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Securities code: 9075
June 1, 2020

To our shareholders:

Shigehiro Komaru
Director and President
FUKUYAMA TRANSPORTING CO., LTD.
20-1, 4-chome, Higashi Fukatsu-cho, Fukuyama City, Hiroshima Prefecture

NOTICE OF THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 72nd Ordinary General Meeting of Shareholders of FUKUYAMA TRANSPORTING CO., LTD. (the "Company"), which will be held as described below.
You may exercise your voting rights by postal mail or via the Internet instead of attending the meeting in person. Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail. Otherwise, review "Guidance on Exercising Voting Rights via the Internet" (Japanese only) and indicate your approval or disapproval of the proposals on the Company's voting rights exercise website (https://evote.tr.mufg.jp/). In either case, please exercise your voting rights by no later than 5:00 p.m., Tuesday, June 23, 2020 (Japan Standard Time).

1. **Date and Time:** Wednesday, June 24, 2020 at 10:00 a.m. (Japan Standard Time)
2. **Venue:** 5F Conference Room, Head Office of the Company
   20-1, 4-chome, Higashi Fukatsu-cho, Fukuyama City, Hiroshima Prefecture
3. **Purposes:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 72nd Term (from April 1, 2019 to March 31, 2020), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 72nd Term (from April 1, 2019 to March 31, 2020)

Items to be resolved:

Proposal 1: Election of Ten (10) Directors
Proposal 2: Election of One (1) Audit & Supervisory Board Member
Proposal 3: Continuation of Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Ten (10) Directors

The terms of all nine (9) Directors will expire at the conclusion of this General Meeting of Shareholders.
In that regard, the Company proposes the election of ten (10) Directors, including four (4) new candidates for Director (all of these positions are for Outside Director), to further enhance the management system and corporate governance.
Candidates for Director have been determined in the Board of Directors in which Outside Directors with wealth of experience and extensive knowledge are in the majority.
The candidates for Director are as follows:

No.	Name	Current position and responsibilities in the Company	
1	Shigehiro Komaru	Representative Director, President and Executive Officer	[Reelection]
2	Hiroyuki Kumano	Representative Director, Executive Vice President, and Executive Officer General Manager of Sales Section	[Reelection]
3	Eiju Nagahara	Director and Senior Executive Officer Responsible for Transport Operations and General Manager of Safety Division	[Reelection]
4	Shingo Kusaka	Director	[Reelection] [Outside] [Independent]
5	Miho Maeda	Director	[Reelection] [Outside] [Independent]
6	Tomoko Nonaka	Director	[Reelection] [Outside] [Independent]
7	Yoshinori Yoshida	—	[New election] [Outside]
8	Kazumitsu Tomimura	Chairperson, Independent Committee	[New election] [Outside] [Independent]
9	Toyoei Shigeeda	—	[New election] [Outside] [Independent]
10	Takushi Ohmoto	—	[New election] [Outside] [Independent]

[Reelection] Candidate for reelection as Director
[New election] New candidate for Director
[Outside] Candidate for Outside Director
[Independent] Candidate for Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc.

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
1	Shigehiro Komaru (April 16, 1950) [Reelection] Attendance of Board of Directors Meetings 8/8	Oct. 1974 Joined the Company June 1991 Managing Director of the Company June 1993 Senior Managing Director of the Company June 1995 Representative Director of the Company (present position) June 1997 Director and President of the Company (present position) Apr. 2011 President and Executive Officer of the Company (present position) [Significant concurrent positions outside the Company] President, Shibuya Scholarship Foundation	333,111
	[Reasons for nomination as candidate for Director] In his role as Representative Director and President, the candidate has led the management of the Company and furthered the enhancement of corporate value and the strengthening of the business base. Having determined that through his leadership, which is based on his extensive knowledge and wealth of experience, he can establish an even stronger management structure for the Group and enhance and strengthen corporate governance, the Company requests his reelection.		
2	Hiroyuki Kumano (April 23, 1970) [Reelection] Attendance of Board of Directors Meetings 8/8	Mar. 2005 Joined the Company June 2007 Director and Manager of Sales Division of the Company June 2009 Managing Director of the Company Responsible for Sales and Information Systems Mar. 2010 Representative Director and Executive Vice President of the Company (present position) General Manager of Sales Section (present position) Apr. 2011 Executive Vice President and Executive Officer of the Company (present position) [Significant concurrent positions outside the Company] None	35,063
	[Reasons for nomination as candidate for Director] The candidate has a wealth of experience and expertise in the field of company management, and having determined that his work as Director in charge of the Sales Section contributes to sustained growth and a further enhancement of corporate value in the Group, the Company requests his reelection.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities
[Significant concurrent positions outside the Company]</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Eiju Nagahara
(October 22, 1948)

[Reelection]

Attendance of Board of Directors Meetings
8/8</td><td>Apr. 1971 Joined the Company
Dec. 2004 Manager of Operations Management Division of the Company
June 2007 Director of the Company
General Manager of Safety Division (present position)
June 2009 Managing Director of the Company
Responsible for Operations Management
June 2010 Senior Managing Director of the Company
Apr. 2011 Director and Senior Executive Officer of the Company (present position)
Oct. 2014 Responsible for Transport Operations of the Company (present position)
[Significant concurrent positions outside the Company]
None</td><td>30,325</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
The candidate has a wealth of experience and expertise in main line transport, and having determined that his work as Director in charge of the sections for transport and safety contributes to sustained growth and a further enhancement of corporate value in the Group, the Company requests his reelection.</td></tr>
<tr><td rowspan="2">4</td><td>Shingo Kusaka
(April 5, 1970)

[Reelection]
Candidate for Outside Director

[Independent Officer]

Attendance of Board of Directors Meetings
8/8</td><td>Oct. 1996 Joined Tohmatsu LLC (presently Deloitte Touche Tohmatsu LLC)
Jan. 2001 Founded Kusaka Shingo CPA Office
Jan. 2001 Director of Seiyukaikeisha K.K.
June 2004 Audit & Supervisory Board Member of the Company
Jan. 2005 Representative Director of Seiyukaikeisha K.K. (present position)
June 2012 Retired as Audit & Supervisory Board Member of the Company
June 2013 Director of the Company (present position)
[Significant concurrent positions outside the Company]
Representative Director of Seiyukaikeisha K.K.</td><td>4,682</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Outside Director]
As a certified public accountant, the candidate has a wealth of experience and expertise related to finance and accounting which he applies to give opinions from an independent standpoint, mostly from the viewpoint of compliance. Having determined that he can continue to give such valuable advice, the Company requests his reelection as Outside Director. The term of office as an Outside Director will reach seven (7) years at the conclusion of this General Meeting of Shareholders. Please note that the candidate previously served the Company as an Audit & Supervisory Board Member. Further, the Company has registered the candidate as an Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., and if his reappointment is approved, the Company plans to renew his appointment as Independent Officer.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities
[Significant concurrent positions outside the Company]</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">5</td><td>Miho Maeda
(September 17, 1948)

[Reelection]
Candidate for Outside Director

[Independent Officer]

