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(Stock Exchange Code 6505)

August 5, 2022

To Shareholders with Voting Rights:

Akira Watanabe
President, Representative Director
Toyo Denki Seizo K.K.
1-4-16 Yaesu, Chuo-ku, Tokyo

NOTICE OF THE 161st ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We hereby announce that the 161st Annual General Meeting of Shareholders of Toyo Denki Seizo K.K. (the “Company”) will be held as described below.

Instead of attending the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 5:00 p.m. on Wednesday, August 24, 2022, Japan time.

1. **Date and Time:** Thursday, August 25, 2022, at 10:00 a.m. Japan time
2. **Place:** “Station Conference Tokyo” Meeting Room 501 (5F, Sapia Tower)
1-7-12 Marunouchi, Chiyoda-ku, Tokyo
3. **Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 161st Fiscal Year (June 1, 2021 - May 31, 2022) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 161st Fiscal Year (June 1, 2021 - May 31, 2022)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Seven (7) Directors
- Proposal 4:** Election of Two (2) Corporate Auditors

- © Of the documents to be provided with this Notice, “Information Concerning Accounting Auditor,” “Overview of Systems to Ensure Appropriate Business Operations (Basic Policy for Internal Control Systems) and Operational Status Thereof” and “Basic Policy on Control of the Company” of the Business Report, and the “Consolidated Statements of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Net Assets,” and “Notes to Non-consolidated Financial Statements” are posted on the Company’s website (<https://www.toyodenki.co.jp>) in accordance with provisions of laws and regulations as well as Article 15 of the Company’s Articles of Incorporation and therefore are not provided in this Notice. Furthermore, the aforementioned items posted on the Company’s website are part of the documents audited by the Accounting Auditor and the Board of Corporate Auditors when preparing their accounting audit report and audit report, respectively.
- © Should the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, or the Reference documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company’s website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

With regard to the appropriation of surplus, the Company proposes the following.

[Items related to the year-end dividend]

With regard to the year-end dividend for the fiscal year ended May 31, 2022, upon comprehensively taking into consideration the return of profits to shareholders in a stable and continuous manner, the strengthening of the business structure and other factors the Company proposes the ordinary dividend of 30 yen per share.

- (1) Type of dividend property
Cash

- (2) Items related to the allocation of dividend property to shareholders and its total amount
30 yen per share of common stock
Total of 268,211,760 yen

- (3) Effective date of distribution of surplus
August 26, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Company proposes to amend its Articles of Incorporation as follows.

- (1) The proposed Article 15, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the Internet disclosure of reference documents and deemed disclosure (Article 15 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 15 (Internet disclosure of reference documents and deemed disclosure)</u> <u>In convening a general meeting of shareholders, the company may deem that it has provided shareholders with the information on the matters which must be described or mentioned in the reference documents of a general meeting of shareholders, business report, financial statements and consolidated financial statements by disclosing such information using the Internet pursuant to the regulations set forth by the ministerial ordinance of the Ministry of Justice.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Proposed amendments
<p><Newly established></p>	<p><u>Article 15 (Measures for electronic provision, etc.)</u> <u>1. The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>
<p><Newly established></p>	<p><u>Supplementary Provisions</u> <u>1. The amendments to Article 15 of the Articles of Incorporation shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u> <u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Internet disclosure of reference documents and deemed disclosure) of the Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u> <u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of Seven (7) Directors

As the terms of office of all seven Directors will expire at the conclusion of this General Meeting of Shareholders, the election of seven Directors (including three Outside Directors) is proposed. The candidates for Director are as follows.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Akira Watanabe November 22, 1959 <u>Reappointment</u>	<p>April 1982 Joined the Company</p> <p>June 2002 Group Manager, Business Creation Group, Development Division</p> <p>June 2005 Group Manager, Traction Control Design Group, Transportation Systems Works, Yokohama Plant, Production Division</p> <p>August 2008 Deputy Center Manager, Research Center</p> <p>May 2011 Group Manager, EV Systems Group, Business Development Division</p> <p>August 2013 General Manager, Business Development Division</p> <p>August 2015 Executive Officer; General Manager, Management Planning Division</p> <p>August 2016 Appointed as Director; Division Director, Transportation Business Unit</p> <p>June 2018 Executive Director and Executive Officer; Division Director, Transportation Business Unit; General Manager, International Sales Division, Transportation Business Unit</p> <p>August 2018 Executive Director and Executive Officer; Division Director, Transportation Business Unit</p> <p>August 2019 Senior Executive Director and Executive Officer; Division Director, Transportation Business Unit; Plant Manager, Yokohama Plant</p> <p>August 2020 President, Representative Director (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Akira Watanabe, since joining the Company in 1982, has been mainly engaged in transportation business, and has knowledge and experience regarding transportation business as a whole and the management of the entire Group, as evidenced by his experience in the fields of research and development and management planning. He has been appropriately supervising the management of the Group as a whole as Director since 2016 and as President, Representative Director since 2020. He is nominated as a candidate for Director based on the judgment that, by utilizing his experience and knowledge, he would be able to continue to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	7,126

