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Securities Code: 6920

September 6, 2021

To Our Shareholders:

Osamu Okabayashi
President & Representative Director
Lasertec Corporation
2-10-1 Shin-yokohama, Kohoku-ku,
Yokohama, Kanagawa

Notice of the 59th Ordinary General Meeting of Shareholders

The 59th Ordinary General Meeting of Shareholders of Lasertec Corporation (the “Company”) will be held as indicated below.

Please refrain from attending the meeting in person to prevent the spread of new coronavirus infection. Please exercise your voting rights in writing or via the Internet.

After reviewing the following Reference Documents for General Meeting of Shareholders, please exercise your voting rights either by indicating your approval or disapproval in the enclosed voting form and returning it or by entering your approval or disapproval using the voting website designated by the Company (<https://evote.tr.mufg.jp/>), so that your vote is received by 5:30 p.m. on Monday, September 27, 2021.

- 1. Date and Time** Tuesday, September 28, 2021, at 3:00 p.m. (Reception desk opens at 2:00 p.m.)
- 2. Venue** Shin Yokohama Prince Hotel, 3rd floor, Nocturne room
3-4 Shin-yokohama, Kohoku-ku, Yokohama, Kanagawa, Japan

3. Purpose of the Meeting

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 59th fiscal year (from July 1, 2020 to June 30, 2021), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 59th fiscal year (from July 1, 2020 to June 30, 2021)

Matters to be resolved

- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Partial Amendment of Articles of Incorporation
- Proposal No. 3** Election of Nine (9) Directors
- Proposal No. 4** Election of One (1) Substitute Audit & Supervisory Board Member
- Proposal No. 5** Payment of Bonuses to Directors
- Proposal No. 6** Introduction of Compensation to Directors by Grant of Restricted Stock

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows.

Year-end dividends

The Company's basic policy concerning dividends is to flexibly pay dividends based on performance, with a dividend payout ratio of 35% being the guideline on a consolidated basis.

Following this basic policy, the Company proposes to pay year-end dividends for the fiscal year under review as follows:

(1) Type of dividend property

Cash

(2) Allotment of dividend property and total amount thereof

¥55 per common share of the Company

Total amount: ¥4,959,785,270

(3) The effective date of dividends of surplus

September 29, 2021

Proposal No. 2 Partial Amendment of Articles of Incorporation

1. Reason for Proposal

The Company proposes to increase the maximum number of the members of the Board of Directors stipulated in the Articles of Incorporation from 10 to 15 to provide room for a further increase to enhance the independence and effectiveness of the Board of Directors as well as to strengthen our corporate governance.

2. Amendment

The proposed amendment is as follows.

Current	After Amendment
(Number of members of the Board) Article 19 The number of the members of the Board of Directors of the Company shall be no more than <u>10</u> .	(Number of members of the Board) Article 19 The number of the members of the Board of Directors of the Company shall be no more than <u>15</u> .

(The underlined section above is amended.)

Proposal No. 3 Election of Nine (9) Directors

The terms of office of all eight Directors will expire at the conclusion of this meeting. The Company propose to add an Outside Director and elect nine members of the Board of Directors in total.

The candidates for Director are as follows:

#	Name	Current Position in the Company	
1	Haruhiko Kusunose	Chairman of the Board of Directors	Reappointment
2	Osamu Okabayashi	President & Representative Director	Reappointment
3	Koichi Moriizumi	Senior Managing Director	Reappointment
4	Shu Uchiyama	Managing Director	Reappointment
5	Hirokazu Seki	Director	Reappointment
6	Minoru Ebihara	Outside Director	Reappointment Outside Independent
7	Takayuki Shimoyama	Outside Director	Reappointment Outside Independent
8	Koji Mihara	Outside Director	Reappointment Outside Independent
9	Kunio Kamide	--	New Outside Independent

Reappointment Candidate for Reappointed Director

New Candidate for New Director

Outside Candidate for Outside Director

Independent To be appointed as Independent Officer as provided for by the Stock Exchange

