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Notice of Convocation of the Ordinary General Meeting of Shareholders for the 126th Business Term



Date and Time

June 26 (Wednesday), 2019 at 10:00a.m.

75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580, Japan



Place

Headquarters of the Company

Voting deadline by mail or the Internet

June 25(Tuesday) , 2019 until 5:15 pm

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TOPCON WAY

Corporate Identity

Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.

Management Policy

Topcon focuses on leading-edge technology to provide new value through innovation and manufacturing.

Topcon respects diversity and acts as a global company.

Topcon places the utmost priority on compliance and continues to be a trustworthy partner to all stakeholders.



To Our Shareholders

I would like to take this occasion to express particular thanks for the support of our shareholders.

Topcon embraces the philosophy of Topcon for Human Life. We will accelerate our growth strategies based on the vision of expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure.

In healthcare, we will address the increase in eye disease resulting from global population aging by working to enhance IoT medical network solutions to improve early detection of diseases and increasing medical efficiency.

In agriculture, we will address food shortages resulting from global population growth by enhancing our IT agriculture solutions to improve productivity and quality.

For infrastructure, we will enhance IT construction solutions to respond to engineering labor shortages caused by increasing global infrastructure demand.

I would like to take this occasion to express particular thanks for the support of our shareholders.



President & CEO Satoshi Hirano



To Shareholders with Voting Rights:

Satoshi Hirano
President and CEO
75-1 Hasunuma-cho,
Itabashi-ku, Tokyo, Japan

**Notice of Convocation of the Ordinary General Meeting of Shareholders
for the 126th Business Term**

Dear Shareholders:

You are cordially invited to attend the 126th Ordinary General Meeting of Shareholders of TOPCON CORPORATION (the “Company”). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or by electromagnetic means (via the Internet etc.). Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and exercise your voting rights by 5:15 p.m. on Tuesday, June 25, 2019 Japan standard time.

1. Date and Time: Wednesday, June 26, 2019 at 10:00 a.m. Japan time

2. Place: Head Office of the Company,
75-1 Hasunuma-cho, Itabashi-ku, Tokyo, Japan

3. Meeting Agenda:

Matters to be reported: The Company’s Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 126th Fiscal Year (from April 1, 2018 to March 31, 2019) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements

Proposals to be resolved:

Proposal No. 1: Election of Nine (9) Directors

Proposal No. 2: Election of Four (4) Corporate Auditors

Proposal No. 3: Election of One (1) Substitute Corporate Auditor

Notes concerning General Meeting of Shareholders

- Of the documents required to be attached to this Notice of Convocation, the Notes to Consolidated Financial Statements, which are part of the Consolidated Financial Statements, and the Notes to Non-consolidated Financial Statements, which are part of the Non-consolidated Financial Statements, have been posted on the Company’s website (<https://www.topcon.co.jp/invest>) pursuant to applicable laws and regulations and the Articles of Incorporation, and are therefore not included in the attached documents. The attached documents of this Notice and the above-mentioned statements posted on the Company’s website have been audited by the Accounting Auditor and Corporate Auditors in preparing their respective audit reports.
- Any corrections made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements shall be posted on the Company’s website (<https://www.topcon.co.jp/invest>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of nine (9) Directors is proposed.

The candidates for Director are as follows:

No.		Name	Position at the Company
1	Re-appointment	Satoshi Hirano	President & CEO
2	Re-appointment	Makoto Iwasaki	Representative Director, Senior Managing Executive Officer
3	Re-appointment	Takashi Eto	Director, Managing Executive Officer
4	Re-appointment	Yasufumi Fukuma	Director, Managing Executive Officer
5	Re-appointment	Haruhiko Akiyama	Director, Executive Officer
6	Re-appointment	Takayuki Yamazaki	Director, Executive Officer
7	Re-appointment Outside Director Independent Director	Kazuyuki Matsumoto	Director
8	Re-appointment Outside Director Independent Director	Akira Sudo	Director
9	Re-appointment Outside Director Independent Director	Naoko Yamazaki	Director

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions		Number of shares of the Company held
1	<p>[Re-appointment]</p> <p>Satoshi Hirano (December 12, 1957)</p> <p>No. of years served as Director: 9 years</p>	<p>April 1982 April 1996 July 2001</p> <p>June 2007 June 2010</p> <p>June 2012 June 2013</p>	<p>Joined the Company</p> <p>Executive Vice President, Topcon Laser Systems, Inc.</p> <p>Senior Executive Vice President, Topcon Positioning Systems, Inc.</p> <p>Executive Officer</p> <p>Director, Executive Officer</p> <p>General Manager, Positioning Business Unit</p> <p>Director, Managing Executive Officer</p> <p>Representative Director, President & CEO (to present)</p>	32,433
		<p>[Reasons for selection as a candidate for Director]</p> <p>Serving as President & CEO, Mr. Satoshi Hirano is appropriately overseeing management. Since assuming office in his current position in June 2013, he has been displaying strong leadership in management. By spearheading the Company's initiatives to solve the societal challenges within healthcare, agriculture and infrastructure, he is driving sustainable growth of the Group. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>		
2	<p>[Re-appointment]</p> <p>Makoto Iwasaki (August 10, 1955)</p> <p>No. of years served as Director: 5 years</p>	<p>April 1979 June 2000</p> <p>June 2010 June 2011 April 2014</p> <p>June 2014 June 2015 April 2016 April 2017</p> <p>April 2018</p> <p>November 2018</p>	<p>Joined the Company</p> <p>General Manager, Parts Plant, Production & Environment Group</p> <p>Executive Officer</p> <p>General Manager, Quality & Production Group</p> <p>General Senior Manager, General Administration & Legal Div.</p> <p>Director, Executive Officer</p> <p>Director, Managing Executive Officer</p> <p>Director, Senior Managing Executive Officer</p> <p>Representative Director, Senior Managing Executive Officer (to present)</p> <p>General Manager of Manufacturing Div.</p> <p>General Manager of General Administration & Legal Div. (to present)</p> <p>General Manager of Quality Assurance Div. (to present)</p>	14,634
		<p>[Reasons for selection as a candidate for Director]</p> <p>Through many years of involvement in production and production technology, Mr. Makoto Iwasaki has achieved outstanding results in terms of improvement of profitability through production reform. Currently serving as Representative Director, Senior Managing Executive Officer, General Manager of Quality Assurance Div., and General Manager of General Administration & Legal Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of quality strategy and in promotion of management reform. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>		

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions		Number of shares of the Company held
3	<p>[Re-appointment]</p> <p>Takashi Eto (February 18, 1960)</p> <p>No. of years served as Director: 4 years</p>	<p>April 1990 June 2007 July 2009 June 2013 April 2014 April 2015 June 2015 April 2016 April 2018</p>	<p>Joined the Company Director and President, Topcon Sales Corporation Senior Manager, Global Business Planning Dept., Positioning Business Unit Executive Officer Vice President, Smart Infrastructure Company Deputy General Manager, Eye Care Company General Manager, Eye Care Company Director, Executive Officer Director, Managing Executive Officer (to present) General Manager of Sales & Marketing Div. General Manager of Smart Infrastructure Business Div. (to present) General Manager of Corporate Planning Div. (to present)</p>	16,955
		<p>[Reasons for selection as a candidate for Director] Through many years of involvement in sales & marketing and business planning, Mr. Takashi Eto has achieved outstanding results in terms of sales and profit growth through sales & marketing reform and business reform. Currently serving as Director, Managing Executive Officer, General Manager of Smart Infrastructure Business Div., and General Manager of Corporate Planning Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of business strategy including business reform and in promotion of growth strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>		
4	<p>[Re-appointment]</p> <p>Yasufumi Fukuma (February 13, 1958)</p> <p>No. of years served as Director: 6 years</p>	<p>April 1981 April 2007 June 2011 June 2013 April 2014 April 2015 April 2017 April 2018</p>	<p>Joined the Company General Manager, Topcon Advanced Biomedical Imaging Laboratory, Topcon Medical Systems, Inc. (US) Executive Officer Director, Executive Officer President, Eye Care Company General Manager, Eye Care Company General Manager, Research & Development Div. Director, Managing Executive Officer (to present) General Manager of R&D Div. (to present)</p>	15,872
		<p>[Reasons for selection as a candidate for Director] Through many years of involvement in R&D, Mr. Yasufumi Fukuma has achieved outstanding results in terms of development of fundamental technology and new products. Currently serving as Director, Managing Executive Officer, and General Manager of R&D Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of R&D strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>		