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Kenzo Terashima August 18, 1948 <u>Reappointment</u>	<p>April 1972 Joined the Company</p> <p>July 2001 General Manager, International Sales Division, Transportation System Business Unit</p> <p>August 2002 Executive Officer; Deputy General Manager, Sales Division</p> <p>August 2004 Appointed as Director; General Manager; Sales Division</p> <p>August 2006 Director; Division Director, Transportation Business Unit</p> <p>August 2008 Executive Director</p> <p>August 2009 Representative Senior Executive Director</p> <p>August 2012 Vice President, Representative Director</p> <p>August 2013 President, Representative Director</p> <p>August 2020 Chairman, Representative Director (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Kenzo Terashima has been driving the growth of the Group by strengthening the management structure and promoting globalization as President, Representative Director since 2013 and as Chairman, Representative Director since 2020. He is nominated as a candidate for Director based on the judgment that, by utilizing his experience and knowledge, he would be able to continue to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	17,460
3	Yoshifumi Otsubo January 9, 1958 <u>Reappointment</u>	<p>April 1980 Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>June 2004 General Manager, Strategy Development Department; General Manager, Strategy Support Department</p> <p>July 2005 General Manager, Hiroshima Corporate Sales Department</p> <p>January 2006 General Manager, Hiroshima Branch</p> <p>July 2007 General Manager, Corporate Research Department</p> <p>June 2010 Joined the Company; Group Manager, Management Planning Group, Planning Division</p> <p>August 2011 General Manager, Management Planning Division</p> <p>August 2012 Executive Officer; General Manager, Management Planning Division</p> <p>August 2015 Senior Executive Officer; Branch Manager of Osaka Branch</p> <p>August 2016 Senior Executive Officer; General Manager, Ryuo Factory Integration Division; Deputy Division Director, Industry Business Unit</p> <p>December 2017 Senior Executive Officer; Division Director, Industry Business Unit; General Manager, Ryuo Factory Integration Division</p> <p>June 2018 Executive Officer; Division Director, Industry Business Unit</p> <p>June 2019 Executive Officer; Division Director, Industry Business Unit; Branch Manager of Hokkaido Branch</p> <p>August 2019 Appointed as Director; Executive Officer; Division Director, Industry Business Unit; Branch Manager of Hokkaido Branch</p> <p>August 2020 Senior Executive Director and Executive Officer; Division Director, Industry Business Unit; Branch Manager of Hokkaido Branch (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Yoshifumi Otsubo, since joining the Company in 2010, has been engaged in management planning, utilizing his abundant experience at a financial institution, following which he has gained knowledge and experience in the management of the Group as a whole, including overseeing business divisions. He has been appropriately supervising the management of the Group as a whole as Director since 2019. He is nominated as a candidate for Director based on the judgment that, by utilizing his experience and knowledge, he would be able to continue to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	5,507

