

Kagome Co., Ltd.

**Countermeasures for Large Purchases of KAGOME Stock
(Takeover Defense Measures)**

Enacted October 20, 2006
Revised April 26, 2007
Revised May 18, 2009
Revised May 18, 2012
Revised February 12, 2015
Revised February 1, 2018

1. Basic Stance

The corporate philosophy of the KAGOME Group is centered on appreciation, nature and corporate openness. This philosophy was established in January 2000, immediately after the end of KAGOME's 100th anniversary year of 1999. To aim for more progress for the entire group, the philosophy carries on the guidelines of founder and other past managers and expresses the commitment to be a fair and open organization for people and society, which are the sources of the value embodied in KAGOME products.

Based on this philosophy, the KAGOME Group is dedicated to growth along with the growth of society. Corporate openness means that we maintain close ties with stakeholders worldwide in order to supply products with new forms of value. Nature is the source of KAGOME's products and the value they provide. KAGOME is a distinctive organization in the world because of this close link with nature and a fully integrated value chain encompassing agriculture, production, processing and sales. By using these strengths, we are continuing to work on responding with even greater speed to rapid changes in global markets and becoming even more competitive. We appreciate all stakeholders and are constantly taking actions for remaining a company that earns the support of stakeholders.

(1) Activities to increase corporate value

The KAGOME Group established many forecasts concerning future changes in the business climate when formulating the current medium-term business plan, which covers the period from 2016 to 2018. This process revealed that social problems in Japan are becoming increasingly serious. One key theme for the KAGOME Group to target is increasing the healthy life expectancy. There are many other social themes where we can make contributions, such as the more advances involving agriculture, the revitalization of regions of Japan other than large metropolitan areas, and the need to deal with the global food shortage. We established the following ideal for 2025: Become a strong company capable of sustainable growth, using food as a means to resolve social issues. We also established a long-term vision: Transform from a "tomato company" to a "vegetable company."

We have a broad range of products that make it easy to consume vegetables. Products include fresh vegetables, juice, seasonings, frozen food, supplements and other items. We also supply information about the value of vegetables for good health, create new businesses and have other activities. All of these activities are aimed at achieving our ideal for 2025 and long-term vision. The long-term vision includes the 2025 numerical goals of sales of 300 billion yen and operating income of 20 billion yen. In addition to our financial targets, we are dedicated to using our businesses to creating a "vegetable society." One goal is raising the daily intake of vegetables per person in Japan from the current 293 grams to 350 grams, which is the recommendation of the Ministry of Health, Labour and Welfare. Another goal is raising our share of the supply of green and yellow vegetables in Japan from about 12% to at least 15%. For our workforce, we have established the goal of raising the percentage of women at all levels including executives to 50% by 2035 to 2040. Many diversity activities are under way to reach this goal. All of these initiatives are aimed at

making KAGOME a company able to create innovative ideas, meet diversifying consumer needs and implement business strategies that originate from the perspective of consumers.

What KAGOME strives for

Become a strong company capable of sustainable growth, using food as a means to resolve social issues

Long-term vision

By 2025

Transform from a “tomato company” to a “vegetable company”

- Become a unique organization that deals with vegetables across a variety of food ingredients, categories, temperature zones, containers and volumes.
- Become a company that provides not only products but experiences as well, by expanding its perspective from tomatoes to vegetables.

By 2035 -2040

50% of the workforce consisting of women –from employees to executives

- Conduct business activities by incorporating a wide range of views, catering to diversifying consumer needs.
- Become a strong company where everyone, regardless of gender, can work energetically and achieve high productivity

In the current Medium-term Management Plan (2016-2018), key issues were defined for the following categories. We are steadily moving toward our goals by managing our progress regarding each issue. In addition, we have established the quantitative targets of consolidated net sales of 215 billion yen and a consolidated operating income ratio of 6.0% in 2018.

Categories of the seven key issues

- Increase the value of existing businesses and categories
- Create new categories and business models, increase profitability
- Progress with globalization and profitability
- Growth of the solutions business
- Reforms for the way we work and our profit structure
- Improve corporate value
- Achieve the optimal allocation of resources

(2) Measures to strengthen our corporate governance

In accordance with our corporate philosophy of appreciation, nature and corporate openness, we aim to achieve sustainable growth and the medium to long-term growth of corporate value. We understand that corporate governance is a critical management issue for accomplishing these objectives.