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions		Number of shares of the Company held
5	[Re-appointment] Haruhiko Akiyama (February 25, 1963) No. of years served as Director: 4 years	April 1986 Joined the Company June 2005 General Manager, Finance Group, General Administration & Accounting Group April 2014 Deputy General Manager, General Accounting & Finance Div. June 2014 Executive Officer April 2015 Deputy General Manager, General Accounting & Finance Div. June 2015 Director, Executive Officer (to present) April 2016 General Manager, General Accounting & Finance Div. General Manager of Accounting & Finance Div. (to present)		13,767
		[Reasons for selection as a candidate for Director] Through many years of involvement in finance and accounting, Mr. Haruhiko Akiyama has achieved outstanding results in terms of improvement of finance and accounting. Currently serving as Director, Executive Officer, and General Manager of Accounting & Finance Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of financial strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.		
6	[Re-appointment] Takayuki Yamazaki (August 10, 1966) No. of years served as Director: 3 years	April 1989 Joined the Company Oct. 2006 Senior Vice President, Topcon Positioning Systems, Inc. June 2012 Senior Manager, Corporate Planning Dept., Corporate Strategy Div. April 2014 Executive Senior Manager, Corporate Planning Dept. June 2014 Executive Officer June 2016 General Manager of Corporate Planning Div. April 2018 Director, Executive Officer (to present) General Manager of Product Development Div. (to present)		11,335
		[Reasons for selection as a candidate for Director] Through many years of involvement in international business, Mr. Takayuki Yamazaki has achieved outstanding results in terms of growth of international business. Currently serving as Director, Executive Officer, and General Manager of Product Development Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of product development strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.		

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
7	<p>[Re-appointment]</p> <p>Kazuyuki Matsumoto (September 21, 1945)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 6 years</p>	<p>April 1970 Joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation)</p> <p>June 2000 Executive Officer, Teijin Seiki Co., Ltd.</p> <p>June 2001 Director, Teijin Seiki Co., Ltd.</p> <p>Sept. 2003 Executive Officer, Nabtesco Corporation</p> <p>June 2004 Director of the Board, Corporate Officer, Nabtesco Corporation</p> <p>June 2005 Deputy General Manager, Technology and R&D Div. (in charge of technological development), Nabtesco Corporation</p> <p>June 2011 Representative Director, President & CEO, Nabtesco Corporation</p> <p>June 2013 Director & Chairman, Nabtesco Corporation</p> <p>Outside Director, the Company (to present)</p> <p>Outside Director, Kitz Corporation (to present)</p> <p>(Significant concurrent positions)</p> <p>Outside Director, Kitz Corporation</p> <p>[Reasons for selection as a candidate for Outside Director] Mr. Kazuyuki Matsumoto has a wealth of experience and profound insight concerning corporate management gained through his many years of service in senior management of a company operating globally. He has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice so that the Company, which operates globally and has advanced technology, will achieve sustainable enhancement of corporate value.</p>	5,000

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions		Number of shares of the Company held
8	<p>[Re-appointment]</p> <p>Akira Sudo (September 11, 1951)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 5 years</p>	<p>April 1980</p> <p>June 2007</p> <p>June 2008</p> <p>June 2010</p> <p>June 2011</p> <p>June 2013</p> <p>June 2014</p> <p>June 2016</p> <p>June 2017</p> <p>May 2018</p> <p>(Significant concurrent positions)</p> <p>Fellow, Toshiba Corporation</p> <p>Science and Technology Advisor to Cabinet Office</p>	<p>Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)</p> <p>Chief Technology Executive, Power Systems Company, Toshiba Corporation</p> <p>Executive Officer, Corporate Vice President, Toshiba Corp. (Director, Corporate Research & Development Center)</p> <p>Executive Officer, Corporate Senior Vice President, Toshiba Corporation (Director, Corporate Research & Development Center)</p> <p>Executive Officer, Corporate Executive Vice President, Toshiba Corporation</p> <p>Director, Representative Executive Officer, Corporate Senior Executive Vice President, Toshiba Corporation</p> <p>Executive Adviser, Toshiba Corporation</p> <p>Outside Director, the Company (to present)</p> <p>Senior Fellow, Toshiba Corporation</p> <p>Fellow, Toshiba Corporation (to present)</p> <p>Science and Technology Advisor to Cabinet Office (to present)</p>	-
		<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Mr. Akira Sudo has a wealth of experience and profound insight concerning corporate management, especially in the R&D field, gained through his many years of service at a company operating globally. He has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice so that the Company, which operates globally and has advanced technology, will achieve sustainable enhancement of corporate value.</p>		

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
9	<p>[Re-appointment]</p> <p>Naoko Yamazaki (December 27, 1970)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Director: 1 year</p>	<p>April 1996 Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA)) (retired in August 2011)</p> <p>September 2001 Certified as International Space Station (ISS) onboard astronaut</p> <p>May 2004 Acquired certification for Flight Engineer, Soyuz Spacecraft</p> <p>February 2006 Acquired certification for Mission Specialist, Space Shuttle</p> <p>April 2010 Crew Member of Space Shuttle Discovery as Mission Specialist, participated in Construction and Supply for ISS</p> <p>September 2011 Honorary Chairperson, the National Soroban Education Association (to present)</p> <p>April 2012 Visiting Professor, Ritsumeikan University (to present)</p> <p>July 2012 Member, Committee on National Space Policy, Cabinet Office (to present)</p> <p>May 2013 Visiting Professor, Joshibi University of Art and Design (to present)</p> <p>July 2015 President, Japanese Rocket Society (to present) and Chairperson of Sorajo Committee (to present)</p> <p>December 2015 Advisory Board Member, International Robot Competition Executive Committee (to present)</p> <p>March 2016 Outside Director, Nabtesco Corporation (to present)</p> <p>September 2017 Outside Director, Optorun Co., Ltd. (to present)</p> <p>June 2018 Outside Director, the Company (to present)</p> <p>July 2018 Representative Director, Space Port Japan Association (to present)</p> <p>(Significant concurrent positions) Outside Director, Nabtesco Corporation Outside Director, Optorun Co., Ltd. Representative Director, Space Port Japan Association</p> <p>[Reasons for selection as a candidate for Outside Director] Although Ms. Naoko Yamazaki has no experience of involvement in corporate management other than serving as an Outside Director, she has a wealth of experience and profound insight about the science and technology field and risk management. She has been engaged in cutting-edge aerospace engineering. As an astronaut, she was a crewmember of Space Shuttle Discovery as Mission Specialist and participated in construction and supply for ISS and has experience in conducting crisis management in the harsh, resource-limited environment of spacecraft. She has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected her as a candidate for Outside Director in the expectation that she will continue to oversee management and give advice so that the Company, which operates globally and has advanced technology related to space such as GPS, will achieve sustainable enhancement of corporate value.</p>	-

(Notes)

1. No conflict of interest exists between the Company and any of the candidates for Directors.
2. Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, and Ms. Naoko Yamazaki are candidates for Outside Director. The Company has designated them as Independent Directors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange. If their re-appointment as Outside Directors is approved, the Company intends to continue their designation as Independent Directors.
3. At Toshiba Corporation where Mr. Akira Sudo served as a Director, a Representative Executive Officer, and a Corporate Senior Executive Vice President until June 2014, inappropriate accounting treatment was identified. Toshiba Corporation corrected its securities reports, quarterly business reports, financial reports, and quarterly financial reports for the past five years.
4. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded contracts with Mr. Kazuyuki Matsumoto, Mr. Akira Sudo and Ms. Naoko Yamazaki that limit their liability

for damages caused by their negligence in performing their duties to the amount prescribed by laws and regulations. If their re-appointment is approved, the Company intends to renew the contracts with them.

