To whom it may concern:

May 9, 2019

Company name: Inabata & Co., Ltd.
Representative: Katsutaro Inabata, Director, President
(Stock code: 8098, First Section of Tokyo Stock Exchange)
Inquiries: Nobukazu Kuboi, Executive Officer,
General Manager, Financial Management Office
(Tel: 03-3639-6421)

Notice of Extension of Policy on Handling of Large-Scale Purchase (Anti-Takeover Measures)

The Company, taking into consideration the changes in circumstances, has been continuously examining the status of the policy on the handling of large-scale purchases (hereinafter, the “Current Policy”) (valid until the conclusion of the first meeting of the board of directors of the Company to be held by July 31, 2019, following the completion of the 158th Ordinary General Meeting of Shareholders scheduled to be held in June 2019), which was approved by the shareholders at the 155nd Ordinary General Meeting of Shareholders held on June 23, 2016 and extended by the resolution of the board of directors of the Company held on the same day, from the perspective of enhancing corporate value and shareholder value, including whether or not to extend the Current Policy.

As a result of such examination, we hereby inform you that, at the meeting of the board of directors of the Company held on May 9, 2019 (hereinafter, the "Board of Directors Meeting"), a decision was made to extend the policy on the handling of large-scale purchases (hereinafter, the “Policy on Handling of Large-Scale Purchases”), subject to approval of shareholders at the 158th Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2019 (hereinafter, the "Shareholders Meeting"). At the Board of Directors Meeting, which decided the extension of the Policy on Handling of Large-Scale Purchases, four (4) audit & supervisory board members (including three (3) outside audit & supervisory board members) who attended the meeting made a statement of opinion that they will approve the Policy on Handling of Large-Scale Purchases subject to the condition that the policy shall be implemented in an appropriate manner in practice. The major changes from the Current Policy include: (i) establishing a 60-day limit on the period for the provision of necessary information by a large-scale buyer to the Company; (ii) providing that the period for the board of directors to review a large-scale purchase may not exceed 90 days, irrespective of whether such large-scale purchase is to be conducted by way of a tender offer for

cash only or otherwise; and (iii) changing, from non-exhaustive to exhaustive, the list of circumstances where countermeasures should be taken even if the rules for large-scale purchases have been complied with.

If this proposal is approved by the shareholders at the Shareholders Meeting, the Policy on Handling of Large-Scale Purchases shall become effective upon a decision to be made to extend the policy at the meeting of the board of directors of the Company to be held by July 31, 2019, following the completion of the Shareholders Meeting, and will be valid until the conclusion of the first meeting of the board of directors of the Company to be held by July 31, 2022, following the 161th Ordinary General Meeting of Shareholders scheduled to be held in June 2022.

Please be advised that the Company is not currently exposed to a hostile takeover bid.

Please refer to the following for (i) basic policy on party hat controls decisions on financial and business policies of the Company, (ii) measures to improve corporate value, and (iii) the content of the Policy on Handling of Large-Scale Purchases.

I. Basic policy on party that controls decisions on financial and business policies of the Company

When a specific party tries to make a large-scale purchase whose purpose is to acquire shares of the Company that give such buyer the power to influence decisions on financial and business policies of the Company, the Company believes the decision of whether to sell shares should be left to the judgment of the shareholders of the Company.

However, the Company as a group has 54 subsidiaries and 12 associates at home and abroad across Japan, Southeast Asia, Northeast Asia, the Americas and Europe, operating a wide variety of businesses, mainly consisting of manufacturing and sale of products in areas such as IT & Electronics, Chemicals, Life Industry, Plastics and others. For the management of the Company, extensive know-how, abundant experience and a sufficient understanding of relations built with customers/employees and business partners (stakeholders) at home and abroad are essential. If a party that controls decisions on financial and business policies of the Company lacks sufficient understanding of these matters, shareholder value that can be realized in the future may be undermined.

When a large-scale purchase is suddenly made, it is essential that both the buyer and the board of directors of the Company provide adequate and sufficient information so that shareholders can make a proper decision within a short time on whether the proposed purchase price of the Company's shares proposed by the buyer is reasonable. Furthermore, even for shareholders who consider continuing to hold the Company's shares, details of the management policy and business plans such buyer considers when participating in the management of the Company (effect of such large-scale purchase on the Company, policy on relations with stakeholders of the Company, such as employees, affiliates, customers and business partners) are important information in making a decision on whether to keep such shares. Similarly, the Company believes the opinion of the board of directors on such large-scale purchases is also important information for shareholders of the Company for making a decision.

Accordingly, for a large-scale purchase where the acquisition of the Company's shares that give a buyer the power to influence decisions on financial and business policies of the Company is intended, the Company believes such buyer should, to support the judgment of shareholders, provide necessary and sufficient information on such purchase to the board of directors of the Company in advance and commence such purchase only after a certain evaluation period in accordance with certain rules established and disclosed in advance by the Company (Please refer to III 1. below for more details; hereinafter called the "Rules for Large-Scale Purchases").

Of large-scale purchases, there may be one whose obvious purpose is misuse and that would consequently cause irreparable harm to the Company and thus significantly undermine the interests of all shareholders of the Company. The Company believes it is necessary for the protection of the interests of all shareholders of

the Company that the board of directors takes appropriate measures against such purchase in accordance with the Rules for Large-Scale Purchases.

The Company's large shareholders as of March 31, 2019 are as listed in Exhibit 1 hereof. Sumitomo Chemical Company, Limited (hereinafter referred to as "Sumitomo Chemical") is the largest shareholder, holding 22.8% of the Company's issued shares (excluding treasury shares held by the Company), and the Company has maintained a strong relationship with Sumitomo Chemical since the Company became the exclusive distributor in Japan of the pharmaceuticals manufactured by Sumitomo Chemical in July 1944. However, the Company considers that a Large-Scale Purchase that impairs the interests of all shareholders of the Company may occur, taking into account that a share transfer or other act by the shareholders may change the shareholder composition and cause the Company's shares to have greater liquidity and that Sumitomo Chemical's shareholding ratio may decline as a result of the Company's future fund-raising activities in the capital market, which may take place, for future business expansion.