Attendance of Board of Directors Meetings
8/8</td><td>Apr. 1990 Deputy Director of Women's Policy Division, Women's Bureau of the Ministry of Labor (presently Ministry of Health, Labour and Welfare)
Apr. 1992 Deputy Director of Overseas Cooperation Division, Human Resource Development Bureau of the Ministry of Labor
Apr. 1995 Central Labor Standards Inspector Supervisor, Inspection Division, Labor Standards Bureau of the Ministry of Labor
Apr. 1998 Director, Inspection Division of Hokkaido Labor Standards Bureau (presently Hokkaido Labour Bureau)
Apr. 2000 General Manager, Labour Standard Department of Hyogo Labour Bureau
June 2002 Director-General of Shiga Labour Bureau
July 2004 Retired as Director-General of Shiga Labour Bureau
Aug. 2004 General Manager, Small to Medium Enterprise Division of Japan Industrial Safety and Health Association
Apr. 2007 Assistant General Manager, Human Resources Development Dept. of Japan International Training Cooperation Organization (presently Japan International Trainee & Skilled Worker Cooperation Organization)
May 2012 Executive Director of International Human Resource Incorporated (present position)
June 2018 Director of the Company (present position)
[Significant concurrent positions outside the Company]
Executive Director of International Human Resource Incorporated</td><td>100</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Outside Director]
Apart from her appointment as an outside officer, the candidate has no experience participating in company management. However, the candidate has a wealth of experience and expertise related to the fields of working conditions and occupational health and safety. Having determined that she can continue to give valuable advice mostly from the viewpoint of compliance, the Company requests her reelection as Outside Director. Further, the term of office as an Outside Director will reach two (2) years at the conclusion of this General Meeting of Shareholders. Further, the Company has registered the candidate as an Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., and if her reappointment is approved, the Company plans to renew her appointment as Independent Officer.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
6	Tomoko Nonaka (June 3, 1956) [Reelection] Candidate for Outside Director [Independent Officer] Attendance of Board of Directors Meetings 7/7 (Since assuming the office on June 19, 2019)	Apr. 1993 Legal Training and Research Institute, Supreme Court of Japan Apr. 1995 Attorney-at-law of Kawabata Law Office Apr. 1999 Attorney-at-law of Tokyo Ginza Law Office Feb. 2018 Attorney-at-law of Nonaka & Kawarabayashi Law Office (present position) June 2019 Director of the Company (present position) [Significant concurrent positions outside the Company] Attorney-at-law of Nonaka & Kawarabayashi Law Office	47
	[Reasons for nomination as candidate for Outside Director] Apart from her appointment as an outside officer, the candidate has no experience participating in company management. However, the Company believes that because she has a wealth of experience as an attorney-at-law and a high-level of knowledge, having served in the public sector as practicing-attorney-professor for civil advocacy at the Legal Training and Research Institute, Supreme Court of Japan, she can continue to provide valuable advice on strengthening the corporate governance of the Company. Accordingly, the Company requests her reelection for Outside Director. Further, the term of office as an Outside Director will reach one (1) year at the conclusion of this General Meeting of Shareholders. Further, the Company has registered the candidate as an Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., and if her reappointment is approved, the Company plans to renew her appointment as Independent Officer.		
7	Yoshinori Yoshida (March 27, 1952) [New election] Candidate for Outside Director	Apr. 1975 Joined Kintetsu Railway Co., Ltd. (presently Kintetsu Group Holdings Co., Ltd.) June 2006 Executive Officer of Kintetsu Railway Co., Ltd. (Responsible for Personnel Division) June 2009 Managing Director of Kintetsu Railway Co., Ltd. May 2011 Director of Kintetsu Department Store Co., Ltd. June 2011 Retired as Managing Director of Kintetsu Railway Co., Ltd. (presently Kintetsu Group Holdings Co., Ltd.) July 2011 Representative Director, Executive Vice President, and Executive Officer of Kintetsu Department Store Co., Ltd. May 2013 Retired as Representative Director, Executive Vice President and Executive Officer of Kintetsu Department Store Co., Ltd. June 2013 Representative Director and Executive Vice President of Kintetsu Railway Co., Ltd. (presently Kintetsu Group Holdings Co., Ltd.) June 2013 Director of the Company Apr. 2015 Representative Director and President of Kintetsu Group Holdings Co., Ltd. (present position) June 2017 Retired as Director of the Company [Significant concurrent positions outside the Company] Representative Director and President of Kintetsu Group Holdings Co., Ltd.	1,000
	[Reasons for nomination as candidate for Outside Director] The candidate is Representative Director and President of Kintetsu Group Holdings Co., Ltd. Having determined that he can provide pertinent supervision and advice related to areas such as the Company's management and compliance applying his business experience and extensive knowledge, the Company requests his new election for Outside Director.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities
[Significant concurrent positions outside the Company]</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">8</td><td>Kazumitsu Tomimura
(March 23, 1940)

[New election]
Candidate for Outside Director

[Independent Officer]</td><td>Apr. 1967
Aug. 1995

Jan. 1996

Apr. 1997

July 1998

Sept. 1999
Oct. 1999
Apr. 2003

Apr. 2005

Feb. 2011

June 2011
[Significant concurrent positions outside the Company]
Attorney-at-law of Tomimura & Hayashiya Law Office</td><td>Appointed as a Public Prosecutor
Public Prosecutor of Supreme Public Prosecutors Office
Chief Prosecutor of Matsue District Public Prosecutors Office
Chief Prosecutor of Tsu District Public Prosecutors Office
Chief Prosecutor of Kyoto District Public Prosecutors Office
Retired from office
Registered as attorney-at-law
Vice-Chairperson, Disciplinary Enforcement Committee, Hiroshima Bar Association
Committee Member, Disciplinary Enforcement Committee, Japan Federation of Bar Associations
Chairperson, Disciplinary Enforcement Committee, Hiroshima Bar Association
Assistant Director, Hiroshima Branch, Asia Crime Prevention Foundation (present position)
Chairperson, Independent Committee of the Company (current position)</td><td>—</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Outside Director]
Apart from his appointment as an outside officer, the candidate has no experience participating in company management. However, as an attorney-at-law, he has extensive knowledge as well as expertise in corporate legal affairs, since he has held long years of experience in Public Prosecutor Offices. Also, he has been Chairperson of Independent Committee of the Company. Having determined that he can continue to provide pertinent advice on the matters related to the laws and on the implementation of the compliance management, the Company requests his reelection as Outside Director. Further, since the candidate meets the requirements for Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., if his election is approved, the Company plans to appoint him as Independent Officer.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities
[Significant concurrent positions outside the Company]</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">9</td><td>Toyoei Shigeeda
(August 1, 1952)

[New election]
Candidate for Outside Director

[Independent Officer]</td><td colspan="2">Apr. 1981 Joined the Ministry of Foreign Affairs
Apr. 1997 Director-General, Minister’s Secretariat Inspection Division and Function Management Division of the Ministry of Foreign Affairs
July 1999 Vice-Minister for International Affairs in charge of Environmental Affairs of the Ministry of International Trade and Industry
July 2001 Director, Passport Division, Consular Affairs Bureau of the Ministry of Foreign Affairs
Apr. 2004 Minister Counselor, Permanent Mission of Japan to the International Organizations in Vienna
Aug. 2007 Senior Executive Director for International Relations, Osaka Prefectural Government
Aug. 2009 Consul General of Japan in Frankfurt, Germany
Oct. 2012 Consul General of Japan in Honolulu, USA
July 2015 Ambassador Extraordinary and Plenipotentiary of Japan to Republic of Lithuania
Sept. 2018 Retired from office
Apr. 2019 Specially Appointed Lecturer of Nippon Sport Science University (present position)
[Significant concurrent positions outside the Company]
None</td><td>—</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Outside Director]
Apart from his appointment as an outside officer, the candidate has no experience participating in company management. However, the candidate has a wealth of experience and global expertise related to the fields of international affairs, etc. Having determined that he can give valuable advice mostly from the viewpoint of compliance, the Company requests his new election as Outside Director. Further, since the candidate meets the requirements for Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., if his election is approved, the Company plans to appoint him as Independent Officer.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
10	Takushi Ohmoto (June 26, 1953) [New election] Candidate for Outside Director [Independent Officer]	Apr. 1972 Joined Hiroshima Regional Taxation Bureau July 2007 District Director of Saijo Tax Office July 2008 Director of Corporation Taxation Division, Taxation Department 2, Hiroshima Regional Taxation Bureau July 2009 Director of Personnel Division 1, General Affairs Department, Hiroshima Regional Taxation Bureau July 2011 District Director of Matsue Tax Office July 2012 Deputy Director General of Taxation Department 2, Hiroshima Regional Taxation Bureau July 2013 Regional Commissioner, Large Enterprise Examination and Criminal Investigation Department, Hiroshima Regional Taxation Bureau July 2014 Retired from office Aug. 2014 Registered as a certified tax accountant Head of Takushi Ohmoto Tax Accountant Office (current position) [Significant concurrent positions outside the Company] Head of Takushi Ohmoto Tax Accountant Office	—
	[Reasons for nomination as candidate for Outside Director] Apart from his appointment as an outside officer, the candidate has no experience participating in company management. However, the candidate has expertise in corporate accounting and taxation as a certified tax accountant. Having determined that he can provide pertinent advice for implementing compliance on corporate management etc., the Company requests his new election for Outside Director. Further, since the candidate meets the requirements for Independent Officer pursuant to the rules of the Tokyo Stock Exchange, Inc., if his election is approved, the Company plans to appoint him as Independent Officer.		

