

Notice regarding continuation of performance-linked stock compensation plan

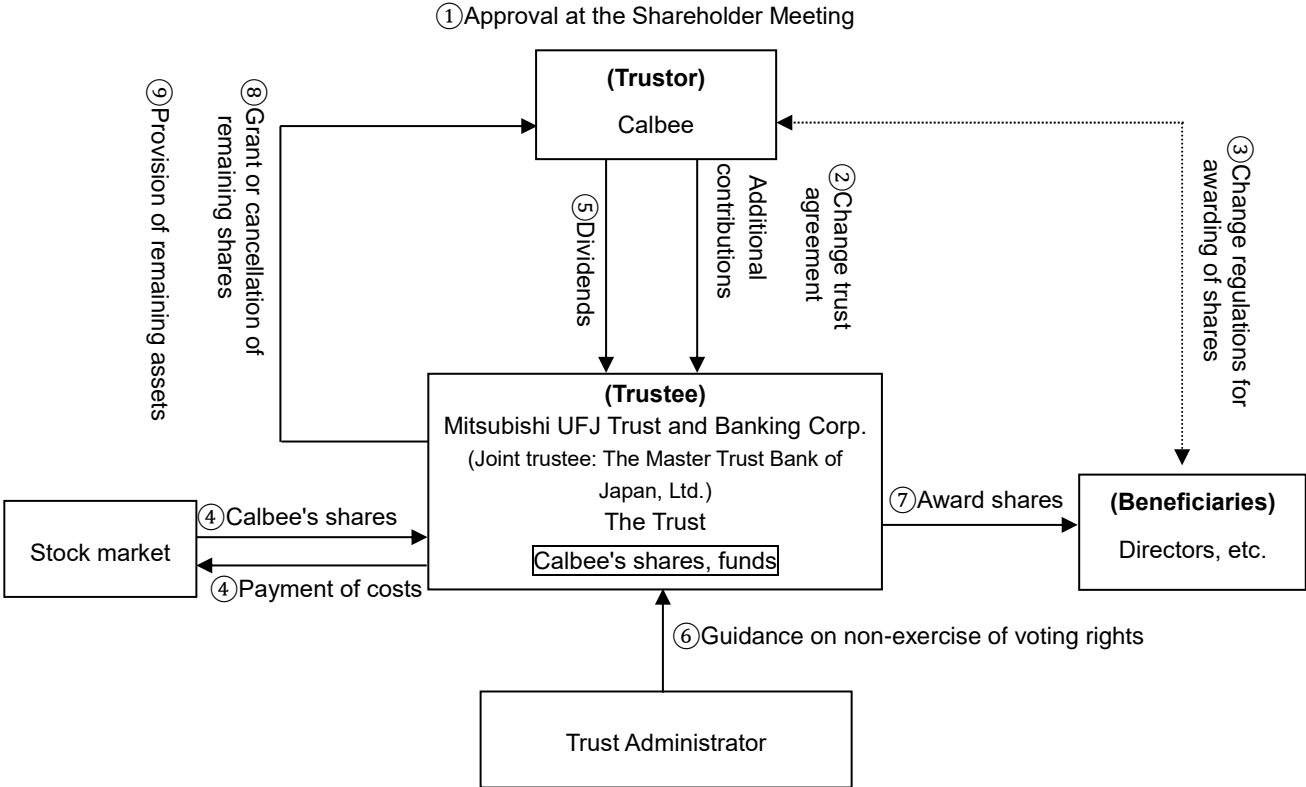
Tokyo, May 14, 2020 — Calbee, Inc. (hereinafter “Calbee”) resolved at a Board of Directors meeting held today to submit to the 71st Annual General Meeting of Shareholders scheduled for June 24, 2020 (hereinafter the “Shareholder Meeting”) a proposal (hereinafter the “Proposal”) to continue the performance-linked stock compensation plan (hereinafter the “Compensation Plan”) introduced in the fiscal year ended March 31, 2015 for Calbee's Directors (excluding Outside Directors and Part-time Directors), and Executive Officers with titles contractually bound to Calbee (hereinafter collectively “Directors, etc.”). The details are as follows.

