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(Stock Exchange Code 4725)  
March 6, 2020

**To Shareholders with Voting Rights:**

Akihiko Sako  
President and CEO  
CAC Holdings Corporation  
24-1, Hakozaeki-cho, Nihonbashi,  
Chuo-ku, Tokyo

**NOTICE OF  
THE 54TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 54th Annual General Meeting of Shareholders of CAC Holdings Corporation (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either procedure described below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:30 p.m. on Monday, March 23, 2020, Japan time.

[Exercise of voting rights by mail]

Please indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by the exercise deadline set forth above.

[Exercise of voting rights via the Internet]

Please access to the Website to Exercise Voting Rights at <https://evote.tr.mufg.jp/>, and indicate your vote for or against the proposal following the instructions on the screen.

Please review the instructions under “Notes for exercising your voting rights via the Internet” described in page 13 to exercise your voting rights.

**1. Date and Time:** Tuesday, March 24, 2020 at 10:00 a.m. Japan time (Reception opens at 9:00 a.m.)

**2. Place:** “Harumi,” 2nd Floor, Royal Park Hotel  
2-1-1, Nihonbashi-Kakigara-cho, Chuo-ku, Tokyo, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 54th Fiscal Year (January 1, 2019 - December 31, 2019) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 54th Fiscal Year (January 1, 2019 - December 31, 2019)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of Five (5) Directors  
**Proposal 3:** Update of the Policy against Large-scale Purchases of Shares (Anti-takeover Measures)

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. Revisions to the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<https://www.cac-holdings.com/>).
3. If you intend to exercise your voting rights by proxy, you may appoint one (1) other shareholder holding voting rights of the Company to act as your proxy pursuant to the provisions of Article 15 of the Articles of Incorporation of the Company. Please have your proxy submit your Voting Rights Exercise Form along with a written proof of his/her right of proxy at the reception desk.
4. Please be reminded that any person other than shareholders, such as a shareholders' proxy and a companion who are not shareholders themselves, shall not be allowed to attend the meeting.
5. We may take protective measures against the new coronavirus infection according to government notifications and therefore ask for your cooperation.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

We consider the return of profits to our shareholders to be an important business mission. We work under a basic policy of continuing to pay stable dividends by monitoring the consolidated dividend payout ratio, while at the same time striving to increase our earning power and build a sound financial structure. Under the policy, the Company would like to declare year-end dividend for the 54th fiscal year as described below.

1. Type of dividend:  
Cash dividend
2. Matters related to the allocation of assets to be paid as dividends and the total amount of dividends:  
The Company proposes paying a dividend of ¥25 per common share for a total of ¥412,947,375.
3. Effective date of payment of dividends from surplus:  
March 25, 2020

**Proposal 2: Election of Five (5) Directors**

The terms of office of all five (5) Directors will expire at the conclusion of this General Meeting of Shareholders. We therefore propose that five (5) Directors be elected.

The candidates are as follows:

No.	Name	Positions	Responsibilities	Attendance at the Board of Directors meetings held during the fiscal year ended December 31, 2019 (Attendance Rate)
1	Reappointment	Akihiko Sako	President and CEO	Attended 17 out of 17 meetings (100%)
2	Reappointment	Togo Shimizu	Senior Managing Director	Attended 13 out of 13 meetings (100%)
3	New appointment	Ryota Nishimori	-	Attended - out of - meetings (-%)
4	Reappointment	Yukiko Kuroda	Director	Attended 16 out of 17 meetings (94.1%)
5	Reappointment	Tokihiko Mori	Director	Attended 16 out of 17 meetings (94.1%)

(Notes)