Candidate No.	Name (Date of Birth)	Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned	
1	Haruhiko Kusunose (October 26, 1958)	Apr. 1995	Joined the Company	80,000
		Jan. 1998	General Manager, Technology Department II, the Company	
		Mar. 2001	General Manager, Engineering Department II, the Company	
		Sept. 2001	Director, the Company	
		Sept. 2003	Managing Director, the Company	
		Sept. 2003	General Manager, R&D Department, the Company	
		July 2005	General Manager, Technical Activities Promotion Office, the Company	
		July 2006	General Manager, Operation Division I and General Manager, Semiconductor Group I, the Company	
		Sept. 2007	Director and Managing Executive Officer, the Company	
		July 2009	Chief Technology Officer, the Company (current position)	
		Sept. 2009	Executive Vice President & Representative Director, the Company	
		July 2014	General Manager, Marketing Department, the Company	
		Dec. 2014	General Manager, Advanced Technology Development Office, the Company (current position)	
		Aug. 2021	Chairman of the Board of Directors (current position)	
			(Area of Responsibility)	
			Technology Division	
			(Significant Concurrent Positions outside the Company)	
	Director, Lasertec U.S.A., Inc.			
	Director, Lasertec Korea Corporation			
	Director, Lasertec Taiwan, Inc.			
	Director, Lasertec China Co., Ltd.			
	Director, Lasertec Singapore Service Pte. Ltd.			
	(Reason for Nomination)			
	Since joining the Company, Haruhiko Kusunose has engaged in technology development and managed departments before assuming the office of Director in September 2001. Since becoming a Director, he has broadened his knowledge of management, assumed the office of Executive Vice President & Representative Director in September 2009, and became Chairman of the Board of Directors in August 2021. He is engaged in the effort to strengthen the Company's technology development and production infrastructure. He is nominated for Director again because his abundant experience and knowledge are instrumental in the further sustainable growth of the Company and its subsidiaries (collectively the "Group").			

Candidate No.	Name (Date of Birth)	Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
2	Osamu Okabayashi (May 16, 1958)	<p>July 2001 Joined the Company</p> <p>Jan. 2002 General Manager, Sales Department, the Company</p> <p>Sept. 2003 Director, the Company</p> <p>Mar. 2005 President, Lasertec U.S.A., Inc.</p> <p>Sept. 2005 Managing Director, the Company</p> <p>Sept. 2005 President, Lasertec Korea Corporation</p> <p>July 2006 Chief Sales Officer, the Company</p> <p>Sept. 2007 Representative Director and Managing Executive Officer, the Company</p> <p>Jan. 2008 Executive Vice President & Representative Director, the Company</p> <p>July 2009 President & Representative Director, the Company (current position)</p> <p>(Significant Concurrent Positions outside the Company)</p> <p>Director, Lasertec U.S.A., Inc.</p> <p>Director, Lasertec Korea Corporation</p> <p>Director, Lasertec Taiwan, Inc.</p> <p>Director, Lasertec China Co., Ltd.</p> <p>Director, Lasertec Singapore Service Pte. Ltd.</p> <p>(Reason for Nomination)</p> <p>Since joining the Company, Osamu Okabayashi has engaged in sales promotion and managed a department before assuming the office of Director in September 2003. Since becoming a Director, he has broadened his knowledge of management, assumed the office of President & Representative Director in 2009, and executed management reform with strong leadership. He is nominated for Director again because his abundant experience and knowledge are instrumental in the further sustainable growth of the Group.</p>	80,000

