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Securities Code: 9861

May 2, 2011

To All Shareholders

Shuji Abe, President  
YOSHINOYA HOLDINGS CO.,LTD.  
1-20-1 Akabane-minami, Kita-ku, Tokyo

## **Notice of Convocation of the 54th Ordinary General Meeting of Shareholders**

The management and employees of YOSHINOYA HOLDINGS extend our heartfelt sympathy to our shareholders affected by the Tohoku-Kanto Earthquake on March 11, 2011.

You are cordially invited to the 54th Ordinary General Meeting of Shareholders of YOSHINOYA HOLDINGS CO.,LTD. (the “Company”) (the “Meeting”) to be held as described below.

**In the event that you are unable to attend the Meeting, please review the “Reference Documents for the General Meeting of Shareholders” provided below, and you may exercise your voting rights in writing. Please indicate your approval or rejection of the respective proposals on the Voting Rights Exercise Form enclosed herewith, and return it so that it will arrive by no later than 6:00 p.m., Wednesday, May 25, 2011.**

1. Date & Time: 10 a.m., Thursday, May 26, 2011
2. Place of the Meeting: Sunplaza Hall, Nakano Sunplaza,  
4-1-1, Nakano, Nakano-ku, Tokyo
3. Meeting Agenda Items:  
Matters to Be Reported:
  1. The Business Report, the Consolidated Financial Statements and the Audit Reports of the Independent Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements for the 54th Term (From March 1, 2010, to February 28, 2011)
  2. The Non-Consolidated Financial Statements for the 54th Term (From March 1, 2010, to February 28, 2011)

Matters to Be Resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Five (5) Directors
- Proposal 3:** Election of Two (2) Corporate Auditors
- Proposal 4:** Continuation of the Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of YOSHINOYA HOLDINGS Share Certificates, etc.

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Notes:

1. We would appreciate it if you could come ahead of time to avoid last-minute congestions. The reception desk will be opened at 9 a.m.
2. When you attend the Meeting, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the Meeting. If any shareholder wishes to exercise his/her voting rights by proxy, his/her qualified attorney-in-fact shall be limited to a single shareholder having voting rights. In this case, documents certifying the attorney-in-fact’s power of representation must be submitted.
3. Should revisions be made to any of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements or the Consolidated Financial Statements, such changes will be posted on the Company’s web site (<http://www.yoshinoya-holdings.com>).

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal 1: Appropriation of Surplus

It is proposed that the surplus of the Company be appropriated as follows:

1. Matters related to the appropriation of surplus

Because the Company suffered a loss in retained earnings brought forward for the fiscal year under review, our shareholders at the Meeting are requested to approve the reversal of the general reserve to ensure the continued distribution of stable dividends to shareholders and to pursue agile and flexible capital policy.

(1) Item and amount of surplus to be decreased

General reserve: ¥10,000,000,000

(2) Item and amount of surplus to be increased

Retained earnings brought forward: ¥10,000,000,000

2. Matters related to the year-end dividends

Owing to the severe business environment, the Company posted decreased sales for the fiscal year under review. However, the Company's basic dividend policy ensures stable and consistent profit returns to its shareholders. The Company intends to determine the amount of dividends from a comprehensive standpoint, with due regard for the business environment, cash demand conditions, trends in the consolidated performance, an increase in internal reserves for the future growth of the Yoshinoya Group and other factors while maintaining this policy.

Based on the above dividend policy, it is proposed that the following year-end dividends be distributed for the fiscal year under review.

1) Type of property for dividends

Cash

2) Allotment of property for dividends and the total amount thereof

It is proposed that ¥1,000 per share of the Company's common stock be distributed as a year-end dividend.

If approved, a total dividend amount of ¥498,501,000 will be disbursed.

3) Effective date for the dividends from surplus

May 27, 2011

**Proposal 2: Election of Five (5) Directors**

The terms of office of four current Directors (Masayuki Orita, Tsuneyasu Tanaka, Ryusuke Tanaka, Naoto Chiba) will expire at the conclusion of the Meeting. Accordingly, it is proposed that five Directors be elected by adding one director to reinforce the Group management system. The candidates for Directors are described below.

**Candidates for Directors**

No.	Name (Date of birth)	Brief personal history and position and responsibilities in the Company [Status of significant concurrent position(s)]	Number of the Company's shares held
1	Masayuki Orita (January 10, 1952)	<p>June 1977      Joined the Company</p> <p>May 1995      Director, General Manager, Domestic Yoshinoya West-Japan Business Dept.</p> <p>May 1999      Managing Director, General Manager, Domestic Yoshinoya Business Dept.</p> <p>May 2001      Managing Director, Chief, Administrative Headquarters</p> <p>March 2003    Managing Director, Chief, BS Headquarters</p> <p>October 2007   Managing Director, supervising the Personnel Strategy Office</p> <p>October 2007   Director, Chairman, YOSHINOYA CO., LTD. (current position)</p> <p>July 2008      Senior Managing Director, supervising the Personnel &amp; Legal Affairs Office, the Company</p> <p>September 2008 Senior Managing Director, supervising the Personnel Strategy Office and Legal Affairs Office</p> <p>March 2011    Senior Managing Director, supervising the Group Human Resources Development Office and Group Legal Affairs Office (current position)</p>	105

No.	Name (Date of birth)	Brief personal history and position and responsibilities in the Company [Status of significant concurrent position(s)]	Number of the Company's shares held
2	Tsuneyasu Tanaka (January 27, 1954)	<p>April 1979      Joined the Company</p> <p>May 1993      Director, General Manager, Corporate Planning Office</p> <p>April 1997      Managing Director</p> <p>April 1999      Acting Trustee, KYOTARU CO., LTD., then a corporation in need of reorganization</p> <p>May 1999      Senior Managing Director, the Company</p> <p>July 1999      Representative Director, President, KYOTARU CO., LTD.</p> <p>February 2001   Representative Director, President, KANZAN CO., LTD.</p> <p>May 2002      Director, the Company</p> <p>May 2004      Retired as Director</p> <p>May 2007      Director, the Company</p> <p>January 2010   Representative Director, Chairman, KYOTARU CO., LTD.</p> <p>May 2010      Director</p> <p>May 2010      Senior Managing Director, supervising the Management Strategy Office and Financial Strategy Office, the Company</p> <p>January 2011   Senior Managing Director, General Manager, Management Strategy Office, and supervising the Financial Strategy Office</p> <p>March 2011      Senior Managing Director, supervising the Group Planning Office and Group Finance Office (current position)</p> <p>March 2011      Director, Hanamaru, Inc. (current position)</p>	217
3	Ryusuke Tanaka (May 9, 1959)	<p>November 1979   Joined the Company</p> <p>May 1998      Director, General Manager, Okazu no Hana Sales Dept.</p> <p>March 2000      Director, General Manager, POT &amp; POT Business Dept.</p> <p>March 2001      Representative Director, President, POT&amp; POT CO., LTD. (company name changed to SENKICHI CO., LTD. in 2007)</p> <p>May 2002      Managing Director, General Manager, Domestic Yoshinoya East-Japan Business Dept., the Company</p> <p>September 2007   Retired as Director</p> <p>October 2007      Representative Director, Executive Officer, Senior Managing Director, YOSHINOYA CO., LTD.</p> <p>February 2009   Representative Director, President, YOSHINOYA INTERNATIONAL CO., LTD. (current position)</p> <p>May 2009      Director, the Company (current position)</p> <p>(Significant concurrent position) Representative Director, President, YOSHINOYA INTERNATIONAL CO., LTD.</p>	78

