

To All Shareholders

1-3-5, Oji-cho, Fukuyama, Hiroshima

Aoyama Trading Co., Ltd.

President and Representative Director

Osamu Aoyama

Notice of the Convocation of the 55th Ordinary General Meeting of Shareholders

Description

1. **Date** June 27 (Thursday), 2019, at 10:00 a.m.
2. **Place** Meeting Room, 4th floor, Headquarters
Aoyama Trading Co., Ltd., 1-3-5, Oji-cho, Fukuyama, Hiroshima
3. **Objects**
 1. Report on the business report for the 55th term (from April 1, 2018 to March 31, 2019), the contents of the consolidated financial statements, and the results of audit of the consolidated financial statements by the account auditors and the Board of Corporate Auditors
 2. Report on the contents of the financial statements for the 55th fiscal year (from April 1, 2018 to March 31, 2019)

Matters to be resolved

- | | |
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| Proposal No. 1 | Appropriation of Retained Earnings |
| Proposal No. 2 | Reduction in Amount of Legal Capital Surplus |
| Proposal No. 3 | Election of Seven (7) Directors |
| Proposal No. 4 | Election of Two (2) Corporate Auditors |

- ⊙ If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for General Meeting of Shareholders provided in a later section, and exercise your voting rights by no later than Wednesday, June 26, 2019, 6:30 p.m. in accordance with the guidance presented in a later section.
- ⊙ Please note that if it becomes necessary to amend any matters related to the contents stated in the reference documents for the Ordinary General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Financial Statements, it will be presented on the Company's website at: <http://www.aoyama-syouji.co.jp>

4. Guidance on exercise of voting rights

(1) If attending the General Meeting of Shareholders

Please present the Voting Rights Exercise Form at the reception.

Date and time of the Meeting: Thursday, June 27, 2019, at 10:00 a.m.

(2) If you are unable to attend the General Meeting of Shareholders

Exercising voting rights in writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to the Company.

Deadline: To arrive by no later than 6:30 p.m. on Wednesday, June 26, 2019

Exercising voting rights via the Internet

Please access the voting rights exercise website designated by the Company, and enter your votes for or against the proposals.

If exercising voting rights by smartphone, please use "Smart Koushi."

Deadline: No later than 6:30 p.m. on Wednesday, June 26, 2019

5. Using the voting rights exercise platform (for institutional investors)

For this planned General Meeting of Shareholders, institutional investors may exercise their voting rights via the Internet using the Electronic Voting Platform operated by ICJ Incorporated.

End.

Reference Document for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Retained Earnings

We recognize that returning profits to shareholders is an important management issue, and pay dividends with a targeted consolidated total return ratio of 100% and purchase treasury shares during the period of our medium-term management plan "CHALLENGE II 2020" (fiscal year ended March 31, 2019 to fiscal year ending March 31, 2021), aiming to return further profits.

<Our policy for returning profits to shareholders>

[1] Dividend policy

- We target a consolidated dividend payout ratio of 70%.
- We pay 100 yen per share as an ordinary dividend (50 yen for an interim dividend and 50 yen for the year-end dividend), which is a stable dividend, and in case the dividend calculated based on the targeted dividend payout ratio stated above exceeds 100 yen, we pay the difference as a special dividend at the fiscal year-end as a dividend linked to performance. However, the Company may consider the amount of ordinary dividend in case a capital policy is implemented that affects earnings per share including capital increase and stock split.

[2] Policy on purchase of treasury shares

- Purchases of treasury shares will be implemented targeting the amount calculated by excluding the total amount of dividends from profit attributable to owners of parent.

In accordance with the dividend policy, with respect to the year-end dividend for the current year, as a result of our calculations based on business performance in the current year, we plan to pay 50 yen per share as an ordinary dividend and 5 yen per share as a special dividend to commemorate the 55th anniversary of our founding, for a total of 55 yen per share.

We paid 50 yen per share as an interim dividend, therefore the annual dividend per share, including the interim dividend is 105 yen per share.

