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(Stock Exchange Code 7729)  
June 4<sup>th</sup>, 2019

**To Shareholders with Voting Rights:**

Hitoshi Yoshida  
President and CEO  
Tokyo Seimitsu Co., Ltd.  
2968-2, Ishikawa-machi, Hachioji, Tokyo

**NOTICE OF  
THE 96<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 96<sup>th</sup> Annual General Meeting of Shareholders of Tokyo Seimitsu Co., Ltd. (the “Company”). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you can exercise your voting rights by mail or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights after reading “Guidance on Exercising Voting Rights” on the following page.

- 1. Date and Time:** Monday, June 24<sup>th</sup>, 2019 at 10 a.m. Japan time
- 2. Place:** “Sho-oh,” 5<sup>th</sup> Floor, Keio Plaza Hotel Hachioji  
located at 14-1, Asahi-cho, Hachioji, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, the Consolidated Financial Statements for the Company’s 96<sup>th</sup> Fiscal Year (April 1<sup>st</sup>, 2018 – March 31<sup>st</sup>, 2019) and the results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
    2. The Non-Consolidated Financial Statements for the Company’s 96<sup>th</sup> Fiscal Year (April 1<sup>st</sup>, 2018 – March 31<sup>st</sup>, 2019)

**Proposals to be resolved:**

- Proposal 1:** Dividends of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of 9 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal 4:** Election of 4 Directors Serving as Audit and Supervisory Committee Members
- Proposal 5:** Determination of Remuneration for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal 6:** Determination of Remuneration for Directors Serving as Audit and Supervisory Committee Members
- Proposal 7:** Determination of the Amount of Remuneration, etc. for the Issuance of Stock Acquisition Rights as Stock Options to Directors and Specific Details thereof
- Proposal 8:** Entrusting the Board of Directors of the Company with the Determination of Subscription Requirements for the Issuance of Stock Acquisition Rights as Stock Options to Directors and Employees of the Company and Some Directors and Employees of Its Subsidiaries under Especially Favorable Conditions

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Modifications, if any, to the Reference Documents for the General Meeting of Shareholders, as well as the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, will be posted on the Company's website (<http://www.accretech.jp/>).
- The Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements are provided to shareholders of the Company by posting on the Company's website (<http://www.accretech.jp/>) in accordance with laws and regulations and Article 16 of the Articles of Incorporation, and accordingly are not included in the Attachments of this convocation notice. The Consolidated Financial Statements and the Non-consolidated Financial Statements in the Attachment of this convocation notice are part of the Consolidated Financial Statements and Non-consolidated Financial Statements subject to audits when the Accounting Auditor prepared its Independent Auditor's Report and the Board of Auditors prepared its Audit Report.
- Please note that no informal gathering for discussion after the conclusion of the meeting is scheduled.

# Reference Documents for the General Meeting of Shareholders

## Proposals and Reference

### **Proposal 1: Dividends of Surplus**

The Company's dividend is based on a consolidated dividend payout ratio of approximately 30% set forth in the "Policy for Profit Distribution to Shareholders," taking into account the performance in the fiscal year under review. For the 96<sup>th</sup> fiscal year, we hereby propose the following by adding a commemorative dividend to celebrate the 70<sup>th</sup> anniversary of our founding on March 28<sup>th</sup>, 2019.

1. Type of property for dividends: Cash
2. Matters concerning allotment of dividend property to shareholders and the total amount thereof  
The Company's common shares: ¥66 per share  
(including a 70<sup>th</sup> anniversary commemorative dividend of ¥10)  
Total amount to be distributed: ¥2,743,064,940
3. Effective date for the dividends of surplus: June 25<sup>th</sup>, 2019

### [Policy for Profit Distribution to Shareholders]

The Company believes the most important management task for the Company is to enhance its corporate value and constantly distribute profits to shareholders through a business model of providing World's No. 1 products based on state-of-the-art technologies in the growing market.

The Company maintains a core policy regarding the distribution of profits linked to the business performance of the Company and the Company aims to pay stable dividends targeting a consolidated dividend payout ratio of 30%. Also, considering the aim to provide stable and continuous dividend payments, the Company maintains an annual dividend of ¥20 per share regardless of consolidated profits of the Company. However, it is at the discretion of the Board to review this basic policy if the Company experiences deficit in two consecutive years.

The Company's normal operating procedure for dividends is to pay a dividend twice a year. The General Meeting of Shareholders determines the year-end dividend and the Company's Board of Directors decides the interim dividend.

Internal reserves will be used effectively for the research and development and capital investment for state-of-the-art technologies, overseas development, sophistication of Information systems, new business development, and M&A investment. Also, since our product lines are greatly impacted by economic fluctuations, the Company considers it important to maintain and strengthen the soundness of our financial position and prepare for possible economic downturns.

The Company's acquisition of its own outstanding stock is a flexible measure for the profit return that supplements its dividends from retained earnings. The Company will comprehensively analyze its cash flows and internal reserves before undertaking acquisition of its own stock.

**Proposal 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for amendments

- (1) By establishing the Audit and Supervisory Committee and granting voting rights at the Board of Directors' meeting to Directors (including External Directors) as members of the Audit and Supervisory Committee, the Company intends to strengthen the audit and supervisory function, corporate governance, and enhance enterprise value, and therefore the Company plans to transition its system from a company with Company Auditors to a company with Audit and Supervisory Committee, and revise/amend related regulations.
- (2) To appoint appropriate persons to Director and accomplish his/her requested roles and responsibilities effectively, the Company plans to add new sections to enable the Company to exempt Director(s) from specific responsibility as stipulated in laws and regulations by resolution of the Board of Directors. The consent of each Auditor has been obtained in regard to the establishment of these new sections.
- (3) The Articles of Incorporation will be revised/amended directly or indirectly in relation to the changes above.

The amendments to the Articles of Incorporation in this proposal shall take effect at the conclusion of this Annual General Meeting of Shareholders.

2. Description of amendments

(Amended sections are underlined.)

