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To whom it may concern

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Notice of Dividends from Surplus (Special Dividend), and Establishment of Record Dates for  
Convocation of Extraordinary General Meeting of Shareholders and Dividends from Surplus  
(Special Dividends)

As MAEDA ROAD CONSTRUCTION Co. Ltd. (the “Company” or “we”) has announced in the “Notice of Position Statement (Opposition) Regarding the tender offer by Maeda Comprehensive Infrastructure Co. Ltd. for MAEDA ROAD CONSTRUCTION Co., Ltd. Stock” as of January 24, 2020 (the “Opposition Statement Release”), the Company has expressed opposition against the tender offer for our common stock (the “the Company’s shares”) by Maeda Comprehensive Infrastructure Co. Ltd. (the “Tender Offeror”, and, together with Maeda Construction (as defined below), “Maeda Construction, etc.”), which is a wholly owned subsidiary of MAEDA CORPORATION (“Maeda Construction”), commenced on January 21, 2020 (the “Tender Offer”). We hereby provide notice, that, at the Board meeting held today, the Company determined to set the date prior to the commencement of the settlement of the Tender Offer as the record date (the “Record Date”), to hold an extraordinary general meeting of shareholders on, as currently scheduled, April 14, 2020 (the “Extraordinary General Meeting of Shareholders”), and to submit an agenda item (the “Agenda Item on Special Dividends”) thereto to the effect to pay our shareholders as of the Record Date (including the shareholders who have applied for the Tender Offer, since the Record Date is set prior to the commencement date of settlement of the Tender Offer) 650 yen per the Company’s share as dividends from surplus (the total amount is approximately 53.5 billion yen; the “Special Dividends”, and such decision to submit the agenda, the “Decision of Submission of the Agenda Item of Special Dividends”). Along with the Decision of Submission of the Agenda Item of Special Dividends, the Company resolved to set the record date for the convocation of an extraordinary general meeting of shareholders and the dividends from surplus (Special Dividends) as described below.

The Special Dividends is the Company’s measure to return profits to shareholders of the Company in lieu of the plan to repurchase 20,460,000 shares of the Company’s shares (equivalent to more than

50 billion yen based on the stock price at the time of the announcement) as announced in the “Notice of the proposal regarding the acquisition of the Company’s shares owned by MAEDA CORPORATION and dissolution of capital alliance” as of January 20, 2020 in advance of the commencement of the Tender Offer (the “Capital Alliance Dissolution Proposal Release”).

Decision of Submission of the Agenda Item of Special Dividends constitutes a condition described in the tender offer registration statement for the Tender Offer (the “Tender Offer Registration Statement”) that entitles the Tender Offeror to Withdraw the Tender Offer (so-called “conditions for withdrawal”), and, therefore, the Tender Offeror is able to withdraw the offer or cancel the contract for the Tender Offer (“Withdrawal of the Tender Offer” or “Withdraw the Tender Offer”), at its decision but, regardless of whether or not the Tender Offeror would Withdraw the Tender Offer, we will submit the Agenda Item of Special Dividends to the Extraordinary General Meeting of Shareholders. On the other hand, the Tender Offeror may, at its discretion, extend the period of the Tender Offer until Thursday, April 16, 2020, which is the 60th business day from the commencement of such period. However, as we plan to hold the Extraordinary General Meeting of Shareholders on Tuesday, April 14, 2020, the Tender Offeror may decide whether to Withdraw the Tender Offer after confirming the decision of our shareholders at the Extraordinary General Meeting of Shareholders with regard to the Agenda Item on Special Dividends. If the Tender Offeror does not Withdraw the Tender Offer, since we expect that Maeda Construction, which possesses slightly less than 25% of our voting rights, will oppose the Agenda Item of Special Dividends, in the case where there are a certain number of our shareholders who agree with the purposes of Maeda Construction, etc. described in the Tender Offer Registration Statement, there is a possibility that the Agenda Item of Special Dividends will be disapproved at the Extraordinary General Meeting of Shareholders and the Special Dividends will not be paid.