Notes:
1. The four (4) candidates Yoshinori Yoshida, Kazumitsu Tomimura, Toyoei Shigeeda, and Takushi Ohmoto are new candidates for Director.
2. Candidate for Director Shigehiro Komaru serves concurrently as President of the Shibuya Scholarship Foundation. This corporation holds 5,540,000 shares of the Company's stock.
   There is no special interest between the Company and any other candidates for Director.
3. The seven (7) candidates Shingo Kusaka, Miho Maeda, Tomoko Nonaka, Yoshinori Yoshida, Kazumitsu Tomimura, Toyoei Shigeeda, and Takushi Ohmoto are candidates for Outside Director.
4. The Company's Articles of Incorporation stipulate that, pursuant to the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company can conclude contracts with its Directors (excluding Executive Directors, etc.) to limit their liability stated in Article 423, Paragraph 1 of the same Act. In accordance with this provision, the Company has concluded limited liability agreements with Shingo Kusaka, Miho Maeda, and Tomoko Nonaka, and the limit on the amount of liability coverage under these contracts is the minimum amount stipulated by laws and regulations. Moreover, if Shingo Kusaka, Miho Maeda, and Tomoko Nonaka are reappointed, the Company plans on retaining this contract with each of them. Further, if Yoshinori Yoshida, Kazumitsu Tomimura, Toyoei Shigeeda, and Takushi Ohmoto are elected, the Company plans to conclude the same limited liability agreement with each of them.
5. Yoshinori Yoshida is scheduled to retire as Representative Director and President of Kintetsu Group Holdings Co., Ltd. and to be appointed as Representative Director and Chairman of Kintetsu Real Estate Co., Ltd. in June 2020.

Proposal 2: Election of One (1) Audit & Supervisory Board Member

The terms of office of Audit & Supervisory Board Members Yoshinori Yamaoka and Hiroyuki Murai will expire at the conclusion of this General Meeting of Shareholders.
The Company therefore proposes that one (1) Audit & Supervisory Board Member be elected.
The Audit & Supervisory Board has given its consent to this proposal.
The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position [Significant concurrent positions outside the Company]	Number of the Company's shares owned
Hiroyuki Murai (June 9, 1958) [Reelection] Candidate for Outside Audit & Supervisory Board Member Attendance of Board of Directors Meetings 8/8 Attendance of Audit & Supervisory Board Meetings 9/9	Apr. 1982 Joined Kintetsu Railway Co., Ltd. (presently Kintetsu Group Holdings Co., Ltd.) Mar. 2013 Managing Director of Kintetsu Cable Network, Co., Ltd. Aug. 2015 Senior Managing Director of Osaka Aquarium KAIYUKAN June 2016 Director, Managing Executive Officer of Kintetsu Group Holdings Co., Ltd. (present position) June 2016 Director, Managing Executive Officer of Kintetsu Railway Co., Ltd. (present position) June 2016 Audit & Supervisory Board Member of the Company (present position) [Significant concurrent positions outside the Company] Director, Managing Executive Officer of Kintetsu Group Holdings Co., Ltd. Director, Managing Executive Officer of Kintetsu Railway Co., Ltd.	232
[Reasons for nomination as candidate for Outside Audit & Supervisory Board Member] The candidate has been involved in areas such as accounting and management planning for many years. Having determined that he can continue to apply his wealth of experience and extensive knowledge to enhancing the Company's management oversight functions, the Company requests his reelection as Outside Audit & Supervisory Board Member. The term of office as an Outside Audit & Supervisory Board Member will reach four (4) years at the conclusion of this General Meeting of Shareholders.		

Notes:
1. There is no special interest between Hiroyuki Murai and the Company.
2. Hiroyuki Murai is a candidate for Outside Audit & Supervisory Board Member.
3. The Company's Articles of Incorporation stipulate that, pursuant to the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company can conclude contracts with its Audit & Supervisory Board Members to limit their liability stated in Article 423, Paragraph 1 of the same Act. In accordance with this provision, the Company has concluded a limited liability agreement with Hiroyuki Murai, and the limit on the amount of liability coverage under this contract is the minimum amount stipulated by laws and regulations. If Hiroyuki Murai is reappointed, the Company plans on retaining this contract with him.
4. Hiroyuki Murai is scheduled to be appointed as Director and Senior Managing Executive Officer of Kintetsu Group Holdings Co., Ltd. and Kintetsu Railway Co., Ltd. in June 2020.

Proposal 3: Continuation of Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

Fukuyama Transporting Co., Ltd. (the **"Company"**) continued "Countermeasures to Large-Scale Purchase of the Company's Shares" (the **"Current Plan"**) after receiving approval by the shareholders at the Ordinary General Meeting of the Company held on June 28, 2017.

Since the term of the Current Plan ends upon the adjournment of the Ordinary General Meeting of the Company to be held on June 24, 2020 (the **"2020 AGM"**), the Company has been giving consideration to the Current Plan as to how it should be as well as whether or not it should be kept, in the light of maintaining and enhancing the corporate value and shareholders' common interest. Considering changes in conditions and trends among institutional investors, etc., the Board of Directors of the Company resolved on May 13, 2020 on the continuation of "Countermeasures to Large-Scale Purchase of the Company's Shares" (the countermeasures after the continuation are referred to as the **"Plan"** hereafter), subject to approval of the shareholders at the 2020 AGM, so this agenda item is being submitted as a matter to be resolved.

All six Audit & Supervisory Board Members of the Company, including four Outside Audit & Supervisory Board Members, attended the Board of Directors' Meeting at which the Plan was resolved, and expressed opinions to the effect that the Plan is deemed to be reasonable as countermeasures to a large-scale purchase of the Company's shares, provided the specific administration of the Plan is conducted appropriately.

In the case where the Plan is approved at the 2020 AGM, the term of the Plan will be until the adjournment of the Ordinary General Meeting of the Company to be held in June 2023.

The Plan reflects the following revisions to the Current Plan:

(i) The Company will set the maximum length of the period in which the Company may request the purchaser, etc. to provide information, and the Assessment Period for the Independent Committee will commence immediately upon the expiration of the Information Provision Period.

(ii) It is specifically stated that the Independent Committee may attach a reservation to its recommendation of the Allotment of Share Options without Contribution that the confirmation of shareholders' intention should be obtained.

(iii) Some of the requirements for the Independent Committee to recommend the implementation of the Allotment of Share Options without Contribution were deleted to limit the requirements to so-called the four types as per high court decision and coercive two-tier Purchases, etc.

(iv) It is specifically stated that any money or other economic benefits shall not be delivered when the Company acquires Share Options from a purchaser, etc.

(v) Other revisions include the correction of wording.

1. Basic Policy on Suitable Persons Who Control the Decisions on the Financial and Business Policies of the Company

The Company, as a listed company on financial stock exchanges, respects the freedom of transactions of the Company's shares on the market, and would not necessarily reject a large-scale purchase of the Company's shares by a particular person as long as the purchase contributes to the maintenance and enhancement of the corporate value and the common interest of the shareholders of the Company and its group companies. The Company also believes that the ultimate decision on how to respond to an offer of a large-scale purchase of the Company's shares should be left to the shareholders.

Offers of a large-scale purchase, however, sometimes may not retain good relationships with stakeholders or may otherwise harm the corporate value of the Company and its group companies or the shareholders' common interest, or do not sufficiently reflect the value of the Company and its group companies, or may not provide sufficient information necessary for the shareholders to make the final decisions on the offer.

In responding to such a large-scale purchase offer, the Board of Directors of the Company is prepared to discharge its entrusted duty to the shareholders by securing the time and information necessary for shareholders, by negotiating for the shareholders with the offeror of a large-scale purchase of the Company's shares, etc.

2. Special Measures that Contribute to Achieving the Basic Policy

(1) Corporate Philosophy

The Company is engaged in business activities with the corporate philosophy of "pioneering the frontiers of distribution with tireless innovation and ingenuity to contribute to the elevation of culture and creation of a rich life and to the development of local economies as a comprehensive distribution company." This corporate philosophy demonstrates the Company's stance that distribution is important infrastructure for the people's livelihood, and that by providing the service of distribution as an enterprise in that field the Company not only increases corporate value, but also positively fulfills social responsibility in order to secure sustainable development as a company that is loved and respected by society as a good corporate citizen.

