

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 4987)
(June 8, 2020)

To Shareholders with Voting Rights:

Kenichi Tsuji
President and Representative Director
Teraoka Seisakusho Co., Ltd.
Head Office: 1-4-22 Hiromachi,
Shinagawa-ward, Tokyo

**NOTICE OF CONVOCATION
OF THE 110TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 110th Annual General Meeting of Shareholders of Teraoka Seisakusho Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. In this case, please review the attached Reference Documents for the General Meeting of Shareholders, and indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it shall be received by 5:20 p.m. on Monday, June 22, 2020, Japan time.

- 1. Date and Time:** Tuesday, June 23, 2020 at 10:00 a.m. Japan time (reception starts at 9:00 a.m.)
- 2. Venue:** The GOTENYAMA Ballroom, North, B1F
Tokyo Marriott Hotel
4-7-36 Kitashinagawa, Shinagawa-ward, Tokyo
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 110th Fiscal Year (April 1, 2019 - March 31, 2020) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 110th Fiscal Year (April 1, 2019 - March 31, 2020)
 - Proposals to be resolved:**
 - Proposal 1:** Distribution of Surplus
 - Proposal 2:** Partial Amendment to Articles of Incorporation
 - Proposal 3:** Election of 9 Directors
 - Proposal 4:** Election of 1 Auditor
 - Proposal 5:** Election of 1 Substitute Auditor

4. Matters to be Determined Upon Convocation:

Exercise of Voting Rights by Proxy

Proxies to whom the exercise of voting rights may be delegated are limited to one other shareholder who holds voting rights, in accordance with the Articles of Incorporation of the Company. If attending the meeting by proxy, please submit a written proof of the authority of representation (power of attorney, etc.) together with the Voting Rights Exercise Forms of the shareholder and proxy at the reception desk.

-
- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Additionally, please bring this Notice with you for use as meeting material.
 - ◎ As congestion is expected just before the start of the meeting, we advise you to arrive early.
 - ◎ Of the documents to be provided with this Notice, “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.teraokatape.co.jp/>) on the Internet in accordance with the provisions of laws and regulations as well as the Company’s Articles of Incorporation, and therefore are not provided in the attachment to this Notice. Furthermore, the Consolidated Financial Statements and Non-consolidated Financial Statements audited by Audit & Supervisory Board Members and the Accounting Auditor consist of the attachment to this Notice and the above “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements
 - ◎ Should the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<https://www.teraokatape.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company considers the return of profits to shareholders as one of the most important management issues, and positions the continuation of stable dividends as a basic policy of returning profits. The Company's basic approach to the return of profits to shareholders is to make a decision after comprehensively taking into consideration various factors that affect the dividend level, including business performance for the fiscal year under review, financial position, cash flows, and the dividend payout ratio, in addition to future business strategy, business development policies, forecasts, and other factors, while also securing the funds for investment.

In accordance with this basic policy, the Company plans to pay a term-end dividend for the 110th fiscal year as follows.

Items Related to Term-end Dividend

- (1) Items related to the allocation of dividend property to shareholders and its total amount
 - 5 yen per share of common stock Total of 126,663,370 yen
- (2) Effective date of distribution of surplus:
(June 24, 2020)

Proposal 2: Partial Amendment to Articles of Incorporation

1. Purpose of the Amendment to the Articles of Incorporation

- (1) In principle, the resolutions of the Board of Directors shall be adopted by the Board of Directors attending to a meeting of the Board of Directors. However, in order to further ensure agile decision-making and enable the Board of Directors to approve resolutions in writing or by electromagnetic records in case of emergency or depending on the content of proposal, the Company proposes the amendment to Article 24 of the Articles of Incorporation.
- (2) The numbering of articles shall be moved down in line with the creation of the above provisions.

2. Details of the Amendment to the Articles of Incorporation

The details of the amendment are as follows.

(Note) Only the articles requiring amendments are shown.

(Amended sections are underlined.)