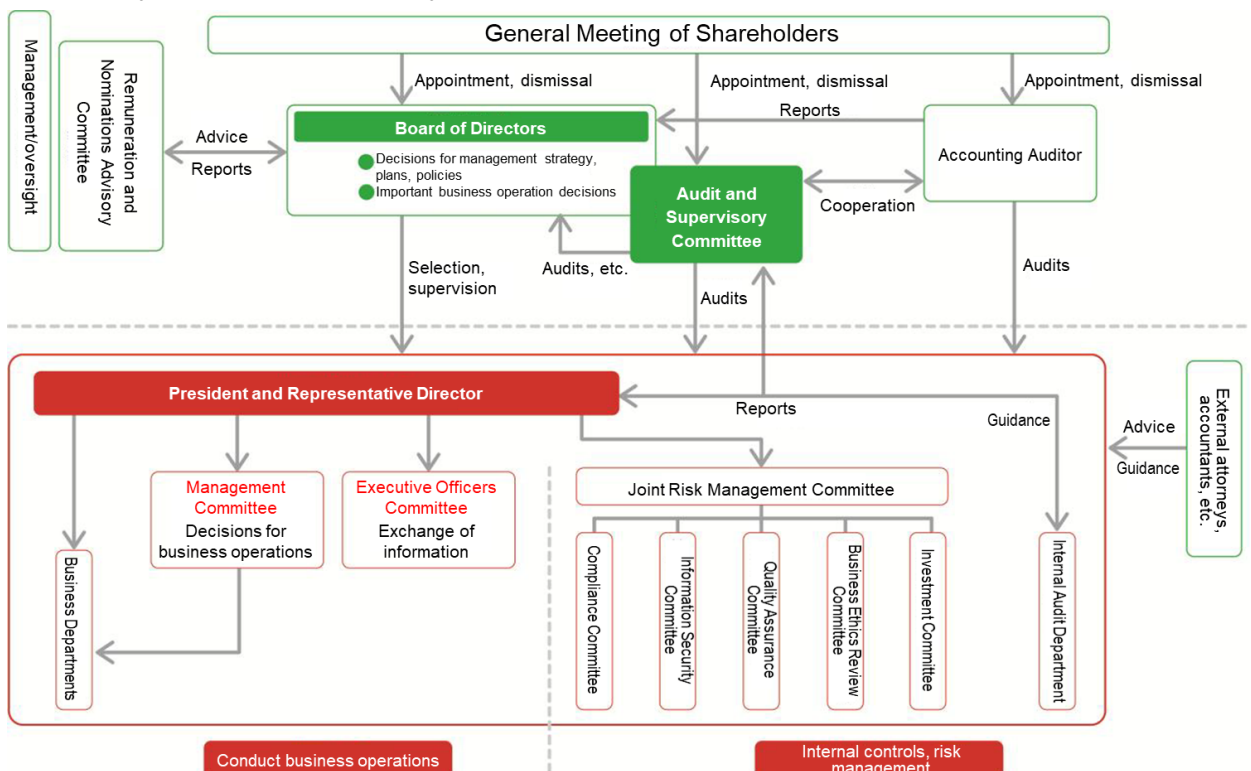
KAGOME believes that the further strengthening of self-reliance that is supplemented by external reliance is the fundamental element of corporate governance. This entails adherence to the principle of building a corporate governance framework that reflects our own goals and guidelines as well as the current business climate. As we do this, we incorporate a diverse array of external perspectives by attracting “KAGOME Fan Shareholders,” utilizing the capabilities external directors and taking other actions. The objective is to maintain objectivity and transparency.

To achieve true “corporate openness,” our governance has a high degree of accountability backed by measures for dialogues with all stakeholders as we continue to take full advantage of the distinctive attributes and originality that define KAGOME.

In March 2016, KAGOME transitioned to the Company with an Audit and Supervisory Committee governance structure. This structure separates the functions of supervising management and conducting business operations, which speeds up management and clarifies responsibilities involving management. When this transition took place, we defined the determination of management strategies and policies and the oversight of the management of business operations as the primary roles of the Board of Directors. There are at least three external directors who fulfill our own Independence Standards for External Directors. This increases the effectiveness of the Board of Directors by upgrading the board's advisory and supervisory functions.

The Audit and Supervisory Committee has at least one full-time member and uses internal control systems to audit the legality and appropriateness of the performance of the Directors. Director nominations and remuneration are examined by the Remuneration and Nominations Advisory Committee, where independent external directors are a majority of the members. The results are submitted to the Board of Directors, which makes final decisions. This process increases the objectivity and fairness of nominations and remuneration.

KAGOME has an executive officer system in which, based on the company's standards, responsibility and authority for conducting business operations are delegated to individual departments. There is an Executive Officers Committee for the purposes of communicate and make known matters resolved and reported at meetings of the Board of Directors and of facilitating and coordinating communications among the executive officers. There is also a Management Committee supervised by the president to enable conducting business operations with agility and sound mutual cooperation and communications. Discussions at the Management Committee facilitate prudent risk-taking as well as speedy decision-making with clearly defined accountability.



Since its founding in 1899, the KAGOME Group has dedicated to increasing its corporate value. We believe that these activities, which are guided by the corporate philosophy, further ensure and enhance corporate value and shareholder value.

In the event that a party proposes a large-scale purchase of KAGOME stock, we believe that the decision about whether to sell stock to this prospective buyer should ultimately be entrusted to shareholders. We also believe that this decision should be made only after

shareholders receive suitable and sufficient information and after shareholders receive an appropriate and sufficient time and opportunity to reach a decision. Consequently, the Board of Directors collects thorough information from the prospective buyer and provides this information to shareholders. In addition, if the decision is made that the large-scale purchase would be detrimental to KAGOME's corporate value and shareholder value, we believe that the best course of action for protecting and increasing corporate value and shareholder value is to ask shareholders, after providing them with appropriate and sufficient information, to select either the original large-scale purchase proposal or an alternate proposal created by the Board of Directors.