Current	New
Chapter 1 General	Chapter 1 General
1. to 3. (Intentionally blank)	1. to 3. (same as current)
4. Organs The Company has the following organs in addition to the general meetings of shareholders and directors:	4. Organs The Company has the following organs in addition to the general meetings of shareholders and directors:
1. The Board of Directors	1. The Board of Directors
2. <u>The Company Auditor</u>	2. <u>Audit and Supervisory Committee</u>
3. <u>The Board of Auditors</u>	(Delete)
4. <u>Independent Financial Auditors</u>	3. <u>Independent Financial Auditors</u>
5. (Intentionally blank)	5. (same as current)
Chapter 2 Stock	Chapter 2 Stock
6. to 12. (Intentionally blank)	6. to 12. (same as current)
Chapter 3 General Meeting of Shareholders	Chapter 3 General Meeting of Shareholders
13. to 18. (Intentionally blank)	13. to 18. (same as current)

Current	New
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
<p>19. Number of Directors The number of the Directors is no more than fifteen (15).</p> <p>(New Section)</p>	<p>19. Number of Directors The number of the Directors (<u>excluding Directors serving as Audit and Supervisory Committee members</u>) is no more than fifteen (15).</p> <p><u>2. The number of the Directors serving as Audit and Supervisory Committee members is no more than five (5).</u></p>
<p>20. Election of Directors Directors are elected by a resolution of the general meeting of shareholders.</p>	<p>20. Election of Directors Directors are, <u>separating Directors serving as Audit and Supervisory Committee members and those who do not</u>, elected by a resolution of the general meeting of shareholders.</p>
20.2 to 20.3. (Intentionally blank)	20.2 to 20.3. (same as current)
<p>21. Term of Office The term of office of a Director ends at the conclusion of the annual general meeting of shareholders relating to the final fiscal year ending within one (1) year from his/her election.</p>	<p>21. Term of Office The term of office of a Director (<u>excluding Directors serving as Audit and Supervisory Committee members</u>) ends at the conclusion of the annual general meeting of shareholders relating to the final fiscal year ending within one (1) year from his/her election.</p>
(New Section)	<p><u>2. The term of office of Directors serving as Audit and Supervisory Committee members ends at the conclusion of the annual general meeting of shareholders relating to the final fiscal year ending within two (2) years from their election.</u></p>
(New Section)	<p><u>3. The term of a Director serving as an Audit and Supervisory Committee member appointed as a Substitute for a Director serving as an Audit and Supervisory Committee member who resigns before the end of his/her appointed term ceases to be effective at the same date that the term of the original Director serving as an Audit and Supervisory Committee member is due to end.</u></p>
(New Section)	<p><u>22. The term of qualification of Substitute for a Director serving as an Audit and Supervisory Committee member</u> <u>The term of qualification of a Substitute for a Director serving as an Audit and Supervisory Committee member ends at the beginning of the annual general meeting of shareholders relating to the final fiscal year ending within two (2) years from his/her election.</u></p>
<p><u>22. Representative Director</u> The Board of Directors elects a Representative Director by resolution.</p>	<p><u>23. Representative Director</u> The Board of Directors elects a Representative Director <u>from among Directors (excluding Directors serving as Audit and Supervisory Committee members)</u> by resolution.</p>
<u>23.</u> (Intentionally blank)	<u>24.</u> (same as current)

Current	New
<p><u>24.</u> Notice of a Meeting of the Board of Directors  Notice of a meeting of the Board of Directors is sent to each Director <u>and each Auditor</u> at least five (5) days before the meeting. In a case of an emergency, the notice period may be shortened.  2. If all of the Directors <u>and the Auditors</u> consent, a meeting of the Board of Directors may be held without the notice process.  (New Section)</p> <p><u>25. to 27.</u> (Intentionally blank)  <u>28.</u> Remuneration, etc.  Remuneration, bonuses and any benefits received from the Company in consideration for the performance of duties by Directors are determined by resolution of the general meeting of shareholders.</p> <p><u>29.</u> Limitation of Liability of Directors  (New Section)</p> <p>Pursuant to Section 427-1 of the Companies Act, the Company may enter into a Limitation of Liability agreement, as provided under Section 423-1 of the Companies Act, with a Director (except executive director). The limit of their indemnity is as stipulated in the laws.  Chapter 5 <u>Company Auditors and Board of Auditors</u>  <u>30. Number of Auditors</u>  <u>The number of the Company Auditors is no more than five (5).</u></p>	<p><u>25.</u> Notice of a Meeting of the Board of Directors  Notice of a meeting of the Board of Directors is sent to each Director at least five (5) days before the meeting. In a case of an emergency, the notice period may be shortened.  2. If all of the Directors consent, a meeting of the Board of Directors may be held without the notice process.  <u>26. Delegation of decision authorization of execution of important operations</u>  <u>Pursuant to Section 399-13-6 of the Companies Act, the Company may delegate all or part of decision authorization of execution of important operations (exclude those stipulated in Section 399-13-5 of the Companies Act) to Directors.</u>  <u>27. to 29.</u> (same as current)  <u>30.</u> Remuneration, etc.  Remuneration, bonuses and any benefits received from the Company in consideration for the performance of duties by Directors are determined, <u>separating Directors serving as Audit and Supervisory Committee members and those who do not,</u> by resolution of the general meeting of shareholders.  <u>31. Limitation of Liability of Directors</u>  <u>Pursuant to Section 426-1 of the Companies Act, the Company may exempt Directors (including former Directors) from liability for damages caused by negligence of their duties by resolution of the Board of Directors within the limits as stipulated in the law.</u>  <u>31.2</u> (same as current)</p> <p>Chapter 5 <u>Audit and Supervisory Committee</u>  (Delete)</p>