1. The figures of Mr. Togo Shimizu's attendance at the Board of Directors meetings exclude the number of meetings held before he assumed office as Director.
2. Mr. Ryota Nishimori attended four out of the four meetings of the Board of Directors held during the fiscal year ended December 31, 2019 before his retirement from office as Director.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Akihiko Sako (June 15, 1960) <u>Reappointment</u>	<p>April 1983    Joined Computer Applications Co., Ltd. (currently CAC Holdings Corporation)</p> <p>April 1999    General Manager, 1st Section, Financial System Dept., the Company</p> <p>March 2000    Executive Officer and General Manager, 1st Section, Financial System Dept., SI Div., the Company</p> <p>March 2005    Director, Executive Officer and Senior Vice President, Corporate Div., the Company</p> <p>March 2008    Director, Managing Executive Officer and Senior Vice President, Corporate Planning Div., the Company</p> <p>January 2011    President and CEO, the Company (to present)</p> <p>April 2014    President and CEO, CAC Corporation</p>	21,360
2	Togo Shimizu (September 28, 1956) <u>Reappointment</u>	<p>April 1982    Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p>April 2007    General Manager, Career Development Div., Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2009    Executive Officer and General Manager, Executive Secretariat, Mizuho Corporate Bank, Ltd.</p> <p>April 2012    Managing Executive Officer and Joint Head of IT &amp; Systems Group, Mizuho Corporate Bank, Ltd.</p> <p>April 2013    Deputy President, Mizuho Information &amp; Research Institute, Inc.</p> <p>March 2019    Senior Managing Director, the Company (to present)</p>	5,434
	Ryota Nishimori (December 18, 1967) <u>New appointment</u>	<p>April 1994    Joined Computer Applications Co., Ltd. (currently CAC Holdings Corporation)</p> <p>July 2007    General Manager, Corporate Planning Dept., the Company</p> <p>April 2009    Executive Officer and Vice President, Finance Business Unit, the Company</p> <p>January 2011    Director &amp; President &amp; Treasurer, CAC AMERICA CORPORATION</p> <p>April 2014    Transferred to CAC Corporation</p> <p>July 2014    President, Strategic Initiatives, Accel Frontline Limited (currently Inspirisys Solutions Limited)</p> <p>January 2016    Executive Officer, CAC Corporation</p> <p>March 2016    Director, the Company</p> <p>April 2016    Director and Executive Officer, CAC Corporation</p> <p>April 2016    Director, Head - Corporate Dept., Corporate Planning Dept., and Innovative Business Planning Dept., the Company</p> <p>January 2018    Director, Head- CAC, the Company</p> <p>January 2019    President and CEO, CAC Corporation (to present)</p> <p>January 2019    Director, Executive Officer ,Head-Core ICT Domain, the Company</p> <p>March 2019    Managing Executive Officer ,Head-Core ICT Domain, the Company (to present)</p> <p>[Significant concurrent position] • President and CEO, CAC Corporation</p>	15,534

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Yukiko Kuroda (September 24, 1963)  <u>Reappointment</u>	<p>April 1986    Joined Sony Corporation</p> <p>January 1991    Representative Director, People Focus Consulting Co., Ltd.</p> <p>August 1991    Joined Gemini Consulting Japan</p> <p>August 1996    Director, CICOM BRAINS Inc.</p> <p>June 2010    Outside Audit &amp; Supervisory Board Member, Astellas Pharma Inc.</p> <p>March 2011    Director, the Company (to present)</p> <p>April 2012    Director and Founder, People Focus Consulting Co., Ltd. (to present)</p> <p>June 2013    Independent Director, Marubeni Corporation</p> <p>June 2015    Outside Director, Mitsui Chemicals, Inc. (to present)</p> <p>June 2018    Independent Director, Terumo Corporation (to present)</p> <p>June 2018    Outside Director, Seven Bank, Ltd. (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Director and Founder, People Focus Consulting Co., Ltd.</li> <li>• Outside Director, Mitsui Chemicals, Inc.</li> <li>• Independent Director, Terumo Corporation</li> <li>• Outside Director, Seven Bank, Ltd.</li> </ul>	0
5	Tokihiko Mori (July 17, 1952)  <u>Reappointment</u>	<p>January 1996    Director, Japan GE Co., Ltd.</p> <p>December 1999    Asia-Pacific Technology Director, Plastics Business, General Electric Company</p> <p>November 2003    Representative Director, Teradyne K.K.</p> <p>July 2006    Representative Director, Change Management Consulting Co., Ltd. (to present)</p> <p>July 2007    Representative Director, Riverside Partners KK</p> <p>March 2015    Representative Director, Y. International., inc.</p> <p>July 2017    Adviser, Nihon M&amp;A Center Inc.</p> <p>March 2018    Director, the Company (to present)</p> <p>June 2018    Outside Director, Nihon M&amp;A Center Inc. (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Representative Director, Change Management Consulting Co., Ltd.</li> <li>• Outside Director, Nihon M&amp;A Center Inc.</li> </ul>	0

(Notes)

