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(Securities Code 2229)
June 2, 2020

To Shareholders with Voting Rights:

Shuji Ito
President & CEO, Representative Director
Calbee, Inc.
Marunouchi Trust Tower Main, 22nd Floor
1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005, JAPAN

NOTICE OF THE 71ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

You are cordially invited to attend the 71st Annual General Meeting of Shareholders of Calbee, Inc. (the "Company"). The meeting will be held for the purposes as described below.

- 1. Date and Time:** Wednesday, June 24, 2020 at 10:00 a.m. Japan time
(The reception desk will open at 9:00 a.m.)
- 2. Place:** The Prominence Ballroom at ANA InterContinental Tokyo located at B1, 1-12-33, Akasaka, Minato-ku, Tokyo, Japan
* If you are unable to attend the meeting, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Tuesday, June 23, 2020, Japan time. You can exercise your voting rights by mail or by electromagnetic means (via the Internet, etc.). If the voting rights are exercised in duplicate both by submitting the Voting Rights Exercise Form and via the Internet, the exercise of voting rights via the Internet shall be deemed valid.
- 3. Meeting Agenda:**
- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the Company's 71st Fiscal Year (April 1, 2019 - March 31, 2020) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the Company's 71st Fiscal Year (April 1, 2019 - March 31, 2020)
- Proposals to be resolved:**
- Proposal 1:** Distribution of Surplus
Proposal 2: Election of Eight (8) Directors
Proposal 3: Election of One (1) Audit & Supervisory Board Member
Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal 5: Payment of Bonuses to Directors
Proposal 6: Continuation of the Performance-linked Stock Compensation Plan for Directors and Executive Officers with Titles

Other Matters concerning this Notice

Disclosure on the Internet

The Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by Audit & Supervisory Board Members and the Accounting Auditor consist of the documents provided in this Notice as well as the “Consolidated Statement of Changes in Shareholders’ Equity,” “Notes to Consolidated Financial Statements,” “Non-consolidated Statement of Changes in Shareholders’ Equity,” and “Notes to Non-consolidated Financial Statements” posted on the Company’s website.

Of the documents to be appended to this Notice, the following matters are posted on the Company’s website (<https://www.calbee.co.jp/ir/stock/meeting/>) (in Japanese) in accordance with provisions of laws and regulations as well as Article 15 of the Company’s Articles of Incorporation and therefore are not provided in this Notice.

1) “Status of Subscription Rights to Shares, etc.,” “Matters related to the Accounting Auditor,” “Systems for Ensuring Appropriateness of Operations and the Status of Operation of Such Systems” in the Business Report, 2) “Consolidated Statement of Changes in Shareholders’ Equity” and “Notes to Consolidated Financial Statements” and 3) “Non-consolidated Statement of Changes in Shareholders’ Equity” and “Notes to Non-consolidated Financial Statements”

- ◎ The Company considers the occasion of its General Meeting of Shareholders a valuable opportunity to engage in productive dialogue with its shareholders. We urge you to attend this meeting. In order to save resources, you are requested to bring this notice.
- ◎ If you intend to exercise your voting rights by proxy, you may authorize one (1) other shareholder with voting rights to act as your proxy at the General Meeting of Shareholders. In such case, a document evidencing the power of representation must be presented. Please note that any person who is not a shareholder of the Company is not permitted to enter the venue.
- ◎ Any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements will be posted on the Company’s website (<https://www.calbee.co.jp/ir/stock/meeting/>) (in Japanese).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company recognizes that returning profits to shareholders is one of its key responsibilities. The Company's policy is to consistently and productively return profits by adopting a consolidated dividend payout ratio of 40% or more as a medium-term target while striving to improve profitability and strengthen the financial position.