Current	New
<p><u>31. Election of Auditors</u>  <u>Company Auditors are elected by a resolution of the general meeting of shareholders.</u>  <u>2. A Company Auditor is elected by a majority of votes present where holders of 1/3 or more of shares entitled to vote are present.</u></p>	(Delete)
<p><u>32. Term of Office</u>  <u>The term of a Company Auditor ends at the conclusion of the annual general meeting of shareholders relating to the final fiscal year ending within four (4) years from the date of his/her election.</u>  <u>2. The term of a Substitute Auditor elected under Section 329-2 of the Companies Act ends at the conclusion of the annual general meeting of shareholders relating to the last of the fiscal year ending within four (4) years from the date of his/her election.</u>  <u>3. The term of a Company Auditor appointed as a Substitute for a Company Auditor who resigns before the end of his/her appointed term ceases to be effective at the same date that the term of the original Company Auditor is due to end.</u></p>	(Delete)
<p><u>33. Full-Time Auditor</u>  <u>The Board of Auditors elects a full-time Company Auditor(s) from among the duly appointed Company Auditors.</u></p>	(Delete)
<p><u>34. Notice of Meetings of the Board of Auditors</u>  <u>Notices of meetings of the Board of Auditors are sent to each Company Auditor at least five (5) days before the meeting. In the case of an emergency, the notice period may be shortened.</u>  <u>2. If all of the Company Auditors consent, a meeting of the Board of Auditors may be held without the notice process.</u></p>	(Delete)
<p><u>35. Resolutions of the Board of Auditors</u>  <u>A resolution of the Board of Auditors is made by a majority of the Company Auditors, unless otherwise provided under the law.</u></p>	(Delete)
<p><u>36. Rules of the Board of Auditors</u>  <u>Matters of the Board of Auditors are governed by the laws, these Articles of Incorporation, and the Rules of the Board of Auditors established by the Board of Auditors.</u></p>	(Delete)

Current	New
<u>37. Remuneration, etc.</u> <u>Remuneration of a Company Auditor is determined by a resolution of the general meeting of shareholders.</u>	(Delete)
<u>38. Limitation of Liability of Auditors</u> <u>Pursuant to Section 427-1 of Companies Act, the Company may enter into a Limitation of Liability agreement, as provided under Section 423-1 of Companies Act, with a Company Auditor. The limit of their indemnity is as stipulated in the laws.</u>	(Delete)
(New Section)	<u>32. Full-Time Audit and Supervisory Committee members</u> <u>The Audit and Supervisory Committee may elect full-time Audit and Supervisory Committee members by their resolutions.</u>
(New Section)	<u>33. Notice of Meetings of the Audit and Supervisory Committee</u> <u>Notices of Meetings of the Audit and Supervisory Committee are sent to each Audit and Supervisory Committee member at least five (5) days before the meeting. In the case of an emergency, the notice period may be shortened.</u>
(New Section)	<u>2. If all of the Audit and Supervisory Committee members consent, a meeting may be held without the notice process.</u>
(New Section)	<u>34. Resolutions of the Audit and Supervisory Committee</u> <u>A resolution of the Audit and Supervisory Committee is made by a majority of the members present who comprise a majority of those who are entitled to exercise their voting rights.</u>
(New Section)	<u>35. Audit and Supervisory Committee Regulations</u> <u>Matters with regard to the Audit and Supervisory Committee are governed by the laws, these Articles of Incorporation, and the Audit and Supervisory Committee Regulations established by the Audit and Supervisory Committee.</u>
<p>Chapter 6 Independent Financial Auditor</p> <p><u>39. to 40.</u> (Intentionally blank)</p>	<p>Chapter 6 Independent Financial Auditor</p> <p><u>36. to 37.</u> (same as current)</p>



Current	New
<p><u>41.</u> Remuneration, etc. Remuneration of an Independent Financial Auditor is determined by the Representative Director with consent of the <u>Board of Auditors</u>.</p> <p style="text-align: center;">Chapter 7 Accounting</p> <p><u>42.</u> to <u>45.</u> (Intentionally blank)</p> <p><u>46. Time of Conversion of Convertible Bonds and Dividends</u> <u>The first dividends from retained earnings or interim dividends for shares issued as a result of conversion of convertible bonds is paid as if the conversion took effect on April 1st if the request for conversion is made from April 1st to September 30th, or on October 1st if the request for conversion is made from October 1st to March 31st of the following year.</u></p> <p style="text-align: center;">(New Section)</p>	<p><u>38.</u> Remuneration, etc. Remuneration of an Independent Financial Auditor is determined by the Representative Director with consent of the <u>Audit and Supervisory Committee</u>.</p> <p style="text-align: center;">Chapter 7 Accounting</p> <p><u>39.</u> to <u>42.</u> (same as current)</p> <p style="text-align: center;">(Delete)</p> <p><u>Supplementary Provisions</u> <u>Limitation of Liability of Corporate Auditors (transitional measures)</u> <u>Pursuant to Section 426-1 of the Companies Act, the Company may exempt from liability of those who were Corporate Auditors as stipulated in Section 423-1 of the Companies Act by resolution of the Board of Directors within the limits as stipulated in the law.</u></p>

**Proposal 3:** Election of 9 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Upon the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company will transition to a company with an Audit and Supervisory Committee, and the terms of office of 9 current Directors will expire when those amendments take effect.

Accordingly, the election of 9 Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same applies in the rest of this Proposal) is proposed.

The resolution of this Proposal shall become effective subject to the effectuation of the amendments to the Articles of Incorporation in Proposal 2.

Details of the candidates for Directors are as described in pages 10 through 15 below.