II. Measures to improve corporate value

The Company has implemented measures to enhance the Company's corporate value in the medium and long term such as the mid-term business plan described below, bearing in mind *IK Vision 2030*, the long-term vision, which shows what the Company envisions to be in years around 2025 to 2030 (*). Although the Company believes that efforts made by the Company's management (i) to strengthen the corporate governance system for the sustainable growth of the Company, and (ii) to implement other measures while continuing to aim for the achievement of the mid-term business plan, will lead to the improvement of the Company's corporate value, the Company also believes that making preparation of the Rules for Large-Scale Purchases in advance will be effective for enhancing the efficiency of these efforts against large-scale purchases of shares of the Company and thus contribute to the common interests of shareholders of the Company.

(*) Includes further enhancing multi-faceted capabilities as a trading company and achieving more than 1 trillion JPY in consolidated sales in early stage.

1. Strategies to achieve the goals in the mid-term business plan "New Challenge 2020"

The Company is making efforts to implement the six key strategies listed below to achieve the goals in the four-year mid-term business plan "New Challenge 2020," whose final year is the fiscal year ending March 31, 2021. The Company will further strengthen the revenue base and continuously enhance the Company's corporate value by securing implementation of these measures.

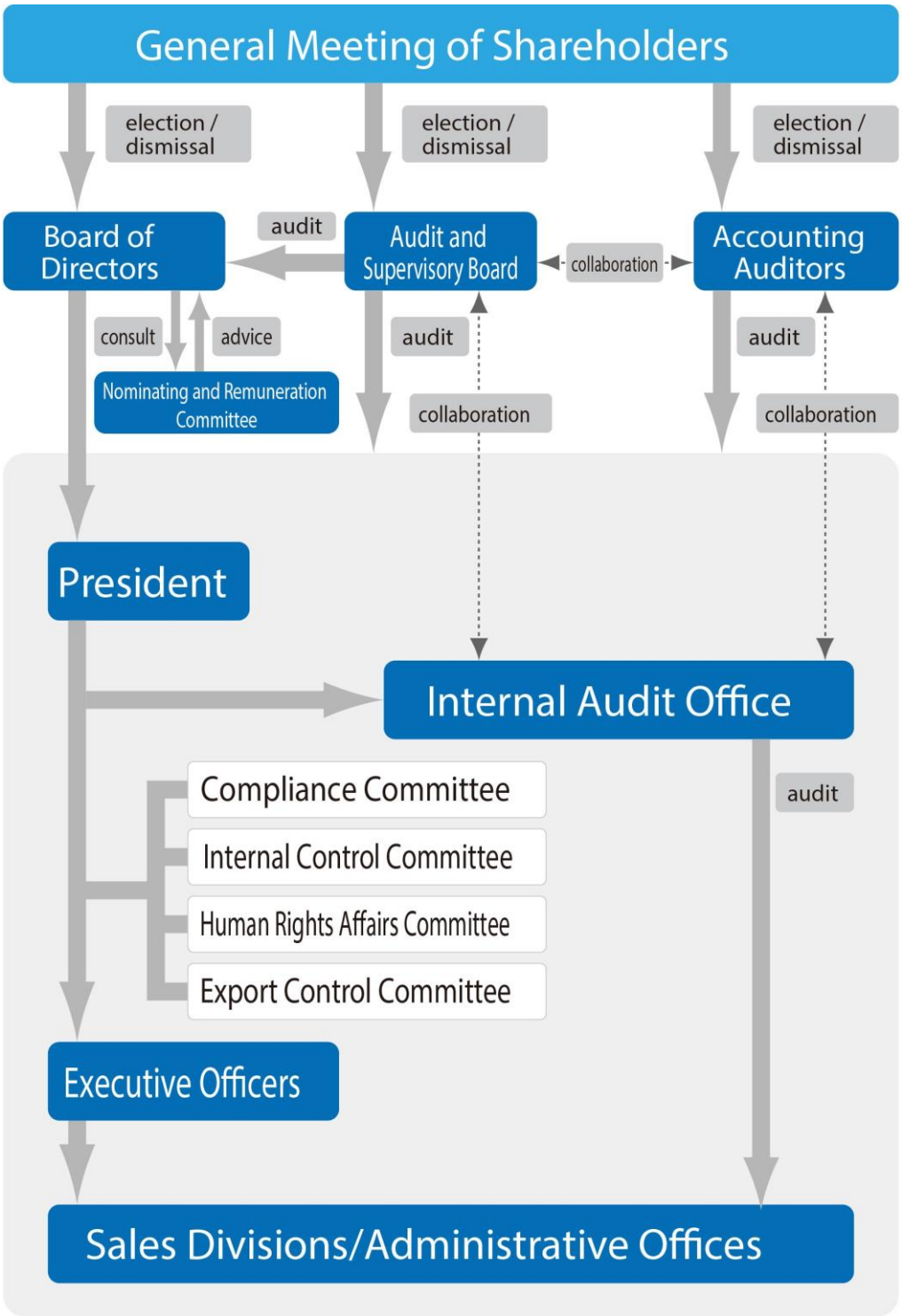
■ Key strategies

1. Further broadening and deepening of business outside Japan
2. Focus on markets with growth potential and sectors that have yet to be developed
3. Further enhancement of information infrastructure essential for global management
4. Stepping up investments to expand trading business
5. Continual review of assets and enhancement of financial standing
6. Establishing global human resources management

2. Measures to enhance corporate governance

The Company, in order to clearly define the management responsibilities towards the shareholders of the Company and assure the management's capability to swiftly and appropriately respond to changes in the management environment, shortened the term of office of the directors from two years to one year at the 145th Ordinary General Meeting of Shareholders held on June 29, 2006.

Moreover, in order to ensure transparency and fairness of management and to enhance the function of supervision of the board of directors, the Company, subject to approval at each ordinary general meeting of shareholders, will continue to appoint multiple numbers of outside directors who are highly independent. Furthermore, the Company annually conducts an evaluation of the board of directors for the purpose of enhancing the effectiveness and transparency of the board of directors and to increase the Company's corporate value. The Company will make efforts to increase the Company's corporate value sustainably by acting upon the issues that were recognized from the results of this analysis/evaluation. The Company discloses information concerning the implementation of the board of directors evaluation and its future plans in response to the self-evaluation on the following website: https://www.inabata.co.jp.



