

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 6941

June 13, 2022

To our shareholders:

Junichi Kameya
President
YAMAICHI ELECTRONICS CO., LTD.
2-16-2, Minamikamata, Ota-ku, Tokyo, JAPAN

NOTICE OF THE 67TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you of the 67th Ordinary General Meeting of Shareholders of YAMAICHI ELECTRONICS CO., LTD. (the “Company”), which will be held as described below.

Note that in light of the COVID-19 situation, on the day of the event, we will implement appropriate measures to prevent infection prior to the start of the event.

If you are unable to attend the meeting, you can exercise your voting rights by mail or via the Internet. We request that you follow the instructions laid out below and exercise your voting rights on or before 5:15 p.m. on Monday, June 27, 2022 (JST) after considering the following Reference Documents for the General Meeting of Shareholders.

- 1. Date and Time:** Tuesday, June 28, 2022 at 10:00 a.m. (JST)
- 2. Venue:** Fourth floor, Convention Hall, Ota City Industrial Plaza (PiO)
1-20-20, Minamikamata, Ota-ku, Tokyo, JAPAN

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 67th Term (from April 1, 2021 to March 31, 2022), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 67th Term (from April 1, 2021 to March 31, 2022)

Items to be resolved:

- | | |
|--------------------|--|
| Proposal 1: | Appropriation of surplus |
| Proposal 2: | Partial amendment to the 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: | Setting the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) |
| Proposal 7: | Setting the amount of remuneration for Directors who are Audit and Supervisory Committee Members |
| Proposal 8: | Determination of remuneration for the granting of shares with transfer restrictions to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) |

4. Instructions on Exercising Voting Rights

Please refer to “Information on Exercise the Voting Rights” on page 3 (in Japanese only).

5. Disclosures on the Internet

Of the documents that should be provided alongside this Notice of Convocation, based on the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following matters are posted on the Company's website (URL: <http://www.yamaichi.co.jp>), and therefore have not been included in the documents provided with this Notice of Convocation. Therefore, the documents provided with this notice are only some of the documents that have been audited by the Audit & Supervisory Board Members or the accounting auditors when preparing the audit report.

1. Notes to Consolidated Financial Statements
2. Notes to Non-Consolidated Financial Statements

- In consideration of the number of people to be accommodated, this year's meeting will be held at the venue mentioned above. Please be careful as the venue and time of the meeting, starting at 10:00 a.m., differ from last year's meeting.
- Please note that if it becomes necessary to revise the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-Consolidated Financial Statements, the revised information will be posted on the Company's internet website (<http://www.yamaichi.co.jp>).

Measures to prevent the spread of COVID-19 at the 67th Ordinary General Meeting of Shareholders

The 67th Ordinary General Meeting of Shareholders of the Company will be held on Tuesday, June 28, 2022. However, in the interests of preventing the spread of COVID-19, we would like to inform you about our requests to shareholders and our response measures as follows.

We ask for the understanding and cooperation of our shareholders.

Requests and guidance to shareholders

- Shareholders who wish to attend the meeting are requested to fully check the status of the spread of COVID-19 as well as announcements by the national and local governments up to the day of this General Meeting of Shareholders before coming to the venue.

Requests and guidance to shareholders visiting the venue

- At the meeting, we will take your temperature and sanitize your hands and fingers with alcohol disinfectant near the reception of the venue. Shareholders who are found to have fevers and/or appear to be unwell may be refused entry and be asked to leave.
- We ask for your cooperation in wearing masks at all times and using alcohol disinfectants inside the venue.
- We expect to be able to prepare approximately 40 seats in the venue as the seating arrangements will be spaced apart to prevent infection. For this reason, please note that admission may be restricted if all the seats are taken.

About our response measures

- Speakers and management staff will wear masks.
- If you appear unwell, the management staff may ask you to go home.
- The proceedings of this General Meeting of Shareholders will be held with the venue doors open.

If future developments necessitate a major change to the schedule for holding and running this General Meeting of Shareholders, shareholders will be informed via the corporate website.

Thank you for your understanding and cooperation.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

The Company's basic policy for profit distribution is to raise corporate value in the medium to long term and to maintain stable dividends and return profits appropriately to shareholders while also strengthening our financial structure and business foundation.

In light of a comprehensive assessment of earnings in this fiscal year, future business trends and the financial foundation, we propose to pay a year-end dividend for this year of 81 yen per share as follows.

Including the interim dividend of 15 yen per share, the annual dividend per share will be 96 yen per share.

Type of dividend property

Cash

Allocation of dividend property and total amount thereof

81 yen per common share of the Company

Total amount of dividends: 1,712,055,690 yen

Effective date of distribution of dividends of surplus

June 29, 2022

Proposal 2: Partial amendment to the Articles of Incorporation

1. Reasons for proposal

The Audit and Supervisory Committee, of which the majority of the members are Outside Directors, is responsible for auditing and supervising the legality and appropriateness of business execution at the Company. By granting voting rights at the Board of Directors to Directors who are Audit and Supervisory Committee Members, the Company will transition to a company with an Audit and Supervisory Committee with the aim of strengthening the supervisory and auditing functions of the Board of Directors and further enhancing corporate governance. Accordingly, the Company will make necessary changes to the Company’s Articles of Incorporation, such as the establishment of new provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members, and the deletion of the provisions concerning the Audit & Supervisory Board and Audit & Supervisory Board Members.

In addition, in light of the fact that the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022, we will establish a new provision to take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format, and a new provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents. We will also delete the current provisions for internet disclosure and deemed provision of reference documents for the General Meeting of Shareholders, etc., and establish supplementary provisions regarding the effective date, etc.

Moreover, necessary changes such as renumbering of the provisions will be made in accordance with the above changes.

2. Details of changes

The details of the changes are as indicated below.

Note that this proposal shall come into effect at the conclusion of this General Meeting of Shareholders.

