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(Securities code 6324)  
June 9, 2020

**To Shareholders with Voting Rights:**

Mitsumasa Ito  
Chairperson and Representative Director  
Harmonic Drive Systems Inc.  
6-25-3 Minami-Oi, Shinagawa-ku, Tokyo, Japan

**CONVOCATION NOTICE OF  
THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR FISCAL 2019**

Dear Shareholders:

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

We hereby notify you of the Ordinary General Meeting of Shareholders for fiscal 2019 of Harmonic Drive Systems Inc. (the “Company”). The meeting will be held for the purposes as described below.

In addition to attending the meeting in person, you can exercise your voting rights in writing or via the Internet, so **please consider exercising your voting rights in advance as much as possible to prevent the spread of novel coronavirus (COVID-19)**. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:30 p.m. (the close of the Company’s business hours) on Tuesday, June 23, 2020, Japan Time.

[Exercising Voting Rights by Mail]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the above deadline for exercise.

[Exercising Voting Rights by Electromagnetic Means (the Internet)]

Please check the “Guide to Exercising Voting Rights by Electromagnetic Means (the Internet)” on page 3, and exercise your voting rights by the above deadline for exercise.

- 1. Date and Time:** Wednesday, June 24, 2020 at 10:00 a.m. Japan time  
(Reception opens at 9:00 a.m.)
- 2. Venue:** Prince Room, B1, Grand Prince Hotel Takanawa located at  
3-13-1 Takanawa, Minato-ku, Tokyo, Japan  
(Please refer to the attached “Guide to the Location of the General Meeting of Shareholders” in Japanese)

**From the standpoint of preventing the spread of COVID-19, the corporate briefing for shareholders, which is usually held after the conclusion of the General Meeting of Shareholders each year, shall be cancelled. Also, please note that we will not be giving out souvenirs, etc. or providing drinks to shareholders. We appreciate your understanding. There are important matters to be noted in the holding of the General Meeting of Shareholders in light of the effects of COVID-19, and they have been published on the Company’s website.**

### 3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for Fiscal 2019 (April 1, 2019 - March 31, 2020) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
  2. Non-consolidated Financial Statements for Fiscal 2019 (April 1, 2019 - March 31, 2020)

**Proposals to be resolved:**

- Proposal 1:** Distribution of Surplus  
**Proposal 2:** Election of nine (9) Directors  
**Proposal 3:** Election of four (4) Corporate Auditors  
**Proposal 4:** Revision of Remuneration Amount for Corporate Auditors  
**Proposal 5:** Granting of Retirement Benefits to Retiring Directors and Retiring Corporate Auditors

### 4. Matters Determined in Regard to the Convocation:

Treatment of duplicate exercise of voting rights

- (1) If voting rights are exercised by a shareholder multiple times both in writing and via the Internet, the vote exercised via the Internet shall be considered as valid.
- (2) If voting rights are exercised by a shareholder multiple times via the Internet, the final vote exercised shall be considered as valid.

End

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- 1) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - 2) If exercising voting rights by proxy, please submit a proxy statement or other written document proving the authority to represent at the reception desk, together with the Voting Rights Exercise Form of the proxy. (In regard to the qualifications for a proxy, proxies shall be limited to one (1) other shareholder with voting rights at this General Meeting of Shareholders, in accordance with the provisions of the Articles of Incorporation.)
  - 3) In the event of revisions to the Reference Documents for the General Meeting of Shareholders and the Appendix, they shall be posted on the Company's website (<https://www.hds.co.jp/>).
  - 4) Of the documents to be provided with this Notice, the Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are posted on the Company's website described above in accordance with the provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation and therefore are not provided in this Notice. Furthermore, the Consolidated Financial Statements and Non-consolidated Financial Statements provided in the Appendix of this Notice are parts of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Accounting Auditor and Corporate Auditors when preparing the Accounting Audit Report and the Audit Report.

## **Guide to Exercising Voting Rights**

Shareholders' voting rights are an important right of shareholders. Please review the "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights.

Voting rights may be exercised with the three methods below.

### **Attending the General Meeting of Shareholders**

Please submit the enclosed Voting Rights Exercise Form at the reception desk. In addition, please bring this Notice.

#### **Date and time of the General Meeting of Shareholders**

**10:00 a.m. on Wednesday, June 24, 2020 (Japan time)**

### **By Mail**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the deadline for exercise.

#### **Deadline for exercise**

**5:30 p.m. on Tuesday, June 23, 2020 (Japan time)**

### **Via the Internet**

Please access the designated Voting Rights Exercise Website (<https://soukai.mizuho-tb.co.jp/>), and indicate your vote for or against the proposals by the deadline for exercise.

#### **Deadline for exercise**

**5:30 p.m. on Tuesday, June 23, 2020 (Japan time)**

## **Guide to Exercising Voting Rights by Electromagnetic Means (the Internet)**

### **1. Via "Smart Exercise"**

- (1) Please read the QR code printed on the lower right of the enclosed Voting Rights Exercise Form using your smartphone to access "Smart Exercise," then follow the instructions on the screen to input your vote. (You do not need to enter an ID/Password.)
- (2) **You may only exercise your voting rights once via "Smart Exercise."**

### **2. Via ID and Password**

- (1) Please access the "Voting Rights Exercise Website" (URL below), log in to the system using the Voting Rights Exercise Code and Password printed on the enclosed Voting Rights Exercise Form, and follow the instructions on the screen to input your vote. In order to maintain security, users will be prompted to change the Password when logging in to the system for the first time.

