, may suspend the allotment of share acquisition rights or cause the Company to acquire the share acquisition rights without consideration, even after the date of allotment of share acquisition rights or after the share acquisition rights have come into effect, due to circumstances such as withdrawal of the Large-Scale Acquisition by the Large-Scale Buyer. In such cases, there may be a possibility that shareholders or investors who have conducted sales, etc., assuming that there will be dilution of per share price will suffer unexpected losses due to fluctuations in the share price.

2. Regarding the Reasonableness of the Plan

For the reasons below, we believe that the Plan is in line with the Company's Basic Policy in Relation to Those who Controls its Finances and Business Policy Decisions and contributing to the Company's corporate value and the common interests of shareholders, and does not have the purpose of maintaining the positions of the Board members of the Company.

(1) Satisfying the Requirements of the Guideline regarding Takeover Defense Measures

The Plan satisfies the three principles prescribed by the "Guideline regarding Takeover Defense Measures in Order to Protect and Improve Corporate Value and the Common Interests of

Shareholders” published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 ((1) the principle of protecting and improving corporate value and the common interests of shareholders; (2) the principle of disclosure in advance and respect for shareholders’ intention; and (3) the principle of securing necessity and reasonableness). Further, it also takes into consideration the contents of the report, “Takeover Defense Measures in Light of Recent Environmental Changes,” published by the Corporate Value Research Group established within the Ministry of Economy, Trade and Industry, on June 30, 2008, and “Principle 1-5. So-Called Takeover Defense Measures” in the “Corporate Governance Code” published by the Tokyo Stock Exchange on June 1, 2015.

- (2) **Continued with the Purpose of Securing and Improving the Common Interests of Shareholders**
The Plan makes it possible, when a Large-Scale Acquisition is being conducted for the Company’s shares, to secure the necessary time and information for shareholders to decide whether or not they should agree to the Large-Scale Acquisition as well as an opportunity to have alternative proposals from the Company’s Board of Directors, etc., and will be continued with the purpose of securing and improving the Company’s corporate value and the common interests of shareholders.
- (3) **Reflecting the Intention of Shareholders**
The Company will confirm the intention of the shareholders in relation to the continuation of the plan at this annual general meeting of shareholders.
The Company’s Board of Directors will also confirm the intention of the shareholders as to whether or not to execute the countermeasures in the event the Large-Scale Buyer has complied with the Large-Scale Acquisition Rules, by holding a Shareholders Meeting for Confirmation of the Shareholders’ Intention, in principle, as described in 5. above.
Further, even during the effective period of the Plan, in the event a resolution is passed to abolish the Plan in a Board of Directors composed of directors elected by the Company’s general shareholders meeting, the Plan will be abolished at the time, which duly reflects the intention of the shareholders.
- (4) **Exclusion of Arbitrary Decision-Making by the Board of Directors**
Under the Plan, an Independent Committee is established as a separate organization independent of the Company’s Board of Directors and, in case the Company’s Board of Directors decides whether or not to take the countermeasures, it must respect the recommendations of the Independent Committee to the fullest extent, in order to assure the transparency, objectivity, fairness, and reasonableness of its decisions and to preclude arbitrary decision-making by the Company’s Board of Directors. It is stipulated that an overview of the decision of the Independent Committee shall be disclosed to shareholders, in order to ensure establishment of a structure for transparent operation of the Plan that conforms to the Company’s corporate value and the common interests of shareholders.
- (5) **Setting Reasonable and Objective Requirements for the Execution of the Plan**
The countermeasures in the plan are designed in the way that they cannot be executed without fulfilling reasonable and objective requirements in order to ensure that there is a structure that prevents arbitrary execution of the countermeasures by the Company’s Board of Directors.
- (6) **No Dead-Hand or Slow-Hand Takeover Defense Measure**
The Plan may be abolished by a Board of Directors composed of directors elected by the Company’s general shareholders meeting. Accordingly, the Plan is not a dead-hand takeover defense measure (a takeover defense measure the taking of which cannot be prevented even if a majority of the members of the Board of Directors are replaced).
Further, as the period of appointment of the directors at the Company is one year with no staggered terms, the Plan is not a slow-hand takeover defense measure (a takeover defense measure the prevention of which requires a period of time due to the members of the Board of

Directors not being capable of being replaced all at once).
Further, there is no additional requirement for resolution, such as special resolution, regarding dismissal of directors.

End

Names and Career Summaries of Independent Committee Members

The seven persons below are planned to continue to be members of the Independent Committee after the Plan is implemented.

1. Toshikazu Saeki

Career Summary

| | |
|-----------|---|
| Apr. 1970 | Joined Kobe Steel, Ltd. |
| June 2001 | Administration Officer and General Manager Osaka branch of Kobe Steel, Ltd. |
| June 2002 | President and Representative Director of Shinko Care Life Co., Ltd. (currently Sumirin Care Life Co., Ltd.) |
| June 2011 | Advisor of Shinko Care Life Co., Ltd. |
| Apr. 2012 | Specially Appointed Professor and Assistant to the President of Kobe University |
| June 2015 | Outside Director of the Company (Current Position) |
| June 2015 | Member of Independent Committee of the Company (Current Position) |
| Dec. 2016 | Director (Audit & Supervisory Committee Member) of LOCKON CO., LTD. (currently YRGLM Inc.) (Current Position) |

*Toshikazu Saeki is an Outside Director as provided by Article 2.15 of the Companies Act.