Based on this stance, KAGOME has established and adopted the following countermeasures for large-scale purchases of stock (takeover defense measures).

2. Explanation of the Takeover Defense Measure Rules

(1) Purpose and summary of the rules

The takeover defense measure rules define in advance a procedure that should be used in the event that a prospective buyer (defined below) submits a proposal to purchase (defined below) KAGOME stock. The purpose is to give shareholders appropriate and sufficient information, time and opportunities for reaching a decision about whether to accept this proposal. Furthermore, by examining the proposal and holding negotiations with the prospective buyer, we can prevent a purchase that would be detrimental to corporate value and shareholder value, thereby protecting and increasing this value.

Even if there is a proposal for buying KAGOME stock that would be detrimental to corporate value and shareholder value, as a rule, we believe that takeover defense measures should be enacted only after confirming the wishes of shareholders. The reason is that the use of these measures has an effect on shareholder value. As a result, when a proposal for buying KAGOME stock is submitted, the Board of Directors collects thorough information from the prospective buyer and gives this information to the Independent Committee (defined below). A careful and adequate examination is then performed by the Board of Directors and Independent Committee. If the Independent Committee concludes that the proposal would be detrimental to corporate value and shareholder value, the Board of Directors follows the committee's recommendation (except when the directors decide that following the recommendation would violate the directors' duty as good managers). Next, a shareholders meeting or other activity takes place promptly to determine the stance of shareholders. This takes place only after shareholders receive appropriate and sufficient information about the original proposal, the position of the Board of Directors about this proposal, and an alternate proposal created by the Board of Directors. Shareholders then make the decision about whether to enact the takeover defense measures.

If the large-scale purchase proposal would obviously damage corporate value and shareholder value or if the prospective buyer does not comply with the rules of the takeover defense measures, the Board of Directors may, in accordance with the Independent Committee's recommendation (except when the directors decide that following the recommendation would violate the directors' duty as good managers) and without holding a shareholders meeting or a similar action, pass a resolution to enact the takeover defense measures.

(2) Explanation of the takeover defense measures

If a prospective buyer emerges and, in accordance with the procedure defined by the takeover defense measure rules, the conclusion is reached that the measures should be enacted, KAGOME will allocate at no cost stock acquisition rights with the terms and other characteristics (the prospective buyer is not allowed to exercise the rights, KAGOME may acquire stock acquisition rights in exchange for KAGOME common stock, and other terms; the "stock acquisition rights") prescribed in section (5) below and may use other countermeasures as permitted by laws and regulations and the Articles of Incorporation.

(3) Procedure for Enacting the Takeover Defense Measures

1) Applicable purchases of KAGOME stock

The rules for these Takeover Defense Measures apply to the following purchases of KAGOME stock. a. A purchase or any other action that would result in a party holding 20% or more of the stock, etc. issued by KAGOME. b. A public tender offer that would result in the party conducting the offer and its special related parties collectively holding 20% or more of the stock, etc. issued by KAGOME. A purchase is defined as a purchase to which the takeover defense measure rules apply and a buyer is defined as a party (including parties that disclose information about the purchase or submit a purchase proposal without the consent of KAGOME) that makes or plans to make a purchase.

Terms and concepts used in the preceding items a. and b. are based on the definitions in Chapter II-2 Disclosure for a Tender Offer” and Chapter II-3 Disclosure of the Status of Large-Volume Holdings in Share Certificates, etc.” in the Financial Instruments and Exchange Act.

2) Request to buyer to provide information

A buyer can be asked to stop purchasing activities for a certain period that ends when the Board of Directors agrees to the purchase proposal of the buyer or resolves not to enact the takeover defense measures. The buyer completes in Japanese a purchase explanation form using the format designated by KAGOME in accordance with the takeover defense measure rules. This form must include all information needed to examine the purchase proposal. This information includes, but is not limited to, the following items. (i) The buyer will comply with the procedures prescribed in the rules when making the purchase (including a commitment to suspend the purchase during the period until the Board of Directors agrees to the buyer’s proposal or resolves not to enact takeover defense measures). (ii) The buyer agrees to properly disclose information concerning the purchase when deemed necessary by KAGOME. (iii) The buyer will keep confidential any information relevant to the purchase, unless disclosure is required by laws and regulations, until KAGOME discloses information about the purchase.