(Changes are indicated by underlining)

Current Articles of Incorporation	Proposed change
<p>Chapter 1 General Provisions Article 1 to Article 3 (Text omitted) (Bodies) Article 4 In addition to the General Meeting of Shareholders and Directors, the Company shall establish the following bodies. (1) Board of Directors (2) <u>Audit & Supervisory Board Member</u> (3) <u>Audit & Supervisory Board</u> (4) Accounting Auditor Article 5 (Text omitted)</p>	<p>Chapter 1 General Provisions Article 1 to Article 3 (Unchanged) (Bodies) Article 4 In addition to the General Meeting of Shareholders and Directors, the Company shall establish the following bodies. (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) Accounting Auditor Article 5 (Unchanged)</p>
<p>Chapter 2 Shares Article 6 to Article 11 (Text omitted)</p>	<p>Chapter 2 Shares Article 6 to Article 11 (Unchanged)</p>
<p>Chapter 3 General Meeting of Shareholders Article 12 to Article 14 (Text omitted)</p>	<p>Chapter 3 General Meeting of Shareholders Article 12 to Article 14 (Unchanged)</p>

Current Articles of Incorporation	Proposed change
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 15</u> <u>When the Company convenes a General Meeting of Shareholders, if it discloses information that is to be stated or presented in the reference documents for the General Meeting of Shareholders, business report, non-consolidated financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;"><Newly established></p>	<p style="text-align: center;">(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u> <u>Article 15</u> <u>1. When the Company convenes a General Meeting of Shareholders, it shall take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format.</u> <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
<p>Article 16 to Article 17 (Text omitted)</p>	<p>Article 16 to Article 17 (Unchanged)</p>
<p style="text-align: center;">Chapter 4 Directors <u>and</u> Board of Directors</p>	<p style="text-align: center;">Chapter 4 Directors, Board of Directors <u>and</u> <u>Audit and Supervisory Committee</u></p>
<p>(Number of Members)</p>	<p>(Number of Members)</p>
<p>Article 18</p>	<p>Article 18</p>
<p>The Company shall have no more than ten Directors.</p>	<p>1. The Company shall have no more than ten Directors, <u>(excluding those who are Audit and Supervisory Committee Members).</u></p>
<p style="text-align: center;"><Newly established></p>	<p>2. <u>The Company shall have no more than four Directors who are Audit and Supervisory Committee Members.</u></p>
<p>(Method of Election)</p>	<p>(Method of Election)</p>
<p>Article 19</p>	<p>Article 19</p>
<p>1. Directors shall be elected at the General Meeting of Shareholders.</p>	<p>1. Directors shall be elected at the General Meeting of Shareholders <u>in a manner that distinguishes between Directors who are Audit and Supervisory Committee Members and Directors who are not.</u></p>
<p>2. A resolution for the election of Directors shall require the presence of shareholders capable of exercising voting rights who constitute at least one-third (1/3) of the voting rights of shareholders and shall be approved with a majority of the voting rights.</p>	<p>2. A resolution for the election of Directors shall require the presence of shareholders capable of exercising voting rights who constitute at least one-third (1/3) of the voting rights of shareholders and shall be approved with a majority of the voting rights.</p>
<p>3. Resolutions for the election of Directors shall not be based on cumulative voting.</p>	<p>3. Resolutions for the election of Directors shall not be based on cumulative voting.</p>
<p>(Term of Office)</p>	<p>(Term of Office)</p>
<p>Article 20</p>	<p>Article 20</p>
<p>The term of office of Directors shall be until the conclusion of the General Meeting of Shareholders for the last fiscal year which ends within one year from the time of their election.</p>	<p>1. The term of office of Directors <u>(excluding those who are Audit and Supervisory Committee Members)</u> shall be until the conclusion of the General Meeting of Shareholders for the last fiscal year which ends within one year from the time of their election.</p>

Current Articles of Incorporation	Proposed change
<p style="text-align: center;"><Newly established></p>	<p><u>2. The term of office of Directors who are Audit and Supervisory Committee Members shall be until the conclusion of the General Meeting of Shareholders for the last fiscal year which ends within two years from the time of their election.</u></p>
<p style="text-align: center;"><Newly established></p>	<p><u>3. The term of office of a Director who is an Audit and Supervisory Committee Member who is elected as a substitute for a Director who is an Audit and Supervisory Committee Member who has retired before the expiration of his or her term shall be until the time of the expiration of the term of office of the Director who is an Audit and Supervisory Committee Member who has retired.</u></p>
<p>(Representative Directors and Executive Directors) Article 21</p> <ol style="list-style-type: none"> 1. The Board of Directors shall select Representative Directors by resolution. 2. The Board of Directors may, by resolution thereof, appoint one Chairman, one President, and one or a small number of Executive Vice Presidents, Senior Managing Directors, and Managing Directors. 	<p>(Representative Directors and Executive Directors) Article 21</p> <ol style="list-style-type: none"> 1. The Board of Directors shall select Representative Directors <u>from among the Directors (excluding those who are Audit and Supervisory Committee Members)</u> by resolution. 2. The Board of Directors may, by resolution thereof, <u>from among the Directors (excluding those who are Audit and Supervisory Committee Members)</u>, appoint one Chairman, one President, and one or a small number of Executive Vice Presidents, Senior Managing Directors, and Managing Directors.
<p>Article 22 to Article 23 (Text omitted)</p>	<p>Article 22 to Article 23 (Unchanged)</p>
<p>(Notice of Convocation of the Board of Directors Meeting)</p>	<p>(Notice of Convocation of the Board of Directors Meeting)</p>
<p>Article 24</p> <ol style="list-style-type: none"> 1. Notice of convocation of a Board of Directors meeting shall be issued to each Director <u>and Audit & Supervisory Board Member</u> at least three days prior to the meeting date. However, in case of urgent need, this period can be shortened. 2. With the consent of all Directors <u>and Audit & Supervisory Board Members</u>, the Board of Directors meeting may be held without going through the convocation procedure. 	<p>Article 24</p> <ol style="list-style-type: none"> 1. Notice of convocation of a Board of Directors meeting shall be issued to each Director at least three days prior to the meeting date. However, in case of urgent need, this period can be shortened. 2. With the consent of all Directors, the Board of Directors meeting may be held without going through the convocation procedure. <p><u>(Notice of Convocation of the Audit and Supervisory Committee Meeting)</u></p>
<p style="text-align: center;"><Newly established></p>	<p><u>Article 25</u></p> <ol style="list-style-type: none"> 1. <u>Notice of convocation of an Audit and Supervisory Committee meeting shall be issued to each Audit and Supervisory Committee Member at least three (3) days prior to the meeting date. However, in case of urgent need, this period can be shortened.</u> 2. <u>With the consent of all Audit and Supervisory Committee Members, the Audit and Supervisory Committee meeting may be held without going through the convocation procedure.</u>
<p style="text-align: center;"><Newly established></p>	<p>Article 26 (Unchanged)</p> <p><u>(Delegation to Directors)</u></p>
<p>Article <u>25</u> (Text omitted)</p> <p style="text-align: center;"><Newly established></p>	<p><u>Article 27</u></p> <p><u>Pursuant to the provisions of Article 399-13, Paragraph (6) of the Companies Act, the Board of Directors may, by resolution thereof, delegate to the Directors all or part of the Company's important business execution decisions (excluding the matters listed in each item of Paragraph (5) of these Articles).</u></p> <p><u>(Full-Time Audit and Supervisory Committee Members)</u></p>
<p style="text-align: center;"><Newly established></p>	<p><u>Article 28</u></p> <p><u>The Audit and Supervisory Committee may select full-time Audit and Supervisory Committee Members from among the Audit and Supervisory Committee Members.</u></p>