Candidate No.	Name (Date of Birth)	Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned	
3	Koichi Moriizumi (February 13, 1960)	May 2004	Joined the Company	9,300
		July 2006	General Manager, FPD Department 2, Operation Division III, the Company	
		Sept. 2007	Senior Engineer, Department 2, Operation Division II, the Company	
		Feb. 2009	General Manager, Semiconductor Group II, Operation Division I, the Company	
		July 2009	General Manager, Technology Department 2, the Company	
		July 2012	General Manager, Sales Department 3, the Company	
		Sept. 2012	Director, the Company	
		July 2013	General Manager, Solution Sales Department 3, the Company (current position)	
		July 2016	Chief Sales Officer, the Company (current position)	
		July 2019	General Manager, Solution Sales Department 2, the Company	
		Jan. 2020	Chairman, Lasertec Taiwan, Inc. (current position) Chairman, Lasertec China Co., Ltd. (current position)	
		July 2020	Managing Director, the Company	
		Aug. 2021	Senior Managing Director, the Company (current position)	
			(Area of Responsibility)	
			Sales Division, Technology Department 2, Technology Department 4 (Significant Concurrent Positions outside the Company)	
			Director, Lasertec Korea Corporation	
	Chairman, Lasertec Taiwan, Inc.			
	Chairman, Lasertec China Co., Ltd.			
	(Reason for Nomination)			
	Since joining the Company, Koichi Moriizumi has engaged in technology development and managed technology and sales departments before assuming the office of Director in September 2012. Since becoming a Director, he has broadened his knowledge of management and engaged in the effort to strengthen the Company's technology development and sales force. He is nominated for Director again because his experience and knowledge of the semiconductor-related equipment business and FPD-related equipment business is instrumental in the further sustainable growth of the Group.			

Candidate No.	Name (Date of Birth)	Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
4	Shu Uchiyama (February 1, 1966)	<p>Aug. 1992 Joined the Company</p> <p>July 1998 General Manager, Planning Office, the Company</p> <p>Sept. 2001 Director, the Company</p> <p>Jan. 2004 General Manager, General Affairs Department, the Company</p> <p>July 2006 General Manager, Corporate Planning Office, the Company</p> <p>July 2007 Chief Administrative Officer and General Manager, Planning Office, the Company</p> <p>Sept. 2007 Director and Executive Officer, the Company</p> <p>July 2008 General Manager, Corporate Strategy Office and General Manager, General Affairs Department, the Company</p> <p>July 2009 Chief Administrative Officer, the Company (current position)</p> <p>Jan. 2011 President, Lasertec Korea Corporation</p> <p>July 2013 General Manager, Quality Assurance Department, the Company</p> <p>Sept. 2013 Managing Director, the Company (current position)</p> <p>Aug. 2015 Chairman, Lasertec Taiwan, Inc.</p> <p>June 2017 Chairman, Lasertec China Co., Ltd.</p> <p>Jan. 2020 General Manager, Treasury and Accounting Department (current position)</p> <p>(Area of Responsibility)</p> <p>Administrative Division, Quality Assurance Department, Overseas Subsidiaries</p> <p>(Significant Concurrent Positions outside the Company)</p> <p>Director, Lasertec U.S.A., Inc.</p> <p>Auditor, Lasertec Korea Corporation</p> <p>Supervisor, Lasertec Taiwan, Inc.</p> <p>Supervisor, Lasertec China Co., Ltd.</p> <p>Director, Lasertec Singapore Service Pte. Ltd.</p> <p>(Reason for Nomination)</p> <p>Since joining the Company, Shu Uchiyama has engaged in the administration of corporate affairs and managed a department before assuming the office of Director in September 2001. Since becoming a Director, he has broadened his knowledge of management and engaged in the effort to strengthen the Company's administration. He is nominated for Director again because his abundant experience and knowledge are instrumental in the further sustainable growth of the Group.</p>	2,788,000

