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Securities Code: 6809
June 2, 2020

To All Shareholders:

Kazuhiro Takeuchi
President, CEO
TOA CORPORATION
7-2-1, Minatojimanakamachi,
Chuo-ku, Kobe, Hyogo Prefecture

Notice of the 72nd Ordinary General Shareholders' Meeting

We would hereby like to inform you that the 72nd Ordinary General Shareholders' Meeting (the "Meeting") of TOA Corporation ("TOA") will be held as described below.

If you are unable to attend the Meeting, you can exercise your voting rights in writing or via the Internet. Please refer to the reference materials contained herein, and exercise your voting rights by 5:30 p.m. on Monday, June 22, 2020 (Japan Time).

1. Date and Time:	10:00 a.m., Tuesday, June 23, 2020 (Japan Time)
2. Venue:	XEBEC HALL, 7-2-1, Minatojimanakamachi, Chuo-ku, Kobe, Hyogo Prefecture
3. Meeting Agenda:	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. The Business Report, Consolidated and Unconsolidated Financial Statements for the 72nd fiscal year (from April 1, 2019 to March 31, 2020) 2. Audit Report on Consolidated Financial Statements for the 72nd fiscal year by the Financial Auditors and by the Audit & Supervisory Board <p>Proposals to be resolved:</p> <p>Proposal 1: Appropriation of Retained Earnings</p> <p>Proposal 2: Appointment of 3 Members of the Board of Directors</p> <p>Proposal 3: Appointment of 1 Member of Audit & Supervisory Board</p> <p>Proposal 4: Appointment of 1 Substitute Member of Audit & Supervisory Board</p> <p>Proposal 5: Continuation of the Policy against Large-scale Purchases of TOA's Shares (Takeover Defense Measures)</p>
4. Other matters relating to Meeting:	<ol style="list-style-type: none"> 1. In the event that a vote is exercised in duplicate in writing and via the Internet, voting via the Internet shall be effective. 2. In the event that more than one vote is exercised via the Internet, the latest vote shall be effective.

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- When attending the Meeting, please submit the enclosed ballot form at the reception desk.
 - The following matters have been posted on TOA's website (<https://www.toa.co.jp/ir/stockinfo/memo.htm>) in accordance with laws and regulations and Article 15 of the Articles of Incorporation of TOA, and are therefore not included in this notice of convocation. Accordingly, the documents attached to this notice of convocation constitute a part of documents audited by the Audit & Supervisory Board Members and the Financial Auditor in preparing the Audit Report.
 - 1) Systems to Ensure the Propriety of Business Operations
 - 2) Consolidated Statements of Changes in Shareholders' Equity, etc.
 - 3) Notes to the Consolidated Financial Statements
 - 4) Statement of Changes in Shareholders' Equity, etc.
 - 5) Notes to the Unconsolidated Financial Statements
 - Should matters to be described in the documents attached to this notice of convocation as well as the Reference Documents for the General Shareholders' Meeting require revisions, the revised versions will be posted on TOA's website (<https://www.toa.co.jp/ir/stockinfo/memo.htm>).

Reference Documents for the General Shareholders' Meeting

Proposals and References

Proposal 1: Appropriation of Retained Earnings

We propose the appropriation of retained earnings as described below.

Matters related to the year-end dividends

TOA positions enhancing returns of profits to shareholders as one of the management priorities. Having a policy of providing stable dividends as a basis, and taking into account of our business performance, we endeavor to provide returns to shareholders.

With respect to distribution of retained earnings, we adopt a basic policy of maintaining an annual dividend of 20 yen, and aim for a consolidated dividend payout ratio of 35% based on our business performance. The amount of dividends paid will also be determined by considering the overall balance with our internal reserves, so as to enable sustainable growth of TOA.

In the fiscal year ended March 31, 2020, TOA celebrated the 70th anniversary of the establishment. On this occasion, as an expression of gratitude to shareholders for their constant support, we propose payment of a year-end dividend of 16 yen per share for the fiscal year ended March 31, 2020, comprising the stable dividend of 10 yen, performance-based dividend of 2 yen in consideration of a consolidated dividend payout ratio of 35% and commemorative dividend of 4 yen.


Year-end dividend


1. Type of dividend property
Cash
2. Matters related to the allotment of dividend property to shareholders and the total amount
16 yen per share of common stock of TOA
Total amount: 542,072,336 yen
We paid 10 yen per share as an interim dividend; therefore the total annual dividend for the fiscal year ended March 31, 2020, including the interim dividend, will be 26 yen per share.
3. Effective date of distribution of retained earnings
June 24, 2020

Proposal 2: Appointment of 3 Members of the Board of Directors

The terms of office of Directors Messrs. Yoshinori Masuno, Junichi Teramae and Hiroo Okazaki will expire at the closing of this Meeting. Accordingly, we propose the appointment of three (3) Directors. The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of TOA shares held
1	<p>Yoshinori Masuno (January 2, 1959)</p>  <p><Reappointment></p>	<p>April 1982 Joined TOA Corporation April 2000 President, TOA (HONG KONG) LIMITED June 2004 General Manager, International Marketing Department, TOA Corporation June 2005 Executive Officer, General Manager, International Marketing Department, International Division, TOA Corporation November 2006 Executive Officer, General Manager, International Marketing Department, International Division, TOA Corporation April 2007 Executive Officer, Executive Manager, International Division, and General Manager, International Marketing Department, International Division, TOA Corporation June 2008 Director, Executive Officer, Executive Manager, International Division, and General Manager, International Marketing Department, International Division, TOA Corporation April 2009 Director, Executive Officer, Executive Manager, International Division, TOA Corporation April 2010 Director, Senior Executive Officer, Executive Manager, International Marketing Division, TOA Corporation January 2011 Director, Senior Executive Officer, Executive Manager, International Marketing Division, and General Manager, America Department, International Marketing Division, TOA Corporation April 2012 Director, Senior Executive Officer, Executive Manager, International Business Division, and General Manager, North & Central America Business Department, International Business Division, TOA Corporation January 2013 Director, Senior Executive Officer, Executive Manager, International Business Division, TOA Corporation April 2019 Director, Senior Executive Officer, Executive Manager, International Business Division, and in charge of North & Central America Business Department, and China & East Asia Business Department, TOA Corporation January 2020 Director, Senior Executive Officer, Executive Manager, International Business Division, and in charge of North & Central America Business Department; Europe, Middle East & Africa Business Department, and China & East Asia Business Department, TOA Corporation (to present)</p>	23,132
		<p>[Reasons for nomination as a candidate for Director] Mr. Yoshinori Masuno has been nominated as a candidate for Director, because he can be expected to continue to fulfill the role as Director by leveraging his track record and experience of having overseen and led international business divisions over many years.</p>	


No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of TOA shares held
2	Junichi Teramae (June 30, 1956)  <Reappointment>	April 1980 Joined TOA Corporation April 2002 President, TOA VIETNAM CO., LTD. April 2006 President, PT. TOA GALVA INDUSTRIES. April 2008 President, PT. TOA GALVA INDUSTRIES., and President, PT. TOA GALINDRA ELECTRONICS. April 2009 Vice Executive Manager, Supply Chain Management Division, and General Manager, Production Department, Supply Chain Management Division, TOA Corporation June 2009 Executive Officer, Executive Manager, Supply Chain Management Division, and General Manager, Production Department, Supply Chain Management Division, TOA Corporation June 2010 Director, Executive Officer, Executive Manager, Supply Chain Management Division, and General Manager, Production Department, Supply Chain Management Division, TOA Corporation April 2011 Director, Executive Officer, Executive Manager, Supply Chain Management Division, TOA Corporation April 2019 Director, Executive Officer, Executive Manager, Supply Chain Management Division, and in charge of Transportation Business Department, TOA Corporation (to present)	50,092
[Reasons for nomination as a candidate for Director] Mr. Junichi Teramae has been nominated as a candidate for Director, because he can be expected to continue to fulfill the role as Director by leveraging his track record and experience as a corporate manager at overseas production bases and Executive Manager of Supply Chain Management Division.			