No.	Name (Date of birth)	Brief personal history and position and responsibilities in the Company [Status of significant concurrent position(s)]	Number of the Company's shares held
4	*Yasuhiko Suzuki (July 29, 1955)	<p>March 1977      Joined the Company</p> <p>May 1996      Director, General Manager, Dunkin Business Dept.</p> <p>May 1998      Retired as Director</p> <p>May 1998      Representative Director, President, Maintenance Repair Service, Co. Ltd. (currently MR SERVICE Co., Ltd.) (current position)</p> <p>May 2001      Director, General Manager assistant to Chief, Development Headquarters, the Company</p> <p>September 2007      Retired as Director</p> <p>October 2007      Executive Officer, the Company (current position)</p> <p>(Significant concurrent position) Representative Director, President, MR SERVICE Co., Ltd.</p>	52
5	*Eizo Uchikura (December 14, 1958)	<p>April 1982      Joined Yamashita-Shinnihon Steamship Co., Ltd. (currently Mitsui O.S.K. Lines, Ltd.)</p> <p>September 1989      Joined Nomura Research Institute, Ltd.</p> <p>July 1994      Joined Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)</p> <p>June 2004      Director, Eizo Uchikura Office (current position)</p> <p>September 2005      Corporate Auditor, AGASTA CO., LTD.</p> <p>September 2008      Representative Director, YUME Capital Co.,Ltd.(current position)</p> <p>(Significant concurrent position) Representative Director, YUME Capital</p>	—

Notes:

1. Candidates with asterisks are candidates for Directors to be newly appointed.
2. The candidate Eizo Uchikura is a candidate for Outside Director.
3. As for the reason for appointing Mr. Eizo Uchikura as a candidate for Outside Director, the management of the Company believes that he would be able to reflect his long-accumulated experience and expertise to help the management of the Company and make suggestions on management from an objective standpoint, independent of the management personnel that execute business.
4. The Company has transactional relationships with YOSHINOYA INTERNATIONAL CO., LTD., to which the candidate Ryusuke Tanaka belongs, such as payment of royalties under license agreements.
5. The candidate Ryusuke Tanaka concurrently serves as Representative Director of YOSHINOYA INTERNATIONAL CO., LTD. There is no special interest between him and the Company, since YOSHINOYA INTERNATIONAL is a wholly owned subsidiary of the Company.
6. The candidate Yasuhiko Suzuki concurrently serves as Representative Director of MR SERVICE Co., Ltd. There is no special interest between him and the Company, since MR SERVICE is a wholly owned subsidiary of the Company.
7. There are no special interests between other candidates for Director and the Company.

**Proposal 3: Election of Two (2) Corporate Auditors**

The terms of office of two current Corporate Auditors (Kensuke Masuoka and Koichi Matsumoto) will expire at the conclusion of the Meeting. Accordingly, it is proposed that two Corporate Auditors be elected.

The submission of the proposal at the Meeting had already been agreed upon by the Board of Corporate Auditors. The candidates for Corporate Auditors are described below.

**Candidates for Corporate Auditors**

No.	Name (Date of birth)	Brief personal history and position in the Company [Status of significant concurrent position(s)]	Number of the Company's shares held
1	Kensuke Masuoka (May 18, 1957)	April 1989      Joined the Tokyo Bar Association (current position) Joined Masuoka Sogo Horitsu Jimusho (current position) May 1994      Corporate Auditor, the Company (current position) December 2004      Corporate Auditor, ITOCHU-SHOKUHIN Co., Ltd. (current position)	14
2	*Osamu Ohashi (October 27, 1965)	April 1999      Registered as a certified public accountant (current position) September 2000      Representative partner, Dia Auditing Firm November 2004      Registered as a licensed tax accountant (current position) May 2005      Representative partner, ReEx Accounting Firm (current position)	—

**Notes:**

1. The candidate with an asterisk is a candidate for Corporate Auditor to be newly appointed.
2. The candidates Kensuke Masuoka and Osamu Ohashi are candidates for Outside Corporate Auditors.
3. As for the reason for appointing Mr. Kensuke Masuoka as a candidate for Outside Corporate Auditor, the management of the Company deems that his continuing in office would be appropriate as he has given useful advice on business administration concerning material matters and corporate governance, not only based on his legal knowledge as a lawyer but also from a neutral and objective standpoint. Although he has no experience in directly taking part in corporate management, the management of the Company judges that he would properly perform the duties of an Outside Corporate Auditor, since he has a thorough knowledge of corporate management as a lawyer.
4. As for the reason for appointing Mr. Osamu Ohashi as a candidate for Outside Corporate Auditor, the management of the Company believes he would give accurate advice and perform audits based on his expertise, since he has a thorough knowledge of corporate accounting and tax affairs in general as a licensed tax accountant and a certified public accountant. Although he has no experience in directly taking part in corporate management, the management of the Company judges that he would properly perform the duties of an Outside Corporate Auditor, since he is well versed in corporate management as a licensed tax accountant and a certified public accountant.
5. The Company designated the candidate Kensuke Masuoka as an Independent Director pursuant to the relevant provision of Tokyo Stock Exchange, Inc. and submitted a notification to that stock exchange. The candidate Osamu Ohashi is also a candidate for Independent Director.
6. The candidate Kensuke Masuoka is currently an Outside Corporate Auditor of the Company, and his tenure will be 17 years as of the conclusion of the Meeting.
7. There are no special relationship of interests between each of the candidates for Corporate Auditor and the Company.

**Proposal 4:** Continuation of the Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of YOSHINOYA HOLDINGS Share Certificates, etc.

YOSHINOYA HOLDINGS CO., LTD. (the “Company”), implemented the “Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of the Company’s Share Certificates, etc.” (hereinafter the “Former Plan”), in accordance with the approval given by the ordinary general meeting of shareholders held on May 29, 2008.

As the term of validity of the Former Plan is until the close of the ordinary general meeting of shareholders of the Company to be held on May 26, 2011 (hereinafter the “Shareholders’ Meeting”), the Company has reviewed the Former Plan, including whether the Former Plan should be continued, from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders. As a result, by taking into account changes in business circumstances and the substance of the “Takeover Defense Measures in Light of Recent Environmental Changes,” a report that was publicly released by the Corporate Value Study Group on June 30, 2008, the Board of Directors resolved at its meeting held on April 14, 2011 that the continuation of the “Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of YOSHINOYA HOLDINGS Share Certificates, etc.” (hereinafter the continuing version shall be referred to as the “Plan”), after having modified part of the Former Plan on the condition that the Plan be approved by the shareholders at the Shareholders’ Meeting.

At the Board of Directors’ meeting when it was decided to continue the Plan, all four Corporate Auditors, including two Outside Corporate Auditors, were in attendance and expressed that the Plan would be appropriate as countermeasures toward large-scale purchases of the Company’s share certificates, etc., on condition that operation of the Plan would be, in effect, appropriately conducted.

Accordingly, it is proposed that the Plan be approved in accordance with Article 16 of the Articles of Incorporation. The details of the Plan are described as follows.

**1. Basic Policy Regarding the Persons Who Control the Company’s Decisions on Financial and Management Policy**

As a listed corporation, the Company respects the transactions of its shares in the market, and the Company does not generally oppose any large-scale purchase by a specific party to the extent that said purchase contributes to ensuring and enhancing the corporate value of the Yoshinoya Holdings Group (the “Group”) and ultimately the common interests of the shareholders. Additionally, the Company believes that a decision on whether a proposed large-scale purchase of its shares is accepted must ultimately be based on a decision of the shareholders.

Nonetheless, among such large-scale purchase propositions, there might be cases that impair the Group’s corporate value and ultimately the common interests of the shareholders. For example, such propositions may make it difficult to maintain good relations with stakeholders; others may not fully reflect the Group’s values; and some may not provide sufficient information for the Company’s shareholders to make an appropriate decision.

The Company regards such parties proposing large-scale purchases of its shares as inappropriate to be responsible for the Company’s financial and business policies. As a responsible entity entrusted by the shareholders, the Company’s Board of Directors considers that it should ensure the necessary time and information for the shareholders and negotiate with the party proposing such a large-scale purchase on behalf of the shareholders.