3. Shareholder return policy

Shareholder return is one of the highest priorities among the Company's policies. Effective the fiscal year ending March 31, 2015, the Company's policy on

dividends has been changed with a view to placing an even greater emphasis on returning profits to shareholders and carrying out shareholder returns with more clarity.

Specifically, the policy is now based on a total amount of shareholder returns consisting of the amount of dividends combined with the amount of treasury shares acquired. The company will target a total return ratio (*) that is mainly in the range of approximately 30% to 35%, and determine it based on comprehensive judgments that take into account such considerations as medium- and long-term investment for future enhancement of corporate value.

(*) Total return ratio = (amount of dividends + amount of treasury shares acquired) ÷ consolidated net income x 100

Status of shareholder return in the most recent fiscal years

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Dividends per share (JPY)	40	48
Amount of treasury shares acquired (JPY in millions)	679	936
Total return ratio	46.5%	30.0%
Dividend payout ratio (reference)	36.4%	22.7%

We will continue to make efforts to improve the return of profits to our shareholders.

III. Measures to prevent control by inappropriate parties of decisions on financial and business policies of Company in light of basic policy regarding control of Company

As a measure, in accordance with the basic policy described in I above, to prevent control by inappropriate parties of decisions on financial and business policies of the Company, the Company established certain rules (the Rules for Large-Scale Purchases), as described below, that must be followed, when making a purchase of share certificates, etc.[iii], of the Company for the purpose of making the ratio of voting rights[ii] of a certain shareholder group[i] 20% or higher, or a purchase of share certificates, etc., of the Company that results in the ratio of voting rights of a certain shareholder group being 20% or higher (in either case, excluding a purchase that the board of directors of the Company approves in advance, regardless of specific methods of purchase, including market trades and tender offers; such purchases are hereinafter referred to as a "Large-Scale Purchases", while such buyers are called a "Large-Scale Buyers"), and stipulates a policy on how to handle cases with which a Large-Scale Buyer must comply with the rules and the measures to be taken in the case where a Large-Scale Buyer does not comply (the policy on the handling of Large-Scale Purchases of shares certificates, etc., of the Company described in this section III is hereinafter referred to as the "Policy on Handling of Large-Scale Purchases").

In applying the Policy on Handling of Large-Scale Purchases, the Company will, in accordance with the applicable laws or the rules and regulations of financial instruments exchanges, disclose in a timely manner information on the progress of each procedure set out in the Rules for Large-Scale Purchases, the outline of the recommendation from the Independent Committee, the outline of the resolution of the board of directors of the Company, the outline of the resolution of the general meeting of shareholders of the Company to be held or other similar procedures to be taken in order to confirm the shareholders' intent, and such other matters as deemed appropriate by the Independent Committee or the board of directors of the Company.

1. Details of Rules for Large-Scale Purchases

(1) Outline of Rules for Large-Scale Purchase

The Rules for Large-Scale Purchases established by the board of directors of the Company (i) require a Large-Scale Buyer to provide the board of directors of the Company with necessary and sufficient information prior to the Large-Scale Purchase, (ii) secure a designated review period for the board of directors of the Company to review the information, and (iii) allow a Large-Scale Purchase, if the board of directors of the Company determines that it is necessary and reasonable, or if the board of directors of the Company receives a recommendation from the Independent Committee, but only after the procedures to confirm the shareholders' intent are completed.

(2) Provision of information

When a Large-Scale Buyer intends to make a Large-Scale Purchase, to begin with, it must submit to the representative director of the Company a "declaration of intent" stating that it will observe the Rules for Large-Scale Purchases, specifying the name, address, law governing the incorporation, name of representative, and contact details in Japan of the Large-Scale Buyer, and an overview of the contemplated Large-Scale Purchase. Within 10 business days after receipt of the declaration of intent, the board of directors of the Company will deliver to the Large-Scale Buyer an initial list of information to be provided by the Large-Scale Buyer that is necessary and sufficient for the Company's shareholders and the board of directors of the Company to form an opinion (hereinafter referred to as the "Necessary Information"). In this case, the board of directors of the Company will specify a period for the provision of information (hereinafter referred to as the "Information Provision Period"), which does not exceed 60 days from the day on which it delivers the list of the Necessary Information to the Large-Scale Buyer (hereinafter referred to as the "Delivery Date"), and will notify the Large-Scale Buyer of the same.

Details of the Necessary Information provided to the board of directors of the Company by the Large-Scale Buyer may differ according to the nature of the Large-Scale Buyer and the purpose and details of the Large-Scale Purchase; however, some of the items to be generally included as Necessary Information are stated below.

For each item, the scope of the Necessary Information will be limited to the extent that is necessary and sufficient for our shareholders to make a decision and for the board of directors of the Company to form an opinion. If the Large-Scale Buyer does not provide any part of the Necessary Information, the Company will demand that the Large-Scale Buyer provide a specific reason; and the fact that the information was not provided, as well as the reason therefor, will be examined by our shareholders and the board of directors of the Company in arriving at a decision and forming our opinion.

(i) An outline (including information relating to the substance of the business of the Large-Scale Buyer, capital structure and experience in businesses similar to the Company's business) of the Large-Scale Buyer and its group (including joint holders, quasi-joint holders and specially related parties);
(ii) The purpose and substance of the Large-Scale Purchase (including, among others, amounts/kind of the consideration of the purchase, timing of the purchase, structure of related transactions, legality of the means of purchase, and feasibility of purchase and related transactions);
(iii) The basis for the calculation of the proposed purchase price for shares of the Company and financial resources to ensure the purchase (including specific names of the financial providers (including ultimate financial providers), financing methods, and substance of related transactions);
(iv) Among others, the candidates for the management team (including information regarding experience in businesses similar to the business of the Company and the Company's group), basic management policy, business plan, financial plan, capital policy, distribution policy, policy of utilization of assets, each as expected after the Large-Scale Buyer participates in the management of the Company and the Company group's business; and
(v) A summary of changes, if planned, in the Company's relationship with the Company's and the Company group's business partners, customers, and employees after the completion of the Large-Scale Purchase.

If, after close examination of the information initially provided by the Large-Scale Buyer, the Company finds the information to be insufficient, the board of directors of the Company will request additional information until the Necessary Information is fully provided, and, if necessary, extend the Information Provision Period within the limit of not exceeding 60 days from the Delivery Date. We will promptly disclose the fact that a Large-Scale Purchase was proposed and all or a part of the Necessary Information was provided to the board of directors of the Company, if such information is considered necessary for the shareholders of the Company to make their decision.