Current Articles of Incorporation	Proposed change
<p>Article <u>26</u> (Text omitted)</p> <p style="text-align: center;"><Newly established></p> <p>(Remuneration, Etc.)</p>	<p>Article <u>29</u> (Unchanged)</p> <p><u>(Rules of the Audit and Supervisory Committee)</u></p> <p>Article <u>30</u></p> <p><u>Matters concerning the Audit and Supervisory Committee shall be governed by the applicable laws and regulations, the Articles of Incorporation, and the rules of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u></p> <p>(Remuneration, Etc.)</p>
<p>Article <u>27</u></p> <p>Economic benefits received by Directors from the Company as remuneration, bonuses, and other consideration for the execution of duties (<u>hereinafter referred to as “Remuneration, etc.”</u>) shall be determined by resolution of the General Meeting of Shareholders.</p>	<p>Article <u>31</u></p> <p>Economic benefits received by Directors from the Company as remuneration, bonuses, and other consideration for the execution of duties shall be determined by resolution of the General Meeting of Shareholders <u>in a manner that distinguishes between Directors who are Audit and Supervisory Committee Members and Directors who are not.</u></p>
<p>Article <u>28</u> (Text omitted)</p> <p style="text-align: center;"><u>Chapter 5</u></p> <p style="text-align: center;"><u>Audit & Supervisory Board Members and</u></p> <p style="text-align: center;"><u>Audit & Supervisory Board</u></p> <p><u>(Number of Members)</u></p>	<p>Article <u>32</u> (Unchanged)</p> <p style="text-align: right;">(Deleted)</p>
<p>Article <u>29</u></p> <p><u>The Company shall have no more than 4 Audit & Supervisory Board Members.</u></p> <p><u>(Method of Election)</u></p>	<p style="text-align: right;">(Deleted)</p>
<p>Article <u>30</u></p> <p><u>1. Audit & Supervisory Board Members shall be elected at the General Meeting of Shareholders.</u></p> <p><u>2. A resolution for the election of Audit & Supervisory Board Members shall require the presence of shareholders capable of exercising voting rights who constitute at least one-third (1/3) of the voting rights of shareholders and shall be approved with a majority of the voting rights.</u></p> <p><u>(Term of Office)</u></p>	<p style="text-align: right;">(Deleted)</p> <p style="text-align: right;">(Deleted)</p>
<p>Article <u>31</u></p> <p><u>1. The term of office of Audit & Supervisory Board Members shall be until the conclusion of the General Meeting of Shareholders for the last fiscal year which ends within 4 years from the time of their election.</u></p> <p><u>2. The term of office of an Audit & Supervisory Board Member who is elected as a substitute for an Audit & Supervisory Board Member who has retired before the expiration of his or her term shall be until the time of the expiration of the term of office of the Audit & Supervisory Board Member who has retired.</u></p> <p><u>(Full-time Audit & Supervisory Board Members)</u></p>	<p style="text-align: right;">(Deleted)</p> <p style="text-align: right;">(Deleted)</p>
<p>Article <u>32</u></p> <p><u>The Board of Directors shall select full-time Audit & Supervisory Board Members by resolution.</u></p> <p><u>(Notice of Convocation of the Audit & Supervisory Board Meeting)</u></p>	<p style="text-align: right;">(Deleted)</p>
<p>Article <u>33</u></p> <p><u>1. Notice of convocation of an Audit & Supervisory Board meeting shall be issued to each Audit & Supervisory Board Member at least three days prior to the meeting date. However, in case of urgent need, this period can be shortened.</u></p>	<p style="text-align: right;">(Deleted)</p>

Current Articles of Incorporation	Proposed change
<p><u>2. With the consent of all Audit & Supervisory Board Members, the Audit & Supervisory Board meeting may be held without going through the convocation procedure.</u> (Rules of the Audit & Supervisory Board)</p>	(Deleted)
<p><u>Article 34</u> <u>Matters concerning the Audit & Supervisory Board shall be governed by the applicable laws and regulations, the Articles of Incorporation, and the rules of the Audit & Supervisory Board established by the Audit & Supervisory Board.</u> (Remuneration, Etc.)</p>	(Deleted)
<p><u>Article 35</u> <u>The Remuneration, etc. of the Audit & Supervisory Board Members shall be determined by resolution of the General Meeting of Shareholders.</u> (Agreements Limiting Liability for Audit & Supervisory Board Members)</p>	(Deleted)
<p><u>Article 36</u> <u>Based on the provisions in Article 427, Paragraph (1) of the Companies Act, the Company may enter into agreements with its Audit & Supervisory Board Members that limit the liability for damages in cases where the requirements stipulated by laws and regulations regarding liability for damages under Article 423, Paragraph (1) of the Companies Act are met. However, that the maximum amount of liability under such agreements shall be the amount stipulated by laws and regulations.</u></p>	(Deleted)
<p>Chapter <u>6</u> Calculation Article <u>37</u> to Article <u>40</u> (Text omitted)</p>	<p>Chapter <u>5</u> Calculation Article <u>33</u> to Article <u>36</u> (Unchanged)</p>
<p><Newly established></p>	<p><u>Supplementary Provisions</u> <u>(Transitional Measures concerning Agreements Limiting Liability for Audit & Supervisory Board Members)</u></p>
<p><Newly established></p>	<p><u>Article 1</u> <u>Agreements to limit liability for damages under Article 423, Paragraph (1) of the Companies Act related to acts by Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) prior to the conclusion of the 67th Ordinary General Meeting of Shareholders shall be governed by Article 36 of the Articles of Incorporation prior to the amendment by resolution at said Ordinary General Meeting of Shareholders.</u></p>
<p><Newly established></p>	<p><u>(Transitional Measures concerning measures, etc. for Providing Information in Electronic Format)</u></p>
<p><Newly established></p>	<p><u>Article 2</u> <u>1. The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 15 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022 (hereinafter referred to as the “Date of Enforcement”).</u></p>
<p><Newly established></p>	<p><u>2. Notwithstanding the provision of the preceding paragraph, Article 15 of the pre-amended Articles of Incorporation shall remain effective regarding any General Meeting of Shareholders held on a date within six months from the Date of Enforcement.</u></p>