The candidates are capable of performing the duties of Directors appropriately, and regardless of gender, nationality and other individual attributes, have superior dignity, ethics and insight, and are well versed in corporate management and the Company’s operations.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p style="text-align: center;"><u>Reappointment</u></p> <p>Hitoshi Yoshida (November 26<sup>th</sup>, 1959)</p>	<p>April 1983      Joined the Company</p> <p>April 2000      Leader, Multipurpose Measuring Instruments Group, Metrology Group, Tsuchiura Plant, Production Division</p> <p>April 2002      Executive Officer, Metrology Company</p> <p>April 2005      Managing Executive Officer, Metrology Company</p> <p>June 2005      Director</p> <p>October 2007    President, Metrology Company</p> <p>June 2011      Representative Director</p> <p>April 2015      President and CEO (to present) In charge of Metrology Company</p> <p>June 2018      Outside Director of TSUGAMI CORPORATION (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Chairman, Accretech (China) Co., Ltd. The Company has a business relationship of selling its products to this company.</li> <li>• Outside Director, TSUGAMI CORPORATION</li> </ul> <p>There is no special interest between the candidate and the Company.</p>	6,900
<p>[Reasons for nominating the candidate for Director]</p> <p>As President and CEO, Mr. Hitoshi Yoshida supervises the overall Group, takes command of management and sufficiently plays roles in deciding important managerial matters and supervising business execution. Accordingly, we consider that he is the right person for pushing ahead with global management with his strong leadership based on his extensive experience and track records as a Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p style="text-align: center;"><u>Reappointment</u></p> <p>Ryuichi Kimura (December 30<sup>th</sup>, 1962)</p>	<p>April 1986      Joined the Company</p> <p>April 2005      Executive Officer, Semiconductor Company Manager of the Tokyo Office and the Osaka Office, Sales Division</p> <p>June 2005      Director</p> <p>April 2007      Managing Executive Officer, Semiconductor Company</p> <p>August 2007    President, Semiconductor Company</p> <p>June 2011      Representative Director</p> <p>April 2015      Executive Vice President and COO (to present) In charge of Semiconductor Company</p> <p>April 2019      Head of Semiconductor Company (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Chairman, Accretech America Inc.</li> <li>• Chairman, Accretech (Europe) GmbH</li> <li>• Chairman, Accretech Taiwan Co., Ltd.</li> </ul> <p>The Company has a business relationship of selling its products to each of these companies.</p> <p>There is no special interest between the candidate and the Company.</p>	2,912
<p>[Reasons for nominating the candidate for Director]</p> <p>As Executive Vice President and COO, Mr. Ryuichi Kimura takes command of the overall Group and fully plays roles in deciding important managerial matters and supervising business execution. Accordingly, we consider that he is the right person for realizing global management by leveraging his abundant experience in, and knowledge of, the Semiconductor Production Equipment business, which is a principal business of the Group.</p>			
3	<p style="text-align: center;"><u>Reappointment</u></p> <p>Koichi Kawamura (October 5<sup>th</sup>, 1957)</p>	<p>April 1980      Joined the Fuji Bank, Limited</p> <p>April 2007      General Manager, Financial Institutions &amp; Public Sector Promotion Department of the same bank</p> <p>April 2008      Joined the Company</p> <p>April 2009      Managing Executive Officer, Administration Company</p> <p>June 2009      Director</p> <p>April 2011      President, Administration Company</p> <p>April 2015      In charge of Administration Company</p> <p>June 2015      Representative Director and CFO (to present)</p> <p>April 2019      Head of Administration Company (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• President, Tosei Systems Co., Ltd.</li> </ul> <p>The Company entrusts this company with the development of software relative to its products.</p> <ul style="list-style-type: none"> <li>• President, Accretech Finance Co., Ltd.</li> </ul> <p>The Company receives the provision of financial services from this company.</p> <ul style="list-style-type: none"> <li>• Chairman, Accretech Korea Co., Ltd.</li> </ul> <p>The Company has a business relationship of selling its products to this company.</p> <p>There is no special interest between the candidate and the Company.</p>	6,000
<p>[Reasons for nominating the candidate for Director]</p> <p>As Representative Director and CFO, Mr. Koichi Kawamura takes command of the overall Group and fully plays roles in deciding important managerial matters and supervising business execution. Accordingly, we consider that he is the right person for realizing growth of each business, improvement of performance of the Group as a whole and financial strategies by making the most of his extensive experience and knowledge acquired at financial institutions.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div>  Akihiro Endo (January 10 <sup>th</sup> , 1958)	April 1981      Joined the Oki Electric Industry Co., Ltd. Process Research Section #1, VLSI Research Center, ED Division October 2002      Joined the Company General Manager, Lithography System Group, Semiconductor Company October 2005      Leader, CMP Group; Executive Officer, Semiconductor Company April 2009      Managing Executive Officer, Semiconductor Company General Manager, Technology Division, Semiconductor Company (to present) April 2012      Senior Executive Officer, Semiconductor Company (to present) June 2012      Director (to present)	3,200
		There is no special interest between the candidate and the Company.	
[Reasons for nominating the candidate for Director] Mr. Akihiro Endo has engaged in the technology division of Semiconductor Production Equipment, which is a principal business of the Group, for many years and sufficiently plays roles in deciding important managerial matters and supervising business execution as a Director, by leveraging his abundant experience and knowledge. Accordingly, we consider that he is the right person for realizing growth of business and technological strategies.			
5	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div>  Masahiro Tomoeda (May 4 <sup>th</sup> , 1955)	April 1986      Joined the Company April 2001      Deputy Advisor, Sales Engineering and Marketing Department, Measurement Technology Sales, Sales Division October 2002      Executive Officer, Metrology Company; General Manager, Japan Sales Department III April 2005      Managing Executive Officer, Metrology Company April 2009      General Manager, Sales Division, Metrology Company April 2013      Senior Executive Officer, Metrology Company June 2014      Director (to present) April 2019      Head of Metrology Company (to present)	3,000
		There is no special interest between the candidate and the Company.	