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of TOA shares held
3	<p data-bbox="236 667 432 734">Hiroo Okazaki (January 5, 1953)</p>  <p data-bbox="236 1003 432 1104"><Reappointment> <Outside> <Independent></p>	<p data-bbox="480 286 1238 1189"> April 1975 Joined Asahi Chemical Industry Co., Ltd. December 1979 Resigned from Asahi Chemical Industry Co., Ltd. January 1980 Joined Fuji Seal, Co., Ltd. (currently Fuji Seal International, INC.) October 1987 Director, Fuji Seal, Co., Ltd. April 1995 Director, General Manager, Corporate Planning Department, Fuji Seal, Inc. (currently Fuji Seal International, INC.) April 1998 Director, General Manager, Accounting Department, Fuji Seal, Inc. April 2000 Executive Managing Director, General Manager, Accounting Department, Fuji Seal, Inc. April 2002 Executive Managing Director, General Manager, Administration Department, Fuji Seal, Inc. June 2004 Director, Executive Officer, General Manager, Administration Department, Fuji Seal, Inc. December 2009 Director, Executive Officer, Fuji Seal International, INC. Representative Director and President, Fuji Seal Iberia S.L.U. July 2010 Director, Executive Officer, Fuji Seal International, INC. Representative Director and President, Fuji Seal Iberia S.L.U., and Representative Director and President, Fuji Seal B.V. June 2014 Director, Fuji Seal International, INC. Representative Director and President, Fuji Seal B.V. June 2017 Adviser, Fuji Seal International, INC. Chairperson, Fuji Seal Foundation (to present) June 2018 Outside Director, TOA Corporation (to present) </p> <p data-bbox="459 1223 1455 1487"> [Reasons for nomination as a candidate for Outside Director] Mr. Hiroo Okazaki has been nominated as a candidate for Outside Director, because he can be expected to continue to fulfill the role as Outside Director in strengthening corporate governance function of TOA by reflecting his deep insight and extensive experience accumulated over many years as a supervisor of administration divisions and a corporate manager in Japan and overseas at a packaging system manufacturer to help the management of TOA, and by proactively offering advice and suggestions on management from an objective standpoint, independent of the management that execute businesses. </p>	—

- (Notes) 1. There are no special interests between each of the candidates for Directors and TOA.
2. Mr. Hiroo Okazaki is a candidate for Outside Director. We have registered him as an independent officer as specified by Tokyo Stock Exchange, Inc. If he is appointed as Director at this Meeting, he is scheduled to continue to be an independent officer.
3. If Mr. Hiroo Okazaki is appointed as Director, TOA intends to renew the liability limitation agreement with him to limit his liability for compensation for damages in accordance with Article 427, Paragraph 1 of the Companies Act. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
4. The term of office of Mr. Hiroo Okazaki as Outside Director will be two years at the closing of this Meeting.

Proposal 3: Appointment of 1 Member of Audit & Supervisory Board

The term of office of Audit & Supervisory Board Member Mr. Toshihide Tanaka will expire at the closing of this Meeting. Accordingly, we propose the appointment of one (1) Audit & Supervisory Board Member. The Audit & Supervisory Board has previously given its approval to 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 TOA shares held
<p>Takefumi Nishigaki (December 11, 1963)</p>  <p><New appointment></p>	<p>April 1987 Joined TOA Corporation March 2001 President, TOA Electronics Europe G.m.b.H. April 2008 President, TOA Electronics Europe G.m.b.H., and President, TOA CORPORATION (UK) LIMITED June 2008 Executive Officer, TOA Corporation; President, TOA Electronics Europe G.m.b.H., and President, TOA CORPORATION (UK) LIMITED April 2009 Executive Officer, General Manager, International Sales & Marketing Department, International Sales & Marketing Division, and General Manager, Europe & Russia Marketing Department, TOA Corporation; President, TOA CORPORATION (UK) LIMITED April 2010 Executive Officer, Executive Manager, Technical Division, TOA Corporation April 2012 Executive Officer, Executive Manager, Technical Division, and General Manager, Software Development Department, TOA Corporation April 2013 Executive Officer, Executive Manager, Technical Division, TOA Corporation April 2016 Executive Officer, Vice Executive Manager, R&D Division, TOA Corporation June 2017 Executive Officer, Executive Manager, R&D Division, TOA Corporation April 2018 Executive Officer, Executive Manager, Global R&D Division, TOA Corporation April 2020 Assistant Executive Manager, Administration Division, TOA Corporation (to present)</p>	<p>8,000</p>
<p>[Reasons for nomination as a candidate for Audit & Supervisory Board Member] Mr. Takefumi Nishigaki has been nominated as a candidate for Audit & Supervisory Board Member, because he can be expected to leverage his experience and broad knowledge in corporate management and organizational operation, gained through service as manager of overseas sales bases and executive head of development divisions, to fulfill the role of Audit & Supervisory Board Member.</p>		

- (Notes) 1. There are no special interests between the candidate and TOA.
 2. If Mr. Takefumi Nishigaki is elected as Audit & Supervisory Board Member, TOA intends to conclude a liability limitation agreement with him to limit his liability for compensation for damages in accordance with Article 427, Paragraph 1 of the Companies Act. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Proposal 4: Appointment of 1 Substitute Member of Audit & Supervisory Board

The effectiveness of appointment of Substitute Audit & Supervisory Board Member Mr. Takahisa Fukumoto, appointed at the Ordinary General Shareholders' Meeting held on June 20, 2019, will expire at the commencement of this Meeting. To prepare for the event where the number of Audit & Supervisory Board Member falls below the number defined by laws and regulations, we propose the appointment of one (1) Substitute Audit & Supervisory Board Member in advance.

The Audit & Supervisory Board has previously given its approval to 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 TOA shares held
<p>Takahisa Fukumoto (August 2, 1967)</p> 	<p>April 1993 Joined Hyogo Prefectural Government March 1994 Resigned from Hyogo Prefectural Government April 1996 Registered as an attorney-at-law Joined Higashimachi Law Office (currently Higashimachi LPC) April 2003 Partner, Higashimachi Law Office (currently Higashimachi LPC) (to present) June 2003 Outside Corporate Auditor, Kawanishi Warehouse Co., Ltd. April 2008 Vice-President, Hyogo-Ken Bar Association June 2010 Outside Corporate Auditor, KOBE Ferry center. co., Ltd. (to present) April 2012 Domestic Relations Conciliation Commissioner, Kobe Family Court (to present)</p>	<p>–</p>
<p>[Reasons for nomination as a candidate for Substitute Outside Audit & Supervisory Board Member] Mr. Takahisa Fukumoto has been nominated as a candidate for Substitute Outside Audit & Supervisory Board Member, because he is qualified as a lawyer and can be expected to fulfill the role as Audit & Supervisory Board Member, by leveraging his extensive experience and expertise accumulated in the legal community. Although he has no experience in corporate management other than being an Outside Audit & Supervisory Board Member, for the reasons stated above, we judged that he can appropriately perform the duties of Outside Audit & Supervisory Board Member.</p>		

- (Notes)
1. There are no special interests between Mr. Takahisa Fukumoto and TOA.
 2. Mr. Takahisa Fukumoto is a candidate for Substitute Outside Audit & Supervisory Board Member. If he is appointed as Audit & Supervisory Board Member, he is expected to be an independent officer pursuant to the relevant provisions of Tokyo Stock Exchange, Inc.
 3. If Mr. Takahisa Fukumoto is appointed as Audit & Supervisory Board Member, TOA intends to enter into a liability limitation agreement with him to limit his liability for compensation for damages in accordance with Article 427, Paragraph 1 of the Companies Act. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Proposal 5: Continuation of the Policy against Large-scale Purchases of TOA's Shares (Takeover Defense Measures)

TOA introduced the "Policy against Large-scale Purchases of TOA's Shares (Takeover Defense Measures)" (hereinafter the "Policy") at the meeting of the Board of Directors held on February 15, 2008. The Policy was subsequently continued by approval of shareholders at the 60th Ordinary General Shareholders' Meeting held on June 27, 2008. More recently, the 69th Ordinary General Shareholders' Meeting held on June 22, 2017 resolved to further continue the Policy, effective until the conclusion of this Shareholders' Meeting.