1. Matters regarding the year-end dividend

(1) Type of dividend property

Cash

(2) Allocation of dividends and total amount of dividends

55 yen per common stock of the Company

Allocation	
Ordinary dividend	50 yen
55th anniversary special dividend	5 yen
Total dividends	2,758,955,760 yen

(3) Effective date on which dividends will be disbursed from retained earnings

June 28, 2019

2. Matters regarding appropriation of other retained earnings

In regard to the appropriation of other retained earnings, in order to compensate for the deficit in retained earnings brought forward caused by the cancellation of treasury shares, the Company proposes to reverse general reserve and transfer it to retained earnings brought forward, pursuant to Article 452 of the Companies Act.

(1) Retained earnings item to be decreased and amount thereof

General reserve	20,000,000,000 yen
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(2) Retained earnings item to be increased and amount thereof

Retained earnings brought forward	20,000,000,000 yen
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Proposal No. 2: Reduction in Amount of Legal Capital Surplus

In order to ensure flexibility and agility in future capital policy, the Company proposes to reduce the amount of legal capital surplus, pursuant to the provisions of Article 448-1 of the Companies Act.

1. Amount of reduction in legal capital surplus and overview thereof

Total legal capital surplus of 62,526,038,007 yen shall be reduced by 49,500,000,000 yen to 13,026,038,007 yen, and the full amount of the reduction shall be transferred to other capital surplus.

2. Effective date of reduction in the amount of legal capital surplus

September 30, 2019

Proposal No. 3: Election of Seven (7) Directors

The terms of office of six (6) of the seven (7) Company Directors will expire at the conclusion of this General Meeting of Shareholders.

In addition, in order to unify the terms of office of all Directors, Mr. Hiroaki Kobayashi will resign from his position at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests the reelection of four (4) Directors Mr. Osamu Aoyama, Mr. Shinji Okano, Mr. Seishi Uchibayashi, and Mr. Hiroaki Kobayashi, and the election of three (3) Directors including one (1) Outside Director (a total of seven (7) Directors), in order to further strengthen the Company's management structure.

The candidates for Directors are as follows.

The candidates for Directors have been selected in consultation with the Nomination Advisory Committee.

*The Nomination Advisory Committee has been established to deliberate and verify personnel matters concerning Directors and Corporate Auditors in order to ensure the objectivity and transparency of the Company's management. The Committee provides the Board of Directors with recommendations on proposals concerning the appointment or dismissal of Directors and Corporate Auditors to be submitted to the General Meeting of Shareholders. The Committee is chaired by an Independent Outside Director and consists of a total of five members, including three other Directors (excluding Representative Directors) and an Outside Director.

Number	Name		Current position position and responsibilities at the Company	Attendance at Board of Directors' meetings
1	Reelected	Osamu Aoyama	President	14 out of 14 (100%)
2	Reelected	Shinji Okano	Director, Senior Managing Executive Officer, General Manager of the Purchasing Div., and General Manager of the Casual Wear/Reuse Business Div.	14 out of 14 (100%)
3	Newly elected	Shinji Zaitсу	Managing Executive Officer and General Manager of the Planning and Administration Div.	—
4	Newly elected	Koichi Yamane	Executive Officer and General Manager of General Planning and Policy Dept.	—
5	Reelected Outside Director	Seishi Uchibayashi	Director	14 out of 14 (100%)
6	Reelected Outside Director Independent Officer	Hiroaki Kobayashi	Director	14 out of 14 (100%)
7	Newly elected Outside Director Independent Officer	Toru Watanabe	Corporate Auditor	—