Required information

- a. Details (name, capital structure (capital, shareholders (in the case of funds, partners and other constituent members), business activities, financial position, names of executives, and relationships to each other, etc.) of the buyer and its group (including joint holders, specially related parties and individuals acting in concert with the buyer)
- b. The purpose, method and terms of the purchase (including the number of shares to be acquired, the amount and type of consideration for the purchase, the timing and period of the purchase (the probability of an extension), the scheme for related transactions, the legality of the purchase method, the probability that the purchase will be completed, the probability of amending or withdrawing the terms for the purchase, any plan for two-stage purchase and its details.)
- c. The basis for the calculation of the purchase price (including the underlying facts of the calculation, the calculation method, the numerical data used for the calculation, the amount and calculation basis of any expected synergies from the series of transactions relating to the purchase, and the amount and calculation basis, etc. of these synergies to be distributed to minority shareholders)
- d. Ability to fund the purchase (including the total amount to be procured for the purchase, the names of parties supplying funds for the purchase (including effective providers of funds), fund procurement methods and information about related transactions)

- e. Post-acquisition management policy, business plan (including sale or purchase of business, merger, company split, capital investments, change of management team, etc.), capital policy (including capital increase/decrease, delisting, etc.) and dividend policy for KAGOME and the KAGOME Group
- f. Policies for post-acquisition treatment of executives and employees, business partners, customers, communities and other stakeholders of KAGOME and the KAGOME Group
- g. Specific measures to avoid a conflict of interest, if any, with other shareholders of the KAGOME
- h. Any other information that the Board of Directors or the Independent Committee believe is reasonably necessary.

When the Board of Directors receives the purchase explanation form containing the preceding information, this will be made public promptly at the time that is reasonably determined to be appropriate for this announcement. The purchase explanation form is then submitted to the Independent Committee. This committee has at least three members, all of whom are selected by resolutions of the Board of Directors from among KAGOME external officers, who are independent of KAGOME executives who conduct business operations, and individuals with academic, professional or other backgrounds. The Board of Directors asks the Independent Committee to confirm that the information in the purchase explanation form is appropriate and sufficient for studying the purchase proposal.

The Board of Directors or the Independent Committee may decide that the information in the purchase explanation form is not sufficient. In this case, the Board of Directors asks the buyer to supply additional information and establishes a deadline that provides the time required for proper responses (as a rule, no more than 60 days beginning on the day the purchase explanation form was received). The buyer then submits a form with the additional information by the deadline. If the buyer proceeds with the purchase without submitting by the deadline the additional information requested by the Board of Directors, the directors may decide on their own to enact the takeover defense measures.

3) Board of Directors verification of purchase explanation form and negotiations with the buyer

After the Board of Directors has received an acceptable purchase explanation form with appropriate and sufficient information for examining the proposed purchase, KAGOME promptly announces the receipt of this information. In addition, examinations begin in order to determine if the proposal will contribute to KAGOME's corporate value and shareholder value and negotiations with the buyer begin. The Board of Directors establishes a verification period for examining the proposal that is no more than 60 days starting on the day of the announcement of receipt of an acceptable purchase explanation form. However, this verification period is no more than 90 days for purchase proposals using any method other than a public tender offer to buy all KAGOME stock, etc. for cash (in yen). Furthermore, this verification period can be extended by up to 30 days if the Board of Directors or the Independent Committee believe an extension is needed. If there is an extension, KAGOME will notify the buyer of this extension and the reason the extension is needed and will disclose this information to shareholders.

Based on discussions with the Board of Directors, the buyer can revise information about the purchase that is in the acceptable purchase explanation form. If the Board of Directors decides that the revised version is an improvement regarding corporate value and shareholder value compared with the original proposal, the revised version will be treated as much as possible as being equivalent to the original proposal. The original procedure will continue. However, if the revised version is not an improvement from

the original proposal, the original procedure will be suspended and the revised version will be treated as the submission of a new purchase explanation form.

4) Determination of record date for voting

After the receipt of an acceptable purchase explanation form, the Board of Directors will promptly establish a record date for shareholders who are eligible to exercise their voting rights concerning the procedure for confirming the stance of shareholders about the purchase proposal. The record date is within the verification period and is announced two weeks prior to this record date.

5) Preparation of an alternate proposal

For the purpose of increasing corporate value and shareholder value, the Board of Directors can prepare an alternate proposal that is believed to be more suitable than the proposal of the buyer. Shareholders decide whether the proposal of the buyer or the alternate proposal of the Board of Directors is better. To enable shareholders to make this decision properly, information is submitted to shareholders that includes the position of the Board of Directors about the buyer's proposal and that is in a format facilitating comparisons of this proposal and the alternate proposal.

To prepare the alternate proposal and the position about the buyer's proposal, the Board of Directors can, with KAGOME covering expenses, receive the advice of third-party professionals (financial advisers, certified public accountants, attorneys, consultants and others) who are independent of KAGOME executives who conduct business operations. If this advice is received, the Board of Directors will respect the advice in order to prevent any arbitrary decisions by the directors.

6) Independent Committee verification of the acceptable purchase explanation form and the alternate proposal

The Board of Directors promptly submits the acceptable purchase explanation form received from the buyer to the Independent Committee. The members of the committee are asked to determine during the verification period whether takeover defense measures should be enacted regarding the buyer's proposal. The Board of Directors provides the Independent Committee with all information that is reasonably necessary for this examination. This includes information about any negotiations between the Board of Directors and the buyer, any revisions to the acceptable purchase explanation form received from the buyer, information about the alternate proposal, and other pertinent information.

The Independent Committee uses the acceptable purchase explanation received from the Board of Directors and other information to determine whether the takeover defense measures should be enacted regarding the buyer's proposal. Within the verification period, this committee submits a written recommendation to the Board of Directors containing the committee's decision and the basis for the decision.