Current Articles of Incorporation	Proposed change
<Newly established>	<u>3. The provisions in this article shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the General Meeting of Shareholders in the preceding paragraph, whichever is later.</u>

Note: Some underlining does not coincide with the Japanese version because of translation adjustments.

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

Subject to the approval and adoption of Proposal 2, “Partial Amendment to the Articles of Incorporation,” the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, since the terms of office of all eight Directors expire at the conclusion of this General Meeting of Shareholders, we propose the election of eight Directors (excluding Directors who are Audit and Supervisory Committee Members).

This proposal shall take effect when Proposal 2, “Partial Amendment to the Articles of Incorporation,” comes into effect.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

No.	Name	Position in the Company	
1	Yoshitaka Ota	Chairman	Reelection
2	Junichi Kameya	President	Reelection
3	Takeshi Tsuchiya	Director and Managing Executive Officer	Reelection
4	Kazuhiro Matsuda	Director and Senior Executive Officer	Reelection
5	Nobuhiro Kishimura	Director and Senior Executive Officer	Reelection
6	Tomohiro Murata	Director	Reelection Outside Independent
7	Yoichiro Sakuma	Director	Reelection Outside Independent
8	Toshihisa Yoda	Director	Reelection Outside Independent

Reelection: Candidate for Director to be reelected

Outside: Candidate for Outside Director

Independent: Independent officer as defined by the securities exchange

- Notes:
1. There is no special interest between each candidate and the Company.
 2. Tomohiro Murata, Yoichiro Sakuma and Toshihisa Yoda are candidates for Outside Directors.
 3. The Company has registered Tomohiro Murata, Yoichiro Sakuma and Toshihisa Yoda as Independent Officers as stipulated in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. If they are elected and appointed as Directors, the Company will continue to register them as Independent Officers.
 4. Based on the provisions in Article 427, Paragraph (1) of the Companies Act, the Company has concluded agreements with Tomohiro Murata, Yoichiro Sakuma and Toshihisa Yoda that limit the liability for damages specified in Article 423, Paragraph (1) of the Companies Act to the minimum amount stipulated in Article 425, Paragraph (1) of that Act. If they are elected and appointed as Directors, the Company plans to continue these agreements.
 5. The Company has entered into an officer liability insurance policy with an insurance company in accordance with the provisions of Article 430-3, Paragraph (1) of the Companies Act. This insurance policy covers legal damages and litigation costs in the event of claim for damages caused by acts (or omissions) performed by the insured, including Directors, based on their position in the Company (except where the insured has illegally obtained a benefit or advantage, or has committed a criminal act, fraudulent act, deceitful act, or has acted knowingly in violation of any laws or regulations, including laws and regulations specific to Directors). In the event a candidate is elected and assumes office as a Director, the candidate shall then become an insured person under this insurance policy. The insurance policy is scheduled to be renewed with the same contents at the next renewal period.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned	
1	Yoshitaka Ota (October 10, 1948) Reelection Tenure as Director 9 years Attendance at Board of Directors meetings 12/12	May 2002 Apr. 2004 Oct. 2005 Apr. 2007 June 2008 June 2009 June 2010 June 2013 May 2017 June 2021	Joined the Company Senior Executive Officer and Senior General Manager of Manufacturing Div. Manager of Sakura Factory General Manager of Corporate Planning Dept. Director Executive Vice-president, Pricon Microelectronics, Inc. Audit & Supervisory Board Member of the Company (full-time) President In charge of Optical-related Business Chairman (present position)	133,600
		Reasons for nomination as candidate for Director Yoshitaka Ota possesses wide-ranging knowledge and experience in the Company's overall operations from his experience in each division, and given his achievements as Chairman and as President, we have nominated him again as a candidate for Director.		
2	Junichi Kameya (June 29, 1964) Reelection Tenure as Director 9 years Attendance at Board of Directors meetings 12/12	Apr. 1987 Oct. 2007 Apr. 2012 Apr. 2013 June 2013 June 2019 June 2021	Joined the Company President, Yamaichi Electronics Shenzhen Co., Ltd. Executive Officer and Senior General Manager of Manufacturing Div., General Manager of Manufacturing Control Dept. of the Company Senior General Manager of CS Business Div. Director and Senior Executive Officer Managing Executive Officer President (present position) In charge of CS Business Div. (present position), Business Audit Dept. (present position) and Quality Assurance Dept. (present position)	64,000
		Reasons for nomination as candidate for Director Junichi Kameya possesses wide-ranging knowledge and experience in the Company's overall operations from his experience in each division, and given his achievements as President, we have nominated him again as a candidate for Director.		
3	Takeshi Tsuchiya (June 1, 1961) Reelection Tenure as Director 9 years Attendance at Board of Directors meetings 12/12	Apr. 1984 Feb. 2004 Apr. 2006 Apr. 2008 June 2013 June 2016 June 2018 June 2019 Apr. 2020	Joined the Company Executive Officer of the Company President, Yamaichi Electronics Shenzhen Co., Ltd. Executive Officer and Senior General Manager of TS Business Div. of the Company Director (present position) and Senior Executive Officer In charge of Optical-related Business Managing Executive Officer (present position) In charge of Engineering Administration Department In charge of Manufacturing Division Senior General Manager of Manufacturing Div. (present position)	49,500
		Reasons for nomination as candidate for Director Takeshi Tsuchiya possesses extensive knowledge and experience in the Company's operations, particularly in the sales division and the manufacturing division, and also has experience in corporate management at subsidiaries. Given his achievements as Director, we have nominated him again as a candidate for Director.		