Candidate No.	Name (Date of Birth)	Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
5	Hirokazu Seki (October 17, 1975)	<p>Oct. 2002 Joined the Company</p> <p>July 2011 General Manager, Technology Department 1, the Company</p> <p>July 2013 General Manager, Solution Sales Department 2, the Company</p> <p>July 2015 General Manager, Solution Sales Department 1, the Company (current position)</p> <p>Sept. 2015 Director, the Company (current position)</p> <p>July 2019 General Manager, Technology Department 6, the Company</p> <p>(Area of Responsibility) Technology Department 1, Technology Department 3, Technology Department 5, Confocal System Solution Department, Solusion Sales Department 1</p> <p>(Significant Concurrent Positions outside the Company) Director, Lasertec Singapore Service Pte. Ltd.</p> <p>(Reason for Nomination) Since joining the Company, Hirokazu Seki has engaged in technology development and managed technology and sales departments before assuming the office of Director in September 2015. Since becoming a Director, he has broadened his knowledge of management and engaged in the effort to strengthen the Company's technology development and sales force. He is nominated for Director again because his experience and knowledge of the semiconductor-related equipment business and microscope business are instrumental in the further sustainable growth of the Group.</p>	4,000
6	Minoru Ebihara (June 16, 1946) Candidate for Outside Director	<p>Dec. 1973 Joined Yokogawa-Hewlett-Packard Company (currently Hewlett-Packard Japan, Ltd.)</p> <p>Nov. 1995 General Manager, Semiconductor Metrology Department, Hewlett-Packard Japan, Ltd.</p> <p>Feb. 1997 Director, Hewlett-Packard Japan, Ltd.</p> <p>Oct. 1999 Director, Agilent Technologies Japan, Ltd.</p> <p>Feb. 2006 Representative Director & President, Agilent Technologies Japan, Ltd.</p> <p>Jan. 2010 Retired from office as Representative Director & President, Agilent Technologies Japan, Ltd.</p> <p>Sept. 2010 Outside Director, the Company (current position)</p> <p>(Reason for Nomination and Outline of Expected Role) Minoru Ebihara has years of experience in the business of measurement and analysis equipment in the semiconductor, FPD and various other industries as well as in the management of such business. He is nominated for Outside Director again because the Company expects his experience and wide-ranging knowledge to be reflected in its management. His expected role is to give beneficial advice and proposals from management perspectives based on his abundant knowledge and experience to enhance the management oversight function of the Board and to strengthen the Company's business operation.</p>	28,000

Candidate No.	Name (Date of Birth)	Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
7	Takayuki Shimoyama (April 8, 1946) Candidate for Outside Director	<p>Apr. 1969 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)</p> <p>Jan. 1989 General Manager, Senju Branch, The Mitsubishi Bank, Limited</p> <p>May 1993 General Manager, Branch Administration Department 2, The Mitsubishi Bank, Limited</p> <p>May 1995 General Manager, Kojimachi Branch, The Mitsubishi Bank, Limited</p> <p>June 1997 Director, Sankyu Inc.</p> <p>June 2001 Managing Director, Sankyu Inc.</p> <p>Apr. 2005 Director and Managing Executive Officer, Sankyu Inc.</p> <p>June 2008 Adviser and Executive Head, Corporate Health Insurance Society, Sankyu Inc.</p> <p>Sept. 2010 Outside Director, the Company (current position)</p> <p>(Reason for Nomination and Outline of Expected Role)</p> <p>Takayuki Shimoyama has years of experience in finance and management in general at financial institutions and business entities. He is nominated for Outside Director again because the Company expects his experience and wide-ranging knowledge to be reflected in its management. His expected role is to give beneficial advice and proposals based on his many years of experience at financial institutions and business enterprises to enhance the management oversight function of the Board and to vitalize the Board.</p>	12,000
8	Koji Mihara (December 4, 1958) Candidate for Outside Director	<p>Apr. 1985 Joined Sony Corporation</p> <p>June 2005 Representative Director, MYNUAGES Co., Ltd. (current position)</p> <p>Apr. 2012 Associate Professor, Faculty of Informatics, Shizuoka Institute of Science and Technology Visiting Professor, the Nagoya University of Commerce and Business Graduate School</p> <p>Apr. 2017 Professor, Department of Management Information Science, Faculty of Social Systems Science, Chiba Institute of Technology</p> <p>Apr. 2020 Professor, School of Creative Science and Engineering, Waseda University (current position)</p> <p>Sept. 2020 Outside Director, the Company (current position)</p> <p>(Reason for Nomination and Outline of Expected Role)</p> <p>Koji Mihara has years of experience in planning management, factory operation, and other fields at business enterprises. Mr. Mihara is currently engaged in education in the field of management system engineering. He is nominated for Outside Director because the Company expects his experience and wide-ranging knowledge to be reflected in its management. His expected role is to give beneficial opinions based on his professional knowledge in academia and experience in business enterprises to enhance the management oversight function of the Board and to vitalize the Board.</p>	0