On the basis of consistent and productive distribution of profits and upon comprehensively considering consolidated results and financial position, it is proposed that the year-end dividend for the fiscal year under review be as follows:

1. Type of dividend property: Cash
2. Matters concerning allocation of dividend property to shareholders and the total amount thereof
¥50 per share of common stock of the Company
Total amount: ¥ 6,696,444,450
3. Effective date of distribution of surplus: Thursday, June 25, 2020

Proposal 2: Election of Eight (8) Directors

As the terms of office of all the eight (8) Directors will expire at the conclusion of this meeting, the election of eight (8) Directors is proposed.

At the Company, Independent Directors constitute the majority of the members of the Board of Directors. Furthermore, the Company is committed to promoting diversity in the composition of its Board of Directors with broad range of expertise and background, proactively welcoming members who are diverse with respect to background, gender, and nationality. In accordance with this policy, the Nominating Committee, which is a non-mandatory committee supporting management and the majority of whose members are Outside Directors, objectively discussed and submitted recommendations of candidates for Director, and the Board of Directors nominated candidates. Independence is judged in accordance with the independence standards specified by the Tokyo Stock Exchange.

The candidates for Director are as follows.

List of Candidates for Director

No.		Name	Age	Current positions and responsibilities at the Company	Attendance at Board of Directors' meetings	Attributes
1	Reappointment	Shuji Ito	63	President & CEO, Representative Director	100% (13/13)	
2	Reappointment	Makoto Ehara	61	Executive Vice President & COO	100% (10/10)	
3	Reappointment	Koichi Kikuchi	56	Senior Managing Director & CFO	100% (10/10)	
4	Reappointment	Yuzaburo Mogi	85	Outside Director	92% (12/13)	Outside Director Independent Director
5	Reappointment	Takahisa Takahara	58	Outside Director	92% (12/13)	Outside Director Independent Director
6	Reappointment	Atsuko Fukushima	58	Outside Director	92% (12/13)	Outside Director Independent Director
7	Reappointment	Yoshihiko Miyauchi	84	Outside Director	100% (13/13)	Outside Director Independent Director
8	New candidate	Sylvia Dong	40	-	-	Outside Director New candidate

(Notes)

1. The age of a candidate is the age at the conclusion of this meeting.
2. There are no special interests between each candidate for Director and the Company.
3. The current Articles of Incorporation of the Company stipulates that, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Directors (excluding executive Directors, etc.) to limit their liability for damages provided for in Article 423, Paragraph 1 of the said Act to the minimum liability amount stipulated by laws and regulations. Subject to the approval of the election of each candidate for Outside Director above, the Company intends to continue or enter into a liability limitation agreement with the same content as above with each candidate.

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions		Number of shares of the Company held
1	<p>Shuji Ito (Feb. 25, 1957)</p> <p>Age: 63</p> <p>Reappointment</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<p>Mar. 1979</p> <p>Jul. 2001</p> <p>Jun. 2004</p> <p>Jun. 2005</p> <p>Jun. 2009</p> <p>Jun. 2018</p>	<p>Joined the Company</p> <p>Executive Officer and COO of the East Japan Company</p> <p>Director, Executive Officer and COO of the Jagarico Company</p> <p>Director, Executive Managing Officer and the Controller of the Marketing Group</p> <p>President & COO, Representative Director</p> <p>President & CEO, Representative Director (current position)</p>	72,000
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Shuji Ito is well versed in the Company's overall management by virtue of his rich experience as a member of the Group since 1979 in various fields, including manufacturing, sales, corporate planning, and marketing.</p> <p>The Company nominated him as a candidate for Director because the Company believes that effectiveness of the Board of Directors' decision-making and oversight functions can be enhanced by utilizing his experience and knowledge.</p> <p>He will have served as Director of the Company for 16 years at the conclusion of this meeting.</p>				
2	<p>Makoto Ehara (Dec. 24, 1958)</p> <p>Age: 61</p> <p>Reappointment</p> <p>Attendance at Board of Directors' meetings: 100% (10/10)</p>	<p>Apr. 1981</p> <p>Apr. 2001</p> <p>Apr. 2008</p> <p>Mar. 2011</p> <p>Apr. 2011</p> <p>Apr. 2014</p> <p>Apr. 2015</p> <p>Apr. 2019</p> <p>Jun. 2019</p>	<p>Joined Itochu Corporation</p> <p>Joined Johnson & Johnson K.K.</p> <p>Vice President & General Manager of Business Operations</p> <p>Joined the Company. Senior Executive Officer, the Company</p> <p>President and Representative Director, Japan Frito-Lay Ltd.</p> <p>Managing Executive Officer, the Company and President and Representative Director, Japan Frito-Lay, Ltd.</p> <p>Executive Vice President, the Company</p> <p>Vice President, Overseas Company President and Assistant to the President</p> <p>Executive Vice President & COO (current position)</p>	900
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Makoto Ehara is well versed in the Company's overall management through his service in a position responsible for the overseas business division, as the president of a subsidiary, and assisting the President as the Executive Vice President of the Company.</p> <p>The Company nominated him as a candidate for Director because the Company believes that effectiveness of the Board of Directors' decision-making and oversight functions can be enhanced by utilizing his experience and knowledge.</p> <p>He will have served as Director of the Company for one year at the conclusion of this meeting.</p>				