**2. Special Initiatives to Contribute to Realizing the Basic Policy**

The Company has taken the initiatives below to raise the Group’s corporate value, reinforcing corporate governance for the purpose of enhancing the corporate value of the Company and ultimately the common interests of the shareholders, in an effort to encourage the shareholders to continue to invest in the Company over the medium to long term. The Company believes these initiatives contribute to realizing the basic policy regarding the persons who control the company’s decisions on financial and management policy in 1 above.

- (1) Initiatives to raise the corporate value of the Company
  - (A) Business philosophy and management systems of the Company

The Group mainly engages in restaurant-related businesses and its Group business philosophy, “For

the People,” sums up its strong aspiration to be an irreplaceable enterprise by contributing to people worldwide through its corporate activities beyond national and regional borders. The Group considers it important for every enterprise to perpetually raise its corporate value as a public entity and contribute to the world as a constituent member of society. The corporate officers and employees of each Group company will endeavor to meet the expectations of stakeholders to become a trustworthy enterprise by sharing and practicing six core values—“Excellent, Low Cost & Quick,” “More Customers,” “Originality,” “Soundness,” “People First” and “Challenge and Reform”—all of which represent our core business guidelines to realize the aforementioned business philosophy.

As an optimal management system, the Group has adopted a pure holding company structure to separate managerial functions from execution functions throughout the Group. The Company, as a corporate group with advanced expertise and excellent information-gathering ability, works to create effective business strategies and distribute management resources to flexibly cope with the environmental changes surrounding the Group. The respective operating companies endeavor to upgrade group-wide synergies, improve their competitive edge and efficiency and maximize the corporate value of the Group through swift and flexible business operations in their respective business activities.

(B) Initiatives to raise the corporate value of the Group

The business models that have prevailed in the restaurant industry will not be suited to the business environment surrounding the industry and will not meet customer needs in the next few decades. Therefore, the Company must innovate its business models. To this end, the Company has three key interim policies outlined below for restructuring its business models from every perspective.

(i) Enhance our presence and upgrade our quality

We will endeavor to further strengthen store management capability and product potential so that we can maintain a high competitive advantage in all quality-related matters, such as product value and level of service, both of which are expected by the Group’s customers.

(ii) Further enhance the Group structure

We will take a pivotal role in raising the Group’s profitability by seeking to unify manufacturing, purchasing and logistics processes among the operating companies to realize enhanced synergies and by optimizing Group functions such as the integration of indirect operations and the sharing of store development operations.

(iii) Pursue a global growth strategy

We will rapidly expand not only the beef bowl business but also the other overseas businesses at the Group level. In particular, we will focus more on Asian countries including China that have experienced remarkable growth to establish an overwhelming presence as a leading Asian restaurant enterprise.

The Group thus intends to ensure and raise the corporate value and ultimately the common interests of the shareholders by steadily carrying out these policies.

(2) Basic concept on corporate governance

(A) Basic concept on corporate governance

The Company endeavors to consistently raise its corporate value. At the same time, in compliance with laws and regulations and in recognizing the importance of corporate ethics, the Company will make every effort to raise management efficiency, soundness and transparency based on the belief that these are key management tasks to becoming a reliable and respected enterprise in society.

Consequently, the Company intends to not only maintain but further develop good relations with its stakeholders, including shareholders, customers, employees, business partners and local communities. In parallel, we will quickly and proactively disclose information to shareholders and investors to improve transparency in corporate management.

(B) Substance of corporate organs and the improved status of internal control systems

The Directors of the Company aggressively discuss and exchange opinions at the Board of Directors meetings held monthly, as well as at a variety of Management Council and other meetings throughout the Group. The meetings of the Board of Corporate Auditors, which consist of four Corporate Auditors including two Outside Corporate Auditors, are held monthly. The Corporate Auditors attend every Board of Directors meeting and express their appropriate opinions on a timely basis to carry out the oversight function of the Corporate Auditors.

Additionally, the Company has introduced an Executive Officer system. Under the command of a representative director in charge, this system allows the Company to speed up managerial decision making through the delegation of power and by clarifying the responsibility of each Executive Officer. The Board of Directors shall appoint and supervise said Executive Officers.

As for the risk management systems of the Group, the Group Risk Management Rules has been formulated. The relevant business risks at each of the Group companies are reported on a quarterly basis to the Board of Directors via the Group Risk Management Committee, so that the Company identifies, assesses and manages the Group's risk. As for operating systems to manage risks associated with "food safety," which are the main business risk of the Group, a dedicated department has been established for guidance on hygiene and quality management in stores and factories, and regular hygienic inspections are conducted by external inspection organizations.

Furthermore, the Company has formulated the "Group Action Charter," a code of conduct as standards for corporate executives and employees of the respective Group companies to thoroughly encourage their compliance with laws and regulations and disseminate a complete understanding of corporate ethics. Furthermore, the Company and the Group companies have established their respective informant contact offices to accept input on breaches of regulations or norms from whistleblowers to enhance the internal self-improvement function as an enterprise.

The Company believes that the management structure described above will contribute to effectively utilizing management resources, developing and maintaining good relations with stakeholders and maximizing the corporate values of the Company and the Group, and ultimately the common interests of the shareholders.

### 3. Purpose of Introducing the Plan

The Board of Directors of the Company has determined that it elects to continue the Plan to ensure the necessary and sufficient time and information to allow the shareholders to make an appropriate decision as to whether a proposed large-scale purchase is acceptable and opportunities for the Company to negotiate with the party that intends to make said large-scale purchase of the Company's share certificates, etc., by clarifying the rules to be respected by said party.

As described below, the Plan stipulates the related rules to be respected by the party that intends to make a large-scale purchase of the Company's share certificates, etc. The Plan also aims to issue a warning to any disqualified party who intends to make such a large-scale purchase that would not contribute to ensuring and enhancing the corporate value and ultimately the common interests of the shareholders by showing that said party might incur damage from the Company's countermeasures, which would accompany the disclosure of the details of such countermeasures in certain cases of necessity.

In the Plan, to eliminate arbitrary judgments by the Board of Directors relating to the implementation of any countermeasures, the Company shall maximally respect the recommendations submitted by an independent committee composed of Outside Directors and Outside Corporate Auditors or external, learned individuals independent from the management executives who are engaged in the execution of the Company's business operation (proven corporate managers, ex-bureaucrats, lawyers, certified public accountants or academic experts, or those who are deemed equivalent thereto; hereinafter the "Independent Committee") in accordance with the rules concerning the Independent Committee (see Exhibit 1 for a summary). In addition, procedural transparency should be ensured via information disclosure to the shareholders and investors in a timely manner. The three persons described in Exhibit 2 will assume the post of committee members at the time of the continuation of the Plan.

The major shareholders of the Company as of February 28, 2011, are as stated in the table "Shareholding

Conditions of the Major Shareholders of the Company” in Exhibit 3. The Company has not received any actual proposal regarding a large-scale purchase of its share certificates, etc., at this time.

#### **4. Content of the Plan (Initiatives to Prevent a Disqualified Party from Controlling the Company’s Decisions on Financial and Business Policies Based on the Basic Policy)**

##### (1) Procedures related to the Plan

##### (A) Targeted large-scale purchases

The Plan will apply to cases where there is a purchase of the Company’s share certificates, etc., or any equivalent action that falls under (i) or (ii) below (excluding purchases approved by the Company’s Board of Directors; hereinafter the “Large-Scale Purchase”). The party who has made a Large-Scale Purchase or who intends to make a Large-Scale Purchase (hereinafter the “Purchaser”) shall be required to comply in advance with the procedures set forth in the Plan.