Candidate No.	Name (Date of Birth)	Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
9	Kunio Kamide (June 28, 1949) Candidate for Outside Director	<p>Apr. 1973 Joined JEOL Ltd.</p> <p>Dec. 1998 Department Manager, Semiconductor & Electronics Sales Division, Semiconductor Operation, JEOL Ltd.</p> <p>Apr. 2001 Division Manager, Semiconductor & Electronics Sales Division, Semiconductor Operation, JEOL Ltd.</p> <p>June 2006 Corporate Officer, JEOL Ltd.</p> <p>June 2011 Advisor (semiconductor-related), JEOL Ltd., Chairman, JEOL Taiwan Semiconductors Ltd., and Chairman, JEOL Shanghai Semiconductors Ltd.</p> <p>June 2019 Advisor (semiconductor-related), JEOL Ltd. and Advisor, JEOL Taiwan Semiconductors Ltd. (current position)</p> <p>(Reason for Nomination and Outline of Expected Role)</p> <p>Kunio Kamide has years of experience in semiconductor business at business enterprises. He is highly knowledgeable and well versed in the industry and has experience of managing overseas business entities in Taiwan and China. The Company expects his expert knowledge and abundant experience to be reflected in its management. His expected role is to give beneficial advice and proposals based on his abundant knowledge and experience accumulated in semiconductor business to enhance the management oversight function of the Board and to strengthen the Company's business operation.</p>	0

- (Notes) 1. The "Number of the Company's Shares Owned" is the number of the Company's shares owned as of June 30, 2021.
2. No special interests exist between any of the candidates and the Company.
3. Minoru Ebihara, Takayuki Shimoyama, Koji Mihara, and Kunio Kamide are candidates for Outside Director. Special notes concerning the candidates for Outside Director are as follows:
- (1) In the last three fiscal years, the Company has no business with either current Hewlett-Packard Japan, G.K. or Agilent Technologies Japan, Ltd, the companies Minoru Ebihara once served, nor with current Sony Group Corporation, for which Koji Mihara worked before. The Company has banking transactions other than borrowing with current MUFG Bank, Ltd., to which Takayuki Shimoyama previously belonged, but the Company had no borrowing from the bank in the last three fiscal years. Mr. Shimoyama retired from the bank more than 20 years ago, and joined a different company that has no special relationship with either the bank or the Company. The Company has no business with MYNUAGES Co., Ltd. where Mr. Mihara serves as a representative director. The Company has business with JEOL Ltd., and Kunio Kamide serves as an advisor to one of its subsidiaries, but the percentage of sales to JEOL Ltd. over the total sales of the Company is less than 0.14% in the fiscal year ended June 2020 and less than 0.03% in the fiscal year ended June 2021.
 - (2) Minoru Ebihara, Takayuki Shimoyama, and Koji Mihara are currently Outside Directors of the Company. At the conclusion of this meeting, the tenure of Minoru Ebihara and Takayuki Shimoyama will have been eleven years, and that of Koji Mihara will have been one year.
 - (3) The Company has submitted notification to the Tokyo Stock Exchange that Minoru Ebihara, Takayuki Shimoyama, and Koji Mihara have been appointed as independent officers as provided for by the Exchange. If this proposal is approved and adopted and they are reelected, the Company intends for the said notification to remain in effect. If this proposal is approved and adopted and Kunio Kamide is elected, the Company intends to submit a notification to the Tokyo Stock Exchange that Kunio Kamide has been appointed as an independent officer as provided for by the Exchange.
 - (4) Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act and the provision of the Company's Articles of Incorporation, the Company has entered into agreements with Minoru Ebihara, Takayuki Shimoyama, and Koji Mihara to limit their liability for damages under Article 423, paragraph 1 of the same Act. If they have acted in good faith and without gross negligence in performing their duties, the maximum amount of liability for damages under these agreements is the minimum liability amount provided for by the laws and regulations. If this proposal is approved and adopted and they are reelected, the said agreements to limit their liability shall continue to remain in effect. If this proposal is approved and adopted and Kunio Kamide is elected, the Company intends to enter into the same agreement with him to limit his liability.
4. The Company has entered into an executive liability insurance contract with an insurance company in accordance with the provision of Article 430-3, paragraph 1 of the Companies Act to cover losses incurred by the insured, including the executives of the Company, if a liability claim is filed by a shareholder or third party against them for their action or inaction during the performance of duties as the Company's executives (damages under law and litigation expenses) and to cover losses incurred by them to prepare for a liability claim if there is a risk that such a claim will be filed against them (except for a liability claim arising from certain action that is contrary to public order and good morals). If the candidates are elected and assume the office of Director, they will become the insured

