Notice of the 95th Ordinary General Meeting of Shareholders

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

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

Meeting Details

1. Date and time: Friday, June 21, 2019 at 3:00 p.m. (Japan Standard Time)
2. Venue: 4th Floor Golden Room
   Hotel Grand Palace
   1-1-1, Iidabashi, Chiyoda-ku, Tokyo
3. Purposes of the Meeting:
   a. Items to be reported:
      1. Business Report and Consolidated Financial Statements for the 95th Term (from April 1, 2018 to March 31, 2019), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board
      2. Non-Consolidated Financial Statements for the 95th Term (from April 1, 2018 to March 31, 2019)
   b. Items to be resolved:
      Proposal 1: Appropriation of surplus
      Proposal 2: Partial change to Articles of Incorporation
      Proposal 3: Election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members)
      Proposal 4: Election of three (3) Directors who are Audit and Supervisory Committee Members
      Proposal 5: Election of one (1) substitute Director who is an Audit and Supervisory Committee Member
      Proposal 6: Election of Accounting Auditor
      Proposal 7: Determination of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)
      Proposal 8: Determination of remuneration of Directors who are Audit and Supervisory Committee Members
      Proposal 9: Determination of remuneration for granting restricted stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)
      Proposal 10: Continuation of Measures to Respond to a Large-Scale Acquisition of Our Company’s Stock
4. **Exercise Voting Rights**
   If you exercise a voting right on multiple occasions via the Internet, your final vote shall be treated as the effective exercise of the voting right.
   
   If you exercise a voting right by both postal mail and the Internet, the one exercised via the Internet shall be treated as the effective exercise of the voting right.

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

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

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

Proposals and Notes

Proposal 1: Appropriation of surplus
The Company aims to deliver stable shareholder returns while considering the Company’s current performance as well as the future business climate and prospects for business development.

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

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

1. Matters related to year-end dividends
   (1) Type of dividend property
       Cash

   (2) Allocation of dividend property and total amount thereof
       70 yen per common share of the Company
       Total amount of dividends: 690,642,050 yen

   (3) Effective date of distribution of dividends of surplus
       June 24, 2019
Proposal 2: Partial change to Articles of Incorporation

