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(Securities identification code: 6462)

June 3, 2019

To our shareholders:

Kaoru Itoh President (CEO & COO) Riken Corporation 8-1, Sanbancho, Chiyoda-ku, Tokyo

Notice of the 95th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 95th Ordinary General Meeting of Shareholders of Riken Corporation (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 5:30 p.m., Thursday, June 20, 2019 (Japan Standard Time).

Meeting Details

1. **Date and time:** Friday, June 21, 2019 at 3:00 p.m. (Japan Standard Time)

2. Venue: 4th Floor Golden Room

Hotel Grand Palace

1-1-1, Iidabashi, Chiyoda-ku, Tokyo

3. Purposes of the Meeting: Items to be reported:

1. Business Report and Consolidated Financial Statements for the 95th Term (from April 1, 2018 to March 31, 2019), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board

2. Non-Consolidated Financial Statements for the 95th Term (from April 1, 2018 to March 31, 2019)

Items to be resolved:

Proposal 1: Appropriation of surplus

Proposal 2: Partial change to Articles of Incorporation

Proposal 3: Election of eight (8) Directors (excluding Directors who are Audit

and Supervisory Committee Members)

Proposal 4: Election of three (3) Directors who are Audit and Supervisory

Committee Members

Proposal 5: Election of one (1) substitute Director who is an Audit and

Supervisory Committee Member

Proposal 6: Election of Accounting Auditor

Proposal 7: Determination of remuneration of Directors (excluding Directors

who are Audit and Supervisory Committee Members)

Proposal 8: Determination of remuneration of Directors who are Audit and

Supervisory Committee Members

Proposal 9: Determination of remuneration for granting restricted stock to

Directors (excluding Directors who are Audit and Supervisory

Committee Members and Outside Directors)

Proposal 10: Continuation of Measures to Respond to a Large-Scale Acquisition

of Our Company's Stock

4. Exercise Voting Rights

If you exercise a voting right on multiple occasions via the Internet, your final vote shall be treated as the effective exercise of the voting right.

If you exercise a voting right by both postal mail and the Internet, the one exercised via the Internet shall be treated as the effective exercise of the voting right.

5. Internet Disclosure

The referential materials appended to this Convocation Notice do not include the two documents listed below. These two documents have been posted on the Company's website (http://www.riken.co.jp/english/) pursuant to legislation and Article 15 of the Company's Articles of Incorporation.

- (1) Matters Related to Company Stock Acquisition Rights, etc. from business report
- (2) System to Ensure the Appropriateness of Operations from business report
- (3) Consolidated Statement of Changes in Equity from consolidated financial statements
- (4) Notes to the Consolidated Financial Statements
- (5) Statement of Changes in Equity from non-consolidated financial statements
- (6) Notes to Non-Consolidated Financial Statements

Therefore, please note that the referential materials do not fully encompass the consolidated financial statements and non-consolidated financial statements that the Company's accounting auditor audited when preparing the Accounting Auditor Report; nor do they fully encompass the business report, consolidated financial statements, and non-consolidated financial statements that the Audit and Supervisory Board audited when preparing its Audit Report.

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Reference Documents for the General Meeting of Shareholders

Proposals and Notes

Proposal 1: Appropriation of surplus

The Company aims to deliver stable shareholder returns while considering the Company's current performance as well as the future business climate and prospects for business development.

According to the policy, the Company proposes as a term-end dividend of 70 yen per share.

The Company has already paid an interim dividend of 70 yen per share. Accordingly, the proposed annual dividend for the fiscal year under review amounts to 140 yen per share.

- 1. Matters related to year-end dividends
 - (1) Type of dividend property Cash
 - (2) Allocation of dividend property and total amount thereof70 yen per common share of the CompanyTotal amount of dividends: 690,642,050 yen
 - (3) Effective date of distribution of dividends of surplus June 24, 2019

Proposal 2: Partial change to Articles of Incorporation

1. Reasons for proposal

By making Audit and Supervisory Committee Members who are in charge of supervising the performance of duties by Directors constituent members of the Board of Directors, the Company hopes to strengthen the audit and supervisory functions of the Board of Directors and further enhance corporate governance. The Company, therefore, hopes to transition into a company with an audit and supervisory committee. In conjunction with this, the Company proposes to make the necessary changes to the Articles of Incorporation, including changing the provisions on Directors and the Board of Directors, deleting the provisions on Audit and Supervisory Board Members and the Audit and Supervisory Board, and adding provisions on the Audit and Supervisory Committee.

Changes to the Articles of Incorporation shall take effect as of the conclusion of this General Meeting of Shareholders.

2. Details of Changes

The details of the changes are as follows: (The underlined parts indicate the changes.)

Current Articles of Incorporation	Proposed Change
Articles 1 to 3 (Omitted)	Articles 1 to 3 (No change)
Article 4 (Organs) The Company shall have the following organs in addition to General Meetings of Shareholders and Directors: 1. Board of Directors; 2. Audit and Supervisory Board Members; 3. Audit and Supervisory Board; and 4. Accounting Auditor	Article 4 (Organs) The Company shall have the following organs in addition to General Meetings of Shareholders and Directors: 1. Board of Directors; 2. Audit and Supervisory Committee; and (Deleted) 3. Accounting Auditor
Articles 5 to 18 (Omitted)	Articles 5 to 18 (No change)
Article 19 (Number of Directors) The number of Directors of the Company shall not exceed ten (10).	Article 19 (Number of Directors) The number of Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed ten (10), and the number of Directors who are Audit and Supervisory Committee Members shall not exceed five (5).
Article 20 (Method of Election) Directors shall be elected at the General Meeting of Shareholders. A resolution for the election under the preceding paragraph shall be adopted by a majority of the votes of the shareholders present having not less than one-thirds (1/3) of	Article 20 (Method of Election) The election of Directors shall be implemented at a General Meeting of Shareholders by distinguishing Directors who are Audit and Supervisory Committee Members and the other Directors. A resolution for the election under

Current Articles of Incorporation	Proposed Change
voting rights of all shareholders	the preceding paragraph shall be
entitled to exercise their voting	adopted by a majority of the votes of
rights thereat. No cumulative	the shareholders present having not
voting shall be used for the	less than one-thirds (1/3) of voting
election of Directors.	rights of all shareholders entitled to
olection of Bhectors.	exercise their voting rights thereat.
	No cumulative voting shall be used
	for the election of Directors.
	for the election of Directors.
Article 21 (Omitted)	Article 21 (No change)
Article 22 (Term of Office)	Article 22 (Term of Office)
The term of office of Directors	1. The term of office of Directors
shall expire at the conclusion of	(excluding those who are Audit and
the Ordinary General Meeting of	Supervisory Committee Members)
Shareholders held for the last	shall expire at the conclusion of the
business year ending within one	Ordinary General Meeting of
(1) year after their election.	Shareholders held for the last
\	business year ending within one (1)
	year after their election.
	2.71
(New)	2. The term of office of Directors
	who are Audit and Supervisory
	Committee Members shall expire at
	the conclusion of the Ordinary
	General Meeting of Shareholders
	held for the last business year ending
	within two (2) years after their
	election.
(New)	3. The term of office of a Director
	who is an Audit and Supervisory
	Committee Member that is elected as
	a substitute for a Director who is an
	Audit and Supervisory Committee
	Member who resigned prior to the
	expiration of his/her term of office
	shall expire at the time of expiration
	of the term of office of the resigned
	Director who is an Audit and
	Supervisory Committee Member.
	-
(New)	4. Resolutions pertaining to the
	election of substitute Directors who
	are Audit and Supervisory
	Committee Members shall be valid
	until the start of the Ordinary
	General Meeting of Shareholders for
	the last fiscal year ending within two
	(2) years after said resolution.
Article 23 (Omitted)	Article 23 (No change)
Article 24 (Notice of Convocation of Board of	Article 24 (Notice of Convocation of Board of
Directors Meetings)	Directors Meetings)
Notice of convocation of a Board	Notice of convocation of a Board of
of Directors Meeting shall be	Directors Meeting shall be issued to
issued to each Director and Audit	each Director and Auditor at least
and Supervisory Board Member at	four (4) days prior to such meeting;
least four (4) days prior to such	provided, however, that this period
	- 5 -

Current Articles of Incorporation meeting; provided, however, that this period may be shortened in case of emergency. icle 25 (Omission of Resolution by Board of

Article 25 (Omission of Resolution by Board of Directors)

The Company shall deem that if all Directors agree on a matter for resolution in writing or in an electromagnetic record, the resolution of the Board of Directors to approve such matter for resolution has been passed. However, this shall not apply in the event that an Audit and Supervisory Board Member voices an objection.

(New)

Article <u>26</u> (Remuneration, etc.)

Remuneration, bonus and other proprietary benefits (hereinafter "remuneration, etc.") provided by the Company as compensation for the duties of Directors shall be determined by a resolution of General Meeting of Shareholders.

Articles 27 to 29 (Omitted)

<u>Chapter 5. Audit and Supervisory Board</u> <u>Members and Audit and Supervisory Board</u>

Article 30 (Number of Members)

The Company shall have no more than five (5) Audit and Supervisory Board Members.

Article 31 (Method of Election)

Audit and Supervisory Board
Members shall be elected at the
General Meeting of Shareholders.
A resolution for the election under
the preceding paragraph shall be
adopted by a majority of the votes
of the shareholders present having
not less than one-thirds (1/3) of
voting rights of all shareholders

Proposed Change

may be shortened in case of emergency.

Article 25 (Omission of Resolution by Board of Directors)

The Company shall deem that if all Directors agree on a matter for resolution in writing or in an electromagnetic record, the resolution of the Board of Directors to approve such matter for resolution has been passed.

Article 26 (Delegation to Directors)

Pursuant to the provisions of Article 399-13, paragraph 6 of the Companies Act, the Company may delegate all or part of decisions of execution of important operations (excluding matters set forth in items of paragraph 5 of the same Article) to Directors by resolution of the Board of Directors.