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Kenji Tanimoto April 17, 1958 <u>New appointment</u>	<p>April 1981 Joined Nippon Life Insurance Company</p> <p>March 2004 General Manager, Corporate Finance Department 3</p> <p>March 2009 General Manager, Head Office Corporate Finance Department 2</p> <p>March 2010 General Manager, Corporate Finance Department 1</p> <p>April 2012 Joined the Company</p> <p>June 2012 General Manager, Financial Affairs Division</p> <p>August 2014 Executive Officer; General Manager, Financial Affairs Division</p> <p>August 2016 Senior Executive Officer; Branch Manager of Osaka Branch</p> <p>June 2018 Executive Officer; Branch Manager of Osaka Branch</p> <p>May 2021 Executive Officer (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Kenji Tanimoto, since joining the Company in 2012, has been engaged in financial affairs, utilizing his abundant experience in investment and loan operations at a life insurance company, following which he has gained knowledge and experience in the management of the Group as a whole, including serving as Branch Manager of Osaka Branch and Executive Officer in charge of management planning. He has also been in charge of the reform of the personnel system from the 162nd fiscal year. He is nominated as a candidate for Director based on the judgment that, by utilizing his experience and knowledge, he would be able to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	4,008
5	Hirokazu Chinone March 1, 1944 <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u>	<p>April 1969 Registered as a lawyer (Daini Tokyo Bar Association)</p> <p>May 1982 Established Chinone & Haruhara Law Office</p> <p>July 2011 Representative Director, Management and Law Committee</p> <p>March 2013 Trust Administrator, Charitable Trust (Assistance Fund Regarding Disaster Risk Management Measures for Highways of NEXCO and Associated Companies) (current position)</p> <p>April 2014 Director, Public Interest Incorporated Foundations of TETSUDOU KOUSSAIKAI (current position)</p> <p>April 2015 Outside Director, Maruzen CHI Holdings Co., Ltd.</p> <p>August 2015 Appointed as Outside Director of the Company (current position)</p> <p>April 2016 Outside Director and Member of the Audit and Supervisory Committee, Maruzen CHI Holdings Co., Ltd. (current position)</p> <p>July 2017 Advisor, Management and Law Committee (current position)</p> <p>[Reason for nomination as a candidate for Outside Director, and overview of expected roles] Mr. Hirokazu Chinone is a qualified lawyer and has given advice and made proposals in order to ensure legality and appropriateness of decision-making of the Board of Directors of the Company, utilizing his high level of insight and abundant experience in the field of corporate legal practice. The Company renominated him as a candidate for Outside Director, as the Company expects him to continue to give advice and make proposals effectively in order to ensure legality and appropriateness of decision-making of the Board of Directors of the Company.</p> <p>[Term of Office as Outside Director] Mr. Hirokazu Chinone currently serves as the Company's Outside Director and his term of office will be seven years at the conclusion of this General Meeting of Shareholders.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>Koji Mizumoto November 3, 1954</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u></p>	<p>April 1978 Joined NIPPON STEEL NISSHIN Co., Ltd. (currently NIPPON STEEL CORPORATION)</p> <p>June 2001 General Manager, Corporate Planning Division</p> <p>April 2005 Executive Officer; General Manager, Sales Administration Division</p> <p>April 2007 Executive Officer; General Manager, Human Resources Division</p> <p>April 2009 Managing Executive Officer; General Manager, Human Resources Division</p> <p>June 2009 Director; Managing Executive Officer; General Manager, Human Resources Division</p> <p>April 2010 Director; Managing Executive Officer; General Manager, Risk Management Promotion Office</p> <p>April 2012 Director; Managing Executive Officer; Chairman, NIPPON STEEL NISSHIN (Shanghai) Steel Trading Co., Ltd.</p> <p>June 2012 Managing Executive Officer; Chairman, NIPPON STEEL NISSHIN (Shanghai) Steel Trading Co., Ltd.</p> <p>April 2014 Vice-President, Executive Officer & CFO</p> <p>June 2014 Representative Director, Vice President, Executive Officer & CFO</p> <p>April 2017 Director</p> <p>June 2017 Senior Advisor</p> <p>June 2018 Advisor</p> <p>June 2019 Director (Outside), HISAKA WORKS, LTD. (current position)</p> <p>August 2020 Appointed as Outside Director of the Company (current position)</p> <p>[Reason for nomination as a candidate for Outside Director, and overview of expected roles] Mr. Koji Mizumoto has abundant experience in corporate management and knowledge in financial accounting as CFO, and has given advice and made proposals in order to ensure legality and appropriateness of decision-making of the Board of Directors of the Company, utilizing his extensive insight and professional perspective. The Company renominated him as a candidate for Outside Director, as the Company expects him to continue to give advice and make proposals effectively for decision-making of the Board of Directors of the Company.</p> <p>[Term of Office as Outside Director] Mr. Koji Mizumoto currently serves as the Company's Outside Director and his term of office will be two years at the conclusion of this General Meeting of Shareholders.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Taizo Makari January 19, 1959 <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u>	<p>April 1983 Joined TEIJIN LIMITED</p> <p>October 1998 Manager, Engineering Products Development Department, Engineering Laboratories</p> <p>April 2004 General Manager, Business Planning and Administration Department; General Manager, Plant Maintenance and Utility Department, Teijin Entech Co., Ltd.</p> <p>April 2010 General Manager, Engineering Center; General Manager, Chemical Engineering Department, Teijin Engineering Limited; Assistant to CENO, TEIJIN LIMITED (in charge of capital investment)</p> <p>June 2010 Director, Teijin Engineering Limited</p> <p>June 2011 Representative Director; Managing Director</p> <p>April 2012 Teijin Group Chief Representative in Europe, TEIJIN LIMITED; President, Teijin Holdings Netherlands B.V.</p> <p>April 2013 Teijin Group Corporate Officer, TEIJIN LIMITED</p> <p>April 2014 Head, Engineering Unit; Assistant Chief CSR Officer (in charge of disaster prevention)</p> <p>April 2017 Teijin Group Corporate Officer; Chief Officer (Engineering); Assistant Chief CSR Officer (in charge of disaster prevention)</p> <p>June 2018 Director, INFOCOM CORPORATION</p> <p>April 2020 Teijin Group Executive Officer, TEIJIN LIMITED</p> <p>April 2021 Counselor and Technical Advisor</p> <p>August 2021 Appointed as Outside Director of the Company (current position)</p> <p>April 2022 Technical Advisor, TEIJIN LIMITED (current position)</p> <p>[Reason for nomination as a candidate for Outside Director, and overview of expected roles] Mr. Taizo Makari has abundant experience in corporate management both in Japan and overseas and highly specialized expertise, and has given advice and made proposals in order to ensure legality and appropriateness of decision-making of the Board of Directors of the Company, utilizing his extensive insight and global view. The Company renominated him as a candidate for Outside Director, as the Company expects him to continue to give advice and make proposals effectively for decision-making of the Board of Directors of the Company.</p> <p>[Term of Office as Outside Director] Mr. Taizo Makari currently serves as the Company's Outside Director and his term of office will be one year at the conclusion of this General Meeting of Shareholders.</p>	0