To enable the Independent Committee to make a proper decision from the standpoint of protecting and increasing corporate value and shareholder value, the committee can, with KAGOME covering expenses, receive the advice of third-party professionals (financial advisers, certified public accountants, attorneys, consultants and others) who are independent of the Board of Directors.

Appendix 1 contains an outline of the Independent Committee rules. If shareholders approve the extension of the takeover defense measure rules at the 74th General Meeting of Shareholders to be held on March 28, 2018, KAGOME plans to immediately name to the Independent Committee the candidates listed in Appendix 2 with their background information.

7) Procedure for confirming the stance of shareholders

If the Board of Directors, based on the Independent Committee's recommendation (except when the directors decide that following the recommendation would violate the directors' duty as good managers), approves a resolution to enact the takeover

defense measures because the buyer's proposal would be detrimental to KAGOME's corporate value and shareholder value, the Board of Directors will conduct a procedure for confirming the stance of shareholders by using a vote at a shareholders meeting or voting in writing by shareholders. Voting concerns the enactment of the takeover defense measures or authorizing the Board of Directors to decide to enact these measures.

The Board of Directors decides which procedure to use prior to the determination of a record date for shareholder voting. The shareholder position confirmation procedure is either a shareholders meeting for this purpose (the following item a) or voting in writing (the following item b). This procedure is conducted as quickly as possible after the end of the verification period while taking into account the time needed for preparations and other measures involving the procedure.

a. Shareholders referendum meeting

A shareholders referendum meeting for confirming the position of shareholders requires the attendance of shareholders holding at least one-third of all voting rights, including shareholders who vote by using proxy forms or the internet. A decision requires the majority of voting rights cast.

The procedure designated by law and regulations and the KAGOME Articles of Incorporation for the convocation of a shareholders meeting is used for the shareholders referendum meeting for confirming the position of shareholders and for the exercise of voting rights at this meeting. An ordinary general meeting of shareholders can also be used for the vote for confirming the position of shareholders.

b. Voting in writing

Voting in writing requires the votes of shareholders holding at least one-third of all voting rights. A decision requires the majority of voting rights cast.

Shareholders who are eligible to exercise voting rights in writing receive at least three weeks prior to the voting date the proposal(s) to be voted upon (information about the buyer's purchase proposal, the stance of the Board of Directors regarding this proposal, and an alternate proposal), the deadline for voting, and other voting documents with information designated by the Board of Directors. KAGOME accepts votes from shareholders using the voting form until the deadline for voting.

c. Shareholders eligible to exercise voting rights

Shareholders of record in the final shareholder register on the voting record date established by the Board of Directors can exercise their voting rights at the shareholders meeting for confirming the position of shareholders or by submitting votes in writing.

d. The result of the procedure for confirming the position of shareholders will be announced as soon as the result is determined.

8) Board of Directors resolution for enacting the takeover defense measures, etc.

If the shareholders position confirmation procedure results in the approval of enactment of the takeover defense measures or giving the Board of Directors authorization concerning this decision, the Board of Directors will ask the buyer to withdraw the proposed purchase listed in the acceptable purchase explanation form.

If the buyer does not withdraw the purchase proposal, then in accordance with the results of the shareholder position confirmation process, the Board of Directors can immediately approve a resolution to enact the takeover defense measures, including the gratis allocation of stock acquisition rights and other actions. In addition, information about the resolutions approved will be disclosed to shareholders.

Following the gratis allocation of the stock acquisition rights, if the event described in a. or b. below occurs, the Board of Directors can take the following two actions: (i) Approve a resolution to cancel the gratis allocation of stock acquisition rights at any

time prior to the start of the exercise period of these rights; (ii) Approve a resolution for the acquisition at no cost of the stock acquisition rights at any time after the gratis allocation of the rights becomes effective.

- a. If the buyer withdraws the purchase proposal after approval of the resolution for allocation of the stock acquisition rights or if the purchase proposal no longer exists
- b. If there is a change in facts or other items that led to the stock acquisition rights allocation resolution that results in the buyer no longer fulfilling any of the requirements in the following (4) "Requirements for Enactment of the Takeover Defense Measures by the Board of Directors" or, even if all requirements are still fulfilled, if the allocation of the stock acquisition rights and other actions would no longer be appropriate.

In any of the following three events, the Board of Directors must promptly agree to the purchase proposal of the buyer or approve a resolution not to enact the takeover defense measures. (i) If the Board of Directors, based on the Independent Committee's recommendation (except when the directors decide that following the recommendation would violate the directors' duty as good managers), approves a resolution not to enact the takeover defense measures because the buyer's proposal would not be detrimental to KAGOME's corporate value and shareholder value. (ii) If the procedure for confirming the position of shareholders results in shareholders not approving enactment of the takeover defense measures or not giving the Board of Directors authorization to enact these measures. (iii) If fewer than one-third of voting rights are exercised at the shareholders referendum meeting or for voting in writing.