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

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

2. Details of Changes
   The details of the changes are as follows:
   (The underlined changes are indicated.)

<table>
<thead>
<tr>
<th>Current Articles of Incorporation</th>
<th>Proposed Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles 1 to 3 (Omitted)</td>
<td>Articles 1 to 3 (No change)</td>
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<tr>
<td>Article 4 (Organs)</td>
<td>Article 4 (Organs)</td>
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<td>The Company shall have the</td>
<td>The Company shall have the</td>
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<td>following organs in addition to</td>
<td>following organs in addition to</td>
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<td>General Meetings of Shareholders</td>
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<td>and Directors:</td>
<td>and Directors:</td>
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<td>1. Board of Directors;</td>
<td>1. Board of Directors;</td>
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<td>2. Audit and Supervisory Board</td>
<td>2. Audit and Supervisory</td>
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<td>Members;</td>
<td>Committee; and</td>
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<td>3. Audit and Supervisory Board;</td>
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<td>and</td>
<td>3. Accounting Auditor</td>
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<td>4. Accounting Auditor</td>
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<tr>
<td>Articles 5 to 18 (Omitted)</td>
<td>Articles 5 to 18 (No change)</td>
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<tr>
<td>Article 19 (Number of Directors)</td>
<td>Article 19 (Number of Directors)</td>
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<tr>
<td>The number of Directors of the</td>
<td>The number of Directors of the</td>
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<td>Company shall not exceed ten</td>
<td>Company (excluding Directors who</td>
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<td>(10).</td>
<td>are Audit and Supervisory</td>
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<td>Committee Members) shall not</td>
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<td>exceed ten (10), and the number</td>
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<td>of Directors who are Audit and</td>
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<td>Supervisory Committee Members</td>
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<td>shall not exceed five (5).</td>
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<tr>
<td>Article 20 (Method of Election)</td>
<td>Article 20 (Method of Election)</td>
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<td>Directors shall be elected at</td>
<td>The election of Directors shall</td>
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<td>the General Meeting of</td>
<td>be implemented at a General Meeting</td>
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<td>Shareholders. A resolution for</td>
<td>of Shareholders by distinguishing</td>
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<td>the election under the preceding</td>
<td>Directors who are Audit and</td>
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<td>paragraph shall be adopted by</td>
<td>Supervisory Committee Members</td>
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<td>a majority of the votes of the</td>
<td>and the other Directors.</td>
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<td>shareholders present having</td>
<td>A resolution for the election under</td>
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<td>not less than one-thirds (1/3)</td>
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<td>Current Articles of Incorporation</td>
<td>Proposed Change</td>
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<td>voting rights of all shareholders entitled to exercise their voting rights thereat. No cumulative voting shall be used for the election of Directors.</td>
<td>the preceding paragraph shall be adopted by a majority of the votes of the shareholders present having not less than one-thirds (1/3) of voting rights of all shareholders entitled to exercise their voting rights thereat. No cumulative voting shall be used for the election of Directors.</td>
</tr>
<tr>
<td>Article 21 (Omitted)</td>
<td>Article 21 (No change)</td>
</tr>
<tr>
<td>Article 22 (Term of Office) The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year ending within one (1) year after their election.</td>
<td>Article 22 (Term of Office) 1. The term of office of Directors (excluding those who are Audit and Supervisory Committee Members), shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year ending within one (1) year after their election.</td>
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<tr>
<td>(New)</td>
<td>2. The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year ending within two (2) years after their election.</td>
</tr>
<tr>
<td>(New)</td>
<td>3. The term of office of a Director who is an Audit and Supervisory Committee Member that is elected as a substitute for a Director who is an Audit and Supervisory Committee Member who resigned prior to the expiration of his/her term of office, shall expire at the time of expiration of the term of office of the resigned Director who is an Audit and Supervisory Committee Member.</td>
</tr>
<tr>
<td>(New)</td>
<td>4. Resolutions pertaining to the election of substitute Directors who are Audit and Supervisory Committee Members shall be valid until the start of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two (2) years after said resolution.</td>
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<tr>
<td>Article 23 (Omitted)</td>
<td>Article 23 (No change)</td>
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</table>
| Article 24 (Notice of Convocation of Board of Directors Meetings) Notice of convocation of a Board of Directors Meeting shall be issued to each Director and Audit and Supervisory Board Member at least four (4) days prior to such meeting. | Article 24 (Notice of Convocation of Board of Directors Meetings) Notice of convocation of a Board of Directors Meeting shall be issued to each Director and Auditor at least four (4) days prior to such meeting; provided, however, that this period
<p>|</p>
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<tr>
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<tr>
<td>Article 25 (Omission of Resolution by Board of Directors)</td>
<td>The Company shall deem that if all Directors agree on a matter for resolution in writing or in an electromagnetic record, the resolution of the Board of Directors to approve such matter for resolution has been passed. However, this shall not apply in the event that an Audit and Supervisory Board Member voices an objection.</td>
</tr>
<tr>
<td>Article 26 (Remuneration, etc.)</td>
<td>Remuneration, bonus and other proprietary benefits (hereinafter “remuneration, etc.”) provided by the Company as compensation for the duties of Directors shall be determined by a resolution of General Meeting of Shareholders.</td>
</tr>
<tr>
<td>Articles 27 to 29 (Omitted)</td>
<td>Articles 28 to 30 (No change)</td>
</tr>
<tr>
<td>Article 30 (Number of Members)</td>
<td>The Company shall have no more than five (5) Audit and Supervisory Board Members.</td>
</tr>
<tr>
<td>Article 31 (Method of Election)</td>
<td>Audit and Supervisory Board Members shall be elected at the General Meeting of Shareholders. A resolution for the election under the preceding paragraph shall be adopted by a majority of the votes of the shareholders present having not less than one-thirds (1/3) of voting rights of all shareholders.</td>
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<tr>
<td>Current Articles of Incorporation</td>
<td>Proposed Change</td>
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<td>entitled to exercise their voting rights thereat.</td>
<td>(Deleted)</td>
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<tr>
<td><strong>Article 32 (Substitute Audit and Supervisory Board Members)</strong></td>
<td><strong>(Deleted)</strong></td>
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<tr>
<td>The Company may elect substitute Audit and Supervisory Board Members at the General Meeting of Shareholders in preparation for the case that the number of Audit and Supervisory Board Members falls short of statutory requirements or requirements of the Articles of Incorporation. The provisions of Article 31 paragraph 2 shall apply to the quorum for resolutions for election under the preceding paragraph. The term of office of substitute Audit and Supervisory Board Members who are elected in accordance with paragraph 1 shall be the remainder of the term of office of their predecessor.</td>
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<tr>
<td><strong>Article 33 (Effectiveness of Nominations for Substitute Audit and Supervisory Board Members)</strong></td>
<td><strong>(Deleted)</strong></td>
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<tr>
<td>Elections of a substitute Audit and Supervisory Board Member shall be effective until the first Ordinary General Meeting of Shareholders is held after his/her election.</td>
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<td><strong>Article 34 (Term of Office)</strong></td>
<td><strong>(Deleted)</strong></td>
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<tr>
<td>The term of office of Audit and Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year ending within four (4) years after their election. The term of office of an Audit and Supervisory Board Member that is elected as a substitute for an Audit and Supervisory Board Member who resigned prior to the expiration of his/her term of office shall expire at the time of expiration of the term of office of the resigned Audit and Supervisory Board Member.</td>
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<tr>
<td><strong>Article 35 (Full-Time Audit and Supervisory Board Members)</strong></td>
<td><strong>(Deleted)</strong></td>
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<tr>
<td>The Audit and Supervisory Board shall appoint full-time Audit and Supervisory Board Member(s) by its resolution.</td>
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<tr>
<td>Current Articles of Incorporation</td>
<td>Proposed Change</td>
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<tr>
<td>Article 36 (Notice of Convocation of Audit and Supervisory Board Meetings)</td>
<td>(Deleted)</td>
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<tr>
<td>Notice of convocation of an Audit and Supervisory Board Meeting shall be issued to each Audit and</td>
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<td>Supervisory Board Member at least four (4) days prior to such meeting; provided, however, that this</td>
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<td>period may be shortened in case of emergency.</td>
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<tr>
<td>Article 37 (Rules of the Audit and Supervisory Board)</td>
<td>(Deleted)</td>
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<tr>
<td>Matters relating to the Audit and Supervisory Board shall be governed by the Rules of the Audit</td>
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<td>and Supervisory Board established and determined by the Audit and Supervisory Board in addition</td>
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<td>to applicable laws and regulations or these Articles of Incorporation.</td>
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<tr>
<td>Article 38 (Remuneration, etc.)</td>
<td>(Deleted)</td>
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<tr>
<td>Remuneration, etc. for Audit and Supervisory Board Members shall be determined by a resolution of</td>
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<tr>
<td>General Meeting of Shareholders.</td>
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</tr>
<tr>
<td>Article 39 (Contracts for Limitation of Audit and Supervisory Board Members’ Liability)</td>
<td>(Deleted)</td>
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<tr>
<td>Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may</td>
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<tr>
<td>enter into an agreement with Audit and Supervisory Board Members to limit the maximum amount of</td>
<td></td>
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<td>their liabilities under Article 423, paragraph 1 of the same Act to the minimum liability amount</td>
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<td>stipulated by law.</td>
<td></td>
</tr>
</tbody>
</table>