Article <u>27</u> (Remuneration, etc.)

Remuneration, bonus and other proprietary benefits provided by the Company as compensation for the duties of Directors shall be determined by a resolution of General Meeting of Shareholders by distinguishing Directors who are Audit and Supervisory Committee Members and the other Directors.

Articles 28 to 30 (No change)

Chapter 5. Audit and Supervisory Committee

(Deleted)

(Deleted)

Current Articles of Incorporation	Proposed Change
entitled to exercise their voting	
rights thereat.	
Article 32 (Substitute Audit and Supervisory	(Deleted)
Board Members)	(Deleted)
The Company may elect substitute	
Audit and Supervisory Board	
Members at the General Meeting	
of Shareholders in preparation for	
the case that the number of Audit	
and Supervisory Board Members	
<u>falls short of statutory</u> <u>requirements or requirements of</u>	
the Articles of Incorporation.	
The provisions of Article 31	
paragraph 2 shall apply to the	
quorum for resolutions for election	
under the preceding paragraph.	
The term of office of substitute	
Audit and Supervisory Board	
Members who are elected in accordance with paragraph 1 shall	
be the remainder of the term of	
office of their predecessor.	
Article 33 (Effectiveness of Nominations for	(Deleted)
Substitute Audit and Supervisory Board	
Members)	
Elections of a substitute Audit and	
Supervisory Board Member shall be effective until the first Ordinary	
General Meeting of Shareholders	
is held after his/her election.	
Article 34 (Term of Office)	(Deleted)
The term of office of Audit and	
Supervisory Board Members shall	
expire at the conclusion of the Ordinary General Meeting of	
Shareholders held for the last	
business year ending within four	
(4) years after their election. The	
term of office of an Audit and	
Supervisory Board Member that is	
elected as a substitute for an Audit	
and Supervisory Board Member	
who resigned prior to the expiration of his/her term of office	
shall expire at the time of	
expiration of the term of office of	
the resigned Audit and	
Supervisory Board Member.	
Article 35 (Full-Time Audit and Supervisory	(Deleted)
Board Members)	
The Audit and Supervisory Board	
shall appoint full-time Audit and Supervisory Board Member(s) by	
its resolution.	
165 TOSOIUTION.	

Curren	t Articles of Incorporation	Proposed Change
	otice of Convocation of Audit and	(Deleted)
	Board Meetings)	(Deloted)
	Notice of convocation of an Audit	
	and Supervisory Board Meeting	
	shall be issued to each Audit and	
	Supervisory Board Member at	
	least four (4) days prior to such	
	meeting; provided, however, that	
	this period may be shortened in	
	case of emergency.	
,	iles of the Audit and Supervisory	(Deleted)
Board)		
	Matters relating to the Audit and	
	Supervisory Board shall be	
	governed by the Rules of the Audit	
	and Supervisory Board established	
	and determined by the Audit and	
	Supervisory Board in addition to	
	applicable laws and regulations or	
	these Articles of Incorporation.	
Article 20 (D.	amunaration eta	(Dalotod)
	emuneration, etc.) Remuneration, etc. for Audit and	(Deleted)
	Supervisory Board Members shall	
	be determined by a resolution of	
	General Meeting of Shareholders.	
Article 39 (Co	ontracts for Limitation of Audit and	(Deleted)
	Board Members' Liability)	(2 515153)
	Pursuant to the provisions of	
	Article 427, paragraph 1 of the	
	Companies Act, the Company may	
	enter into an agreement with Audit	
	and Supervisory Board Members	
	to limit the maximum amount of	
	their liabilities under Article 423,	
	paragraph 1 of the same Act to the	
	minimum liability amount	
	stipulated by law.	
	stipulated by law.	
	3.	
	(New)	Article 31 (Full-Time Audit and Supervisory
		Committee Members)
		The Audit and Supervisory
		Committee may appoint full-time
		Audit and Supervisory Committee
		Member(s) by its resolution.
	(Nov.)	Autiala 22 (Nation of Comments of Autis 1
	(New)	Article 32 (Notice of Convocation of Audit and
		Supervisory Committee Meetings) Notice of convocation of an Audit
		and Supervisory Committee Meeting
		shall be issued to each Audit and
		Supervisory Committee Member at
		least four (4) days prior to such
		meeting; provided, however, that this
		period may be shortened in case of
		emergency.

Current Articles of Incorporation	Proposed Change
(New)	Article 33 (Rules of the Audit and Supervisory Committee) Matters relating to the Audit and Supervisory Committee shall be governed by the Rules of the Audit and Supervisory Committee established and determined by the Audit and Supervisory Committee in addition to applicable laws and regulations or these Articles of Incorporation.
Articles 40 to 43 (Omitted)	Articles 34 to 37 (No change)
(New)	Supplementary Provision
(New)	Article 1 (Transitional Measures Concerning Exemption of Liabilities of Audit and Supervisory Board Members) The Company may, by a resolution of the Board of Directors, exempt Audit and Supervisory Board Members (including those who were Audit and Supervisory Board Members) from their liabilities for damages provided for in Article 423, paragraph 1 of the Companies Act in connection with the acts conducted before the conclusion of the 95th Ordinary General Meeting of Shareholders to the extent permitted by laws and regulations.

Proposal 3: Election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee.

As such, the Company requests the election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members). The resolution for this proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
		April 1976	Joined the Industrial Bank of Japan, Limited	
		April 2005	Managing Executive Officer of Mizuho Bank, Ltd.	
		March 2008	President and CEO of Mizuho Research Institute Ltd.	
		May 2012	Advisor of the Company	
		June 2012	Managing Director of the Company	
	Kaoru Itoh (April 9, 1953) [Reelection]	June 2013	Senior Managing Director, Chairman of the Corporate Strategy Committee of the Company	
1		June 2015	Representative Director, President (COO) of the Company	6,300
		April 2018	Representative Director, President (CEO & COO) of the Company (present position)	
		As CEO and C the Company's for the post of	omination as candidate for Director OO, Kaoru Itoh has successfully managed operations. We have nominated him again Director, believing his wide-ranging competence to be invaluable to the magement.	
		Attendance at the fiscal year 18/18 (100%)	the Board of Directors Meetings during	

No.	Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
		April 1972	Joined the Company	
		January 2004	Director, President of Riken Automobile Parts (Wuhan) Co., Ltd.	
		June 2009	Director of the Company and Director, President of Riken Automobile Parts (Wuhan) Co., Ltd.	
		October 2009	Director, General Manager of Quality Assurance Division of the Company	
	Kazuyoshi Takaki (April 15, 1953) [Reelection]	May 2011	Director, General Manager of Casting Components Division of the Company	
		June 2013	Managing Director of the Company	
2		May 2016	Director, Managing Executive Officer of the Company	4,000
		April 2019	Director, Senior Managing Executive Officer & CTO of the Company (present position)	
		Kazuyoshi Taka has managed ma has helped our g nominated him	mination as candidate for Director aki founded a Chinese subsidiary, and he anufacturing and quality assurance, which group increase profitability. We have again for the post of Director, believing his aperience and competence to be invaluable as management.	
		Attendance at the fiscal year 18/18 (100%)	the Board of Directors Meetings during	

No.	Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
		March 1986	Joined the Company	
		February 2004	General Manager of Nagoya Sales Division of the Company	
		June 2010	Director, Chairman of Overseas Committee of the Company	
		May 2013	Director of the Company	
	Yasunori Maekawa (February 27, 1958) [Reelection]	June 2015	Managing Director of the Company	
		May 2016	Director, Managing Executive Officer of the Company	
3		April 2019	Director, Senior Managing Executive Officer of the Company (present position)	3,200
		During his long Mackawa has en and overseas bus globally. We hav Director, believi	mination as candidate for Director years of service in the Company, Yasunori ugaged in overseas sales, domestic sales siness, which has helped our group expand we nominated him again for the post of ng his wide-ranging experience and e invaluable to the Company's	
		Attendance at t the fiscal year 18/18 (100%)	he Board of Directors Meetings during	

No.	Name (Date of birth)	Career summ significan	Number of the Company's shares owned	
		June 1983	Joined Riken Metal Products Corporation	
		October 1995	Director, Vice President of Riken of America Inc.	
		January 2003	Director, President of Riken of America Inc.	
		June 2011	Director of the Company and Director, President of Riken of America Inc.	
	Donald E.	May 2016	Director, Managing Executive Officer of the Company and Director, President of Riken of America Inc.	
4	McNulty (October 11, 1952)	June 2018	Director of the Company (present position)	400
	[Reelection]	June 2018	Chairman of Riken of America Inc. (present position)	
		During his long E. McNulty has America/Europe expand globally post of Director	mination as candidate for Director years of service in the Company, Donald achieved business success in the e region, which has helped our group We have nominated him again for the believing his wide-ranging experience to be invaluable to the Company's	
		Attendance at the fiscal year 17/18 (94.4%)	the Board of Directors Meetings during	

No.	Name (Date of birth)		Career summary, position and responsibilities, and significant concurrent positions outside the Company	
		April 1981	Joined the Company	
		November 2004	General Manager of Kanagawa Sales Division of the Company	
		June 2009	Director, General Manager of Kanagawa Sales Division of the Company	
		April 2011	Director, General Manager of Sales Head Office of the Company	
	Shigemasa	June 2016	Managing Executive Officer of the Company	
5	Hayasaka (March 10, 1955)	June 2017	Director, Managing Executive Officer of the Company (present position)	4,800
	[Reelection]	Reasons for nomination as candidate for Director In managing the Company's sales operations, Shigemasa Hayasaka has helped to strengthen its marketing power and to expand sales. We have nominated him again for the post of Director, believing his wide-ranging experience and competence to be invaluable to the Company's management.		
		Attendance at the fiscal year 17/18 (94.4%)	the Board of Directors Meetings during	
		April 1981	Joined the Company	
		October 2009	General Manager of Piston Ring Division of the Company	
		June 2012	Director, General Manager of Quality Assurance Division of the Company	
		October 2014	Director, General Manager of Piston Ring Division of the Company	
6	Yutaka Sato	June 2016	Executive Officer, General Manager of Piston Ring Division of the Company	2.800
6	(March 31, 1959) [New election]	April 2018	Managing Executive Officer of the Company (present position)	2,800
			omination as candidate for Director	
		Yutaka Sato ha for piston ring which has help have nominate believing his v	g years of service in the Company, as managed manufacturing operations s, one of the Company's key products, bed our group increase profitability. We d him newly for the post of Director, wide-ranging experience and be invaluable to the Company's	
		have nominate believing his v	d him newly for the post of Director,	