- (i) A purchase that would result in the holding ratio of share certificates, etc.<sup>3</sup>, of a holder<sup>2</sup> amounting to 20% or more of the share certificates, etc.<sup>1</sup>, issued by the Company; or
- (ii) A tender offer<sup>5</sup> in respect of the share certificates, etc., issued by the Company<sup>4</sup>, as a result of which the ratio<sup>6</sup> of share certificates, etc., owned by the Purchaser and the ratio of share certificates, etc., owned by any special interested party<sup>7</sup> of the Purchaser would become 20% or more.

##### (B) Prior submission of the Letter of Intention

The Company shall require a Purchaser to submit to the Company’s Board of Directors in a form prescribed by the Company, before effecting a Large-Scale Purchase, an agreement that said Purchaser will, upon conducting said Large-Scale Purchase, comply with the procedures established by the Plan (hereinafter the “Letter of Intention”). The language used in the Letter of Intention must be only Japanese.

Specifically, the following items shall be included in the Letter of Intention.

- (i) Outline of the Purchaser
  - (a) Name or designation and address or location thereof
  - (b) Position and name of its representative
  - (c) Purpose of incorporation and business line
  - (d) Outline of the main shareholders or investors (top 10 in terms of shareholding ratio or investment ratio)
  - (e) Contact information in Japan
  - (f) Governing law for establishment
- (ii) Number of the Company’s share certificates, etc., actually held by the Purchaser and the status of transactions of the Company’s share certificates, etc., by the Purchaser during the 60 days prior to submitting the Letter of Intention
- (iii) Outline of the Large-Scale Purchase proposed by the Purchaser (including the type and number of the Company’s share certificates, etc., planned to be acquired by the Purchaser and the purpose of the Large-Scale Purchase (takeover or participation in management, pure investment or strategic investment, transfer of the Company’s share certificates, etc., to a third party after said Large-Scale Purchase, or any other purpose such as an action involving a significant proposal<sup>8</sup>: If there are several purposes, all of them shall be described)).

##### (C) Provision of Essential Information

In case the Letter of Intention in (B) above is submitted, the Purchaser is requested to provide the Company with the necessary information (hereinafter the “Essential Information”), which would

allow the Company's shareholders to make decisions on said Large-Scale Purchase in accordance with the following procedures.

Within 10 business days<sup>9</sup> (first day not to be counted) after the date of submitting the Letter of Intention, the Company will send an information list, on which information items to be initially entered and submitted to the Company are enumerated, to the domestic contact in Japan as specified in (B) (i) (e) above. The Purchaser will enter and submit sufficient information based on the information list.

If the information initially provided by the Purchaser in accordance with the information list is considered insufficient by the Board of Directors as the Essential Information to allow the shareholders to make appropriate decisions and the Company's Board of Directors to assess and examine the content and nature of the Large-Scale Purchase, the Company's Board of Directors may determine a reasonable deadline for responses and request that the Purchaser supply additional information as otherwise requested by the Board of Directors.

Meanwhile, regardless of the content and aspect of the Large-Scale Purchase, information set forth in the items below shall be included, in principle, in the information list.

The language used in the provision of the Essential Information, other notices and/or communications to the Company must be only Japanese.

- (i) Details (including the history, specific name, capital composition, business line, financial condition, and names and careers of the corporate officials) of the Purchaser and its group (including joint holders<sup>10</sup>, special interested party and, in the case of funds, each partner and other constituent members);
- (ii) The purpose of the Large-Scale Purchase (including the details regarding the purpose disclosed in the Letter of Intention) and the method and content thereof (including the intention of participating in management, type and amount of consideration for the Large-Scale Purchase, timing of said Large-Scale Purchase, the scheme of any related transactions, number of share certificates, etc., planned to be purchased, post-acquisition owning ratio of share certificates, etc., and the legality of the method for said Large-Scale Purchase);
- (iii) The basis for the calculation of the consideration for the Large-Scale Purchase (including the underlying facts of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Large-Scale Purchase, as well as the name of the third party, outline of the opinion of said third party and the background of the decision according to which the amount was decided with reference to said opinion if opinion is heard from any third party during the calculation);
- (iv) Supporting evidence of the funds for the Large-Scale Purchase (including the specific names of funds providers (including substantial providers), financing methods and the terms of any related transactions);
- (v) Existence of communications with a third party with regard to said Large-Scale Purchase and the content thereof, if any, as well as the outline of said third party;
- (vi) If the Purchaser has entered into any important agreements or arrangements on rental, hypothecation, sell-back and reservation on the sale and purchase for the Company's share certificates, etc. (hereinafter the "Hypothecation Agreements, etc."), already held by the Purchaser, the specific content thereof such as the type of such agreements/arrangements, contractual counterparts and the number of share certificates, etc., covered by said Hypothecation Agreements, etc.;
- (vii) If the Purchaser has planned for any agreement on the conclusion of the Hypothecation Agreements, etc., with any third party with regard to the Company's share certificates, etc., which are planned to be purchased in said Large-Scale Purchase, the specific content thereof such as the type of the planned agreement, contractual counterparts and the number of share certificates, etc., covered by said agreement;
- (viii) Management policy, business plan, capital policy and dividend policy for the Company and the Group after the Large-Scale Purchase is conducted;

- (ix) Policies on the treatment of stakeholders in the Company such as the employees, trade unions, business partners, customers and local communities after the Large-Scale Purchase is conducted; and
- (x) Specific measures to avoid conflicts of interest with other shareholders of the Company.

The Board of Directors will promptly disclose the fact that the Large-Scale Purchase has been proposed by the Purchaser and the outline of the proposed Large-Scale Purchase. Furthermore, if any information is deemed necessary for the shareholders to make appropriate decisions with regard to the summary of the Essential Information or any other information, the Company's Board of Directors will disclose such information at the time it considers appropriate.

If the Board of Directors and the Independent Committee recognize that the provision of the Essential Information has been made sufficiently by the Purchaser, the Board of Directors shall inform the Purchaser of its determination (hereinafter the "Notice on Completed Provision of Information") and promptly disclose thereof.

(D) Setting of the Board of Directors Assessment Period

After having issued a Notice on Completed Provision of Information, the Company's Board of Directors shall set a period for assessment, examination, negotiation, forming an opinion and preparing alternative plans by the Board of Directors (hereinafter the "Board of Directors Assessment Period"), either (i) or (ii) below, depending on the degree of difficulty in evaluation regarding said Large-Scale Purchase (first day not to be counted in both cases).

- (i) A maximum 60-day period in the case of the tender offer covering all the Company's share certificates, etc., by a tender offer with cash-only (yen) consideration; or
- (ii) A maximum 90-day period in the case of any other Large-Scale Purchases.

Provided, however, that in either the case of (i) or (ii) above, the Board of Directors Assessment Period may be extended if the Board of Directors considers it necessary. In this case, the specific extension period and the reason for necessitating an extension of the Board of Directors Assessment Period shall be informed to the Purchaser and promptly disclosed to the shareholders. The extension of the Board of Directors Assessment Period shall be a maximum of 30 days.

The Company's Board of Directors shall fully assess and examine the Essential Information provided by the Purchaser within the Board of Directors Assessment Period while receiving, as required, advice from external experts or the like. The Company's Board of Directors shall also examine the content of the Large-Scale Purchase by the Purchaser from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders. The Company's Board of Directors shall carefully summarize its own opinion regarding the Large-Scale Purchase through the examination of the relevant information, inform the Purchaser of said opinion and appropriately disclose such opinion to the shareholders on a timely basis. In addition, the Board of Directors may negotiate with the Purchaser, as required, terms and methods regarding the Large-Scale Purchase and submit its own alternative plans to the shareholders.