Since the Policy was last continued, TOA has continually reviewed its attributes, including whether or not it should be further continued as a means of ensuring and enhancing the Company's corporate value as well as the common interests of its shareholders, in light of factors such as changing social and economic circumstances, recent developments and debates relating to takeover defense measures, and the purposes of the Corporate Governance Code.

As a result of this review, the Board of Directors, at the meeting held on May 20, 2020, resolved to partially amend and continue the Policy, subject to the approval of shareholders at this Shareholders' Meeting.

The proposed amendments to the Policy aim to create a mechanism that prevents arbitrary judgments by the Board of Directors and better reflects shareholders' intentions. The principle points of the proposed amendments to the Policy are as follows.

[Principle points of the Amendments]

	Points	Current	Amended
1)	The Response of the Board of Directors to the recommendations of the Independent Committee	The Board of Directors shall respect the recommendations of the Independent Committee as far as possible.	The Board of Directors shall comply with the recommendations of the Independent Committee. However, this provision shall not apply where such compliance would violate the Directors' duty of care.
2)	Decision-making body on the implementation of countermeasure (Where a Large-scale Purchaser has complied with the Large-scale Purchase Rules)	Board of Directors	Board of Directors As a rule, a General Shareholders' Meeting shall be convened to confirm the will of shareholders regarding issues such as whether countermeasures should be implemented

	Points	Current	Amended
3)	Requirements for implementing countermeasures (Where a Large-scale Purchaser has complied with the Large-scale Purchase Rules)	<p>A. Purchases that would indisputably violate TOA's corporate value and the common interests of its shareholders, due to the actions listed in (i) to (iv) below</p> <p>(i) The buyout of TOA's shares to demand that TOA repurchases these shares at an inflated price</p> <p>(ii) Management that benefits the Large-scale Purchaser to the detriment of the company, such as taking temporary control of the company's management to acquire its assets for a low cost</p> <p>(iii) Appropriation of the company's assets as a means of collateral for or repayment of debts of the Large-scale Purchaser or those of its group companies, etc.</p> <p>(iv) Taking temporary control of the company's management to bring about disposal of high-value assets that have no current relevance to the company's businesses and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends</p>	Same as on the left
		<p>B. Purchases that threatens to compel shareholders to sell their shares, such as a coercive two-tiered tender offer (meaning acquisition of shares by tender offer, etc. that sets unfavorable acquisition terms for the second stage or does not set clear terms for the second stage)</p>	Same as on the left
		<p>C. Purchases that would significantly damage TOA's corporate value and the common interests of its shareholders, by damaging the interests of its employees, customers, business partners, or other stakeholders</p>	Deleted
		<p>D. Purchases where the terms of purchase etc. are obviously insufficient or inappropriate given TOA's intrinsic value</p>	Deleted

	Points	Current	Amended
4)	Information provision period required of Large-scale Purchasers	–	60 days from the day when the information is requested
5)	Transfer of benefits to Large-scale Purchasers	–	TOA shall not transfer its common stock, or money or other economic benefits in exchange for the acquisition of stock acquisition rights by TOA, to Large-scale Purchasers

The details of the Policy are as follows.

1. Basic Policy Concerning Control Over the Company

As TOA being a listed corporation that allows free trading of its shares, will not unconditionally reject all cases involving a purchase of its shares. This will include any so-called “hostile takeover” conducted without the consent of the Board of Directors, provided that this will contribute to its corporate value and the common interests of its shareholders. The decision on whether to sell TOA’s shares in response to a large-scale purchase by a specific party should ultimately be left to TOA’s shareholders who possess TOA shares. For this reason, after information on a large-scale purchase is provided by a large-scale purchaser, TOA considers it necessary to evaluate and consider this proposal, and for the Board of Directors to prepare and disclose an opinion, in order to contribute to the judgment of all shareholders.

Furthermore, TOA considers it necessary to engage in negotiation with the large-scale purchaser, and present an alternative proposal to shareholders, as appropriate.

As of March 31, 2020, TOA’s founders hold approximately 20% of issued shares in total, but shareholding has already become significantly dispersed. In this situation, one cannot dismiss the possibility that, among the large-scale purchases and purchase proposals concerning TOA’s shares, there may be a kind that would damage TOA’s corporate value and the common interests of its shareholders. TOA considers it necessary to introduce advance measures to respond to a large-scale purchase or purchase proposal, to prevent decisions on financial and business policies of TOA being controlled by parties deemed inappropriate in the context of the basic policy concerning control over the company, and to secure the information and time necessary for all shareholders to make an appropriate judgment.

2. Initiatives to Contribute to Realizing the Basic Policy Concerning Control Over the Company

TOA implements the following measures as initiatives to enhance corporate value and the common interests of its shareholders, to ensure that its shares are held over the long term by a large number of shareholders. These initiatives also contribute to realizing the basic policy described in 1. above.

(1) Enhancing corporate value through the promotion of TOA’s Management Policy and Medium-Term Management Plan

The TOA Group has established “Smiles for the Public” as its corporate values, and aims to bring “smiles” to the “public” by providing the values of “reassurance, reliability, and emotion.”

Under its Management Policy “Three Confidences (Total confidence of our customers in the use of all products. Total confidence of our associates in all business transactions. Total confidence of our employees in all their effort.),” the TOA Group aims to grow and develop as a social entity together with all stakeholders, including shareholders, customers, business partners, employees, and others, by strengthening its initiatives from a comprehensive range of perspectives, including ESG (environment, social and governance).

The TOA Group’s current Medium-Term Management Plan (hereinafter the “current Medium-Term Plan”), covering the three years to March 31, 2021, is aimed at the sustained enhancement of corporate value. In particular, the current Medium-Term Plan bases on the idea of further strengthening links with customers, and to transform the various challenges faced by customers in different regions and markets into “reassurance, reliability, and emotion,” by leveraging TOA’s unique perspective as a specialized manufacturer with its strength in audio notification capabilities.

The global expansion of the TOA Group follows from the previous Medium-Term Plan, promoting

local-production, and local-consumption businesses in each of five regions around the world (Japan, Asia Pacific; Europe, the Middle East and Africa; America, and China and East Asia). In this way, the TOA Group aims to achieve “5 TOAs in the World,” each with its autonomous businesses.

To achieve this goal, the TOA Group is engaged in strengthening its marketing function, especially in fast-growing overseas regions, accelerating the development of products to meet market needs, and expanding sales channels.

Under the previous Medium-Term Plan, the TOA Group aimed for a transformation from hardware to services, not only providing outstanding products but also strengthening its solutions business providing supplementary software and services to accompany its products, to push forward with reforms to transform to a business model than can create and provide new value for customers.

The current Medium-Term Plan continues these reforms. Specifically, the TOA Group realizes links with customers in terms of both things and people, by making its products IoT-compatible, and by engaging in sales and engineering in close contact with customers. In addition to creating an environment where customers can continue to use TOA products with peace of mind, the TOA Group is also developing businesses to enable it to create and provide optimal solutions to fit customer applications, every time.