<https://soukai.mizuho-tb.co.jp/>

- (2) The Password (including the Password you changed) is valid only for this General Meeting of Shareholders. A new Password will be issued at the time of the next general meeting of shareholders.
- (3) The Password is the method to identify the voting person. The Company will never ask shareholders to provide their Passwords.
- (4) The Password will be locked and suspended when entered incorrectly more than a certain number of times. Please follow the instruction on the screen when the Password is locked.

#### **Notes:**

- (1) You will need to exercise your voting rights by completing the process by 5:30 p.m., on Tuesday, June 23, 2020 (Japan time). Your early exercise is recommended.
- (2) To change your vote after exercising your voting rights via "Smart Exercise," please follow the exercise instructions in 2. above to change your vote.
- (3) If you exercise your voting rights both by the Voting Rights Exercise Form by mail and via the Internet, the exercise through the Internet shall be deemed effective. If you exercise your voting rights multiple times via the Internet, the last

vote shall be deemed effective.

- (4) Fees for connecting to the Internet would be shareholders' own expense.
- (5) Although the Voting Rights Exercise Website has been tested of operation with general Internet connecting devices, the system may not be available depending on the device you use and its condition.

### **3. Inquiries**

If you have any questions, please contact the **Stock Transfer Agency Department at Mizuho Trust & Banking**, the shareholder register administrator.

[For inquiries concerning how to use “Smart Exercise” and the “Voting Rights Exercise Website,” etc.]

Toll free in Japan: **0120-768-524 (9:00 a.m. – 9:00 p.m. weekdays, Japan time)**

Note: “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

### **The Electronic Voting Platform for Foreign and Institutional Investors**

Other than the method described above, institutional investors may use the Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc., subject to prior application for the use of the platform.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Distribution of Surplus

In regard to the distribution of surplus, taking into consideration the return of profits to shareholders, strengthening the business operation, and future business development, the Company proposes to pay a year-end dividend from surplus for the fiscal year under review as follows.

#### Items Related to the Year-end Dividend

- (1) Type of dividend property  
Cash
- (2) Items related to the allocation of dividend property and its total amount  
10 yen per share of common stock at a total of 962,631,750 yen  
Furthermore, as the Company paid an interim dividend of 10 yen per share on December 9, 2019, the annual dividend will be 20 yen per share.
- (3) Date the distribution of surplus comes into effect  
June 25, 2020

## Proposal 2: Election of nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this General Meeting of Shareholders, and therefore the Company proposes the election of nine (9) Directors.

The candidates for Directors are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at Board of Directors meetings	Attributes
1	Mitsumasa Ito	Chairperson and Representative Director	(100%) 17 / 17	Reappointment Executive
2	Akira Nagai	President and Representative Director, Executive President In charge of Quality	(100%) 17 / 17	Reappointment Executive
3	Akira Maruyama	Director and Executive Officer General Manager of Corporate Planning Division	(100%) 17 / 17	Reappointment Executive
4	Yoshinori Ito	Director and Executive Officer General Manager of Administration and Human Resource Division General Manager of Production Planning Division	(100%) 17 / 17	Reappointment Executive
5	Kazutoshi Kamijoh	Executive Officer General Manager of Finance Accounting, Finance and Tax Division	-	New appointment Executive
6	Haruhiko Yoshida	Outside Director	(100%) 17 / 17	Reappointment Outside Independent
7	Shinji Sakai	Outside Director	(100%) 17 / 17	Reappointment Outside Independent
8	Masanobu Nakamura	Outside Director	(100%) 17 / 17	Reappointment Outside Independent
9	Yoshio Fukuda	Outside Corporate Auditor	(100%) 17 / 17	New appointment Outside Independent