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
4	<p>Kazuhiro Matsuda (April 11, 1964) Reelection</p> <p>Tenure as Director 5 years Attendance at Board of Directors meetings 12/12</p>	<p>Dec. 1988 Joined the Company</p> <p>Apr. 2009 General Manager of Overseas Sales Dept., Sales Headquarters, Business Control Headquarters</p> <p>Apr. 2014 President, Yamaichi Electronics USA, Inc.</p> <p>Apr. 2015 Executive Officer of the Company</p> <p>June 2017 Director (present position) and Senior Executive Officer (present position) Senior General Manager of Administration Div. (present position)</p> <p>June 2021 General Manager of Corporate Administration Dept. (present position)</p> <p>Jan. 2022 General Manager of Information Systems Dept. (present position)</p>	28,600
		<p>Reasons for nomination as candidate for Director</p> <p>Kazuhiro Matsuda possesses extensive knowledge and experience in the Company's operations, particularly in the administration division and the overseas sales division, and also has experience in corporate management at subsidiaries. Given his achievements as Director, we have nominated him again as a candidate for Director.</p>	
5	<p>Nobuhiro Kishimura (September 24, 1964) Reelection</p> <p>Tenure as Director 4 years Attendance at Board of Directors meetings 12/12</p>	<p>Nov. 1988 Joined the Company</p> <p>Feb. 2004 General Manager of Sales Dept. II</p> <p>Apr. 2008 General Manager of West Japan Sales Dept., General Manager of TS Planning and Special Items Dept.</p> <p>Apr. 2011 General Manager of TS Business Promotion Dept.</p> <p>Apr. 2013 General Manager of TS Business Promotion Gr. General Manager of TS Sales Dept.</p> <p>June 2013 Acting Senior General Manager of TS Business Div.</p> <p>Apr. 2014 Executive Officer of the Company</p> <p>June 2018 Director (present position) and Senior Executive Officer (present position) In charge of Optical-related Business, Manufacturing Division (present position)</p> <p>June 2019 Senior General Manager of TS Business Div. (present position) In charge of Engineering Administration Department (present position)</p> <p>Apr. 2022 General Manager of TS Overseas Sales Dept. (present position)</p>	26,900
		<p>Reasons for nomination as candidate for Director</p> <p>Nobuhiro Kishimura possesses extensive knowledge and experience in the Company's operations, particularly in the sales division and manufacturing division, and also has experience in business operation as an executive officer. Given his achievements as Director, we have nominated him again as a candidate for Director.</p>	

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
6	<p>Tomohiro Murata (June 17, 1968) Reelection Outside Independent</p> <p>Tenure as Director 7 years Attendance at Board of Directors meetings 12/12</p>	<p>Apr. 1991 Joined Daiwa Securities Co. Ltd. July 1994 Joined Daiwa Institute of Research Ltd. Sept. 1996 Joined Morgan Stanley Japan Limited Feb. 2009 Joined Frontier Management Inc. Managing Director June 2015 Outside Director of the Company (present position) June 2018 Managing Director, Frontier Management Inc. (present position) June 2021 External Director, Hakuto Co., Ltd. (present position) (Significant concurrent positions outside the Company) Managing Director, Frontier Management Inc. External Director, Hakuto Co., Ltd.</p>	—
<p>Reasons for nomination as candidate for Outside Director and overview of expected role Tomohiro Murata has extensive experience as a management consultant and possesses wide-ranging knowledge. We expect him to provide objective and unbiased advice on management, and we have nominated him again as a candidate for Outside Director.</p>			
7	<p>Yoichiro Sakuma (September 4, 1955) Reelection Outside Independent</p> <p>Tenure as Director 4 years Attendance at Board of Directors meetings 12/12</p>	<p>Apr. 1980 Joined Nitto Electric Industrial Co., Ltd. (currently Nitto Denko Corporation) June 2006 Vice President, Nitto Denko Corporation June 2010 Director, Vice President, Nitto Denko Corporation June 2013 Director, Executive Vice President, Nitto Denko Corporation Jan. 2018 Advisor, Refine Holdings Co., Ltd. (present position) June 2018 Outside Director of the Company (present position) Outside Director, Nitta Gelatin Inc. (present position) Oct. 2018 Outside Director, Nitta Gelatin India Ltd. (present position) Feb. 2019 Director, Refine Americas Inc. (present position) (Significant concurrent positions outside the Company) Outside Director, Nitta Gelatin Inc. Outside Director, Nitta Gelatin India Ltd. Advisor, Refine Holdings Co., Ltd. Director, Refine Americas Inc.</p>	800
<p>Reasons for nomination as candidate for Outside Director and overview of expected role Yoichiro Sakuma has extensive experience over many years as a corporate executive and possesses wide-ranging knowledge. We expect him to provide objective and unbiased advice on management, and we have nominated him again as a candidate for Outside Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
8	<p>Toshihisa Yoda (January 3, 1958) Reelection Outside Independent</p> <p>Tenure as Director 2 years Attendance at Board of Directors meetings 12/12</p>	<p>Apr. 1982 Joined Shinko Electric Industries Co., Ltd. Apr. 2007 Corporate Officer, Shinko Electric Industries Co., Ltd. June 2011 Director and Senior Corporate Officer, Shinko Electric Industries Co., Ltd. June 2014 Director and Executive Managing Corporate Officer, Shinko Electric Industries Co., Ltd. June 2018 Advisor, Shinko Electric Industries Co., Ltd. June 2020 Outside Director of the Company (present position)</p>	—
<p>Reasons for nomination as candidate for Outside Director and overview of expected role Toshihisa Yoda has extensive experience over many years as a corporate executive and possesses wide-ranging knowledge of semiconductor-related business, which is a specialty of the Company's businesses. We expect him to provide objective and unbiased advice on management, and we have nominated him again as a candidate for Outside Director.</p>			

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

Subject to the approval and adoption of Proposal 2, “Partial Amendment to the Articles of Incorporation,” the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, we propose the election of three Directors who are Audit and Supervisory Committee Members.

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

This proposal shall take effect when Proposal 2, “Partial Amendment to the Articles of Incorporation,” comes into effect.