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Koichi Kikuchi (Dec. 22, 1963) Age: 56 Reappointment Attendance at Board of Directors' meetings: 100% (10/10)	Apr. 1986 Oct. 2000 Jun. 2001 Oct. 2010 Feb. 2012 Apr. 2014 Apr. 2016 Apr. 2019 Jun. 2019	Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited) Joined PwC Financial Advisory LLC Joined IBM Japan, Ltd. Controller, Systems & Technology Group Joined the Company. Executive Officer, General Manager, Finance and Accounting Group, the Company Chief Financial Officer and General Manager, Finance & Accounting and Information System Groups Managing Executive Officer, Chief Financial Officer and General Manager of Information System Group Managing Executive Officer and CFO Senior Managing Director & CFO (current position)	500
	[Reason for nomination as candidate for Director] Mr. Koichi Kikuchi is well versed in the Company's overall management through his service in positions responsible for IR, information systems, corporate communications, and procurement divisions, and as the CFO of the Company. The Company nominated him as a candidate for Director because the Company believes that effectiveness of the Board of Directors' decision-making and oversight functions can be enhanced by utilizing his experience and knowledge. He will have served as Director of the Company for one year at the conclusion of this meeting.			
4	Yuzaburo Mogi (Feb. 13, 1935) Age: 85 Reappointment Outside Director Independent Director Attendance at Board of Directors' meetings: 92% (12/13)	Apr. 1958 Mar. 1979 Mar. 1982 Oct. 1985 Mar. 1989 Mar. 1994 Feb. 1995 Jun. 2001 Jun. 2003 Jun. 2004 Jun. 2009 Jun. 2011 Jun. 2016	Joined Kikkoman Corporation Director Managing Director Representative Director and Managing Director Representative Director and Senior Managing Director Representative Director, Director and Deputy President Representative Director, President and CEO Audit & Supervisory Board Member, Tobu Railway Co., Ltd. (current position) Audit & Supervisory Board Member, Fuji Television Network, Inc. (currently Fuji Media Holdings, Inc.) (current position) Representative Director, Chairman and CEO, Kikkoman Corporation Director, the Company (current position) Honorary CEO and Chairman of the Board of Directors, Kikkoman Corporation (current position) Director, Oriental Land Co., Ltd. (current position)	0
	[Reason for nomination as candidate for Outside Director] While serving as Honorary CEO of Kikkoman Corporation, Mr. Yuzaburo Mogi also serves as Director or Audit & Supervisory Board Member of diverse companies. The Company nominated him as a candidate for Outside Director expecting him to utilize his knowledge and experience cultivated as a corporate manager in the Company's management. He will have served as Outside Director of the Company for 11 years at the conclusion of this meeting.			