[Reasons for nominating the candidate for Director] Mr. Masahiro Tomoeda has engaged in the field of Metrology Equipment, which is a principal business of the Group, for many years and sufficiently plays roles in deciding important managerial matters and supervising business execution as a Director, by leveraging his extensive experience and knowledge. Accordingly, we consider that he is the right person for realizing growth of business and global management strategies.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div>  Takahiro Hokida (April 24 <sup>th</sup> , 1962)	October 1995    Joined the Company April 2009    Leader, Prober System Group, Test Technology Department, Technology Division, Semiconductor Company (to present) April 2010    Executive Officer, Semiconductor Company April 2012    General Manager, Test Technology Department, Technology Division, Semiconductor Company (to present) April 2014    Managing Executive Officer, Semiconductor Company (to present) June 2015    Director (to present) October 2015    General Manager, Information System Department, Administration Company (to present)	1,700
		There is no special interest between the candidate and the Company.  [Reasons for nominating the candidate for Director] Mr. Takahiro Hokida has engaged in probing machines, among Semiconductor Production Equipment, which are mainstay products of the Group, for many years and sufficiently plays roles in deciding important managerial matters and supervising business execution as a Director, by making the most of his abundant experience and knowledge. Accordingly, we consider that he is the right person for realizing growth of business, technological innovation and information strategies.	
7	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div>  Wolfgang Bonatz (December 21 <sup>st</sup> , 1964)	October 1992    Joined the Tokyo Seimitsu Europe GmbH (currently Accretech (Europe) GmbH) April 1996    General Manager, Operation Department, Tokyo Seimitsu Europe GmbH November 1999    Director, Tokyo Seimitsu Europe GmbH October 2001    President, Tokyo Seimitsu Europe GmbH (to present) June 2002    Director of the Company (to present)	2,700
		[Significant concurrent positions] • President, Accretech (Europe) GmbH The Company has a business relationship of selling its products to this company.  There is no special interest between the candidate and the Company.	
[Reasons for nominating the candidate for Director] Mr. Wolfgang Bonatz has engaged in the management of an overseas subsidiary of the Company and fully plays roles in deciding important managerial matters and supervising business execution as a Director, by leveraging his abundant experience and knowledge. Accordingly, we consider that he is the right person for realizing growth strategies of the Group's overseas operations.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">External Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Independent</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Director</div>  Shozo Saito (July 9 <sup>th</sup> , 1950)  Rate of attendance at the Board of Directors meetings in FY2019/3 100% (17/17)	June 2007 Executive Officer Corporate Senior Vice President, TOSHIBA CORPORATION June 2010 Executive Officer Corporate Executive Vice President, TOSHIBA CORPORATION June 2012 Director and Representative Executive Officer Corporate Senior Executive Vice President, TOSHIBA CORPORATION June 2013 Retired from Director of TOSHIBA CORPORATION External Corporate Director, IBIDEN CO., LTD. June 2015 External Director of the Company (to present) [Significant concurrent positions] • Representative Director/Chairman, Nippon Electronic Device Industry Association (NEDIA) • Chairman, Device & System Platform Development Center Co., Ltd.  There is no special interest between the candidate and the Company.	-
8	<p>[Reasons for nominating the candidate for External Director]</p> <p>Mr. Shozo Saito is active in diverse fields by serving as the Chairman and President of several organizations in the semiconductor and electronic device industries. We therefore ask shareholders to elect him as an External Director as we anticipate that he will be able to provide valuable opinions and advice on the management of the Company and to nurture and improve our executives and employees through his excellent knowledge about different industries and experience in the corporate management of a large-scale corporation, which also will be highly useful in addressing the interests of our shareholders.</p> <p>Mr. Shozo Saito is a candidate for External Director. His term of office as an External Director of the Company will be four years at the conclusion of this Annual General Meeting of Shareholders. Although the Company has a business relationship of selling its products to TOSHIBA CORPORATION, where he served as a Director, the transaction amount accounts for less than 2% of consolidated net sales. As he satisfies Standards for Independence of External Officers established by the Company (page 20), the Company has appointed him as an Independent Director as prescribed in the regulations of Tokyo Stock Exchange, Inc. and intends to continue to appoint him as such. In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, Mr. Saito entered into a liability limitation agreement with the Company to limit his liability for compensation for damages, which is stipulated in Article 423, Paragraph 1 of the Act. The Company intends to continue this agreement. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	<p data-bbox="204 331 400 454"> <u>New appointment</u>  <u>External Director</u>  <u>Independent</u>  <u>Director</u> </p> <p data-bbox="204 488 400 544">Naomi Inoue (November 6<sup>th</sup>, 1950)</p> <p data-bbox="204 577 400 757">Rate of attendance at the Board of Directors meetings in FY2019/3 94% (16/17)</p> <p data-bbox="204 790 400 969">Rate of attendance at the Board of Auditors meetings in FY2019/3 100% (6/6)</p>	<p data-bbox="432 304 1254 454"> April 2007 Executive Managing Director, Mizuho Bank, Ltd.  June 2008 Retired from Director of the Mizuho Bank  June 2013 President and Representative Director, Joban Kosan, Ltd. (to present)  External Auditor of the Company (to present) </p> <p data-bbox="432 461 1031 517"> [Significant concurrent positions]  • President and Representative Director, Joban Kosan, Ltd. </p> <p data-bbox="432 551 1118 584">There is no special interest between the candidate and the Company.</p>	-
<p data-bbox="193 999 815 1032">[Reasons for nominating the candidate for External Director]</p> <p data-bbox="193 1032 1453 1238">Mr. Naomi Inoue's term of office as an Auditor of the Company will be six years at the conclusion of this Annual General Meeting of Shareholders. During his term of office, he has monitored overall management appropriately and provided extensive and valuable advice based on abundant experience and broad knowledge as a corporate manager. Furthermore, he chairs the External Officers Exchange Meeting which consists of External Directors and External Auditors, and is making efforts to incorporate the functions of External Officers into the management of the Company, by actively providing advice conducive to management and actively encouraging other External Officers to provide their opinions. We therefore ask shareholders to elect him as an External Director to draw on his achievements in the management of the Company.</p> <p data-bbox="193 1245 1430 1335">As he satisfies Standards for Independence of External Officers established by the Company (page 20), the Company has appointed him as an Independent Director as prescribed in the regulations of Tokyo Stock Exchange, Inc. and intends to continue to appoint him as such.</p> <p data-bbox="193 1341 1445 1487">In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, Mr. Inoue entered into a liability limitation agreement with the Company to limit his liability for compensation for damages, which is stipulated in Article 423, Paragraph 1 of the Act. The Company intends to continue this agreement. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.</p>			