Reappointment Candidate for reappointment as Director

New appointment Candidate for new appointment as Director

Outside Candidate for Outside Director

Executive Candidate for Executive Director

Independent Independent Director registered at the Tokyo Stock Exchange

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Mitsumasa Ito (January 2, 1939)</p> <p><u>Reappointment</u></p> <p><u>Executive</u></p>	<p>May 1976 Representative Director, Harmonic Drive System GmbH</p> <p>Aug 1979 Director, the Company</p> <p>Jun 1991 Managing Director and General Manager of Corporate Planning Office, the Company</p> <p>Apr 1992 Managing Director and General Manager of General Affairs Division, the Company</p> <p>Jul 1994 President and Representative Director, the Company</p> <p>Jun 2003 Chairperson and Representative Director, the Company</p> <p>Jun 2005 Chairperson and Representative Director and Chief Executive Officer, the Company</p> <p>Jun 2007 Chairperson and Representative Director and Executive Chairperson and Chief Executive Officer, the Company</p> <p>Apr 2009 President, Research Institute for Ocean chemistry Foundation</p> <p>Jun 2010 Chairperson and Representative Director and Executive Chairperson and CEO, the Company</p> <p>Jun 2011 Chairperson and Representative Director (incumbent) , the Company</p> <p>Apr 2012 Councilor, Research Institute for Ocean chemistry Foundation (General)</p> <p>Jul 2016 Chairperson, Harmonic Ito Foundation (General)</p> <p>Sep 2016 Councilor, Research Institute for Ocean chemistry Foundation (Public Interest) (incumbent)</p> <p>Mar 2017 Deputy Chairman of the Supervisory Board, Harmonic Drive AG</p> <p>Mar 2018 Chairperson, Harmonic Ito Foundation (Public Interest) (incumbent)</p> <p>Jun 2019 Director, KODEN Holdings Co., Ltd. (incumbent)</p> <p>Jan 2020 Member of Supervisory Board, Harmonic Drive SE (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Member of Supervisory Board, Harmonic Drive SE</p> <p>Chairperson, Harmonic Ito Foundation (Public Interest)</p> <p>Director, KODEN Holdings Co., Ltd.</p> <p>(Reason for nomination as candidate)</p> <p>Mr. Mitsumasa Ito has served as President and Representative Director, and Chairperson over many years, and has achieved considerable results, from formulating and promoting Group management policies and strategies, to developing and expanding the business foundation, and cultivating a corporate culture. In addition, he possesses business experience in Europe covering more than 20 years, and has led the internationalization of the Group. Based on the above, the Company has judged that he is an essential person to cultivate Group corporate culture and sustainably enhance corporate value, and therefore proposes his continued election as Director.</p>	1,067,800

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Akira Nagai (March 26, 1948)</p> <p><u>Reappointment</u></p> <p><u>Executive</u></p>	<p>Apr 1972      Joined Mitsui &amp; Co., Ltd.</p> <p>Apr 2002      Joined the Company</p> <p>Apr 2002      General Manager of Overseas Division, the Company</p> <p>Jun 2002      Chairperson and Director, HD Systems, Inc.</p> <p>Jun 2003      Executive Officer (Marketing and Sales), General Manager of Overseas Division, General Manager of Corporate Planning and IT Office, the Company</p> <p>Dec 2005      President and CEO, HD Systems, Inc. (incumbent)</p> <p>Jun 2007      Managing Executive Officer (Corporate Planning and IT), the Company</p> <p>Apr 2009      Managing Executive Officer (Corporate Planning and Finance) , the Company</p> <p>Jan 2011      Corporate Auditor, Harmonic Drive Systems (Shanghai) Co., Ltd.</p> <p>Jun 2013      President and Representative Director, Executive President, the Company</p> <p>May 2015      Director, Harmonic AD, Inc. (incumbent)</p> <p>Jun 2016      President and Representative Director, Chief Executive Officer, In charge of Marketing and Sales, the Company</p> <p>Dec 2016      Manager, GK HD Management (incumbent)</p> <p>Mar 2017      Chairman of the Supervisory Board, Harmonic Drive AG</p> <p>Jun 2017      President and Representative Director, Executive President, In charge of Marketing and Sales and Quality, the Company</p> <p>Jun 2019      President and Representative Director, Executive President, In charge of Quality, the Company (incumbent)</p> <p>Jan 2020      Deputy Chairman of the Supervisory Board, Harmonic Drive SE (incumbent)</p> <p>(Significant concurrent positions)</p> <p>President and CEO, HD Systems, Inc.</p> <p>Director, Harmonic AD, Inc.</p> <p>Manager, GK HD Management</p> <p>Deputy Chairman of the Supervisory Board, Harmonic Drive SE</p> <p>(Reason for nomination as candidate)</p> <p>Mr. Akira Nagai has served as President and Representative Director since June 2013, and has demonstrated his capabilities in strengthening the management foundation, enhancing corporate value, and other areas. In addition, he has utilized his abundant experience overseas to build good relationships with customers and partners around the world, and has appropriately directed and supervised Group companies developing business in the U.S., Germany, China, and South Korea. Based on the above, the Company has judged that he is an essential person to sustainably enhance Group corporate value, and therefore proposes his continued election as Director.</p>	39,963



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Akira Maruyama (January 8, 1962)  <u>Reappointment</u>  <u>Executive</u>	<p>Apr 1985      Joined the Company</p> <p>Apr 2007      General Manager of Marketing and Sales Division, the Company</p> <p>Apr 2009      General Manager of Marketing and Sales Division and General Manager of Sales Planning Department, the Company</p> <p>Sep 2009      General Manager of Engineering Department, Precision Equipment Division, the Company</p> <p>Sep 2012      General Manager of Engineering Division, the Company</p> <p>Jun 2014      Executive Officer (Engineering) , the Company</p> <p>May 2015      Director, HD Logistics, Inc.</p> <p>Jun 2016      Director and Executive Officer (Development Engineering), the Company</p> <p>Jun 2018      Director and Executive Officer (Corporate Planning and IT), the Company</p> <p>Jun 2019      Corporate Auditor, Winbel Co., Ltd. (incumbent)</p> <p>Jun 2019      Director and Executive Officer, General Manager of Corporate Planning Division, the Company (incumbent)</p> <p>(Significant concurrent positions) Corporate Auditor, Winbel Co., Ltd.</p> <p>(Reason for nomination as candidate) Mr. Akira Maruyama has participated in the development of speed reducers over many years, and possesses broad and deep insight in HarmonicDrive® in particular. In addition, he has utilized his insight and demonstrated his abilities as manager not only of the development division but also the sales and technology divisions, and is currently making a significant contribution to the development of the Group as manager of the corporate planning and IT divisions and fulfilling his responsibilities as a Director. Based on the above, the Company has judged that he is an essential person to sustainably enhance Group corporate value, which centers on technology and technical skill, and therefore proposes his continued election as Director.</p>	1,300