Proposal No. 2: Election of Four (4) Corporate Auditors

The terms of office of all four (4) Corporate Auditors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of four (4) Corporate Auditors is proposed. The Board of Corporate Auditors has already given its approval for the submission of this proposal. The candidates for Corporate Auditor are as follows:

No.	Name (Date of birth)	Career summary and positions at the Company	Number of shares of the Company held
1	[New appointment] Shokyu Nakamura (March 26, 1961)	<p>April 1985 Joined the Company October 2002 President, Topcon Singapore Pte. Ltd. April 2010 Senior Manager, Positioning Asia Sales Dept., Positioning Business Unit April 2015 President, Topcon Sokkia India Pvt. Ltd. June 2017 Executive Officer (to present) August 2017 President, Topcon Singapore Holdings Pte. Ltd. April 2019 Assistant of President (to present)</p> <p>[Reasons for selection as a candidate for Corporate Auditor] Mr. Shokyu Nakamura has a wealth of experience and profound insight concerning business administration gained through his many years of involvement in overseas sales and marketing and service as President of overseas subsidiaries. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him as a new candidate for Corporate Auditor.</p>	7,589
2	[Re-appointment] Akinori Mitake (January 29, 1961) No. of years served as Corporate Auditor: 1 year	<p>April 1984 Joined Sokkisha Co., Ltd. (currently Sokkia Topcon Co., Ltd.) April 1997 Vice President, Sokkia Corporation (U.S.A.) April 2004 Accounting Manager, Sokkia Co., Ltd. (currently Sokkia Topcon Co., Ltd.) June 2011 Chief Specialist, Finance Group General Manager, Finance Div., Sokkia Topcon Co., Ltd. April 2015 Auditing Dept., Corporate Audit Div. April 2016 General Manager, Topcon (Beijing) Opto-Electronics Development Corporation April 2017 Auditing Dept., Corporate Audit Div. June 2018 Corporate Auditor (to present)</p> <p>[Reasons for selection as a candidate for Corporate Auditor] Mr. Akinori Mitake has many years of experience in finance and accounting, served as General Manager of a subsidiary in China, and was also engaged in corporate auditing of the Group. He has a wealth of experience and profound insight concerning finance and accounting and business administration. He has been appropriately fulfilling duties as a Corporate Auditor. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him again as a candidate for Corporate Auditor.</p>	988

No.	Name (Date of birth)	Career summary and positions at the Company	Number of shares of the Company held
3	<p>[Re-appointment]</p> <p>Tatsuya Kuroyanagi (November 7, 1956)</p> <p>(Outside Corporate Auditor)</p> <p>(Independent Corporate Auditor)</p> <p>No. of years served as Outside Corporate Auditor: 8 years</p>	<p>April 1979 Joined Mitsubishi Corporation</p> <p>March 1999 Investment Team Leader, Enterprise Investment Div., Finance Group, Mitsubishi Corporation</p> <p>May 2001 President, Millennia Venture Partners Co., Ltd.</p> <p>May 2007 President, Millennia Venture Partners Co., Ltd.</p> <p>August 2009 Executive Director, RHJ International</p> <p>June 2011 Senior Adviser, Kadota & Co., Inc. (to present)</p> <p> Outside Corporate Auditor (to present)</p> <p> (Significant concurrent position)</p> <p> Senior Adviser, Kadota & Co., Inc.</p> <p>[Reasons for selection as a candidate for Outside Corporate Auditor]</p> <p>Mr. Tatsuya Kuroyanagi has a wealth of experience and profound insight concerning business administration, finance and accounting gained through his many years of involvement in financial operations of companies developing business globally. He has been appropriately fulfilling duties as a Corporate Auditor. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him again as a candidate for Outside Corporate Auditor.</p>	5,000
4	<p>[Re-appointment]</p> <p>Keiji Taketani (July 8, 1956)</p> <p>(Outside Corporate Auditor)</p> <p>(Independent Corporate Auditor)</p> <p>No. of years served as Outside Corporate Auditor: 3 years</p>	<p>April 1980 Joined Sony Corporation</p> <p>April 2006 General Manager, Corporate Internal Control Review Office, Sony Corporation</p> <p>June 2010 Audit & Supervisory Board Member, Sony Semiconductor Corporation</p> <p>September 2015 Senior Advisor, Risk & Control Dept., Sony Corporation</p> <p>June 2016 Corporate Auditor, the Company (to present)</p> <p>June 2017 Outside Corporate Auditor (full time), Ekitan & Co., Ltd. (to present)</p> <p> (Significant concurrent position)</p> <p> Outside Corporate Auditor (full time), Ekitan & Co., Ltd.</p> <p>[Reasons for selection as a candidate for Outside Corporate Auditor]</p> <p>Mr. Keiji Taketani has a wealth of experience and profound insight concerning business administration, finance and accounting gained through his many years of involvement in business administration of companies developing business globally. He has been appropriately fulfilling duties as a Corporate Auditor. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him again as a candidate for Outside Corporate Auditor.</p>	-

(Notes)

1. No conflict of interest exists between the Company and any of the candidates for Corporate Auditors.
2. Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani are candidates for Outside Corporate Auditor. The Company has designated them as Independent Auditors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange. If their re-appointment as Corporate Auditors is approved, the Company intends to continue their designation as Independent Auditors.
3. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded contracts with Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani that limit their liability for damages caused by their negligence in performing their duties to the amount prescribed by laws and regulations. If their re-appointment is approved, the Company intends to renew the contracts with them.

Proposal No. 3: Election of One (1) Substitute Corporate Auditor

To prepare for any situation in which the number of Corporate Auditors falls below the number prescribed by laws and regulations, the appointment of one (1) Substitute Corporate Auditor is proposed.

The Board of Corporate Auditors has already given its approval for the submission of this proposal.

The candidate is as follows:

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company held
Takeshi Kadota (April 18, 1947) (Outside Director)	July 1971 Joined Mitsubishi Corporation April 2003 General Manager, Finance & Business Development Div., Mitsubishi Corporation April 2007 Representative Director and President, Kadota & Co., Inc. (to present) June 2007 Corporate Auditor to The Hachijuni Bank, Ltd. (to present) September 2009 Representative Director, Institute of Corporate Governance, Japan (to present) January 2019 Outside Director, GPSS Holdings Inc. (to present) (Significant concurrent positions) Representative Director and President, Kadota & Co., Inc. Representative Director, Institute of Corporate Governance, Japan Outside Director, GPSS Holdings Inc.	-
	[Reasons for selection as a candidate for Substitute Outside Corporate Auditor] Mr. Takeshi Kadota has a wealth of experience and profound insight concerning business administration, finance and accounting, gained through his many years of service at a company operating globally. Therefore, the Company judges that he is capable of appropriately fulfilling duties as an Outside Corporate Auditor of the Company, and thus selected him as a candidate for Substitute Corporate Auditor.	

(Notes)

1. No conflict of interest exists between the Company and Mr. Takeshi Kadota.
2. Mr. Takeshi Kadota is a candidate for Substitute Outside Corporate Auditor. If he is appointed as an Outside Corporate Auditor, the Company intends to designate him as Independent Auditor as defined by the Tokyo Stock Exchange and submit a notification to the said exchange.
3. If Mr. Takeshi Kadota is appointed as an Outside Corporate Auditor, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company intends to conclude a contract with him that limits his liability for damages caused by his negligence in performing his duties to the amount prescribed by laws and regulations.

1. Matters Concerning the Current Status of the Topcon Group

(1) Progress and Results of Operations

The economic environment in fiscal 2018, ended March 31, 2019, was as follows. Whereas domestic demand and personal consumption were relatively firm in Japan, in the United States, the tempo of the construction and agricultural sectors slowed. Intensifying U.S.-China trade friction and political turbulence in the U.S. and Europe are among factors contributing to persisting concerns about a possible slowdown of the global economy.

In this economic environment, the Topcon Group has established a corporate identity—"Topcon contributes to enrichment of human life by solving the societal challenges within healthcare, agriculture and infrastructure."—and worked to achieve sustainable enhancement of corporate value.

In this context, the Group's consolidated performance in fiscal 2018 was as follows.

In fiscal 2018, the Topcon Group's consolidated net sales were ¥148,688 million, an increase of 2.1% year on year mainly owing to increases in Japan, North America and Europe.

Reflecting higher sales, operating income was ¥13,596 million, an increase of 12.6% year on year, and ordinary income was 11,497 million yen, an increase of 7.7% year on year. Despite recording of extraordinary losses in fiscal 2018, profit attributable to owners of the parent was 6,548 million yen, an increase of 8.6% year on year, due to the impact of a decrease in income taxes because of the recording of deferred tax assets.

An overview of segment information by business category follows. (Sales include internal sales achieved through the transactions among business segments.)

Smart Infrastructure Business

Principal Products

Total stations (robotic total stations, motor drive total stations, manual total stations, total stations for industrial measurement, imaging stations), Layout Navigator, Millimeter GPS, 3D mobile mapping systems, 3D laser scanners, data collectors, theodolites, digital levels, levels, rotating lasers, pipe lasers

Owing to sales growth centering on total stations, which are the Company's mainstay products, sales were ¥36,744 million, a 0.3% increase year on year, and operating income was ¥6,396 million, a 25.3% increase year on year due to the impact of reduced costs.

Positioning Company

Principal Products

GNSS (GPS + GLONASS + GALILEO) receivers for surveying, GNSS receivers for GIS, GNSS reference station systems, machine control systems for civil engineering, machine control systems for precision agriculture, asset management system

Sales were ¥77,722 million, a 3.7% increase year on year mainly because of robust growth of sales of IT construction systems. Operating income was ¥8,358 million, a 4.2% increase year on year, despite an increase in expenses resulting from upfront investment for growth.