1. Ms. Yukiko Kuroda's name on her family register is Ms. Yukiko Matsumoto.
2. There are no special interests between each candidate for Director and the Company.
3. Ms. Yukiko Kuroda and Mr. Tokihiko Mori are candidates for Outside Directors.
4. Ms. Yukiko Kuroda possesses abundant experience in company management. The Company recommends that she be elected as Outside Director based on the fact that she has been fulfilling her role appropriately through providing opinions and advice to ensure adequacy and appropriateness of decision-making by the Board of Directors. The term of office of Ms. Yukiko Kuroda as Outside Director will be nine (9) years at the conclusion of this General Meeting of Shareholders.
5. The Company recommends that Mr. Tokihiko Mori be elected as Outside Director based on the fact that he has been fulfilling his role appropriately through providing opinions and advice to ensure adequacy and appropriateness of decision-making by the Board of Directors mainly based on his experience in corporate management, as well as from the perspective of an expert in organizational development. The term of office of Mr. Tokihiko Mori as Outside Director will be two (2) years at the conclusion of this General Meeting of Shareholders.
6. The Company has entered into an agreement with Ms. Yukiko Kuroda and Mr. Tokihiko Mori to limit their liability pursuant to Article 427, Paragraph 1 of the Companies Act. Subject to their reappointment, the Company intends to continue the above-mentioned agreement with each Outside Director.  
The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by Article 425, Paragraph 1 of the Companies Act.
7. The Company has designated Ms. Yukiko Kuroda and Mr. Tokihiko Mori as independent officers prescribed by the Tokyo Stock Exchange, Inc. and registered them as such at the Tokyo Stock Exchange, Inc. Subject to their reappointment as Directors, the Company will reappoint them as independent officers.

**Proposal 3:** Update of the Policy against Large-scale Purchases of Shares (Anti-takeover Measures)

The Company obtained shareholder approval at the 51st Annual General Meeting of Shareholders held on March 23, 2017, for the “Update of the Policy against Large-scale Purchases of Shares (Anti-takeover Measures),” which was introduced to enforce certain reasonable rules regarding purchases of the Company’s shares that aim to obtain a voting rights percentage (Note 2) of 20% or more of a specific shareholder group (Note 1), or purchases of the Company’s shares that will result in obtaining a voting rights percentage of 20% or more of a specific shareholder group (both instances exclude cases to which the Board of Directors of the Company has agreed in advance. Hereinafter, such a purchasing act is referred to as a “Large-scale Purchase Action,” and the specific shareholder group that conducts such a Large-scale Purchase Action is referred to as a “Large-scale Purchaser”). Under the Policy, the Company intends to provide sufficient information to shareholders and to prevent an inappropriate purchase of the Company’s shares that enforces control over decisions on the Company’s financial and operational policies, with a view towards enhancing the Company’s corporate value. The updated Policy (hereinafter referred to as the “Policy”), however, is to expire at the conclusion of this General Meeting of Shareholders.

Prior to the expiry of the Policy, the Company discussed the pros and cons of updates, as well as the need to revise the Policy, in consideration of the changes in situations, amendments to laws and regulations, and other factors subsequent to the implementation of the Policy. Accordingly, we propose to extend the Policy for a further three years, subject to the approval of shareholders at the General Meeting of Shareholders.

This Proposal, which is to be resolved at this General Meeting of Shareholders, has obtained the consent of all five (5) Directors, including three (3) Outside Directors, and all four (4) Corporate Auditors, including two (2) Outside Corporate Auditors.

Note 1: A specific shareholder group means a holder (a holder as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including a party deemed to be a holder in accordance with Article 27-23, Paragraph 3 of the Act) of share certificates, etc. of the Company (share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Act), or a party conducting a purchase, etc. (a purchase, etc. as defined in Article 27-2, Paragraph 1 of the Act, including a purchase conducted in the financial instruments exchange markets) and its joint holders (a joint holder as defined in Article 27-23, Paragraph 5 of the Act, including a party deemed to be a joint holder in accordance with Article 27-23, Paragraph 6 of the Act), as well as a person in a special relationship (a person in a special relationship as defined in Article 27-2, Paragraph 7 of the Act).

Note 2: In the calculation of the voting rights percentage, the denominator shall be the number of total voting rights of the issued shares of the Company at the time of calculation, less the number of treasury shares held by the Company as listed in the most recent share buyback report.

**1. Purpose of the Introduction of the Policy**

While we believe that whether or not to accept a proposal associated with a Large-scale Purchase Action should depend on a decision that is ultimately made by shareholders, we also believe that the shareholders must be provided with adequate information regarding such a proposal, along with a reasonable amount of time necessary for the evaluation thereof. This belief is supported by the following reasons.