Current Articles of Incorporation	Proposed Amendments
Chapter IV Directors and Board of Directors	Chapter IV Directors and Board of Directors
Article 19 - Article 23 (Omitted)	Article 19 - Article 23 (Unchanged)
Article 24 (Method of Adopting Resolutions and the Minutes of the Board of Directors Meetings) The resolutions of the Board of Directors shall be made by a majority of the Directors present when a majority of the Directors entitled to participate in the vote are present.	Article 24 (Method of Adopting Resolutions and the Minutes of the Board of Directors) The resolutions of the Board of Directors shall be made by a majority of the Directors present when a majority of the Directors entitled to participate in the vote are present. <u>2. The Company shall, in case a Director presents a proposal regarding a matter subject to resolution by the Board of Directors and all Directors indicate their will of agreement with the proposal in writing or by electromagnetic records excluding when an Auditor voices an objection against the proposal, determine that a resolution by the Board of Directors to approve the proposal has been reached.</u>
(Newly established) <u>2.</u> The record of proceedings, results of the Board of Directors Meeting and other items required by laws and regulations shall be recorded in the minutes in writing or by electromagnetic records. The minutes shall be affixed seal or electronically signed by the Directors and the Auditors attending to the meeting.	<u>3.</u> (Unchanged)
Article 25 - Article 43 (Omitted)	Article 25 - Article 43 (Unchanged)



Proposal 3: Election of 9 Directors



The terms of office of all 8 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. In addition, in order to further strengthen the management structure, the Company intends to increase 1 Director. Accordingly, the election of 9 Directors is proposed.



Regarding the policies and procedures for the determination of Director candidates, their selection and appointment are conducted by a resolution of the Board of Directors taking into comprehensive consideration of the following factors: the candidate has a deep understanding of the Company's corporate philosophy and management principles; may be expected to contribute to the further development of the Company; has the ability to accurately grasp issues in the divisions under their control and cooperate with other officers and employees to resolve issues; and possesses the attitude and knowledge to comply thoroughly with laws, regulations and the corporate ethics.



The candidates for Director are as follows:


No.	Name		Current Positions in the Company	Term of Office as Director
1	<u>Reelection</u>	Keishiro Teraoka	Representative Director and Chairman	32 years
2	<u>Reelection</u>	Kenichi Tsuji	Representative Director and President	8 years
3	<u>Reelection</u>	Masakazu Naitou	Managing Director	8 years
4	<u>Reelection</u>	Taiji Namekawa	Director	2 years
5	<u>Reelection</u>	Nobuhisa Ishizaki	Director	2 years
6	<u>Reelection</u>	Tatsuya Kubo	Director	2 years
7	<u>New election</u>	<u>External</u> Tatsuya Kamikawa	—	—
8	<u>Reelection</u>	<u>External</u> <u>Independent</u> Noriyoshi Shiraishi	External Director	5 years
9	<u>New election</u>	<u>External</u> <u>Independent</u> Keiko Hatta	—	—