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions		Number of shares of the Company held
5	Takahisa Takahara (Jul. 12, 1961) Age: 58 Reappointment Outside Director Independent Director Attendance at Board of Directors' meetings: 92% (12/13)	Apr. 1986 Apr. 1991 Jun. 1995 Apr. 1996 Jun. 1997 Apr. 1998 Oct. 2000 Jun. 2001 Jun. 2004 Jun. 2015	Joined Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.) Joined Unicharm Corporation Director Director, General Manager, Procurement Division and Deputy General Manager, International Division Senior Director Senior Director, General Manager, Feminine Hygiene Business Division Senior Director, Responsible for Management Strategy President President & CEO (current position) Director, the Company (current position)	0
	<p>[Reason for nomination as candidate for Outside Director] Mr. Takahisa Takahara serves as President & CEO of Unicharm Corporation. The Company nominated him as a candidate for Outside Director expecting him to utilize his knowledge and experience gained through leading global business development in the Company's management. He will have served as Outside Director of the Company for five years at the conclusion of this meeting.</p>			
6	Atsuko Fukushima (Jan. 17, 1962) Age: 58 Reappointment Outside Director Independent Director Attendance at Board of Directors' meetings: 92% (12/13)	Apr. 1985 Apr. 1988 Oct. 1993 Apr. 2005 Apr. 2006 Dec. 2006 Mar. 2012 Jul. 2012 Jun. 2015 Jun. 2015	Joined Chubu-Nippon Broadcasting Co., Ltd. Anchorperson, Japan Broadcasting Corporation (NHK) Anchorperson, Tokyo Broadcasting System Inc. (TBS, currently Tokyo Broadcasting System Television, Inc.) Anchorperson for economics program, TV TOKYO Corporation Member of Management Council, Shimane University (current position) Management Advisor for Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) Director, former Hulic Co., Ltd. Director, Hulic Co., Ltd. (current position) Director, Nagoya Railroad Co., Ltd. (current position) Director, the Company (current position)	500
	<p>[Reason for nomination as candidate for Outside Director] Ms. Atsuko Fukushima has many years of experience as a journalist. The Company nominated her as a candidate for Outside Director expecting her to reflect her wide and objective perspective about society, the economy, the environment, consumers, etc. in the Company's management. She will have served as Outside Director of the Company for five years at the conclusion of this meeting.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions		Number of shares of the Company held
7	Yoshihiko Miyauchi (Sep. 13, 1935) Age: 84 Reappointment Outside Director Independent Director Attendance at Board of Directors' meetings: 100% (13/13)	Aug. 1960 Apr. 1964 Mar. 1970 Dec. 1980 Apr. 2000 Jun. 2003 Jun. 2014 Jun. 2017 Oct. 2019	Joined Nichimen & Co., Ltd. (currently Sojitz Corporation) Joined Orient Leasing Co., Ltd. (currently ORIX Corporation) Director Representative Executive Officer, President and Chief Executive Officer Representative Executive Officer, Chairman and Chief Executive Officer Director, Representative Executive Officer, Chairman and Chief Executive Officer Senior Chairman (current position) Director, the Company (current position) Director, RAKSUL INC. (current position)	0
[Reason for nomination as candidate for Outside Director] Mr. Yoshihiko Miyauchi served as President and Chairman of ORIX Corporation. The Company nominated him as a candidate for Outside Director expecting him to utilize his knowledge and experience cultivated as a corporate manager and his insight about the world economy in the Company's management. He will have served as Outside Director of the Company for three years at the conclusion of this meeting.				
8	Sylvia Dong (Jan. 22, 1980) Age: 40 New candidate Outside Director Attendance at Board of Directors' meetings: -	Jul. 2002 Sep. 2006 Apr. 2011 Aug. 2013 Jan. 2015 Jul. 2016 Aug. 2018 Jan. 2020	Analyst, UBS Investment Bank Manager, Bain & Company Senior Director of Strategy, North America Beverages, PepsiCo, Inc. Senior Director of Revenue Management, North America Beverages Senior Director of Financial Planning & Analysis, PepsiCo Americas Beverages VP, Supply Chain Finance for North America Beverages CFO, Greater China SVP & CFO for APAC (current position)	0
[Reason for nomination as candidate for Outside Director] Ms. Sylvia Dong has been engaged in the beverage business at PepsiCo, Inc., which is the parent of FRITO-LAY GLOBAL INVESTMENTS B.V., a major shareholder of the Company (ownership ratio of 20.01%). The Company nominated her as a candidate for Outside Director expecting her to utilize her knowledge and experience as a manager of a multinational enterprise in the Company's management.				