The Group’s principal line of business is the provision of IT services, including the development of information strategies, construction of systems, and operation and management of systems, and we are continuously providing services that meet the information system-related needs of each corporate customer. As a result, we have accumulated extensive operational experience regarding specific companies and the business sectors in which they operate, along with special expertise and know-how, receiving high evaluations from our corporate customers and maintaining reliable relationships. This cycle is believed to provide the Group with significant competitive strength against our peers, and to constitute a source of the Group’s corporate value. Accordingly, it may not be straightforward to determine the Group’s corporate value, or to judge the validity of a proposal associated with a Large-scale Purchase, without fully understanding the importance of such relationships between the Company and each of its corporate customers.

As such, in order for shareholders to make a rational judgment regarding the validity of the price offered by a Large-scale Purchaser for the acquisition of shares of the Company, appropriate and sufficient information must be provided by the Large-scale Purchaser, as well as by the Board of Directors of the Company, regarding, in particular, the marketing policies and strategies, etc. that are focused on the Company’s existing clients and the business sectors in which they operate, in addition to the management policies and business plans envisaged for the future, based on the above background of our business.

In addition, we believe that rules must be established to protect our shareholders from any unforeseen disadvantages that may result from a Large-scale Purchase Action, and to allow the Board of Directors to demand, as appropriate for the benefit of the shareholders, that the Large-scale Purchaser make an improvement to its original proposal associated with the Large-scale Purchase, or make an alternative proposal,

depending on the circumstances.

The Company shall, based on the aforementioned philosophy, hereby establish the rules concerning Large-scale Purchase Actions (hereinafter referred to as the “Large-scale Purchase Rules”) as follows.

## 2. Large-scale Purchase Rules

(1) The Large-scale Purchaser shall, prior to conducting a Large-scale Purchase Action, provide the Board of Directors with the necessary and sufficient information for shareholders and the Board of Directors to make a judgment (hereinafter referred to as the “Necessary Information”), which shall be based on the following guidelines.

- 1) An outline of the Large-scale Purchaser (including a description of the business of the Large-scale Purchaser, experience in operations that are similar to the Company’s operations, etc.)
- 2) Objectives and details of the Large-scale Purchase Action
- 3) Basis of calculation of the amount of consideration for the acquisition of the Company’s shares
- 4) Materials that evidence the existence of the finance source for the purchase
- 5) Management policies, business plans, financial plans, capital policies, dividend policies, asset utilization policies, etc. envisaged over the next five (5) years after participating in the management of the Company

Since what specifically constitutes the Necessary Information may vary on a case by case basis for Large-scale Purchase Actions, a Large-scale Purchaser shall, prior to conducting a Large-scale Purchase Action, submit a letter of intent to the President and CEO of the Company, specifying the appellation of the Large-scale Purchaser, its address, jurisdiction over incorporation, name of its representative, and domestic contact details, as well as an outline of the proposed Large-scale Purchase Action, and stating that it will comply with the Large-scale Purchase Rules.

The Company shall, within ten (10) business days following the receipt of the letter of intent, supply a list of the Necessary Information that should be initially provided by the Large-scale Purchaser. If the information initially provided has, as a result of an examination thereof, proven to be insufficient, additional information may be required until a sufficient level of Necessary Information has been obtained.

The fact that the Large-scale Purchase Action was conducted, along with the Necessary Information provided to the Board of Directors shall be disclosed, in whole or in part, at a point in time deemed to be appropriate by the Board of Directors, if it is deemed necessary in order for our shareholders to make judgments.

(2) The Board of Directors shall establish a period of sixty (60) days (if purchasing all of the Company’s shares through a tender offer in exchange for cash (yen) only), or ninety (90) days (if otherwise), counting from the day following the receipt of all of the Necessary Information requested by the Company, as a period necessary for the Board to conduct evaluation, review, negotiation, and opinion formation regarding the Large-scale Purchase Action (hereinafter referred to as the “Board of Directors’ Evaluation Period”). The Large-scale Purchaser shall not commence the Large-scale Purchase Action during the Board of Directors’ Evaluation Period.

The Board of Directors shall, during the Board of Directors’ Evaluation Period, review the Necessary Information provided by the Large-scale Purchaser, and organize and announce an opinion thereon, as the Board of Directors.