(3) Review period for the board of directors of the Company

Depending on, among other things, the complexity of the assessment, of the Large-Scale Purchase, the board of directors of the Company expects that, subsequent to

full provision of the Necessary Information by the Large-Scale Buyer to the board of directors of the Company, the board of directors of the Company shall be given a period of 60 days to review, examine, negotiate, form an opinion, and seek alternative plans (hereinafter referred to as the "Board Review Period"). Therefore, the Large-Scale Purchase may be commenced only after the end of the Board Review Period; provided that, if the process to confirm the intent of the shareholders described in (5) below is to be followed, then the Large-Scale Purchase may only be commenced after the completion of such process. However, if the board of directors of the Company determines that it is difficult to complete the assessment of the Large-Scale Purchase within the above Board Review Period, the Board Review Period will be extended, as necessary, to the extent that the Board Review Period will not exceed 90 days. In such case, the Company will notify the Large-Scale Buyer of, and disclose to the Company's shareholders and investors, the extension period and the specific reason that such extension is required. During the Board Review Period, the board of directors of the Company shall thoroughly review and examine the Necessary Information it receives, with advice from outside experts, and will carefully form and disclose its opinion. In addition, the board of directors of the Company may negotiate with the Large-Scale Buyer in order to improve the terms of the proposed Large-Scale Purchase or may offer alternative plans to shareholders of the Company, in the capacity of the board of directors of the Company, as necessary.

(4) Independent Committee

The Company has established an Independent Committee as a third-party institution, independent from the board of directors of the Company. The Independent Committee keeps watch over the board of directors of the Company so that the Policy on Handling of Large-Scale Purchases is not used for the self-protection of the board of directors, and serves to prevent a purchase that may undermine or damage the Company's corporate value.

The Independent Committee consists of three or more members, and the members are elected from the outside directors and outside audit & supervisory board members who have satisfied the "criteria for independence of outside officers" established by the Company. The names and brief personal records of the members of the Independent Committee are as listed in Exhibit 3 hereto. Please refer to Exhibit 4 hereto for an outline of the Independent Committee.

Whether or not any countermeasures should be taken is a decision that is ultimately made by the board of directors of the Company. When making the decision, the board of directors shall follow the procedure of consulting the Independent Committee and honor the recommendations from the Independent Committee to the extent possible, as the Independent Committee is designed to ensure fairness of the board of directors' decision. In addition, upon making the above decision, the board of directors must first obtain the approval of the audit & supervisory board of the Company in order to ensure the fairness of the board of directors' decision. There are

four audit & supervisory board members of the Company, and three of them are outside audit & supervisory board members.

(5) Confirmation of intent of shareholders

After expiration of the Board Review Period, the Company, on taking countermeasures against a Large-Scale Purchase, may ask the shareholders of the Company to determine whether or not any countermeasures should be taken against the relevant Large-Scale Purchase, to honor the intent of our shareholders. In this case, the Large-Scale Buyer must not commence the Large-Scale Purchase until the procedures for confirmation of shareholders' intent set forth below have been completed. The procedures for confirmation of shareholders' intent shall be carried out if (i) the board of directors of the Company determines that it is necessary and reasonable to carry out the procedures after considering, among other things, the details of the Large-Scale Purchase proposed by the Large-Scale Buyer, the Necessary Information provided by the Large-Scale Buyer, circumstances in which countermeasures would be necessary, and the costs needed to carry out the procedures, or (ii) the board of directors of the Company receives a recommendation from the Independent Committee to carry out the procedures.

The intent of the shareholders of the Company shall be confirmed by a resolution of the general meeting of shareholders of the Company under the Companies Act, or by other similar procedures (hereinafter referred to as the "General Meeting of Shareholders"). If the General Meeting of Shareholders is held, then the board of directors of the Company shall comply with the resolution of the General Meeting of Shareholders on whether or not any countermeasures should be taken against the relevant Large-Scale Purchase. The board of directors of the Company shall establish a record date (hereinafter referred to as the "Record Date") for the purpose of determining the shareholders of the Company who are entitled to vote at the General Meeting of Shareholders. The Company shall give public notice in accordance with the method prescribed in the articles of incorporation of the Company two weeks or more prior to the Record Date.

(i) The shareholders of the Company entitled to vote at the General Meeting of Shareholders shall be those recorded in the shareholders register as of the end of the Record Date.

(ii) If the General Meeting of Shareholders is to be held, the notice of convocation shall be sent to all the shareholders who are entitled to vote by the close of the day three weeks prior to the date of the General Meeting of Shareholders.

(iii) Resolution at the General Meeting of Shareholders shall be adopted by the majority of the voting rights of such shareholders present at the same General Meeting of Shareholders.

In the case where any material changes or the equivalent are made to the information that will be used by the shareholders of the Company in making their decision at the General Meeting of Shareholders, the board of directors of the Company may change the Record Date or postpone or cancel the General Meeting of Shareholders, even after the Record Date for the General Meeting of Shareholders has been confirmed.

2. Policy on handling when a Large-Scale Purchases has been conducted

(1) If a Large-Scale Buyer complies with the Rules for Large-Scale Purchases

If a Large-Scale Buyer complies with the Rules for Large-Scale Purchases, the board of directors of the Company will, even if it opposes such Large-Scale Purchase, only express its dissenting opinion or present alternative plans to such purchase proposal, and thereby try to convince the shareholders, but it will not take any countermeasures against such Large-Scale Purchase, in principle. Whether or not to accept a purchase proposal by a Large-Scale Buyer is a decision to be made by the shareholders of the Company after consideration of such purchase proposal, the dissenting opinion expressed by the Company and alternative plans to such purchase proposal and other matters. However, even if the Rules for Large-Scale Purchases have been complied with, the board of directors of the Company may take measures, as exceptional measures to the policy, that are deemed to be appropriate in order to preserve the interests of the shareholders of the Company in the case where it is recognized that such Large-Scale Purchase materially impairs the interests of all shareholders of the Company, i.e., in the case where:

1. the purchase, as determined from, among other things, the purpose of the acquisition, would clearly impair the corporate value; or
2. the structure of such proposal compels the shareholders to accept the purchase.