As described above, the maintenance and development of good relationships with stakeholders, including shareholders, customers, business partners, and employees in Japan and overseas, as well as broad expertise and abundant experience, are vital elements in the management of TOA and the TOA Group.

(2) Status of initiatives to strengthen corporate governance

TOA regards the long-term, continued growth of corporate value through the practice of sound and transparent corporate management that ensures compliance for all shareholders, customers, business partners, employees and other stakeholders, as its most essential and permanent management issue. It considers that further strengthening corporate governance by emphasizing and enhancing accountability to all stakeholders, as well as proactively practicing prompt and appropriate disclosure, will contribute to the enhancement of corporate value.

3. Details of the Policy (measures to prevent decisions on financial and business policies of TOA being controlled by parties deemed inappropriate in the context of the basic policy concerning control over the company)

(1) The need for Large-scale Purchase Rules

The Policy was introduced as an initiative to prevent decisions on financial and business policies of TOA being controlled by parties deemed inappropriate in the context of the basic policy concerning control over the company outlined in 1. above and is proposed to be continued by partially amending its content.

TOA believes that, in the event of a large-scale purchase of its shares, securing both time and information necessary for the shareholders to make an appropriate judgment, and negotiating with the large-scale purchaser, will lead to the protection and enhancement of TOA's corporate value and the common interests of its shareholders. For this reason, TOA has established rules (hereinafter the “Large-scale Purchase Rules”) regarding matters such as the provision of information in the event of a large-scale purchase or purchase proposal. TOA believes that the Large-scale Purchase Rules provide all shareholders with necessary and sufficient information and time to make an appropriate judgment on whether to respond to a large-scale purchase or purchase proposal and thus contribute to the common interests of its shareholders.

Based on the purposes and effects of the Policy as outlined above, TOA has determined to partially amend and continue the Policy as described in 7. below, subject to approval of this proposal at this General Shareholders' Meeting.

(2) Purpose of continuing the Policy

The purpose of the Policy is to ensure timely and appropriate response to any purchase or purchase proposal of share certificates, etc. (irrespective of the specific purchase method, including market transactions and tender offer, except where prior consent has been obtained from TOA's Board of Directors) where the intent or result is to increase the voting rights ratio (Note 2) of a specific shareholder group (Note 1) to 20% or higher (hereinafter, such a purchase action shall be referred to as a “Large-scale Purchase”; the party that conducts a Large-scale Purchase shall be referred to as a “Large-scale Purchaser”), to provide all shareholders with necessary and sufficient information, as well as implement countermeasures, where necessary, to contribute to TOA's corporate value and the common interests of its shareholders.

(Note 1) A specific shareholder group refers to:

- (i) Holders (including parties that are included in the definition of holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; the same shall apply hereinafter) of the shares certificates, etc. (share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Act) of TOA and their joint holders (joint holders as defined in Article 27-23, Paragraph 5 of the Act, including parties deemed to be joint holders pursuant to Article 27-23, Paragraph 6 of the Act; the same shall apply hereinafter), and those holders or joint holders with certain relationships similar to the relationship between holders and joint holders (including those deemed to have such a relationship by TOA's Board of Directors; hereinafter "quasi joint holders"); or,
- (ii) Parties engaged in the purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Act, including transactions on financial instruments exchange markets, irrespective of whether these are executed through the method of auction) of TOA's share certificates, etc. (share certificates, etc. provided for in Article 27-2, Paragraph 1 of the Act) and parties with a special relationship thereto (parties with a special relationship as defined in Article 27-2, Paragraph 7 of the Act; however, regarding parties indicated in Article 27-2, Paragraph 7 (i), this excludes those prescribed in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers; the same shall apply hereinafter).

(Note 2) Voting rights ratio refers to:

- (i) If the specific shareholder group is as stated in (i) of Note 1, the sum of (1) the ratio of share certificates, etc. held by the shareholders in question (the ratio of share certificates, etc. as defined in Article 27-23, Paragraph 4 of the Act; in such case, the number of share certificates, etc. held by joint holders of such holders (the number of share certificates, etc. held as defined in Article 27-23, Paragraph 4 of the Act) shall be factored in); and (2) the ratio of share certificates, etc. held by quasi joint holders of the shareholders in question (however, any overlaps in shareholdings between (1) and (2) shall be excluded when calculating the sum of (1) and (2)); or,
- (ii) If the specific shareholder group is as stated in (ii) of Note 1, the sum of the ratio of share certificates, etc. held by the Large-scale Purchaser and the ratio of share certificates, etc. owned by parties with a special relationship thereto (the ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8 of the Act). When calculating the ratio of share certificates, etc. held and owned, the most recently submitted annual securities report, quarterly securities report, and share buyback report shall be referred to provide the total number of issued shares (the total number of issued shares as defined in Article 27-23, Paragraph 4 of the Act), and the total number of voting rights (the total number of voting rights as defined in Article 27-2, Paragraph 8 of the Act).

4. Details of the Large-scale Purchase Rules

(1) Main features of the Large-scale Purchase Rules

The Large-scale Purchase Rules established by TOA's Board of Directors consist of the following main provisions: [1] the Large-scale Purchaser shall provide the Board of Directors with necessary and sufficient information on the planned Large-scale Purchase, before executing the Large-scale Purchase; [2] TOA's Board of Directors shall prepare and publicly announce the opinion of the Board of Directors on the planned Large-scale Purchase, within a set evaluation period; [3] the Large-scale Purchaser shall only execute the Large-scale Purchase after the processes described in [1] and [2] are completed. The specific details are as follows.

(2) Provision of information

Where a Large-scale Purchaser plans to execute a Large-scale Purchase, the Large-scale Purchaser must submit details of the planned Large-scale Purchase to TOA's Representative Directors, in written form, in the Japanese language, prior to executing or proposing the Large-scale Purchase.

- 1) Name and address of the Large-scale Purchaser
- 2) Applicable incorporation law
- 3) Name of the representative
- 4) Contact information in Japan
- 5) Overview of the proposed Large-scale Purchase
- 6) A statement of intent, indicating the Large-scale Purchaser's intention to comply with the provisions of the Large-scale Purchase Rules prescribed in the Policy

The Board of Directors of TOA shall, within 10 business days commencing from the day following the day on which it receives a statement of intent containing all items 1) to 6) listed above, issue to the Large-scale Purchaser a list of the information necessary and sufficient to serve as the basis for the shareholders to make a judgment, and for the Board of Directors to form an opinion regarding the Large-scale Purchase (hereinafter, the "Required Information"). The Large-scale Purchaser must submit the Required Information to TOA's Board of Directors. While the specific content of the Required Information will vary depending on the nature of the Large-scale Purchaser as well as the content of the Large-scale Purchase, it is generally expected to contain the following items.

- 1) Details (including details of the Large-scale Purchaser's business, capital structure, and experience, etc. in areas related to the businesses of TOA and the TOA Group) of the Large-scale Purchaser and its group (including joint holders, quasi joint holders, specially related parties, and partners (in the case of funds) or other members)
- 2) The purposes and content of the Large-scale Purchase (including the value and type of

consideration, timing, the scheme of any related transactions, the legality of the purchase method and the feasibility of any related transactions)

- 3) The basis of calculation for the purchase consideration for TOA's shares, and evidence for the source of funds (including specific names of the funders (including effective funders), method of funding, and details of the associated transactions)
- 4) The management candidates (including information on candidates' experience, etc. in areas related to the businesses of TOA and the TOA Group), management policy, business plan, financial plan, capital policy, dividend policy, asset utilization policy, etc., envisaged by the Large-scale Purchaser after participating in the management of TOA and the TOA Group
- 5) The existence and details of any planned changes in the relationships between TOA, the TOA Group, and their shareholders, customers, business partners, employees or other stakeholders, after the Large-scale Purchase is completed
- 6) Information on other specific matters, necessary for shareholders to make a judgment and the Board of Directors to form an opinion regarding the Large-scale Purchase

TOA's Board of Directors shall make a public announcement when the information submitted is deemed sufficient as the Required Information. If the information initially provided by the Large-scale Purchaser is determined to be insufficient upon examination, TOA's Board of Directors shall request additional information from the Large-scale Purchaser until all the Required Information is deemed to have been submitted.