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1		January 1986 June 1988 March 1992 June 1994 June 2000 June 2018	Joined the Company Director Director, Ibaraki Plant Manager Senior Managing Director; Executive General Manager, Administrative Division President and Representative Director Chairman and Representative Director (current position) (to present)	786,695 shares
	[Reelection] Keishiro Teraoka (November 6, 1951)			
	[Reason for nomination as a candidate for Director] Mr. Keishiro Teraoka has led the group management for the Company’s growth and enhancement of corporate value with his strong leadership by leveraging his abundant experience and deep insight as a corporate manager over the years in the Company and its group companies at home and abroad since he assumed the position of President in 2000. Based on his insight and capabilities, the Company has judged that he will be able to perform his managerial duties through appropriate business judgement and decision-making and provide objective oversight of the management, and has thus renominated him as a candidate for Director.			
2		April 1984 April 2010 May 2012 June 2012 June 2015 April 2017 April 2018 June 2018	Joined ITOCHU Corporation Acting General Manager, Industrial Textile & Lifestyle Department Seconded to the Company Managing Director Senior Managing Director Senior Managing Director in charge of Sales and Marketing, Research and Development, and Manufacturing divisions Transferred to the Company, Senior Managing Director in charge of overall corporate management President and Representative Director (current position) (to present)	8,902 shares
	[Reelection] Kenichi Tsuji (September 3, 1960)			
	[Reason for nomination as a candidate for Director] Mr. Kenichi Tsuji possesses a wealth of experience and achievements in the sales field in ITOCHU Corporation, and has enhanced the Company’s management base while also promoting fundamental structural reforms since he had been temporarily seconded to the Company. In addition to his initiatives promoting the Second Mid-Term Business Plan, he is well-versed in the global competitive environment surrounding the Company. Based on his insight and capabilities, the Company has judged that he will be able to perform his managerial duties through appropriate business judgement and decision-making and provide objective oversight of the management, and has thus renominated him as a candidate for Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3		April 1980	The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	10,000 shares
	[Reelection] Masakazu Naitou (September 27, 1955)	September 2009	Joined the Company	
		April 2010	General Manager, Accounting Department	
		October 2011	Deputy Executive General Manager, Administrative Division; General Manager, Accounting Department	
		January 2012	Deputy Executive General Manager, Administrative Division; General Manager, Corporate Planning Office; General Manager, Accounting Department	
		April 2012	Executive General Manager, Administrative Division; General Manager, Corporate Planning Office; General Manager, Accounting Department	
		June 2012	Director; Executive General Manager, Administrative Division; General Manager, Corporate Planning Office; General Manager, Accounting Department	
		December 2013	Director; Executive General Manager, Administrative Division; Executive General Manager, PTI Division; General Manager, Corporate Planning Office; General Manager, Accounting Department	
		June 2015	Managing Director (current position); Executive General Manager, Administrative Division; Executive General Manager, PTI Division; General Manager, Corporate Planning Office	
	April 2017	In charge of Administration and Corporate Planning Office (current position)		
April 2018	In charge of overall business management (current position) and Quality Assurance Department (current position) (to present)			
[Reason for nomination as a candidate for Director] Mr. Masakazu Naitou has abundant experience and achievements in fields of corporate planning, business management, corporate governance, and overseas strategies in addition to taking responsibility for the group company’s administration and the operation of overseas production subsidiaries. Based on his insight and capabilities, the Company has judged that he will be able to provide oversight of the management, and has thus renominated him as a candidate for Director.				
4		April 1983	Joined the Company	8,649 shares
	[Reelection] Taiji Namekawa (October 20, 1959)	November 2009	Sano Plant Manager	
		June 2010	Operating Officer; Sano Plant Manager	
		January 2014	Operating Officer; PT.Teraoka Seisakusho Indonesia President-Director.	
		April 2015	Operating Officer; Deputy Executive General Manager, PTI Division	
		July 2016	Operating Officer; President-Director, PT.Teraoka Seisakusho Indonesia	
		April 2018	Operating Officer; in charge of Technology	
	June 2018	Director (current position); in charge of Technology (current position) (to present)		
[Reason for nomination as a candidate for Director] Mr. Taiji Namekawa has a wealth of frontline-oriented experience and knowledge as well as advanced expertise gained through engaging adhesive tape-related technology and production over the years and taking responsibility for the operation of overseas production subsidiaries in an effort to maintain a consistent production structure. Based on his insight and capabilities, the Company has judged that he will be able to perform his duties through appropriate business judgement and decision-making and provide objective oversight of the management, and has thus renominated him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held	
5		April 1980	Joined The Daiwa Bank, Ltd. (currently Resona Bank, Limited)	3,149 shares	
		October 2005	Joined the Company		
		April 2006	General Manager, Research Office		
		December 2013	Deputy Executive General Manager, Administrative Division; General Manager, Research Office		
		April 2016	Deputy Executive General Manager, Administrative Division; General Manager, General Affairs Department (current position)		
		June 2016	Operating Officer; Deputy Executive General Manager, Administrative Division		
		April 2017	Operating Officer; General Manager, Administrative Management Office		
		April 2018	Operating Officer: Executive General Manager, Administrative Division		
	[Reelection]	Nobuhisa Ishizaki (January 4, 1956)	June 2018	Director (current position); Executive General Manager, Administrative Division (current position) (to present)	
	[Reason for nomination as a candidate for Director] Mr. Nobuhisa Ishizaki has abundant experience and achievements in the fields of business management and corporate governance in addition to taking responsibility for the group company’s administration and internal auditing. In addition, he contributes to strengthening the Company’s compliance structure as well as the operation and establishment of effective corporate governance, and the Company considers that he will be able to contribute significantly to the enhancement of our top-priority issue, internal management structure. Based on his insight and capabilities, the Company has judged that he will be able to perform his duties through appropriate business judgement and decision-making and provide objective oversight of the management, and has thus renominated him as a candidate for Director.				
6		April 1985	Joined ITOCHU Corporation	1,268 shares	
		October 2013	Seconded to Guangzhou Gki Car Interior Parts Co.,Ltd. (Director and General Manager)		
		April 2018	Seconded to the Company; Executive General Manager, Sales Division		
		June 2018	Director (current position); Executive General Manager, Sales Division (current position)		
		April 2020	Transferred to the Company (to present)		
	[Reelection]	Tatsuya Kubo (November 7, 1961)			
	[Reason for nomination as a candidate for Director] Mr. Tatsuya Kubo has a wealth of experience and achievements in the sales field in ITOCHU Corporation, as well as insights on global business management cultivated while he engaged in corporate management in China. Based on his insight and capabilities, the Company has judged that he will be able to perform his duties through appropriate business judgement and decision-making and provide objective oversight of the management, and has thus renominated him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
7		April 1992 April 2020	Joined ITOCHU Corporation General Manager, Industrial Textile & Lifestyle Department (current position) (to present)	0 shares
	[New election] [External] Tatsuya Kamikawa (September 18, 1969)			
	[Reason for nomination as a candidate for External Director] Mr. Tatsuya Kamikawa has abundant experience and achievements in sales fields in ITOCHU Corporation, and is expected to actively provide comments and advices from the perspective of promoting management reform at meetings of the Board of Directors without being constrained by the Company’s logic. In addition, the Company has judged that he is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company, and has thus nominated him as a new candidate for External Director.			
8		April 1997 April 2001 April 2006 April 2010 June 2015 August 2018	Professor, RIKKYO UNIVERSITY College of Sociology Dean, RIKKYO UNIVERSITY College of Sociology Professor, RIKKYO UNIVERSITY College of Business Vice President, RIKKYO UNIVERSITY Managing Director, RIKKYO EDUCATIONAL CORPORATION Director, the Company (current position) President, RIKKYO EDUCATIONAL CORPORATION (current position) (to present)	0 shares
	[Reelection] [External] [Independent] Noriyoshi Shiraishi (March 28, 1953)			
	[Reason for nomination as a candidate for External Director] Mr. Noriyoshi Shiraishi possesses a wealth of experience and deep insight as an expert through years of research in the field of business administration at Rikkyo University. The Company has judged that he is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company, and has thus renominated him as a candidate for External Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	 <p>[New election] [External] [Independent]</p> <p>Keiko Hatta (September 13, 1959)</p>	<p>April 1984 Joined Japan Airlines Co., Ltd. April 1991 Seconded to IBJ International Ltd. May 2010 Operating Officer; General Manager, Funding Center, JAL Capital Co., Ltd. December 2010 General Manager, Financing and Lease Group, Finance Department, Japan Airlines International Co., Ltd. under rehabilitation April 2011 General Manager, Insurance and Lease Group, Finance Department, Japan Airlines Co., Ltd. October 2011 Retired from Japan Airlines Co., Ltd. March 2013 Representative Director, Hakko Ltd. (current position) April 2014 Part-time Lecturer, Saitama Prefectural University (current position) September 2017 Part-time Lecturer, Toita Women's College (current position) (to present)</p>	0 shares
<p>[Reason for nomination as a candidate for External Director]</p> <p>Ms. Keiko Hatta has abundant experience and deep insights in the finance and accounting fields. In addition, by electing her as Director, the Company can ensure the diversity of the members of the Board of Directors, and may be expected to enhance the functions of the Board of Directors. In addition, she is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and therefore the Company has judged that she will contribute significantly to strengthening the corporate governance of the Company, and has thus nominated her as a new candidate for External Director.</p>			