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

No.	Name	Position in the Company	
1	Koichiro Yanagisawa	Full-time Audit & Supervisory Board Member	New election
2	Shinobu Okamoto	Audit & Supervisory Board Member	New election Outside Independent
3	Takako Murase	Audit & Supervisory Board Member	New election Outside Independent

New election: Candidate for new Director who is an Audit and Supervisory Committee Member

Outside: Candidate for Outside Director who is an Audit and Supervisory Committee Member

Independent: Independent officer as defined by the securities exchange

- Notes:
1. There is no special interest between each candidate and the Company.
 2. Shinobu Okamoto and Takako Murase are candidates for Outside Directors who are Audit and Supervisory Committee Members.
 3. The Company has registered Shinobu Okamoto and Takako Murase as Independent Officers as stipulated in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. If their elections are approved, the Company will continue to register them as Independent Officers.
 4. Based on the provisions in Article 427, Paragraph (1) of the Companies Act, the Company has concluded agreements with Shinobu Okamoto and Takako Murase that limit the liability for damages specified in Article 423, Paragraph (1) of the Companies Act to the minimum amount stipulated in Article 425, Paragraph (1) of that Act. If their elections are approved, the Company plans to conclude agreements with them equivalent in content to these agreements.
 5. The Company has entered into an officer liability insurance policy with an insurance company in accordance with the provisions of Article 430-3, Paragraph (1) of the Companies Act. This insurance policy covers legal damages and litigation costs in the event of claim for damages caused by acts (or omissions) performed by the insured, including Audit & Supervisory Board Members, based on their position in the Company (except where the insured has illegally obtained a benefit or advantage, or has committed a criminal act, fraudulent act, deceitful act, or has acted knowingly in violation of any laws or regulations, including laws and regulations specific to Audit & Supervisory Board Members). In the event a candidate is elected and assumes office as a Director who is an Audit and Supervisory Committee Member, the candidate shall then become an insured person under a policy equivalent in content to this insurance policy. The insurance policy is scheduled to be renewed with equivalent content at the next renewal period.

No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
1	<p>Koichiro Yanagisawa (January 18, 1959) New election</p> <p>Tenure as Director – years</p> <p>Tenure as Audit & Supervisory Board Member 1 year</p> <p>Attendance at Board of Directors meetings 10/10</p>	<p>Apr. 1981 Joined Pioneer Corporation</p> <p>July 1992 Transferred to Q-TEC, Inc., Manager of Accounting Section, General Affairs Department</p> <p>Apr. 2002 Manager, Business Management Section, International Business Division, Pioneer Corporation</p> <p>Nov. 2010 Joined the Company, Assistant to General Manager of Corporate Planning Dept.</p> <p>June 2013 General Manager of Corporate Administration Dept.</p> <p>July 2017 Executive Officer and Deputy Senior General Manager of Administration Div.</p> <p>June 2021 Full-time Audit & Supervisory Board Member (present position)</p>	10,000
<p>Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member</p> <p>Koichiro Yanagisawa has extensive knowledge of business operations and corporate management and considerable expertise in finance and accounting, having served as an Executive Officer of the Company and as Deputy Senior General Manager of the Administration Division as well as General Manager of Corporate Administration Department. The Company has judged that he is suitable for the position of Director who is an Audit and Supervisory Committee Member of the Company based on his extensive experience and wide-ranging knowledge.</p>			

No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
2	<p>Shinobu Okamoto (June 18, 1954) New election Outside Independent</p> <p>Tenure as Director – years</p> <p>Tenure as Audit & Supervisory Board Member 3 years</p> <p>Attendance at Board of Directors meetings 12/12</p>	<p>Apr. 1977 Joined Tokyo Regional Taxation Bureau</p> <p>July 1998 Asistant Director, Income Tax Division, Taxation Department, National Tax Agency</p> <p>July 2009 Director, First Personnel Section, General Affairs Department, Tokyo Regional Taxation Bureau</p> <p>July 2012 Commissioner's Secretariat, National Tax Agency and Internal Inspector, National Tax Agency</p> <p>June 2013 General Manager, General Affairs Department, Nagoya Regional Taxation Bureau</p> <p>July 2014 Regional Commissioner, Kumamoto Regional Taxation Bureau</p> <p>Oct. 2015 Representative Partner, Shinobu Okamoto Certified Tax Accountant Office (present position)</p> <p>May 2016 Outside Audit & Supervisory Board Member, United Super Market Holdings Inc. (present position)</p> <p>June 2016 Outside Director, RIKENGREEN CO., LTD.</p> <p>June 2019 Outside Audit & Supervisory Board Member of the Company (present position)</p> <p>(Significant concurrent positions outside the Company) Representative Partner, Shinobu Okamoto Tax Accountant Office Outside Audit & Supervisory Board Member, United Super Market Holdings Inc.</p>	–
<p>Reasons for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>As a certified tax accountant, Shinobu Okamoto is well-versed in taxation and accounting and has sufficient knowledge to supervise company management. We expect him to audit and supervise the execution of the duties of Directors from an objective and fair standpoint. Accordingly, we have nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> <p>While he does not have experience in corporate management other than serving as an Outside Director and an Outside Audit & Supervisory Board Member, for the reasons given above, we believe that he would appropriately fulfill his responsibilities as an Outside Director who is an Audit and Supervisory Committee Member.</p>			

No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
3	<p>Takako Murase (January 4, 1955) New election Outside Independent</p> <p>Tenure as Director – years</p> <p>Tenure as Audit & Supervisory Board Member 2 years</p> <p>Attendance at Board of Directors meetings 12/12</p>	<p>Apr. 1997 Registered as lawyer, joined Torikai Tada Moriyama Law Office (currently Torikai Law Office)</p> <p>Jan. 2005 Partner, Torikai Law Office (present position)</p> <p>June 2015 Outside Audit & Supervisory Board Member, MOS FOOD SERVICES, INC. (present position) Outside Audit & Supervisory Board Member, NIKKO COMPANY (present position)</p> <p>June 2020 Outside Audit & Supervisory Board Member of the Company (present position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Partner, Torikai Law Office</p> <p>Outside Audit & Supervisory Board Member, MOS FOOD SERVICES, INC.</p> <p>Outside Audit & Supervisory Board Member, NIKKO COMPANY</p>	–
<p>Reasons for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Takako Murase has sufficient knowledge to reflect her extensive experience and expertise related to corporate legal affairs as a lawyer in audits and supervision of the Company, and is expected to audit and supervise the Directors' execution of operations from an objective and unbiased perspective. Accordingly, we have nominated her as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>While she does not have experience in corporate management other than serving as an Outside Audit & Supervisory Board Member, for the reasons given above, we believe that she would appropriately fulfill her responsibilities as an Outside Director who is an Audit and Supervisory Committee Member.</p>			

[Reference] Structure of the Board of Directors and Skills Matrix after Election

If Proposals 3 and 4 are approved and adopted as originally proposed, the composition, expertise and experience of the Board of Directors will be as follows.