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Yoshinori Ito (February 25, 1953)  <u>Reappointment</u>  <u>Executive</u>	<p>Feb 1988      Joined the Company</p> <p>Dec 1989      Manager of Application Product Development, Development Division, the Company</p> <p>Sep 1993      General Manager of Production Department, Mechatronics Division</p> <p>Dec 2010      Quality Manager, the Company</p> <p>May 2012      Director, Harmonic Precision Inc.</p> <p>Jun 2012      Executive Officer and Quality Manager, the Company</p> <p>May 2013      Executive Officer, Quality Manager, General Manager of Quality &amp; Shipment Assurance Department, the Company</p> <p>May 2013      Director, HD Logistics, Inc.</p> <p>Apr 2014      Executive Officer, Quality Manager, Environmental Manager, the Company</p> <p>Jun 2014      Executive Officer (Quality), the Company</p> <p>Sep 2014      Director, Harmonic AD, Inc.</p> <p>Jun 2017      Corporate Auditor, HD Logistics, Inc.</p> <p>Jun 2017      Corporate Auditor, Winbel Co., Ltd.</p> <p>Jun 2017      Executive Officer (Administration and Human Resource), the Company</p> <p>Jun 2018      Director and Executive Officer (Administration and Human Resource, and Factory Management), the Company</p> <p>Jun 2019      Director and Executive Officer, General Manager of Administration and Human Resource Division, and General Manager of Production Planning Division, the Company (incumbent)</p> <p>(Reason for nomination as candidate)</p> <p>Mr. Yoshinori Ito has been engaged in production, development, and quality assurance over many years, and possesses abundant experience and deep insight in the Company's businesses advocating total motion control. In addition, currently as the manager in charge of Administration and Human Resource, he is promoting the development and strengthening of the Group's management foundation and fulfilling his responsibilities as a Director. Based on the above, the Company has judged that he is an essential person to enhance Group corporate value, and therefore proposes his continued election as Director.</p>	3,251

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Kazutoshi Kamijoh (June 9, 1968)  New appointment  Executive	<p>Apr 1992      Joined the Company</p> <p>Jul 2003      Corporate Planning Manager of Corporate Planning and IT Office, and Administrative Manager, the Company</p> <p>Jul 2007      General Manager of Corporate Planning Department, Corporate Planning and IT Office, and General Manager of Administration Department, the Company</p> <p>May 2012      Corporate Auditor, Ome Iron Casting Co., Ltd. (incumbent)</p> <p>May 2013      Corporate Auditor, Harmonic Drive Systems (Shanghai) Co., Ltd.</p> <p>Jul 2014      Executive Officer, In charge of Corporate Planning and Finance, the Company</p> <p>Jun 2016      Executive Officer, In charge of Corporate Planning, Finance and Accounting, the Company</p> <p>Mar 2017      Manager, GK HD Management (incumbent)</p> <p>Jun 2019      Executive Officer, General Manager of Finance Accounting, Finance and Tax Division (incumbent)</p> <p>(Significant concurrent positions) Corporate Auditor, Ome Iron Casting Co., Ltd. Manager, GK HD Management</p> <p>(Reason for nomination as candidate) Mr. Kazutoshi Kamijoh has been engaged in corporate planning, finance, investor relations, information disclosure and other responsibilities over many years, and possesses abundant experience, deep insight, and a high level of expertise in finance and accounting, which he has cultivated through formulating corporate plans and capital policies, building relationships with investors, implementing corporate actions, and others. Currently, as the manager in charge of accounting, finance, and tax affairs of the Company, he is demonstrating strong leadership in order to further strengthen the financial base of the Group while also being actively involved in IR activities, contributing to the enhancement of the Group's value. Based on the above, the Company has judged that he is an essential person to enhance Group corporate value, and therefore newly proposes his election as Director.</p>	5,850

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Haruhiko Yoshida (September 2, 1943)  <div>Reappointment</div>  <div>Outside</div>  <div>Independent</div>	Apr 1966      Joined Mitsui & Co., Ltd. Feb 1996      Senior Executive Vice President, Mitsui & Co. (U.S.A.), Inc. Apr 1998      General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Jun 1998      Director and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Jun 2001      Representative Director, Executive Managing Director, and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Apr 2002      Executive Managing Officer and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Jul 2002      Executive Managing Officer and Assistant to President of Machinery and Information Group, Mitsui & Co., Ltd. Jun 2003      Outside Director, Nagano Keiki Co., Ltd. Jun 2003      Outside Director, the Company (incumbent) Jun 2006      Corporate Auditor, Hakudo Co., Ltd. Jun 2007      Outside Director, Hakudo Co., Ltd.  (Reason for nomination as candidate for Outside Director) Mr. Haruhiko Yoshida has served in prominent positions at Mitsui & Co., Ltd., and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and the Company therefore proposes his continued election as Outside Director. In addition, as Mr. Haruhiko Yoshida possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened. Mr. Haruhiko Yoshida was appointed Outside Director of the Company in June 2003, and his term of office will be 17 years as of the conclusion of this General Meeting of Shareholders.	17,866