(E) Recommendations on implementing countermeasures from the Independent Committee

The Independent Committee shall, within the Board of Directors Assessment Period, make recommendations on whether any countermeasure should be taken to the Board of Directors, in accordance with the following procedures, in parallel with the assessment, examination, negotiation, forming an opinion and preparing alternative plans to be executed by the Company's Board of Directors, which are stated in (D) above. In this case, to ensure that the determination of the Independent Committee be given in a way to contribute to ensuring and enhancing the corporate value of the Company and the common interests of the shareholders, the Independent Committee, at the expense of the Company, may seek advice from third-party experts independent from the management executives who are engaged in the execution of the Company's business operation (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants and other experts). In the case where a recommendation that is set forth in either (i) or (ii)

below was made by the Independent Committee to the Company's Board of Directors, the latter shall promptly disclose the fact, a summary of the recommendation and any other matters that the Board of Directors considers appropriate.

- (i) Cases where the Purchaser does not comply with any of the procedures set forth in the Plan

If the Purchaser does not follow any procedure stipulated in the Plan, the Independent Committee shall make recommendations for implementing any countermeasures to the Board of Directors, in principle.

- (ii) Cases where the Purchaser complies with any of the procedures set forth in the Plan

If the Purchaser follows the procedures set forth in the Plan, the Independent Committee shall make recommendations for not implementing the countermeasures to the Board of Directors, in principle.

Provided, however, that even if the procedures in the Plan are complied with by the Purchaser, should said Large-Scale Purchase be considered to fall under any of the categories in Exhibit 4 and considerably impair the corporate value of the Company and the common interests of its shareholders, the Independent Committee may make recommendations for implementing countermeasures to the Board of Directors as an exception.

- (F) Resolutions of the Board of Directors

The Company's Board of Directors shall maximally respect the recommendations given by the Independent Committee, which are provided for in (E), and promptly pass a resolution as to whether the countermeasures should be implemented from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders.

If the aforementioned resolution is passed, the Company's Board of Directors shall promptly disclose an outline of its resolution and other matters that the Board of Directors and the Independent Committee consider appropriate, regardless of whether the substance thereof is to implement the countermeasures.

- (G) Discontinuing the implemented countermeasures or suspending implementing the countermeasures

After the Company's Board of Directors has resolved to implement countermeasures in accordance with the procedure in (F) above or even after the Board of Directors has implemented the countermeasures, the Company's Board of Directors shall discontinue or suspend the countermeasures having been implemented if (i) the Purchaser has suspended said Large-Scale Purchase or (ii) any variation is produced in the facts relevant to the basis of the judgment on whether the countermeasures should be implemented and a situation has become inappropriate to maintain the implemented countermeasures from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders.

After having passed the aforementioned resolution, the Company's Board of Directors shall promptly disclose an outline of its resolution and other matters that the Board of Directors considers appropriate.

- (H) Initiating the Large-Scale Purchase

The Purchaser shall comply with the procedures set forth in Items (A) through (F) above and must not initiate a Large-Scale Purchase until a resolution on the implementation or non-implementation of any countermeasure is passed at the Company's Board of Directors.

- (2) Specific content of the countermeasures in the Plan

A countermeasure that could be implemented by the Company's Board of Directors in accordance with the resolution in (1) (F) above would be the gratis allotment of stock acquisition rights (hereinafter the "Stock Acquisition Rights"). Provided, however, that said or any other countermeasures could be used if implementing any such countermeasures, which are permitted under the Companies Act and other relevant laws and the Company's Articles of Incorporation, are determined to be appropriate.

The gratis allotment of the Stock Acquisition Rights shall be as summarized in the “Outline of the Gratis Allotment of Stock Acquisition Rights” in Exhibit 5.

Even after the Company’s Board of Directors has resolved to implement the countermeasures or after such countermeasures are implemented, the Company’s Board of Directors may decide to discontinue or suspend the implemented countermeasures, as stated in (1) (G) above. For example, in the case where the Company’s Board of Directors resolved to conduct a gratis allotment of the Stock Acquisition Rights as a countermeasure, if the Purchaser has suspended the Large-Scale Purchase and the Company’s Board of Directors has passed the resolution stated in (1) (G) above, the implementation of said countermeasure may be suspended using the method by which the gratis allotment of the Stock Acquisition Rights be suspended by the day preceding the ex-right date associated with the reference date set for the gratis allotment of the Stock Acquisition Rights, or the Company acquire the Stock Acquisition Rights free of charge in the period on and after the effective date of the gratis allotment of the Stock Acquisition Rights until the day preceding the date of commencement of the exercise period for the Stock Acquisition Rights.

- (3) Term of validity of the Plan, as well as abolition and revision thereof

The Plan shall remain effective until the close of the ordinary general meeting of shareholders of the Company relating to the last one of the fiscal years that will end within three years after the close of The Shareholders’ Meeting if approval thereon is obtained at The Shareholders’ Meeting to be held on May 26, 2011.

Provided, however, that even before the expiry of such a term of validity, the Plan shall be immediately revised or abolished pursuant to the resolution if a general meeting of shareholders resolves to revise or abolish the Plan. In addition, the Plan shall be abolished at that time if the Company’s Board of Directors, which is composed of the Directors appointed at a general meeting of shareholders, resolves to abolish the Plan.

The Company’s Board of Directors may revise or modify the Plan, subject to the Independent Committee’s approval, to the extent such revision or modification is deemed reasonably necessary as a result of the necessity for preceding revision(s) in the Companies Act, the Financial Instruments and Exchange Law, any other relevant laws and regulations, the Financial Instruments Exchange Regulations or any relevant changes in interpretation or operation of these laws and regulations, relevant tax systems and judicial precedents or the like.

If the abolition or revision of the Plan is determined, the Company will disclose information with regard to the fact of said abolition or revision and (in case of a revision) the substance thereof and any other matters that the Board of Directors considers appropriate.

## **5. Reasonableness of the Plan**

- (1) Fully satisfying the requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Measures 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: (i) Principle of protecting and enhancing corporate value and the interests of shareholders as a whole, (ii) Principle of prior disclosure and shareholders’ will and (iii) Principle of ensuring the necessity and reasonableness. The Plan also takes into account the substance of the “Takeover Defense Measures in Light of Recent Environmental Changes,” a report that was publicly released by the Corporate Value Study Group on June 30, 2008.

- (2) Continuance for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders

As described in the aforementioned 3, the reason for upholding the Plan is to ensure and enhance the corporate value of the Company and the common interests of the shareholders, if a large-scale purchase of the Company’s share certificates, etc., is made by ensuring the necessary information and sufficient time to allow the shareholders to make decisions as to whether said Large-Scale Purchase is acceptable or to allow the Board of Directors to devise an alternative proposal, and opportunities for the Company to negotiate with the Purchaser on behalf of the shareholders.

- (3) Respect for the shareholders’ intent

The continuation of the Plan will be subject to the approval of the shareholders at the Shareholders' Meeting. As described in 4 (3) above, the Plan will be revised or abolished if a subsequent general meeting of shareholders resolves to revise or abolish it after the Plan is approved at the Shareholders' Meeting. Therefore, the continuation, revision or abolishment of the Plan is designed to fully reflect the shareholders' intent.

(4) Respecting the advice of highly independent third-party experts and information disclosure

In the Plan, to eliminate arbitrary judgments of the Board of Directors, the Company has established the Independent Committee as a consultative body for the Board of Directors that is capable of objectively adopting resolutions and making recommendations with regard to the operation of the Plan, including the implementation of countermeasures.

The Independent Committee consists of not less than three committee members who are appointed from among the Outside Directors, the Outside Corporate Auditors or external, learned individuals (proven corporate managers, ex-bureaucrats, lawyers, certified public accountants or academic experts) independent from the management executives who are engaged in the execution of the Company's business operation.

The Company secures a mechanism to ensure the transparent operation of the Plan so that the Plan can contribute to the corporate value and the common interests of the shareholders through information disclosure, as required, regarding the judgments of the Independent Committee to the shareholders and investors on a timely basis.

(5) Establishment of reasonably objective requirements of implementation

As set out in 4 (1) above, the Plan is established so that it will not be implemented unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary implementing by the Company's Board of Directors.