Name	Corporate management	Global	Technology	Sales/marketing	Production	Finance/accounting	Legal	Sustainability
Yoshitaka Ota	○	○			○	○		
Junichi Kameya	○	○	○	○	○			
Takeshi Tsuchiya	○	○	○	○	○			
Kazuhiro Matsuda	○	○		○		○	○	○
Nobuhiro Kishimura	○	○	○	○	○			
Tomohiro Murata	○							
Yoichiro Sakuma	○	○		○				
Toshihisa Yoda	○							
Koichiro Yanagisawa						○		
Shinobu Okamoto						○		
Takako Murase							○	

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

Subject to the approval and adoption of Proposal 2, “Partial Amendment to the Articles of Incorporation,” the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, to prepare for a contingency in which the Company does not have the number of Directors who are Audit and Supervisory Committee Members required by laws and regulations, we propose the election in advance of one substitute Director who is an Audit and Supervisory Committee Member.

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

This proposal shall take effect when Proposal 2, “Partial Amendment to the Articles of Incorporation,” comes into effect.

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

Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
Koryu Mukaigawa (November 10, 1951)	Apr. 1974 Joined Toshiba Corporation	
	Apr. 1998 General Manager, Production Materials Department, Himeji Plant, Toshiba Corporation	
	Apr. 2002 General Manager, Procurement Department, Komukai Plant, Toshiba Corporation	
	Oct. 2005 General Manager, Procurement Department, Toshiba Carrier Air Conditioning System Corporation	-
	June 2009 Director and General Manager, Supplies Sales Division, Toshiba Business & Life Service Corporation	
	June 2015 Full-time Audit & Supervisory Board Member, Tamagawa Holdings Co., Ltd.	
	July 2019 General Manager, Material Department, Tamagawa Electronics Co., Ltd.	

Reasons for nomination as candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and overview of expected role

Koryu Mukaigawa has extensive professional experience in a listed company and his experience as a full-time Audit & Supervisory Board Member. The Company has nominated him as a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member at the Company because it looks forward to taking advantage of his knowledge and experience to further drive the enhancement of its auditing and supervisory capabilities.

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Koryu Mukaigawa is a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.
 3. If Koryu Mukaigawa assumes the office of Outside Director who is an Audit and Supervisory Committee Member, the Company plans to register him as an Independent Officer as stipulated in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.
 4. If Koryu Mukaigawa assumes the office of Outside Director who is an Audit and Supervisory Committee Member, the Company plans to conclude an agreement with him that limits the liability for damages specified in Article 423, Paragraph (1) of the Companies Act to the minimum amount stipulated in Article 425, Paragraph (1) of that Act based on the provisions in Article 427, Paragraph (1) of that Act.
 5. The Company has entered into an officer liability insurance policy with an insurance company in accordance with the provisions of Article 430-3, Paragraph (1) of the Companies Act. This insurance policy covers legal damages and litigation costs in the event of claim for damages caused by acts (or omissions) performed by the insured, including Audit & Supervisory Board Members, based on their position in the Company (except where the insured has illegally obtained a benefit or advantage, or has committed a criminal act, fraudulent act, deceitful act, or has acted knowingly in violation of any laws or regulations, including laws and regulations specific to Audit & Supervisory Board Members). In the event a candidate assumes office as an Outside Director who is an Audit and Supervisory Committee Member, the candidate shall be included as an insured person under a policy equivalent in content to this insurance policy.

Proposal 6: Setting the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The amount of remuneration for Directors of the Company was limited to no more than 500 million yen per year (not including employee salaries) by a resolution of the 30th Ordinary General Meeting of Shareholders held on March 17, 1986, and performance-linked remuneration (bonuses) was included in the above-mentioned amount of remuneration for Directors by a resolution of the 52nd Ordinary General Meeting of Shareholders held on June 27, 2007, and these policies continue to this day.

At this time, subject to the approval and adoption of Proposal 2, “Partial Amendment to the Articles of Incorporation,” the Company will transition to a company with an Audit and Supervisory Committee.

Therefore, in order to reset the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) on the occasion of the transition to a company with an Audit and Supervisory Committee, we propose to repeal the current provisions regarding the amount of remuneration for Directors, and to limit the annual amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) to 500 million yen or less (of which the annual amount for Outside Directors shall not exceed 100 million yen), including performance-linked remuneration (bonuses), taking into account various circumstances such as the economic situation.

If this proposal is approved, at the Board of Directors meeting after conclusion of this General Meeting of Shareholders, the text on page 39 of the Japanese version of the Business Report defining those who are covered by the policy for determining the content of individual Remuneration, etc. of Directors will be changed from “Directors” to “Directors (excluding Directors who are Audit and Supervisory Committee Members)” to make it consistent with the content of the approved proposal.

This proposal is intended to fix a remuneration limit for Directors (excluding Directors who are Audit and Supervisory Committee Members) within a reasonable range, taking into consideration the economic situation, the size of the Company, the number of Directors, the remuneration level of competitors, and similar factors. In addition, as mentioned above, we plan to change the policy for determining the content of individual Remuneration, etc. for Directors, and we have determined that this proposal is necessary and appropriate in order to determine the content of individual Remuneration, etc. for Directors in line with the revised policy.

Subject to the approval and adoption of Proposal 2 “Partial Amendment to the Articles of Incorporation” and Proposal 3 “Election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members)” as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eight (including three Outside Directors).

This proposal shall take effect when Proposal 2, “Partial Amendment to the Articles of Incorporation,” comes into effect.