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Shinji Sakai (May 12, 1937) <div>Reappointment</div> <div>Outside</div> <div>Independent</div>	<p>Mar 1961      Joined Toyota Motor Sales Co., Ltd. (present Toyota Motor Corporation)</p> <p>Sep 1988      Director, Toyota Motor Sales Co., Ltd. (present Toyota Motor Corporation)</p> <p>May 1992      President and CEO, Toyota Motor Sales, U.S.A., Inc.</p> <p>Jun 1996      Senior Managing Director responsible for Overseas Operations Group, Toyota Motor Corporation</p> <p>Jun 1998      Senior Executive Vice President and Representative Director, Teleway Japan Corporation</p> <p>Dec 1998      Senior Executive Vice President and Representative Director, KDD Corporation (as a result of merger)</p> <p>Oct 2000      Senior Executive Vice President and Representative Director, KDDI Corporation (as a result of merger)</p> <p>Jun 2003      Full-time Corporate Auditor, Toyota Auto Body Co., Ltd.</p> <p>Jun 2003      Advisor to the Board of Directors, the Company</p> <p>Jun 2004      Outside Director, the Company (incumbent)</p> <p>Jun 2005      Corporate Auditor, Toyota Auto Body Co., Ltd.</p> <p>Sep 2013      Councilor, National Congress of Industrial Heritage (incumbent)</p> <p>(Reason for nomination as candidate for Outside Director)</p> <p>Mr. Shinji Sakai has served in prominent positions at the Toyota Group, and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and the Company therefore proposes his continued election as Outside Director.</p> <p>In addition, as Mr. Shinji Sakai possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened.</p> <p>Mr. Shinji Sakai was appointed Outside Director of the Company in June 2004, and his term of office will be 16 years as of the conclusion of this General Meeting of Shareholders.</p>	4,882

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	Masanobu Nakamura (August 23, 1946)  <div>Reappointment</div>  <div>Outside</div>  <div>Independent</div>	<p>May 1970      Joined The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.)</p> <p>Jun 1999      Executive Officer and Nihonbashi Branch Manager, The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.)</p> <p>Apr 2001      Executive Officer and New York Branch Manager, The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.)</p> <p>Jan 2002      Managing Executive Officer and New York Branch Manager, UFJ Bank Ltd. (present MUFG Bank, Ltd.)</p> <p>May 2002      Executive Operating Officer, Corporate Banking Company Director, UFJ Bank Ltd. (present MUFG Bank, Ltd.)</p> <p>May 2004      Representative Director, Executive Operating Officer (Strategic Support Group), Company Director, UFJ Bank Ltd. (present MUFG Bank, Ltd.)</p> <p>Jun 2005      Special Advisor, Sanshin Co., Ltd.</p> <p>Oct 2005      President and Representative Director, BNP Paribas (Japan)</p> <p>Nov 2005      Director, Tokyo Branch, BNP Paribas Securities (Japan) Ltd.</p> <p>Jun 2007      Board of Directors Advisory Committee, the Company</p> <p>May 2011      Chairperson, BNP Paribas Securities (Japan) Ltd.</p> <p>Sep 2011      Special Advisor, BNP Paribas Securities (Japan) Ltd.</p> <p>Jun 2013      Outside Director, the Company (incumbent)</p> <p>(Reason for nomination as candidate for Outside Director)</p> <p>Mr. Masanobu Nakamura has served in prominent positions in major banks and securities companies, and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and the Company therefore proposes his continued election as Outside Director.</p> <p>In addition, as Mr. Masanobu Nakamura possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened.</p> <p>Mr. Masanobu Nakamura was appointed Outside Director of the Company in June 2013, and his term of office will be 7 years as of the conclusion of this General Meeting of Shareholders.</p>	11,486