1. Continuation of the Compensation Plan

- (1) At the Board of Directors meeting held today, Calbee resolved to submit the Proposal to the Shareholder Meeting for the purpose of increasing the awareness of Directors, etc. about the importance of contributing to further enhancement of performance and corporate value of Calbee over the medium- to long-term. If the Proposal is approved, Directors' compensation will continue to be composed of basic remuneration, bonuses, performance-linked stock compensation, retirement benefits and stock options. The last time stock options were issued was in 2010.
- (2) The continuation of the Compensation Plan is subject to approval at the Shareholder Meeting
- (3) The Compensation Plan adopts the Board Incentive Plan Trust (hereinafter “BIP Trust”) framework. The BIP Trust is system under which Calbee's shares acquired by the Trust are awarded to Directors, etc. according to the title and the degree of the results achieved.

*For details of the Compensation Plan, please refer to “Proposal 5: Partial Revision to the Performance-linked Stock Compensation Plan for Directors and Executive Officers with Titles, etc.” in the Notice of the 70th Annual General Meeting of Shareholders, the “Notice regarding the continuation of and partial revision to the performance-linked stock compensation plan” issued on May 12, 2017 and the “Notice regarding the introduction of a performance-linked stock compensation plan” issued on May 13, 2014.

2. BIP Trust structure



- ① The continuation of the Compensation Plan is predicated on receiving approval at the Shareholder Meeting.
- ② Based on consent to the change to the trust agreement, the trust period of the trust (hereafter the "Trust") with beneficiaries who are the Directors, etc. meeting the beneficiary criteria, is extended by making a cash contribution within the scope of approval received at the Shareholder Meeting mentioned in ①.
- ③ Upon continuing the Compensation Plan, Calbee will partially change the regulations for the awarding of shares.
- ④ According to the directions of its administrator, the Trust will use the cash contribution mentioned in ② to acquire Calbee's shares from the stock market. The number of shares acquired will be in accordance with the approval granted by resolution at the Shareholder Meeting mentioned in ①.
- ⑤ Dividends from Calbee's shares in the Trust will be handled in the same way as with other shares, and allocated to expenses necessary for the Compensation Plan.
- ⑥ Voting rights for Calbee's shares in the Trust will not be exercised while they are held by the Trust.
- ⑦ During the trust period, points will be awarded to Directors, etc. based on their titles and degree of results achieved in each fiscal year. Upon their retirement, Directors, etc. who meet beneficiary criteria will receive Calbee's shares according to the number of accumulated points.
- ⑧ Should any shares remain when the Trust expires due to failure to achieve performance targets, etc. during the trust period, it is planned that the Trust will continue to be implemented by changing the trust agreement or by implementing an additional entrustment, or that the remaining shares will be transferred without consideration to Calbee and cancelled in accordance with a Board of Directors' resolution.
- ⑨ When the Trust expires, it is planned that any assets remaining in the Trust after distribution to beneficiaries be returned to Calbee within the scope of a reserve fund for trust expenses remaining after deductions for share purchases.

* In the event that none of Calbee's shares remain in the Trust after the shares are awarded to beneficiaries, the Trust will expire before the end of the trust period. However, Calbee may entrust additional cash as funds for the acquisition of its shares, within the scope of approval by resolution at the Shareholder Meeting.

(Reference) Details of trust agreement

1. Type of trust:	Monetary Trust other than a specified solely administered monetary trust (Third Party Beneficiary Trust)
2. Purpose of trust	Provide incentives to Calbee's Directors, etc.
3. Trustor	Calbee, Inc.
4. Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
5. Beneficiaries	Retired Directors, etc. who satisfy beneficiary criteria
6. Trust administrator	Third party with no Company or financial relations (authorized CPA)
7. Trust indenture date	August 6, 2014 (planned to change on July 31, 2020)
8. Trust period	August 6, 2014 to August 31, 2020 (planned to extend to August 31, 2023, by changing the trust agreement dated July 31, 2020)
9. Plan launch date	September 1, 2014
10. Exercise of voting rights	Not to be exercised
11. Class of shares	Common shares of Calbee
12. Amount of shares	700 million yen (including trust fees and trust expenses)
13. Share acquisition period	August 3 to 29, 2020 (planned)
14. Share acquisition method	Acquire on stock market
15. Rights holder	Calbee
16. Remaining assets	Calbee, as rights holder, will consider receivable assets remaining after deductions for share purchases to fall within the scope of a reserve fund for trust expenses.

Details of business associated with the Trust and shares

1. Trust-related business	Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. handle trust-related business as the trustee of the BIP Trust.
2. Share-related business	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. handles business related to delivering Calbee's shares to beneficiaries on an outsourcing agreement basis.