Here, "1. The purchase, as determined from, among other things, the purpose of the acquisition, would clearly impair the corporate value" means any one, or more, of the cases where:

(i) a Large-Scale Buyer purchases the shares simply to make parties affiliated with the Company buy them back at a higher price without having any intention to actually participate in the Company's management;

(ii) the Large-Scale Buyer purchases the shares for purposes of so-called "scorched-earth" management by temporarily taking control of the Company in order to transfer to such buyer and its group companies intellectual assets essential to the Company's management, know-how, confidential corporate information, major business partners or customers, and other matters;

(iii) the Large-Scale Buyer purchases the shares with the intention of using the Company's assets as collateral for, or as a source of repayment of, the buyer's and its group companies' liabilities after taking control of management; and

(iv) the Large-Scale Buyer purchases the shares to gain temporary control of management and sell high-value assets or the like, such as real estate and securities not immediately related to the Company's business, in order to use the profit from such sale (a) to make the Company temporarily pay a high dividend, or (b) to use a temporarily high dividend as a device to sharply raise the share price and sell its shares at a profit.

However, the above exceptional measures may not be taken only for the reason that the intention of the Large-Scale Buyer formally falls under one of these examples, and the above exceptional measures shall be taken only in extraordinary circumstances.

In addition, "2. The structure of such proposal compels the shareholders to accept the purchase" means the case where the purchase method of the Company's shares proposed by the Large-Scale Buyer is by way of a public offering or other means with unfavorable second-tier purchase conditions or unclear conditions, without offering to purchase all of the shares in the first-tier purchase (so-called "coercive two-tiered purchase").

With respect to consideration to, and decision on whether or not such Large-Scale Purchase materially impairs the interests of all shareholders of, the Company, the board of directors of the Company shall, in order to be objective and rational, make sure to consult with the Independent Committee, obtaining advice from external experts on the propriety of the exercise of exceptional countermeasures based on such Large-Scale Buyer and the detail of the Large-Scale Purchase (among other things, the purpose, method, target, kind and amount of consideration for acquisition), or the impact on the interests of all shareholders of the Company from such Large-Scale Purchase, and the Independent Committee will advise on the matters it is consulted on. Such advice will be announced, and the board of directors of the Company will honor such advice to the extent possible. Furthermore, for the details of such exceptional countermeasures on which the board of directors of the Company must seek consultation, please refer to (2) below.

(2) If a Large-Scale Buyer does not comply with the Rules for Large-Scale Purchase

In the case where the Rules for Large-Scale Purchases are not complied with by a Large-Scale Buyer, regardless of the specific acquisition structure, the board of directors of the Company may oppose a Large-Scale Purchase by issuing stock acquisition rights or taking other countermeasures permitted under the Companies Act and other laws as well as the Company's articles of incorporation for the purpose of preserving the interests of the Company and all shareholders of the Company. In judging whether or not the Large-Scale Buyer complies with the Rules for Large-Scale

Purchases, the circumstances on the Large-Scale Buyer side will be sufficiently considered to a reasonable extent, such as (i) the Large-Scale Buyer does not necessarily hold detailed information in respect of the Company, or (ii) there are matters that are not expected to be voluntarily disclosed under the purchase strategy of the Large-Scale Buyer (for example, specific figures of profits, etc., after the purchase) and other matters, and, the Company will not conclude that the Large-Scale Buyer is not in compliance with the Rules for Large-Scale Purchases only for the reason that the Large-Scale Buyer failed to provide the Necessary Information requested by the board of directors of the Company. As to whether or not a Large-Scale Buyer complies with the Rules for Large-Scale Purchases or not, and the possibility of exercise of countermeasures, the Company will make sure to consult with the Independent Committee and take advice from external experts into consideration, and the Independent Committee will advise on the matters it is consulted on. Such advice will be announced, and the board of directors of the Company will honor such advice to the extent possible. As to the measures to be finally taken, the board of directors of the Company will take such measures as it decides most appropriate at that time. The outline of the stock acquisition rights for the case of allotment of stock acquisition rights without contribution as a specific countermeasure is described in Exhibit 2. However, if such stock acquisition rights are actually to be issued, the Company may set certain limitations on, among other things, the exercise period, terms of exercise, conditions of acquisition and terms of acquisition, that make the exercise of the stock acquisition rights conditional on a party not belonging to a certain shareholder group with more than a designated percentage of voting rights, taking the effectiveness of countermeasures into consideration.

(3) Suspension of exercise of countermeasures

The board of directors of the Company may suspend the execution of, or change, the countermeasures if the board of directors determines, with thorough respect for the opinion or advice of the Independent Committee, that it is not appropriate to execute countermeasures in cases where such Large-Scale Buyer has cancelled or changed the Large-Scale Purchase after the decision to adopt countermeasures was made.

For example, in the case of the allotment of stock acquisition rights without consideration as a countermeasure, if a Large-Scale Buyer cancels or changes a Large-Scale Purchase after the shareholders who will receive an allotment of such rights are determined, and the board of directors determines that it is not appropriate to exercise countermeasures, the exercise of countermeasures may be suspended as follows:

(i) Until the effective date of the allotment of the stock acquisition rights without consideration, such allotment will be suspended following the advice of the Independent Committee.
(ii) After the allotment of the stock acquisition rights without consideration, and until the commencement of the exercise period, the Company will acquire such

stock acquisition rights without consideration following the advice of the Independent Committee.

In the case where the execution of countermeasures is suspended as described above, prompt disclosure will be made together with the announcement of the matters that the Independent Committee deems necessary.

3. Effects to shareholders and investors

(1) Effects of Rules for Large-Scale Purchases on shareholders and investors

The Rules for Large-Scale Purchases are intended to provide (i) the information required for the shareholders of the Company to decide whether or not to accept a Large-Scale Purchase, and (ii) the opinions of the incumbent board of directors responsible for managing the company, to the shareholders of the Company, as well as to secure opportunities for the shareholders of the Company to receive a presentation of alternative proposals. We believe this will allow the shareholders of the Company to make an appropriate decision as to whether or not to accept a Large-Scale Purchase, based on sufficient information, thereby preserving the interests of all shareholders of the Company. Accordingly, the establishment of the Rules for Large-Scale Purchases will ensure the appropriate investment decision by the shareholders of the Company and the investors and contributes to the interests of the shareholders of the Company and the investors.