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

As the term of office of Audit & Supervisory Board Member Ms. Nagako Oe will expire at the conclusion of this meeting, the election of one (1) Audit & Supervisory Board Member is proposed.

At the Company, with outside members constituting the majority, the Audit & Supervisory Board includes individuals with specialist knowledge and experience in such fields as finance, accounting, and law. The Audit & Supervisory Board nominates candidates with such knowledge and experience.

Independence is judged in accordance with the independence standards specified by the Tokyo Stock Exchange.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
<p>Nagako Oe (May 24, 1973)</p> <p>Age: 47</p> <p>Reappointment Outside Audit & Supervisory Board Member</p> <p>Independent Audit & Supervisory Board Member</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p> <p>Attendance at Audit & Supervisory Board's meetings: 100% (14/14)</p>	<p>Apr. 1998 Registered as attorney at law</p> <p>Apr. 1998 Joined Toranomon Sougoh Law Office</p> <p>Sep. 2004 Joined Kramer Levin Naftalis & Frankel LLP, New York (Foreign Trainee)</p> <p>Sep. 2005 Joined Asahi Koma Law Offices (Associate)</p> <p>Feb. 2007 Joined TMI Associates (Associate)</p> <p>Jan. 2008 Partner (current position)</p> <p>Jun. 2016 Audit & Supervisory Board Member, the Company (current position)</p>	<p>0</p>
<p>[Reason for nomination as candidate for Outside Audit & Supervisory Board Member]</p> <p>Ms. Nagako Oe has given advice on the overall management of the Company based on her abundant experience cultivated by sophisticated expert knowledge and a wide range of insight concerning the Companies Act and general corporate legal affairs. The Company nominated her as a candidate for Outside Audit & Supervisory Board Member expecting her to utilize her experience in strengthening our compliance and legal systems that will become even more important in the future.</p> <p>She will have served as Outside Audit & Supervisory Board Member of the Company for four years at the conclusion of this meeting.</p>		

(Notes)

1. The age of the candidate is the age at the conclusion of this meeting.
2. There are no special interests between Ms. Nagako Oe and the Company.
3. Ms. Nagako Oe is a candidate for Outside Audit & Supervisory Board Member.
4. Liability limitation agreement

The current Articles of Incorporation of the Company stipulates that, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Audit & Supervisory Board Members to limit their liability for damages provided for in Article 423, Paragraph 1 of the said Act to the minimum liability amount stipulated by laws and regulations. Subject to the approval of the election of the above candidate for Audit & Supervisory Board Member, the Company intends to continue the liability limitation agreement with the same content as above with the candidate.

Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

In order to maintain continuity of auditing even if the number of Audit & Supervisory Board Members falls below the number prescribed by laws and regulations, the election of one (1) substitute Audit & Supervisory Board Member is proposed.

At the Company, with outside members constituting the majority, the Audit & Supervisory Board includes individuals with specialist knowledge and experience in such fields as finance, accounting, and law. The Audit & Supervisory Board nominates candidates with such knowledge and experience. The same policy and process apply to nomination of a substitute Audit & Supervisory Board Member.