(New)

| Article 31 (Full-Time Audit and Supervisory Committee Members)                                   |                 |
| The Audit and Supervisory Committee may appoint full-time Audit and Supervisory Committee      |                 |
| Members by its resolution.                                                                      |                 |

(New)

<p>| Article 32 (Notice of Convocation of Audit and Supervisory Committee Meetings)                  |                 |
| Notice of convocation of an Audit and Supervisory Committee Meeting shall be issued to each    |                 |
| Audit and Supervisory Committee Member at least four (4) days prior to such meeting; provided |                 |
| however, that this period may be shortened in case of emergency.                               |                 |</p>
<table>
<thead>
<tr>
<th>Current Articles of Incorporation</th>
<th>Proposed Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(New)</td>
<td>Article 33 (Rules of the Audit and Supervisory Committee)</td>
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<tr>
<td></td>
<td>Matters relating to the Audit and Supervisory Committee shall be governed by the Rules of the Audit and Supervisory Committee established and determined by the Audit and Supervisory Committee in addition to applicable laws and regulations or these Articles of Incorporation.</td>
</tr>
<tr>
<td>Articles 40 to 43 (Omitted)</td>
<td>Articles 34 to 37 (No change)</td>
</tr>
<tr>
<td>(New)</td>
<td>Supplementary Provision</td>
</tr>
<tr>
<td>(New)</td>
<td>Article 1 (Transitional Measures Concerning Exemption of Liabilities of Audit and Supervisory Board Members)</td>
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<td></td>
<td>The Company may, by a resolution of the Board of Directors, exempt Audit and Supervisory Board Members (including those who were Audit and Supervisory Board Members) from their liabilities for damages provided for in Article 423, paragraph 1 of the Companies Act in connection with the acts conducted before the conclusion of the 95th Ordinary General Meeting of Shareholders to the extent permitted by laws and regulations.</td>
</tr>
</tbody>
</table>
**Proposal 3:** Election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee. As such, the Company requests the election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members). The resolution for this proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect.

The candidates for Director are as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kaoru Itoh</td>
<td>April 1976 Joined the Industrial Bank of Japan, Limited&lt;br&gt;April 2005 Managing Executive Officer of Mizuho Bank, Ltd.&lt;br&gt;March 2008 President and CEO of Mizuho Research Institute Ltd.&lt;br&gt;May 2012 Advisor of the Company&lt;br&gt;June 2012 Managing Director of the Company&lt;br&gt;June 2013 Senior Managing Director, Chairman of the Corporate Strategy Committee of the Company&lt;br&gt;June 2015 Representative Director, President (COO) of the Company&lt;br&gt;April 2018 Representative Director, President (CEO &amp; COO) of the Company (present position)</td>
<td>6,300</td>
</tr>
</tbody>
</table>

**Reasons for nomination as candidate for Director**

As CEO and COO, Kaoru Itoh has successfully managed the Company’s operations. We have nominated him again for the post of Director, believing his wide-ranging experience and competence to be invaluable to the Company’s management.

**Attendance at the Board of Directors Meetings during the fiscal year**

18/18 (100%)
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
</table>
| 2   | Kazuyoshi Takaki (April 15, 1953) [Reelection] | **April 1972** Joined the Company  
**January 2004** Director, President of Riken Automobile Parts (Wuhan) Co., Ltd.  
**June 2009** Director of the Company and Director, President of Riken Automobile Parts (Wuhan) Co., Ltd.  
**October 2009** Director, General Manager of Quality Assurance Division of the Company  
**May 2011** Director, General Manager of Casting Components Division of the Company  
**June 2013** Managing Director of the Company  
**May 2016** Director, Managing Executive Officer of the Company  
**April 2019** Director, Senior Managing Executive Officer & CTO of the Company (present position) | **4,000** |

**Reasons for nomination as candidate for Director**  
Kazuyoshi Takaki founded a Chinese subsidiary, and he has managed manufacturing and quality assurance, which has helped our group increase profitability. We have nominated him again for the post of Director, believing his wide-ranging experience and competence to be invaluable to the Company’s management.

**Attendance at the Board of Directors Meetings during the fiscal year**  
18/18 (100%)
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
</table>
| 3   | Yasunori Maekawa (February 27, 1958) [Reelection] | March 1986 Joined the Company  
February 2004 General Manager of Nagoya Sales Division of the Company  
June 2010 Director, Chairman of Overseas Committee of the Company  
May 2013 Director of the Company  
June 2015 Managing Director of the Company  
May 2016 Director, Managing Executive Officer of the Company  
April 2019 Director, Senior Managing Executive Officer of the Company (present position) | 3,200 |

**Reasons for nomination as candidate for Director**  
During his long years of service in the Company, Yasunori Maekawa has engaged in overseas sales, domestic sales and overseas business, which has helped our group expand globally. We have nominated him again for the post of Director, believing his wide-ranging experience and competence to be invaluable to the Company’s management.

**Attendance at the Board of Directors Meetings during the fiscal year**  
18/18 (100%)
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
</table>
| 4   | Donald E. McNulty (October 11, 1952) [Reelection] | **June 1983** Joined Riken Metal Products Corporation  
**October 1995** Director, Vice President of Riken of America Inc.  
**January 2003** Director, President of Riken of America Inc.  
**June 2011** Director of the Company and Director, President of Riken of America Inc.  
**May 2016** Director, Managing Executive Officer of the Company and Director, President of Riken of America Inc.  
**June 2018** Director of the Company (present position)  
**June 2018** Chairman of Riken of America Inc. (present position) | 400 |

**Reasons for nomination as candidate for Director**  
During his long years of service in the Company, Donald E. McNulty has achieved business success in the America/Europe region, which has helped our group expand globally. We have nominated him again for the post of Director, believing his wide-ranging experience and competence to be invaluable to the Company’s management.