(Notes)

1. There are no special interests between each of the candidates and the Company.
2. The number of shares of the Company held by each candidate includes shares held in the shareholding association.
3. Mr. Tatsuya Kamikawa, Mr. Noriyoshi Shiraishi, and Ms. Keiko Hatta are candidates for External Director.
4. Mr. Tatsuya Kamikawa is an executive at ITOCHU Corporation which has important business relationship with the Company (major trading partner).
5. The term of office of Mr. Noriyoshi Shiraishi as External Director of the Company shall be 5 years as of the conclusion of this Annual General Meeting of Shareholders.
6. During the terms of office of Mr. Noriyoshi Shiraishi as External Director, an inappropriate conduct related to some products of the Company was unveiled. Although he was unaware of the fact until it came to light, he had regularly made proposals from the viewpoint of legal compliance at the Board of Directors, etc. After the fact was unveiled, he dictated a thorough investigation into the fact and the prevention of recurrence, and has been conducting his duties properly.
7. The Company has registered Mr. Noriyoshi Shiraishi as an independent director in accordance with the rules and regulations of Tokyo Stock Exchange, Inc. If he is reappointed as Director, he will continue to be an independent director. In addition, if Ms. Keiko Hatta is appointed as Director, the Company intends to register her as an independent director under the rules and regulations of Tokyo Stock Exchange, Inc.
8. The Company has entered into a liability limitation agreement with Mr. Noriyoshi Shiraishi, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of said Act. If he is reelected, the Company will continue the limited liability agreement with him. In addition, if the election of Mr. Tatsuya Kamikawa and Ms. Keiko Hatta is approved, the Company intends to enter into said limited liability agreements with them.


Proposal 4: Election of 1 Auditor

The terms of office of Auditor, Harushige Sakai will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 1 Auditor is proposed.