(4) Requirements for Enactment of the Takeover Defense Measures by the Board of Directors

If the Board of Directors determines that any of the following items is applicable to the purchase by the buyer, after explaining its decision and the basis for the decision to the Independent Committee, the Board of Directors can on its own and without a shareholder position confirmation procedure ask the Independent Committee to submit its opinion about whether to enact the takeover defense measures. If the committee agrees to enacting the measures, after explaining its decision and the basis for the decision, the Board of Directors can immediately enact the takeover defense measures (gratis allocation of stock acquisition rights and other measures).

- 1) When the buyer fails to comply with the procedure in these rules for the takeover defense measures, such as by proceeding with the large-scale purchase without submitting an acceptable purchase explanation form, continuing or resuming a large-scale purchase during the purchase suspension period designated in the rules, or some other action, and the purchase is judged to justify the enactment of the takeover defense measures in order to protect and increase corporate value and shareholder value
- 2) Any of the following purchases that would be obviously detrimental to corporate value and shareholder value
 - a. The purchase of a large volume of KAGOME stock, etc. followed by a demand for KAGOME and/or KAGOME related parties to repurchase the stock, etc. at a high price
 - b. A purchase for the purpose of so-called scorched-earth management, in which the buyer gains temporary control of KAGOME in order to acquire the company's key assets at a low cost or take other actions that sacrifice the interests of KAGOME for the benefit of the buyer
 - c. The use of KAGOME's assets as collateral for or repayments of the debt of the buyer, its corporate group or other related parties

- d. A purchase for the purpose of gaining temporary control of KAGOME in order to sell valuable assets and other items that are not currently needed for business operations and use the proceeds of these sales to temporarily pay a large dividend or to temporarily raise the dividend in order to rapidly boost the stock price so that the buyer can exit by selling its KAGOME holdings at a high price
- 3) A purchase that effectively forces KAGOME shareholders to sell their stock, such as a two-stage purchase that exerts pressure on shareholders (initially seeking to purchase only some KAGOME stock and then, at the second stage, conducting a tender offer with unfavorable terms or no clearly defined terms at all)

(5) Summary of the Gratis Allocation of Stock Acquisition Rights

If the Board of Directors approves the gratis allocation of stock acquisition rights as a takeover defense measure, the stock acquisition rights will be allocated to all shareholders except KAGOME at no cost.

The following is a summary of the gratis allocation of stock acquisition rights.

- 1) Number of stock acquisition rights
The number of stock acquisition rights allocated is the same as the number of shares of KAGOME stock issued (after deducting stock held by KAGOME at that time) on the allocation date designated by the Board of Directors in the resolution for the gratis distribution of stock acquisition rights.
- 2) Eligible shareholders
Shareholders of record in the final shareholder register on allocation record date, other than KAGOME, receive at no cost one stock acquisition right for each share owned.
Stock acquisition rights will not be allocated to shareholders added to the register after the allocation record date and shareholders not listed in the final shareholder register on the allocation record date due to the sale or other transfer of KAGOME stock prior to this date.
- 3) Date of gratis stock acquisition rights allocation
The stock acquisition rights will be allocated on the date specified in the stock acquisition rights allocation resolution.
- 4) Number of shares for the stock acquisition rights
Each stock acquisition right can be used to acquire one share of KAGOME common stock.
- 5) Payment upon exercise of stock acquisition rights
The amount to be paid per share of KAGOME common stock when a stock acquisition right is exercised is an amount determined by the Board of Directors that is between one yen and 50% of the fair value of the common stock. Fair value is defined as the average closing price of KAGOME common stock on the Tokyo Stock Exchange during the 90 days (excluding days when this stock was not traded) prior to the Board of Directors resolution to allocate the stock acquisition rights. Fractions of one yen are discarded.
- 6) Exercise period
The exercise period of the stock acquisition rights begins on the day the rights are allocated (or a different day if another starting date is designated by the Board of Directors) and ends on the date specified in the Board of Directors resolution to allocate the stock acquisition rights. The exercise period must be between one and two months.

However, if KAGOME acquires the stock acquisition rights based on the provisions of the following item 9), the day before the rights are acquired will be the last day of the exercise period. In addition, if the last day of the exercise period is not a business day of the institution used for payments when rights are exercised, the exercise period will end instead on the most recent prior business day.

7) Terms for exercising the stock acquisition rights

As a rule, the following parties are not allowed to exercise the stock acquisition rights: (i) the buyer; (ii) joint owners of the buyer; (iii) special related parties of the buyer; (iv) parties who own KAGOME stock or stock acquisition rights on behalf of the buyer; (v) parties who have received or inherited stock acquisition rights from a party in items (i) through (iv) without the consent of the Board of Directors; and (vi) related parties of parties in items (i) through (v). Item (vi) includes parties that the Board of Directors recognizes as parties with effective control over parties in items (i) or (v) or who are controlled by or jointly controlled by these parties. This item also includes parties that the Board of Directors recognizes as acting in concert with parties in items (i) or (v). Control is defined as “control of financial and business policies of another company, etc. (as defined in Article 3 of the Companies Act Enforcement Rules). Parties belonging to any of the preceding categories (i) through (vi) are collectively called non-qualified parties.

Due to applicable laws and regulations of foreign countries, non-residents of Japan may be required to complete the designated procedure prior to exercising the stock acquisition rights and may not be able to exercise the rights in some cases.