No.	Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
		April 1973	Joined Bank of Japan	
		May 1999	Director-General of International Department of Bank of Japan	
		June 2002	Executive Director of Bank of Japan	
		June 2006	Director, Vice President of Toyota Financial Services Corporation	
		May 2015	Director, Representative Statutory Executive Officer of MetLife, Inc.	
		June 2015	Outside Director of the Company (present position)	
	Eiji Hirano (September 15, 1950) [Reelection] [Outside] [Independent]	June 2016	Outside Director of NTT DATA Corporation (present position)	0
		September 2017	Director, Vice Chairman of MetLife, Inc. (present position)	
7		October 2017	Chairperson of the Board of Governors of Government Pension Investment Fund (present position)	
		Director Eiji Hirano hel subsequently h companies. We post of Outside Company's madepth and glob He will have so years at the con Shareholders.	d a top post in the Bank of Japan and eld executive posts in a number of have nominated him again for the Director because we believe that the magement will benefit from his inal expertise and extensive experience. erved as Outside Director for four (4) inclusion of this General Meeting of the Board of Directors Meetings during	

No.	Name (Date of birth)		ry, position and responsibilities, and concurrent positions outside the Company	Number of the Company's shares owned	
		April 1975	Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)		
		July 2002	Director-General of Research and Statistics Department of the Ministry of Economy, Trade and Industry		
	Koji Tanabe (February 1, 1952) [New election] [Outside] [Independent]	April 2005	Professor of Graduate School of Innovation Management of Tokyo Institute of Technology		
		February 2012	Director of the Japan Asia Group Limited (present position)		
		April 2017	Professor Emeritus of Tokyo Institute of Technology		
8		1952) New election] [Outside]	Specially-Appointed Professor of School of Environment and Society of Tokyo Institute of Technology (present position)	0	
				Corporate Auditor of Shimazaki Denki Corporation (present position)	
		Reasons for not	mination as candidate for Outside		
		Director			
		While Koji Tanabe has not been involved in corporate management aside from serving as an outside officer,			
		_	professor at the Tokyo Institute of		
		Technology afte	r serving at the Ministry of Economy,		
			try for many years. We have		
			for the post of the new Outside e we believe that the Company's		
			Il benefit from the in-depth expertise		
		and extensive ex	sperience he has cultivated,		
		particularly in in	nnovation management.		

(Notes)

- 1. There is no special interest between any of the candidates and the Company.
- 2. Eiji Hirano and Koji Tanabe are candidates for Outside Director.
- 3. The Company has designated Eiji Hirano as an independent officer according to the rules of the Tokyo Stock Exchange, Inc., and has registered him with the said exchange. If he is reelected, he will be registered again as an independent officer. If Koji Tanabe is elected, he will be registered as an independent officer.
- 4. The Company has entered into an agreements with Eiji Hirano limiting his liability for damages to the extent stipulated in legislation. The Company intends to continue this agreement if his reelection is approved.
- 5. If Koji Tanabe's election is approved, the Company will enter into an agreement with him limiting his liability for damages to the extent stipulated in legislation.

Proposal 4: Election of three (3) Directors who are Audit and Supervisory Committee Members

If Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee.

As such, the Company requests the election of three (3) Directors who are Audit and Supervisory Committee Members.

The resolution for this proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect.

The Audit and Supervisory Board has given its consent to this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
	Hidemi Hiroi (November 16, 1954) [New election] [Outside] [Independent]	April 1979	Joined the Industrial Bank of Japan, Limited	0
		April 2007	Executive Officer, General Manager of Group Strategy of Mizuho Financial Group, Inc.	
		April 2009	Corporate Auditor of Mizuho Corporate Bank, Ltd.	
		June 2012	Director, President of Mizuho Human Service Co., Ltd.	
		June 2013	Corporate Auditor of IBJ Leasing Company, Limited	
		June 2015	Director, President of IBJL- TOSHIBA Leasing Company, Limited	
		April 2017	Advisor of IBJL-TOSHIBA Leasing Company, Limited	
1		June 2017	Outside Audit and Supervisory Board Member of the Company (present position)	
		Reasons for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member We have nominated Hidemi Hiroi for the post of Outside Director who is an Audit and Supervisory Committee Member because we believe that the Company's audits will benefit from his extensive experience and in-depth specialist knowledge of financial matters based on his many years of experience at financial institutions as well as his experience in management and as an auditor at other companies.		
		Attendance at the Audit and Supervisory Board Meetings during the fiscal year 13/13 (100%)		
		Attendance at the fiscal year 18/18 (100%)	the Board of Directors Meetings during	

No.	Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
2	Akira Kunimoto (October 17, 1955) [New election]	April 1980	Joined the Company	
		June 2007	Director of the Company and Director, President of Allied Ring Corporation	
		October 2009	Director, General Manager of Ring Products Technological Development Division of the Company	
		October 2010	Director, General Manager of Technologies Management Division of the Company	
		June 2016	Executive Officer, Chairman of Technologies Committee and General Manager of Technologies Management Division of the Company	2,900
		April 2019	Advisor to the Company (present position)	
		Reasons for nomination as candidate for Director who is Audit and Supervisory Committee Member Akira Kunimoto has led the Company's technologies management division for many years and contributed to management of the Company's research and development/capital investments and building of a structure for technical development. He also has experience in management of overseas group companies. We have nominated him for the post of Director who is an Audit and Supervisory Committee Member because we believe that the Company's audits will benefit from his in-depth specialist knowledge and experience.		

No.	Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
		April 1976	Appointed as public prosecutor	
		June 2010	Superintending Prosecutor, Sendai High Public Prosecutors Office	
		August 2011	Superintending Prosecutor, Nagoya High Public Prosecutors Office	
		July 2012	Resigned from office	
		October 2012	Registered as Attorney-at-Law	
	Shuji Iwamura (September 16, 1949) [New election] [Outside] [Independent]		Advisor of Nagashima Ohno & Tsunematsu (present position)	
		June 2013	Outside Audit and Supervisory Board Member of the Company (present position)	
		March 2015	Outside Auditor of CANON ELECTRONICS INC. (present position)	
		June 2015	Outside Corporate Auditor of Hokkaido Bank, Ltd. (present position)	
3		October 2017	Governor and Auditor of the Board of Governors of Government Pension Investment Fund (present position)	0
		June 2018	Outside Director of Hayashikane Sangyo Co., Ltd. (present position)	
		Reasons for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member While Shuji Iwamura has not been involved in corporate management aside from serving as an outside officer, we have nominated him for the post of Outside Director who is an Audit and Supervisory Committee Member because we believe that the Company's audits will benefit from his knowledge and experience as a prosecutor and attorney and his experience as an auditor at other companies. Attendance at the Audit and Supervisory Board Meetings during the fiscal year 13/13 (100%) Attendance at the Board of Directors Meetings during the fiscal year 17/18 (94.4%)		

(Notes)

- 1. There is no special interest between each of the candidates and the Company.
- 2. Hidemi Hiroi and Shuji Iwamura are new candidates for Outside Director.
- 3. (1) Hidemi Hiroi currently serves as Outside Audit and Supervisory Board Member, and he will have served in this capacity for two (2) years at the conclusion of this Ordinary General Meeting of Shareholders.
 - (2) Shuji Iwamura currently serves as Outside Audit and Supervisory Board Member, and he will have served in this capacity for six (6) years at the conclusion of this Ordinary General Meeting of Shareholders.
- 4. The Company has designated Shuji Iwamura as an independent officer according to the rules of the Tokyo Stock Exchange, Inc., and has registered him with the said exchange. If he is elected, he will be registered again as an independent officer. If Hidemi Hiroi is elected, he will be registered as an independent officer.
- 5. The Company has entered into agreements with Hidemi Hiroi and Shuji Iwamura limiting their liability for damages to the extent stipulated in legislation. If their elections are approved, the Company will enter into agreements with them again as Directors who are Audit and Supervisory Committee Members limiting their liability for damages to the extent stipulated in legislation.
- 6. If Akira Kunimoto's election is approved, the Company will enter into an agreement with him limiting his liability for damages to the extent stipulated in legislation.

Proposal 5: Election of one (1) substitute Director who is an Audit and Supervisory Committee Member

If Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee.

As such, the Company requests election of one (1) substitute Director who is an Audit and Supervisory Committee Member in preparation for the case that the number of Directors who are Audit and Supervisory Committee Members falls short of the number stipulated by laws and regulations.

The resolution for this proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect.

The substitute Director who is an Audit and Supervisory Committee Member will assume office to fill a vacancy in the Audit and Supervisory Committee that would otherwise cause the board to fall short of its legally mandated quorum. The substitute Director who is an Audit and Supervisory Committee Member's term of office will be for the remainder of the term of office of the previous member whom he/she substitutes.