Each time a request for additional information is made, a time limit for responses shall be established, not exceeding 60 days from the day when the information is requested, as necessary to ensure the swift operation of the Large-scale Purchase Rules. The Large-scale Purchaser must provide the Required Information within the said time limit. The specific content of the Required Information shall depend on the details and scale of the planned Large-scale Purchase, however, and the Board of Directors of TOA may, upon consideration of the said details and scale as well as the status of submission of the Required Information, extend the time limit for responses for a period not exceeding 30 days, based on the recommendation of the Independent Committee. The Large-scale Purchase proposal and the contents of the Required Information provided to the Board of Directors shall, in whole or in part, be disclosed at a time considered appropriate by TOA's Board of Directors, if such disclosure is deemed necessary for shareholders of TOA to make their judgment.

(3) Public announcement of the evaluation and opinion of the Board of Directors

The Board of Directors shall, upon completion of the provision of the Required Information by the Large-scale Purchaser to the Board of Directors, arrange a period not exceeding 60 days (in the case of a purchase of all shares of TOA by tender offer with cash-only (yen) consideration) or a period not exceeding 90 days (in the case of other large-scale purchases), for the purposes of evaluation and review of the Large-scale Purchase, negotiation with the Large-scale Purchaser, and formation of an opinion, along with the preparation of alternative proposals (hereinafter, the "Board Evaluation Period"). TOA shall publicly announce the Board Evaluation Period. The Large-scale Purchase may only commence after the termination of the Board Evaluation Period. During the Board Evaluation Period, TOA's Board of Directors shall consult the Independent Committee (described in (4) below), may request advice from external experts and specialists, as well as the opinions, etc. of Audit & Supervisory Board Members. The Board of Directors shall fully evaluate and consider the content of the Required Information submitted, with reference to these opinions, etc. Where a recommendation is given by the Independent Committee, this shall be complied with. The Board of Directors shall carefully and prudently form and publicly announce its opinion (however, this provision shall not apply where such compliance with the recommendation would violate Directors' duty of care; the same shall apply hereinafter).

Furthermore, the Board of Directors may, as appropriate, engage in negotiation with the Large-scale Purchaser, for the purpose of improving the terms of the Large-scale Purchase, and may present an alternative proposal to shareholders.

(4) Establishment of the Independent Committee

Under the Policy, TOA shall establish an independent committee (the "Independent Committee"; Note 3) as a body independent of the Board of Directors to guarantee objective, fair and rational judgment regarding the following matters.

- 1) Determination of the scope of information to be provided to the Board of Directors by the Large-scale Purchaser
- 2) Certification of whether the Large-scale Purchaser complies with the Large-scale Purchase Rules
- 3) Certification of whether the Large-scale Purchase significantly damages TOA's corporate value

and the common interests of its shareholders

4) Determination of whether countermeasures are necessary, and the details of such countermeasures

TOA's Board of Directors must consult with the Independent Committee regarding the matters listed above. The Independent Committee shall deliberate on the matters regarding which it has been consulted, and provide the Board of Directors with its opinion. The Independent Committee may, where necessary, obtain advice from third parties independent of TOA's Board of Directors (including financial advisers, certified public accountants, attorneys-at-law, consultants and other experts), at the Company's expense, to provide TOA's Board of Directors with more rational and objective recommendations. The Independent Committee may request the attendance of Directors, Audit & Supervisory Board Members, and employees of TOA at its meetings, and may also request them to provide explanations where necessary.

The Independent Committee shall provide a recommendation to TOA's Board of Directors on whether the situation allows the implementation of countermeasures, after careful and prudent evaluation and consideration of the planned Large-scale Purchase, from the perspective of enhancing TOA's corporate value and the common interests of its shareholders. TOA's Board of Directors shall comply with the recommendation of the Independent Committee.

TOA's Board of Directors shall publicly announce details of the recommendation received from the Independent Committee and shall comply with this advice. Such compliance ensures the function of the Independent Committee as a method of securing the objectivity, fairness, and rationality of the judgment of the Board of Directors.

(Note 3) The Independent Committee

The Independent Committee, as a third-party body independent of TOA's Board of Directors, is responsible for monitoring the Policy to ensure that it is never used by Directors for the purposes of self-protection, as well as preventing purchases that would damage TOA's corporate value and the common interests of its shareholders. An overview of the Independent Committee is shown in Appendix 2.

The Independent Committee is composed of three or more committee members, such as Outside Directors of TOA, Outside Audit & Supervisory Board Members of TOA, attorneys-at-law, certified public accountants, academic experts, persons familiar with investment banking operations and those with achievements in corporate management. The names and career summaries of the current members of the Independent Committee are shown in Appendix 3.

(5) The necessity for information disclosure

TOA continually strives to promote an understanding of the fair value of its shares among all shareholders and investors. When a Large-scale Purchase plan arises, however, shareholders are suddenly expected to make prompt and appropriate judgments on matters such as whether the proposal made by the Large-scale Purchaser would increase TOA's corporate value and the common interests of its shareholders, and whether the acquisition price provided by the Large-scale Purchaser appropriately reflects the value of the shares. Appropriate and sufficient information disclosure by both the Large-scale Purchaser and the Board of Directors is therefore vital for shareholders to make these judgments.

In addition, for those shareholders planning to continue to hold TOA's shares, the potential influence to be exerted on TOA and the TOA Group by the Large-scale Purchase, and the content of management policies and business plans for TOA and the TOA Group envisaged by the Large-scale Purchaser as a potential participant in their management, including policies concerning their relationships with shareholders, customers, business partners, employees, and other stakeholders, constitute important information for judging whether the proposal by the Large-scale Purchaser would enhance TOA's corporate value and the common interests of its shareholders, and deciding whether to continue to hold shares.

Similarly, the opinion of TOA's Board of Directors on the Large-scale Purchase, and whether an alternative proposal could be made that would further enhance TOA's corporate value and the common interests of its shareholders, are both important factors that would contribute to the judgment of shareholders.

In view of these factors, TOA's Board of Directors considers that, in the case of a Large-scale Purchase, a Large-scale Purchaser should firstly provide the Board of Directors with necessary and sufficient information on the Large-scale Purchase for shareholders to make a judgment. The Board of Directors shall also commence consideration to provide an opinion on the Large-scale Purchase, promptly after this information is provided. The Board of Directors shall then form and publicly announce an opinion after careful and prudent consideration of the recommendation of the Independent Committee, described below, as well as advice from external experts, etc. In addition, where the Board of Directors deems it necessary, the Board of Directors may engage in negotiations aimed at improving the proposal made by the Large-scale Purchaser, and present an

alternative proposal to shareholders. Through this process, TOA's shareholders would be able to judge whether to accept the proposal by the Large-scale Purchaser, with reference to the opinion of TOA's Board of Directors (as well as in comparison with the alternative proposal, where an alternative proposal has been presented by the Board of Directors), and gain the opportunity to acquire and consider the information necessary and sufficient to appropriately make an ultimate decision on whether to accept the Large-scale Purchaser's proposal.

5. Policy in the Case of Large-scale Purchase

(1) Where a Large-scale Purchaser does not comply with the Large-scale Purchase Rules

Where a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, irrespective of the specific method used for the purchase, TOA's Board of Directors may conduct a gratis allotment of stock acquisition rights as a countermeasure against the Large-scale Purchase, in order to protect TOA's corporate value and the common interests of its shareholders.