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
1	Osamu Aoyama (Mar. 1, 1959) Reelected	<p>April 1981 Joined Aoyama Trading Co., Ltd.</p> <p>December 1987 General Manager of the Purchasing Dept., Aoyama Trading Co., Ltd.</p> <p>June 1988 Director and General Manager of the Purchasing Dept., Aoyama Trading Co., Ltd.</p> <p>June 1989 Director and Vice Chief General Manager of the Purchasing Dept., Aoyama Trading Co., Ltd.</p> <p>June 1991 Managing Executive Director and Vice Chief General Manager of the Purchasing Dept., Aoyama Trading Co., Ltd.</p> <p>June 1997 Senior Director, General Manager of the Purchasing Div., and Assistant General Manager of the General Planning and Policy Dept., Aoyama Trading Co., Ltd.</p> <p>October 2001 Senior Director and General Manager of the Suit Business Dept., Aoyama Trading Co., Ltd.</p> <p>February 2003 Senior Director and General Manager of the Marketing and Sales Div., Aoyama Trading Co., Ltd.</p> <p>June 2005 President and CEO, Aoyama Trading Co., Ltd.</p> <p>June 2017 President, Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions</p> <p>Representative Director, Aoyama Bussan, Ltd.</p> <p>Director, Aoyama Capital Co., Ltd.</p> <p>Director, Seigo Co., Ltd.</p> <p>Director, MDS Co., Ltd.</p> <p>Director, Eisho Co., Ltd.</p> <p>Director, glob Co., Ltd.</p> <p>Director, Aoyama Suits (Shanghai) Co., Ltd.</p> <p>Attendance at Board of Directors' meetings 14 out of 14 (100%)</p> <p>Special interest in the Company</p> <p>The Company has business relationships, such as office leasing, with Seigo Co., Ltd. and glob Co., Ltd., of which Mr. Osamu Aoyama concurrently holds the position of Director.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Since assuming the position of Director in 1988, Mr. Osamu Aoyama served as the General Manager of the Company's Purchasing Division and Marketing and Sales Division. In 2005, he assumed the position of President and Representative Director, supervising the overall management of the Company. Based on his outstanding achievements, ability and corporate management experience, as well as his excellent personality and insight, he has been nominated as a candidate for Director.</p>	1,511,665 shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
2	Shinji Okano (Feb. 18, 1962) Reelected	<p>March 1984 Joined Aoyama Trading Co., Ltd.</p> <p>June 2005 Executive Officer, General Manager of the Purchasing Div., and General Manager of the Purchasing Dept. No. 2, Aoyama Trading Co., Ltd.</p> <p>June 2008 Executive Officer and General Manager of the Purchasing Div., Aoyama Trading Co., Ltd.</p> <p>June 2009 Director, Executive Officer, and General Manager of the Purchasing Div., Aoyama Trading Co., Ltd.</p> <p>May 2013 Director, Executive Officer, General Manager of the Purchasing Div., and General Manager of the Casual Wear/Reuse Business Div., Aoyama Trading Co., Ltd.</p> <p>June 2013 Director, Managing Executive Officer, General Manager of the Purchasing Div., and General Manager of the Casual Wear/Reuse Business Div., Aoyama Trading Co., Ltd.</p> <p>June 2017 Director, Senior Managing Executive Officer, General Manager of the Purchasing Div., and General Manager of the Casual Wear/Reuse Business Div., Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions</p> <p>Director, FUKURYO Co., Ltd.</p> <p>Director, Aoyama Suits (Shanghai) Co., Ltd.</p> <p>Attendance at Board of Directors' meetings</p> <p>14 out of 14 (100%)</p> <p>Special interest in the Company</p> <p>None</p> <p>Reasons for nomination as a candidate for Director</p> <p>Since assuming the position of Director in 2009, Mr. Shinji Okano has gained abundant business knowledge and experience as the General Manager of the Company's Purchasing Division, where he appropriately executes important duties, administrative decision-making and supervision. He has been nominated as a candidate for Director because we believe that he will utilize such knowledge and experience to contribute to increasing the Company's corporate value.</p>	6,100 shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
3	Shinji Zaitzu (Jun. 11, 1961) Newly elected	<p>December 2012 Senior Manager of the Internal Audit Department, Mizuho Bank, Ltd.</p> <p>January 2014 Joined Aoyama Trading Co., Ltd. General Manager of General Planning and Policy Dept., Aoyama Trading Co., Ltd.</p> <p>April 2015 Executive Officer, Vice Chief General Manager of the Planning and Administration Div., and General Manager of General Planning and Policy Dept., Aoyama Trading Co., Ltd.</p> <p>June 2017 Managing Executive Officer and General Manager of the Planning and Administration Div., Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions</p> <p>Corporate Auditor, Minit Asia Pacific Co., Ltd.</p> <p>Corporate Auditor, WTW Corporation</p> <p>Attendance at Board of Directors' meetings</p> <p>—</p> <p>Special interest in the Company</p> <p>None</p> <p>Reasons for nomination as a candidate for Director</p> <p>Based on his achievements in executing the medium-term management plan as the person in charge of the planning and administration department, we believe that Mr. Shinji Zaitzu will contribute to improving the Company's corporate value and have therefore nominated him as a candidate for Director.</p>	— shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