The Audit and Supervisory Board has given its consent to this proposal.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, position and responsibilities, and significant concurrent positions outside the Company		Number of the Company's shares owned
	April 1969	Joined Hitachi, Ltd.	
	June 2003	Executive Officer of Hitachi, Ltd.	
	January 2007	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.	
	June 2010	Chairman of the Board, Outside Director of Hitachi Capital Corporation	
Kazuhiro Mori	June 2013	Chairman of the Board, Outside Board Director of Hitachi High- Technologies Corporation	0
(October 7, 1946) [Outside]	June 2014	Outside Director of Isuzu Motors Limited	U
	June 2018	Outside Director of Ricoh Company Ltd. (present position)	
	Reasons for nomination as candidate for substitute Director who is an Audit and Supervisory Committee Member We have nominated Kazuhiro Mori for the post of substitute Outside Director who is an Audit and Supervisory Committee Member because we believe that the Company's audits will benefit from his extensive experience and wide-ranging knowledge acquired from working at global companies.		

(Notes)

- 1. There is no special interest between the candidate and the Company.
- 2. Kazuhiro Mori is a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member. The Company elected him as substitute Outside Audit and Supervisory Board Member at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016.
- 3. Kazuhiro Mori served Hitachi, Ltd. in an executive role until March 2013 and was an Outside Director of Isuzu Motors Limited until June 2018. He currently serves as Outside Director of Ricoh Company Ltd. While the Company does engage in business transactions with Hitachi, Ltd., Isuzu Motors Limited, and Ricoh Company Ltd. (e.g., product sales), we believe that Mori's independence as Outside Director who is an Audit and Supervisory Committee Member will not be affected given that these transactions account for less than 1% of the consolidated net sales of each companies.
- 4. If Kazuhiro Mori's election as a Director who is an Audit and Supervisory Committee Member is approved, the Company will enter into an agreement with him limiting his liability for damages to the extent stipulated in legislation.

Proposal 6: Election of Accounting Auditor

Ernst & Young ShinNihon LLC, the Company's Accounting Auditor, will step down at the conclusion of this Ordinary General Meeting of Shareholders after completing its term, so the Company requests the election of a new Accounting Auditor.

This proposal is based on the decision of the Audit and Supervisory Board.

Deloitte Touche Tohmatsu LLC has been selected as a candidate for Accounting Auditor based on the Board's determination that retaining them will provide a new perspective in our audits and that they are capable of conducting efficient audit operations while maintaining high quality, considering their quality control structure, independence, expertise, and understanding of the business fields the Company engages in on a global basis.

The candidate for Accounting Auditor is as follows:

(As of February 28, 2019)

Name	Deloitte Touche Tohmatsu LLC
Main Office	Marunouchi Nijubashi Bldg., 3-2-3, Marunouchi, Chiyoda-ku, Tokyo Japan
Corporate history	May 1968 May 1975 Joins Touche Ross International (now Deloitte Touche Tohmatsu Limited) February 1990 Changes name to Tohmatsu & Co. July 2009 Changes name to Deloitte Touche Tohmatsu LLC in conjunction with transition to limited liability company
Overview	Capital 1,007 million yen Personnel Partners (certified public accountants): 532 Specified partners: 54 Employees/Certified public accountants: 2,797 Persons who have passed CPA exam (including junior accountants): 1,143 Other professionals: 2,125 Clerical staff: 166 Total: 6,817 Client firms (As of May 31, 2018): 3,339

Proposal 7: Determination of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee.

At the 90th Ordinary General Meeting of Shareholders held on June 25, 2014, the shareholders approved Director remuneration of a maximum of 400 million yen per year (including executive bonuses).

In conjunction with the transition into a company with an audit and supervisory committee, the above shall be abolished, and remuneration for Directors other than Audit and Supervisory Committee Members shall be determined anew. The Company proposes that the amount be a maximum of 400 million yen per year (including executive bonuses) taking into account as same as the amount of Director remuneration.

As has previously been the case, Director remuneration (excluding Directors who are Audit and Supervisory Committee Members) does not include the employee portion of pay for Directors who are also employees.

There are currently nine (9) Directors (two [2] of which are Outside Directors), but the number will drop to eight (8) Directors (two [2] of which will be Outside Directors; excluding those who are Audit and Supervisory Committee Members) if Proposals 2 and 3 are approved.

The resolution for this proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect.

Proposal 8: Determination of remuneration of Directors who are Audit and Supervisory Committee Members

If Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee.

In conjunction with this, the Company proposes that remuneration for Directors who are Audit and Supervisory Committee Members be a maximum of 60 million yen per year, the same as the remuneration for Audit and Supervisory Board Members up to now, taking into account their duties and responsibilities.

The number of Directors who are Audit and Supervisory Committee Members will be three (3) if Proposals 2 and 4 are approved.

This proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect.

Proposal 9: Determination of remuneration for granting restricted stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

At the 94th Ordinary General Meeting of Shareholders held on June 22, 2018, the shareholders approved a maximum amount of 100 million yen to be paid per year to Directors (excluding Outside Directors) in the form of restricted stock apart from their regular remuneration (maximum of 400 million yen per year; including executive bonuses but excluding the employee portion of pay for Directors who are also employees), but if Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee.

As such, the total amount paid in granting restricted stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter "eligible Directors"; the same applies to this proposal) after transitioning into a company with an audit and supervisory committee will be a maximum of 100 million yen per year apart from the regular remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members; maximum of 400 million yen per year including executive bonuses but excluding the employee portion of pay for Directors who are also employees) for which approval was requested in Proposal 7 (Determination of remuneration of Directors [excluding Directors who are Audit and Supervisory Committee Members]), the same as the amount that has been paid to Directors in the form of restricted stock up to now. The Company further proposes that it allot, within the scope of said monetary claims, two types of restricted stock—each type with a different transfer restriction period (both types are referred to herein as "restricted stock"). The Company has concluded that this plan is reasonable in light of the Directors' contribution.

If Proposal 2 (Partial change to Articles of Incorporation) and Proposal 3 (Election of eight [8] Directors) are approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eight (8; two [2] of which are Outside Directors).

This proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect.

The matter of the restricted stock allotted to eligible Directors is as was approved at the 94th Ordinary General Meeting of Shareholders held on June 22, 2018, and the details are provided below.

Particulars Concerning the Restricted Stock (including the maximum amount)

1. Allotment and amount to be paid in

The Board of Directors has resolved that the Company will provide eligible Directors with monetary claims for restricted stock within the scope of the maximum annual limit mentioned above, and that the eligible Directors will receive their allotted restricted stock by redeeming these monetary claims in their entirety, as an in-kind contribution.

The Board of Directors will determine the amount to pay in for the restricted stock. This amount will be within a range that gives no significant advantage to the eligible Directors subscribing for the restricted stock. In determining the amount, the Board of Directors will refer to the closing price of the Company's common shares on the Tokyo Stock Exchange as of the business day preceding the resolution date (or if no trading is reported on that day, the day preceding such).

To receive their monetary claims, eligible Directors must agree to make the said in-kind contribution and to conclude a restricted stock allotment agreement stipulating the matters in 3 below.

2. Number of restricted stock

The maximum amount of restricted stock the Company will allot in each business year will be 50,000.

However, the Company may subsequently adjust this amount to reasonably accommodate any stock split of common shares in the Company (or share allotment without contribution), share consolidation, or any other corporate action warranting such adjustment.

3. Restricted stock allotment agreement

The Board of Directors has resolved that the Company will conclude restricted stock allotment agreements with eligible Directors before issuing any of the restricted stock, and that these agreements will include the following stipulations.

(1) Transfer restrictions

During the transfer-restriction period (either of the two periods listed below), eligible Directors must not cede, pledge, hypothecate, provide as an inter vivo gift, bequeath, or otherwise transfer to a third party any of the restricted stock allotted to them.

- (i) Type I Restricted Shares: A period determined by the Board of Directors between two (2) and five (5) years
- (ii) Type II Restricted Shares: 30 years
- (2) Circumstances in which the Company may acquire the restricted stock without contribution If an eligible Director resigns as a Director or Executive Officer between the day the transfer-restriction period began and the day before the nearest Ordinary General Meeting of Shareholders, the Company will acquire without contribution the restricted stock it allotted to that eligible Director ("allotted-shares") as a matter of course, unless the Board of Directors deems there to be legitimate grounds for not doing so.

When the transfer-restriction period stipulated in (1) above ends, the Company will acquire all or part of the allotted-shares without contribution and as a matter of course if it determines that the circumstances for lifting the transfer restriction as stipulated in (3) below are not present.

(3) Lifting the transfer restrictions

When the transfer-restriction period ends, the Company will lift the transfer restriction on the allotted-shares in their entirety on condition that the eligible Director remained incumbent as a Director or Executive Officer between the day the relevant transfer-restriction period began and the day of the nearest Ordinary General Meeting of Shareholders.

However, if the eligible Director resigned as Director or Executive Officer before the transfer-restriction period ended, and if the Board of Directors deems that there are reasonable grounds for doing so, the Company may reasonably adjust the number of the allotted-shares and the time when their transfer restriction is to be lifted.

(4) Corporate reorganization

If, following shareholder approval (or following a resolution of the Board of Directors if shareholder approval is not required), the Company becomes subject to a corporate reorganization during the transfer-restriction period (including a merger agreement in which the Company becomes a non-surviving company, or a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company), it will lift restrictions on a certain portion of allotted-shares before the corporate reorganization takes effect. The Board of Directors will determine the amount of allotted-shares whose restrictions will be lifted, and this amount will reflect the length of time between the start of the transfer-restriction period and the day the corporate reorganization was approved.

Immediately after the transfer restrictions are lifted, as a matter of course, the Company will acquire without contribution those allotted-shares whose transfer restrictions were not lifted.

Reference

If the General Meeting of Shareholders approves the proposal, the Company will introduce a similar restricted stock plan (involving two types of restricted shares—each type with a different transfer restriction period) for its Executive Officers.