Independence is judged in accordance with the independence standards specified by the Tokyo Stock Exchange.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

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

Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
<p>Yoshio Mataichi (Feb. 26, 1949)</p> <p>Age: 71</p> <p>Outside Audit & Supervisory Board Member</p> <p>Independent Audit & Supervisory Board Member</p>	<p>Apr. 1974 Registered as attorney at law</p> <p>Apr. 1974 Joined Kubota Law Office</p> <p>Mar. 1979 Joined Freehill, Hollingdale & Page (in Sydney, Australia)</p> <p>Mar. 1981 Joined Kubota Law Office</p> <p>Apr. 1986 Joined Kamata & Mataichi (currently LTE Law Offices) (current position)</p> <p>Jun. 1987 Seconded to Alston & Bird (in Atlanta, U.S.)</p> <p>Mar. 2000 Auditor, McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.)</p>	<p>0</p>
<p>[Reason for nomination as candidate for substitute Outside Audit & Supervisory Board Member]</p> <p>Mr. Yoshio Mataichi has sophisticated expert knowledge and a wide range of insight concerning corporate legal affairs. The Company nominated him as a candidate for substitute Outside Audit & Supervisory Board Member expecting him to utilize his expertise cultivated in the course of his career in the overall management of the Company.</p>		

(Notes)

1. The age of the candidate is the age at the conclusion of this meeting.
2. There are no special interests between Mr. Yoshio Mataichi and the Company.
3. Mr. Yoshio Mataichi is a candidate for substitute Outside Audit & Supervisory Board Member.
4. Liability limitation agreement

The current Articles of Incorporation of the Company stipulates that, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Audit & Supervisory Board Members to limit their liability for damages provided for in Article 423, Paragraph 1 of the said Act to the minimum liability amount stipulated by laws and regulations. If the above candidate for substitute Audit & Supervisory Board Member is appointed Audit & Supervisory Board Member, the Company intends to enter into a liability limitation agreement with the same content as above with the candidate.

Proposal 5: Payment of Bonuses to Directors

In consideration of the performance etc. for the fiscal year under review, the Company proposes to pay a bonus totaling ¥63 million to three (3) Directors (who are not Outside Directors) in office at the end of the fiscal year under review. At the Company, in accordance with the “Commitment to Accountability,” the payment amount was calculated using ordinary profit as an indicator as it appropriately shows the financial status of business, with the maximum amount set as 1.5% of the consolidated ordinary profit of each fiscal year, and based on provisions resolved by approval of the Board of Directors. The calculated amount was reported to the Compensation Committee, a non-mandatory committee where the majority of members are Outside Directors who have objective perspectives, and determined by the Board of Directors. The Company requests that the amounts to be paid to each Director be left to the discretion of the Board of Directors.

Proposal 6: Continuation of the Performance-linked Stock Compensation Plan for Directors and Executive Officers with Titles

1. Reasons for the proposal and why the said compensation is deemed reasonable

Having received approval at the 68th and the 70th Annual General Meetings of Shareholders held on June 21, 2017 and June 19, 2019, respectively, the Company has continued the performance-linked stock compensation plan (hereinafter the "Compensation Plan") for the Company's Directors (excluding Outside Directors and Part-time Directors) and Executive Officers with titles contractually bound to the Company (hereinafter collectively "Directors, etc.").

The three fiscal years that the Compensation Plan was applicable to (from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020) has ended, but the Company wishes to continue the Compensation Plan in the fiscal year ending March 31, 2021 and beyond, and hereby requests approval of the proposal.

The proposed continuation of the Compensation Plan is for the purpose of increasing the awareness of Directors, etc. about the importance of contributing to further enhancement of performance and corporate value of the Company over the medium- to long-term, by further clarifying the linkage between the compensation for Directors, etc. with the Company's performance and equity value, as well as by having Directors, etc. share with shareholders not only benefits of an increase in the share price but also the risk associated with a decrease in the share price. The Company believes the continuation of the Compensation Plan to be reasonable.

Should Proposal 2 be approved as proposed, the number of Directors, etc. eligible for the Compensation Plan will be eight (8), consisting of three (3) Directors and five (5) Executive Officers with titles.

2. Amount, contents, etc. of compensation, etc. under the Compensation Plan

Contents of the Compensation Plan are as follows.

