

Summary of the Independent Committee Rules

1. Overview of the Independent Committee

The Independent Committee was established by a resolution of the KAGOME Board of Directors for the purpose of submitting opinions to the Board of Directors about takeover proposals. In accordance with these rules, the committee performs studies from an independent perspective concerning whether takeover defense measures should be enacted based on the shareholder position confirmation procedure if a proposed purchase of KAGOME stock would be detrimental to KAGOME's interests and the interests of shareholders. A written report explaining the committee's decision and the basis for the decision is submitted to the Board of Directors. In addition, when requested by the Board of Directors, the Independent Committee collects information about the purchase proposal from the prospective buyer and submits an opinion regarding whether the Board of Directors should decide on its own to enact the takeover defense measures without using the shareholder position confirmation procedure.

The Independent Committee has a minimum of three members who are selected by the Board of Directors. The members are individuals who are reasonably judged to be independent of executives who conduct KAGOME's business operations and who are either (a) a KAGOME outside director or (b) an individual with academic, business or other experience. However, an individual in this second category must be a person who was a corporate manager or college professor, an individual with expertise concerning corporate takeovers, an attorney, a certified public accountant, or someone with a comparable background. Furthermore, committee members must sign a contract with KAGOME that includes a provision concerning the obligation to exercise due care as a good manager.

The term of office of committee members expires at the end of the annual shareholders meeting for the last fiscal year that ends within one year of selection as a committee member. Committee members can be reappointed by resolutions of the Board of Directors. However, the term of office of a committee member who was a KAGOME outside officer will end immediately if this member ceases to be a KAGOME outside officer (excluding committee members who have been reappointed). But if this committee member is an individual with academic, business or other experience, the individual can be selected as a committee member by a resolution of the Board of Directors.

2. Duties of the Independent Committee

The Board of Directors can ask the Independent Committee to perform a study, using a suitable document received from the Board of Directors explaining a proposed takeover, to determine within the designated examination period whether takeover defense measures should be enacted regarding a proposal for the purchase of KAGOME stock. If the Independent Committee concludes that the takeover proposal would be detrimental to KAGOME's interests and the interests of shareholders, the committee will recommend that the Board of Directors enact the takeover defense measures based on the shareholder position confirmation procedure.

After receiving the committee's conclusion and an explanation of the basis for the conclusion, the Board of Directors can subsequently ask the Independent Committee for an opinion about whether the Board of Directors should enact the takeover defense measures without the shareholder position confirmation procedure. In this case, the Independent

Committee submits an opinion in writing stating its agreement or opposition regarding this action.

As required, the Independent Committee can recommend that the Board of Directors not enact the takeover defense measures.

In addition to submitting the preceding opinions, the Independent Committee can submit opinions to the Board of Directors concerning the following items.

- 1) Whether these rules apply to a specific proposal for the purchase of KAGOME stock
- 2) Whether the information in the purchase explanation document is appropriate and sufficient
- 3) Whether there is a need to extend the examination period
- 4) Whether negotiations with the prospective buyer are needed regarding the takeover proposal
- 5) Whether a proposed takeover would be detrimental to the interests of KAGOME and its shareholders
- 6) Suitability of the views of the Board of Directors regarding the takeover proposal
- 7) Suitability of an alternate proposal
- 8) Suitability of the shareholder position confirmation procedure
- 9) Whether the takeover defense measures are appropriate and reasonable
- 10) Confirmation that the prospective buyer is complying with these rules
- 11) Other items prescribed by these rules or resolutions of the Board of Directors

3. Roles of the Independent Committee

To collect the information that is necessary, the Independent Committee can ask directors, statutory auditors, executive officers, employees and other individuals the committee members believe are needed to attend a committee meeting in order to provide explanations of items requested by the committee.

As necessary to a reasonable extent, the Independent Committee can receive the advice of individuals who are independent of the Board of Directors (financial advisers, certified public accountants, attorneys, consultants and other professionals) with KAGOME covering the associated expenses.

4. Independent Committee Meetings and Resolutions

Any member of the Independent Committee can call a meeting when a takeover bid has been made or at any other time.

A resolution of the Independent Committee must be approved by a majority of the members at a meeting attended by a majority of the members.