Proposal 10:Continuation of Measures to Respond to a Large-Scale Acquisition of Our Company's Stock

On June 28, 2007, Measures to Respond to a Large-Scale Acquisition of Our Company's Stock were adopted by our shareholders at the Company's 83rd Annual General Meeting of Shareholders and were most recently reapproved by shareholders at the 92nd Annual General Meeting of Shareholders on June 24, 2016 (hereinafter the continued measures are referred to as "the Existing Plan"). The effective term of the Plan lasts until the end of the 95th Annual General Meeting of Shareholders to be held on June 30, 2019 (hereinafter referred to as "the General Meeting of Shareholders"). In light of securing and improving the mutual benefit of all shareholders, as well as the value of the Company, we have given ongoing consideration to the ideal state of the measures to respond to a large-scale acquisition of the Company's stock including the succession and termination of the measures.

We would like to inform you that, as a result, assuming the approval of our shareholders is obtained at the General Meeting of Shareholders, the Board of Directors of the Company held today decided to continue the Existing Plan by changing part of it as "Measures to Respond to a Large-Scale Acquisition of Our Company's Stock" (hereinafter referred to as "the Plan").

With regard to the continuation of the Plan, all three of our corporate auditors have expressed their opinions stating that they are in favor of continuing with the Plan as long as the detailed aspects of the Plan are executed properly.

The major changes incorporated into the Plan compared with the Existing Plan are as follows:

- (i) Regarding the handling of recommendations from the Independent Committee, the Existing Plan stipulates that the Board of Directors shall make a decision respecting such recommendations. However, to eliminate the possibility of arbitrary operation by the management, it was changed to mandate decision-making in accordance with the recommendations. In addition, the criteria which allow the Board of Directors to establish countermeasures as an exceptional case were made stricter than before.
- (ii) On the condition that the Annual General Meeting of Shareholders approves the proposal for the partial amendment to the articles of association, along with the transition to a company with an audit and supervisory committee, we made some changes to the expression, corrected wording and clarified the description.

I. Basic Policy Regarding Who Should Oversee Decisions Regarding the Financial and Business Policies of the Company

As a publicly traded company, we believe that shareholders come to us thanks to a freedom to trade on the share market. Therefore, we believe that ultimately decisions concerning whether or not to accept proposals regarding acquisitions accompanying the transfer of control of the Company should be carried out based on the will of the shareholders.

However, among the large-scale acquisition of shares, etc., there may be some that will damage the corporate value of the Company or the mutual benefit of shareholders, including those that may practically force shareholders to sell shares judging from the purpose, etc., and those that do not provide the necessary time or information for the Board of Directors and shareholders of the Company to be able to consider the details of such an acquisition. As an exceptional case, the Company believes that a person who is engaged in such inadequate large-scale acquisition, etc., is inappropriate to have as a person to oversee decisions regarding the financial and business policies of the Company.

II. Efforts that Contribute to the Realization of the Basic Policy for the Control of the Company

In 1927, RIKEN, the Institute of Physical and Chemical Research, was founded to commercialize the method of producing the piston ring which is its own innovation. Since then, the Company has been

operating globally by providing a wide variety of products such as a camshaft and other internal-combustion engine parts, cast iron parts for automobiles and industrial machinery, piping material, products for thermal engineering and EMC businesses having piston rings as its core.

The Company set the following Group Mission Statement and the Guiding Principles, "Be Customer Driven. Be Compliant with the Law. Be focused on the Basics. Be Open. Be Proactive. Be Prompt." In addition, it developed the Midterm Strategic Plan and Annual Management Plan to cope with customers' efforts to strengthen their competitiveness and to develop and sell products that satisfy the high level of the demand for quality, technology and prices.

<Mission Statement>

- We will be a leading corporate citizen that always operates with respect for the laws, environment, safety and the overall well being of the global communities where we conduct our business.
- We will provide superior long-term economic value for our shareholders through effective use of their invested capital.
- We will offer products and services that continually exceed our customers' increasing expectations through constant innovation and continued advancements in knowledge and technology.
- We will continuously renew ourselves by encouraging initiative and entrepreneurism and by being constantly committed to change.

Based on the policy of the above, to achieve the continuous growth of the Group Companies, the Company established and has been promoting the Midterm Strategic Plan, PLAN 2020, which is a five-year plan running from fiscal 2016 through fiscal 2020. PLAN 2020 sets "Advanced Solutions for Tomorrow's Challenges" as its main theme. Under the plan, the Company is trying to achieve the basic policy, (1) Growth through Diversification, (2) Advancements in Monozukuri and (3) Pioneering Technologies.

The Company aims for a continuous improvement in corporate value by fulfilling its responsibilities in a variety of areas such as the economy, the environment and society. It positions the establishment of corporate governance as a top-priority management issue.

The Company has introduced an executive officer system to separate the business execution function from the management decision-making and supervision function.

Furthermore, on the condition that the Annual General Meeting of Shareholders will grant approval, the Company has a plan to shift to a company with an audit and supervisory committee. By including a member of the audit and supervisory committee who supervises directors' execution of duties in the Board of Directors, it intends to strengthen the audit and supervision functions of the Board of Directors, and enhance corporate governance further. Moreover, by commissioning directors to make a decision on important business execution issues at the Board of Directors, the Company will make swift decision-making possible, and improve the efficiency of management.

Along with the shift, the Company has a plan to have a Board of Directors which consists of eight (8) directors (excluding a member of the audit and supervisory committee, including two (2) outside directors) and three (3) directors (including two (2) outside directors) who are the members of the audit and supervisory committee, and expects to improve the effectiveness of the objective supervision of the management.

Furthermore, in May 2019, the Company voluntarily established the Nomination and Remuneration Committee, the majority of whose members consist of independent outside officers as an advisory body. The aim was to reinforce the supervision function of the Board of Directors by assuring the transparency and objectivity of the procedure related to the nomination and the decision on remuneration of directors, etc., and further enhance corporate governance.

III. Description of the Plan (Measures to prevent the control of decision-making regarding the financial and business policies of the Company by someone inappropriate in light of our Basic Policy.)

1. Purpose of Continuing the Plan

The Plan, which is the Existing Plan that is continuously implemented, was introduced to prevent decision-

making regarding the financial and business policies of the Company being controlled by someone who is inappropriate in light of the Basic Policy for the Control of the Company as described in I. above.

When a large-scale acquisition of the Company's stock, etc., was conducted, for the shareholders to make a proper decision, the Board of Directors of the Company believes that the assurance of necessary information and time and a negotiation with a buyer, etc., based on reasonable rules help ensure the corporate value of the Company and mutual benefit for shareholders. Therefore, it established certain rules regarding the provision of the submission of information and the assurance of time to consider, etc., at the time of a large-scale acquisition (hereinafter, referred to as "Rules for a Large-Scale Acquisition") as stated below. In order to deal with cases in which a large-scale acquisition has occurred by an entity that is inappropriate in light of the Basic Policy, conditional on the approval of the shareholders of the Company at the Annual General Meeting of Shareholders, the Company decided to continue implementing the Plan.

2. Acquisition of the Shares of the Company that Are the Subject of The Plan

The acquisition of the shares of the Company that are the subject of the Plan is deemed to be an attempt to acquire the share certificates, etc., of the Company (Note 3) for the purpose of making the voting rights ratio (Note 2) of a special shareholder group (Note 1) 20% or more, or an attempt to acquire the shares, etc., of the Company where as a result of such acquisition the voting rights ratio of such special shareholder group becomes 20% or more (irrespective of the method of acquisition, whether it be a market trade or a takeover bid, acquisitions that have the prior consent of the Board of Directors of the Company are excluded; such large-scale acquisition is hereafter referred to as "a large-scale acquisition" and the entity that is engaged in the large-scale acquisition is hereafter referred to as a "large-scale purchaser").

Note 1: Special Shareholder Group means

- (i) holders of the Company's share certificates, etc., (meaning share certificates, etc., as determined in Article 27-23 Section 1 of the Financial Instruments and Exchange Act) (including entities included in the holders in accordance with Article 27-23 Section 3 of said Act, and hereinafter the same) and their joint-holders (meaning joint-holders as determined in Article 27-23 Section 5 of said Act, including entities regarded as joint-holders in accordance with Section 6 of the same Article, and hereinafter the same) or
- (ii) entities engaged in the acquisition, etc., (meaning the acquisition, etc., determined in Article 27-2 Section 1 of said Act, including acquisition that is carried out in the financial market of a stock exchange) of the share certificates, etc., of the Company (meaning share certificates, etc., as determined in Article 27-2 Section 1 of said Act), and special parties involved in such (meaning special parties involved as determined in Article 27-2 Section 7 of said Act, and hereinafter the same).

Note 2: Voting Right Ratio means

- (i) in the case of the special shareholder group mentioned in (i) of Note 1, the total of (1) the ratio of share certificates, etc., held by said holders (meaning the ratio of share certificates held as determined in Article 27-23 Section 4 of the Financial Instruments and Exchange Act. In such cases, the number of share certificates, etc., held by said holders' joint-holders (meaning the number of share certificates, etc., held as determined in the same Section, and hereinafter the same) shall be included in the calculation); or
- (ii) in the case of the special shareholder group mentioned in (ii) of Note 1, the total of the ratio of share certificates, etc., held by said large-scale purchaser and said special parties involved (meaning the ratio of share certificates, etc., held as determined in Article 27-2 Section 8 of said Act).

When calculating each voting rights ratio, in terms of the number of total voting rights (meaning the number as determined in Article 27-2 Section 8 of said Act) and the total number of issued shares (meaning the total number as determined in Article 27-23 Section 4 of said Act), reference can be made to the most recently submitted document from among Annual Securities Reports, Quarterly Securities Reports and Share Buyback Reports.

Note 3: Share certificates, etc., means share certificates, etc., as determined in Article 27-23 Section 1 or Article 27-2 Section 1 of the Financial Instruments and Exchange Act.