Further, Toshikazu Saeki is registered as an Independent Officer in accordance with the regulation of the Tokyo Stock Exchange.

2. Hiroshi Okamura

Career Summary

| | |
|-----------|---|
| Apr. 1976 | Joined The Daiwa Bank, Ltd. (currently Resona Bank, Limited) |
| June 2006 | Representative Director, Vice President and Executive Officer of Resona Bank, Limited |
| June 2008 | President and Representative Director of Resona Research Institute Co., Ltd. |
| June 2009 | Director of The Kinki Osaka Bank, Ltd. (currently Kansai Mirai Bank, Limited) |
| June 2011 | Part-time Auditor-secretary of Osaka Cosei Shinkin Bank (Current Position) |
| June 2011 | Part-time Auditor of Japan Foundation Engineering Co., Ltd. (Current Position) |
| June 2012 | President and Representative Director of Shikishima Printing Co., Ltd. (Current Position) |
| June 2012 | Part-time Director of Koyubusiness Co., Ltd. (Current Position) |
| June 2013 | Auditor of Osaka International Convention Center Corporation (Current Position) |
| June 2015 | Outside Director of the Company (Current Position) |
| June 2015 | Member of Independent Committee of the Company (Current Position) |

*Hiroshi Okamura is an Outside Director as provided by Article 2.15 of the Companies Act.

Further, Hiroshi Okamura is registered as an Independent Officer in accordance with the regulation of the Tokyo Stock Exchange.

3. Mitsuaki Yuasa

Career Summary

| | |
|------------|--|
| Sept. 1973 | Registered as Certified Public Accountant |
| June 2006 | Retired from KPMG AZSA & Co. (currently KPMG AZSA LLC) |
| July 2006 | Opened Mitsuaki Yuasa CPA Office (Current Position) |
| June 2008 | Outside Audit & Supervisory Board Member of the Company |
| Nov. 2008 | Outside Member of the Board of WORLD Co., Ltd. |
| June 2009 | Outside Audit & Supervisory Board Member of Sojitz Corporation |
| June 2016 | Retired from Outside Audit & Supervisory Board Member of the Company |
| June 2018 | Outside Director of the Company (Current Position) |
| June 2018 | Member of Independent Committee of the Company (Current Position) |

*Mitsuaki Yuasa is an Outside Director as provided by Article 2.15 of the Companies Act.

Further, Mitsuaki Yuasa is registered as an Independent Officer in accordance with the regulation of the Tokyo Stock Exchange.

4. Miho Ishihara

Career Summary

| | |
|-----------|---|
| Oct. 1996 | Joined Asahi & Co. (currently KPMG AZSA LLC) |
| Jan. 2002 | Registered as Certified Public Accountant |
| Feb. 2006 | Joined Protiviti Japan (currently Protiviti LLC) |
| Apr. 2009 | Joined EY Advisory Co., Ltd. (currently EY Advisory & Consulting Co., Ltd.) |
| May 2010 | Opened Ishihara Certified Public Accountant Office (currently Ishihara Certified Public Accountant & Certified Public Tax Accountant Office) (Current Position) |
| May 2010 | Joined Hibiki Audit Corporation (Current Position) |
| Dec. 2010 | Registered as Certified Public Tax Accountant |
| June 2019 | Audit & Supervisory Board Member of the Company (Current Position) |
| June 2019 | Member of Independent Committee of the Company (Current Position) |

*Miho Ishihara is an Outside Audit & Supervisory Board Member as prescribed by Article 2.16 of the Companies Act.

Further, Miho Ishihara is registered as an Independent Officer in accordance with the regulation of the Tokyo Stock Exchange.

5. Ritsuko Watanabe

Career Summary

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| Sept. 2007 | Registered as Attorney Joined Hommachi Chuo Law Office (Current Position) |
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*Ritsuko Watanabe is a candidate for an Outside Audit & Supervisory Board Member as prescribed by Article 2.16 of the Companies Act.

Further, Ritsuko Watanabe is planned to be registered as an Independent Officer in accordance with the regulation of the Tokyo Stock Exchange.