**Attendance at the Board of Directors Meetings during the fiscal year**  
17/18 (94.4%)
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
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<tbody>
<tr>
<td>5</td>
<td>Shigemasa Hayasaka (March 10, 1955) [Reelection]</td>
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<td>4,800</td>
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<td></td>
<td>April 1981</td>
<td>Joined the Company</td>
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<td></td>
<td>November 2004</td>
<td>General Manager of Kanagawa Sales Division of the Company</td>
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<td></td>
<td>June 2009</td>
<td>Director, General Manager of Kanagawa Sales Division of the Company</td>
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<td></td>
<td>April 2011</td>
<td>Director, General Manager of Sales Head Office of the Company</td>
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<td></td>
<td>June 2016</td>
<td>Managing Executive Officer of the Company</td>
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<td></td>
<td>June 2017</td>
<td>Director, Managing Executive Officer of the Company (present position)</td>
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<tr>
<td></td>
<td><strong>Reasons for nomination as candidate for Director</strong></td>
<td>In managing the Company’s sales operations, Shigemasa Hayasaka has helped to strengthen its marketing power and to expand sales. We have nominated him again for the post of Director, believing his wide-ranging experience and competence to be invaluable to the Company’s management.</td>
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<td><strong>Attendance at the Board of Directors Meetings during the fiscal year</strong></td>
<td>17/18 (94.4%)</td>
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<tr>
<td>6</td>
<td>Yutaka Sato (March 31, 1959) [New election]</td>
<td></td>
<td>2,800</td>
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<td></td>
<td>April 1981</td>
<td>Joined the Company</td>
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<td></td>
<td>October 2009</td>
<td>General Manager of Piston Ring Division of the Company</td>
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<td></td>
<td>June 2012</td>
<td>Director, General Manager of Quality Assurance Division of the Company</td>
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<tr>
<td></td>
<td>October 2014</td>
<td>Director, General Manager of Piston Ring Division of the Company</td>
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<tr>
<td></td>
<td>June 2016</td>
<td>Executive Officer, General Manager of Piston Ring Division of the Company</td>
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<tr>
<td></td>
<td>April 2018</td>
<td>Managing Executive Officer of the Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Reasons for nomination as candidate for Director</strong></td>
<td>During his long years of service in the Company, Yutaka Sato has managed manufacturing operations for piston rings, one of the Company’s key products, which has helped our group increase profitability. We have nominated him newly for the post of Director, believing his wide-ranging experience and competence to be invaluable to the Company’s management.</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Name (Date of birth)</td>
<td>Career summary, position and responsibilities, and significant concurrent positions outside the Company</td>
<td>Number of the Company’s shares owned</td>
</tr>
<tr>
<td>-----</td>
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<td>--------------------------------------------------------------------------------------------------</td>
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</tr>
</tbody>
</table>
| 7   | Eiji Hirano (September 15, 1950) [Reelection] [Outside] [Independent] | April 1973 Joined Bank of Japan  
May 1999 Director-General of International Department of Bank of Japan  
June 2002 Executive Director of Bank of Japan  
June 2006 Director, Vice President of Toyota Financial Services Corporation  
May 2015 Director, Representative Statutory Executive Officer of MetLife, Inc.  
June 2015 Outside Director of the Company (present position)  
June 2016 Outside Director of NTT DATA Corporation (present position)  
September 2017 Director, Vice Chairman of MetLife, Inc. (present position)  
October 2017 Chairperson of the Board of Governors of Government Pension Investment Fund (present position) | 0 |

**Reasons for nomination as candidate for Outside Director**

Eiji Hirano held a top post in the Bank of Japan and subsequently held executive posts in a number of companies. We have nominated him again for the post of Outside Director because we believe that the Company’s management will benefit from his in-depth and global expertise and extensive experience. He will have served as Outside Director for four (4) years at the conclusion of this General Meeting of Shareholders.

**Attendance at the Board of Directors Meetings during the fiscal year**

17/18 (94.4%)
1. There is no special interest between any of the candidates and the Company.
2. Eiji Hirano and Koji Tanabe are candidates for Outside Director.
3. The Company has designated Eiji Hirano as an independent officer according to the rules of the Tokyo Stock Exchange, Inc., and has registered him with the said exchange. If he is reelected, he will be registered again as an independent officer. If Koji Tanabe is elected, he will be registered as an independent officer.
4. The Company has entered into an agreements with Eiji Hirano limiting his liability for damages to the extent stipulated in legislation. The Company intends to continue this agreement if his reelection is approved.
5. If Koji Tanabe’s election is approved, the Company will enter into an agreement with him limiting his liability for damages to the extent stipulated in legislation.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
</table>
| 8   | Koji Tanabe (February 1, 1952) [New election] [Outside] [Independent] | April 1975 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)  
July 2002 Director-General of Research and Statistics Department of the Ministry of Economy, Trade and Industry  
April 2005 Professor of Graduate School of Innovation Management of Tokyo Institute of Technology  
February 2012 Director of the Japan Asia Group Limited (present position)  
April 2017 Professor Emeritus of Tokyo Institute of Technology  
Specially-Appointed Professor of School of Environment and Society of Tokyo Institute of Technology (present position)  
Corporate Auditor of Shimazaki Denki Corporation (present position) | 0 |

Reasons for nomination as candidate for Outside Director
While Koji Tanabe has not been involved in corporate management aside from serving as an outside officer, he worked as a professor at the Tokyo Institute of Technology after serving at the Ministry of Economy, Trade and Industry for many years. We have nominated him for the post of the new Outside Director because we believe that the Company’s management will benefit from the in-depth expertise and extensive experience he has cultivated, particularly in innovation management.
Proposal 4: Election of three (3) Directors who are Audit and Supervisory Committee Members