(2) Source of Corporate Value

The Company believes that realizing the satisfaction of customers, employees, shareholders, local communities and all other stakeholders is the source of the corporate value. To further increase this corporate value, the Company is positively advancing enhancement of the transportation network, expansion and improvement of distribution facilities and other sales development, strengthening and enrichment of corporate governance, as well as environmental conservation and social contribution activities. The Company also believes that, in addition to these activities, continuing business operation through the labor-management cooperation that has been fostered ever since the Company was founded contributes to realizing the corporate philosophy and improving performance as a company that is trusted and chosen by all stakeholders as a good corporate citizen.

The Company believes that continuing and developing these sources of corporate value into the future contributes to maintaining and enhancing corporate value and the common interest of shareholders.

(3) Initiatives Based on Management Strategy

The Company has compiled the fourth medium-term management plan "Challenge, Change 2020" which has fiscal year 2018 as the first year, and is implementing initiatives toward achieving management goals.
Aiming to achieve sustainable growth to quickly respond to changes in the social structure arising from, for example, declining and increasingly aging population, this medium-term management plan sets forth ESG (environment, social, and governance) and ES (the employee's satisfaction) initiatives as a basic policy, and the Company is implementing various measures under it.

In the light of past achievements under our previous medium-term management plans, the Company will continue to support and improve our performance further under the policies of the previous medium-term management plan, which aims to increase the satisfaction of all stakeholders to enhance corporate value.

(4) Strengthening Corporate Governance

In implementing the various measures above, the Company recognizes that strengthening corporate governance is extremely important, and strives to establish an efficient and highly transparent management structure. As part of those efforts, the management decision-making function and the business execution function have been separated, and in order to strengthen the structure by expediting management decision-making and business execution and clarifying responsibility in the Company and its group companies, the Company introduced a corporate officer system from April 1, 2011. Also, from June 27, 2013 the number of Directors was reduced from ten to seven, and regarding the Outside Directors the number was increased from two to three, and from June 26, 2015 one more was added for a total of four among eight Directors in total. Furthermore, to make the management responsibility of Directors to the Company's shareholders and other stakeholders clear, the term of office of Directors is set at one year, and the Outside Directors with abundant management experience and other expertise provide the Company with effective advice, etc. and contribute to strengthening the supervision of the Board of Directors from diverse viewpoints. In addition, the Company's Audit & Supervisory Board is comprised of six members including four highly independent Outside Audit & Supervisory Board Members, and the Company has arranged a system whereby the Audit & Supervisory Board Members can always supervise the conditions of the execution of business by the Board of Directors by attending meetings of the Board of Directors. The Company will continue working to further improve and strengthen corporate governance aiming at quickly responsive and efficient management.

3. Basic Approach of the Plan

The Company's Board of Directors decided to continue the Plan to clarify rules that must be followed by persons who attempt a large-scale purchase of the shares of the Company, and to secure necessary and sufficient information and time for shareholders to make appropriate judgments and opportunities to negotiate with persons who attempt a large-scale purchase of the shares of the Company. With the goal of maintaining and enhancing the Company's corporate value and the common interest of its shareholders, the Plan stipulates specific countermeasures in accordance with the contents of the Plan stipulated in and after 4., and by making the contents of the Plan known through timely disclosure on financial stock exchanges, disclosure in the Company's business reports and other legal disclosure documents, and posting on the Company's web site, etc., the Company gives prior warning that there are procedures that must be followed by persons who attempt a large-scale purchase of the shares of the Company and that the Company may implement an allotment of share options without contribution with the following exercise conditions and acquisition provisions.

(1) The exercise condition that the exercise of rights by the purchaser, etc. is not permitted.
(2) The acquisition provision of acquiring share options in exchange for shares from a person other than the purchaser, etc.

The Plan secures transparency by having an independent committee (the "Independent Committee") comprised only of persons independent of the Company's management and consisting of (1) the Company's Outside Directors, (2) the Company's Outside Audit & Supervisory Board Members, and (3) outside experts (experienced corporate management persons, lawyers, certified public accountants, and persons with relevant knowledge and experience) make decisions pursuant to the Independent Committee Rules (refer to Attachment 1 for an outline) and by disclosing information to the shareholders and investors in a timely manner, so as to avoid arbitrary decisions that might be made by the Company's Board of Directors. The members of the Independent Committee are to be the three persons listed in Attachment 2.

Major shareholders of the Company as of March 31, 2020 are shown in Attachment 4 "Company's Shares held by Major Shareholders." The Company confirms that at present the Company has not received any offers for large-scale purchase of the shares of the Company.

4. Contents of the Plan (Measures to Prevent Control over Determination of the Company's Financial and Business Policies by Persons Not Suitable in Light of the Basic Policy)

(1) Procedures Pertaining to the Activation of the Plan

(i) Subject Purchases, etc.

The Plan shall be applicable in cases where purchases of the Company's shares, etc. that fall under A or B below or similar conducts ("Purchases, etc.") are implemented. Any person who makes or proposes such purchases ("Purchaser, etc.") is requested to follow the procedures provided beforehand by the Plan.

A. Concerning shares, etc.[1] issued by the Company, purchases that would make the ownership ratio of the shares, etc.[2] of a holder[3] become 20 percent or more of the shares, etc. issued by the Company.
B. Concerning shares, etc.[4] issued by the Company, tender offers[5] that would make the total of the ownership ratio[6] of the shares, etc. pertaining to the tender offer and the ownership ratio of the shares, etc. of specially related parties[7] thereto become 20 percent or more.

(ii) Requests to the Purchaser, etc. to Submit Information

Except as otherwise stipulated by the Company's Board of Directors, the Purchaser, etc., is requested, before the Purchaser, etc. conducts the Purchase, etc., to submit a statement of intent in the Japanese language in the form designated by the Company to the Board of Directors of the Company with the Purchaser, etc.'s name, address, governing law under which incorporated, representative's name, contact in Japan, and outline of the proposed Purchase, etc. and in which the Purchaser, etc. states a pledge to follow the procedures provided in the Plan, etc. Within 10 business days of receiving said Statement of Intent, the Company's Board of Directors will deliver a list of the necessary and sufficient information required for the Company's shareholders and investors to make decisions and for the Company's Board of Directors to form opinions ("Essential Information") to said Purchaser, etc. ("Initial Information List"). Said Purchaser, etc. who has received delivery of the Initial Information List will provide the Essential Information to the Company's Board of Directors in a written form in the Japanese language.

In cases where the information provided by the Purchaser, etc. is, in light of the details and manner of the Purchase, etc., reasonably judged by the Board of Directors of the Company as not sufficient for the shareholders and investors to make decisions and for assessment and examination to be made by the Independent Committee, the Board of Directors may request the Purchaser, etc. to provide additional information. In this case, the Purchaser, etc. shall additionally provide said information in a written form in the Japanese language.

The Board of Directors may set a deadline for the reply from the Purchaser, etc. as necessary to ensure that the Plan is operated appropriately and promptly. The Company shall also set the maximum length of the period in which the Board of Directors of the Company requests that the purchaser, etc. provide

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1 Meaning "Share Certificates, etc." stipulated by Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act; the same hereinafter unless otherwise stipulated.
2 Meaning "Ownership Ratio of Share Certificates, etc." stipulated in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act; the same hereinafter.
3 Including persons included in holders based on Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act.
4 Meaning "Share Certificates, etc." stipulated in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same in B below.
5 Defined in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act; the same hereinafter.
6 Meaning "Ownership Ratio of Share Certificates, etc." stipulated in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act; the same hereinafter.
7 Meaning "Specially Related Party" defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act (including persons recognized by the Company's Board of Directors to correspond to these persons). However, regarding the persons listed in item (i) of the same paragraph, excluding persons stipulated in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons other than the Issuer; the same hereinafter.

information and the purchaser, etc. submits the reply ("Information Provision Period") to be 60 days from the day immediately following the date on which the Initial Information List was sent. If the Information Provision Period has reached the maximum length, communication with the purchaser, etc. with regard to the provision of information shall be terminated at that point regardless of whether sufficient information has been submitted, and the assessment and examination by the Independent Committee shall commence with the information that has been submitted by that point (see (iii) (B) below).

Regardless of the contents and manner of the Purchase, etc., information concerning each of the following items shall be included as part of the Initial Information List.