(6) No Dead-Hand Takeover Defense Measure

As set out in 4 (3) above, the Plan is designed in such a way that it may be abolished at any time by the Board of Directors consisting of the Directors who are appointed at a general meeting of shareholders of the Company. Therefore, the Plan is not a Dead-Hand Takeover Defense Measure (a takeover defense measure which cannot be prevented from being implemented even if a majority of the members of the Board of Directors are replaced).

## **6. Impact on the Shareholders and Investors**

(1) Impact of the continuation of the Plan on the shareholders and investors

In case the Plan is continued, the Stock Acquisition Rights themselves will not be issued. Consequently, the Plan will have no direct impact on the legal rights and economic interests of the shareholders and investors involved in the Company's shares held thereby.

As set out in 4 (1), the Company's response policy toward said Large-Scale Purchase differs depending on whether the Purchase complies with the Plan. Therefore, the shareholders and the investors are requested to monitor the movements of the Purchaser.

(2) Impact of the gratis allotment of the Stock Acquisition Rights on the shareholders and investors

If the Company's Board of Directors decides to implement countermeasures and conducts a gratis allotment of the Stock Acquisition Rights, said Stock Acquisition Rights shall be granted free of charge to the shareholders who are recorded in the register of shareholders as of the allotment date separately specified by the Company's Board of Directors for the Company's shares held thereby at the rate of one Stock Acquisition Right per share as the upper limit. Given this mechanism, in case of the gratis allotment of the Stock Acquisition Rights, neither the dilution of economic value for the whole the Company's shares held by the shareholders and investors will take place nor will the dilution of the voting rights per share emerge although the economic value per share will be diluted for the Company's shares held thereby. Consequently, the gratis allotment of the Stock Acquisition Rights is not supposed to specifically have a direct impact on

the legal rights and economic interests for the Company's shares held by the shareholders and investors.

To the contrary, there may be cases in which the Purchaser's legal rights and/or economic interests may be affected by the implementation of this countermeasure.

Even if the Company's Board of Directors has resolved to conduct a gratis allotment of the Stock Acquisition Rights, the stock price of the Company's shares might fluctuate accordingly if the Board of Directors decides to discontinue the implemented countermeasure or suspend implementing the countermeasure, in accordance with the procedures described in 4 (1) (G). Please note that if the Company suspends implementing the countermeasures, acquires the Stock Acquisition Rights free of charge and does not issue new shares after the qualified shareholders who are entitled to receive the Stock Acquisition Rights have been confirmed, the investors who have traded the Company's shares under the assumption of such dilution of per-share economic value might suffer losses due to possible fluctuations in the stock price because the economic value per share of the Company held by the shareholders and investors will not be diluted.

Meanwhile, if any discriminatory condition is imposed with regard to the exercise or acquisition of the Stock Acquisition Rights, some effect on the legal rights and/or economic interests of the Purchaser is supposed to take place in conducting said exercise or acquisition. Even in such a case, however, it is not supposed that there will be a direct effect on the legal rights and economic interests of the shareholders and investors other than the Purchaser, which are associated with the Company's shares held thereby.

(3) Procedures for shareholders upon the gratis allotment of Stock Acquisition Rights

No special application procedure should be followed for the shareholders who are recorded in the Company's last register of shareholders as of the allotment date of said Stock Acquisition Rights because they will be automatically entitled to the Stock Acquisition Rights as of the effective date of the gratis allotment of said Stock Acquisition Rights.

Moreover, it will be necessary for the shareholders to exercise the Stock Acquisition Rights within the predetermined period to acquire new shares. (In this case, the shareholders will have to pay a certain amount of money.)

Furthermore, as for the details such as allotment method, exercise method, acquisition method to be used by the Company or the like, the Company will appropriately disclose or make notices of the procedural details on a timely basis in accordance with applicable laws and regulations and the Financial Instruments Exchange Regulations after a resolution has been approved at the Company's Board of Directors on the gratis allotment of the Stock Acquisition Rights. Please confirm the disclosure information and the substance of the notices.

**Outline of the Independent Committee Rules**

1. The Independent Committee shall be established by a resolution of the Company's Board of Directors as an advisory organ thereto to eliminate arbitrary judgments of the Board of Directors on implementing countermeasures and guarantee the objectivity and rationality of the Board's response and judgment regarding the Large-Scale Purchase.
2. The Independent Committee shall consist of not less than three committee members who are appointed, upon resolution of the Company's Board of Directors, from among (1) the Outside Directors, (2) the Outside Corporate Auditors or (3) external, learned individuals (proven corporate managers, ex-bureaucrats, lawyers, certified public accountants or academic experts, or those who are deemed equivalent thereto) independent from the management executives who are engaged in the execution of the Company's business operation. The Company and each independent committee member shall enter into an agreement that contains relevant provisions regarding the duty of due diligence of a good manager and confidentiality.
3. The term of office of a committee member of the Independent Committee shall be from his/her election until the date of close of the ordinary general meeting of shareholders of the Company relating to the last one of the fiscal years that will end within three years after said appointment or a date separately agreed by and between the Company and said committee member. Provided, however, that this rule shall not apply to the cases otherwise provided for upon resolution of the Company's Board of Directors.
4. The Independent Committee may be convened by the President of the Company or any of the committee members.
5. The Chairperson of the Independent Committee shall be elected via mutual vote from among all the committee members.
6. Resolutions of the Independent Committee shall be adopted by a majority of all the committee members who are present thereat, in principle. In the event any member is unable to act or in case of a particular reason, such resolutions shall be adopted by a majority of not less than half the committee members who must be present thereat.
7. The Independent Committee shall deliberate the following matters to vote for resolution. The Independent Committee shall make recommendations with due reasons for the substance of each resolution to the Company's Board of Directors.
  - (1) Whether any countermeasures set forth in the Plan should be implemented;
  - (2) Whether the countermeasures implemented according to the Plan should be discontinued or suspended;
  - (3) Whether the Plan should be abolished or revised; and
  - (4) Any other matters on which the Company's Board of Directors voluntarily asks for advice in association with the Plan.In conducting deliberations and resolutions, each committee member shall make his/her judgment solely from the viewpoint of whether his/her judgment would contribute to ensuring and enhancing the corporate value of the Company and the common interests of the shareholders but not on behalf of his/her own interests or the interests of the Company's management executives.
8. The Independent Committee may compel Directors, Corporate Auditors or employees of the Company and/or any other persons deemed necessary to attend the Committee meetings to request and obtain opinion or explanation thereof on matters that the Independent Committee considers necessary.
9. The Independent Committee, at the Company's expense, may seek advice from third-party experts independent from the management executives who are engaged in the execution of the Company's business affairs (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants and other experts) to perform its duties.