3. Establishment of the Independent Committee

Regardless of whether or not a large-scale purchaser adheres to the rules for a large-scale acquisition, or even in cases where such rules have been adhered to, the Board of Directors of the Company shall make the final decision on whether or not to take countermeasures when it is deemed that said large-scale acquisition will seriously damage the corporate value of the Company and the mutual benefit of shareholders. To properly execute the Plan, prevent the Board of Directors of the Company from making arbitrary decisions, and maintain the rationality and fairness of the decision, the Company will establish the Independent Committee based on the Plan and the Rules for the Independent Committee (please refer to Attachment 1 for an overview). The Independent Committee shall be comprised of three (3) or more people appointed from among external directors or external experts (Note) who are independent of the management that executes the business of the Company to enable them to make a fair and neutral judgement. Please refer to Attachment 2 for the profile of three candidates for members of the Independent Committee, Shuji Iwamura,

Hidemi Hiroi and Koji Tanabe.

Prior to the execution of countermeasures, the Board of Directors of the Company shall consult with the Independent Committee on whether or not the Company shall take countermeasures. The Independent Committee shall carefully evaluate and consider matters regarding a large-scale acquisition from the perspective of improving the corporate value of the Company and the mutual benefit of shareholders, and make recommendations regarding whether the Board of Directors is in the state to execute countermeasures to the Board of Directors of the Company. The Board of Directors of the Company shall make a decision on the execution of countermeasures based on the recommendations by the Independent Committee (however, excluding the case where it evaluates that it would breach the duty of care if it follows the recommendations). An outline regarding the content of such recommendations of the Independent Committee shall be announced as required.

To assure that the evaluation of the Independent Committee contributes to the corporate value of the Company and the mutual benefit of shareholders, the Independent Committee may obtain the advice of independent external specialists (financial advisers, certified accountants, attorneys, consultants and other specialists) at the cost of the Company as required.

Note: External specialists means experienced corporate managers, persons familiar with investment banking, attorneys, certified accountants, persons with academic experience mainly studying the Companies Act, etc., or similar entities.

4. Overview of the Large-Scale Acquisition Rules

(1) Submission of statement of intention by purchaser making a large-scale acquisition to the Company

When a prospective large-scale purchaser seeks to carry out a large-scale acquisition, prior to the large-scale acquisition or proposing the large-scale acquisition, we first request the submission of a letter of intent in Japanese addressed to the Board of Directors of the Company in a format the Company specifies containing a written covenant stating the intent to adhere to our rules for a large-scale acquisition and the following:

- (i) Name and address of large-scale purchaser
- (ii) Governing law for the incorporation
- (iii) Name of representative
- (iv) Contact in Japan
- (v) An outline of the proposed large-scale acquisition
- (vi) Covenant stating the intent to adhere to our rules for a large-scale acquisition

When the Board of Directors of the Company has received such a letter of intent from a prospective large-scale purchaser, the matter, and where necessary the details, shall be promptly announced.

(2) Submission of the information required for evaluation by a prospective largescale purchaser to the Company

Within ten (10) business days of the day following the day on which the letter of intent mentioned all the information from (a) to (f) of (1) above was received, the Company shall issue to a prospective large-scale purchaser a document containing a list of the large-scale acquisition information whose submission to the Board of Directors of the Company is required. The prospective large-scale purchaser shall submit the large-scale acquisition information (hereinafter referred to as the "information required for evaluation") in writing based on the description of the document to the Board of Directors of the Company.

General items included in the list of the information required for evaluation are shown below. Although the specific content will differ according to the attributes of the large-scale purchaser and the purpose and content of the large-scale acquisition, in either case, the scope of the list will be restricted to the necessary and adequate information required for our shareholders to make a decision and form opinions for the Board of Directors of the Company.

- (i) Outline of the large-scale purchaser and its group (including joint-holders, special parties involved, cooperative members (in the case of a fund), and other constituent members) (including names, business details, background or history, capital composition, and information regarding experience in fields similar to the business of the Company and the Group companies of the Company)
- (ii) The purpose, method and details regarding the large-scale acquisition (including price/type of remuneration for the large-scale acquisition, timing of such large-scale acquisition, transaction mechanism involved, legality of the method of such large-scale acquisition, feasibility of such large-scale acquisition and related transactions).
- (iii) The basis of determining the cost of acquiring the shares of the Company in the large-scale acquisition (including the facts on which the cost is determined, the method of calculation, information regarding figures used in the calculation, and details regarding the synergy that is expected to occur as a result of a series of transactions in relation to such large-scale acquisition).
- (iv) The substantiation of acquisition funds for the large-scale acquisition (the specific name of the provider of the funds (including the real provider), the method of acquiring the funds and details regarding related transactions).

- (v) Candidates for the management team that will be installed in the Company and the Group companies of the Company after the large-scale purchaser joins the management of the Company (including information regarding experience, etc., in businesses similar to the Company and the Group companies of the Company), suggested management policies, business plan, financial plan, capital measures, dividend policy and asset utilization measures, etc.
- (vi) The expected stakeholders of the Company and the Group companies of the Company, such as business partners, customers and employees, after the large-scale purchaser joins the management of the Company and the Group companies of the Company, as well as whether or not there will be any changes in the relationship between the aforementioned parties and the Company and the Group companies of the Company, including details of such changes.

In the interest of ensuring the timely implementation of the large-scale acquisition rules, the Board of Directors of the Company may, as required, give the large-scale purchaser a time limit for the submission of information. However, when the large-scale purchaser requests an extension for the submission of the information on reasonable grounds, such time limit may be extended.

Furthermore, in cases where as a result of a close examination by the Board of Directors of the Company of the information required for evaluation that was submitted it is determined to be insufficient, after setting a reasonable time frame for receiving a reply (up to 60 days from the day on which the initial information was received) they may request the submission of additional information from the large-scale purchaser until the provision of such information required for evaluation is complete.

When it is determined by the Board of Directors of the Company that sufficient information required for the evaluation and consideration of the large-scale acquisition has been provided by the large-scale purchaser, it should issue such notice to the large-scale purchaser, and announce it publicly.

Furthermore, regardless of the fact that the submission of additional information required for evaluation has been requested by the Board of Directors of the Company, when part of such information is not provided by the large-scale purchaser, if a reasonable explanation is offered with regard to why such information has not been provided, in some cases negotiations with the large-scale purchaser regarding the submission of information may be terminated even if the information required for evaluation requested by the Board of Directors of the Company is not complete, and the evaluation and consideration process mentioned in (3) below that is carried out by the Board of Directors of the Company may be commenced.

In addition to submitting the information required for evaluation provided to the Board of Directors of the Company to the Independent Committee, when it is determined to be necessary for our shareholders in their decision-making process, at a time deemed appropriate by the Board of Directors of the Company, all or a part of such information will be announced.

(3) Evaluation and Consideration of the information required for evaluation by the Board of Directors of the Company

Depending on the degree of difficulty in evaluating, etc., the large-scale acquisition, after the submission of information required for evaluation to the Board of Directors of the Company by the large-scale purchaser has been completed, the Board of Directors of the Company shall establish a period for evaluation, consideration, negotiation and to form opinions and alternate proposals (hereinafter referred to as the "Board of Directors' evaluation period"), which is a maximum of 60 days in cases where all of the shares of the Company are acquired through a takeover bid using cash only (Japanese yen) for remuneration, and a maximum of 90 days in cases of any other large-scale acquisition.

During the Board of Directors' evaluation period, the Board of Directors of the Company shall, when necessary, with the advice of independent external specialists (financial advisers, certified accountants, attorneys, consultants and other specialists), thoroughly evaluate and consider the information required for evaluation submitted, based on the recommendations by the Independent Committee, form an opinion as a collective body and announce the outcome (however, excluding the case where it evaluates that it would breach the duty of care if it follows the recommendations). In some cases as required they may also conduct negotiations with the large-scale purchaser regarding improving the condition of the large-scale acquisition, or, as the Board of Directors of the Company, they may present alternate proposals to our shareholders.

5. Policy for Handling Large-Scale Acquisition

(1) Cases Where a Large-Scale Purchaser Has Not Adhered to the Large-Scale Acquisition Rules

In cases where a large-scale purchaser has not adhered to the large-scale acquisition rules, regardless of the specific acquisition method, the Board of Directors of the Company may, in some cases, as permitted by the Companies Act, other laws and the Articles of Incorporation of the Company, take countermeasures in order to protect the corporate value of the Company and the mutual benefit of shareholders, including the allotment of stock acquisition rights without contribution. When a large-scale purchaser is assessed to see if it has adhered to the large-scale acquisition rules or not, the circumstances of a large-scale purchaser shall be fully considered within a reasonable scope. At least, the Company shall not assess that a large-scale purchaser has not adhered to the large-scale acquisition rules only because part of the information required for evaluation was not submitted.

(2) Cases Where a Large-Scale Purchaser Has Adhered to the Large-Scale Acquisition Rules

When a large-scale purchaser adheres to the rules for a large-scale acquisition, even though it is against such large-scale acquisition, the Board of Directors of the Company shall, as a rule, not take countermeasures against such large-scale acquisition, but only give explanations to our shareholders, including expressing dissenting opinions regarding said acquisition proposal and presenting alternate proposals. Whether or not to accept the offer by the large-scale purchaser will be left to the discretion of you, the shareholders of the Company, to decide after considering said acquisition proposal, the opinions of the Company regarding such acquisition proposal, and alternate proposals.

However, even in cases where the large-scale acquisition rules were adhered to, when the Board of Directors of the Company has determined that such large-scale acquisition has clearly abusive purposes, the corporate value of the Company and the mutual benefit of shareholders will be greatly harmed in cases of such large-scale acquisition as described in (a) to (e) below where it is clearly foreseeable that damage to the Company that is difficult to reverse may occur as a consequence, the Board of Directors of the Company may take exceptional countermeasures stated in (1) above within the scope of what is necessary and reasonable to protect the corporate value of the Company and mutual benefits of our shareholders.