We would like to ask our investors to take a thorough look at the contents of disclosures by the Company and Maeda Construction, etc. and to be deliberate when deciding on the trade of the Company’s shares.

In addition, we will submit today the amendment report, which provides for the contents of this document, with regard to the position statement of the Company regarding the Tender Offer as of January 27, 2020.

**I. Background, etc. with Respect to the Decision of Submission of the Agenda Item of Special Dividends**

**1. Consultations that Have Been Held Thus Far with Maeda Construction and the Details of the Tender Offer**

In late May 2019, we received proposals from Maeda Construction based on the “Proposal for

Governance Reform” (the “May Proposal”); however, the actual details of the proposals differed from their ostensible purpose. In essence, as stated in 2.(ii) below, their aim was none other than to strengthen Maeda Construction’s control over the Company and utilize retained earnings and other internal reserves and cash and deposits of the Company for the benefit of the Maeda Construction Group (Maeda Construction seems to consider us as a part of the Maeda Construction Group; however, as stated in 2.(ii) below, there is no reason to regard the Company as part of the Maeda Construction Group under the current circumstances, and therefore, our statements in this document are based on the premise that the Company’s group is not included in the Maeda Construction Group), and we must say that the proposals showed very little regard for the maintenance and improvement of the corporate value of the Company, a listed company, and for the protection of the interests of our shareholders other than Maeda Construction, etc. (the “Minority Shareholders”); therefore, we have rejected the proposals. On December 4, 2019, we also received from Maeda Construction, a written proposal entitled “Details of Proposals from Oasis to Maeda Construction and Countermeasures Therefor” (the “December Proposal”), which was a proposal for a tender offer concerning the Company’s shares for the purpose of obtaining a majority of the voting rights as a countermeasure for activist; however, we responded to the effect that we could not consider the proposal for the following reasons, in addition to there being no reference to the tender offer price; (i) such proposal only stated, under “comprehensive infrastructure services group” slogan with no specifics, that Maeda Construction would like to transform its group into a pure holding company structure / a holding-operating company structure that will put the Company under the holding company of the Maeda Construction Group, and (ii) no specific reference was made with respect to the synergies that would be created between Maeda Construction and the Company through the proposed tender offer, or the post-unification growth strategy of the group that would serve as the basis for fulfilling our accountability to shareholders.

After such consultations without substantive discussions regarding the enhancement of the corporate value of the Company in which Maeda Construction sought to unilaterally impose its views and without discussions regarding specific details of the tender offer, Maeda Construction commenced the Tender Offer through the Tender Offeror, which is a wholly owned subsidiary of Maeda Construction, on January 21, 2020. The synergies between Maeda Construction and the Company and the growth strategy of the group following the unification described in the Tender Offer Registration Statement continued to lack specifics, and we could not possibly agree with them.

The Tender Offer is intended to put the Company under the full control of the Maeda Construction Group by the acquisition of approximately 26% out of approximately 75% of the Company’s shares held by the Minority Shareholders. This means that approximately two-thirds

(49% of the total voting rights) of the shares currently held by the Minority Shareholders will continue to be held by the Minority Shareholders. Thus, taking account into this fact that approximately two-thirds of the shares currently held by the Minority Shareholders will continue to be held by the Minority Shareholders, it is very important to review whether the Tender Offer will be beneficial to the Minority Shareholders, in other words, whether our corporate value will be improved after the completion of the Tender Offer. However, Maeda Construction has not shown any road map for this issue.