If Proposal 2 (Partial change to Articles of Incorporation) is approved as proposed, the Company will transition into a company with an audit and supervisory committee. As such, the Company requests the election of three (3) Directors who are Audit and Supervisory Committee Members. The resolution for this proposal shall be effective on the condition that the changes to the Articles of Incorporation as set forth in Proposal 2 take effect. The Audit and Supervisory Board has given its consent to this proposal. The candidates for Directors who are Audit and Supervisory Committee Members are as follows:
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
</table>
| 1   | Hidemi Hiroi (November 16, 1954) [New election] [Outside] [Independent] | **April 1979** Joined the Industrial Bank of Japan, Limited  
**April 2007** Executive Officer, General Manager of Group Strategy of Mizuho Financial Group, Inc.  
**April 2009** Corporate Auditor of Mizuho Corporate Bank, Ltd.  
**June 2012** Director, President of Mizuho Human Service Co., Ltd.  
**June 2013** Corporate Auditor of IBJ Leasing Company, Limited  
**June 2015** Director, President of IBJL-TOSHIBA Leasing Company, Limited  
**April 2017** Advisor of IBJL-TOSHIBA Leasing Company, Limited  
**June 2017** Outside Audit and Supervisory Board Member of the Company (present position) | 0 |

**Reasons for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member**

We have nominated Hidemi Hiroi for the post of Outside Director who is an Audit and Supervisory Committee Member because we believe that the Company’s audits will benefit from his extensive experience and in-depth specialist knowledge of financial matters based on his many years of experience at financial institutions as well as his experience in management and as an auditor at other companies.

**Attendance at the Audit and Supervisory Board Meetings during the fiscal year**

13/13 (100%)

**Attendance at the Board of Directors Meetings during the fiscal year**

18/18 (100%)
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company's shares owned</th>
</tr>
</thead>
</table>
| 2   | Akira Kunimoto (October 17, 1955) [New election] | April 1980 Joined the Company  
June 2007 Director of the Company and Director, President of Allied Ring Corporation  
October 2009 Director, General Manager of Ring Products Technological Development Division of the Company  
October 2010 Director, General Manager of Technologies Management Division of the Company  
June 2016 Executive Officer, Chairman of Technologies Committee and General Manager of Technologies Management Division of the Company  
April 2019 Advisor to the Company (present position) | 2,900 |

**Reasons for nomination as candidate for Director who is Audit and Supervisory Committee Member**

Akira Kunimoto has led the Company’s technologies management division for many years and contributed to management of the Company’s research and development/capital investments and building of a structure for technical development. He also has experience in management of overseas group companies. We have nominated him for the post of Director who is an Audit and Supervisory Committee Member because we believe that the Company’s audits will benefit from his in-depth specialist knowledge and experience.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
</table>
| 3   | Shuji Iwamura (September 16, 1949) [New election] [Outside] [Independent] | **April 1976** Appointed as public prosecutor  
**June 2010** Superintending Prosecutor, Sendai High Public Prosecutors Office  
**August 2011** Superintending Prosecutor, Nagoya High Public Prosecutors Office  
**July 2012** Resigned from office  
**October 2012** Registered as Attorney-at-Law Advisor of Nagashima Ohno & Tsunematsu (present position)  
**June 2013** Outside Audit and Supervisory Board Member of the Company (present position)  
**March 2015** Outside Auditor of CANON ELECTRONICS INC. (present position)  
**June 2015** Outside Corporate Auditor of Hokkaido Bank, Ltd. (present position)  
**October 2017** Governor and Auditor of the Board of Governors of Government Pension Investment Fund (present position)  
**June 2018** Outside Director of Hayashikane Sangyo Co., Ltd. (present position) | 0 |

*Reasons for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member*

While Shuji Iwamura has not been involved in corporate management aside from serving as an outside officer, we have nominated him for the post of Outside Director who is an Audit and Supervisory Committee Member because we believe that the Company’s audits will benefit from his knowledge and experience as a prosecutor and attorney and his experience as an auditor at other companies.

*Attendance at the Audit and Supervisory Board Meetings during the fiscal year*  
13/13 (100%)

*Attendance at the Board of Directors Meetings during the fiscal year*  
17/18 (94.4%)
(Notes)
1. There is no special interest between each of the candidates and the Company.
2. Hidemi Hiroi and Shuji Iwamura are new candidates for Outside Director.
3. (1) Hidemi Hiroi currently serves as Outside Audit and Supervisory Board Member, and he will have served in this capacity for two (2) years at the conclusion of this Ordinary General Meeting of Shareholders.
   (2) Shuji Iwamura currently serves as Outside Audit and Supervisory Board Member, and he will have served in this capacity for six (6) years at the conclusion of this Ordinary General Meeting of Shareholders.
4. The Company has designated Shuji Iwamura as an independent officer according to the rules of the Tokyo Stock Exchange, Inc., and has registered him with the said exchange. If he is elected, he will be registered again as an independent officer. If Hidemi Hiroi is elected, he will be registered as an independent officer.
5. The Company has entered into agreements with Hidemi Hiroi and Shuji Iwamura limiting their liability for damages to the extent stipulated in legislation. If their elections are approved, the Company will enter into agreements with them again as Directors who are Audit and Supervisory Committee Members limiting their liability for damages to the extent stipulated in legislation.
6. If Akira Kunimoto’s election is approved, the Company will enter into an agreement with him limiting his liability for damages to the extent stipulated in legislation.
Proposal 5: Election of one (1) substitute Director who is an Audit and Supervisory Committee Member

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Name (Date of birth)</th>
<th>Career summary, position and responsibilities, and significant concurrent positions outside the Company</th>
<th>Number of the Company’s shares owned</th>
</tr>
</thead>
</table>
| Kazuhiro Mori (October 7, 1946) [Outside] | April 1969 Joined Hitachi, Ltd.  
June 2003 Executive Officer of Hitachi, Ltd.  
January 2007 Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.  
June 2010 Chairman of the Board, Outside Director of Hitachi Capital Corporation  
June 2013 Chairman of the Board, Outside Board Director of Hitachi High-Technologies Corporation  
June 2014 Outside Director of Isuzu Motors Limited  
June 2018 Outside Director of Ricoh Company Ltd. (present position) | 0 |

Reasons for nomination as candidate for substitute Director who is an Audit and Supervisory Committee Member

We have nominated Kazuhiro Mori for the post of substitute Outside Director who is an Audit and Supervisory Committee Member because we believe that the Company’s audits will benefit from his extensive experience and wide-ranging knowledge acquired from working at global companies.
1. There is no special interest between the candidate and the Company.