A. Details (including full name, equity capital structure, business contents, and financial status) of the Purchaser etc. and the group of the Purchaser, etc. (including co-holders8, specially related parties, and [in the case of a fund] each of the members or other constituents)
B. Purpose, method, and contents of the Purchase, etc. (including type and value of consideration for the Purchase, etc., time for the Purchase, etc., related transaction structure, legality of the method of the Purchase, etc., and likelihood of executing the Purchase, etc.)
C. Grounds for the calculation of the price of the Purchase, etc. (including the base facts before calculation, calculation formula, figures used for the calculation, contents of synergy projected to emerge from the chain of transactions initiated by the Purchase, etc., and contents of synergy to be distributed to minority shareholders thereof)
D. Funding arrangement for the Purchase, etc. (including the full name of the funds providers [including substantial providers], the arrangement to obtain the funds, and the contents of related transactions)
E. Whether or not the Purchaser, etc. communicates with a third party in the large-scale purchase, etc. and if so, the contents of the communications and an outline of said third party.
F. Management policy, business plan, equity capital policy, and dividend policy of the Company and its group companies after the Purchase, etc.
G. Policy on how to treat the Company's employees, labor unions, transaction partners, customers, local communities, and other stakeholders after the Purchase, etc.
H. In cases where conflicts of interest with other shareholders of the Company emerge, specific policy to avoid them
I. Other information that is deemed rationally necessary by the Independent Committee

When the Independent Committee recognizes that a Purchaser, etc. has initiated a Purchase, etc. without following the procedures stipulated in the Plan, except for cases where there are exceptional circumstances whereby consultations and negotiations with the Purchaser, etc. should be conducted in order to continue to request submission of the Essential Information, in principle, as started in (iv) A below, the Independent Committee shall recommend to the Company's Board of Directors to implement an allotment of share options ("Share Options") without contribution ("Allotment of Share Options without Contribution") outlined in (3) below.

[8] Meaning "co-owner" stipulated in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act. Including persons recognized by the Company's Board of Directors to be viewed as co-owners based on paragraph 6 of the same Article; the same hereinafter.

(iii) Examination of the Contents of Purchases, etc., Negotiations with Purchasers, etc., and Consideration of Alternative Proposals

A. Request to the Company's Board of Directors for Provision of Information

In cases where the Essential Information is submitted from a Purchaser, etc., the Independent Committee may also request the Company's Board of Directors to promptly present, within a reasonable period stipulated by the Independent Committee (not to exceed 30 days, in principle), an opinion regarding the contents of the Purchase, etc. by the Purchaser, etc. (including an opinion to hold off on making a decision; the same hereinafter), documents that form the basis for that opinion, alternative proposals, and other information and materials, etc. recognized as suitable and necessary by the Independent Committee.

B. Examination Work by the Independent Committee

In cases where the Independent Committee recognizes that the provision of information and materials, etc. from the Purchaser, etc. and (in cases where the presentation of information and materials, etc. from the Company's Board of Directors is requested as stated above) from the Company's Board of Directors (including those requested additionally) is satisfactory, the Independent Committee is to notify the Purchaser, etc. to that effect (**"Notice of Satisfactory Information"**) and promptly make disclosure to that effect.

The Information Provision Period shall expire on the earlier of the day on which the Notice of Satisfactory Information is given by the Board of Directors of the Company and the day on which the Information Provision Period has reached the maximum length.

After issuing the Notice of Satisfactory Information, the Independent Committee is to set and promptly disclose an assessment period not exceeding 60 days in the case of a tender offer for all of the shares, etc. of the Company for consideration in cash (in Japanese yen) only or of a maximum of 90 days in the case of other Purchases, etc. counting from the day immediately following the day on which the Information Provision Period has expired (**"Assessment Period for the Independent Committee"**) (however, pursuant to the provisions of (iv) C below, the Independent Committee may extend said period by resolution).

During the Assessment Period for the Independent Committee, the Independent Committee shall, based on the information and materials, etc. provided by the Purchaser, etc. and the Company's Board of Directors, from the viewpoint of securing and increasing the Company's corporate value and the common interest of the shareholders, examine the contents of the Purchase, etc. by the Purchaser, etc., examine alternative proposals from the Company's Board of Directors, and collect, compare and examine information concerning the business plans of the Purchaser, etc. and of the Company's Board of Directors.

In cases where, during the Assessment Period for the Independent Committee, the Independent Committee requests, via the Company's Board of Directors, the provision of examination materials and other information, consultations, negotiations, etc., the Purchaser, etc. must promptly respond to said request, and cannot initiate Purchases, etc. until the end of the Assessment Period for the Independent Committee.

To ensure that the decision of the Independent Committee contributes to the Company's corporate value and the common interest of shareholders, the Independent Committee may, among others, secure the advice of independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the Company's expense.

C. Disclosure of Information to Shareholders and Stakeholders

The Independent Committee shall, itself or through the Company's Board of Directors, promptly disclose the fact that the Purchaser, etc. has made a proposal to Purchase, etc., and an outline thereof. In addition, the Independent Committee shall make disclosure regarding those matters the Independent Committee deems appropriate among the outline of the Essential Information and other conditions at the time the Independent Committee deems they are appropriate.

(iv) Decision-Making Methods of the Independent Committee

In cases where any conduct of a Purchaser, etc. falls under any of the following, the Independent Committee shall make recommendations to the Company's Board of Directors in accordance with the following procedures. In cases where the Independent Committee makes recommendations or a resolution to the Company's Board of Directors stipulated in A or C below, or cases the Independent Committee otherwise deems appropriate, the Independent Committee shall promptly disclose information itself or through the Company's Board of Directors regarding the facts of said recommendation or resolution and its outline and other matters deemed appropriate by the Independent Committee (in cases where a resolution is made to the effect of extending the Assessment Period for the Independent Committee pursuant to C below, including that fact, and an outline of the reasons for the extension).

A. Cases where the Purchaser, etc. Does Not Follow the Procedures Prescribed in the Plan

In cases where the Purchaser, etc. does not follow the procedures prescribed in (ii) and (iii) above, in principle, the Independent Committee shall recommend to the Company's Board of Directors to implement an Allotment of Share Options without Contribution, regardless of whether or not the Assessment Period for the Independent Committee has begun or ended.

B. Cases where the Purchaser, etc. Follows the Procedures Prescribed in the Plan.

In cases where the Purchaser, etc. follows the procedures prescribed in (ii) and (iii) above, in principle, the Independent Committee shall recommend to the Company's Board of Directors not to implement an Allotment of Share Options without Contribution, regardless of whether or not the Assessment Period for the Independent Committee has ended.

However, even in cases where the Purchaser, etc. follows the procedures prescribed in (ii) and (iii) above, when, as a result of the examinations of the contents of the Purchase, etc. by the Purchaser, etc. and the consultations and negotiations with the Purchaser, etc., it is recognized that the Purchase, etc. by the Purchaser, etc. falls under any of the requirements stipulated in (2) below, and that it causes harm to the corporate value and common interest of the shareholders of the Company and its group companies, and it is judged that implementation of the Allotment of Share Options without Contribution is reasonable, the Independent Committee may recommend to the Company's Board of Directors to implement the Allotment of Share Options without Contribution as an exceptional measure, regardless of whether or not the Assessment Period for the Independent Committee has ended. The Independent Committee may attach a reservation to its recommendation of the implementation of the Allotment of Share Options without Contribution that the shareholders' intent should be confirmed in advance.

C. Cases where the Independent Committee Extends the Assessment Period for the Independent Committee

In cases where the Independent Committee does not come to make a recommendation to implement or not to implement the Allotment of Share Options without Contribution by the time the initial Assessment Period for the Independent Committee ends, the Independent Committee shall make a resolution to extend the Assessment Period for the Independent Committee within the range rationally necessary for examination of the contents of the Purchase by said Purchaser, etc., consultations and negotiations with said Purchaser, etc., examination of alternative proposals, etc. (The Assessment Period for the Independent Committee may only be extended once, and for a term not to exceed 30 days).

In cases where the Assessment Period for the Independent Committee is extended by the above resolution for extension, the Independent Committee shall continue to collect information and conduct examinations, etc., and make the greatest effort to make a recommendation to implement or not to implement the Allotment of Share Options without Contribution, or present alternative proposals, within the extension period.