- (Notes)
1. There are no special interests between each candidate for Director and the Company.
 2. Mr. Hirokazu Chinone, Mr. Koji Mizumoto and Mr. Taizo Makari are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has registered them as independent officers with the Tokyo Stock Exchange.
 3. As to liability of Outside Officers set forth in Article 423, Paragraph 1 of the Companies Act, the Company may enter into an agreement to limit their liability to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, when they performed their duties in good faith and without gross negligence, as stipulated in the Articles of Incorporation of the Company. If the proposal is approved and Mr. Hirokazu Chinone, Mr. Koji Mizumoto and Mr. Taizo Makari are elected, the above-mentioned liability limitation agreement shall retain their effect.
 4. The Company has concluded a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Under the said insurance agreement, damage caused as a result of the insured directors assuming liability regarding the execution of their duties or receiving claims pertaining to the pursuit of such liability shall be covered. If the candidates are appointed to the position of Director, they will be included as the insured under this insurance agreement.

<Reference>

■ Directors Skills Matrix
Expertise and experience of Directors (after the approval of Proposal 3)

Name	Outside Directors	Areas of expertise and experience						
		Corporate management	Sales/ Marketing	Research and development/ Technology	Manufacturing/ Quality control	Global business	Accounting/ Finance	Legal affairs
Akira Watanabe		•	•	•	•	•		
Kenzo Terashima		•	•	•	•	•		
Yoshifumi Otsubo		•	•			•	•	
Kenji Tanimoto		•	•				•	•
Hirokazu Chinone	•	•						•
Koji Mizumoto	•	•	•			•	•	
Taizo Makari	•	•		•	•	•		

Proposal 4: Election of Two (2) Corporate Auditors

As Corporate Auditors Mr. Toshiaki Akechi and Mr. Yasushi Miki will retire due to the expiration of their terms of office at the conclusion of this General Meeting of Shareholders, the election of two Corporate Auditors is proposed.