(1) Overview of the Compensation Plan

The proposed Compensation Plan is a performance-linked stock compensation plan under which the Company's shares will be acquired through a trust by using the amount of compensation under the Compensation Plan for Directors, etc. contributed by the Company. The Company's shares will be awarded to the Directors, etc. of the Company according to the degree of the results achieved. In principle, Directors, etc. will receive the Company's shares upon their retirement from the Company.

(2) Upper limit of the amount of compensation under the Compensation Plan

Concerning the existing trust (hereinafter the "Trust") whose trust period will expire, the Company will extend the trust period and make additional contributions to the Trust to continue implementing the Compensation Plan.

The Company will contribute up to 700 million yen in total as compensation for Directors, etc. applicable to the three years from the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023 (hereinafter the "Applicable Period"). The Trust, in accordance with the instructions of its administrator, will acquire the Company's shares on the stock market, using the funds reserved.

In the case that additional contributions are made, if there are remaining Company shares (excluding the Company's shares that are expected to be awarded to Directors, etc. but have not yet been awarded) and cash (hereinafter collectively "Remaining Shares, etc.") in the trust property as of the final day of the trust period prior to extension, the extended trust will succeed such Remaining Shares, etc.

(3) Method of calculation and upper limit of the number of the Company's shares to be acquired by Directors, etc.

The Company's shares will be awarded to Directors, etc. according to the title and the degree of the results achieved in each fiscal year in the Applicable Period. However, the number of shares to be awarded to Directors, etc. under the Compensation Plan shall not exceed 220,000 shares in total.

The number of shares to be awarded to Directors, etc. will be determined by the number of points as defined below.

Each year during the trust period Directors, etc. will be individually awarded a prescribed

number of points and upon their retirement will be awarded shares according to their accumulated points (hereinafter the "Number of Accumulated Points"). One point will equate to one share of the Company's shares.

The number of points to be awarded to Directors, etc. will be determined on May 31 on an annual basis over the trust period according to the degree of achievement of performance targets in each fiscal year ending March 31 (hereafter "Fiscal Year under Evaluation"). Within the trust period whether or not points will be awarded shall be determined annually, and in the event that the performance targets are not achieved, points shall not be awarded.

* Performance indicators for evaluation of the degree of achievement of performance targets are consolidated sales, operating income and net income attributable to owners of parent.

* Performance Targets for each Fiscal Year under Evaluation will be the Performance Targets set at the beginning of that year. The Company's Performance Targets will be announced in the consolidated financial statements at the beginning of each fiscal year.

* Adjustment of Number of Accumulated Points due to share splits, mergers, etc., can be made if it is recognized that impartial adjustment can be done during the trust period.

The upper limit of the total number of points awarded to each of the Directors, etc. annually ("Total Annual Points") shall be based on a sum of 1% of the target net income attributable to owners of parent set at the beginning of the Fiscal Year under Evaluation and determined in accordance with the formula below. However, the upper limit of Total Annual Points to be awarded to Directors, etc. annually shall be 85,000 points. Total Annual Points accumulated for the year shall be within the maximum quantity of shares to be awarded to Directors, etc. above, and in cases where the Total Annual Points accumulated for the year exceeds the applicable amount, the Total Annual Points will be reduced by the excess amount.

Formula for calculating the upper limit of Total Annual Points:

Upper limit of Total Annual Points calculation formula:

Target net income attributable to owners of parent \times 1% \div Average price of acquired shares

* 1 point = 1 share

* Fractions under 100 points shall be discarded.

* Average price of acquired shares = Total number of the Company's shares in the Trust \div Number of shares acquired

(4) Awarding of shares to Directors, etc.

Upon the retirement of the Company's Directors, etc. who meet the beneficiary criteria, and upon completion of set procedures for beneficiaries, they will be awarded the Company's shares from the Trust in accordance with the Number of Accumulated Points they have.

ENDS

(Reference)

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.