Eye Care Business

Principal Products

3D optical coherence tomography systems (3D OCT), retinal cameras, non-mydratic retinal cameras, ophthalmic laser photocoagulators, non-contact tonometers, slit lamps, operation microscopes, specular microscopes, IMAGEnet ophthalmic examination data filing systems, IMAGEnet electronic ophthalmic medical record systems, wavefront analyzers, vision testers, auto refractometers, auto kerato-refractometers, lens meters, refraction testing systems

Sales were ¥47,713 million, a 2.6% increase year on year, due to sales growth in Japan and Asia/Oceania. Operating income was ¥2,896 million, a 42.1% increase year on year, resulting mainly from higher sales.

(2) Capital Investment

Total capital expenditures for the Topcon Group amounted to 6,234 million yen in fiscal 2018. By business segment, capital expenditures were 1,370 million yen for the Smart Infrastructure Business, 2,973 million yen for the Positioning Company, and 1,804 million yen for the Eye Care Business.

(3) R&D

The Topcon Group's R&D expenditure amounted to 14,014 million yen in fiscal 2018. The Group is conducting vigorous R&D. The Company's R&D unit and technology departments and technology departments of subsidiaries in the United States and Europe are engaged in R&D.

(4) Financing

Not applicable

(5) Significant business Combinations

Not applicable

(6) Financial Position and Earnings

	122nd term FY2014	123rd term FY2015	124th term FY2016	125th term FY2017	126th term FY2018
Net sales (Millions of yen)	128,569	130,735	128,387	145,558	148,688
Operating income (Millions of yen)	16,041	8,803	9,551	12,073	13,596
Operating income ratio (%)	12.5	6.7	7.4	8.3	9.1
Ordinary income (Millions of yen)	14,880	7,366	7,622	10,674	11,497
Profit attributable to owners of parent (Millions of yen)	8,670	4,197	4,395	6,028	6,548
Profit attributable to owners of parent per share (yen)	80.27	38.97	41.46	56.87	61.76
Total assets (Millions of yen)	143,181	166,542	158,280	160,747	160,288
Net assets (Millions of yen)	64,610	61,143	63,313	68,336	71,148
Shareholders' equity ratio (%)	44.3	35.0	37.7	40.5	43.1
Shareholders' equity per share (yen)	587.52	550.04	563.30	614.78	651.11
Return on equity (ROE) (%)	14.8	6.9	7.4	9.7	9.8

Note: Profit attributable to owners of parent per share is calculated based on the number of shares corresponding to the average number of shares issued and outstanding during the period from which the average number of shares of treasury stock during the period is deducted.

(7) Parent Company and Significant Subsidiaries (as of March 31, 2019)

1) Relationship with the parent company

Not applicable

2) Significant subsidiaries

Company name	Capital	Percentage of voting rights (%)	Principal business
Topcon Yamagata Co., Ltd.	JPY371 million	100.0%	Manufacturing and sales of Smart Infrastructure and Eye Care products
Topcon Sokkia Positioning Japan Co., Ltd.	JPY269 million	100.0%	Sales of Smart Infrastructure and Positioning products
Topcon Medical Japan Co., Ltd.	JPY100 million	100.0%	Sales of Eye Care products
Topcon Positioning Systems, Inc.	USD138,905 thousand	100.0% [100.0%]	Manufacturing and sales of Positioning products and sales of Smart Infrastructure products
Topcon Medical Systems, Inc.	USD16,094 thousand	100.0% [100.0%]	Sales of Eye Care products
Topcon Europe Positioning B.V.	EUR18 thousand	100.0% [100.0%]	Sales of Smart Infrastructure and Positioning products
Topcon Europe Medical B.V.	EUR18 thousand	100.0% [100.0%]	Sales of Eye Care products
Topcon Optical (Dongguan) Technology Ltd.	USD12,000 thousand	90.0% [90.0%]	Manufacturing and sales of Smart Infrastructure, Eye Care products and optical devices

Notes: 1. The Company has 82 consolidated subsidiaries including the significant subsidiaries listed above.

2. Indicated in square brackets in the “Percentage of voting rights” column is the percentage of voting rights indirectly held by the Company.

(8) Issues to Be Addressed

For the past three years, we have engaged in business activities in line with the three-year Mid-Term Business Plan set to conclude with the current fiscal year (FY2018). We have now created our 3rd three-year Mid-Term Business Plan set to begin in FY2019.

An overview of our 3rd Mid-Term Business Plan is as follows.

Overview of the 3rd Mid-Term Business Plan (FY2019 to FY2021)

At Topcon, we strive to live up to the corporate identity outlined in the TOPCON WAY: Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure. Under this philosophy, we work to expand our businesses by using Topcon solutions to resolve societal challenges in the fields of ophthalmological field, IT agriculture, and IT construction and infrastructure development.

During the three years of the 3rd Mid-Term Business Plan, we will focus on achieving the long-term numerical vision we have outlined for FY2025, indicated below, by focusing on accelerating business development in growth markets, enhancing the profitability of core businesses, and creating new markets.

Vision

Expand our businesses and solve the societal challenges within the growing market of Healthcare, Agriculture and Infrastructure.

Long-term Goal

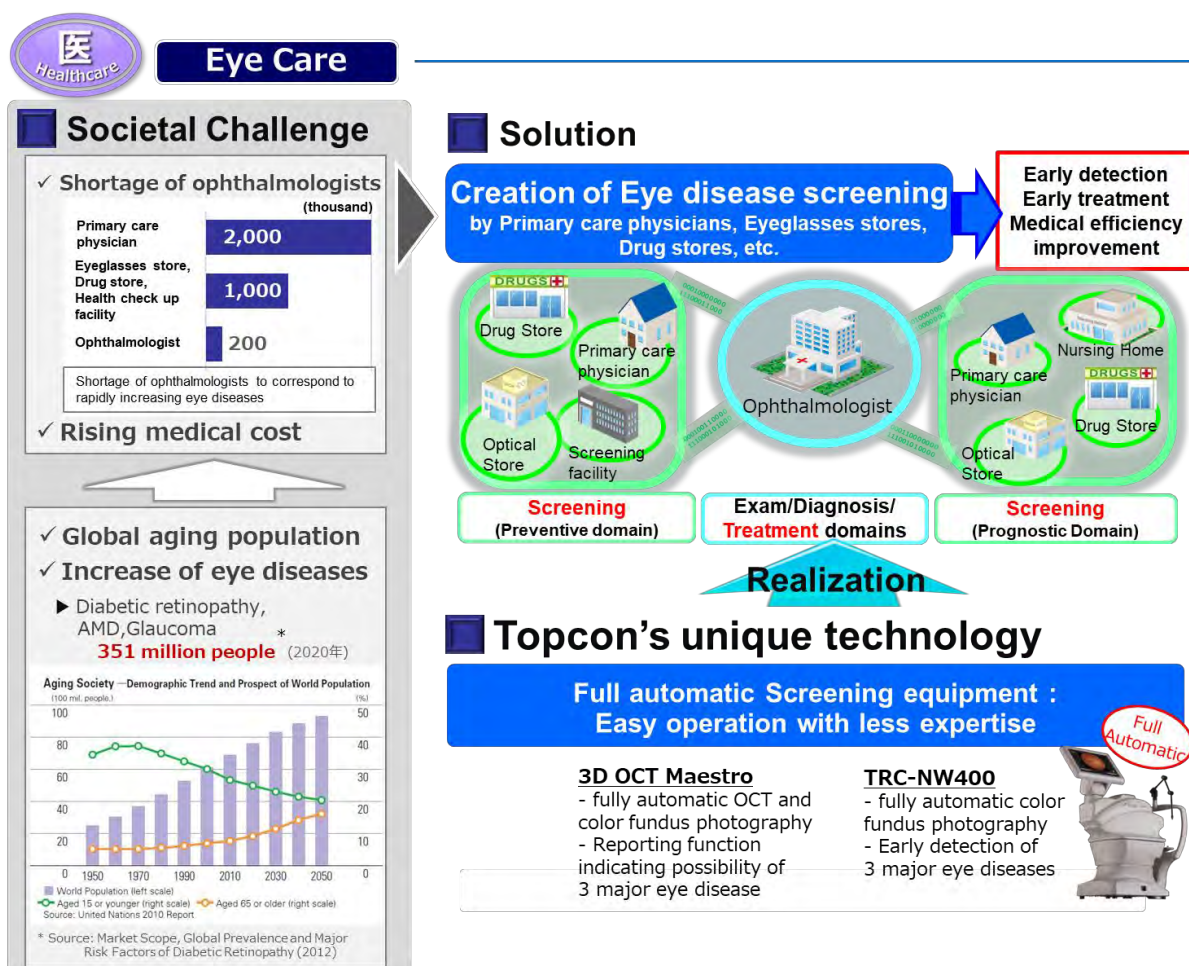
FY2025 Sales ¥250B, ROE over 15%



Growth scenario outlined in the 3rd Mid-Term Business Plan

In the fields of healthcare, agriculture, and infrastructure, we will establish a scenario for achieving growth in each business by applying our unique technology towards creating solutions that resolve societal challenges.