In addition, as described in 2. above, the response of the Company to a Large-Scale Purchase would be different depending on whether or not a Large-Scale Buyer complies with the Rules for Large-Scale Purchases. Therefore, we would like the shareholders of the Company and the investors to pay attention to the actions of Large-Scale Buyers.

(2) Effects on the shareholders and investors when countermeasures are executed

In the case where the Company concludes that such Large-Scale Purchase would materially impair the interests of all shareholders of the Company, even if a Large-Scale Buyer has complied with the Rules for Large-Scale Purchases, or in the case where a Large-Scale Buyer has not complied with the Rules for Large-Scale Purchases, the board of directors of the Company may take countermeasures permitted under the Companies Act and other laws as well as the Company's articles of incorporation for the purpose of preserving the interests of all shareholders of the Company. However, the Company does not, in any event, expect any special losses in legal rights or economic prospects to be incurred by the shareholders of the Company (excluding a Large-Scale Buyer violating the Rules for Large-Scale Purchases) by adopting the structure of such countermeasures. If the board of directors of the Company has decided to take specific countermeasures, it will disclose such fact in a

timely and appropriate manner in accordance with the laws and regulations and the rules of the financial instruments exchanges.

Among the possible countermeasures, the procedures for the shareholders of the Company in connection with the issuance of stock acquisition rights are as follows.

With regard to the issuance of stock acquisition rights, it is necessary for the shareholders to pay a certain amount of money within the predetermined period in order to acquire new stock by exercising stock acquisition rights. The details of such procedure will be separately notified in accordance with the laws and regulations when stock acquisition rights are actually issued; provided, however, that the shareholders of the Company must, in order to obtain stock acquisition rights, be recorded in the register of shareholders at the end of the allotment date of the stock acquisition rights that is separately determined and published by the board of directors.

The Company may cancel the issuance of the stock acquisition rights, or acquire without consideration those that have been issued, upon the determination by the board of directors following the advice from the Independent Committee. However, in such case, no dilution of share value per share will occur, and, therefore, it is possible for the shareholders or the investors who have bought or sold the Company's shares on the assumption that a dilution of the Company's share value would occur, on or after the ex-rights date for the allotment of such stock acquisition rights without consideration, to incur unexpected losses due to fluctuations of share price.

4. Effective period of the Policy on Handling of Large-Scale Purchases

The effective period of the Policy on Handling of Large-Scale Purchases shall end at the conclusion of the first meeting of the board of directors of the Company to be held by July 31, 2022, following the completion of the 161st Ordinary General Meeting of Shareholders of the Company to be held in June 2022. However, even during the effective period of the Policy on Handling of Large-Scale Purchases, (i) if the abolishment of the Policy on Handling of Large-Scale Purchases has been resolved at the General Meeting of Shareholders of the Company, or (ii) the abolishment of the Policy on Handling of Large-Scale Purchases has been resolved at the meeting of the board of directors of the Company, the board of directors of the Company shall abolish the Policy on Handling of Large-Scale Purchases. The board of directors will promptly provide notice when it has been decided to abolish the Policy on Handling of Large-Scale Purchases.

5. Reasonableness of the Policy on Handling of Large-Scale Purchases

(1) Policy on Handling of Large-Scale Purchases satisfies the requirements of the guidelines regarding takeover defense measures, etc.

The Policy on Handling of Large-Scale Purchases fully 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" published on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice, which are (a) the principle of protecting and enhancing corporate value and shareholders' common interests, (b) the principle of prior disclosure and shareholders' will and (c) the principle of ensuring the necessity and reasonableness. The Policy on Handling of Large-Scale Purchases is also based on the report titled "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group and "Principle 1.5 Anti-takeover Measures" of the "Japan's Corporate Governance Code" published on June 1, 2018 by Tokyo Stock Exchange, Inc.

(2) Policy on Handling of Large-Scale Purchases is in accord with basic policy on control over Company

The Policy on Handling of Large-Scale Purchases stipulates, among other things, details of the Rules for Large-Scale Purchases, the policy of how to handle a case of an actual Large-Scale Purchase, establishment of the Independent Committee and effects on shareholders and investors.

The Policy on Handling of Large-Scale Purchases requires a Large-Scale Buyer to provide necessary and sufficient information on a Large-Scale Purchase to the board of directors of the Company in advance and allows the commencement of such purchase only after a certain evaluation period, and specifies that the board of directors of the Company would take appropriate countermeasures against a Large-Scale Buyer who fails to comply with these rules.

In addition, the Policy on Handling of Large-Scale Purchases stipulates that when the Rules for Large-Scale Purchases are followed but the board of directors of the Company determines that a Large-Scale Purchase made by a Large-Scale Buyer significantly undermines the interests of all shareholders of the Company, the board of directors of the Company may take appropriate countermeasures against such Large-Scale Buyer in order to protect the interests of all shareholders of the Company.

As such, the Policy on Handling of Large-Scale Purchases is designed to align with the idea of the basic policy on control over the Company.

(3) Policy on Handling of Large-Scale Purchases does not undermine common interests of shareholders

As mentioned in I above, the basic policy on control over the Company is based on the premise that the common interests of shareholders of the Company is respected. The Policy on Handling of Large-Scale Purchases is designed in line with the idea of such basic policy on control over the Company and aims to provide information necessary for shareholders of the Company to decide whether to accept a Large-Scale Purchase, offer opinions of the board of directors of the Company and guarantee an opportunity to receive an alternative proposal. We believe that the Policy

on Handling of Large-Scale Purchases contributes to the common interests of shareholders of the Company rather than undermining it.

Furthermore, the Policy on Handling of Large-Scale Purchases is valid for three years, and its effectuation requires the approval of the shareholders of the Company. A General Meeting of Shareholders of the Company or the board of directors consisting of directors elected by a General Meeting of Shareholders may abolish the Policy on Handling of Large-Scale Purchases before its expiration date. The Policy on Handling of Large-Scale Purchases is not a dead-hand type of takeover defense measure (i.e., an anti-takeover measure that cannot be stopped even when a majority of members of the board of directors are replaced) or a slow-hand type of takeover defense measure (i.e., an anti-takeover measure that takes time to stop as members of the board of directors cannot be replaced simultaneously). These guarantee that the Policy of Handling of Large-Scale Purchases does not undermine the common interests of shareholders of the Company.