2. Kazuhiro Mori is a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member. The Company elected him as substitute Outside Audit and Supervisory Board Member at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016.

3. Kazuhiro Mori served Hitachi, Ltd. in an executive role until March 2013 and was an Outside Director of Isuzu Motors Limited until June 2018. He currently serves as Outside Director of Ricoh Company Ltd. While the Company does engage in business transactions with Hitachi, Ltd., Isuzu Motors Limited, and Ricoh Company Ltd. (e.g., product sales), we believe that Mori’s independence as Outside Director who is an Audit and Supervisory Committee Member will not be affected given that these transactions account for less than 1% of the consolidated net sales of each companies.

4. If Kazuhiro Mori’s election as a Director who is an Audit and Supervisory Committee Member is approved, the Company will enter into an agreement with him limiting his liability for damages to the extent stipulated in legislation.
Proposal 6: Election of Accounting Auditor

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

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

The candidate for Accounting Auditor is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Deloitte Touche Tohmatsu LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Office</td>
<td>Marunouchi Nijubashi Bldg., 3-2-3, Marunouchi, Chiyoda-ku, Tokyo Japan</td>
</tr>
</tbody>
</table>

Corporate history

- May 1968: Tohmatsu Awoki & Co. is established
- May 1975: Joins Touche Ross International (now Deloitte Touche Tohmatsu Limited)
- February 1990: Changes name to Tohmatsu & Co.
- July 2009: Changes name to Deloitte Touche Tohmatsu LLC in conjunction with transition to limited liability company

Overview

- Capital: 1,007 million yen
- Personnel: Partners (certified public accountants): 532, Specified partners: 54, Employees/Certified public accountants: 2,797, Persons who have passed CPA exam (including junior accountants): 1,143, Other professionals: 2,125, Clerical staff: 166, Total: 6,817
- Client firms (As of May 31, 2018): 3,339

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As such, the total amount paid in granting restricted stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter “eligible Directors”; the same applies to this proposal) after transitioning into a company with an audit and supervisory committee will be a maximum of 100 million yen per year apart from the regular remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members; maximum of 400 million yen per year including executive bonuses but excluding the employee portion of pay for Directors who are also employees) for which approval was requested in Proposal 7 (Determination of remuneration of Directors [excluding Directors who are Audit and Supervisory Committee Members]), the same as the amount that has been paid to Directors in the form of restricted stock up to now. The Company further proposes that it allot, within the scope of said monetary claims, two types of restricted stock—each type with a different transfer restriction period (both types are referred to herein as “restricted stock”). The Company has concluded that this plan is reasonable in light of the Directors’ contribution.
If Proposal 2 (Partial change to Articles of Incorporation) and Proposal 3 (Election of eight [8] Directors) are approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eight (8; two [2] of which are Outside Directors).

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

The matter of the restricted stock allotted to eligible Directors is as was approved at the 94th Ordinary General Meeting of Shareholders held on June 22, 2018, and the details are provided below.
Particulars Concerning the Restricted Stock (including the maximum amount)

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

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

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

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

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

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

   (1) Transfer restrictions
       During the transfer-restriction period (either of the two periods listed below), eligible Directors must not cede, pledge, hypothecate, provide as an inter vivo gift, bequeath, or otherwise transfer to a third party any of the restricted stock allotted to them.
       (i) Type I Restricted Shares: A period determined by the Board of Directors between two (2) and five (5) years
       (ii) Type II Restricted Shares: 30 years

   (2) Circumstances in which the Company may acquire the restricted stock without contribution
       If an eligible Director resigns as a Director or Executive Officer between the day the transfer-restriction period began and the day before the nearest Ordinary General Meeting of Shareholders, the Company will acquire without contribution the restricted stock it allotted to that eligible Director (“allotted-shares”) as a matter of course, unless the Board of Directors deems there to be legitimate grounds for not doing so.

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

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

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

(4) Corporate reorganization

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

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

Reference

If the General Meeting of Shareholders approves the proposal, the Company will introduce a similar restricted stock plan (involving two types of restricted shares—each type with a different transfer restriction period) for its Executive Officers.
Proposal 10: Continuation of Measures to Respond to a Large-Scale Acquisition of Our Company’s Stock

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

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

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

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

(i) Regarding the handling of recommendations from the Independent Committee, the Existing Plan stipulates that the Board of Directors shall make a decision respecting such recommendations. However, to eliminate the possibility of arbitrary operation by the management, it was changed to mandate decision-making in accordance with the recommendations. In addition, the criteria which allow the Board of Directors to establish countermeasures as an exceptional case were made stricter than before.

(ii) On the condition that the Annual General Meeting of Shareholders approves the proposal for the partial amendment to the articles of association, along with the transition to a company with an audit and supervisory committee, we made some changes to the expression, corrected wording and clarified the description.


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

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

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

In 1927, RIKEN, the Institute of Physical and Chemical Research, was founded to commercialize the method of producing the piston ring which is its own innovation. Since then, the Company has been
operating globally by providing a wide variety of products such as a camshaft and other internal-combustion engine parts, cast iron parts for automobiles and industrial machinery, piping material, products for thermal engineering and EMC businesses having piston rings as its core.