6. Hidetaka Tomita

Career Summary

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| Jan. 1965 | Joined Tomijima Certified Public Accountant Office (currently Ernst & Young ShinNihon LLC) |
| Oct. 1965 | Registered as Certified Public Accountant |
| July 2004 | Opened Tomita Certified Public Accountant Office (Current Position) |
| May 2006 | Member of Independent Committee of the Company (Current Position) |

7. Yasuhiro Kawaguchi

Career Summary

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| April 1999 | Professor of the Faculty of Law, Kobe Gakuin University |
| April 2000 | Professor of the Faculty of Law, Doshisha University (Current Position) |
| April 2009 | Dean of the Faculty of Law, Doshisha University |
| June 2017 | Member of Independent Committee of the Company (Current Position) |

End

Overview of the Independent Committee

1. The Independent Committee is established by the resolution of the Company's Board of Directors.
2. The Independent Committee shall have three or more members and, in order to make it possible for their decision-making to be fair and neutral, they are to be elected by the Board of Directors from among the outside directors, outside auditors, and other outside qualified experts who are independent from the management team that engages in the execution of the company's operations.
3. Even before the expiry of the effective period of the Plan, the Company's Board of Directors may change the Plan, upon consent of the Independent Committee, to the extent it is reasonably recognized to be necessary due to changes to the Companies Act, Financial Instruments and Exchange Act, or other acts or changes to the regulations of financial instruments exchanges, or changes to their interpretation or application, or changes to the taxation system, or judicial precedent, etc.
4. With regard to the resolutions of the Independent Committee, a quorum shall be established by a majority of the members being present and resolutions shall be passed by a majority vote of attending members.
5. In the event the Independent Committee have been consulted by the Board of Directors, it shall decide on the matters below and make recommendations of the contents of such decision with reasons and grounds to the Board of Directors.
 - (1) Whether to take or not to take the countermeasures authorized by the Companies Act, other laws or the articles of incorporation, such as the issuance of share acquisition rights in order to resist a Large-Scale Buyer;
 - (2) Whether to suspend the acquisition of share acquisition rights without consideration, issuance of share acquisition rights, and other countermeasures based on the withdrawal, etc., of the Large-Scale Acquisition by the Large-Scale Buyer;
 - (3) Any other matters that should be decided by the Board of Directors, and that the Board of Directors consulted the Independent Committee among.
6. The Independent Committee will perform the following matters and will make recommendations of the contents with reasons and grounds to the Board of Directors.
 - (1) Judging whether or not the Large-Scale Buyer has complied with the Large-Scale Acquisition Rules
 - (2) Deciding the Necessary Information that should be provided by the Large-Scale Buyer to the Board of Directors;
 - (3) Judging whether the Necessary Information provided has sufficient detail and whether the submission of the Necessary Information is complete;
 - (4) Examining and considering the details of the Large-Scale Acquisition of the Large-Scale Buyer;
 - (5) Judging whether or not the Large-Scale Acquisition leads to doing significant harm to corporate value and the common interests of shareholders;
 - (6) Deciding whether to extend the Board of Directors Evaluation Period;
 - (7) Other matters, prescribed by the Board of Directors, that the Independent Committee may be entitled to do.
7. The Independent Committee may obtain advice from investment banks, securities companies, lawyers, and other external experts at the cost of the Company.

End

Overview of the Allotment of Share Acquisition Rights Without Contribution

1. **Shareholders to be Allotted Share Acquisition Rights Without Contribution**
Share acquisition rights will be allotted without payment to shareholders registered on the final shareholder registry as of the record date determined by the Company's Board of Directors and at a ratio of one right per one ordinary share of the Company (excluding ordinary shares of the Company held by the Company).
2. **Class and Number of Shares Subject to Share Acquisition Rights**
The class of shares that is subject to share acquisition rights is the ordinary share of the Company, and the total number of shares subject to share acquisition rights shall be limited to the total number of issuable shares of the Company as of the record date determined by the Board of Directors less the number of outstanding ordinary shares of the Company (excluding ordinary shares of the Company held by the Company). The number of shares to be acquired upon exercise of a share acquisition right shall be separately determined by the Company's Board of Directors; provided, however, that necessary adjustments shall be made in case of share split or share consolidation by the Company.
3. **Total Number of Share Acquisition Rights to Be Issued**
The total number of share acquisition rights to be issued shall be a number that is separately determined by the Company's Board of Directors. The Company's Board of Directors may make allotment of the share acquisition rights over multiple times.
4. **Value of Property to be Contributed Upon Exercise of Each Share Acquisition Right (Price to be Paid)**
The value of property to be contributed upon exercise of each share acquisition right (price to be paid) shall be an amount of one yen or more determined by the Company's Board of Directors.
5. **Restrictions on Transfer of Share Acquisition Rights**
Any acquisition of share acquisition rights by transfer shall be subject to approval of the Company's Board of Directors.
6. **Conditions for Exercise of Share Acquisition Rights**
Conditions for exercise of share acquisition rights is that shareholder shall not belong to a specific shareholder group having 20% or more of the voting rights, excluding the case that the Company's Board of Directors has given prior consent. The details shall be separately determined by the Company's Board of Directors. Monetary consideration shall not be offered for the acquisition of share acquisition rights owned by a shareholder who is not allowed to exercise the share acquisition rights.
7. **Exercise Period, etc., of Share Acquisition Rights**
The Company's Board of Directors shall separately determine the effective date of allotment of share acquisition rights, exercise period, terms of acquisition, and other necessary matters. Further, terms of acquisition may be set forth in a way that the Company may acquire the share acquisition rights from shareholders except those who are not allowed to exercise share acquisition rights due to the conditions for exercise provided in 6. above, and may deliver ordinary shares of the Company at certain ratio per each share acquisition right as separately determined by the Company's Board of Directors.

END