(v) Resolution of the Board of Directors and Confirmation of the Shareholders' Intent

The Company's Board of Directors, upon receiving the above-stated recommendation made by the Independent Committee, shall give the best consideration to this and promptly make a final resolution, as an organ under the Companies Act, to implement or not to implement the Allotment of Share Options without Contribution.

When the Independent Committee has attached a reservation to its recommendation of the implementation of the Allotment of Share Options without Contribution that the shareholders' intent on the implementation should be confirmed in advance, the Board of Directors of the Company shall convene a General Meeting to confirm the shareholders' intent (**"General Meeting to Confirm the Shareholders' Intent"**) as soon as practically possible to submit a proposal on the implementation of the Allotment of Share Options without Contribution to the General Meeting unless it is extremely difficult to hold such a General Meeting. The General Meeting to Confirm the Shareholder's Intent may be held simultaneously with an Ordinary or Extraordinary General Meeting. The Assessment Period for the Independent Committee shall expire immediately upon the decision of the Board of Directors of the Company to hold a General Meeting to Confirm the Shareholders' Intent. The Board of Directors of the Company shall respect the resolution of the General Meeting to Confirm the Shareholders' Intent to the maximum extent and pass a resolution whether or not to implement the Allotment of Share Options without Contribution.

In cases where the Company's Board of Directors makes the above-stated Board of Directors resolution, it shall promptly disclose information regarding the outline of said resolution and other matters deemed appropriate by the Company's Board of Directors.

(vi) Suspension of the Allotment of Share Options without Contribution, and Acquisition without Contribution

Even after the Company's Board of Directors resolves to implement an Allotment of Share Options without Contribution pursuant to the procedures in (v) above, in cases where, up until the commencement date of the exercise period of the Share Options, (a) the Purchaser, etc. suspends the large-scale purchase, etc., or (b) changes emerge in facts that were assumptions for the decision on whether or not to implement the Allotment without Contribution, and it becomes deemed inappropriate to maintain countermeasures activated from the perspective of maintaining and enhancing the Company's corporate value and the common interest of shareholders, the Company's Board of Directors may (prior to the effective date of the Allotment of Share Options without Contribution) make a resolution to the effect of suspension of the Allotment of Share Options without Contribution or (after the effective date of the Allotment of Share Options without Contribution) to the effect of acquisition of Share Options without contribution.

In cases where the Company's Board of Directors makes the above-stated resolution, it shall promptly disclose information regarding the outline of said resolution and other matters deemed appropriate by the Company's Board of Directors.

(2) Requirements of the Allotment of Share Options without Contribution

As stated in (1) (iv) above, in cases where the Purchaser, etc. does not follow the procedures stipulated in the Plan, in principle, the Independent Committee shall recommend to implement of the Allotment of Share Options without Contribution, and in cases where the Purchaser, etc. does follow the procedures stipulated in the Plan, in principle, the Independent Committee shall recommend not to implement the Allotment of Share Options without Contribution. Also, as stated in (1) (v) above, the Company's Board of Directors shall make a resolution, as an organ under the Companies Act, regarding whether to implement or not to implement the Allotment of Share Options without Contribution, giving the best consideration to the recommendation of the Independent Committee or the resolution of the General Meeting to Confirm the Shareholders' Intent, if it has been held. On the other hand, even in cases where the Purchaser, etc. follows the procedures stipulated in the Plan, in cases where the Purchase, etc. by the Purchaser, etc. falls under any of the following, is recognized as damaging the corporate value of the Company and its group companies

and the common interest of the shareholders, and implementing the Allotment of Share Options without Contribution is recognized to be reasonable, the Allotment of Share Options without Contribution may be implemented, as an exceptional measure, by resolution of the Company's Board of Directors stated in (1)(v) above. Also, as stated in (1) (iv) above, the judgement on whether or not a Purchase, etc. falls under the following requirements and whether it is reasonable to implement an Allotment of Share Options without Contribution shall be left to the Independent Committee.

(i) Cases where the Purchases, etc. has a risk of causing clear damage to the Company's corporate value and the common interest of shareholders through the following acts or similar acts
   A. The act of buying up shares, etc., and requesting the Company to purchase those shares, etc. at a high price
   B. The act of temporarily controlling the Company's management, acquiring the Company's important assets, etc. at a low price, etc., and otherwise conducting management to realize the interests of the Purchaser, etc. while sacrificing the Company
   C. The act of diverting the Company's assets as collateral for a loan or underlying assets for repayment of a loan of the Purchaser, etc. or its group companies
   D. The act of temporarily controlling the Company's management, having the Company dispose of high-priced assets that do not concern the Company's business at present, using those disposal profits to have the Company temporarily pay high dividends, or selling out at a high price aiming at the opportunity of a sudden rise in the share price from the temporarily high dividends.

(ii) Cases where the Purchase, etc. is a coercive two-tier Purchase, etc. (that is, the exercise of a tender offer or other purchase of shares without soliciting the purchase of all shares in the first-tier purchase while setting disadvantageous conditions for shareholders or not clarifying the conditions for the second-tier purchase) or other Purchase, etc. that has a risk of effectively coercing shareholders to sell shares.

(3) Outline of the Allotment of Share Options without Contribution
The outline of the Allotment of Share Options without Contribution to be implemented based on the Plan is as stated in Attachment 3 "Outline of the Allotment of Share Options without Contribution."

(4) Effective Period, Abolition and Alteration of the Plan
In cases where approval of the Plan is obtained at the 2020 AGM scheduled to be held on June 24, 2020, the Plan shall be effective until the adjournment of the Ordinary General Meeting to be held in June 2023.

However, if a General Meeting of the Company resolves an alteration or abolition of the Plan before the expiration of the effective period, the Plan shall be altered or abolished subsequent to said resolution. In addition, where the Board of Directors consisting of only the Directors appointed by a General Meeting of the Company resolves to abolish the Plan, the Plan shall be abolished at the time.

Also, the Board of Directors of the Company may amend or alter the Plan due to amendment of the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations, or the rules of financial instruments exchanges, or due to change of the interpretation or operation of them, or due to change of taxation system or legal precedent, etc., within the range recognized as rationally necessary, with the approval of the Independent Committee.

In cases where the Plan is abolished or altered, the Company shall disclose the fact that the Plan is abolished or altered, and (in cases where altered) the contents of the alteration and other matters deemed appropriate by the Board of Directors of the Company.

5. Rationality of the Plan

(1) Satisfaction of All of the Requirements Provided by the Guidelines regarding Takeover Defense
The Plan satisfies the three principles (principle of maintenance and enhancement of corporate value and common interest of shareholders, principle of prior disclosure and shareholder decision, and principle of necessity and justifiability) that are provided by the "Guidelines regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The Plan also takes into consideration the insights presented in "Anti-takeover Measures in the Latest Environment" published by the Corporate Value Study Group on June 30, 2008.

(2) Continuing Implementation of the Plan to Maintain and Enhance the Common Interest of the Shareholders of the Company
The continuing implementation of the Plan purports to maintain and enhance the corporate value and common interest of the shareholders of the Company by making it possible, when Purchase, etc. of the Company's shares is attempted, to secure the necessary information and period of time for shareholders to decide whether or not said Purchase, etc. should be accepted, or for the Board of Directors to offer an alternative proposal, or to negotiate with the Purchaser, etc. on behalf of the shareholders.

(3) Respect of Shareholders' Opinions
The Plan shall be continued, subject to the approval of the shareholders at the 2020 AGM, and as stated in 4. (4), even after receiving approval at the 2020 AGM, if a General Meeting of the Company resolves an alteration or abolition of the Plan, the Plan shall be altered or abolished subsequent to the resolution. Therefore, the opinion of shareholders of the Company shall be fully respected in the continuation and abolishment of the Plan.

(4) Respect of the Opinion of Highly Independent Outsiders, and Information Disclosure
In the Plan, to prevent the Board of Directors from making arbitrary decisions, the Company has set up the Independent Committee as an organ that objectively makes substantial decisions for activating and otherwise executing the Plan for the shareholders.

The Independent Committee is independent from the management persons who execute the business of the Company, and comprises three or more members selected from the Company's Outside Directors, Outside Audit & Supervisory Board Members, and outside experts.

In addition, the Company shall disclose to the shareholders and investors an outline of the decisions of the Independent Committee, as necessary, securing a structure for the transparent operation of the Plan, within the range that contributes to the Company's corporate value and the common interest of the shareholders.