However, the Board of Directors, in the resolution for the allocation of the stock acquisition rights, can include the exemption of certain parties as non-qualified parties because the directors believe that the acquisition and ownership of KAGOME stock, etc. by these parties would not be detrimental to corporate value and shareholder value. The Board of Directors can exempt a party from non-qualified party designation at any time. Furthermore, if the Board of Directors states that there is no risk to corporate value and shareholder value if certain conditions are fulfilled, then only parties who fulfill these conditions can be exempt from non-qualified party designation.

8) Restriction on transfers of stock acquisition rights

Approval of the Board of Directors is required for transfers of stock acquisition rights.

9) Acquisition of stock acquisition rights by KAGOME

- a. At any time prior to the beginning of the stock acquisition right exercise period, KAGOME can acquire all of these rights at no cost if the Board of Directors states that this acquisition would be appropriate. The acquisition takes place on a future date specified by the Board of Directors.
- b. On a future date designated by the Board of Directors, KAGOME can acquire all stock acquisition rights that have not been exercised by the prior day by exchanging for each right one share of KAGOME common stock to be used for the exercise of these rights. This acquisition and exchange exclude stock acquisition rights held by individuals who cannot exercise the rights in accordance with the preceding item 7. After the date of this acquisition and exchange, the Board of Directors may certify that one or more stock acquisition rights holders have emerged who are not prohibited from exercising the rights based on the preceding item 7. In this case, on a future date after the initial acquisition and exchange date that is designated by the Board of Directors, the stock acquisition rights of these holders that have not been exercised by the day before this subsequent acquisition and exchange date will all be acquired and exchanged for one share of Kagome common stock per right. Subsequent additional acquisition and exchange dates can also be established. If KAGOME acquires the stock acquisition rights of a non-qualified party, KAGOME does not plan to make a cash payment or provide any other compensation for the rights.

10) Issuance of stock acquisition right certificates

KAGOME will not issue certificates for the stock acquisition rights.

(6) Expiration, termination and revisions of the takeover defense measure rules

These rules for the takeover defense measures will expire at the end of the KAGOME annual shareholders meeting that will be held in 2021.

However, even prior to this expiration, these rules can be revised or terminated at any time by a resolution approved at a shareholders meeting or by a resolution of the Board of Directors.

In addition, prior to this expiration, if the Board of Directors approves a resolution to revise or change these rules because the directors believe a revision or change is needed because of changes to laws and regulations, a court verdict, social trends, the stance of a financial exchange where KAGOME stock is listed or some other official institution, or some other reason, information about the revision or change and other related information will be disclosed promptly.

3. Rationality of the takeover defense measure rules

(1) The rules meet requirements of the guidelines for takeover defense measures

The takeover defense measure rules comply with the three principles in the Guidelines for Takeover Defense Measures for Protecting and Increasing Corporate Value and Shareholder Value, which was announced on May 27, 2005 by the Japanese Ministry of Economy, Trade and Industry and Ministry of Justice. The rules are also consistent with the advice in Roles of Takeover Defense Measures Based on Recent Changes in the Environment, which was announced on June 30, 2008 by the Corporate Value Study Group.

(2) The rules place priority on the position of shareholders

The takeover defense measure rules include the provision of appropriate and sufficient information to shareholders in order to reach a decision about a proposal. After the receipt of this information, the Board of Directors may decide to approve a resolution to enact the takeover defense measures based on the conclusion that the buyer's purchase proposal would be detrimental to corporate value and shareholder value, in accordance with the recommendation of the Independent Committee (except when the directors decide that following the recommendation would violate the directors' duty as good managers). If this resolution is approved, the shareholder position confirmation procedure is used in order to allow shareholders to decide directly whether to enact the takeover defense measures.

These rules, which were approved by the Board of Directors, will be renewed if shareholders approve this action at the annual shareholders meeting to be held in March 2018. If the Board of Directors subsequently approves a resolution to revise or terminate these rules, the rules will be revised or terminated in accordance with the resolution. Furthermore, these rules include a so-called sunset provision under which the rules will expire after approximately three years.

The term of directors (other than Audit and Supervisory Committee members) is one year. Even while the rules are in force, the wishes of shareholders can be reflected in the rules through the election of directors at annual shareholders meetings.

Due to these provisions, the takeover defense measure rules incorporate a framework that adequately reflects the wishes of shareholders.

(3) Restriction on the ability of the Board of Directors to enact the takeover defense measures

The preceding item 2. (4) provides for the enactment of the takeover defense measures by the Board of Directors without using the shareholder position confirmation procedure. However, this is possible only when the buyer has violated the takeover defense measure rules, a purchase by this buyer would obviously be detrimental to corporate value and

shareholder value, and the Independent Committee agrees to the decision of the Board of Directors to enact the takeover defense measures.