4	Koichi Yamane (Jun. 25, 1963) Newly elected	<p>April 2013 General Manager of the Umeda Corporate Banking Dept. No. 3, Sumitomo Mitsui Banking Corporation</p> <p>May 2016 Joined Aoyama Trading Co., Ltd. General Manager of General Planning and Policy Dept., Aoyama Trading Co., Ltd.</p> <p>June 2017 Executive Officer and General Manager of General Planning and Policy Dept., Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions Corporate Auditor, Eagle Retailing Corporation</p> <p>Attendance at Board of Directors' meetings —</p> <p>Special interest in the Company None</p> <p>Reasons for nomination as a candidate for Director Mr. Koichi Yamane for many years worked in the corporate banking department of a bank, and has utilized such rich experience at the Company in executing the medium-term management plan as the person in charge of the management planning department. Based on those achievements, we believe that he will contribute to improving the Company's corporate value and have therefore nominated him as a candidate for Director.</p>	— shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
5	Seishi Uchibayashi (May 12, 1949) Reelected Outside Director	<p>April 1976 Osaka District Court Judge Assistant Judge</p> <p>April 1979 Matsuyama Local Court Judge</p> <p>March 1981 Retired from the bench</p> <p>May 1981 Practicing lawyer</p> <p>June 2001 Outside Corporate Auditor, Aoyama Trading Co., Ltd.</p> <p>June 2013 Outside Director, Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions</p> <p>Director/Supervisory Committee Member, Yasuhara Chemical Co., Ltd.</p> <p>Attendance at Board of Directors' meetings 14 out of 14 (100%)</p> <p>Special interest in the Company None</p> <p>Reasons for nomination as a candidate for Outside Director Based on Mr. Seishi Uchibayashi's rich experience and highly specialized expertise as a lawyer, we believe that he is a suitable person to supervise and oversee management from an objective viewpoint based on laws and regulations. While Mr. Uchibayashi has never been involved in any kind of business management other than holding the position of an Outside Director or an Outside Corporate Auditor, the Company believes that he will be able to adequately perform the duties of an Outside Director for the above-mentioned reasons.</p> <p>The term of office of Mr. Uchibayashi as an Outside Director will be six (6) years at the conclusion of this General Meeting of Shareholders.</p>	6,100 shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
6	Hiroaki Kobayashi (Jul. 12, 1975) Reelected Outside Director Independent Officer	<p>April 2000 Joined The Hiroshima Bank, Ltd.</p> <p>March 2002 Joined Nitto Seimo Co., Ltd.</p> <p>May 2002 The Head of the President's Office, Nitto Seimo Co., Ltd.,</p> <p>July 2005 Director, Nitto Seimo Co., Ltd.</p> <p>January 2007 President, Nitto Seimo Co., Ltd. (current position)</p> <p>June 2016 Director, Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions</p> <p>Representative Director, Nitto Seimo Co., Ltd.</p> <p>Representative Director, Nippon Turning Co., Ltd.</p> <p>Representative Director, Taito Co., Ltd.</p> <p>Outside Director, Aseed Holdings Co., Ltd.</p> <p>Attendance at Board of Directors' meetings 14 out of 14 (100%)</p> <p>Special interest in the Company None</p> <p>Reasons for election as a candidate for Outside Director</p> <p>Mr. Hiroaki Kobayashi has gained a wealth of experience and knowledge as a corporate manager and runs companies mainly in the field of manufacturing. Therefore, we believe that he is capable of giving us appropriate advice and proposals from a perspective different from that of the Company.</p> <p>While Mr. Kobayashi has never been involved in any kind of business management other than holding the position of an Outside Director or an Outside Corporate Auditor, the Company believes that he will be able to adequately perform the duties of an Outside Director for the above-mentioned reasons.</p> <p>The term of office of Mr. Kobayashi as an Outside Director will be three (3) years at the conclusion of this General Meeting of Shareholders.</p>	— shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
7	Toru Watanabe (Feb. 2, 1966) Newly elected Outside Director Independent Officer	<p>March 1993 Completed legal apprenticeship</p> <p>April 1993 Registered with the Osaka Bar Association</p> <p> Joined Kitahama Partners</p> <p>January 1998 Partner, Kitahama Partners (current position)</p> <p>June 2013 Corporate Auditor, Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions</p> <p> Partner, Kitahama Partners</p> <p> Outside Director, SHO-BI Corporation</p> <p> Outside Auditor, O-WELL CORPORATION</p> <p>Attendance at Board of Directors' meetings</p> <p> —</p> <p>Special interest in the Company</p> <p> None</p> <p>Reasons for nomination as a candidate for Outside Director</p> <p>Mr. Toru Watanabe has rich experience and insight as a lawyer who specializes in laws related to the Companies Act. He is able to view corporations as a whole, including related laws and regulations, from an objective viewpoint, and we believe that he is a suitable person to supervise and oversee management. While Mr. Watanabe has never been involved in any kind of business management other than holding the position of an Outside Director or an Outside Corporate Auditor, the Company believes that he will be able to adequately perform the duties of an Outside Director for the above-mentioned reasons.</p> <p>Mr. Watanabe, who is currently an Outside Corporate Auditor, will resign as an Corporate Auditor at the conclusion of this General Meeting of Shareholders. The term of office of Mr. Watanabe as an Outside Corporate Auditor will be six (6) years at the conclusion of this General Meeting of Shareholders.</p>	— shares