**Proposal 4: Election of 4 Directors Serving as Audit and Supervisory Committee Members**

Upon the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Accordingly, the election of 4 Directors serving as Audit and Supervisory Committee Members is proposed.

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

The resolution of this Proposal shall become effective subject to the effectuation of the amendments to the Articles of Incorporation in Proposal 2.

Details of the candidates for Directors serving as Audit and Supervisory Committee Members are as described in pages 16 through 19 below.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
	<div style="border: 1px solid black; padding: 2px;">New appointment</div> Shinji Akimoto (November 29 <sup>th</sup> , 1963)	April 1987      Joined the Company Human Resources Section I, Human Resources Dept. April 2000      General Manager, Human Resources Planning Dept., Planning Department April 2002      General Manager, Human Resources Dept., Administration Company April 2007      Executive Officer, Administration Company General Manager, Human Resources Dept. June 2018      Full-time Auditor (to present)  There is no special interest between the candidate and the Company.	2,512
1	[Reasons for nominating the candidate for Director] Mr. Shinji Akimoto has engaged in the human resources-related division for many years since joining the Company, and has served as Executive Officer since 2007, gaining insight into corporate management. He mainly served as Director and head of a principal division. He was also a member of the Compliance Committee and the Risk Management Committee, as well as in charge of the secretariat of the Internal Control Committee, which are committees composed of the Group’s officers. We ask shareholders to elect him as a Director serving as an Audit and Supervisory Committee Member as we expect that he will reflect his abundant business experience in supervision and audits of the management of the Company. In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, Mr. Akimoto entered into a liability limitation agreement with the Company to limit his liability for compensation for damages, which is stipulated in Article 423, Paragraph 1 of the Act. If his election is approved, the Company intends to continue this agreement. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.		



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">New appointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">External Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Independent</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Director</div>  Hirokazu Matsumoto (September 28 <sup>th</sup> , 1947)  Rate of attendance at the Board of Directors meetings in FY2019/3 100% (17/17)	April 1976     Researcher, Optical Metrology Section, Department 1, National Research Laboratory of Metrology, Agency of Industrial Science and Technology  March 1983     Visiting Researcher, U.S. National Standards Bureau February 1988   Chief, Optical Metrology Laboratory, Quantum Department, National Research Laboratory of Metrology, Agency of Industrial Science and Technology  October 1995     Research Planning Officer, Agency of Industrial Science and Technology  August 1997     Head, Research Sub-department, Quantum Department, Agency of Industrial Science and Technology  April 1999     Visiting Professor, Cooperative Graduate School, Tokyo University of Science  April 2001     Deputy Director and Chief, Length Measurement Section, Metrology Department, National Institute of Advanced Industrial Science and Technology  January 2007     Senior Researcher, Metrology Department, National Institute of Advanced Industrial Science and Technology  April 2008     Project Professor, Department of Precision Engineering, Graduate School of Engineering, University of Tokyo  April 2013     Project Researcher, Graduate School of Engineering, University of Tokyo  June 2013     External Director of the Company (to present)  There is no special interest between the candidate and the Company.	-
<p>[Reasons for nominating the candidate for External Director]  Although he has no experience of having directly engaged in corporate management other than as an External Director of the Company, Mr. Hirokazu Matsumoto has professional expertise at administrative agencies, research institutes and universities, as well as abundant experience overseas and broad knowledge. We therefore ask shareholders to elect him as a new External Director serving as an Audit and Supervisory Committee Member as he is providing valuable opinions and advice on the management of the Company.</p> <p>Mr. Hirokazu Matsumoto is a candidate for External Director. His term of office as an External Director of the Company will be six years at the conclusion of this Annual General Meeting of Shareholders. As he satisfies Standards for Independence of External Officers established by the Company (page 20), the Company has appointed him as an Independent Director as prescribed in the regulations of Tokyo Stock Exchange, Inc. and intends to continue to appoint him as such. In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, Mr. Matsumoto entered into a liability limitation agreement with the Company to limit his liability for compensation for damages, which is stipulated in Article 423, Paragraph 1 of the Act. The Company intends to continue this agreement. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	<p data-bbox="204 331 400 454">New appointment External Director Independent Director</p> <p data-bbox="204 488 400 544">Yoshiro Hayashi (July 2<sup>nd</sup>, 1948)</p> <p data-bbox="204 577 400 757">Rate of attendance at the Board of Directors meetings in FY2019/3 94% (16/17)</p> <p data-bbox="204 790 400 969">Rate of attendance at the Board of Auditors meetings in FY2019/3 100% (6/6)</p>	<p data-bbox="432 304 1294 338">June 2003 Audit &amp; Supervisory Board Member, Toyota Motor Corporation</p> <p data-bbox="432 338 1294 394">June 2006 President, Panasonic EV Energy Co., Ltd. (currently Primearth EV Energy Co., Ltd.)</p> <p data-bbox="432 394 1294 483">June 2014 External Director, Toyo Kohan Co., Ltd. Outside Audit &amp; Supervisory Board Member, TOYODA GOSEI CO., LTD.</p> <p data-bbox="432 483 1294 517">June 2015 External Auditor of the Company (to present)</p> <p data-bbox="432 551 1294 584">There is no special interest between the candidate and the Company.</p>	-
<p data-bbox="193 1014 815 1048">[Reasons for nominating the candidate for External Director]</p> <p data-bbox="193 1048 1469 1283">Mr. Yoshiro Hayashi's term of office as an Auditor of the Company will be four years at the conclusion of this Annual General Meeting of Shareholders. During his term of office, he has monitored overall management appropriately and provided extensive and valuable advice based on abundant experience and broad global knowledge as an engineer and manager. We therefore ask shareholders to elect him as an External Director serving as an Audit and Supervisory Committee Member as we expect that he will reflect the External Officer's function in the management of the Company, drawing on his achievements. Furthermore, although the Company has a relationship of selling its products to Toyota Motor Corporation, where he served as Audit &amp; Supervisory Board Member, the transaction amount accounts for less than 2% of the Company's consolidated net sales.</p> <p data-bbox="193 1283 1469 1373">As he satisfies Standards for Independence of External Officers established by the Company (page 20), the Company has appointed him as an Independent Director as prescribed in the regulations of Tokyo Stock Exchange, Inc. and intends to continue to appoint him as such.</p> <p data-bbox="193 1373 1469 1527">In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, Mr. Hayashi entered into a liability limitation agreement with the Company to limit his liability for compensation for damages, which is stipulated in Article 423, Paragraph 1 of the Act. The Company intends to continue this agreement. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
4	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">External Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Director</div> <p>Yuriko Sagara (September 6<sup>th</sup>, 1974)</p>	<p>October 2001 Admitted to the bar (Daini Tokyo Bar Association) Joined Nakamura &amp; Partners</p> <p>August 2005 Registered as a patent attorney</p> <p>May 2008 Duke University School of Law, LL.M.</p> <p>February 2010 Admitted to the bar (New York State Bar Association)</p> <p>January 2013 Partner, Nakamura &amp; Partners (to present)</p> <p>April 2015 Advisory Councillor for Unfair Competition Prevention Law, Ministry of Economy, Trade and Industry (to present)</p> <p>June 2017 Intellectual Property Committee, The Japan Federation of Bar Associations (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Partner, Nakamura &amp; Partners</li> <li>• Advisory Councillor for Unfair Competition Prevention Law, Ministry of Economy, Trade and Industry</li> <li>• Intellectual Property Committee, The Japan Federation of Bar Associations</li> </ul> <p>There is no special interest between the candidate and the Company.</p>	-
<p>[Reasons for nominating the candidate for External Director]</p> <p>Although Ms. Yuriko Sagara has no experience of having directly engaged in corporate management, she has sophisticated skills and knowledge in a global perspective regarding the law as an attorney, in addition to deep insight into intellectual property. We therefore ask shareholders to elect her as a new External Director serving as an Audit and Supervisory Committee Member as we expect that she may leverage her assets in the management of the Group.</p> <p>Ms. Yuriko Sagara's name on the family register is Yuriko Hayakawa.</p> <p>As she satisfies Standards for Independence of External Officers established by the Company (page 20), the Company plans to appoint her as an Independent Director as prescribed in the regulations of Tokyo Stock Exchange, Inc. In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, Ms. Sagara is to enter into a liability limitation agreement with the Company to limit her liability for compensation for damages, which is stipulated in Article 423, Paragraph 1 of the Act. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.</p>			