- (a) Although it has no intention to participate in the management of the Group companies of the Company, a buyer intends to acquire the shares of the Company and demand that a concerned party of the Company purchase such shares at a much higher price (so-called "greenmailing").
- (b) A buyer intends to acquire the shares of the Company for the purpose of so-called "scorched management", that is to gain temporary control of the management of the Group companies of the Company to transfer intellectual property rights, know-how, confidential information, major business partners and customers required with respect to the business of the Group companies of the Company to the buyer or its group company.
- (c) A buyer intends to acquire the shares of the Company and use the assets of the Group companies of the Company as surety for the obligations of the purchaser or its group companies, or as a source of funds to make the settlement after gaining the control of the management of the Group companies of the Company.
- (d) A buyer intends to acquire the shares of the Company and take temporary control of the management of the Group companies of the Company in order to dispose of high-value assets (such as real estate and securities) of the Company that are not directly related to the business of the Group companies of the Company at the time, and use such proceeds to produce temporarily high dividends, or to sell out shares after such a temporarily high dividend has caused a steep rise in the share price.
- (e) In cases where the Company assesses that a method to acquire the shares of the Company proposed by a large-scale purchaser will in reality force shareholders to sell shares and restrict the opportunities or freedom of the shareholders' decision, such as a so-called "high-handed, two-stage buyout" (meaning the execution of a takeover bid after soliciting a partial acquisition of shares while setting disadvantageous or unclear conditions for the second-stage acquisition).

(3) Resolutions of the Board of Directors and the Convocation of a General Meeting of Shareholders

In the cases described in (1) and (2) above, when a decision has to be made regarding whether or not to take countermeasures following the recommendations of the Independent Committee (however, excluding the case where it evaluates that it would breach the duty of care if it follows the recommendations), after giving adequate consideration to the necessity and appropriateness of the countermeasures, as an organization that is in charge of making decisions regarding whether or not to take countermeasures as determined under the Companies Act, the Board of Directors of the Company shall pass a resolution.

With regard to what kind of specific measures will be taken, the Board of Directors of the Company shall select the method that they deem to be the most appropriate at the time. In terms of specific countermeasures that can be taken by the Board of Directors of the Company, for example, although an outline of an allotment of stock acquisition rights without contribution is shown in Attachment 3 as a general rule, in reality, in cases where such action is taken, in some cases, other conditions such as a period will be added in light of their effectiveness as an countermeasure, including placing the restriction that one should not belong to a special shareholder group with over a certain ratio of voting rights to be able to execute the stock acquisition rights. However, there is no suggestion that money should be offered for the value of stock acquisition rights that are held by a large-scale purchaser.

Furthermore, in cases where the Independent Committee has recommended that countermeasures should be taken, and a request has been made to hold a General Meeting of Shareholders to obtain the resolution, the Board of Directors of the Company shall set a period with a maximum of 60 days as a period during which shareholders can give adequate consideration to whether or not to take countermeasures under the Plan (hereinafter, referred to as the "consideration period for shareholders"), and during the consideration period for shareholders, in some cases a General Meeting of Shareholders may be held.

When the Board of Directors of the Company has passed a resolution regarding the convocation of a General Meeting of Shareholders and the relevant date, the Board of Directors' evaluation period will end on such date and the consideration period for shareholders will commence.

Prior to holding said General Meeting of Shareholders, the Board of Directors of the Company will prepare a document containing the necessary information provided by the large-scale purchaser, the opinions of the Board of Directors of the Company concerning such necessary information, alternate proposals presented by the Board of Directors of the Company, and other matters deemed appropriate by the Board of Directors of the Company, and send it to our shareholders together with the convocation notice for the General Meeting of Shareholders, while disclosing such matters in a timely and appropriate manner.

When a resolution is passed at a General Meeting of Shareholders regarding whether or not to execute countermeasures, the Board of Directors of the Company shall comply with such resolution. Therefore, if the execution of countermeasures is voted down in the General Meeting of Shareholders, the Board of Directors of the Company will not take countermeasures. Moreover, the consideration period for shareholders will be terminated on the conclusion of such General Meeting of Shareholders and the results of such General Meeting of Shareholders shall be disclosed as required in a timely and appropriate manner after the passing of the resolution.

(4) Standby Period for a Large-Scale Acquisition

The standby period prior to the execution of a large-scale acquisition shall be, in cases where the consideration period for shareholders is not given, the period up until the end of the Board of Directors' evaluation period,

while it shall be the combined period of the Board of Directors' evaluation period and the consideration period for shareholders in cases where such period for shareholders is given.

Therefore, a large-scale acquisition can only be commenced after the standby period for the large-scale acquisition has passed.

(5) Suspension, etc., of Countermeasures

After it has been decided in the meeting of the Board of Directors of the Company, or the General Meeting of Shareholders, that specific countermeasures should be executed in accordance with (3) above, in cases such as when the large-scale purchaser in question has cancelled or changed the acquisition, or the Board of Directors of the Company has decided that it is inappropriate to take countermeasures, in some cases, following the comments or recommendations of the Independent Committee (however, excluding the case where it evaluates that it would breach the duty of care if it follows the recommendations), the execution of countermeasures may be suspended.

For example, in cases where an allotment of stock acquisition rights without contribution has been scheduled, or even after it has been executed after a resolution regarding such allotment was passed at a meeting of the Board of Directors of the Company, when the Board of Directors of the Company has determined that it is not appropriate to execute the countermeasures due to cancellation or changes in the large-scale acquisition, following the recommendations of the Independent Committee (however, excluding the case where it evaluates that it would breach the duty of care if it follows the recommendations), the Board of Directors may cancel said allotment up to the day one day prior to the effective date of such allotted acquisition rights, and after the allotment of such rights, the Board of Directors may suspend the countermeasure by way of stock acquisition by the Company without contribution prior to the execution of the rights.

When such suspension is carried out, the decision regarding such will be disclosed as required in a timely and appropriate manner in accordance with the matters that are considered as necessary by the Independent Committee, laws, ordinances and the regulations of the stock exchange where the stock of the Company is listed.

6. Impact on Our Shareholders and Investors

will also contribute to your benefit.

(1) Impact of the Large-Scale Acquisition Rules on Our Shareholders and Investors The purpose of the large-scale acquisition rules is to provide the necessary information to enable shareholders to make decisions regarding whether or not to accept a large-scale acquisition and to present the opinions of the Board of Directors of the Company, which is actually in charge of managing the Company, and to secure an opportunity for our shareholders to be able to be presented with alternate proposals. We believe that this will enable our shareholders, on the basis of adequate information, to make the right decisions regarding whether or not to accept such offers, which will lead to the protection of the corporate value of the Company and the mutual benefit of shareholders. Therefore, the setting of the large-scale acquisition rules is a prerequisite for making appropriate decisions for shareholders, and we believe it

However, as stated in 5. above, since there is a difference in terms of the way in which the Company handles a large-scale acquisition, depending on whether or not the large-scale purchaser adheres to the large-scale acquisition rules, etc., we would like to advise our shareholders to please pay close attention to the movements of large-scale purchasers.

(2) Impact of the Execution of Countermeasures on Our Shareholders and Investors In cases where a large-scale purchaser did not adhere to the large-scale acquisition rules, or even in cases where the large-scale acquisition rules were adhered to, when the Board of Directors of the Company has determined that the corporate value of the Company and the mutual benefit of shareholders will be greatly harmed by such large-scale acquisition, and it is foreseeable that damage that is difficult to reverse may occur, the Board of Directors of the Company may take exceptional countermeasures, as permitted by the Companies Act, other laws and the Articles of Incorporation of the Company, within the scope of what is necessary and reasonable to protect the corporate value of the Company and mutual benefits of our shareholders. Due to the mechanism of these countermeasures, we do not envisage a situation where our shareholders (excluding the large-scale purchaser who does not adhere to the large-scale acquisition rules or the purchaser who will harm the benefit of all shareholders of the Company causing the damage that is difficult to reverse) will incur substantial losses in terms of legal rights or financial aspects. In cases where the Board of Directors of the Company has decided to take specific countermeasures, such decisions will be disclosed as required in a timely and appropriate manner in accordance with the regulations of the stock exchange where the stock of the Company is listed.

For example, in cases where the allotment of stock acquisition rights without contribution is to be executed as

part of countermeasures, our shareholders who are listed on the Shareholder Register as of the date of such allotment will receive stock acquisition rights. Our shareholders will be allotted stock acquisition rights without them needing to make a request, and when the Company carries out the allotment procedure, the shares of the Company will be issued in exchange for the stock acquisition rights without payment of an amount equivalent to the exercise price, meaning that our shareholders will not need to carry out procedures, such as application requests or payment in association with said stock acquisition rights. However, in such cases, the Company may request the shareholders who will be allotted stock acquisition rights to submit a covenant to state that they are not a large-scale buyer in the form that is designated by the Company.

Even on the date of the allotment of stock acquisition rights or after the effective date of such allotment, due to a situation such as the cancellation of the large-scale purchase by a large-scale purchaser, the Company may cancel the allotment of stock acquisition rights up to the day one day prior to the effective date of such allotted acquisition right, or obtain stock acquisition rights without contribution without issuing the shares of the Company in exchange for the stock acquisition rights. In this case, for shareholders who have carried out sales, etc., with expectation for diluting the value per share of the shares of the Company, due to fluctuations in the share price, there is a possibility that losses which are commensurate with the degree of the fluctuations may be incurred by those shareholders.

7. Commencement, Duration and Cancellation of the Plan

On condition that it is approved by our shareholders in the General Meeting of Shareholders, the Plan shall come into effect on the same day and the effective term shall be until the end of the Annual General Meeting of Shareholders which is scheduled to be held in June 2022. However, even after the continuation of the Plan was approved in the General Meeting of Shareholders and it has come into effect, (1) if a resolution is passed in a General Meeting of Shareholders of the Company regarding the cancellation of the Plan, or (2) such resolution is passed by the Board of Directors of the Company, when such resolutions are passed, the Plan shall be cancelled.