- (Notes) 1. Candidates, Mr. Shinji Zaitsu, Mr. Koichi Yamane, and Mr. Toru Watanabe are new candidates for Director.
2. Candidates, Mr. Seishi Uchibayashi, Mr. Hiroaki Kobayashi, and Mr. Toru Watanabe are candidates for Outside Director.
3. Article 29 of the Articles of Incorporation of the Company stipulates that the Company may enter into an agreement with Outside Directors to limit liability due to negligence in performing their duties in order to enable them to do their utmost. Accordingly, the Company concluded a limitation of liability agreement with Mr. Seishi Uchibayashi and Mr. Hiroaki Kobayashi, candidates for Outside Director. If they are reelected as proposed, the Company plans to continue said agreement with them. Furthermore, if Mr. Toru Watanabe is elected as proposed, the Company plans to enter into the limitation of liability agreement with him. The maximum amount of liability under the agreement is the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
4. Special remarks regarding the candidates for Outside Directors are as follows.
- (1) No corresponding item existed regarding the records of violation of laws and regulations and the Articles of Incorporation or other inappropriate actions by the Company.
 - (2) Regarding the candidates' service over the past five years as Director, Executive Officer, or Auditor of other companies, no corresponding item existed regarding records of violations of laws and regulations and the Articles of Incorporation or other inappropriate actions at these companies during the candidates' term of office therein.
 - (3) Mr. Hiroaki Kobayashi is registered as an Independent Officer with the Tokyo Stock Exchange (TSE) since he meets the TSE's independence criteria for outside directors as well as the Company's independence standard for appointing outside directors. Furthermore, if Mr. Toru Watanabe is elected as proposed, the Company plans to register him as an Independent Officer with the TSE.