(5) Setting Rational and Objective Requirements for Activation of the Plan
As stated in 4. (1)(iv) and 4. (2) above, the Plan is not activated unless rational and objective requirements set beforehand are satisfied, securing a structure to prevent the Board of Directors from making arbitrary activation.

(6) Obtaining the Opinions of Third Party Experts
As stated in 4. (1) (iii), when a Purchaser, etc. appears, the Independent Committee may obtain the advice of independent third parties (financial advisers, certified public accountants, lawyers, consultants and other experts) at the Company's expense, securing a structure to strongly ensure fair and objective decisions by the Independent Committee.

(7) No Dead-hand or Slow-hand Measures

As stated in 4. (4) above, the Plan can be abolished anytime by a Board of Directors consisting of Directors appointed by the Company's General Meeting. Therefore, the Plan is not a dead-hand measure (that is, a takeover defense measure whose activation cannot be stopped even if the majority members of the Board of Directors are replaced).

Since the term of office of the Directors of the Company is one year, the Plan is not a slow-hand measure (that is, a takeover defense measure whose activation takes time to stop because all of the Board's members cannot be replaced at once), either.

6. Effect on Shareholders and Investors

(1) Effect on Shareholders and Investors by the Continuation of the Plan

At the time of the continuation of the Plan, the Allotment of Share Options without Contribution itself is not conducted, so this does not have any direct, specific effect on the rights and interests of shareholders.

As stated in 4. above, the Company's response policy to said act of purchase differs depending on whether or not the Purchaser, etc. follows the Plan or not, so shareholders and investors are advised to pay attention to the behavior of the Purchaser, etc.

(2) Effect on Shareholders and Investors at the time of the Allotment of Share Options without Consideration

Under the resolution for the Allotment of Share Options without Contribution, the Company's Board of Directors makes an Allotment of Share Options without Contribution to shareholders on the separately stipulated allotment date, at a ratio separately determined by the Company's Board of Directors in the resolution for the Allotment of Share Options without Contribution with a maximum of one Share Option for each share of the Company's stock. Theoretically, if shareholders were not to pay the prescribed exercise value and other cash within the rights exercise period or implement other procedures pertaining to the exercise of the Share Options stated in (3) below, the shares of the Company which they hold would be diluted by the exercise of the Share Options by other shareholders. However, by the procedures stated in (3) below, the Company may acquire the Share Options of shareholders other than the Purchaser, etc. and deliver shares of the Company in exchange. When the Company follows said procedures for acquisition, shareholders other than the Purchaser, etc. receive shares of the Company without exercising the Share Options or paying cash equivalent to the prescribed exercise value, so there is no dilution of the shares of the Company they hold.

Even in cases where the Company's Board of Directors resolves Allotment of Share Options without Contribution, in cases where the Company's Board of Directors makes a resolution for suspension of the Allotment without Contribution or for acquisition without contribution in accordance with the procedures stated in 4. (1) (vi) above, the price of the shares of the Company may change accordingly. For example, after the shareholders who should receive Allotment of Share Options without Contribution are decided, and where the Company suspends the activation of countermeasures and acquires Share Options without Contribution without delivering new shares, the economic value of each share of the Company held by the shareholders would not be diluted. In such case, please be aware that those shareholders and investors who have traded the shares on an assumption that the economic value of each share of the Company would be diluted may incur losses by the fluctuation of the share price.

(3) Shareholder Procedures Accompanying the Allotment of Share Options without Contribution

The shareholders recorded on the final version of the shareholders' register on the allotment date shall automatically become the holders of the Share Options on the effective date of the concerned Allotment of Share Options without Contribution, and therefore need not implement the application procedures, etc.

Also, in principle, the Company will send an invoice for exercise of the Share Options and other documents necessary for the exercise of the Share Options (in a format specified by the Company that includes contents and number of Share Options pertaining to exercise, date of exercise of the Share Options

and other necessary matters, as well as representation and warrantee provisions, indemnification provisions, and other wording of pledges for shareholders themselves to satisfy the Share Options exercise conditions) to the shareholders recorded on the final version of the shareholders' register on the allotment date. After the Allotment of Share Options without Contribution, the shareholders submit these necessary documents within the Share Options exercise period, in principle, so that one share of the Company will be issued per Share Option by payment to the place handling the payment of the amount stipulated by the resolution for Allotment of Share Options without Contribution by the Board of Directors of the Company that is at least one yen per Share Option.

However, in cases where the Company's Board of Directors makes a decision to the effect of acquiring the Share Options, the Company, in accordance with the statutory provisions, may acquire the Share Options on the date separately stipulated by the Company's Board of Directors, and in exchange deliver the Company's shares to the shareholders. In this case, the Company may have the concerned shareholders separately submit representation and warrantee provisions that they are not the Purchaser, etc., indemnification provisions, and other wording of pledges in a format specified by the company in writing.

In addition to the above, the Company shall announce and notify the shareholders of the details of the allotment method, exercise method, and method of acquisition by the Company after the Company's Board of Directors passes a resolution concerning the Allotment of the Share Options without Contribution. Please confirm the concerned contents.

Attachment 1: Outline of the Independent Committee Rules

1. The Independent Committee shall be established by resolution of the Company's Board of Directors.

2. The Independent Committee shall have three or more members independent from the management of the Company who shall be appointed by the Company's Board of Directors from among persons that fall within the scope of (1) the Company's Outside Directors, (2) the Company's Outside Audit & Supervisory Board Members, or (3) outside experts. The outside experts shall be experienced corporate management persons, former government officials, lawyers, certified public accountants, persons with relevant knowledge and experience or equivalent persons, and persons concluding a contract with the Company that includes provisions of the duty of due care of a prudent manager as separately stipulated by the Company.

3. The term of office of members of the Independent Committee shall be from the date of appointment to the adjournment of the Ordinary General Meeting concerning the final fiscal year that ends within three years from the appointment. However, this shall not apply in cases where the Board of Directors resolves otherwise. In addition, in cases where an Outside Director or Outside Audit & Supervisory Board Member who is a member of the Independent Committee is no longer a Director or Audit & Supervisory Board Member, their term of office as members of the Independent Committee shall also end at that time.

4. The Independent Committee can request the Company's Directors, Audit & Supervisory Board Members, employees, and other persons recognized as necessary to attend, and may seek their opinions and explanations as necessary.

5. The Independent Committee can meet as needed, and its resolutions are made by a majority of members, with all members attending. However, when one or more members are unable to attend because of accident or other unavoidable reason, resolutions are made by a majority of members, with more than half the members attending.

6. The Independent Committee decides on the matters listed in each of the following items, and provides recommendations to the Board of Directors of the Company with the contents of those decisions and the reasoning. The Independent Committee shall make prompt information disclosure itself or through the Board of Directors of the Company regarding the fact that a resolution is made, its outline, and other matters deemed appropriate by the Independent Committee.

   In addition, each member of the Independent Committee is required to make decisions, etc. from the standpoint of whether or not they contribute to the Company's corporate value and the common interest of shareholders, and must not act exclusively for purpose of their own interests or the personal interest of the Company's management persons.

   (1) Decisions on the relevance of Purchases, etc. subject to the Plan
   (2) Implementing or not implementing Allotment of Share Options without Contribution pertaining to the exercise of the Plan (including whether or not the shareholders' intent to be confirmed in advance in implementing it)
   (3) Suspension of the Allotment of Share Options without Contribution pertaining to the exercise of the Plan, and Acquisition without Contribution
   (4) Abolition or alteration of the Plan (however, regarding alteration, within the range that does not oppose the Basic Policy of the Plan, also, limited to the range deemed rationally necessary from changes in the Companies Act, Financial Instruments and Exchange Act, and other laws and regulations, or changes in the rules of financial instrument exchanges, or changes in their interpretation or operation, or changes in the taxation system or legal precedent)
   (5) Decisions on information, opinions, alternative proposals, and materials a Purchaser, etc. and the Company's Board of Directors must submit to the Independent Committee, and their response deadlines

(6) Setting the Assessment Period for the Independent Committee (however, the assessment period is not to exceed 60 days in the case of a tender offer for the shares of the Company in cash [Japanese yen] only and not to exceed 90 days in the case of other acts of large-scale purchases) and extensions of said period (for a period not to exceed 30 days)
(7) Among all other matters to be decided by the Company's Board of Directors, those matters on which the Board of Directors consults the Independent Committee

7. In addition to the matters specified in 6., the Independent Committee can conduct the matters stated in each of the following items.
(1) Carefully investigating and examining the contents of the Purchase, etc. of a Purchaser, etc.
(2) Negotiation and consultation with a Purchaser, etc.
(3) Examination of alternative proposals
(4) Presentation of alternative proposals to shareholders
(5) Other matters that the Independent Committee can conduct under the Plan
(6) Other matters that Independent Committee can conduct as separately specified by the Company's Board of Directors

8. The Independent Committee may, among others, receive advice from independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the Company's expense.