Furthermore, the Board of Corporate Auditors has given its approval to this proposal.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Hitoshi Kobayashi November 20, 1960 <u>New appointment</u>	<p>April 1983 Joined Taiyo Kobe Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>April 1989 Joined East Japan Railway Company</p> <p>June 2012 Director; General Manager of Finance Department, Viewcard Co., Ltd.</p> <p>June 2014 Full-time Corporate Auditor, JR Tokyo West Development Co., Ltd. (currently JR Chuo Line Community Design Co., Ltd.)</p> <p>June 2017 Full-time Corporate Auditor, JR East Department Store Co., Ltd.</p> <p>June 2019 Full-time Corporate Auditor, JR East Environment Access Co., Ltd.</p> <p>June 2022 Advisor (current position)</p> <p>[Reason for nomination as a candidate for Corporate Auditor] Mr. Hitoshi Kobayashi has abundant experience and knowledge as a corporate auditor. He is nominated as a candidate for Outside Corporate Auditor since the Company expects him to perform audits and give effective advice utilizing his experience.</p>	0
2	Koichi Abe March 20, 1959 <u>New appointment</u>	<p>April 1982 Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>April 2001 General Manager, Kyoto-Ekimae Branch</p> <p>January 2004 Deputy General Manager, Corporate Business Department</p> <p>January 2007 General Manager, Shin-Osaka Branch</p> <p>April 2009 General Manager, Nanba Branch</p> <p>November 2010 General Manager, Market Development Department, Osaka Headquarters, Toyo Property Co., Ltd. (currently Toyo Real Estate Co., Ltd.)</p> <p>June 2011 Executive Officer; General Manager, Market Development Department, Osaka Headquarters</p> <p>June 2016 Director and Senior Executive Officer; General Manager, Osaka Headquarters</p> <p>April 2017 Director and Senior Executive Officer; General Manager, Osaka Headquarters; General Manager, ONOTOYO GOLF CLUB</p> <p>January 2018 Director and Managing Executive Officer; General Manager, Osaka Headquarters; General Manager, ONOTOYO GOLF CLUB</p> <p>June 2018 Co-General Manager, Board of Directors Membership Business Division, The Midori Kai Co., Ltd.</p> <p>December 2018 General Manager, Board of Directors Membership Business Division</p> <p>June 2022 Advisor (current position)</p> <p>[Reason for nomination as a candidate for Corporate Auditor] Mr. Koichi Abe has abundant experience at a financial institution and extensive knowledge in corporate management. He is nominated as a candidate for Outside Corporate Auditor since the Company expects him to perform audits and give effective advice utilizing his financial knowledge and experience in corporate management.</p>	0

- (Notes)
1. There are no special interests between each candidate for Corporate Auditor and the Company.
 2. Both candidates for Corporate Auditor are candidates for Outside Corporate Auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
 3. Pursuant to the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an Outside Corporate Auditor to limit his liability as stipulated in Article 423, Paragraph 1 of the Companies Act to the amount set forth by laws and regulations. If both candidates for Corporate Auditor are elected, the Company intends to enter into the above agreement to limit their liability.
 4. Mr. Hitoshi Kobayashi serves as Advisor to JR East Environment Access Co., Ltd., but is scheduled to resign from that company upon appointment as Corporate Auditor of the Company.
 5. Mr. Koichi Abe serves as Advisor to The Midori Kai Co., Ltd., but is scheduled to resign from that company upon appointment as Corporate Auditor of the Company.

<Reference>

■ Standards for Independence of Outside Officers

In addition to fulfilling the criteria in the Companies Act, Outside Officers shall also not fall under any of the following items, in accordance with the Tokyo Stock Exchange “Guidelines Relating to Listing Management, etc.”

- (1) In the event that a company where the Outside Officer serves as an executive* receives payment from the Company or a subsidiary of the Company as consideration for products, components, or services, or makes payment to the Company or a subsidiary of the Company, cases when the amount of such payments exceeds 2% of the consolidated net sales of either company in any fiscal year during the past three fiscal years.
- (2) Cases when the Outside Officer has received compensation exceeding 10 million yen directly from the Company or a subsidiary of the Company as a legal, accounting, or tax specialist or consultant (or in the event of a corporation, a person belonging to that corporation) in any fiscal year during the past three fiscal years.
- (3) Cases when contributions from the Company to a non-profit organization where the Outside Officer serves as an officer executing business operations have exceeded 10 million yen in any fiscal year during the past three fiscal years.
- (4) Cases when the Outside Officer is or has been a major shareholder of the Company or an executive thereof, directly or indirectly holding more than 10% of the Company’s voting rights during the past three years.
- (5) Cases when a relative within the second degree of the Outside Officer falls under the following categories:
 - An executive of the Company or a subsidiary of the Company during the past three years (excluding insignificant persons);
 - A person falling under any of the above items (1) to (4) (excluding insignificant persons).

*Executive: An executive director, executive officer, operating officer, manager, or other employee