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

The term of office of Corporate Auditor Mr. Tomokazu Osako will expire and Corporate Auditor Mr. Toru Watanabe will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests the election of two (2) Corporate Auditors, including one (1) newly elected Corporate Auditor.

The resolution of this agenda item has obtained the consent of the Board of Corporate Auditors.

The candidates for Corporate Auditors are as follows.

The candidates for Corporate Auditors have been selected in consultation with the Nomination Advisory Committee.

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
1	Tomokazu Osako (Jun. 21, 1954) Reelected	June 2010 Director, Momiji Business Service Co., Ltd. July 2011 Joined Aoyama Trading Co., Ltd. General Manager of the Accounting Dept., Aoyama Trading Co., Ltd. June 2015 Corporate Auditor, Aoyama Trading Co., Ltd. (current position) Significant concurrent positions Auditor, Aoyama Capital Co., Ltd. Special interest in the Company None Reasons for nomination as a candidate for Corporate Auditor Mr. Tomokazu Osako has served as the General Manager of the Company's Accounting Department, and has considerable expertise in areas such as finance, accounting and judicial affairs. We believe that he is a suitable person to supervise and oversee management, and therefore nominated him as a candidate for Corporate Auditor.	1,000 Shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
2	Masaki Nogami (Apr. 2, 1966) Newly elected Outside Corporate Auditor Independent Officer	<p>March 1994 Completed legal apprenticeship</p> <p>April 1994 Registered with the Osaka Bar Association</p> <p>Joined OH-EBASHI LAW OFFICES (currently OH-EBASHI LPC & PARTNERS)</p> <p>April 2001 Partner, OH-EBASHI LAW OFFICES (currently OH-EBASHI LPC & PARTNERS)</p> <p>August 2002 Member, OH-EBASHI LPC & PARTNERS (current position)</p> <p>Significant concurrent positions</p> <p>Member, OH-EBASHI LPC & PARTNERS</p> <p>Auditor, NISSIN MANUFACTURING Co., LTD.</p> <p>Supervisory officer, SENKO Private REIT, Inc.</p> <p>Special interest in the Company</p> <p>None</p> <p>Reasons for election as a candidate for Outside Corporate Auditor</p> <p>The Company believes that Mr. Masaki Nogami is qualified for the position and will be able to perform audits that will determine if operations are appropriate and in compliance with laws and regulations because he has a wealth of experience as a lawyer, is versed in corporate legal affairs, and has the superior insight needed to oversee corporate management.</p> <p>While Mr. Nogami has never been involved in any kind of business management other than holding the position of an Outside Director or an Outside Corporate Auditor, the Company believes that he will be able to adequately perform the duties of an Outside Corporate Auditor for the above-mentioned reasons.</p>	— shares

- (Notes) 1. Candidate, Mr. Masaki Nogami, is a new candidate for Corporate Auditor and also a candidate for Outside Corporate Auditor.
2. Article 37 of the Articles of Incorporation of the Company stipulates that the Company may enter into an agreement with Outside Corporate Auditors to limit liability due to negligence in performing their duties in order to enable them to do their utmost. Accordingly, the Company concluded a limitation of liability agreement with Mr. Tomokazu Osako, a candidate for Corporate Auditor. If he is reelected as proposed, the Company plans to continue said agreement with him. Furthermore, if Mr. Masaki Nogami, a candidate for Outside Corporate Auditor, is elected as proposed, the Company plans to enter into the limitation of liability agreement with him. The maximum amount of liability under the agreement is the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
3. Special remarks regarding the candidates for Outside Corporate Auditors are as follows.
- (1) Regarding the candidates' service over the past five years as Director, Executive Officer, or Auditor of other companies, no corresponding item existed regarding records of violations of laws and regulations and Articles of Incorporation or other inappropriate actions at these companies during the candidates' term of office therein.
- (2) If Mr. Masaki Nogami is elected as proposed, the Company plans to register him as an Independent Officer with the Tokyo Stock Exchange (TSE).

(Reference)

■ **Independence standard for appointing outside directors/auditors**

1. The outside director's/auditor's has never worked for our Group.
2. The outside director's/auditor's spouse or any relative within the second degree of relationship has never worked for our Group.
3. The outside director's/auditor's has never been affiliated with any of the following organizations that have relationships with the Company.
 - (1) Organizations that are major shareholders
 - (2) Major banks or securities companies
 - (3) Major accounting auditors, business consultants, law firms, etc.
 - (4) Major suppliers and other business partners that have business relationships with the Company
 - (5) Companies and organizations of which the Company is a major business client.
4. The outside director's/auditor's spouse or any relative within the second degree of relationship has never worked for any of the organizations listed in the preceding paragraph 3.