Attachment 2: Personal Records of the Independent Committee Members

Mr. Kazumitsu Tomimura
Born: March 1940

April 1967	Appointed as a Public Prosecutor
Aug. 1995	Public Prosecutor, Supreme Public Prosecutors Office
Jan. 1996	Chief Prosecutor, Matsue District Public Prosecutors Office
April 1997	Chief Prosecutor, Tsu District Public Prosecutors Office
July 1998	Chief Prosecutor, Kyoto District Public Prosecutors Office
Oct. 1999	Registered as an attorney
April 2003	Vice-Chairperson, Disciplinary Enforcement Committee, Hiroshima Bar Association Committee Member, Disciplinary Enforcement Committee, Japan Federation of Bar Associations
April 2005	Chairperson, Disciplinary Enforcement Committee, Hiroshima Bar Association
Feb. 2011	Assistant Director, Hiroshima Branch, Asia Crime Prevention Foundation (current position)

Mr. Tokumitsu Murakami
Born: Dec. 1947

July 1971	Entered the National Police Agency
Jan. 1991	Chief, Headquarters, Iwate Prefecture Police
April 1995	Director, General Affairs Division, Imperial Household Agency
Oct. 1999	Chief, Headquarters, Kanagawa Prefecture Police
Sept. 2001	Director, International Affairs Department, National Police Agency
April 2002	President, National Police Academy
July 2003	Ambassador of Japan to Lebanon
Feb. 2007	Managing Director, Council for Public Policy
July 2013	Comptroller, Police Employees Cooperative Association

Mr. Kyoichi Toriyama
Born: May 1958

April 1986	Full-time Lecturer, School of Law, Waseda University
April 1988	Assistant Professor, School of Law, Waseda University
May 1989	Overseas research, Pantheon-Sorbonne University (1989-1992)
April 1993	Professor, School of Law, Waseda University
April 2004	Professor, Waseda Law School (current position)

* The three persons listed above do not have any special interest relations with the Company.

Attachment 3: Outline of the Allotment of Share Options without Contribution

1. Number of Share Options
   The number of share options shall be the number separately stipulated by the Company's Board of Directors in the resolution for the Allotment of Share Options without Contribution (**"Allotment of Share Options without Contribution Resolution"**) not to exceed a number equal to the final total number of the Company's shares in issue on the allotment date separately stipulated in the Allotment of Share Options without Contribution Resolution (**"Allotment Date"**) (excluding the number of shares of the Company held by the Company at that time).

2. Shareholders Subject to Allotment
   The Share Options are to be allotted without contribution to the shareholders other than the Company recorded in the final shareholders' register of the Company on the Allotment Date, at a ratio separately determined by the Company's Board of the Directors in the Allotment of Share Options without Contribution Resolution, with a maximum of one Share Option for each share of the Company they hold.

3. Effective Date of the Allotment of Share Options without Contribution
   The effective date of the Allotment of Share Options without Contribution shall be the date separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution.

4. Type and Number of Shares that are the Object of the Share Options
   The type of shares that are the object of the Share Options shall be ordinary shares of the Company, and the number of shares that are the object of each Share Option ("Number of Subject Shares") shall be one share, unless adjusted separately.

5. Value of Assets to be Contributed upon Exercise of Share Options
   The object of the contribution upon exercise of Share Options shall be money, and the value of assets contributed per share of the Company upon exercise of Share Options shall be a value not less than one Japanese yen as separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution.

6. Share Options Exercise Period
   The Share Options exercise period shall be a period from the effective date of the Allotment of Share Options without Contribution or a date separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution until a day within the range of one month to two months separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution. However, in cases of acquisition of the Share Options by the Company based on 9. below, the exercise period for the Share Options pertaining to said acquisition shall be until the business day one day prior to said acquisition day. In addition, in cases where the final day of the exercise period is a non-business day at the place handling the payment for the exercise, the final day of the exercise period shall be the next business day.

7. Conditions for Exercise of Share Options
   In principle, the persons listed below cannot exercise the Share Options
   (1) Specified large-scale holder[9]
   (2) Co-holder of a specified large-scale holder
   (3) Specified large-scale purchaser[10]
   (4) Specially related party of a specified large-scale purchaser
   (5) Person transferred or assigned Share Options from a person corresponding to (1) through (4) above, without approval of the Company's Board of Directors
   (6) Person related to a person[11] stated in (1) through (5) above (hereafter, persons corresponding to (1) through (6) are collectively referred to as **"Specified Purchaser, etc."**)

8. Transfer of the Share Options
   Acquisition by transfer of Share Options requires approval of the Company's Board of Directors.

9. Acquisition of Share Options by the Company
   On the day separately stipulated by the Company's Board of Directors, the Company may acquire Share Options held by persons other than a Specified Purchaser, etc. and in exchange deliver the number of subject shares per share option of the Company's ordinary shares. When the Company acquires Share Options from a Specified Purchaser, etc., it shall not deliver any money or other economic benefits to the Specified Purchaser, etc. as consideration.
   The details of the conditions for acquisition of Share Options shall be separately stipulated in the Allotment of Share Options without Contribution Resolution.

10. Acquisition without Contribution in cases where Activation of Countermeasures is Suspended, etc.
    In cases where activation of countermeasures is suspended by the Company's Board of Directors and other cases separately stipulated by the Company's Board of Directors in the Allotment of Share Options without Contribution Resolution, the Company can acquire all of the Share Options without contribution.

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[9] Meaning holders of shares, etc. issued by the Company who are persons recognized by the Company's Board of Directors as those whose ownership ratio becomes 20% of the concerned shares, etc.

[10] Meaning a person who has made public notice of the intention to conduct the Purchase, etc. (stipulated in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same hereinafter in this footnote) of Shares, etc. (meaning "Share Certificates, etc." stipulated in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same hereinafter in this footnote) issued by the Company by tender offer whose ownership ratio of Shares, etc. after said purchase is recognized by the Board of Directors of the Company to be 20% or more together with the ownership ratios of Shares, etc. of specially related parties of that person (including cases equivalent thereto set forth in Article 7, paragraph 1 of the Ordinance for Enforcement of the Financial Instruments and Exchange Act).

[11] Meaning a person with effective control over that person, or who is controlled by that person, or who is controlled together with that person by some other person. "Control" means "cases of control over the decisions of the financial and business policies" of another company, etc. (defined in Article 3, paragraph 3 of the Ordinance for Enforcement of the Companies Act).

Attachment 4: Company's Shares Held by Major Shareholders

Major Shareholders of the Company (as of March 31, 2020)

Name of Shareholder	Capital Contribution to the Company	
	Shares Held (thousand)	Ratio (%)
Shibuya Scholarship Foundation	5,544	11.18
Kintetsu Group Holdings Co., Ltd.	3,879	7.83
Japan Trustee Services Bank, Ltd. as trustee for Retirement Benefit Trust of Kintetsu Railway Co., Ltd. (re-entrusted by Sumitomo Mitsui Trust Banking & Co., Ltd)	3,400	6.86
Japan Trustee Services Bank, Ltd. (Trust A/C 4)	2,866	5.78
Master Trust Bank of Japan, Ltd. (Trust A/C)	2,448	4.94
Nippon Life Insurance Company	2,020	4.08
Hiroshima Bank, Ltd.	1,762	3.56
Japan Trustee Services Bank, Ltd. (Trust A/C)	1,229	2.48
Fukuyama Transporting Welfare Association	1,163	2.35
Sompo Japan Nipponkoa Insurance Inc.	1,017	2.05

(Note) 1. The number of shares less than one thousand in number is rounded down.
2. The Company holds 6,200 thousand shares as Treasury Stocks. They are omitted on the list above.
3. Ratio shows percentages with an omission of the Treasury Stocks from the shares in issue of the Company.