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	Yoshio Fukuda (March 1, 1953)  New appointment  Outside  Independent	<p>Apr 1976    Joined Teijin Limited</p> <p>Jul 2006    Corporate Officer, Teijin Group Member of the Board and General Manager of Raw Materials &amp; Polymers Division, Teijin Fibers Ltd.</p> <p>May 2007    President, P.T. Teijin Indonesia Fiber Corporation Tbk</p> <p>Jun 2010    Member of the Board, General Manager of Corporate Planning Division, Teijin Limited</p> <p>Jun 2012    Executive Officer and Member of the Board, General Manager of Electronics Materials and Performance Polymer Products Business Group, and General Manager of Resin and Plastic Processing Business Unit, Teijin Limited President, Teijin Chemicals Ltd. Chairperson, Global Policy Board, Teijin DuPont Films Global Joint Venture</p> <p>Jun 2013    Senior Executive Officer and Member of the Board, General Manager of Electronics Materials and Performance Polymer Products Business Group, Teijin Limited Chairperson, Global Policy Board, Teijin DuPont Films Global Joint Venture</p> <p>Apr 2015    Senior Executive Officer, Member of the Board, Teijin Limited</p> <p>Jun 2015    Advisor, Teijin Limited.</p> <p>Jun 2016    Outside Director, Toyo Construction Co., Ltd. (incumbent)</p> <p>Jun 2017    Corporate Auditor, the Company (incumbent)</p> <p>(Significant concurrent positions) Outside Director, Toyo Construction Co., Ltd.</p> <p>(Reason for nomination as candidate for Outside Director) Mr. Yoshio Fukuda has served in prominent positions at Teijin Limited and Teijin Group and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. In addition, he has a high level of knowledge of strategic planning, establishment of joint ventures, M&amp;As, etc. Based on the above, the Company has judged that he will be able to appropriately advise and supervise the overall management of the Group, which is developing its business internationally, from an independent standpoint, and therefore proposes his election as Outside Director.</p>	495

- Notes:
1. Candidates' histories at the Company are carried over from the former Harmonic Drive Systems Inc.
  2. There are no special interests between any of the candidates and the Company.
  3. Mr. Haruhiko Yoshida, Mr. Shinji Sakai, Mr. Masanobu Nakamura, and Mr. Yoshio Fukuda are candidates for Outside Directors.
  4. Mr. Haruhiko Yoshida, Mr. Shinji Sakai, Mr. Masanobu Nakamura, and Mr. Yoshio Fukuda are candidates for Independent Directors with no risk of conflict of interest with general shareholders, for which appointment is required by the Tokyo Stock Exchange.
  5. The number of shares of the Company held includes the portion held by the Officers' Shareholding Association.
  6. Liability limitation agreement with Outside Directors
 

In order to create an environment where the Company can invite capable personnel to serve as Directors, and to enable them to sufficiently perform the duties expected of them, the Company stipulates in its Articles of Incorporation that it may enter into an agreement with Directors (excluding persons who are Executive Directors, etc.) to limit their liability to the Company to a certain range. Among candidates for Director, Mr. Haruhiko Yoshida, Mr. Shinji Sakai, and Mr. Masanobu Nakamura are currently Outside Directors, and the Company has thus entered into liability limitation agreements with each of these candidates. If candidate for Director Mr. Yoshio Fukuda is elected and assumes office, the Company will enter into a liability limitation agreement with him.

An overview of the content of the liability limitation agreements that the Company has entered into with incumbent Outside Directors is as follows.

    - If a Director (excluding persons who are Executive Directors, etc.) causes damages to the Company owing to the neglect of his or her duties, his or her liability shall be limited to the minimum amount for liability set forth in Article 425, Paragraph 1 of the Companies Act, provided that he or she has performed his or her duties in good faith and without gross negligence.

**Proposal 3:** Election of four (4) Corporate Auditors

The terms of office of all four (4) Corporate Auditors will expire at the conclusion of this General Meeting of Shareholders, and therefore the Company proposes the election of four (4) Corporate Auditors.

The Board of Corporate Auditors has given its consent to this proposal.

The candidates for Corporate Auditors are as follows:

No.	Name	Current positions and responsibilities at the Company	Attributes
1	Hideo Yasue	Director and Managing Executive Officer, General Manager of Global Production Office	<u>New appointment</u>
2	Yoshitsugu Yokogoshi		<u>New appointment</u> <u>Outside</u> <u>Independent</u>
3	Shigeto Ohashi		<u>New appointment</u> <u>Outside</u>
4	Eisaku Imazato		<u>New appointment</u> <u>Outside</u> <u>Independent</u>

New appointment Candidate for new appointment as Corporate Auditor

Outside Candidate for Outside Corporate Auditor

Independent Independent Corporate Auditor registered at the Tokyo Stock Exchange



No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
1	Hideo Yasue (April 18, 1955) <u>New appointment</u>	<p>Mar 1981    Joined the Company</p> <p>May 2008    Director, Harmonic Precision Inc.</p> <p>Apr 2009    General Manager of Precision Technology and Procurement Division, the Company</p> <p>Jun 2009    Director, Harmonic AD, Inc.</p> <p>Jun 2010    Executive Officer and General Manager of Precision Division, the Company</p> <p>Jun 2011    Executive Officer (Production, Production Technology, and Procurement), the Company</p> <p>Feb 2013    Director of SAMICK ADM Co., Ltd.</p> <p>Jun 2013    Managing Executive Officer (Production, Production Technology, and Procurement), the Company</p> <p>Jun 2014    Managing Executive Officer (Development), the Company</p> <p>Oct 2014    Director, Winbel Co., Ltd.</p> <p>Jun 2015    Managing Executive Officer (Development) (Planetary Gear Speed Reducer Development and Engineering), the Company</p> <p>Jun 2016    Director and Managing Executive Officer (Global Production), the Company</p> <p>June 2019    Director and Managing Executive Officer, General Manager of Global Production Office, the Company (incumbent)</p> <p>(Reason for nomination as candidate)</p> <p>Mr. Hideo Yasue has been engaged in the Company's businesses over many years and possesses abundant experience and superior insight through serving in prominent positions mainly in the production, production technology, development, and sales divisions. The Company has judged that these qualities of his will serve to perform the duties of a Corporate Auditor, and therefore proposes his election as Corporate Auditor.</p>	74,676