**Brief Careers of Candidates for Members of the Independent Committee**  
**(in the order of the Japanese syllabary)**

Masao Kiuchi

March 1968	Joined Seiyu Stores Ltd. (currently Seiyu GK)
May 1989	Director, Seiyu Stores Ltd.
June 1989	Representative Director and Senior Executive Officer, Ryohin Keikaku Co., Ltd.
September 1993	President and Representative Director, Ryohin Keikaku Co., Ltd.
August 1997	Chairman and Representative Director, Ryohin Keikaku Co., Ltd.
August 1997	Executive Vice President, The Seiyu Ltd. (currently Seiyu GK)
February 2001	President, The Seiyu Ltd.
May 2003	Director and CEO, The Seiyu Ltd.
December 2005	Retired from the post of Director, The Seiyu Ltd.
July 2007	Representative Director, U.P.n.P. Co., Ltd. (to present)

Keiji Goto

April 1982	Joined Metropolitan Police Department
April 2001	Director, Community Safety Department, Osaka Prefectural Police Department
January 2003	Director, Personnel and Training Department, Aichi Prefectural Police Department
August 2004	Cabinet Secretariat, Counselor for Security and Crisis Management, and Counselor, Cabinet Secretariat
August 2005	Registered as lawyer (DAI-ICHI TOKYO BAR ASSOCIATION)
August 2005	Joined Nishimura & Partners (currently NISHIMURA & ASAHI)
March 2008	Opened Goto Compliance Law Firm (to present)

Tomoo Nomura

April 1980	Joined Nisshin Auditing Firm (currently Ernst & Young ShinNihon LLC)
April 1983	Registered as certified public accountant
October 1985	Joined Sanwa & Co. (currently Deloitte Touche Tohmatsu LLC)
July 1992	Opened Nomura-Takemata Accounting Firm (currently ReEx Accounting Firm)
July 2005	Representative Partner, ReEx Accounting Firm (to present)

**Shareholding Status of the Major Shareholders of the Company**

(As of February 28, 2011)

Shareholder's name	Number of shares held (shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd.	33,794	6.78
Seiyu GK	26,300	5.28
The Master Trust Bank of Japan, Ltd.	10,364	2.08
<i>Kisshokai</i>	6,141	1.23
MITSUI LIFE INSURANCE COMPANY LIMITED	5,500	1.10
Trust & Custody Services Bank, Ltd.	4,825	0.97
Hannan Corporation	3,268	0.66
STATE STREET BANK AND TRUST COMPANY 505019	3,071	0.62
Suntory Beer & Spirits Limited	2,780	0.56
Kewpie Corporation	2,700	0.54

Note: Treasury stock (163,904 shares) was excluded when calculating the percentage of shares held.

**Share Distribution Chart**

(As of February 28, 2011)

Category	Number of shareholders (persons)	Composition ratio (%)	Number of shares (shares)	Composition ratio (%)
Government and local public authorities	1	0.00	24	0.00
Financial institutions	Banks	2	2,460	0.37
	Trust banks	21	52,146	7.87
	Life insurance companies	7	7,508	1.13
	Non-life insurance companies	4	2,344	0.35
	Other financial institutions	1	1	0.00
Financial instruments business operators	21	0.01	1,769	0.27
Other Japanese corporations	718	0.43	63,294	9.56
(Including Japan Securities Depository Center, Inc.)	—	—	—	—
Foreign corporations, etc.	135	0.08	23,882	3.61
(Including foreign individuals)	43	0.03	87	0.01
Individuals and other	166,093	99.45	345,073	52.09
YOSHINOYA HOLDINGS CO., LTD.	1	0.00	163,904	24.74
Total	167,004	100.00	662,405	100.00

**Categories That Are Deemed Improper by Considerably Impairing the Corporate Value of the Company and the Common Interests of the Shareholders**

1. In case the Purchaser is deemed to be acquiring or intending to acquire the Company's share certificates, etc., with no true intention of participating in the Company's management, for the purpose of buying up a considerable ratio/number of the Company's share certificates, etc., only to raise the stock price and demand that any parties concerned with the Company buy back the share certificates, etc., at considerably higher prices (a so-called Green Mailer);
2. In case the Purchaser is deemed to be intending to purchase the Company's share certificates, etc., through temporary control of the Company's management for the purpose of the forced transfer of the assets of the Company and Group companies such as intellectual property, know-how and/or trade secrets, major business partners and customers, which are necessary for the Company's or the Group's business operations, to said Purchaser or any of its Group companies;
3. In case the Purchaser is deemed to be intending to purchase the Company's share certificates, etc., after having controlled the Company's management for the purpose of appropriating the Company's assets or assets of any Group companies as collateral for liabilities or as underlying assets for payments for the sake of said Purchaser or any of its Group companies;
4. In case the Purchaser is deemed to be intending to purchase the Company's share certificates, etc., through temporary control of the Company's management for the purpose of causing the Company's management to dispose of its highly valued assets such as real property and securities that have no specific relation to the Company's or its Group companies' ongoing businesses, to make management distribute temporarily higher dividends with the profit from the disposal or sale of the Company's share certificates, etc., at a profit, by leveraging a temporarily raised stock price through temporarily increased dividends;
5. In case the purchase method for the Company's share certificates, etc., proposed by the Purchaser refers to a structurally compulsory action, i.e., by restricting opportunities for or freedom in shareholders' judgments, in effect, through a forced two-tiered purchase procedure (tender offer in a manner wherein the second-tier purchase conditions are set unfavorable) or intentionally not clarifying the second-tier purchase conditions to the shareholders without inviting shareholders to purchase all share certificates, etc., at the first tier;
6. In case the Large-Scale Purchase is deemed, by allowing the Purchaser to take control of the Company, to significantly oppose ensuring or enhancing the common interests of the shareholders and the corporate value of the Company by causing a material impairment to the corporate value and the common interests of the shareholders by destroying any of the relationships with not only the shareholders but also the customers, employees and other stakeholders, all of whom are essential sources to creating the Company's corporate value;
7. In case the Company's corporate value when the Purchaser takes control of the Company is deemed considerably inferior in contrast with the corporate value when the Purchaser does not take control of the Company, in terms of medium- and long-term comparison with future corporate value;
8. In case it is deemed considerably improper to allow the Purchaser to take control of the Company from the viewpoint of good public order and morality; and
9. In the equivalent cases similar to Items 1 through 8 above, which may significantly impair the corporate value of the Company and the common interests of the shareholders.

**Outline of the Gratis Allotment of Stock Acquisition Rights**

1. Total number of allotted Stock Acquisition Rights

The total number of the Stock Acquisition Rights to be allotted shall be the number separately determined in a resolution of the Board of Directors for a gratis allotment of the Stock Acquisition Rights (hereinafter the “Gratis Allotment Resolution on Stock Acquisition Rights”), with the number equivalent to the total number of the last issued the Company’s shares (excluding the number of the Company’s shares held by the Company at that time) on a certain day separately specified by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights (hereinafter the “Allotment Date”) being the upper limit.

2. Shareholders who are targeted in the allotment

The Company shall allot the Stock Acquisition Rights to the shareholders who are recorded in the last register of shareholders as of the Allotment Date free of charge at the rate separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights, with one (1) Stock Acquisition Right for each the Company’s common share held thereby (excluding those held by the Company at that time) being the upper limit.

3. Effective date of the gratis allotment of the Stock Acquisition Rights

The effective date of the allotment shall be a day separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights.

4. Type and number of shares subject to the Stock Acquisition Rights

The type of shares subject to the Stock Acquisition Rights shall be the Company’s common shares, and the number of shares subject to each Stock Acquisition Right (hereinafter the “Targeted Number of Shares”) shall be the number separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights, with one (1) share being the upper limit. Provided, however, that the Targeted Number of Shares shall be adjusted as necessary if the Company carries out a stock split or a stock consolidation.

5. Content and value of property to be invested upon exercise of the Stock Acquisition Rights

The form of investment in exercising the Stock Acquisition Rights shall be cash, and the value of the property to be invested upon exercise of the Stock Acquisition Rights for each the Company’s common share shall be one (1) yen or more, which shall be separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights.

6. Restriction on transfer of the Stock Acquisition Rights

Transfer of the Stock Acquisition Rights shall require the approval of the Company’s Board of Directors.

7. Exercise conditions of the Stock Acquisition Rights

(1) Specified large holders<sup>11</sup>, (2) Joint holders of specified large holders, (3) Specified large acquirers<sup>12</sup>, (4) Special interested party of specified large acquirers, (5) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (1) through (4) without the approval of the Company’s Board of Directors or (6) Any affiliated party<sup>13</sup> of any party falling under (1) through (5) (hereinafter collectively the “Unqualified Parties”) shall not be authorized to exercise the Stock Acquisition Rights. The details of the exercise conditions of the Stock Acquisition Rights shall be separately specified under the Gratis Allotment Resolution on Stock Acquisition Rights.