Also, Maeda Construction, a listed company, intends to make the Company a listed subsidiary through the Tender Offer. In recent years, there has been a growing concern regarding the risk of conflict of interest between the parent company and general shareholders with respect to listed subsidiaries, and if the intention is to make the Company a listed subsidiary of Maeda Construction, which will have 49% of the Minority Shareholders, we believe that it is necessary for Maeda Construction to give due consideration to the Minority Shareholders by providing specific proposals about the governance structure required to protect the interests of the Minority Shareholders. With respect to this issue, the explanation in the Tender Offer Registration Statement is extremely insufficient, and in the Tender Offer Registration Statement, no reference is made to the policy for the utilization of the internal reserves and cash and deposits of the Company, which Maeda Construction repeatedly mentioned during the consultations prior to the Tender Offer, we have a serious suspicion that the descriptions in the Tender Offer Registration Statement do not reflect Maeda Construction's intention in good faith. As a result, we have come to have a serious concern that if the Company becomes a consolidated subsidiary of Maeda Construction, there may be transactions or actions involving conflicts of interest between Maeda Construction and the Company.

Accordingly, as we announced in the Opposition Statement Release, we expressed our opposition against the Tender Offer. Today, the Board meeting of the Company made the Decision of Submission of the Agenda Item of Special Dividends for the purpose of protecting the interests of the Minority Shareholders in case the Company becomes a consolidated subsidiary of Maeda Construction, in other words, for the purpose of returning our internal reserves, which we are seriously concerned will be used only for the benefit of the Maeda Construction Group, widely to our shareholders before the completion of the Tender Offer.

## **2. Substantive Concern Regarding the Risks of Becoming a Consolidated Subsidiary of Maeda Construction**

### **(i) Need for a Governance Structure to Protect the Interests of the Minority Shareholders**

If the number of tendered share certificates, etc. reaches the ceiling of the Tender Offer,

the Company will become a listed subsidiary of Maeda Construction. In recent years, there has been a growing concern regarding the risk of conflict of interest between the parent company and general shareholders with respect to listed subsidiaries, as indicated in the “Practical Guidelines for Group Governance Systems (Group Guidelines)” issued by the Ministry of Economy, Trade and Industry as of June 28, 2019 (“Group Guidelines”). We believe that Maeda Construction, which intends to make the Company its listed subsidiary which will have 49% of the Minority Shareholders, should have specifically proposed, upon implementing the Tender Offer, its measures for “measures reflecting due consideration to the interests of general shareholders through establishment of an effective governance system for the listed subsidiaries,” as advocated in the Group Guidelines. Maeda Construction, however, did not provide sufficient explanations about this point in the Tender Offer Registration Statement. Considering such attitude of Maeda Construction, we are strongly concerned that the interests of the Minority Shareholders would be impaired when the Company becomes a consolidated subsidiary of Maeda Construction.

Furthermore, in the December Proposal which we received from Maeda Construction, Maeda Construction proposed to transform its group into a pure holding company structure / a holding-operating company structure that is under the control of a holding company of the Maeda Construction Group. Considering that such organizational reform proposal is likely to have a material effect on the Company’s governance system, sufficient explanations would be required. However, no reference was made with respect to this issue in the Tender Offer Registration Statement. Maeda Construction carried out arbitrary disclosure and did not provide sufficient explanations to the Minority Shareholders. Such attitude of Maeda Construction enhances our above-mentioned concerns.

(ii) Concerns about the Use of Internal Reserves of the Company

As announced in our Opposition Statement Release, we have been approached by Maeda Construction, prior to the Tender Offer, where Maeda Construction urged to utilize the internal reserves of the Company for and within the Maeda Construction Group. Specifically, the “May Proposal,” which we received from Maeda Construction, stated about the dividend for the fiscal year ending in March 2020 saying that “the scheduled stock dividend of 100.00 yen per share (ordinary dividend of 70.00 yen and commemorative dividend of 30.00 yen) for the fiscal year ending in March 2020 will cause significant outflow of internal reserves from the Maeda Construction Group,” and also stated that “we propose to formulate and actively make public announcement about our growth strategy that will utilize retained earnings and other internal reserves and cash and deposits of the Company for investment for the growth of the entire Maeda Construction Group as opposed to simply allowing

outflows through dividends.”