(4) The rules place emphasis on the opinions of the Independent Committee and third-party experts

To ensure that a suitable decision is made concerning the enactment of the takeover defense measures regarding a buyer's purchase proposal, the takeover defense measure rules include the establishment of an Independent Committee. This committee has at least three members, all of whom are independent of KAGOME executives who conduct business operations. The committee collects information from the buyer about the purchase proposal. The Board of Directors receives recommendations and follows these recommendations (except when the directors decide that following the recommendation would violate the directors' duty as good managers) concerning whether the takeover defense measures should be enacted based on the shareholder position confirmation procedure because the purchase proposal would be detrimental to corporate value and shareholder value, whether the Board of Directors should enact the takeover defense measures on its own without using the shareholder position confirmation procedure, and other matters.

For the preparation of an alternate proposal by the Board of Directors or of the position of the Board of Directors concerning the buyer's purchase proposal, the directors can receive the advice of third-party professionals (financial advisers, certified public accountants, attorneys, consultants and others) who are independent of KAGOME executives who conduct business operations. If this advice is received, the directors must place emphasis on the advice in order to prevent arbitrary decisions by the Board of Directors.

(5) The takeover defense measures are not dead-hand or slow-hand measures

The takeover defense measure rules are designed to allow the Board of Directors, which consists of directors elected at shareholders meetings, to terminate the rules. As a result, these are not dead-hand or no-hand takeover defense measures (takeover defense measures where enactment cannot be stopped even if the majority of the Board of Directors is replaced). Furthermore, KAGOME does not use staggered terms for its directors (other than Audit and Supervisory Committee members). As a result, these are not slow-hand takeover defense measures (takeover defense measures that require time for preventing enactment because all directors cannot be replaced at once).

4. Effect on shareholders

(1) Effect on shareholders when the rules were established

When the takeover defense measure rules were established, there was no gratis allotment of stock acquisition rights. As a result, there was no direct, specific effect on KAGOME's shareholders or other investors.

(2) Effect of enactment of the takeover defense measures on shareholders

If the takeover defense measures are enacted, shareholders will receive at no cost one stock acquisition right for each share of KAGOME stock held on the stock acquisition right allocation date designated separately when the Board of Directors approves the allocation of these rights. No application or other action is needed by shareholders because shareholders will become holders of the stock acquisition rights at no cost on the allocation date due to the allocation procedure.

However, if a shareholder does not the allocated exercise stock acquisition rights during the exercise period by making a payment or using another exercise method described below, the value of the shareholder's KAGOME stock may become diluted due to the exercise of the stock acquisition rights by other shareholders.

By using the procedure explained in the following item (3) 3), the KAGOME Board of Directors may approve a resolution to acquire all stock acquisition rights other than the rights held by non-qualified parties in exchange for KAGOME stock. If KAGOME uses this acquisition procedure, shareholders other than non-qualified parties will receive KAGOME common stock without exercising the stock acquisition rights or paying the exercise price. In principle, this will not result in the dilution of the value of the originally held KAGOME stock.

After the record date for confirming shareholders eligible to receive the gratis allotment of stock acquisition rights, as is explained in the preceding items 2. (3) 7) and (5) 9) Acquisition of stock acquisition rights by KAGOME, KAGOME may cancel the allotment of stock acquisition rights prior to the start of the exercise period or may acquire at no cost the stock acquisition rights after the gratis allotment has become effective. In this case, the per-share value of KAGOME stock will not be diluted. Consequently, there is a possibility that investors who conducted transactions based on the assumption that this dilution would happen will incur substantial losses caused by stock price movements.

(3) Shareholders are asked to take the following actions in association with the gratis allocation of stock acquisition rights takes place

1) Stock registration

IF there is a gratis allotment of stock acquisition rights, the Board of Directors will make a public announcement of the allotment date and shareholders as of that date will receive these rights. Consequently, shareholders who are not listed in the KAGOME shareholder register need to quickly complete the registration procedure.

2) Stock acquisition right exercise procedure

Shareholders listed in the final shareholder register on the stock acquisition rights allocation date will receive from KAGOME a stock acquisition right exercise form and other documents required to exercise these rights, with all documents using the format designated by KAGOME.

To exercise the stock acquisition rights, shareholders must submit these documents during the exercise period that follows the allocation of the rights and pay to the designated bank the amount per right (between one yen and 50% of the fair value of KAGOME common stock) that was established in the gratis stock acquisition rights resolution of the Board of Directors. KAGOME will then issue one share of common stock for each stock acquisition right exercised.

3) Procedure for acquisition of stock acquisition rights by KAGOME

If the KAGOME Board of Directors approves a resolution to acquire the stock acquisition rights, KAGOME may acquire the rights in compliance with legal procedures on a date designed separately by the Board of Directors. If KAGOME acquires the stock acquisition rights, shareholders who hold these rights will, as a rule, receive one share of KAGOME common stock in exchange for each stock acquisition right without paying the exercise price.

In this event, shareholders may be asked to submit, using a format designated by KAGOME, a pledge that the shareholder is not a non-qualified party or regarding some other item. This pledge may include a statement guarantee clause, compensation clause and other statements involving the pledge.

In addition to the information in this document, shareholders will receive through disclosures or notices additional information about the methods used for the allocation and exercise of the stock acquisition rights and the acquisition of the rights by KAGOME after the Board of Directors approves a resolution concerning the stock acquisition rights.