Regarding the policies and procedures for the determination of Auditor candidates, their selection and appointment are conducted by a resolution of the Board of Directors upon comprehensive consideration of the following factors: the candidate has a deep understanding of the Company's corporate philosophy and management principles; is capable of appropriately supervising the execution of duties by Directors; is capable of preventing violations of laws and regulations and the Articles of Incorporation in advance; and is capable of conducting audits from a neutral and objective standpoint to contribute to securing management soundness.

The Board of Auditors has previously given its approval to this proposal.

The candidates for Auditor are as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions		Number of shares of the Company held
 [Reelection] [External] [Independent] Harushige Sakai (June 7, 1957)	April 1980	Joined KANADEN CORPORATION	2,809 shares
	April 2000	General Manager, Imaging Information System Division, Electronic Division 1	
	October 2005	Deputy General Manager, Electronics Division; General Manager, Planning Division; General Manager, Imaging Information System Division	
	April 2008	Deputy General Manager, Management Strategy Office; General Manager, Management Strategy Division	
	June 2009	Operating Officer; General Manager, Management Strategy Office; General Manager, Management Strategy Division	
	June 2011	Operating Officer; General Manager, System Integration Division	
	April 2015	Operating Officer; General Manager, Internal Auditing Division	
	June 2017	Audit & Supervisory Board Member (current position) Auditor, the Company (current position) (to present)	
[Reason for nomination as a candidate for External Auditor] Mr. Harushige Sakai has engaged in auditing business in KANADEN CORPORATION, and therefore the Company has judged that he will be able to supervise Directors’ execution of duties from an objective and fair perspective, and has thus renominated him as a candidate for Auditor.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. The number of shares of the Company held by each candidate includes shares held in the shareholding association (rounded down to the nearest share).
3. Mr. Harushige Sakai is a candidate for External Auditor.
4. The Company has entered into a liability limitation agreement with External Auditor, Mr. Harushige Sakai, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of said Act. If he is reelected, the Company will continue the limited liability agreement with him.
5. The term of office of Mr. Harushige Sakai as External Auditor of the Company shall be 3 years as of the conclusion of this Annual General Meeting of Shareholders.
6. The Company has registered Mr. Harushige Sakai as an independent auditor in accordance with the rules and regulations of Tokyo Stock Exchange, Inc. If he is reappointed as Auditor, he will continue to be an independent auditor.
7. During the terms of office of Mr. Harushige Sakai as External Auditor, an inappropriate conduct related to some products of the Company was unveiled. Although he was unaware of the fact until it came to light, he had regularly made proposals from the viewpoint of legal compliance at the Board of Directors, the Board of Auditors, etc. After the fact was unveiled, he dictated a thorough investigation into the fact and the prevention of recurrence, and has been conducting his duties properly.


Proposal 5: Election of 1 Substitute Auditor

In order to prepare for the contingency in which the number of Auditors falls below that required by laws and regulations, we propose the election of 1 Substitute Auditor.

Furthermore, the effectiveness of the election in this proposal may be cancelled by resolution of the Board of Directors, with the consent of the Board of Auditors, provided it is prior to candidate's assumption of office.

The Board of Auditors has previously given its approval to this proposal.

The candidate for Substitute Auditor is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
 <p>[External] [Independent] Masayuki Sugaya (March 7, 1969)</p>	<p>April 1991 Joined KANADEN CORPORATION</p> <p>April 2013 General Manager, Corporate Planning Department, Corporate Strategy Office</p> <p>June 2016 General Manager, Corporate Planning Department, Corporate Strategy Office; General Manager, Accounting Department, Accounting and Finance Office</p> <p>April 2018 General Manager, Business Planning Department, Business Promotion Office</p> <p>July 2018 General Manager, Accounting and Finance Department, Administration Management Office (current position) (to present)</p>	0 shares
<p>[Reason for nomination as a candidate for Substitute External Auditor]</p> <p>Mr. Masayuki Sugaya is involved in the corporate planning at KANADEN CORPORATION, and we believe that if appointed as External Auditor, he will be able to utilize his abundant experience and wide-ranging insight in the auditing operations of the Company and supervise Directors' execution of duties from an objective and fair perspective, and have thus renominated him as a candidate for Substitute External Auditor.</p>		

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Masayuki Sugaya is a candidate for Substitute External Auditor.
3. If the election of Mr. Masayuki Sugaya is approved and he assumes his office, the Company intends to enter into a liability limitation agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of said Act.
4. If Mr. Masayuki Sugaya is appointed Auditor, the Company intends to register him as an independent auditor with Tokyo Stock Exchange, Inc.