Although Maeda Construction’s holding ratio of voting rights of the Company is less than 25%, Maeda Construction perceives the Company’s policies to return profits to shareholders of the Company as an outflow and proposes and requests to use our internal reserves for the Maeda Construction Group, whose interests do not always align with those of the Company. Such attitude may be perceived as self-serving, and we are strongly concerned that if the Company becomes a consolidated subsidiary of Maeda Construction as the latter contemplates, such proposition or requirement will be strengthened further, and due to the difficulty to oppose, our corporate value and the interests of the Minority Shareholders would be impaired. As one example, according to the Tender Offer Registration Statement, Maeda Construction is scheduled to borrow 90 billion yen from financial institutions to fund the Tender Offer. Maeda Construction’s financial position is expected to further decline from the current status if the Tender Offer is completed, which also makes us strongly concern that the Company’s internal reserves will be used in order to improve the financial position of Maeda Construction while it would impair our corporate value and the interests of the Minority Shareholders.

Maeda Construction seems to consider us as a part of the Maeda Construction Group and as a part of consortium that shares a common interest solely on the fact that the Company is an affiliated company of Maeda Construction. However, although the alliance relationship between the Company and Maeda Construction has been continuing for more than 50 years, the business relationship between the Company and Maeda Construction is very scarce as stated in the Opposition Statement Release, where the direct transactions between the Company and Maeda Construction in the fiscal year ending March 2019 accounted for only 0.76% of the Company’s consolidated annual sales, and we do not consider Maeda Construction and its subsidiaries and affiliated companies, except for the subsidiaries and affiliated companies of the Company as a part of the Company’s “group” and believe that we should be considered as independent business entities with different business policies in different areas. We cannot share Maeda Construction’s view, among other things, in this regard.

As announced in the Capital Alliance Dissolution Proposal Release, the Company owns approximately 4.06% shares at the ratio of voting rights in Maeda Construction. However, as we do not expect that our relationship with Maeda Construction will create any business synergies that will contribute to the improvement of our business performance, we, therefore, believe that it is the best solution for the Company to promptly dissolve the capital alliance with Maeda Construction.

### **3. Decision of Submission of the Agenda Item of Special Dividends**

Based on the background of the consultation and concerns as mentioned above, there is a strong concern that transactions or acts between Maeda Construction and the Company may involve conflicts of interest, including use of the internal reserves we have accumulated through the support of our shareholders for the benefit of the Maeda Construction Group, whose interests do not always align with those of the Company not for our shareholders, including the Minority Shareholders, or for the maintenance and improvement of the corporate value of the Company. Moreover, since we have seen significant discrepancies between the ostensible purpose and true intent in the proposals made by Maeda Construction thus far, we are of the view that conscientious discussion cannot be expected and that even if some sort of agreement could be reached through consultations, we cannot expect to ensure the effective compliance with such agreement when Maeda Construction holds the majority of our voting rights and controls our decision-making. Therefore, we concluded that the above-mentioned concerns cannot be eliminated through consultation with Maeda Construction.

We also believe that the contents disclosed in the Tender Offer Registration Statement and other disclosures by Maeda Construction, etc. in connection with the Tender Offer does not adequately explain either what has been consulted with the Company or the management policy after the completion of the Tender Offer. Therefore, we think that the Minority Shareholders who will continue to hold two-thirds (49% of the total voting rights) of the shares currently held by the Minority Shareholders are put in a situation where they are not able to reasonably judge the outlook for our corporate value after completion of the Tender Offer.

Therefore, in order to prevent the Minority Shareholders from suffering disadvantages due to preferential treatment of the interest of the Maeda Construction Group after Maeda Construction has made us a consolidated subsidiary, we have determined that it is reasonable to return profits widely to those who are our shareholders before the completion of the Tender Offer from our internal reserves to the extent of the amount that would not have a substantial adverse effect on our financial position or corporate value improvement measures, and as stated below, we set the record date for the Special Dividends on March 6, 2020, and made Decision of Submission of the Agenda Item of Special Dividends.