(4) Policy on Handling of Large-Scale Purchases does not aim to maintain position of Company officers

The Policy on Handling of Large-Scale Purchases is based on the fundamental principle that whether to accept a Large-Scale Purchase should be left to the decision of shareholders of the Company, where the board of directors may request compliance with the Rules for Large-Scale Purchases and invoke countermeasures, in order to protect the interests of all shareholders of the Company. The Policy on Handling of Large-Scale Purchases prescribes, in advance and in detail, the cases where the board of directors determines to take countermeasures, and whether countermeasures will be taken by the board of directors will be determined pursuant to the Policy on Handling of Large-Scale Purchases.

When the board of directors of the Company assesses, examines and forms its opinions of a Large-Scale Purchase, submits an alternative proposal, negotiates with a Large-Scale Buyer or invokes countermeasures, the board of directors shall take advice from independent outside experts, consult with the Independent Committee consisting of members who are independent of the management team engaged in the business of the Company, and honor recommendations from such Independent Committee to the extent possible. In addition, when recommendations are issued by the Independent Committee in invoking countermeasures against a Large-Scale Purchase, the Company shall confirm the intention of the Company's shareholders concerning whether to invoke such countermeasures. As such, the Policy on Handling of Large-Scale Purchases includes procedures to ensure proper management by the board of directors of the Company.

Based on the above-mentioned overview, it is clear that the Policy on Handling of Large-Scale Purchases does not aim to maintain the position of officers of the Company.

Note i: A certain shareholder group means:

(i) a holder (including a party deemed as a holder pursuant to article 27-23, paragraph 3 of the Financial Instruments and Exchange Law; the same applies hereinafter) and any joint holders (provided in article 27-23, paragraph 5 of the Financial Instruments and Exchange Law, including a party deemed as a joint holder pursuant to paragraph 6 thereof; the same shall apply hereinafter) of the share certificates, etc. (provided in article 27-23, paragraph 1 of the Financial Instruments and Exchange Law) of the Company; or

(ii) a party effecting purchases, etc. (provided in article 27-2, paragraph 1 of the Financial Instruments and exchange Law, including any purchase, etc., made on a financial instruments exchange market, regardless of whether or not such purchase, etc., is made by the auction method) of share certificates, etc. (provided in article 27-2, paragraph 1 of the Financial Instruments and Exchange Law) of the Company, and specially related parties (provided in article 27-2, paragraph 7 of the Financial Instruments and Exchange Law) of such party.

Note ii: Ratio of voting rights means:

(i) in the case of Note 1(i) above, the holding ratio of share certificates, etc. (provided in article 27-23, paragraph 4 of the Financial Instruments and Exchange Law; in this case, the number of shares certificates, etc., held (number of share certificates, etc., held as provided in the same paragraph; the same applies hereinafter) of the joint holders in respect of the holder shall be taken into consideration in the calculation) of the holder of the share certificates, etc., of the Company; or

(ii) in the case of Note 1(ii) above, the amount of the sum of the ownership ratio of share certificates, etc. (provided in article 27-2, paragraph 8 of the Financial Instruments and Exchange Law) of such relevant Large-Scale Buyer and its specially related parties.

Further, in calculating the share holding ratio and the ownership ratio, the annual report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently submitted to the authorities, may be referred to in deciding the total number of issued shares (provided in article 27-23, paragraph 4 of the Financial Instruments and Exchange Law) or total number of voting rights (provided in article 27-2, paragraph 8 of the Financial Instruments and Exchange Law).

Note iii: Share certificate, etc., means shares and other securities as provided in article 27-23, paragraph 1 of the Financial Instruments and Exchange Law.

End of document

Exhibit 1

Large shareholders

The Company's large shareholders as of March 31, 2019 are shown as follows.

Name	Number of Shares Held (Thousands)	Shareholding Percentage (%)
Sumitomo Chemical Company, Limited	13,836	22.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,921	4.8
Japan Trustee Services Bank, Ltd. (Trust Account)	2,802	4.6
Trust & Custody Services Bank, Ltd. (Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	1,736	2.9
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,397	2.3
DFA INTL SMALL CAP VALUE PORTFOLIO	1,276	2.1
SSBTC CLIENT OMNIBUS ACCOUNT	1,245	2.0
Katsuo Inabata	1,161	1.9
Mizuho Bank , Ltd.	1,114	1.8
Maruishi Chemical Trading Co., Ltd	961	1.6

Note: The number of treasury shares held by the Company (2,710,182 shares; excluding 100,000 shares held by Trust & Custody Services Bank, Ltd. (Trust E Account) as trust assets in the Board Benefit Trust (BBT) System) is not shown in the above table and has not been included in the calculation of the shareholding percentages.

End of document

Exhibit 2

Outline of stock acquisition rights

1. Shareholders who are entitled to receive an allotment of stock acquisition rights and terms and conditions of issuance thereof:

One stock acquisition right shall be allotted to a shareholder for each share of common stock of the Company held by such shareholder (excluding the shares of the common stock held by the Company) whose name is recorded in the register of shareholders as of the end of the Record Date to be specified by the board of directors of the Company, without any consideration.

2. Type and number of shares to be acquired upon exercise of stock acquisition rights:

The type of shares to be acquired upon exercise of stock acquisition rights is shares of common stock of the Company, and the total number of such shares may be up to the number obtained by deducting the total number of the issued and outstanding shares (excluding the shares of common stock held by the Company) from the total number of the shares issuable by the Company as set forth in the articles of incorporation of the Company. The number of shares to be acquired upon exercise of one stock acquisition right shall be separately determined by the board of directors of the Company; provided, however, that such number shall be adjusted to the extent necessary if the Company makes a stock split or a stock consolidation.

3. Total number of stock acquisition rights to be issued:

The total number of stock acquisition rights to be allotted shall be separately determined by the board of directors of the Company. The board of directors of the Company may allot stock acquisition rights in installments.

4. Pay-in amount for stock acquisition rights:

The payment of money shall not be required in exchange for stock acquisition rights.