under the insurance contract. The Company intends to renew the insurance contract with the same terms and conditions at the next renewal.

Proposal No. 4 Election of One (1) Substitute Audit & Supervisory Board Member

At the commencement of this meeting, the effect of the election of Substitute Audit & Supervisory Board Member Yuji Saito, who was elected at the 58th Ordinary General Meeting of Shareholders held on September 28, 2020, will expire. Therefore, the Company once again proposes to elect one Substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by the laws and regulations.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of Birth)	Career Summary and Position in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
Yuji Saito (August 20, 1947)	<p>Apr. 1970 Joined Mitsubishi Electric Corporation</p> <p>Oct. 1993 General Manager, Factory Automation Systems Department, Hokkaido Branch Office, Mitsubishi Electric Corporation</p> <p>Apr. 2001 General Manager, Electronic Major Component Planning Department, Electronic Business Group, SPC ELECTRONICS CORPORATION</p> <p>Sept. 2009 General Manager, Tokyo Plant, Business Supervision Department, SPC ELECTRONICS CORPORATION</p> <p>Apr. 2010 Standing Statutory Auditor, SPC ELECTRONICS CORPORATION</p> <p>Sept. 2012 Outside Audit & Supervisory Board Member, the Company</p> <p>Sept. 2020 Substitute Audit & Supervisory Board Member (current position)</p> <p>(Reasons for Nomination)</p> <p>Yuji Saito assumed the office of Outside Audit & Supervisory Board Member of the Company in September 2012 with many years of experience and knowledge in the electronics industry. His tenure will reach eight years at the conclusion of this Ordinary General Meeting of Shareholders when he retires. The Company nominates him as a candidate for Substitute Audit & Supervisory Board Member, considering his track record of executing objective and impartial audits from a broad perspective.</p>	3,200

- (Notes) 1. The "Number of the Company's Shares Owned" is the number of the Company's shares owned as of June 30, 2021
2. No special interests exist between the candidate and the Company.
3. Yuji Saito is a candidate for Substitute Outside Audit & Supervisory Board Member. Special notes concerning the candidate for Substitute Outside Audit & Supervisory Board Member are as follows:
- (1) The Company has business with Mitsubishi Electric Corporation, to which Mr. Saito previously belonged, but the percentage of sales to Mitsubishi Electric Corporation over the total sales of the Company is less than 0.25% in the fiscal year ended June 30, 2020 and less than 0.01% in the fiscal year ended June 30, 2021. The Company has no business with SPC ELECTRONICS CORPORATION, for which Yuji Saito once worked.
 - (2) If Yuji Saito assumes the office of Outside Audit & Supervisory Board Member, the Company intends to appoint him as an independent officer as provided for by the Tokyo Stock Exchange and submit a notification of the appointment to the Exchange.
 - (3) If Yuji Saito assumes the office of Outside Audit & Supervisory Board Member, the Company intends to enter into an agreement with him to limit the maximum amount of his liability for damages under Article 423, paragraph 1 of the Companies Act to the minimum liability amount provided for by the laws and regulations, pursuant to the provisions of Article 427, paragraph 1 of the same Act and the provision of the Company's Articles of Incorporation.
4. The Company has entered into an executive liability insurance contract with an insurance company in accordance with the provision of Article 430-3, paragraph 1 of the Companies Act to cover losses incurred by the insured, including the executives of the Company, if a liability claim is filed by a shareholder or third party against them for their action or inaction during the performance of duties as the Company's executives (damages under law and litigation expenses) and to cover losses incurred by them to prepare for a liability claim if there is a risk that such a claim will be filed against them (except for a liability claim arising from certain action that is contrary to public order and good morals). If the candidate assumes the office of Outside Audit and Supervisory Board Member, he will become the insured under the insurance contract. The Company intends to renew the insurance contract with the same terms and conditions at the next renewal.