If, after a decision has been made to implement countermeasures, the Large-scale Purchaser expresses the intent to comply with the Large-scale Purchase Rules, then the implementation of the countermeasures shall be canceled.

With reference to the advice of external experts, etc. and the opinions of Audit & Supervisory Board Members, the Board of Directors of TOA shall comply with the recommendation of the Independent Committee in determining whether the Large-scale Purchaser complied with the Large-scale Purchase Rules and whether it is appropriate to implement countermeasures. An overview of the gratis allotment of stock acquisition rights as a countermeasure is provided in Appendix 1.

(2) Where a Large-scale Purchaser complies with the Large-scale Purchase Rules

1) Expression of the opinion of the Board of Directors on the Large-scale Purchase

Where the Large-scale Purchaser complies with the Large-scale Purchase Rules, and TOA's Board of Directors, after comprehensive consideration of the information received from the Large-scale Purchaser, judges that the planned Large-scale Purchase positively contributes to TOA's corporate value and the common interests of its shareholders, then the Board of Directors shall express an opinion to that effect. Conversely, should doubt or problems become apparent regarding the Large-scale Purchase, then the Board of Directors shall express a dissenting opinion on the purchase proposal made by the Large-scale Purchaser, or present an alternative proposal. In this case, TOA's Board of Directors shall provide to shareholders the information necessary for them to determine whether to accept the purchase proposal, but shall not, as a rule, implement countermeasures against the Large-scale Purchase. The decision on whether to accept the purchase proposal presented by the Large-scale Purchaser shall be made by TOA's shareholders, in consideration of the proposal itself, as well as the opinion provided by TOA on the purchase proposal, and the alternative proposal, etc.

2) Countermeasures and requirements for its implementation in cases where the Large-scale Purchaser complies with the Large-scale Purchase Rules

Even where the Large-scale Purchase Rules are complied with, in cases where the Board of Directors judges that the planned Large-scale Purchase would significantly damage TOA's corporate value and the common interests of its shareholders, and that the implementation of countermeasures is appropriate, the Board of Directors may, in order to protect the interests of its shareholders, decide to conduct a gratis allotment of stock acquisition rights as a countermeasure against the Large-scale Purchase, subject to the approval of shareholders at the General Shareholders' Meeting.

As a rule, the Large-scale Purchase shall be deemed to significantly damage TOA's corporate value and the common interests of its shareholders if it is judged to fall under category A. or B. below. In making this judgment, with reference to the opinions of external experts, etc. and Audit & Supervisory Board Members, and after sufficiently evaluating and considering the Required Information provided, the Board of Directors shall comply with the recommendation of the Independent Committee. In addition, when implementing countermeasures, the Board of Directors shall convene a General Shareholders' Meeting and confirm the intent of its shareholders regarding the countermeasures (hereinafter a "General Meeting to Confirm the Intent of Shareholders"), except in cases where it is extremely difficult to hold a General Shareholders' Meeting. Countermeasures shall not be implemented unless approved by a majority of the voting rights of shareholders present at the General Meeting to Confirm the Intent of Shareholders. The Large-scale Purchaser may not commence the Large-scale Purchase until such time as the intent of TOA's shareholders has been confirmed, and a decision on the implementation of countermeasures has been made.

An overview of the gratis allotment of stock acquisition rights as a countermeasure is provided in Appendix 1.

- A. Purchases that would indisputably violate TOA's corporate value and the common interests of its shareholders, due to the actions listed in (i) to (iv) below
 - (i) The buyout of TOA's shares to demand that TOA repurchases these shares at an inflated price
 - (ii) Management that benefits the Large-scale Purchaser to the detriment of the company, such as taking temporary control of the company's management for the purposes of acquiring its assets for a low cost
 - (iii) Appropriation of the company's assets as a means of collateral for or repayment of debts of the Large-scale Purchaser or those of its group companies, etc.
 - (iv) Taking temporary control of the company's management to bring about a disposal of high-value assets that have no current relevance to the company's businesses and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends
- B. Purchases that threatens to compel shareholders to sell their shares, such as a coercive two-tiered tender offer (meaning acquisition of shares by tender offer, etc. that sets unfavorable acquisition terms for the second stage or does not set clear terms for the second stage)

6. Impact on Shareholders and Investors

(1) Impact of the Large-scale Purchase Rules on shareholders and investors

The Large-scale Purchase Rules are intended to guarantee the provision of the necessary information required for TOA's shareholders to make a judgment on whether or not to accept a proposed Large-scale Purchase, and provision of an opinion by the Board of Directors of the Company, which is currently in charge of management, as well as opportunities for the shareholders to receive a presentation of an alternative proposal, as appropriate, from the perspective of maintaining and enhancing TOA's corporate value and the common interests of its shareholders. In this way, shareholders will be able to make an appropriate and rational judgment on whether or not to accept the proposed Large-scale Purchase, based on appropriate and sufficient information. TOA believes that this will help to protect TOA's corporate value and the common interests of its shareholders. TOA thus believes that the establishment of the Large-scale Purchase Rules is a prerequisite for appropriate investment decision-making of TOA's shareholders and investors, and contributes to their interests.

As described in 5. above, TOA's response to the Large-scale Purchase under the Policy will vary depending on whether the Large-scale Purchaser complies with the Large-scale Purchase Rules. Accordingly, in this situation, TOA's shareholders and investors are asked to monitor the course of action undertaken by the Large-scale Purchaser.

(2) Impact on shareholders and investors upon implementation of the countermeasures

Where a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, or complies with the Large-scale Purchase Rules but where the planned Large-scale Purchase is considered to significantly damage TOA's corporate value and the common interests of its shareholders, TOA's Board of Directors may conduct a gratis allotment of stock acquisition rights as a countermeasure, subject, as a rule, to approval at the General Meeting to Confirm the Intent of Shareholders, in order to protect TOA's corporate value and the common interests of its shareholders. An overview of the specific countermeasures is presented in Appendix 1, but where the gratis allotment of stock acquisition rights is implemented as a countermeasure, the countermeasure would be structured in such a way that TOA's shareholders (excluding any Large-scale Purchaser that has violated the Large-scale Purchase Rules, or any Large-scale Purchaser engaging in Large-scale Purchases that are deemed to damage TOA's corporate value and the common interests of its shareholders) would not suffer any particular damage to legal rights or economic interests. The Large-scale Purchaser may also receive a gratis allotment of stock acquisition rights, and transfer these to a third party approved by TOA's Board of Directors, thus a situation is not envisaged where the Large-scale Purchaser suffers any particular damage to legal rights or economic interests. Where TOA's Board of Directors decides to implement specific countermeasures, it shall make timely and appropriate disclosures, in accordance with laws, regulations and the rules of the financial instruments exchange where TOA's shares are listed.

Where TOA implements a gratis allotment of stock acquisition rights as a countermeasure as presented in Appendix 1, shareholders (excluding any Large-scale Purchaser that has violated the

Large-scale Purchase Rules, or any Large-scale Purchaser engaging in Large-scale Purchases that are deemed to damage TOA's corporate value and the common interests of its shareholders) shall be required to pay a certain amount of money within a specified period to acquire shares through the exercise of the stock acquisition rights. Shareholders shall be notified of the details of these procedures separately, in accordance with the relevant laws and regulations, if a gratis allotment of stock acquisition rights is implemented. However, where a shareholder has not yet been registered or recorded in the register of shareholders, this registration on the recording must be completed before the record date for the gratis allotment of stock acquisition rights separately decided and announced by TOA's Board of Directors, in order for the shareholder to receive the said stock acquisition rights.