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

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

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

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

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

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

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

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

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

1. **Purpose of Continuing the Plan**

The Plan, which is the Existing Plan that is continuously implemented, was introduced to prevent decision-
making regarding the financial and business policies of the Company being controlled by someone who is inappropriaate in light of the Basic Policy for the Control of the Company as described in I. above.

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

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

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

Note 1: Special Shareholder Group means

(i) holders of the Company’s share certificates, etc., (meaning share certificates, etc., as determined in Article 27-23 Section 1 of the Financial Instruments and Exchange Act) (including entities included in the holders in accordance with Article 27-23 Section 3 of said Act, and hereinafter the same) and their joint-holders (meaning joint-holders as determined in Article 27-23 Section 5 of said Act, including entities regarded as joint-holders in accordance with Section 6 of the same Article, and hereinafter the same) or

(ii) entities engaged in the acquisition, etc., (meaning the acquisition, etc., determined in Article 27-2 Section 1 of said Act, including acquisition that is carried out in the financial market of a stock exchange) of the share certificates, etc., of the Company (meaning share certificates, etc., as determined in Article 27-2 Section 1 of said Act), and special parties involved in such (meaning special parties involved as determined in Article 27-2 Section 7 of said Act, and hereinafter the same).

Note 2: Voting Right Ratio means

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

(ii) in the case of the special shareholder group mentioned in (ii) of Note 1, the total of the ratio of share certificates, etc., held by said large-scale purchaser and said special parties involved (meaning the ratio of share certificates, etc., held as determined in Article 27-2 Section 8 of said Act).

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

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

3. Establishment of the Independent Committee

Regardless of whether or not a large-scale purchaser adheres to the rules for a large-scale acquisition, or even in cases where such rules have been adhered to, the Board of Directors of the Company shall make the final decision on whether or not to take countermeasures when it is deemed that said large-scale acquisition will seriously damage the corporate value of the Company and the mutual benefit of shareholders. To properly execute the Plan, prevent the Board of Directors of the Company from making arbitrary decisions, and maintain the rationality and fairness of the decision, the Company will establish the Independent Committee based on the Plan and the Rules for the Independent Committee (please refer to Attachment 1 for an overview). The Independent Committee shall be comprised of three (3) or more people appointed from among external directors or external experts (Note) who are independent of the management that executes the business of the Company to enable them to make a fair and neutral judgement. Please refer to Attachment 2 for the profile of three candidates for members of the Independent Committee, Shuji Iwamura,
Prior to the execution of countermeasures, the Board of Directors of the Company shall consult with the Independent Committee on whether or not the Company shall take countermeasures. The Independent Committee shall carefully evaluate and consider matters regarding a large-scale acquisition from the perspective of improving the corporate value of the Company and the mutual benefit of shareholders, and make recommendations regarding whether the Board of Directors is in the state to execute countermeasures to the Board of Directors of the Company. The Board of Directors of the Company shall make a decision on the execution of countermeasures based on the recommendations by the Independent Committee (however, excluding the case where it evaluates that it would breach the duty of care if it follows the recommendations). An outline regarding the content of such recommendations of the Independent Committee shall be announced as required.

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

Note: External specialists means experienced corporate managers, persons familiar with investment banking, attorneys, certified accountants, persons with academic experience mainly studying the Companies Act, etc., or similar entities.
4. Overview of the Large-Scale Acquisition Rules

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

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

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

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

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

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

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

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

(vi) The expected stakeholders of the Company and the Group companies of the Company, such as business partners, customers and employees, after the large-scale purchaser joins the management of the Company and the Group companies of the Company, as well as whether or not there will be any changes in the relationship between the aforementioned parties and the Company and the Group companies of the Company, including details of such changes.

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

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

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

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

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

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

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

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

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

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

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

(a) Although it has no intention to participate in the management of the Group companies of the Company, a buyer intends to acquire the shares of the Company and demand that a concerned party of the Company purchase such shares at a much higher price (so-called “greenmailing”).

(b) A buyer intends to acquire the shares of the Company for the purpose of so-called “scorched management”, that is to gain temporary control of the management of the Group companies of the Company to transfer intellectual property rights, know-how, confidential information, major business partners and customers required with respect to the business of the Group companies of the Company to the buyer or its group company.

(c) A buyer intends to acquire the shares of the Company and use the assets of the Group companies of the Company as surety for the obligations of the purchaser or its group companies, or as a source of funds to make the settlement after gaining the control of the management of the Group companies of the Company.

(d) A buyer intends to acquire the shares of the Company and take temporary control of the management of the Group companies of the Company in order to dispose of high-value assets (such as real estate and securities) of the Company that are not directly related to the business of the Group companies of the Company at the time, and use such proceeds to produce temporarily high dividends, or to sell out shares after such a temporarily high dividend has caused a steep rise in the share price.

(e) In cases where the Company assesses that a method to acquire the shares of the Company proposed by a large-scale purchaser will in reality force shareholders to sell shares and restrict the opportunities or freedom of the shareholders’ decision, such as a so-called “high-handed, two-stage buyout” (meaning the execution of a takeover bid after soliciting a partial acquisition of shares while setting disadvantageous or unclear conditions for the second-stage acquisition).
(3) Resolutions of the Board of Directors and the Convocation of a General Meeting of Shareholders

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

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

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

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

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

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

(4) Standby Period for a Large-Scale Acquisition

The standby period prior to the execution of a large-scale acquisition shall be, in cases where the consideration period for shareholders is not given, the period up until the end of the Board of Directors’ evaluation period, while it shall be the combined period of the Board of Directors’ evaluation period and the consideration period for shareholders in cases where such period for shareholders is given.