Proposal No. 5 Payment of Bonuses to Directors

The Company proposes to pay bonuses in the total amount of ¥630,651,000 to five Directors (excluding Outside Directors) in office as of the end of the fiscal year under review, taking into consideration the performance of the fiscal year and other factors. The outline of our policy on the determination of specific compensation for individual Directors is described in page 17 of the business report attached hereto.

This proposal was adopted by the Board of Directors based on the recommendation of the Nomination and Compensation Committee after the comprehensive review of the Company's performance, the performance of departments for which each Director is responsible, and other factors. The Company therefore finds it appropriate.

Proposal No. 6 Introduction of Compensation to Directors by Grant of Restricted Stock

With respect to compensation to the Company’s Directors, approval was given for setting the maximum amount of annual compensation to 400 million yen (including a maximum of 60 million yen for Outside Directors) at the 53rd Ordinary General Meeting of Shareholders on September 28, 2015 and, additionally, for granting stock acquisition rights in the form of stock options to the Company’s Directors (excluding Outside Directors) up to 70 million yen annually as a form of compensation at the 44th Ordinary General Meeting of Shareholders on September 27, 2006.

Now, the Company proposes to allot the Company’s common stock with a certain restricted transfer period and with acquisition at no cost and other conditions (hereinafter “Restricted Stock”) to the Company’s Directors (excluding Outside Directors) as described below in lieu of the above stock acquisition rights in the form of stock options so that the Directors share the risks and rewards of stock price fluctuations and become more strongly motivated to achieve better stock performance and greater enterprise value.

Having made a comprehensive review of various matters including contributions made by the Directors, the Company hereby proposes to set the maximum amount of monetary compensation claims to be awarded to the Company’s Directors (excluding Outside Directors) in the form of Restricted Stock to 300 million yen annually in addition to the aforementioned compensation to the Directors. This award of Restricted Stock has been decided based on a comprehensive review of various matters including contributions made by the Directors, and its content is deemed appropriate since the percentage of the maximum number of shares of Restricted Stock to be allotted in each fiscal year in accordance with the item 2 below is about 0.03% of the Company’s issued shares (if the maximum number of shares of Restricted Stock is issued every year for 10 years, the percentage would be about 0.32%) and its dilution rate is small.

At its Board of Directors meeting held on July 26, 2021, the Company set forth its policy on the determination of specific compensation for individual Directors, the outline of which is described in page 17 of the business report attached hereto. The award of Restricted Stock proposed herein is in accordance with this policy.

If this proposal is approved, the grant of stock acquisition rights in the form of stock options will be terminated, except for the rights already granted, and will not be exercised in the future.

The Company currently has 8 Directors (including 3 Outside Directors) in total.



Specific information about Restricted Stock and the maximum number of shares allotted for grants to the Company’s Directors (excluding Outside Directors)

1. Grants of Restricted Stock and payment

The Company shall grant monetary compensation claims to Directors in the form of Restricted Stock not exceeding the annual amount pursuant to a resolution of the Company’s Board of Directors, and individual Directors shall be granted Restricted Stock by giving in-kind contributions in exchange for the monetary compensation claims in its entirety.