In the healthcare market, we will respond to increases in eye disease incidental to global population aging and the lack of eye care professionals attributed to rising medical care costs by creating a patient screening business that incorporates Topcon's fully automatic screening products to promote the early discovery of illnesses, early treatment, and more efficient medical care.



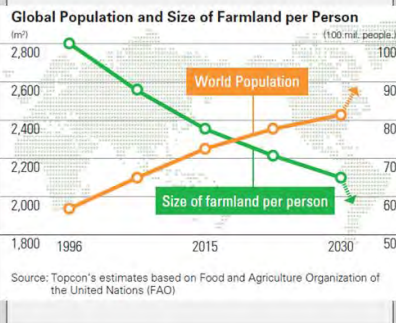
In the agriculture market, we will respond to food shortages being caused by global population increases by using our IT agriculture devices and sensor technology to promote the adoption of IT Agriculture solutions in order to increase productivity and quality in agriculture.



Societal Challenge

- Food Shortage
- Shortage of skilled workers

- Global population increase
- Decreasing size of farmland per person



Solution

Automation of Agriculture

by automation of steering and unification of data management

Improvement of productivity and quality



Topcon's unique technology

- ① IT Agriculture machinery
⇒ Auto-steering system utilizing precision GNSS technology
- ② Optical Sensor technology
⇒ Digitization by crop monitoring sensor and yield sensor

IT Agriculture system

Auto-Steering system for farm machinery



Optical sensor technology

Laser-type crop sensor



In the infrastructure market, we will respond to the shortage of skilled workers caused by the global increase in infrastructure construction demand by applying our IT construction technology and 3D measurement technology towards promoting a shift to construction site automation in order to improve productivity and resolve labor shortages at construction sites.



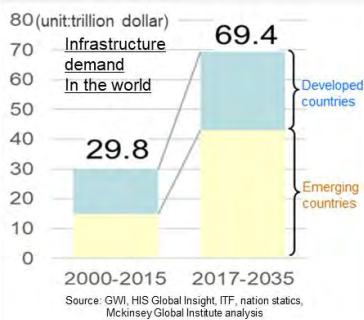
Positioning
Smart Infrastructure

Societal Challenge

Shortage of skilled workers



Increasing demand for Infrastructure



Solution

Automation of construction

by robotization of construction machinery and unification of work flow

- Productivity improvement
- Elimination of labor shortage



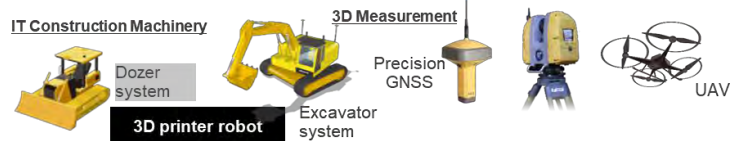
Topcon's unique technology

① IT Construction technology

⇒ Machine Control System utilizing precision GNSS technology

② 3D Measurement technology

⇒ Sensor digitization which realize unification of work flow



Massive market scope

As shown below, compared to the automobile industry, for example, the healthcare, agriculture, and infrastructure markets, in which we operate, are extremely large markets. However, these markets have been slow to adopt IT and automation.

These markets have significant potential in terms of adopting Topcon solutions. In addition to accelerating growth businesses and strengthening core businesses, we will achieve business expansion by creating new markets with the potential to take advantage of our unique technology.

Although Healthcare, Agriculture and Infrastructure are major industries, they are way behind in automating the process and adopting IT!



Please refer to our website for details on the 3rd Mid-term Business Plan

https://global.topcon.com/invest/library/meeting/mid_plan/mt2021/pdf/mid20190426_e.pdf



(9) Principal Offices (as of March 31, 2019)**1) The Company**

Head Office	Itabashi-ku, Tokyo
Plant	Itabashi-ku, Tokyo

2) Subsidiaries

Japan	Topcon Yamagata Co., Ltd. (Yamagata-shi, Yamagata Prefecture)
	Topcon Sokkia Positioning Japan Co., Ltd. (Itabashi-ku, Tokyo)
	Topcon Medical Japan Co., Ltd. (Itabashi-ku, Tokyo)
Overseas	Topcon Positioning Systems, Inc. (California, U.S.A.)
	Topcon Medical Systems, Inc. (New Jersey, U.S.A.)
	Topcon Europe Positioning B.V. (Capelle, Netherlands)
	Topcon Europe Medical B.V. (Capelle, Netherlands)
	Topcon Optical (Dongguan) Technology Ltd. (Guangdong Province, China)

(10) Employees (as of March 31, 2019)

Business category	Number of employees	Increase (Decrease) from the previous fiscal year-end
Smart Infrastructure Business	980	+17
Positioning Company	2,001	+123
Eye Care Business	1,721	+80
Other	230	-11
Total	4,932	+209

Note: The number of employees indicated above does not include the number of employees seconded to companies outside the Group, part-time workers, contracted workers, and temporary staff.

(11) Principal Lenders and (as of March 31, 2018)

Lender	Outstanding borrowings
Sumitomo Mitsui Banking Corporation	7,115 million yen
MUFG Bank, Ltd.	6,362 million yen
Mizuho Bank, Ltd.	5,242 million yen

2. Status of Shares (as of March 31, 2019)

(1) Number of Shares Authorized	160,000,000 shares
(2) Number of Shares Issued	108,105,842 shares
(3) Number of Shareholders	(including 2,074,411 shares of treasury stock) 15,741

(4) Major Shareholders

Shareholder name	Number of shares held (shares)	Percentage of shares held
Japan Trustee Services Bank, Ltd. (Trust Account)	8,356,900	7.88%
SSBTC CLIENT OMNIBUS ACCOUNT	7,967,800	7.51%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,571,200	7.14%
The Dai-ichi Life Insurance Company, Limited	4,350,000	4.10%
THE BANK OF NEW YORK MELLON 140051	3,602,900	3.39%
JPMC OPPENHEIMER JASDEC LENDING ACCOUNT	3,298,800	3.11%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,870,100	2.70%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,105,800	1.98%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,071,800	1.95%
SAJAP	1,984,300	1.87%

Note: Percentages of shares held are calculated excluding 2,074,411 shares of treasury stock.

3. Matters Concerning the Subscription Rights to Shares

- 1) Status of subscription rights to shares held by the Company's Directors as of March 31, 2019, which were issued as compensation for their execution of duties

Category	Directors (excluding Outside Directors)
Name	Topcon Corporation Series 2 Subscription Rights to Shares
Date of resolution on issue	June 27, 2018
Number of subscription rights to shares	250
Class and number of shares to be issued upon exercise of subscription rights to shares	25,000 shares of common stock (100 shares for each subscription right to shares)
Value of property to be contributed upon exercise of each subscription right to shares	1 yen per share
Exercise period	From July 12, 2019 to July 12, 2029
Number of holders of subscription rights to shares	6

- 2) Status of subscription rights to shares issued to the Company's employees as compensation for their execution of duties during fiscal 2018

Category	Executive Officers of the Company
Name	Topcon Corporation Series 3 Subscription Rights to Shares
Date of resolution on issue	June 27, 2018
Number of subscription rights to shares	1,000
Class and number of shares to be issued upon exercise of subscription rights to shares	100,000 shares of common stock (100 shares for each subscription right to shares)
Value of property to be contributed upon exercise of each subscription right to shares	2,202 yen per share
Exercise period	From July 1, 2021 to June 30, 2026
Number of holders of subscription rights to shares	1

4. Matters Concerning Officers

(1) Directors and Corporate Auditors (as of March 31, 2019)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director, President & CEO	Satoshi Hirano	President & CEO
Representative Director	Makoto Iwasaki	General Manager of Quality Assurance Div. General Manager of General Administration & Legal Div.
Director	Takashi Eto	General Manager of Smart Infrastructure Business Div. General Manager of Corporate Planning Div.
Director	Yasufumi Fukuma	General Manager of R&D Div.
Director	Haruhiko Akiyama	General Manager of Accounting & Finance Div.
Director	Takayuki Yamazaki	General Manager of Product Development Div.
Director	Kazuyuki Matsumoto	Outside Director, Kitz Corporation
Director	Akira Sudo	Fellow, Toshiba Corporation Science and Technology Advisor to Cabinet Office
Director	Naoko Yamazaki	Outside Director, Nabtesco Corporation Outside Director, Optorun Co., Ltd. Representative Director, Space Port Japan Association
Corporate Auditor (full time)	Hiroshi Sakai	
Corporate Auditor (full time)	Akinori Mitake	
Corporate Auditor	Tatsuya Kuroyanagi	Senior Adviser, Kadota & Co., Inc.
Corporate Auditor	Keiji Taketani	Outside Corporate Auditor (full time), Ekitan & Co., Ltd.