8. Acquisition of the Stock Acquisition Rights by the Company

On a date separately specified by the Board of Directors, the Company may acquire the Stock Acquisition Rights held by those other than the Unqualified Parties and issue, in exchange therefor, the Company's common shares at the rate of the Targeted Number of Shares for each Stock Acquisition Right. The details of acquisition conditions for the Stock Acquisition Rights shall be separately specified under the Gratis Allotment Resolution on Stock Acquisition Rights.

9. Gratis acquisition in case the implementation of countermeasures is suspended

The Company shall be authorized to acquire all the Stock Acquisition Rights free of charge in cases separately determined by the Company's Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights, including the case of suspended implementation of countermeasures.

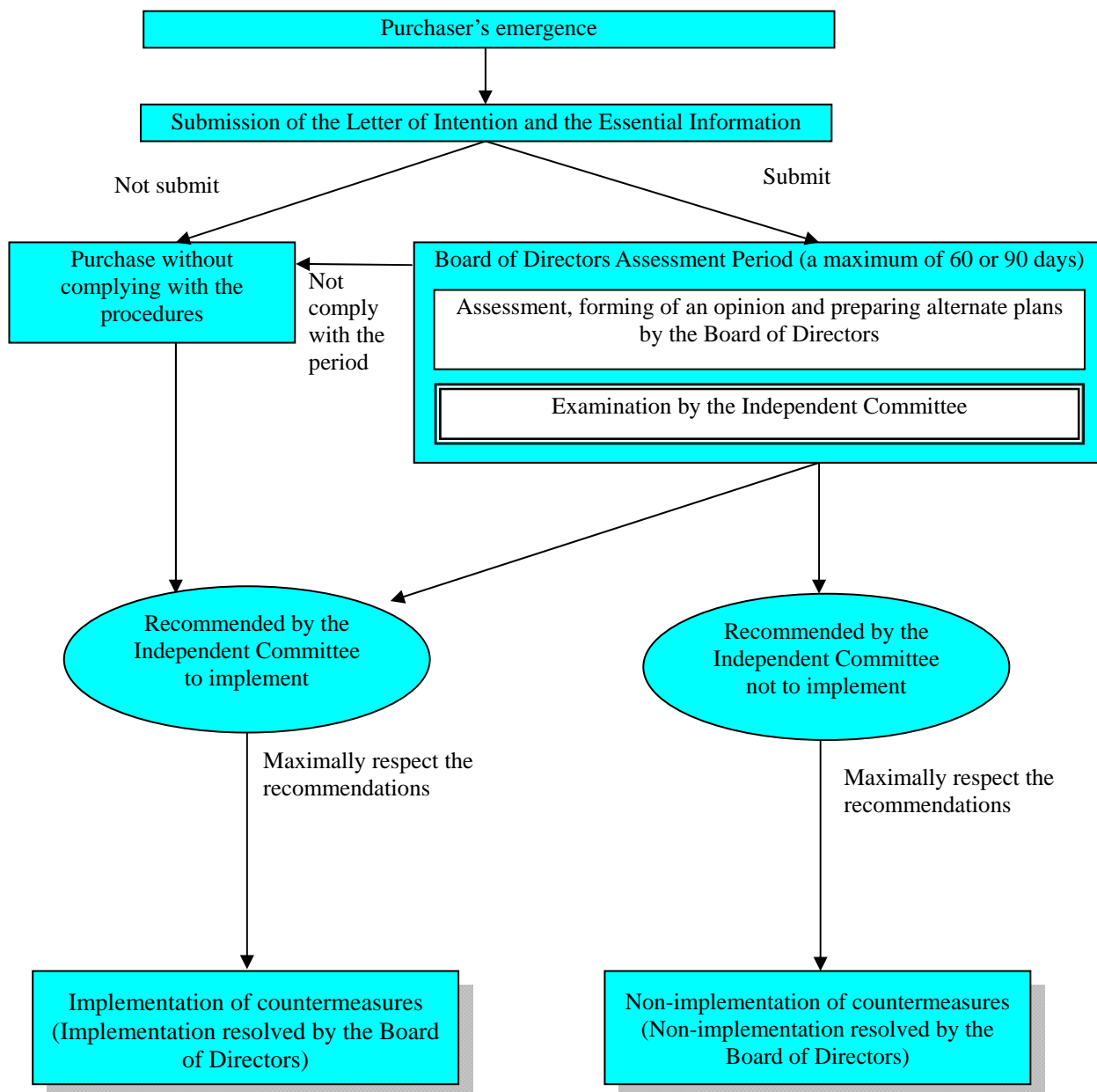
10. Exercise period of the Stock Acquisition Rights or the like

The exercise period of the Stock Acquisition Rights and other necessary matters shall be separately specified by the Company's Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights.

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- 1 Defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Law. Unless otherwise provided for in this document, this definition is applied throughout this document. In case of any revisions to any laws and/or regulations that are referenced in the Plan (including the change to the relevant law/regulation name and the establishment of a new law/regulation to replace the former law/regulation), the corresponding articles or paragraphs shall be read as those in the corresponding laws/regulations that have substantially replaced the former ones after said revisions, excluding the cases separately specified by the Board of Directors of the Company.
- 2 Refers to a holder defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Law, including persons described as a holder under Article 27-23, paragraph 3 of said Law.
- 3 Defined in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.
- 4 Defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Law. This definition is applied to this (ii).
- 5 Defined in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.
- 6 Defined in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.
- 7 Refer to special interested party defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Law; provided, however, that persons provided for in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure of Take Over Bid of Shares, etc. Conducted Those Other than the Issuing Corporation are excluded from the persons described in item 1 of said paragraph. This definition is applied throughout this document.
- 8 Refers to an action involving a significant proposal that is provided for in Article 27-26, paragraph 1 of the Financial Instruments and Exchange Law, Article 14-8-2, paragraph 1 of the Enforcement Ordinance of the Financial Instruments and Exchange Law and Article 16 of the Cabinet Office Ordinance on Disclosure of Storage Situation of Significant Amount of Share Certificates, etc. Unless otherwise provided for in this document, this definition is applied throughout this document.
- 9 "Business day" refers to days other than those listed in Article 1, paragraph 1 of the Act on Holidays of Administrative Organs. This definition is applied throughout this document.
- 10 "Joint holders" are as defined in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Law, including persons regarded as a joint holder by the Company's Board of Directors under paragraph 6 of said Article. This definition is applied throughout this document.
- 11 "Specified Large Holder" means a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., is at least 20% or any party who is deemed to fall under the above by the Company's Board of Directors. Provided, however, that a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders, and certain other parties that the Board of Directors determines under the Gratis Allotment Resolution on Stock Acquisition Rights are not a Specified Large Holder.
- 12 "Specified Large Acquirers" means a party who makes a public announcement of purchase, etc. (as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Law; the same is applied throughout this Note), of share certificates, etc. (as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Law; the same is applied throughout this Note), issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such party after such purchase, etc. (including similar ownership as prescribed in Article 7, paragraph 1 of the Enforcement Ordinance of the Financial Instruments and Exchange Law), is at least 20% when combined with the ratio of ownership of share certificates, etc., of special interested party of such party, or any party who is deemed to fall under the above by the Company's Board of Directors. Provided, however, that a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders and certain other parties that the Company's Board of Directors determines under the Gratis Allotment Resolution on Stock Acquisition Rights are not a Specified Large Acquirer.

- 13 An “Affiliated Party” of a given party means a person who substantially Controls, is Controlled by or is under common Control with such given party (including any party who is deemed to fall under the above by the Company’s Board of Directors), or a party deemed by the Company’s Board of Directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3, paragraph 3 of the Enforcement Regulations of the Companies Act) of other corporations or entities.

### Flow Chart on Procedures in the Plan



\* This schematic shows the outline of the Plan. Please refer to the text for a specific description of the Plan.