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

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

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

6. Impact on Our Shareholders and Investors

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

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

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

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

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

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

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

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

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

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

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

2. Continue with the Aim of Securing and Improving the Mutual Benefit of Shareholders
As stated in III. 1. Purpose of Continuing the Plan above, the Plan intends to provide the time and necessary
information for our shareholders to consider whether or not to accept a large-scale acquisition of the shares of the Company when such an attempt is made, or for the Board of Directors to present alternate proposals or negotiate with buyers on behalf of our shareholders in order to secure and improve the corporate value of the Company and the mutual benefit of shareholders.

3. **Reflect the Intent of Shareholders**
The Plan shall come into effect on the condition that it is approved at the General Meeting of Shareholders. The intent of our shareholder regarding the Plan is confirmed at the General Meeting of Shareholders. Therefore, the succession of the Plan reflects the intent of our shareholders. Even after the continuation of the Plan before the maturity of the effective period, if a resolution is passed in a General Meeting of Shareholders regarding the cancellation of the Plan, the Plan will be cancelled when such resolution is passed, reflecting the intent of our shareholders.

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

5. **No Dead-Hand or Slow-Hand Takeover Defense Measures**
The Plan can be cancelled by the Board of Directors, which consists of directors who were appointed solely at the General Meeting of Shareholders of the Company. Therefore, this Plan is not a “dead-hand” measure (in which the execution of takeover defense measures cannot be cancelled even when the majority of board members are replaced).

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

• The Independent Committee shall be established by means of a resolution of the Board of Directors.

• The Independent Committee shall be comprised of three (3) or more people appointed by the Board of Directors of the Company from among external directors or external experts who are independent of the management that executes the business of the Company to enable them to make a fair and neutral judgement. External specialists shall be experienced corporate managers, persons familiar with investment banking, attorneys, certified accountants, persons with academic experience mainly studying the Companies Act, etc., or similar entities.

• As a general rule, the Independent Committee shall give recommendations to the Board of Directors of the Company together with an attached explanation regarding the reasons and basis for such decision in response to an inquiry from the Board of Directors of the Company. Each member of the Independent Committee shall make recommendations from the perspective of whether or not the decision in question will contribute to the corporate value of the Company and the mutual benefit of shareholders.

• The Independent Committee may obtain the advice of independent external specialists (financial advisers, certified accountants, attorneys, consultants and other specialists) at the cost of the Company as required.

• A resolution of the Independent Committee shall be passed by means of a majority vote of the committee members.
# The profile of candidates for members of the Independent Committee

## Shuji Iwamura

**Profile**

- April 1976: Appointed as public prosecutor
- June 2010: Superintending Prosecutor, Sendai High Public Prosecutors Office
- August 2011: Superintending Prosecutor, Nagoya High Public Prosecutors Office
- July 2012: Resigned from office
- October 2012: Registered as Attorney-at-Law
  Advisor of Nagashima Ohno & Tsunematsu (present position)
- June 2013: Outside Audit and Supervisory Board Member of the Company
  (present position)
- March 2015: Outside Auditor of CANON ELECTRONICS INC. (present position)
- June 2015: Outside Corporate Auditor of Hokkaido Bank, Ltd. (present position)
- October 2017: Governor and Auditor of the Board of Governors of Government Pension Investment Fund (present position)
- June 2018: Outside Director of Hayashikane Sangyo Co., Ltd. (present position)

## Hidemi Hiroi

**Profile**

- April 1979: Joined the Industrial Bank of Japan, Limited
- April 2009: Corporate Auditor of Mizuho Corporate Bank, Ltd.
- June 2012: Director, President of Mizuho Human Service Co., Ltd.
- June 2013: Corporate Auditor of IBJ Leasing Company, Limited
- June 2015: Director, President of IBJL-TOSHIBA Leasing Company, Limited
- April 2017: Advisor of IBJL-TOSHIBA Leasing Company, Limited
- June 2017: Audit and Supervisory Board Member of the Company (present position)

## Koji Tanabe

**Profile**

- April 1975: Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)
- July 2002: Director-General of Research and Statistics Department of the Ministry of Economy, Trade and Industry
- April 2005: Professor of Graduate School of Innovation Management of Tokyo Institute of Technology
- February 2012: Director of the Japan Asia Group Limited (present position)
- April 2017: Professor Emeritus of Tokyo Institute of Technology
  Specially-Appointed Professor of School of Environment and Society of Tokyo Institute of Technology (present position)
  Corporate Auditor of Shimazaki Denki Corporation (present position)

There is no special interest between any of candidates and the company.
The Company appointed Shuji Iwamura as an independent officer, and registered him as such with the Tokyo Stock Exchange per the regulations of the Exchange. If Mr. Iwamura is re-elected at the General Meeting of Shareholders, the Company will again register him as an independent officer. If Hidemi Hiroi and Koji Tanabe are elected at the General Meeting of Shareholders, the Company will register them as new independent officers.
Outline of Allotment of Stock Acquisition Rights Without Contribution

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

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

3. Total Number of Stock Acquisition Rights Allotted to the Shareholders
   The upper limit for the total number of shares that can be acquired through the exercise of such stock acquisition rights shall be the difference between the total number of authorized shares of the Company as of the allotment date set by the Board of Directors of the Company and the total number of issued shares of common stock of the Company (excluding the shares of common stock the Company that are held by the Company). The Board of Directors of the Company may allot stock acquisition rights multiple times.

4. Value of Property to be Invested upon Exercise of Stock Acquisition Rights and the Price
   The property to be invested upon exercise of each stock acquisition right shall be money, and an amount of one (1) yen or more as determined by the Board of Directors of the Company. When the Board of Directors of the Company determines to obtain stock acquisition rights, the Company may grant new shares to shareholders for the value of stock acquisition rights of the Company without paying the amount equivalent to the exercise price.

5. Restrictions on the Transfer of Stock Acquisition Rights
   Acquisition of stock acquisition rights by means of transfer of such rights requires the approval of the Board of Directors of the Company.

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

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