[Standards for Independence of External Directors]

In the event that an External Director falls under all of the following items, the Company shall deem the said External Director to have independence.

1. Not having been an executive (\*1) of the Tokyo Seimitsu Group (hereinafter the “Accretech Group”) in the past 10 years
2. Not being a major shareholder (\*2) or an executive of the major shareholder
3. Not having been an executive of a corporation, etc., which falls under any of the following cases, in the past three years
  - (1) An entity for which the Accretech Group is a major business partner (\*3)
  - (2) A major business partner (\*3) of the Accretech Group
  - (3) A major lender (\*4) for the Accretech Group
4. Not being a certified public accountant who belongs to the audit firm that serves as the Accounting Auditor of the Accretech Group
5. Not being a professional, such as consultant, accountant, tax accountant, lawyer, judicial scrivener or patent attorney, who receives a large amount of money (\*5) and/or other property from the Accretech Group
6. Other
  - (1) Not being a person from a listed company that has a relationship of interlocking directorate of external officers (\*6) with the Accretech Group
  - (2) The spouse, relatives within the second degree of kinship or closer, relatives who live together or persons who depend on the said person for their livelihood not falling under Items 1. through 5. above
  - (3) Not having an important interest in the Accretech Group

Notes:

- \*1. Executive: Executive director, operating officer, executive officer and employees who are equivalent to such persons
- \*2. Major shareholder: A person who holds 10% or more of the total voting rights directly or indirectly
- \*3. Major business partner: A business partner who accounts for 2% or more of consolidated annual net sales in the most recent business year
- \*4. Major lender: A lender against whom a borrowing balance accounts for 2% or more of the consolidated total assets in the most recent business year
- \*5. A large amount of money: ¥10 million or more on an average of the past three years (excluding compensations received as officers of the Company)
- \*6. Interlocking directorate of external officers: To receive external officers to the Company from companies where persons from the Accretech Group serve as external officers

**Proposal 5:** Determination of Remuneration for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The maximum amount of remuneration for Directors of the Company was approved to be ¥360 million per year at the 83<sup>rd</sup> Annual General Meeting of Shareholders held on June 29, 2006, and this amount has remained unchanged. As the Company will transition to a company with an Audit and Supervisory Committee if Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the Company proposes to abolish the current amount of remuneration and reestablish a maximum amount of remuneration for Directors (exclusive of Directors serving as Audit and Supervisory Committee Members) of ¥360 million per year (including a maximum of ¥50 million for External Directors), taking into consideration economic trends and various other factors, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act.

The amount of remuneration for Directors (exclusive of Directors serving as Audit and Supervisory Committee Members) shall not include the employee salary portion for Directors concurrently serving as employees.

At present, there are 9 Directors (including 2 External Directors), and if Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of 9 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)” are approved as proposed, there will be 9 Directors (exclusive of Directors serving as Audit and Supervisory Committee Members) (including 2 External Directors).

The resolution of this Proposal shall become effective subject to the effectuation of the amendments to the Articles of Incorporation in 2nd Proposal.

**Proposal 6:** Determination of Remuneration for Directors Serving as Audit and Supervisory Committee Members

The Company will transition to a company with an Audit and Supervisory Committee if Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed. Accordingly, the Company proposes to establish a maximum amount of remuneration for Directors serving as Audit and Supervisory Committee Members of ¥60 million per year, taking into consideration their duties and responsibilities as Audit and Supervisory Committee Members, economic trends, and various other factors, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 4 “Election of 4 Directors Serving as Audit and Supervisory Committee Members” are approved as proposed, there will be 4 Directors serving as Audit and Supervisory Committee Members (including 3 External Directors).

The resolution of this Proposal shall become effective subject to the effectuation of the amendments to the Articles of Incorporation in 2nd Proposal.

**Proposal 7:** Determination of the Amount of Remuneration, etc. for the Issuance of Stock Acquisition Rights as Stock Options to Directors and Specific Details thereof

(Reasons for the Proposal)

The Company will transition to a company with an Audit and Supervisory Committee if Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed.

The maximum amount of remuneration, etc. related to stock acquisition rights allotted as stock options to Directors of the Company was approved to be ¥200 million per year at the 83<sup>rd</sup> Annual General Meeting of Shareholders held on June 29, 2006, and this amount has remained unchanged.

Accordingly, in line with the transition to a company with an Audit and Supervisory Committee, the Company requests approval to abolish the current rules related to stock acquisition rights allotted as stock options to Directors, to allot stock acquisition rights as stock options to Directors of the Company (exclusive of Directors serving as Audit and Supervisory Committee Members) separately from the remuneration proposed in Proposal 5, and to determine the details of the stock acquisition rights, as follows.