Furthermore, even on or after the record date for the gratis allotment of stock acquisition rights, in cases where the Large-scale Purchaser has withdrawn the purchase proposal, etc., TOA may, at any time prior to the date of commencement of the exercise period for the stock acquisition rights, cancel the gratis allotment of stock acquisition rights, or acquire the stock acquisition rights without consideration and without the granting of shares to the holders of stock acquisition rights.

Where TOA cancels the gratis allotment of stock acquisition rights or acquires the stock acquisition rights, as no dilution of value per share will occur, it is possible that any shareholders and investors who have sold TOA's shares expecting to see a dilution of per share value may suffer a degree of damage as a result of a fluctuation in the share price.

7. Effective Term of the Large-scale Purchase Rules

The Policy's effective term expires at the conclusion of this Shareholders' Meeting. Should TOA's shareholders approve the continuation of the Policy at this Shareholders' Meeting, the validity of the Policy shall be extended by three years, until the time of the conclusion of the Ordinary General Shareholders' Meeting of the fiscal year that ends within three years from the day of this Shareholders' Meeting, and the same shall apply thereafter. Should approval not be given for the continuation of the Policy, it shall be abolished effective from that time.

TOA's Board of Directors shall review the Policy as appropriate from the perspective of protecting the interests of all shareholders, in accordance with the development, amendment, etc. of relevant laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act.

Even during the effective term of the Policy, where a resolution is passed by TOA's General Shareholders' Meeting or Board of Directors to abolish the Policy, then it shall be abolished effective from that time. The Policy may therefore be abolished by the will of TOA's shareholders.

Furthermore, TOA's Board of Directors may, even during the effective term of the Policy, amend or abolish the Policy in accordance with the recommendation of the Independent Committee. Where a decision is made to amend or abolish the Policy, shareholders shall be notified promptly of this decision.

8. The Rationality of the Policy

(1) It fully satisfies the requirements of the Guidelines Regarding Takeover Defense

The Plan fully satisfies the three principles set out in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (the principles of 1) protecting and enhancing corporate value and shareholders' common interests, 2) prior disclosure and shareholders' will, and 3) necessity and reasonableness).

It is also reasonable, reflecting the discussion presented in "Takeover Defense Measures in Light of Recent Environmental Changes," released on June 30, 2008, by the Corporate Value Study Group, which was established by the Ministry of Economy, Trade and Industry.

(2) It is introduced with the aims of securing and enhancing the common interests of shareholders

As described in 1. above, the Policy is introduced with the aims of securing and enhancing TOA's corporate value and the common interests of its shareholders, by securing the information and time necessary for shareholders to make a judgment on whether to accept a planned Large-scale Purchase and for the Board of Directors to present an alternative proposal, as well as enabling the Board of Directors to negotiate with the Large-scale Purchaser in the interests of all shareholders.

(3) It respects the will of shareholders

The Policy was approved and passed at the 60th Ordinary General Shareholders' Meeting held on June 27, 2008, and its continuation shall be determined by resolution at a General Shareholders'

Meeting to be held for a fiscal year concluding within every three years from the date of the General Shareholders' Meeting at which the last resolution was made.

In addition, as described in 7. above, the Policy may be abolished at any time during its effective term by a resolution of the General Shareholders' Meeting or the Board of Directors. The Policy thus fully reflects the will of TOA's shareholders.

(4) It establishes reasonable and objective requirements

As described in 5. (2) above, the Policy is founded on the principle that the ultimate decision on whether to accept or reject a purchase proposal made by a Large-scale Purchaser should be left to the judgment of shareholders, as a rule, through approval at the General Meeting to Confirm the Intent of Shareholders. It is thus designed so that countermeasures will not be implemented unless reasonable and detailed objective conditions are fulfilled. In this way, the Policy ensures a structure that prevents arbitrary implementation of countermeasures by the Board of Directors.

(5) It emphasizes the judgment of highly independent external experts and ensures information disclosure

In introducing the Policy, TOA will establish an Independent Committee as a body that makes substantial decisions in relation to the implementation of countermeasures and the abolition of the Policy, in an objective manner on behalf of the shareholders, to eliminate arbitrary decisions by the Board of Directors or individual Directors.

In the event of a Large-scale Purchase of TOA's shares, the Independent Committee shall evaluate and consider whether the planned Large-scale Purchase damages TOA's corporate value and the common interests of its shareholders, and provide a recommendation to the Board of Directors, as described in 4. (4) above. The Board of Directors shall comply with this recommendation, and as a rule, shall convene a General Meeting to Confirm the Intent of Shareholders. In this way, TOA ensures that the Policy operates in a transparent way, and within a scope that contributes to TOA's corporate value and the common interests of its shareholders, through strict monitoring of the Board of Directors by the Independent Committee to prevent any arbitrary actions and disclosure to all shareholders of information regarding the outline of decisions.

(6) It is not a "dead hand" takeover defense measure

As described in 7. above, the Policy may be abolished at any time by the Board of Directors, which is composed of Directors elected by the General Shareholders' Meeting. It is possible for a Large-scale Purchaser to nominate and elect Directors at the General Shareholders' Meeting, and for the Board of Directors containing these Directors to abolish the Policy.

Therefore, the Policy does not constitute a "dead hand" takeover defense measure (that is, a defense measure where the implementation of countermeasures cannot be prevented, even by replacing a majority of the members of the Board of Directors).

The status of TOA's major shareholders is presented in Appendix 4.

Overview of the Stock Acquisition Rights

1. Shareholders entitled to the allotment of stock acquisition rights, and the terms of issue of the stock acquisition rights
Stock acquisition rights shall, without requiring an additional contribution, be allotted at a ratio of one stock acquisition right per common stock of TOA held by shareholders, registered or recorded in the final register of shareholders on the record date as determined by the Board of Directors (excluding common stock that is held by TOA).
2. Class and number of shares subject to stock acquisition rights
The class of the shares subject to the stock acquisition rights shall be common stock of TOA, and the total number of shares subject to the stock acquisition rights shall not exceed the total number of TOA's authorized shares of common stock on the day set by the Board of Directors as the record date, less the total number of issued shares of common stock (excluding, however, shares of the common stock held by TOA). The number of shares subject to one stock acquisition right shall be determined separately by TOA's Board of Directors. However, necessary adjustments shall be made if TOA splits or consolidates its shares.
3. Total number of stock acquisition rights to be issued
The total number of stock acquisition rights to be issued shall be determined separately by TOA's Board of Directors. TOA's Board of Directors may conduct an allotment of stock acquisition rights more than once.
4. Amount of assets to be contributed upon exercise of the stock acquisition rights (amount to be paid in)
The amount of assets to be contributed upon exercising each stock acquisition right (the amount to be paid in) shall be one yen or greater, as determined by TOA's Board of Directors. However, where acquisition terms have been determined as described in 7. below, shareholders holding stock acquisition rights that are subject to acquisition, as determined by TOA's Board of Directors, shall receive shares of TOA without cash contribution, as consideration for the acquisition of the said stock acquisition rights by TOA.
5. Restriction on the transfer of the stock acquisition rights
The stock acquisition rights can be transferred to another party; provided, however, that the approval of TOA's Board of Directors shall be required.
6. Requirements for exercising the stock acquisition rights
The requirements for exercising stock acquisition rights shall include a requirement that the person who exercises does not belong to a specific shareholder group that holds 20% or more of the voting rights (excluding, however, cases where consent is granted in advance by TOA's Board of Directors). Specific details shall be determined separately by TOA's Board of Directors.
7. Exercise period of the stock acquisition rights
The effective date, exercise period, acquisition terms, and other necessary matters of the allotment of stock acquisition rights shall be determined separately by TOA's Board of Directors.
Acquisition terms may be established, to the effect that TOA may acquire stock acquisition rights held by parties other than those who are not entitled to exercise stock acquisition rights, due to the conditions for the exercise as described in 6. above, and issue a certain number of shares of TOA's common stock for one stock acquisition right, as separately determined by TOA's Board of Directors.
8. Other matters
Reasons for the acquisition of stock acquisition rights by TOA and other necessary matters shall be determined separately by TOA's Board of Directors. TOA shall not transfer its common stock, or money or other economic benefits in exchange for the acquisition of stock acquisition rights by TOA to Large-scale Purchasers.