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
2	Yoshitsugu Yokogoshi (November 16, 1953)  <div>New appointment</div> <div>Outside</div> <div>Independent</div>	<p>Apr 1977    Joined The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.)</p> <p>Apr 1995    Yoyogi Branch Manager, The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.)</p> <p>May 2005    Executive Officer, General Manager, Public Relations Department, UFJ Bank Ltd. (present MUFG Bank, Ltd.)</p> <p>May 2007    Managing Executive Officer and Deputy Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (present MUFG Bank, Ltd.)</p> <p>Jan 2009    Executive Vice President, Mitsubishi UFJ Asset Management Co., Ltd. (present Mitsubishi UFJ Kokusai Asset Management Co., Ltd.)</p> <p>Jun 2014    President, The Midori Kai Co., Ltd.</p> <p>Jun 2017    Full-time Audit &amp; Supervisory Board Member, Cosmo Oil Co., Ltd. (incumbent)</p> <p>(Significant concurrent positions) Full-time Audit &amp; Supervisory Board Member, Cosmo Oil Co., Ltd.</p> <p>(Reason for nomination as candidate for Outside Corporate Auditor) Mr. Yoshitsugu Yokogoshi possesses abundant management experience and broad insight gained at a major banking group. In addition, he possesses a wealth of knowledge of duties of corporate auditor and substantial knowledge of finance and accounting since he has served as a full-time corporate auditor at another company. Based on the above, the Company has judged that he can strengthen its corporate governance structure from an independent standpoint, and therefore proposes his election as Outside Corporate Auditor. In addition, as Mr. Yoshitsugu Yokogoshi possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened.</p>	0

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
3	Shigeto Ohashi (May 8, 1956)  <u>New appointment</u>  <u>Outside</u>	<p>Apr 1980      Joined Tokyo Aircraft Instrument Co., Ltd.</p> <p>Apr 2000      General Manager, Human Resources Department, Administration Division, Tokyo Aircraft Instrument Co., Ltd.</p> <p>Jun 2008      Executive Officer, Deputy General Manager, Administration Division, and General Manager, Human Resources Department, Administration Division, Tokyo Aircraft Instrument Co., Ltd.</p> <p>Jun 2009      Director, Tokyo Aircraft Instrument Co., Ltd.</p> <p>Apr 2016      President, Tokyo Aircraft Instrument Co., Ltd. (incumbent)</p> <p>(Significant concurrent positions) President, Tokyo Aircraft Instrument Co., Ltd.</p> <p>(Reason for nomination as candidate for Outside Corporate Auditor) Since Mr. Shigeto Ohashi possesses abundant management experience and superior insight gained at Tokyo Aircraft Instrument Co., Ltd., which is a development-type manufacturing company similar to the Company, the Company has judged that he can strengthen the Company's corporate governance system from an independent standpoint, and therefore proposes his election as Outside Corporate Auditor. Tokyo Aircraft Instrument Co., Ltd. is a wholly-owned subsidiary of KODEN Holdings Co., Ltd., a major shareholder of the Company.</p>	0

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
4	Eisaku Imazato (March 2, 1956)  <div>New appointment</div> <div>Outside</div> <div>Independent</div>	<p>Apr 1979      Joined The Nikko Securities Co., Ltd. (present SMBC Nikko Securities Inc.)</p> <p>Mar 2002      General Manager, Corporate Clients Department II, Nikko Cordial Securities Inc.</p> <p>Mar 2003      Executive Officer, General Manager, Tokyo Corporate Clients Department II, Nikko Cordial Securities Inc.</p> <p>Dec 2004      Director in charge of sales planning and corporate clients, Nikko Cordial Securities Inc.</p> <p>Feb 2005      Executive Managing Director in charge of planning and wholesale business promotion, Nikko Cordial Securities Inc.</p> <p>Feb 2007      Senior Managing Director in charge of Wholesale Sales Division I, Nikko Cordial Securities Inc.</p> <p>Aug 2008      Senior Executive Officer, Head of Institutional Client Coverage Division, Nikko Citigroup Limited</p> <p>Feb 2009      Managing Executive Officer, Co-Head of Corporate &amp; Institutional Business Unit, Mitsubishi UFJ Securities Co., Ltd.</p> <p>May 2010      Managing Executive Officer, Head of Corporate &amp; Institutional Business Unit, Head of Corporate Clients Group, and Co-Manager of Regional Executives, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>                 Managing Executive Officer, Mitsubishi UFJ Securities Holdings Co., Ltd.</p> <p>                 Executive Officer, Mitsubishi UFJ Financial Group, Inc.</p> <p>Jun 2012      Principal Executive Officer, Head of Corporate &amp; Institutional Business Unit, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>Jun 2016      Outside Director, Chairperson of the Board of Directors, Marusan Securities Co., Ltd.</p> <p>Mar 2020      Outside Director, Marusan Securities Co., Ltd. (incumbent)</p> <p>(Significant concurrent positions) Outside Director, Marusan Securities Co., Ltd.</p> <p>(Reason for nomination as candidate for Outside Corporate Auditor) Since Mr. Eisaku Imazato possesses abundant management experience and broad insight gained at major securities companies, the Company has judged that he can strengthen its corporate governance structure from an independent standpoint, and therefore proposes his election as Outside Corporate Auditor. In addition, as Mr. Eisaku Imazato possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened.</p>	0