## 3. Measures

(1) If the Large-scale Purchaser has complied with the Large-scale Purchase Rules

If the Large-scale Purchaser has duly complied with the Large-scale Purchase Rules, the Board of Directors shall, in principle, not take the countermeasures described in 3 (2) 1) and 3 (2) 2), although it may take legitimate and reasonable measures, such as announcing its opinion against the proposal associated with the Large-scale Purchase Action, or persuading shareholders by offering an alternative proposal. However, even if the Large-scale Purchase Rules have been complied with, the Board of Directors may still take the countermeasures described in 3 (2) 1) and 3 (2) 2) in order to protect the interests of the shareholders, if it determines that the Large-scale Purchase Action would significantly compromise the interests of the shareholders (including cases where: 1) the Large-scale Purchase is not intended for genuine participation in the management of the Company, but for the purpose of artificially boosting the share price temporarily, followed by sales of the shares at the top of the market; 2) the Large-scale Purchase is for the purpose of transferring to the Large-scale Purchaser the management assets of the Company, such as the client base, in a



so-called “scorched earth” operation; or, 3) the Large-scale Purchase is for the purpose of selling the shares at a high price temporarily engineered via one-off high dividends realized with proceeds from the sale of management assets, etc.).

(2) In the event that the Large-scale Purchaser does not comply with the Large-scale Purchase Rules

If the Large-scale Purchaser fails to comply with the Large-scale Purchase Rules, the Board of Directors may, for the purpose of protecting the interests of the shareholders, take any of the following specific countermeasures that are considered appropriate by the Board of Directors. In the event of the actual issue of share acquisition rights, an exercise period, as well as exercise requirements, may be established in consideration of the effect of the countermeasures, such as a requirement for exercising share acquisition rights that the exerciser does not belong to a specific shareholder group that holds more than a certain percentage of share certificates, etc. of the Company.

1) Gratis allotment of share acquisition rights

a) Allottees and the number of share acquisition rights to be allotted

Share acquisition rights shall be allotted at a ratio of one (1) share acquisition right per share held (excluding the Company’s common shares held by the Company) to shareholders listed or recorded in the final shareholder registry on the date of allotment prescribed separately by the Board of Directors.

b) Class and number of shares subject to share acquisition rights

The class of shares subject to share acquisition rights shall be the common stock of the Company, and the number of shares subject to share acquisition rights shall be one (1) per share acquisition right.

c) Total number of share acquisition rights to be issued

The total number of share acquisition rights to be allotted shall be equal to the total number of issued shares in the Company (excluding the Company’s common shares held by the Company) at the closing date of the allotment prescribed separately by the Board of Directors.

d) Issue price of share acquisition rights

Share acquisition rights shall be gratuitous.

e) Amount to be paid when exercising share acquisition rights

The property to be contributed upon exercise of the share acquisition rights shall be cash in the amount prescribed by the Board of Directors, within a range of not less than one (1) yen per share, but not exceeding one-half (1/2) of the market price per share.

f) Restrictions on the transfer of share acquisition rights

Approval from the Board of Directors shall be required for the transfer of share acquisition rights.

g) Exercise period for share acquisition rights, etc.

The exercise period for share acquisition rights, conditions for exercise, and conditions for acquisition, as well as other necessary matters shall be prescribed separately by the Board of Directors.

2) Other countermeasures

In cases where activation of 1) is not considered reasonable, but some countermeasures against a Large-scale Purchase Action still need to be implemented, the Board of Directors shall take certain countermeasures that are considered to be legitimate and reasonable against the Large-scale Purchase Action, selecting from among the options available under the authority of the Board of Directors, to the extent permitted by the Companies Act of Japan and other relevant laws, as well as the Articles of Incorporation of the Company.

(3) Suspension of the countermeasures after their activation

The Board of Directors may, even after having resolved to implement the countermeasures against a Large-scale Purchase Action based on the Policy, decide to suspend the activation of the countermeasures, while also respecting the recommendations of the Special Committee to the greatest extent possible when the prerequisites for the activation of the countermeasures described in 3 (1) and 3 (2) are considered by the Board of Directors to have ceased to exist, as the Large-scale Purchaser has either terminated the Large-scale Purchase Action, or has agreed to comply with the Large-scale Purchase Rules, etc.

(4) Establishment of a Special Committee

To ensure adequate operation of the Policy and to prevent the Board of Directors from making arbitrary decisions, a Special Committee shall be established which comprises Outside Directors, Outside Corporate Auditors, and appropriately appointed external experts.