With respect to the composition of the officers of the Company, we have four outside directors who are independent outside directors out of ten directors and three outside statutory auditors who are independent outside officers out of five statutory auditors; thus, the seven independent outside officers in total independently reviews our decision making from an independent standpoint. Six out of such seven independent outside officers have expressed their opinions in support of the Decision of Submission of the Agenda Item of Special Dividends. In addition, the

Company will respect opinions of the above-mentioned independent outside officers as much as possible to decide our future actions regarding the Tender Offer including the Special Dividends.

The Decision of Submission of the Agenda Item of Special Dividends constitutes a condition which is stipulated in the Tender Offer Registration Statement that entitles the Tender Offeror to Withdraw the Tender Offer (so-called “conditions for withdrawal”), and, therefore, the Tender Offeror is able to Withdraw the Tender Offer at its decision. On the other hand, the Tender Offeror may, at its discretion, extend the period of the Tender Offer until Thursday, April 16, 2020, which is the 60th business day from the commencement of such period. However, as we plan to hold the Extraordinary General Meeting of Shareholders on Tuesday, April 14, 2020, the Tender Offeror may decide whether to Withdraw the Tender Offer after confirming the decision of our shareholders at the Extraordinary General Meeting of Shareholders. As stated in the Opposition Statement Release, as we believe that becoming a consolidated subsidiary of Maeda Construction will impair our corporate value in all respects and hinder our stable growth, we think that the distribution of the Special Dividends will lead to protect the interests of the Minority Shareholders. However, if the Tender Offeror does not Withdraw the Tender Offer, since we expect that Maeda Construction, which possesses slightly less than 25% of our voting rights, will oppose the Agenda Item of Special Dividends, in the case where, contrary to our view above, there are a certain number of our shareholders who agree with the purposes of Maeda Construction, etc. described in the Tender Offer Registration Statement, there is a possibility that the Agenda Item of Special Dividends will be disapproved at the Extraordinary General Meeting of Shareholders and the Special Dividends will not be paid.

Under the Companies Act, shareholders have the right to propose agenda for the general meeting of shareholders. Accordingly, the amount of the Special Dividends per share may be reduced or increased from 650 yen, if the agenda related to the amount of the Special Dividends per share is legally submitted with an amount different from 650 yen through the exercise of such shareholder right and if such agenda is legally approved at the Extraordinary General Meeting of Shareholders. The Company considers that the amount of 650 yen is within a reasonable range, but, we would like to leave the final decision to the shareholders of the Company about whether or not to implement the Special Dividends and whether the amount of 650 yen is appropriate as the amount of dividends per share.

As mentioned above, the Decision of Submission of the Agenda item of Special Dividends by the Board meeting is not conclusive decision regarding the implementation of the Special Dividends, and the Special Dividends may not be implemented or the amount of the Special Dividends per share may be changed depending on the decisions by the Tender Offeror and our



shareholders going forward. We would like to ask our investors to take a thorough look at the contents of disclosures by the Company and Maeda Construction, etc. and to be deliberate when deciding on the trade of the Company's shares.

In addition, the Company will continue to consider the specific corporate value improvement measures which will provide more benefits to the Minority Shareholders, compared to where the Company becomes a consolidated subsidiary of Maeda Construction through the Tender Offer. We will promptly disclose any matters to be disclosed as soon as they arise.

#### **4. Prospects for the Effect of the Special Dividends on the Management of the Company**

The Company currently has no outstanding interest-bearing debt and holds more than 85.0 billion yen in total of cash and cash equivalents and more than 140.0 billion in current assets (including cash and cash equivalents) as of the end of the third quarter of the fiscal year ending in March 2020, on a consolidated basis, and even if the Company implements the Special Dividends, we do not anticipate any problems in the financial position of the Company as the ample amount of cash and cash equivalents will be maintained. Therefore, we believe that there is little concern that there will be a substantial adverse impact on the Company's high creditworthiness.