- Notes:
1. Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo and Ms. Naoko Yamazaki are Outside Directors.
 2. Corporate Auditors Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani are Outside Corporate Auditors.
 3. The Company has designated Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo and Ms. Naoko Yamazaki and Corporate Auditors Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange.
 4. Corporate Auditors Mr. Akinori Mitake, Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani have in-depth knowledge of finance and accounting based on extensive experience in the finance industry and extensive experience in business administration, respectively.
 5. Changes in Directors and Corporate Auditors during fiscal 2018 are as follows:
 - 1) Election of Ms. Naoko Yamazaki as Director and election of Mr. Akinori Mitake as Corporate Auditor were approved at the 125th Ordinary General Meeting of Shareholders held on June 27, 2018, and they assumed office.
 - 2) Corporate Auditor Mr. Hiroyuki Nakamura resigned from the position of Corporate Auditor at the conclusion of the 125th Ordinary General Meeting of Shareholders held on June 27, 2018.

(2) Outside Directors/Auditors

Position	Name	Attendance	Main activities
Outside Director	Kazuyuki Matsumoto	[Board of Directors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management.
	Akira Sudo	[Board of Directors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the technology field.
	Naoko Yamazaki	[Board of Directors' meetings] 10/10	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the science and technology field and risk management.
Outside Corporate Auditor	Tatsuya Kuroyanagi	[Board of Directors' meetings] 13/13 [Board of Corporate Auditors' meetings] 14/14	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning finance.
	Keiji Taketani	[Board of Directors' meetings] 13/13 [Board of Corporate Auditors' meetings] 14/14	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning business administration.

- Notes:
1. Although Director Mr. Kazuyuki Matsumoto is an Outside Director of Kitz Corporation, no special relationship exists between the Company and Kitz Corporation.
 2. Although Director Mr. Akira Sudo is a Fellow of Toshiba Corporation and a Science and Technology Advisor to the Cabinet Office, no special relationship exists between the Company and Toshiba Corporation or the Cabinet Office.
 3. Although Director Ms. Naoko Yamazaki is an Outside Director of Nabtesco Corporation and of Oporun Co., Ltd. and the Representative Director of Space Port Japan Association, no special relationship exists between the Company and any of these companies.
 4. Although Corporate Auditor Mr. Tatsuya Kuroyanagi is a Senior Advisor of Kadota & Co., Inc., no special relationship exists between the Company and Kadota & Co., Inc.
 5. Although Corporate Auditor Mr. Keiji Taketani is an Outside Corporate Auditor (full time) of Ekitan & Co., Ltd., no special relationship exists between the Company and Ekitan & Co., Ltd.
 6. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded a contract with each of the Outside Directors and the Outside Corporate Auditors that limits their liability for damages caused by their negligence in performing their duties to the amount prescribed by laws and regulations.
 7. The election of Ms. Naoko Yamazaki as Outside Director was approved at the 125th Ordinary General Meeting of Shareholders held on June 27, 2018 and she assumed office. Thus, the total number of times listed for her attendance is for the Board of Directors' meetings and the Board of Corporate Auditors' meetings held on and after June 27, 2018.

(3) Compensation for Directors and Corporate Auditors

Classification	Number of individuals	Amount of compensation
Directors	9	338 million yen (including 3 Outside Directors: 26 million yen)
Corporate Auditors	5	49 million yen (including 2 Outside Corporate Auditors: 16 million yen)

Note: A Corporate Auditor who retired at the conclusion of the 125th Ordinary General Meeting of Shareholders held on June 27, 2018 is included in the above table.

5. Accounting Auditor

(1) Accounting Auditor's Name: Ernst & Young ShinNihon LLC

(2) Amount of Remuneration

	Amount paid
1) Amount of remuneration etc. for fiscal 2016	85 million yen
2) Total amount of cash and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries	85 million yen

Notes: 1. The Company's Board of Corporate Auditors obtained necessary information and reports from Directors, the internal organizations concerned, and the Accounting Auditor and reviewed the Accounting Auditor's audit plan, the status of performance of duties of accounting audit, and the basis for calculation of remuneration estimates. As a result of deliberation, the Board of Corporate Auditors judged them to be appropriate and gave approval for the amount of remuneration of the Accounting Auditor.

2. Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Company Act and that for audits based on the Financial Instruments and Exchange Act are not distinguished. Accordingly, the amount shown in 1) above includes the amount of remuneration for audits based on the Financial Instruments and Exchange Act.

3. The Company's overseas subsidiaries are audited by audit firms (including individuals who have equivalent foreign qualifications) other than the Company's Accounting Auditor.

(3) Policy on Decision of Dismissal and Refusal of Reappointment of the Accounting Auditor

If any matter arises that makes it difficult for the Accounting Auditor to perform its duties, or if it is deemed necessary, the Company's Board of Corporate Auditors determines the content of a proposal to be submitted to a General Meeting of Shareholders concerning dismissal or non-reappointment of the Accounting Auditor.

In addition to the above, when it is considered that the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors may dismiss the Accounting Auditor upon the consent of all the Corporate Auditors. In such case, a Corporate Auditor selected by the Board of Corporate Auditors will report the dismissal of the Accounting Auditor and the reasons for dismissal at the first General Meeting of Shareholders convened after such dismissal.

6. Company's Structure and Policies

Systems for Ensuring Compliance of Performance of Duties by Directors with Laws and Regulations and the Articles of Incorporation and Other Systems for Ensuring the Appropriateness of Operations

The Company has determined "Systems for ensuring the appropriateness of operations" stipulated by the Companies Act and the Enforcement Regulations of the Companies Act by the resolution of the Board of Directors. Details are as follows:

1. System to ensure that the performance of director and employee duties is in compliance with the law and company articles of incorporation
 - 1) Establish the TOPCON WAY as a representation of values common throughout the Topcon Group and the Topcon Global Code of Conduct to outline a specific code of conduct for the Topcon Group. At Topcon, use the company anniversary and other occasions as opportunities for top management to reaffirm the importance of these values and the code of conduct with every director and employee within the Topcon Group. Also work continuously to promote awareness through daily educational activities.
 - 2) Important matters that could impact Topcon or the Topcon Group overall shall be determined by the Board of Directors. Elect outside directors to maintain and strengthen a supervisory function related to the execution of duties by directors.
 - 3) Utilize an Internal Reporting System to uncover issues quickly and work to enhance timely and appropriate responses.
 - 4) Establish a Corporate Audit Division that will serve as an internal audit department under direction directly of the president. Validate the appropriateness and efficacy of compliance and other internal management systems. Establish a system to ensure that reports are made in a timely manner to the president and Board of Directors if a major issue is discovered.
 - 5) Through the business process reform, establish the system to promote high level of transparency in operations and ensure timely and appropriate disclosure of important company information.
 - 6) Reinforce the recognition that legal compliance is vitally important during the execution of duties. In particular, create separate internal rules and management systems to strengthen compliance with respect to the Anti-Monopoly Act, export restrictions, insider trading restrictions, the protection of private/sensitive information, and environmental protection.
 - 7) Outline guidelines in the Topcon Global Code of Conduct related to preventing relationships with antisocial forces and reinforce the refusal to be involved in the business activities of antisocial forces on a company-wide level.
2. System for Preserving and Managing Information related to Directors' Execution of Duties
 - 1) Minutes, documents, approval forms, and other important materials related to Board of Directors and executive officers meetings are preserved and maintained based on laws and regulations, the Articles of Incorporation and internal company rules. The internal company rules include "Regulations of the Board of Directors", "Executive Officers Regulations", "Group Governance Rules", "Basic Regulation on Information Security", "Document handling official regulations" and "Documents preservation standard (rules)".
(This includes executive officers meeting information, as the Company has adopted the executive officer system)
 - 2) Establish a system that enables directors, corporate auditors, the accounting auditor and employees designated by them to access important documents, as necessary.
3. Rules and Systems for Managing Risk of Loss
 - 1) Establish Basic Rules for Risk and Compliance, appoint individuals responsible for risk management, and establish a system capable of responding to any Topcon and Topcon Group risks in a timely and appropriate manner.
 - 2) Establish an Internal Reporting System that allows a person who discovers a risk to report it directly without having to go through the normal chain of command. This will contribute to the early discovery of risk information and assist in the rapid and appropriate response to situations as well as increase risk management awareness among all directors and employees, including at group companies. It should be noted that the "Internal Reporting System" is under the jurisdiction of the "Corporate Audit Division," which is an internal audit department.