Overview of the Independent Committee

1. Composition

The Independent Committee is composed of three or more committee members commissioned by the Board of Directors, such as Outside Directors of TOA, and Outside Audit & Supervisory Board Members of TOA, attorneys-at-law, certified public accountants, academic experts, persons familiar with investment banking operations and those with achievements in corporate management (the names and career summaries of the current members of the Independent Committee are presented in Appendix 3).

The term of office of members of the Independent Committee shall be the period up to the conclusion of the Ordinary General Shareholders' Meeting of the final business year ending within three years after the conclusion of the General Shareholders' Meeting by which they were elected. Members may be reappointed.

2. Requirements for resolutions

In principle, a resolution of the Independent Committee shall be adopted by a majority vote at a meeting with full attendance. However, in cases where not all members of the Independent Committee are able to attend, a resolution of the Independent Committee shall be adopted by a majority vote at a meeting attended by a majority of members. In cases where the votes of members are equally divided, and no resolution is reached, the Independent Committee shall report this result to the Board of Directors.

3. Matters for resolution and other authority and responsibilities

The Independent Committee has the authority and responsibility to consider and prepare an opinion on the matters stated in each item below, when consulted by the Board of Directors and recommend to the Board of Directors the details determined, along with its reasons. Each member of the Independent Committee owes a duty of care to TOA in fulfilling this responsibility and is required to prepare an opinion from the perspective of whether or not the Large-scale Purchase in question contributes to TOA's corporate value and the common interests of its shareholders, and must never prioritize personal interests or those of TOA's Directors.

- 1) The scope of information to be provided to TOA's Board of Directors by the Large-scale Purchaser
- 2) The existence of a Large-scale Purchase subject to the Large-scale Purchase Rules
- 3) Certification of whether the Large-scale Purchaser complies with the Large-scale Purchase Rules
- 4) Certification of whether the Large-scale Purchase significantly damages TOA's corporate value and the common interests of its shareholders
- 5) Examination and assessment of the details of the Large-scale Purchase by the Large-scale Purchaser
- 6) Assessment of the appropriateness of any alternative proposal prepared by TOA's Board of Directors in response to the Large-scale Purchase by the Large-scale Purchaser
- 7) The issuance or non-issuance of the stock acquisition rights (including gratis allotment)
- 8) Maintenance, review, and abolition of the Large-scale Purchase Rules
- 9) Necessity and details of the implementation of countermeasures (regarding whether to convene a General Meeting to Confirm the Intent of Shareholders)
- 10) Other matters on which TOA's Board of Directors decides to request the opinion of the Independent Committee, from among those to be determined by the Board of Directors

The Independent Committee must endeavor to collect necessary and sufficient information to ensure appropriate judgment when deciding its opinion and may obtain advice from independent third parties (including financial advisers, attorneys-at-law, certified public accountants, consultants, and other experts) at TOA's expense.

Names and Career Summaries of the Independent Committee Members

[Name] Shigenobu Kobayashi

[Career summary]

Born in October 20, 1950

- December 1975 Joined Mizuho Audit Corporation
- August 1981 Registered as a certified public accountant
- December 1986 Resigned from Mizuho Audit Corporation Established Certified Public Accountant Kobayashi Accounting Firm (currently Kobayashi Shigenobu Accounting Firm) as Manager (to present)
- March 1989 Registered as a certified public tax accountant
- June 1998 Chairman, Legal Accounting Committee, The Japanese Institute of Certified Public Accountants Hyogo Chapter
- June 2001 Chairman, Tax Committee, The Japanese Institute of Certified Public Accountants Hyogo Chapter; Member of Taxation and Legislation Committee, The Japanese Institute of Certified Public Accountants
- April 2005 Comprehensive External Auditor, Himeji City
- January 2007 Senior Advisor, Himeji Shinkin Bank
- June 2007 Chairman, School Accounting and Audit Practice Committee, The Japanese Institute of Certified Public Accountants Hyogo Chapter; Member of School Accounting and Audit Practice Committee, The Japanese Institute of Certified Public Accountants
- February 2009 Auditor, TAKATA INDUSTRY CONSOLIDATED COOPERATION (to present)
- June 2011 Outside Audit & Supervisory Board Member, TOA Corporation (to present)
- June 2012 Auditor, Himeji Shinkin Bank (to present)
- June 2018 Auditor, Himeji City Council of Social Welfare (to present)

[Name] Akira Michigami

[Career summary]

Born in May 5, 1953

- April 1982 Registered as an attorney-at-law
- April 1987 Partner, Akagi and Michigami Law Office (currently Kobe Bluesky Law Office)
- April 1998 Vice-President, Kobe Bar Association (currently Hyogo-Ken Bar Association)
- April 1999 Conciliation Commissioner, Sumoto Branch of Kobe District Court (to present)
- April 2007 President, Hyogo-Ken Bar Association
- June 2007 Outside Corporate Auditor, KYOKUTO KAIHATSU KOGYO CO., LTD.
- April 2010 Vice President, Japan Federation of Bar Associations
- June 2011 Director, Awaji Shinkin Bank (to present)
- April 2012 Head, Kobe Bluesky Law Office (to present)
- June 2014 Outside Audit & Supervisory Board Member, TOA Corporation (to present)
- June 2015 Outside Director, KYOKUTO KAIHATSU KOGYO CO., LTD. (to present)
- April 2020 Chief Director, Kinki Federation of Bar Associations (to present)

[Name] Takahisa Fukumoto

[Career summary]

Born in August 2, 1967

- April 1993 Joined Hyogo Prefectural Government
- March 1994 Resigned from Hyogo Prefectural Government
- April 1996 Registered as an attorney-at-law
- Joined Higashimachi Law Office (currently Higashimachi LPC)
- April 2003 Partner, Higashimachi Law Office (currently Higashimachi LPC) (to present)
- June 2003 Outside Corporate Auditor, Kawanishi Warehouse Co., Ltd.
- April 2008 Vice-President, Hyogo-Ken Bar Association
- June 2010 Outside Corporate Auditor, KOBE Ferry center. co., Ltd. (to present)
- April 2012 Domestic Relations Conciliation Commissioner, Kobe Family Court (to present)

Status of Major Shareholders (as of March 31, 2020)

1. Total Number of Authorized Shares: 78,820,000 shares
2. Total Number of Issued Shares: 33,879,521 shares (excluding 657,114 shares of treasury stock)
3. Number of Shareholders: 3,526 persons
4. Major Shareholders (top 10)

Rank	Shareholders	Number of shares held (thousands)	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (trust account)	2,380	7.03
2	TOA Clients' Shareholding Association	2,333	6.89
3	Kobe Yamabuki, Public interest foundation	2,000	5.90
4	MUFG Bank, Ltd.	1,681	4.96
5	Kenji Itani	1,673	4.94
6	SYSMEX CORPORATION	1,457	4.30
7	GOLDMAN, SACHS & CO. REG	1,393	4.11
8	Sumitomo Mitsui Banking Corporation	1,188	3.51
9	Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	1,040	3.07
10	Hirokazu Itani	993	2.93
	Total	16,141	47.64

- (Notes) 1. The number of shares held shown above has been rounded down to the nearest thousand, and the shareholding ratio has been rounded down to the second decimal place.
2. The shareholding ratio has been calculated after deducting treasury shares (657 thousand shares).
 3. The status of major shareholders was previously presented after combining (aggregating) shares held in different trusts, etc., but beginning from March 31, 2020, is presented as it appears on the register of shareholders.