Proposal 7: Setting the amount of remuneration for Directors who are Audit and Supervisory Committee Members

Subject to the approval and adoption of Proposal 2, “Partial Amendment to the Articles of Incorporation,” the Company will transition to a company with an Audit and Supervisory Committee.

Accordingly, on the occasion of the transition to a company with an Audit and Supervisory Committee, taking into account the duties and responsibilities of Directors who are Audit and Supervisory Committee Members, we propose to limit the annual amount of remuneration for Directors who are Audit and Supervisory Committee Members to 100 million yen or less, which is equal to the amount approved as remuneration for Audit & Supervisory Board Members by resolution of the 30th Ordinary General Meeting of Shareholders held on March 17, 1986.

This proposal is intended to fix a remuneration limit for Directors who are Audit and Supervisory Committee Members within a reasonable range, taking into account the responsibilities of Directors who are Audit and Supervisory Committee Members and the level of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), etc., and we have determined that the proposal is necessary and appropriate. Subject to the approval and adoption of Proposal 2 “Partial Amendment to the Articles of Incorporation” and Proposal 4 “Election of three (3) Directors who are Audit and Supervisory Committee Members” as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be three.

This proposal shall take effect when Proposal 2, “Partial Amendment to the Articles of Incorporation,” comes into effect.

Proposal 8: Determination of remuneration for the granting of restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

At the 62nd Ordinary General Meeting of Shareholders held on June 28, 2017, the Company received approval for the introduction of a remuneration system for the grant of shares with transfer restrictions to Directors (excluding Outside Directors). However, subject to the approval and adoption of Proposal 2 “Partial Amendment to the Articles of Incorporation” as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee. In light of this transition, we again request shareholder approval of the payment of remuneration in the form of a grant of shares with transfer restrictions to Directors (excluding Directors and Outside Directors who are Audit and Supervisory Committee Members, hereinafter referred to as “Subject Directors”) after the transition to a company with an Audit and Supervisory Committee. The content of this system for which approval is requested in this proposal is the same as the content approved at the 62nd Ordinary General Meeting of Shareholders, except for the transfer restriction period.

Pursuant to this proposal, remuneration shall be paid in the form of monetary claims (“Monetary Remuneration Claims”) to grant shares with transfer restrictions to the Eligible Directors, and the total amount shall be no more than 90 million yen per year. The specific timing and allocation of such remuneration to the Eligible Directors shall be determined by the Board of Directors.

The above remuneration amounts do not include employee salaries of Directors who concurrently serve as employees.

Currently, there are eight Directors (including three Outside Directors). Subject to the approval and adoption of Proposal 2 “Election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members)” as originally proposed, the number of Eligible Directors will be five.

The content of this proposal shall become effective on condition that the amendments to the Articles of Incorporation in Proposal 2 “Partial Amendment to the Articles of Incorporation” become effective.

1. Summary of the system

The Eligible Directors shall pay all of the Monetary Remuneration Claims to be provided pursuant to this proposal in the form of property contributed in kind in accordance with the resolution of the Board of Directors of the Company, and shall receive common shares of the Company that shall be issued or disposed of by the Company. The total number of common shares of the Company to be issued or disposed of by the Company shall be no more than 70,000 shares annually; provided, however, that, if a share split (including gratis allocation of the Company’s common shares) or share consolidation of the Company’s common shares is executed on or after the day of approval of this proposal or other grounds occur necessitating adjustment of the total number of the Company’s common shares issued or disposed of as shares with transfer restrictions, the total number of shares shall be adjusted to a reasonable extent.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately before the date of each resolution of the Board of Directors (if there is no closing price on such date, the closing price of the closest preceding trading day) to the extent that the amount is not particularly beneficial to the Eligible Directors who will receive the common shares. When issuing or disposing of the common shares of the Company, an agreement on allotment of shares with transfer restrictions that includes the provisions summarized below (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director.

2. Summary of the Allotment Agreement

(1) Restricted period

Eligible Directors may not transfer, create security interests in, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) for a period of at least three years and no more than five years determined in advance by the Board of Directors of the Company (the “Restricted Period”). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the “transfer restrictions.”

(2) Treatment on retirement from office

If an Eligible Director retires from the position of Director or Executive Officer not concurrently serving as Director of the Company or any of its subsidiaries before expiration of the Restricted Period, the

Company shall automatically acquire such Allotted Shares without contribution, except in the case of expiration of term of office, death, or other grounds the Board of Directors of the Company deems justifiable.

(3) Lifting of transfer restrictions

Notwithstanding the provisions in (1) above, the Company shall lift the transfer restrictions on all of the Allotted Shares upon expiration of the Restricted Period, on the condition that the Eligible Director has remained in the position of Director or Executive Officer not concurrently serving as Director of the Company or any of its subsidiaries throughout the Restricted Period. If an Eligible Director leaves the position designated in (2) above before the expiration of the Restriction Period due to expiration of term of office, death, or other grounds the Board of Directors of the Company deems justifiable as specified in (2) above, the Company shall rationally adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted and the timing of lifting the transfer restrictions as needed.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions in (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the beginning of the Restriction Period to the date of approval of the reorganization, etc., prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company. In cases provided above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(5) Other matters to be determined by the Board of Directors

Further to the above, the methods of expression of intent and notice under the Allotment Agreement, the method of revision of the Allotment Agreement, and other matters to be determined by the Board of Directors shall be specified in the Allotment Agreement.

3. Reasons why granting shares with transfer restrictions is reasonable

The Company will grant shares with transfer restrictions to Eligible Directors for the purpose of providing an incentive for Directors to continuously increase the Company's medium- to long-term results and its corporate value and to enhance a management focus on shareholder interests through further promoting the sharing of values between Directors and shareholders.

The amount assessed at market value as of the business day preceding the date of the resolution of the Board of Directors concerning the allocation of the value of the shares with transfer restrictions shall be within the range of 90 million yen per year as described above. The ratio of the shares with transfer restrictions to the total number of issued shares is 0.3%, and the dilution rate is insignificant.

The upper limit on the amount of remuneration in this proposal, the total number of common shares of the Company to be issued or disposed of, and other conditions for granting shares with transfer restrictions to Eligible Directors based on this proposal have been decided in consideration of the above purposes, our business conditions, and various other circumstances, and we have determined that they are reasonable.