- Notes:
1. Candidates' histories at the Company are carried over from the former Harmonic Drive Systems Inc.
  2. There are no special interests between any of the candidates and the Company.
  3. Mr. Yoshitsugu Yokogoshi, Mr. Shigeto Ohashi, and Mr. Eisaku Imazato are candidates for Outside Corporate Auditors.
  4. Mr. Yoshitsugu Yokogoshi and Mr. Eisaku Imazato are candidates for Independent Corporate Auditors with no risk of conflict of interest with general shareholders, for which appointment is required by the Tokyo Stock Exchange.
  5. In January 2017, Tokyo Aircraft Instrument Co. Ltd., at which candidate for Outside Corporate Auditor Mr. Shigeto Ohashi served then and serves now as President, filed a voluntary report with the Acquisition, Technology and Logistics Agency after it was discovered that the company had overbilled contracts concluded with the Ministry of Defense and the Acquisition, Technology and Logistics Agency, SDF Supply Depots, etc. and airframe companies, etc. for the manufacture and repair of defense equipment. On January 17, 2018, the company completed refund of overpayments, payment of penalties, etc. to the national treasury in relation to the overcharges.  
The company established an internal investigation committee to cooperate with a special investigation by the Acquisition, Technology and Logistics Agency, and formulated measures to prevent a recurrence. In addition, Mr. Shigeto Ohashi was directly involved in the inspection of the implementation status of the recurrence prevention

measures, and has fully fulfilled his responsibilities to restore trust in the company.

6. Liability limitation agreement with Corporate Auditors

In order to create an environment where the Company can invite capable personnel to serve as Corporate Auditors, and to enable them to sufficiently perform the duties expected of them, the Company stipulates in its Articles of Incorporation that it may enter into an agreement with Corporate Auditors to limit their liability to the Company to a certain range. If candidates for Corporate Auditor Mr. Hideo Yasue, Mr. Yoshitsugu Yokogoshi, Mr. Shigeto Ohashi, and Mr. Eisaku Imazato are elected and assume office, the Company will enter into liability limitation agreements with each of these candidates.

An overview of the content of the liability limitation agreements that the Company intends to enter into with each of these candidates for Corporate Auditors is as follows.

- If a Corporate Auditor causes damages to the Company owing to the neglect of his or her duties, his or her liability shall be limited to the minimum amount for liability set forth in Article 425, Paragraph 1 of the Companies Act, provided that he or she has performed his or her duties in good faith and without gross negligence.

#### **Proposal 4:**      Revision of Remuneration Amount for Corporate Auditors

The remuneration amount for the Company's Corporate Auditors was approved to be within 60 million yen per year at the General Meeting of Shareholders for fiscal 2016 held on June 14, 2017, and has been the case ever since. However, as the roles of Corporate Auditors have increased, in view of the need to strengthen corporate governance by inviting highly competent personnel, the Company proposes to revise the remuneration amount to within 100 million yen per year.

Up until now, the Company would submit a proposal for the payment of bonuses linked to business performance to officers at the General Meeting of Shareholders, obtain a resolution for it, and pay the bonuses to Directors and Corporate Auditors. However, after reviewing the responsibilities expected of Corporate Auditors, the current state of remuneration and such, going forward, the Company proposes to abolish the payment of bonuses to Corporate Auditors, and instead only make the payment of fixed remuneration within the scope of the above revised remuneration amount.

There are currently four (4) Corporate Auditors (including two (2) Outside Corporate Auditors). If Proposal 3 is approved as originally proposed, there will also be four (4) Corporate Auditors (including three (3) Outside Corporate Auditors).

**Proposal 5:**      Granting of Retirement Benefits to Retiring Directors and Retiring Corporate Auditors

At the conclusion of this General Meeting of Shareholders, Mr. Hideo Yasue will retire from his position as Director, while Mr. Atsushi Kawakita and Mr. Yoshio Yamazaki will retire from their positions as Full-time Corporate Auditors. To repay them for their service rendered during their terms in office, the Company proposes to grant them retirement benefits, within the scope of a reasonable amount in accordance with the standards prescribed by the Company. It is also proposed that the specific amount, method and timing of granting, etc. of the benefits be determined by a discussion of the Board of Directors for the retiring Director, and by a discussion of the Corporate Auditors for the retiring Corporate Auditors.

The past experiences of the retiring Director and retiring Corporate Auditors are as follows.

Name	Past experience	
Hideo Yasue	Jun 2016	Director, the Company (incumbent)
Atsushi Kawakita	Jun 2012	Full-time Corporate Auditor, the Company (incumbent)
Yoshio Yamazaki	Jun 2016	Full-time Corporate Auditor, the Company (incumbent)