- 3) Topcon has established the Basic Regulations on Personal Information Protection concerning protection of private information, and the Basic Regulations on Information Security regarding confidential information and associated regulations thereof and seeks to keep employees of Topcon and subsidiaries fully informed of these regulations.
4. System to Ensure the Efficient Execution of Director Duties
 - 1) The Board of Directors meets once per month (and on other occasions as needed) to deliberate on issues and receive reports about regular agenda items related to management policies, laws, articles of incorporation, or other important matters related to the management of the Company, practicing and strengthening the supervisory function over the Company.
 - 2) Day-to-day execution is entrusted to executive officers. The Executive Officer Committee shall be established to deliberate on important business execution issues within the scope of the decision-making authority of the president based on the internal rules and make decisions, in order to ensure sufficient and substantive discussion by the Board of Directors and swift decision-making.
 - 3) Business shall be executed in accordance with appropriate procedures defined in the internal rules, including "Regulations of the Board of Directors", "Executive Officers Regulations", "Group Governance Rules", and "Business Organization Regulations".
 5. System for Ensuring the Appropriate Activities of the Corporate Group, Comprising the Company, Parent Companies, and Subsidiaries
 - 1) The application of the TOPCON WAY as values common throughout the Topcon Group enables the company to transcend national and company borders and ensure that Topcon directors and employees in every country and region share the same values and judgment standards throughout the group. Disseminate the Topcon Global Code of Conduct as a detailed code of conduct to ensure adoption by group companies as well as the Company and establish an awareness of legal compliance.
 - 2) Establish Group Governance Rules applicable to Topcon and group companies and clearly set decision-making standards and matters for reporting. Make these rules known and throughout the year hold several opportunities for business execution status reporting. Share information within the Topcon Group and provide instruction to group companies aimed at improving compliance awareness.
 - 3) The Corporate Audit Division, which is the Topcon internal audit department, shall coordinate with corporate auditors and accounting auditors in their respective audits as well as participate in group company audits to ensure the appropriate conduct of Topcon Group business.
 - 4) To ensure reliability and appropriateness of financial reporting, the Company and Group companies shall design internal controls and establish a structure for operation of internal controls in accordance with the Financial Products and Exchange Act. The Company and Group companies also evaluate the effectiveness of internal control systems on a continuous basis and remediate them, as necessary.
 6. Matters related to Employees Asked to Assist Corporate Auditors

In response to a request by corporate auditors, employees assigned to the Corporate Audit Division may be asked to assist corporate auditors in their responsibilities.
 7. Matters related to Employee Independence from Directors

The duties of the Corporate Audit Division shall not be subject to influence by directors or executive officers. The assignment of the Corporate Audit Division employees shall be determined beforehand in discussions with the board of corporate auditors.
 8. System for directors/employees to report to corporate auditors and other systems for reports to corporate auditors
 - 1) To ensure audits of the decision-making process, establish a system for corporate auditors to have access to information by attending board of director meetings, executive officers meetings, or other important internal meetings, or by reading meeting minutes or other records/materials.
 - 2) Establish a system that allows the corporate auditor to receive reports throughout the year from various executive divisions within the Company regarding business status or visit group companies to conduct audits of business status.
 - 3) Corporate auditors may, as deemed necessary, require operational reports from the Company and/or subsidiary directors, executive officers, or employees.
 - 4) For corporate auditors, the Corporate Audit Division reports the status concerning internal audits and audit results and seeks cooperation and enhancement of efficiency.

9. System to Ensure Practicality of Corporate Auditor Audits

- 1) The Board of Directors shall exercise consideration to allow unhindered performance of audit activities, allowing corporate auditors to attend Board of Directors' meetings, executive officers meetings, or other important internal meetings (including such meetings at subsidiaries). The Board of Directors shall ensure opportunities for corporate auditors to audit business execution of the Company, including group companies, including the appointment of staff to assist in audit duties.
- 2) Corporate auditors and directors shall establish regular opportunities to exchange opinions, ensuring that the input of corporate auditors is appropriately reflected in management decisions.
- 3) A forum for exchange of information and opinions shall be established for corporate auditors and the accounting auditor.

(2) Status of Operation of Systems for Ensuring the Appropriateness of Operations

1. Performance of duties by directors

The Board of Directors met 13 times. At the meetings, the Board of Directors deliberated, made decisions, and reported on important matters concerning the Group's management and oversaw performance of duties by directors and employees.

2. Compliance with laws and regulations and risk management

In order to enhance awareness of the Group's employees about the importance of legal compliance and risk management, the Company offered governance and compliance education covering the TOPCON WAY, which articulates the shared values of the Topcon Group, the Topcon Global Code of Conduct, which consists of action guidelines for implementing the TOPCON WAY, and the Group Governance Rules, which set decision-making standards and specify matters to be reported.

Minutes of meetings of the Board of Directors and other important materials are prepared and retained based on laws and regulations, the Articles of Incorporation, and internal company rules.

The Corporate Audit Division, which is the internal audit department, evaluated appropriateness and effectiveness of the Group's internal control systems, including compliance.

The Company regularly conducts activities to raise awareness of employees about the Internal Reporting Systems for early detection of risks and swift and appropriate response.

3. Ensuring reliability and appropriateness of financial reporting

To ensure reliability and appropriateness of financial reporting, the Company evaluated effectiveness of internal controls in fiscal 2018.

4. Performance of duties by corporate auditors

The Board of Corporate Auditors met 14 times. At the meetings, the Board of Corporate Auditors reported, discussed, and made decisions on important matters concerning auditing. Corporate auditors conduct audits of Group companies, attend meetings of the Board of Directors and other important meetings, and periodically exchange information with the Representative Director, the accounting auditor, and the Corporate Audit Division and thereby audit performance of duties by directors.

(3) Dividend Policy

The Company places emphasis on dividend payments to return profits to shareholders. Our basic policy regarding the distribution of profits to shareholders is to steadily increase the dividend payment amount in line with growth in consolidated earnings.

Regarding dividend payments, we make payments twice yearly, in principle, as an interim dividend and year-end dividend. Our Articles of Incorporation allow for the payment of dividends by resolution of the Board of Directors, without requiring a resolution of the General Meeting of Shareholders, and provide the record date for the year-end dividend as March 31 and for interim dividend as September 30 each year, as well as allowing for the payment of dividends besides the above with the record date to be determined.

For fiscal 2018, the Company achieved higher earnings than the previous year. Therefore, as planned, in addition to paying an interim dividend of 12 yen per share (compared with an interim dividend of 10 yen per share for fiscal 2017), the Company paid a year-end dividend of 12 yen per share (compared with a year-end dividend of 10 yen per share for fiscal 2017), bringing the full-year dividend payment to 24 yen per share (compared with the full-year dividend of 20 yen per share for fiscal 2017).

The Company intends to use internal reserve effectively for R&D investment and capital investment for vigorous business development for the future.

7. Other Significant Matters concerning the Company's Status

Not applicable

Consolidated Financial Statements

Consolidated Balance Sheet
(As of March 31, 2019)

	(Millions of yen)	
	FY2018	FY2017 (Reference)
Assets		
Current assets		
Cash and deposits	13,894	14,316
Notes and accounts receivable – trade	45,609	44,647
Merchandise and finished goods	18,509	19,019
Work in process	1,377	1,863
Raw materials and supplies	11,254	10,545
Other	7,608	6,788
Allowance for doubtful accounts	(2,098)	(1,967)
Total current assets	96,154	95,214
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,085	7,014
Machinery, equipment and vehicles, net	2,455	2,247
Land	2,813	2,592
Construction in progress	525	412
Other, net	4,070	3,633
Total property, plant and equipment	16,950	15,900
Intangible assets		
Goodwill	13,162	14,771
Software	10,122	8,627
Other	9,130	12,064
Total intangible assets	35,415	35,464
Investments and other assets		
Investment securities	3,961	5,031
Long-term loans receivable	419	204
Deferred tax assets	9,272	7,949
Other	1,144	1,025
Allowance for doubtful accounts	(30)	(43)
Total investments and other assets	14,767	14,168
Total non-current assets	64,133	65,533
Total assets	160,288	160,747

	FY2018	FY2017 (Reference)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	11,990	12,384
Short-term loans payable	13,563	17,776
Lease obligations	641	670
Accrued expenses	9,829	7,814
Income taxes payable	1,420	1,519
Provision for product warranties	1,069	1,075
Other	5,846	6,603
Total current liabilities	44,360	47,843
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	10,497	10,449
Lease obligations	3,853	4,390
Deferred tax liabilities	2,622	2,942
Provision for directors' retirement benefits	57	48
Net defined benefit liability	6,391	5,883
Other	1,356	853
Total non-current liabilities	44,779	44,567
Total liabilities	89,139	92,411
Net assets		
Shareholders' equity		
Capital stock	16,658	16,638
Capital surplus	20,819	20,799
Retained earnings	37,595	33,464
Treasury shares	(2,091)	(2,090)
Total shareholders' equity	72,981	68,811
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	879	1,757
Deferred gains or losses on hedges	5	(7)
Foreign currency translation adjustment	(3,776)	(4,158)
Remeasurements of defined benefit plans	(1,051)	(1,228)
Total accumulated other comprehensive income	(3,493)	(3,637)
Subscription rights to shares	47	29
Non-controlling interests	2,063	3,133
Total net assets	71,148	68,336
Total liabilities and net assets	160,288	160,747