The Company’s Board of Directors shall determine the amount to be paid for Restricted Stock based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors pertaining to a grant or disposal of the Restricted Stock (if there is no closing price on this date, the closing price on the nearest preceding trading day) and in a way not particularly favorable to the Directors who are granted Restricted Stock.

The monetary compensation claims shall be granted to the Directors (excluding Outside Directors) who have agreed to make the above in-kind contributions and who have executed a Restricted Stock grant agreement that effectively stipulates the item 3 below in its terms.

2. Maximum number of shares of Restricted Stock

The maximum number of shares of Restricted Stock to be granted to the Company's Directors (excluding Outside Directors) in each fiscal year shall be 30,000 in total.

Notwithstanding the above, if a stock split or reverse stock split of the Company's common stock (including allotment of common stock without contributions) takes place after the date of approval of this proposal, or if there is any other circumstance requiring an adjustment of the total number of shares of Restricted Stock to be granted, the Company may make a reasonable adjustment.

3. Provisions of Restricted Stock grant agreement

The Restricted Stock grant agreement to be executed between the Company and Directors pursuant to a resolution of the Company's Board of Directors shall effectively stipulates the following:

(1) Transfer restrictions

A Directors who has been granted Restricted Stock may not assign, pledge, encumber, gift before death, bequeath, or otherwise dispose of in any manner the granted Restricted Stock during the period between the date of grant and the date of retirement from the office of Director ("Transfer Restricted Period"). The restrictions described in this paragraph are hereinafter referred to as "Transfer Restrictions."

(2) Acquisition of Restricted Stock at no cost

If a Director who has been granted Restricted Stock resigns from the office of Director by the day before the date of the first Ordinary General Meeting of Shareholders held after the start of the Transfer Restricted Period, the Company shall acquire the Restricted Stock granted to the Director at no cost unless the Board of Directors finds a justifiable reason for resignation.

Additionally, if Restricted Stock is not fully released from Transfer Restrictions before the end of the Transfer Restricted Period because the conditions that must be satisfied for the release of Transfer Restrictions have not been met, the Company shall naturally acquire the Restricted Stock granted to the Director at no cost.

(3) Release from Transfer Restrictions

If a Director who has been granted Restricted Stock continues to serve as a Director until the date of the first Ordinary General Meeting of Shareholders held after the start of Transfer Restricted Period, the Company shall release the Restricted Stock granted to the Director from Transfer Restrictions in its entirety upon expiration of Transfer Restricted Period.

If, on the other hand, a Director who has been granted Restricted Stock resigns from the office of Director by the day before the date of the first Ordinary General Meeting of Shareholders held after the start of Transfer Restricted Period and if the Board of Directors finds a justifiable reason for resignation, the Company shall make a reasonable adjustment to the number of shares of Restricted Stock to be released from Transfer Restrictions and the schedule of release.

(4) In the case of reorganization

In the event that a proposal of the Company's merger with another company that makes the Company disappear, or a proposal of stock exchange agreement, stock transfer plan or any other form of reorganization that makes the Company a wholly-owned subsidiary is approved at the General Shareholder Meeting or, if approval of the General Shareholder Meeting is not required, at the Board of Directors meeting (hereinafter "Upon Approval of Reorganization") during the Transfer Restricted Period, and also in the event that a Director who has been granted Restricted Stock resigns from the office of Director due to the reorganization, the Company shall release the Restricted Stock granted to the Director from Transfer Restrictions prior to the effective date of the reorganization for the number of shares reasonably determined based on the period elapsed from the start of Transfer Restricted Period until the date of approval of the reorganization (provided that the effective date of the reorganization arrives before the expiration of Transfer Restricted Period).

Upon Approval of Reorganization, the Company shall naturally acquire at no cost the granted Restricted Stock that has not been released from Transfer Restrictions as of the day before the effective date of the reorganization.