As mentioned above, our financial condition will remain sufficiently sound even if the Special Dividends is implemented, thus, in the future, if a strategic investment opportunity arises, we believe that it is possible to raise funds flexibly, including through the use of debt. In other words, we expect that the use of debt will create an appropriate capital structure and contribute to the improvement of the ROE (Return on Equity), which is an important management indicator for the Company.

As described in II below, the Company plans to return a total amount of 53,573 million yen through the Special Dividends to the shareholders of the Company. The Company announced that the Company had proposed to Maeda Construction that the Company would repurchase 20,460,000 shares of the Company's shares (equivalent to more than 50 billion yen based on the stock price at the time of the announcement) as stated in the Capital Alliance Dissolution Proposal Release announced in advance of the commencement of the Tender Offer. This proposal was refused by Maeda Construction on January 29, 2020, and we propose the Special Dividends as the Company's measure to return profits to shareholders of the Company in lieu of the above-mentioned plan to repurchase shares.

## **II. Dividends from Surplus (Special Dividends)**

Record date	Friday, March 6, 2020
Dividends per share	650.00 yen
Total amount of dividends	53,573 million yen
Effective date	To be determined
Dividend resource	Retained earnings

- (Notes) 1. Please note that, as mentioned above, the implementation of the Special Dividends requires a resolution at the Extraordinary General Meeting of Shareholders, and there is a possibility that the Agenda Item of Special Dividends will be disapproved at the Extraordinary General Meeting of Shareholders and the Special Dividends will not be implemented.
2. The shareholders who purchased the Company's shares on or after the ex-rights date in respect of the right to receive the Special Dividends will not be entitled to receive the Special Dividends with respect to such shares.
  3. The total amount of dividends is calculated based on the shareholder composition as of February 6, 2020 and will be changed in accordance with the changes of the shareholder composition as of the record date.
  4. There is no revision to the forecast of the fiscal year-end dividend of which record date is March 31, 2020.

### **III. Setting of Record Date for Convocation an Extraordinary General Meeting of Shareholders and Dividends from Surplus (the Special Dividends)**

#### **1. Record Date, etc. for Convocation of the Extraordinary General Meeting of Shareholders and the Special Dividends**

The Company will set Friday, March 6, 2020 as the record date in order to determine the shareholders entitled to exercise their voting rights at the Extraordinary General Meeting of Shareholders, and in order to implement the Special Dividends, and will make the shareholders described or recorded in the final shareholder registry on the same date be entitled to exercise their voting rights, and will make the shareholders and registered share pledgees described or recorded in the final shareholder registry on the same date be entitled to receive the Special Dividends.

- (1) Record date: Friday, March 6, 2020
- (2) Date of announcement: Friday, February 21, 2020
- (3) Method of announcement: Electronic public notices (available on our website)

## **2. Details of Extraordinary General Meeting of Shareholders**

The Extraordinary General Meeting of Shareholders is scheduled to be held as of Tuesday, April 14, 2020. Details of the Extraordinary General Meeting of Shareholders, including the time of the meeting, the location of the meeting, and the agenda items to be submitted will be announced once decided. The plan for submitting the Agenda Item of Special Dividends to the Extraordinary General Meeting of Shareholders is as described above.

The Tender Offeror may, at its discretion, extend the period of the Tender Offer until Thursday, April 16, 2020 at the longest. As mentioned above, we plan to hold the Extraordinary General Meeting of Shareholders on Tuesday, April 14, 2020, and this schedule will allow Maeda Construction, etc. to decide whether to Withdraw the Tender Offer after confirming the decision of our shareholders at the Extraordinary General Meeting of Shareholders.

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