Consolidated Statement of Income
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	FY2018	FY2017 (Reference)
Net sales	148,688	145,558
Cost of sales	70,173	70,574
Gross profit	78,515	74,984
Selling, general and administrative expenses	64,918	62,910
Operating income	13,596	12,073
Non-operating income		
Interest income	165	136
Dividend income	65	49
Other	361	258
Total non-operating income	592	444
Non-operating expenses		
Interest expenses	1,041	947
Share of loss of entities accounted for using equity method	67	117
Foreign exchange losses	501	214
Other	1,081	563
Total non-operating expenses	2,692	1,842
Ordinary income	11,497	10,674
Extraordinary income		
Gain on extinguishment of debts	148	—
Gain on transfer of business	—	141
Gain on step acquisitions	—	91
Total extraordinary income	148	233
Extraordinary losses		
Impairment loss	2,772	1,128
Loss on retirement of non-current assets	497	—
Special retirement expenses	254	—
Loss on abolishment of retirement benefit plan of subsidiaries and associates	294	—
Loss on liquidation of subsidiaries and associates	827	—
Free repair expenses	522	—
Business structure improvement expenses	—	304
Loss on valuation of investment securities	—	268
Total extraordinary losses	5,167	1,702
Profit before income taxes	6,478	9,205
Income taxes - current	2,611	4,648
Income taxes - deferred	(1,783)	(1,068)
Profit	5,650	5,625
Loss attributable to non-controlling interests	(897)	(402)
Profit attributable to owners of parent	6,548	6,028

Consolidated Statement of Changes in Net Assets
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	16,638	20,799	33,464	(2,090)	68,811
Cumulative effects of changes in accounting policies			(83)		(83)
Restated balance	16,638	20,799	33,380	(2,090)	68,727
Changes of items during the period					
Dividends from surplus			(2,332)		(2,332)
Profit attributable to owners of parent			6,548		6,548
Purchase of treasury stock				(0)	(0)
Other	19	19	(0)		38
Net changes of items other than shareholders' equity					
Total changes of items during the period	19	19	4,214	(0)	4,253
Balance at the end of current period	16,658	20,819	37,595	(2,091)	72,981

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit assets	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,757	(7)	(4,158)	(1,228)	(3,637)	29	3,133	68,336
Cumulative effects of changes in accounting policies							(75)	(159)
Restated balance	1,757	(7)	(4,158)	(1,228)	(3,637)	29	3,057	68,176
Changes of items during the period								
Dividends from surplus								(2,332)
Profit attributable to owners of parent								6,548
Purchase of treasury stock								(0)
Other								38
Net changes of items other than shareholders' equity	(878)	12	382	176	(305)	17	(993)	(1,282)
Total changes of items during the period	(878)	12	382	176	(305)	17	(993)	2,971
Balance at the end of current period	879	5	(3,776)	(1,051)	(3,943)	47	2,063	71,148

Non-consolidated Financial Statements

Non-consolidated Balance Sheet
(As of March 31, 2019)

		(Millions of yen)
	FY2018	FY2017 (Reference)
Assets		
Current assets		
Cash and deposits	902	701
Notes receivable – trade	685	759
Accounts receivable – trade	13,318	14,852
Finished goods	4,342	3,992
Work in process	466	814
Raw materials and supplies	1,601	1,657
Advance payments - other	196	199
Short-term loans receivable	4,787	4,754
Accounts receivable - other	2,125	2,169
Other	156	157
Allowance for doubtful accounts	(80)	(75)
Total current assets	28,503	29,984
Non-current assets		
Property, plant and equipment		
Buildings	2,442	2,447
Structures	17	19
Machinery and equipment	287	325
Vehicles	0	0
Tools, furniture and fixtures	1,342	1,105
Land	236	236
Leased assets	142	100
Construction in progress	17	38
Total property, plant and equipment	4,485	4,273
Intangible assets		
Patent right	61	91
Leasehold right	57	57
Software	5,104	5,886
Other	377	765
Total intangible assets	5,600	6,801
Investments and other assets		
Investment securities	2,678	3,844
Shares of subsidiaries and associates	74,103	76,643
Investments in capital of subsidiaries and associates	668	907
Long-term loans receivable	3	3
Long-term prepaid expenses	632	896
Deferred tax assets	4,738	4,074
Other	328	303
Allowance for doubtful accounts	(5)	(6)
Total investments and other assets	83,148	86,666
Total non-current assets	93,235	97,741
Total assets	121,738	127,725

	FY2018	FY2017 (Reference)
Liabilities		
Current liabilities		
Notes payable – trade	292	162
Accounts payable – trade	5,659	6,138
Short-term loans payable	21,911	22,135
Lease obligations	635	621
Accounts payable – other	159	235
Accrued expenses	3,252	3,036
Income taxes payable	754	669
Advances received	13	14
Deposits received	43	45
Provision for product warranties	343	706
Other	103	106
Total current liabilities	33,169	33,872
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	9,934	9,934
Lease obligations	3,825	4,374
Provision for retirement benefits	2,764	2,946
Other	5	5
Total non-current liabilities	36,529	37,260
Total liabilities	69,698	71,133
Net assets		
Shareholders' equity		
Capital stock	16,658	16,638
Capital surplus		
Legal capital surplus	19,147	19,127
Other capital surplus	1,924	1,924
Total capital surplus	21,071	21,051
Retained earnings		
Legal retained earnings	571	571
Other retained earnings		
General reserve	14,082	14,082
Retained earnings brought forward	1,054	4,786
Total other retained earnings	15,136	18,868
Total retained earnings	15,708	19,440
Treasury shares	(2,091)	(2,090)
Total shareholders' equity	51,346	55,039
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	645	1,523
Total valuation and translation adjustments	645	1,523
Subscription rights to shares	47	29
Total net assets	52,039	56,592
Total liabilities and net assets	121,738	127,725

Non-consolidated Statement of Income
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	FY2018	FY2017 (Reference)
Net sales	45,976	44,894
Cost of sales	32,114	33,369
Gross profit	13,862	11,524
Selling, general and administrative expenses	11,289	10,689
Operating income	2,572	834
Non-operating income		
Interest and dividend income	4,252	3,315
Rent income	177	178
Other	210	209
Total non-operating income	4,639	3,703
Non-operating expenses		
Interest expenses	243	280
Interest on bonds	115	115
Foreign exchange losses	140	404
Rent cost	88	80
Other	637	352
Total non-operating expenses	1,224	1,233
Ordinary income	5,988	3,305
Extraordinary losses		
Loss on retirement of non-current assets	7,308	—
Special retirement expenses	497	—
Free repair expenses	65	—
Loss on valuation of shares of subsidiaries and associates	419	—
Loss on valuation of investments in capital of subsidiaries and associates	5,923	—
Impairment loss	402	198
Total extraordinary losses	—	198
Profit (loss) before income taxes	(1,319)	3,106
Income taxes - current	356	337
Income taxes - deferred	(276)	(445)
Profit (Loss)	(1,399)	3,215

Non-consolidated Statement of Changes in Net Assets
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of current period	16,638	19,127	1,924	21,051
Changes of items during the period				
Issuance of new shares	19	19		19
Dividends from surplus				
Loss				
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	19	19	—	19
Balance at the end of current period	16,658	19,147	1,924	21,071

	Shareholders' equity					
	Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance at the beginning of current period	571	14,082	4,786	19,440	(2,090)	55,039
Changes of items during the period						
Issuance of new shares						39
Dividends from surplus			(2,332)	(2,332)		(2,332)
Loss			(1,399)	(1,399)		(1,399)
Purchase of treasury stock					(0)	(0)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	(3,732)	(3,732)	(0)	(3,692)
Balance at the end of current period	571	14,082	1,054	15,708	(2,091)	51,346

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	1,523	1,523	29	56,592
Changes of items during the period				
Issuance of new shares				39
Dividends from surplus				(2,332)
Loss				(1,399)
Purchase of treasury stock				(0)
Net changes of items other than shareholders' equity	(877)	(877)	17	(860)
Total changes of items during the period	(877)	(877)	17	(4,552)
Balance at the end of current period	645	645	47	52,039