Even during the effective term of the Plan, the Board of Directors of the Company may review the Plan from the prospect of the improvement in the corporate value and the mutual interest of shareholders at any time and make a revision to the Plan upon the approval at the General Meeting of Shareholders of the Company. In cases where the Board of Directors makes a decision on the Plan including its continuation, revision and cancellation, it shall immediately disclose the content.

Furthermore, even during the effective term of the Plan, when the need arises to make adjustments to the clauses determined in the Plan, including making corrections to the wording for reasons such as typographical errors and omissions, due to the establishment of new rules or the revision or repeal of related laws and ordinances, or the regulations of the stock exchange, the Board of Directors may correct or change the Plan after obtaining the approval of the Independent Committee as required as long as such modification does not cause a disadvantage to our shareholders.

IV. Rationality of the Plan (the Fact that the Plan Complies with our Basic Policies and Supports the Corporate Value of the Company and the Mutual Benefit of Shareholders, but is not Intended to Maintain the Position of the Board Members of the Company)

1. Satisfy the Requirements of Policies regarding Takeover Defense Measures

The Plan satisfies the three rules determined in Guidelines regarding Takeover Defense Measures for Securing and Improving the Corporate Value and Mutual Benefit of Shareholders, which were announced by the Ministry of Economy, Trade and Industry and Ministry of Justice on May 27, 2005 (the principle of protecting and enhancing corporate value and the mutual interests of shareholders; the principle of prior disclosure and respect for the intent of shareholders; and the principle of confirming necessity and legitimacy).

It also takes into consideration the content of a report presented by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008, titled, "Ideal Takeover Defense Measures in Light of Various Recent Environmental Changes" and "Principle 1-5. So-called Takeover Defense Measures" in the "Corporate Governance Code," which was announced by the Tokyo Stock Exchange on June 1, 2015 and revised on June 1, 2018.

2. Continue with the Aim of Securing and Improving the Mutual Benefit of Shareholders

As stated in III. 1. Purpose of Continuing the Plan above, the Plan intends to provide the time and necessary

information for our shareholders to consider whether or not to accept a large-scale acquisition of the shares of the Company when such an attempt is made, or for the Board of Directors to present alternate proposals or negotiate with buyers on behalf of our shareholders in order to secure and improve the corporate value of the Company and the mutual benefit of shareholders.

3. Reflect the Intent of Shareholders

The Plan shall come into effect on the condition that it is approved at the General Meeting of Shareholders. The intent of our shareholder regarding the Plan is confirmed at the General Meeting of Shareholders. Therefore, the succession of the Plan reflects the intent of our shareholders.

Even after the continuation of the Plan before the maturity of the effective period, if a resolution is passed in a General Meeting of Shareholders regarding the cancellation of the Plan, the Plan will be cancelled when such resolution is passed, reflecting the intent of our shareholders.

4. Respect for the Evaluation of Highly Independent External Entities

As stated in III. 5. Policy for Handling Large-Scale Acquisition above, under the Plan, the decision to execute countermeasures should be made after consulting with the Independent Committee that consists of members who are independent of the management that executes the business of the Company and following the recommendations of the Committee(however, except the case where it evaluates that it would breach the duty of care if it follows the recommendations). The procedure is ensured for the transparent operation of the Plan to support the corporate value of the Company and thus the mutual benefit of shareholders.

5. No Dead-Hand or Slow-Hand Takeover Defense Measures

The Plan can be cancelled by the Board of Directors, which consists of directors who were appointed solely at the General Meeting of Shareholders of the Company. Therefore, this Plan is not a "dead-hand" measure (in which the execution of takeover defense measures cannot be cancelled even when the majority of board members are replaced).

And since the Company does not adopt staggered terms, neither is the Plan a "slow-hand" measure (in which it is impossible to change board members all at once and it takes a long time to stop the execution of countermeasures).

Outline of the Rules for the Independent Committee

- The Independent Committee shall be established by means of a resolution of the Board of Directors.
- The Independent Committee shall be comprised of three (3) or more people appointed by the Board of Directors of the Company from among external directors or external experts who are independent of the management that executes the business of the Company to enable them to make a fair and neutral judgement. External specialists shall be experienced corporate managers, persons familiar with investment banking, attorneys, certified accountants, persons with academic experience mainly studying the Companies Act, etc., or similar entities.
- As a general rule, the Independent Committee shall give recommendations to the Board of Directors of
 the Company together with an attached explanation regarding the reasons and basis for such decision in
 response to an inquiry from the Board of Directors of the Company. Each member of the Independent
 Committee shall make recommendations from the perspective of whether or not the decision in question
 will contribute to the corporate value of the Company and the mutual benefit of shareholders.
- The Independent Committee may obtain the advice of independent external specialists (financial advisers, certified accountants, attorneys, consultants and other specialists) at the cost of the Company as required.
- A resolution of the Independent Committee shall be passed by means of a majority vote of the committee members.

The profile of candidates for members of the Independent Committee

Shuji Iwamura		
Profile	April 1976	Appointed as public prosecutor
	June 2010	Superintending Prosecutor, Sendai High Public Prosecutors Office
	August 2011	Superintending Prosecutor, Nagoya High Public Prosecutors Office
	July 2012	Resigned from office
	October 2012	Registered as Attorney-at-Law
		Advisor of Nagashima Ohno & Tsunematsu (present position)
	June 2013	Outside Audit and Supervisory Board Member of the Company
	March 2015	(present position) Outside Auditor of CANON ELECTRONICS INC. (present position)
	June 2015	Outside Corporate Auditor of Hokkaido Bank, Ltd. (present position)
	October 2017	Governor and Auditor of the Board of Governors of Government
	June 2018	Pension Investment Fund (present position) Outside Director of Hayashikane Sangyo Co., Ltd. (present position)
Hidemi Hiroi		
Profile	April 1979	Joined the Industrial Bank of Japan, Limited
	April 2007	Executive Officer, General Manager of Group Strategy of Mizuho Financial Group, Inc.
	April 2009	Corporate Auditor of Mizuho Corporate Bank, Ltd.
	June 2012	Director, President of Mizuho Human Service Co., Ltd.
	June 2013	Corporate Auditor of IBJ Leasing Company, Limited
	June 2015	Director, President of IBJL-TOSHIBA Leasing Company, Limited
	April 2017	Advisor of IBJL-TOSHIBA Leasing Company, Limited
	June 2017	Audit and Supervisory Board Member of the Company (present
	oune 2017	position)
Koji Tanabe		
Profile	April 1975	Joined the Ministry of International Trade and Industry (currently
	July 2002	the Ministry of Economy, Trade and Industry) Director-General of Research and Statistics Department of the
	July 2002	Ministry of Economy, Trade and Industry
	April 2005	Professor of Graduate School of Innovation Management of Tokyo Institute of Technology
	February 2012	Director of the Japan Asia Group Limited (present position)
	April 2017	Professor Emeritus of Tokyo Institute of Technology
	•	Specially-Appointed Professor of School of Environment and
		Society of Tokyo Institute of Technology (present position)
		Corporate Auditor of Shimazaki Denki Corporation (present position)

There is no special interest between any of candidates and the company.

The Company appointed Shuji Iwamura as an independent officer, and registered him as such with the Tokyo Stock Exchange per the regulations of the Exchange. If Mr. Iwamura is re-elected at the General Meeting of Shareholders, the Company will again register him as an independent officer. If Hidemi Hiroi and Koji Tanabe are elected at the General Meeting of Shareholders, the Company will register them as new independent officers.

Outline of Allotment of Stock Acquisition Rights Without Contribution

 Shareholders Eligible for an Allotment of Stock Acquisition Rights without Contribution and Allotment Method

Shareholders that are recorded in the final Shareholder Register on the allotment date determined by the Board of Directors of the Company shall be allotted stock acquisition rights without new contribution at a ratio of one (1) stock acquisition right for one (1) share of common stock of the Company held (excluding common stock held by the Company).

- 2. Type and Number of Shares to Be Acquired upon Execution of Stock Acquisition Rights
 The type of shares to be acquired upon the execution of stock acquisition rights shall be common stock
 of the Company, and the number of shares to be acquired upon exercise of each of the stock
 acquisition rights shall be determined elsewhere by the Board of Directors of the Company. However,
 in cases where a stock split or a reverse stock split is carried out by the Company, the required
 adjustment shall be carried out.
- 4. Value of Property to be Invested upon Exercise of Stock Acquisition Rights and the Price

 The property to be invested upon exercise of each stock acquisition right shall be money, and an
 amount of one (1) yen or more as determined by the Board of Directors of the Company. When the
 Board of Directors of the Company determines to obtain stock acquisition rights, the Company may
 grant new shares to shareholders for the value of stock acquisition rights of the Company without
 paying the amount equivalent to the exercise price.
- 5. Restrictions on the Transfer of Stock Acquisition Rights
 Acquisition of stock acquisition rights by means of transfer of such rights requires the approval of the Board of Directors of the Company.
- 6. Conditions for the Execution of Stock Acquisition Rights

 Conditions applying to the execution of stock acquisition rights include that the eligible person should not belong to a special shareholder group that has 20% or more of voting rights (however, this shall exclude persons that have already obtained the prior approval of the Board of Directors of the Company).
- 7. Stock Acquisition Rights Execution Period

The first day on which stock acquisition rights can be executed, execution period, conditions for an acquisition and other necessary matters shall be determined by the Board of Directors of the Company elsewhere. With regard to conditions for acquisition, the Company may set rules, such that the Company may acquire stock acquisition rights held by persons other than those whose exercise of the stock acquisition rights is not approved based on the conditions described in 6. above, and issue shares of common stock of the Company at a ratio of a number determined by the Board of Directors of the Company elsewhere for one (1) unit of stock acquisition rights. However, there is no suggestion that cash will be issued for the value of stock acquisition rights held by persons whose exercise of stock acquisition rights is not approved.