The Board of Directors shall, in making decisions regarding whether or not to implement the countermeasures described in 3 (2) 1) and 3 (2) 2), as well as other important decisions such as suspension of these countermeasures, always obtain recommendations from the Special Committee and give maximum respect to those recommendations.

In addition to the President and CEO of the Company, each member of the Special Committee shall also be authorized to call Special Committee meetings, so that the committee meetings can be held without fail, whenever necessary. The outline of the Special Committee is described in Appendix.

(5) Review of the Policy and its effective period

The Board of Directors shall review the Policy, as appropriate, in view of relevant legislative developments, etc.

The effective period of the Policy shall expire at the conclusion of the 57th Annual General Meeting of Shareholders scheduled to be held in March 2023.

However, the Policy shall, even during its effective period, be terminated if and when the General Meeting of Shareholders or the Board of Directors resolves on the abolition thereof.

4. Impact on Shareholders and Investors Upon Initiation of Countermeasures, etc.

(1) Impact on shareholders and investors upon initiation of countermeasures

If decisions have been made to implement the countermeasures against a Large-scale Purchase Action, appropriate disclosure should take place in a timely and appropriate manner in accordance with laws and regulations and the stock exchange regulations, etc., while appropriate consideration shall be made to ensure that the interests of the shareholders and investors other than the Large-scale Purchaser will not be compromised (subject, however, to the shareholders' compliance with the procedures described in (2) below).

As stated in 3 (3), the countermeasures against the Large-scale Purchase may be suspended based on a resolution of the Board of Directors. If the Board of Directors suspends the activation of the gratis allotment of share acquisition rights as a countermeasure after having passed a resolution thereon, or if the Company decides to acquire, without consideration, all of the allotted share acquisition rights, the value per share of the Company will not be diluted. Thus, those shareholders and investors engaged in the trading of the Company's shares, etc. in anticipation of such a dilution may suffer a corresponding loss due to share price fluctuations, etc.

(2) Procedures that shareholders are required to follow in the event of activation of countermeasures

In the event of implementation of the countermeasures, shareholders will suffer a disadvantage in the form of dilution of their equity interest, unless they follow the procedures described below.

(In the event of the issuance of share acquisition rights)

Shareholders must complete registration of the transfer by the record date to be announced separately, express their intention concerning the subscription, and follow the exercise procedures (such as payment of the exercise price).

5. Rationality of the Policy

The Policy sets out rules for securing the information and time necessary for shareholders to make decisions regarding Large-scale Purchases of the Company's shares, and stipulates that countermeasures will be taken if a Large-scale Purchaser does not comply with such rules or if the Board of Directors of the Company determines that a Large-scale Purchase Action will significantly impair the interests of shareholders. As such, we believe that the Policy does not harm the common interests of our shareholders and is not intended to maintain the positions of the Company's officers, as explained below.

(1) Compatibility with the Guidelines Regarding Takeover Defense

It is our view that the Policy satisfies the three principles stipulated in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, namely: 1. Principle of protecting and enhancing corporate value and shareholders' common interests;

2. Principle of prior disclosure and shareholders' will; and 3. Principle of necessity and reasonableness.

We also believe that the Policy sufficiently takes into account the contents of "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group set up at the Ministry of Economy, Trade and Industry.

(2) Reflection of shareholders' intentions

As described above in 3 (5) Review of the Policy and its effective period, the Policy becomes effective upon the approval of shareholders at this Annual General Meeting of Shareholders, and its effective period will expire at the conclusion of the 57th Annual General Meeting of Shareholders scheduled to be held in March 2023. Furthermore, the term of office of the Company's Directors is one year as stipulated in the Articles of Incorporation of the Company, and as stated above in 3 (5) Review of the Policy and its effective period, since the Policy can be terminated by a resolution of the Board of Directors, even during the effective period of the Policy, we believe that shareholders' intentions are reflected in the Policy through the appointment of Directors. The above mentioned 3 (5) Review of the Policy and its effective period also states that the Policy can be terminated by a resolution of the General Meeting of Shareholders even before its effective period expires. Accordingly, the Policy is designed to reflect shareholders' intentions to the greatest extent possible.

(3) Maximum respect for decisions made by those with a high degree of independence

As described above in 3 (4) Establishment of a Special Committee, to ensure adequate operation of the Policy and to prevent the Board of Directors from making arbitrary decisions, a Special Committee shall be established which comprises Outside Directors, Outside Corporate Auditors, and appropriately appointed external experts. Important decisions, including whether or not to activate the Policy, shall always be subject to the recommendations of the Special Committee, which are to be respected to the utmost.