5. Contents and amount of assets to be contributed upon exercise of each stock acquisition right:

The amount of assets to be contributed upon exercise of each stock acquisition right is the amount to be determined by the board of directors of the Company, which must be at least one yen.

6. Restriction on transfer of stock acquisition rights:

Stock acquisition rights may not be transferred without the approval of the board of directors of the Company.

7. Conditions of exercise, and provisions regarding call-rights and triggering event of call-rights regarding stock acquisition rights:

Certain conditions of exercise of stock acquisition rights shall be provided, including a condition that a party belonging to a specific group of shareholders that holds 20% or more of the ratio of voting rights (excluding Sumitomo Chemical Company, Limited and any other with respect to whom the board of directors of the Company admits that the acquisition or holding of share certificates, etc., of the Company by such party is not against the interests of all shareholders of the Company; the same shall apply hereinafter) may not exercise stock acquisition rights. Details of the conditions shall be separately determined by the board of directors of the Company.

The Company may set the provisions regarding call-rights with respect to stock acquisition rights by the Company and triggering event of call-rights, and a party belonging to a certain shareholder group that holds 20% or more of the ratio of voting rights and other shareholders may be treated differently, or stock acquisition rights held by a party belonging to a specific group of shareholders that holds 20% or more of the ratio of voting rights are not subject to acquisition.

8. Exercise period regarding stock acquisition rights:

The day on which an allotment of stock acquisition rights becomes effective, the exercise period, conditions of acquisition and other necessary subject matter regarding stock acquisition rights shall be separately determined by the board of directors of the Company. With respect to the call-rights of the Company, the Company may set terms and conditions to the effect that the Company may acquire stock acquisition rights held by any party other than those for whom exercise of the stock acquisition rights is not permitted pursuant to the conditions of exercise as stated in 7. above, and one share may be delivered per one stock acquisition right.

End of document

Exhibit 3

Names and brief career summaries of the members of the Independent Committee

Yoshitaka Takahashi		Date of birth: October 14, 1954
Brief career summary	Apr. 1977	Joined Honda Motor Co., Ltd.
	Apr. 1995	Manager, Honda Transmission Manufacturing (U.S.)
	Jun. 2001	Administration Manager, Guangqi Honda Automobile Co., Ltd. (China)
	Apr. 2007	Manager, Business Management Department, Kumamoto Factory, Honda Motor Co., Ltd.
	Jun. 2009	Audit & Supervisory Board Member (Full-time), Yachiyo Industry Co., Ltd.
	Jul. 2013	Advisor, Yachiyo Industry Co., Ltd.
	Jun. 2014	Outside Audit & Supervisory Board Member of the Company (present)

Shinji Morimoto		Date of birth: June 27, 1952
Brief career summary	Nov. 1975	Joined Price Waterhouse & Co. (present PricewaterhouseCoopers Aarata LLC)
	May 1980	Registered as Certified Public Accountant
	May 1987	Joined Aoki International Co., Ltd. (present Aoki Holdings, Inc.)
	Jun. 1989	Managing Director in charge of Management Planning, Aoki International Co., Ltd.
	Jul. 1998	Joined PwC Consulting Service Co., Ltd. (present GBS Division, IBM Japan, Ltd.)
		Director in charge of Consumer Goods and Retail Industry
	Apr. 2006	Joined Shinnihon Audit Corporation (present Ernst & Young ShinNihon LLC)
	Jul. 2007	Senior Partner, Shinnihon Audit Corporation
	Jan. 2015	Established Office Business Inspire, Representative (present)
	Dec. 2015	Outside Director, Lockon Co., Ltd.
	Jun. 2016	Outside Audit & Supervisory Board Member of the Company (present)
	Dec. 2016	Advisor, Lockon Co., Ltd.

Katsuya Yanagihara		Date of birth: May 14, 1968
Brief career summary	Apr. 1995	Appointed as Public Prosecutor
	Mar. 2006	Retired from Public Prosecutor
	Apr. 2006	Registered as Attorney
	Dec. 2007	Partner of Daiichi Legal Professional Corporation (present)
	Aug. 2015	Outside Director, Gunosy Inc.
	Jun. 2018	Outside Audit & Supervisory Board Member of the Company (present)

End of document

Exhibit 4

Outline of Independent Committee

1. Members

The Independent Committee consists of three (3) or more outside directors or outside audit & supervisory board members who have satisfied the "criteria for independence of outside officers" established by the Company, appointed by the board of directors of the Company.

2. Term

The term of members of the Independent Committee expires at the conclusion of the first meeting of the board of directors of the Company held by July 31, which is immediately after the completion of the Ordinary General Meeting of Shareholders for the business year that ends within three (3) years after the assumption of office as members.

3. Resolution requirements

In principle, all the incumbent members of the Independent Committee, excluding specially interested parties, must be present, and resolutions of the Independent Committee shall be adopted by an affirmative vote of a majority of the members present at a meeting of the Independent Committee; provided, however, that when there is any unavoidable reason, a majority of the members of the Independent Committee must be present, and resolutions of such Independent Committee shall be adopted by an affirmative vote of a majority of the members of the Independent Committee present at such meeting of the Independent Committee.

4. Matters to be resolved and other matters

The Independent Committee shall deliberate on and resolve (i) whether or not a Large-Scale Purchase is deemed to significantly undermine the interests of all shareholders of the Company, (ii) whether or not a Large-Scale Buyer has complied with the Rules for Large-Scale Purchases, (iii) whether or not the exercise of countermeasures is necessary and reasonable, or such countermeasures should be performed, (iv) whether or not the exercise of countermeasures should be suspended, and (v) the procedures for confirmation of shareholders' intentions that should be taken and other matters on which the board of directors has sought consultation, and shall provide advice to the board of directors based on the details of such resolution. In the case where the Independent Committee provides advice to the board of directors, the Independent Committee must provide reasons therefor. Members of the Independent Committee are required to faithfully carry out their duties solely from a viewpoint of the

interests of all shareholders of the Company, and such members may not perform such duties for the purpose of securing their own interests or those of any third party (including management of the Company).

In order to ensure an appropriate judgment, in conducting the above-mentioned actions, the Independent Committee shall make efforts to collect necessary and sufficient information, and, to the extent necessary, the Independent Committee may, at the Company's expense, obtain advice from outside experts, including financial advisors, certified public accountants, lawyers, consultants and other experts.

End of document