In addition, as described in the Rules for Administration of the Special Committee, the Special Committee may seek professional advice from securities companies and other external experts at the Company's expense.

Accordingly, a mechanism is in place to respect the decisions of those with a high degree of independence to the greatest extent possible in activating the Policy.

(4) Setting objective requirements

As described above in 3 (1) and 3 (2), under the Policy, countermeasures will be activated only if a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, or the Board of Directors determines that a Large-scale Purchase Action significantly impairs the interests of shareholders even when the Large-scale Purchase Rules are satisfied. Accordingly, the Policy ensures that countermeasures cannot be activated unless the predetermined reasonable objective requirements are satisfied, providing a mechanism to prevent any arbitrary activation by the Board of Directors.

(5) Not a dead-hand or slow-hand takeover defense measure

As described above in 3 (5) Review of the Policy and its effective period, the Policy can be terminated at any time by a resolution of the Board of Directors, which comprises Directors elected at the Company's General Meeting of Shareholders. In addition, those who intend to purchase a large number of share certificates, etc. of the Company may elect Directors whom they have nominated at the General Meeting of Shareholders, and the Policy may be terminated by a resolution of the Board of Directors composed of such Directors. Therefore, the Policy is not a so-called dead-hand takeover defense measure (a takeover defense measure, the activation of which cannot be prevented even by replacing a majority of the members of the Board of Directors).

Furthermore, the term of office of the Company's Directors is one year as stipulated in the Articles of Incorporation, and the Company also does not adopt a staggered term system that differentiates the terms of Directors. Therefore, the Policy is neither a so-called slow-hand takeover defense measure (a takeover defense measure that requires time to prevent its activation due to the fact that directors cannot be replaced all at once).

(Appendix)

## Outline of the Special Committee

### I. Rules for Administration of the Special Committee

#### (Establishment)

Article 1 The Special Committee shall be established based on the resolution of the Board of Directors.

#### (Composition)

Article 2 The Special Committee shall comprise three (3) or more committee members.

2. The Special Committee shall comprise the following committee members that are appointed by the Board of Directors.
  - (1) One (1) or more Outside Director(s)
  - (2) One (1) or more Outside Corporate Auditor(s)
  - (3) Outside experts independent from the executive management of the Company, nominated by the Board of Directors of the Company (in principle, professionals including attorneys, certified public accountants, academics, experts familiar with transactions of financial instruments, and those with experience as corporate managers or corporate management experts, etc.)
3. If additional committee members are required, the Board of Directors may determine the candidates at its own discretion, or based on the recommendations thereto made by the Special Committee, which shall be subject to a review thereat.
4. The Board of Directors shall appoint one (1) of the committee members as Chairperson of the Special Committee, and appoint another committee member as Deputy Chairperson of the Special Committee.

#### (Term of Office)

Article 3 The term of office for committee members shall be as follows, and reappointment shall be allowed.

- (1) Committee members who concurrently serve as an Outside Director or Outside Corporate Auditor  
The term of office of such committee members shall be equivalent to their term of office as an Outside Director or Outside Corporate Auditor.
- (2) Committee members who are outside experts  
The term of office of such committee members shall be three (3) years after appointment.

#### (Role)

Article 4 The Special Committee shall, at the request of the Board of Directors, decide and make recommendations to the Board of Directors, along with the reasons therebehind, regarding the following matters in principle. The Board of Directors shall give maximum respect to such recommendations when making final decisions.

- (1) Implementation of a gratis allotment of share acquisition rights as a countermeasure against a Large-scale Purchase
  - (2) Acquisition of issued share acquisition rights and/or suspension of the issuance of share acquisition rights, subject to ex-post negotiation with the proposer of the Large-scale Purchase
  - (3) Other important matters equivalent to the above (1) and (2)
  - (4) Other matters on which the Board of Directors may request recommendations from the Special Committee
2. The Special Committee shall, in making its decisions, make efforts to obtain sufficient information regarding the proposer of the Large-scale Purchase and the contents, etc. of the proposal.
  3. The Special Committee shall, at the expense of the Company, be able to seek the professional advice necessary to examine the case from external experts including securities companies, investment banks, attorneys, and certified public accountants.
  4. Committee members shall make decisions not for personal interests as individuals or Directors, but by judging whether such decisions can contribute to the Company's corporate value.

#### (Convocation)

Article 5 The Special Committee meeting shall be called by the President and CEO (or by a Director appointed by the Board of Directors if the President and CEO is unable to call the meeting due to an accident or other circumstance), or by any committee member.

#### (Quorum, Requirements for Resolution, Chairperson, and Observers)

Article 6 The Special Committee meeting shall be established by the attendance of all committee members, excluding persons with special interests, at which resolutions shall be passed by a majority of the committee members present (excluding persons with special interests); provided, however, that a quorum for the Special Committee meeting may, under unavoidable circumstances, be established by the attendance of at least one-half (1/2) of all of the committee members, excluding persons with special interests, at which resolutions shall be passed by a majority of the committee members present (excluding persons with special interests).

2. The Special Committee meeting shall be chaired by the Chairperson, or by the Deputy Chairperson if the Chairperson is unable to chair the meeting due to an accident or other circumstance.
3. Committee members with special interests in the Large-scale Purchase which is the subject of a resolution of the Committee shall not have votes in passing the resolution.
4. The following persons shall be able to attend the Special Committee meeting as non-voting observers.
  - (1) The President and CEO (or a Director appointed by the Board of Directors if the President and CEO is unavailable due to an accident or other circumstance)
  - (2) Any person required to attend the meeting by the President and CEO
  - (3) Any person required to attend the meeting by the Special Committee

#### (Secretariat)

Article 7 The Special Committee shall establish a Secretariat managed by the General Manager of the Corporate Department

#### (Revision)

Article 8 Any revision of the Rules for the administration of the Special Committee shall be enforced by the Board of Directors, subject to consultation by the Special Committee.

## <Notes for exercising your voting rights via the Internet>

If you exercise your voting rights via the Internet, please review the items below and exercise your voting rights no later than 5:30 p.m. on Monday, March 23, 2020, Japan time.

If you intend to attend the General Meeting of Shareholders in person, you are not required to exercise the voting rights either by mailing the Voting Rights Exercise Form or via the Internet.

### 1. Website to exercise voting rights

- (1) Voting rights via the Internet may only be exercised by accessing the voting rights exercise website designated by the Company (<https://evote.tr.mufg.jp/>) using computers, smartphones or cellular phones. (Please note that the website is unavailable from 2:00 a.m. through 5:00 a.m. every day)
- (2) Depending on Internet connection environments of your computers, smartphones or cellular phones, the service you are using, or the model of your device, you may not be able to access the voting rights exercise website. Please contact the help desk provided below for more details.

### 2. Method to exercise voting rights via the Internet

- (1) Exercise of voting rights using a computer or cellular phone
    - Please indicate your vote for or against the proposal on the website at <https://evote.tr.mufg.jp/> using your Login ID and temporary password included in the Voting Rights Exercise Form to exercise your voting rights following the instructions on the screen.
    - Please note that you will be requested to change your temporary password on the voting rights exercise website in order to prevent any unauthorized access, etc.
  - (2) Exercise of voting rights using smartphones
    - You can automatically access the voting rights exercise website by scanning the Login QR code on the Voting Rights Exercise Form using your smartphone to exercise your voting rights. (You need to enter neither login ID nor temporary password.)
    - You can use the QR code only once for security consideration. From the second time onward, you are requested to enter your login ID and temporary password after you scan the QR code.
    - Depending on the model of your smartphone, you may fail to log in to the voting rights exercise website using the QR code. In such case, please exercise your voting rights by the method described above in 2. (1) Exercise of voting rights using a computer or cellular phone.
- \* QR code is a registered trademark of DENSO WAVE INCORPORATED.

### 3. Costs incurred for accessing the voting rights exercise website

Costs incurred for accessing the voting rights exercise website such as Internet connection charge and communication fees while using computers, smartphones or cellular phones shall be borne by shareholders.

### 4. Handling of voting rights exercised for multiple times

- (1) If you exercised your voting rights both in writing and via the Internet, the voting rights exercised via the Internet shall be treated as the valid vote.
- (2) If you exercised your voting rights for multiple times via the Internet, the voting rights exercised last shall be treated as the valid vote.

Inquiries about the system, etc.	Stock Transfer Agency Department (help desk), Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (toll free, inquiries accepted from 9:00 to 21:00 (only within Japan))
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<To institutional investors>

If prior application is made for use of the electronic voting rights exercising platform operated by ICJ, Inc., you may exercise your voting rights via the platform.