External Directors shall not be eligible for the allotment, in view of their role.

In addition, at present, there are 9 Directors (including 2 External Directors), but if Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of 9 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)” are approved as proposed, there will be 9 Directors (exclusive of Directors serving as Audit and Supervisory Committee Members).

The resolution of this Proposal shall become effective subject to the effectuation of the amendments to the

## Articles of Incorporation in 2nd Proposal.

The Company intends to allot similar stock acquisition rights to Executive Officers with special titles.

### (Details of the Proposal)

1. In order to motivate the Company's Directors (exclusive of Directors serving as Audit and Supervisory Committee Members) to continuously improve the Company's business performance and corporate value over the medium- to long-term and further promote shareholder-oriented management by ensuring that they share the risks of fluctuations in the share price with shareholders, the Company intends to establish an amount of remuneration, etc. of up to ¥200 million per year for stock acquisition rights to be allotted as stock options to Directors of the Company (exclusive of Directors serving as Audit and Supervisory Committee Members), separately from their remuneration stated in Proposal 5.

This amount of remuneration, etc. shall not include the employee salary portion for Directors concurrently serving as employees, same as before.

If Proposal 3 is approved, there will be 9 Directors (exclusive of Directors serving as Audit and Supervisory Committee Members).

2. The details of the stock acquisition rights that the Company proposes to issue as stock options to its Directors (exclusive of Directors serving as Audit and Supervisory Committee Members, and inclusive of persons serving concurrently as Executive Officers) shall be as follows:

#### (1) Regular stock options

- 1) Total number of stock acquisition rights and type and number of shares to be issued upon exercise of the stock acquisition rights

The total maximum number of stock acquisition rights to be issued within one year of the date of the annual general meeting of shareholders for each fiscal year shall be 150 units.

In regard to the type and number of shares to be issued upon exercise of the stock acquisition rights, the maximum number of shares that may be delivered upon the exercise of stock acquisition rights issued within one year of the date of the annual general meeting of shareholders for each fiscal year shall be 15,000 common shares of the Company.

The number of shares to be issued upon exercise of each stock acquisition right (hereinafter, the "Number of Shares Allotted") shall be 100 shares.

Furthermore, if a stock split (including a gratis allotment of the Company's common shares; hereinafter, the same regarding the description of a stock split) or a stock consolidation, or other similar action is performed by the Company in regard to the Company's common shares, that justifies an adjustment to the Number of Shares Allotted, the Company shall adjust the Number of Shares Allotted as deemed necessary.

- 2) The value of assets to be contributed upon exercise of the stock acquisition rights

The value of assets to be contributed upon exercise of each stock acquisition right shall be determined by multiplying the amount to be paid for one share to be delivered upon exercise of said stock acquisition rights (hereinafter, the "Exercise Price") by the Number of Shares Allotted. The Exercise Price shall be equal to 1.025 times the average closing price of the Company's shares (hereinafter, the "Closing Price") on the Tokyo Stock Exchange in regular trading on each day (excluding days on which no trading takes place) of the month preceding the month in which the day on which the stock acquisition rights are allotted (hereinafter, the "Allotment Date") falls (with fractional amounts less than one yen being rounded up to the nearest yen), or the Closing Price on the day preceding the Allotment Date (if no such Closing Price exists on that day, then the Closing Price on the most recent day on which trading took place), whichever is higher.

Furthermore, the Company may adjust the Exercise Price as deemed necessary if it is appropriate to do so, such as cases when, after the Allotment Date, the Company performs a stock split or stock consolidation in regard to the Company's common shares, or a new share issuance or treasury stock disposal below the market price (excluding the sale of treasury stock under Article 194 of the Companies Act (that is, demand for sale of shares less than one unit) by shareholders who hold shares in a number less than one unit); the conversion of securities or convertible securities that may be converted into the Company's common shares; or the exercise of stock acquisition rights (inclusive of those attached to the convertible bonds) with which delivery of the Company's common shares can be requested), or a gratis allotment of other class shares to common shareholders or a distribution of dividends to common shares of any other company.

- 3) Exercise period of the stock acquisition rights  
Period commencing two years after the day after the Allotment Date and ending in five years.
  - 4) Restriction on acquisition of the stock acquisition rights through transfer  
Acquisition of the stock acquisition rights through transfer shall be subject to approval by resolution of the Board of Directors of the Company.
- (2) Stock-based compensation options
- 1) Total number of stock acquisition rights and type and number of shares to be issued upon exercise of the stock acquisition rights  
The total maximum number of stock acquisition rights to be issued within one year of the date of the annual general meeting of shareholders for each fiscal year shall be 360 units.  
In regard to the type and number of shares to be issued upon exercise of the stock acquisition rights, the maximum number of shares that may be delivered upon the exercise of stock acquisition rights issued within one year of the date of the annual general meeting of shareholders for each fiscal year shall be 36,000 common shares of the Company.  
The number of shares to be issued upon exercise of each stock acquisition right (hereinafter, the "Number of Shares Allotted") shall be 100 shares.  
Furthermore, if a stock split (including a gratis allotment of the Company's common shares) or a stock consolidation, or other similar action is performed by the Company in regard to the Company's common shares, that justifies an adjustment to the Number of Shares Allotted, the Company shall adjust the Number of Shares Allotted as deemed necessary.
  - 2) Amount to be paid for the stock acquisition rights  
The amount to be paid per stock acquisition right shall be determined by the Company's Board of Directors at the time of allotment based on its fair value calculated by a fair calculation method, such as the Black-Scholes model.
  - 3) The value of assets to be contributed upon exercise of the stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be determined by multiplying the amount to be paid for one share to be delivered upon exercise of said stock acquisition rights, which shall be ¥1, by the Number of Shares Allotted.
  - 4) Exercise period of the stock acquisition rights  
A period of 20 years or less, from the day after the Allotment Date.
  - 5) Restriction on acquisition of the stock acquisition rights through transfer  
Acquisition of the stock acquisition rights through transfer shall be subject to approval by resolution of the Board of Directors of the Company.
  - 6) Other conditions for the exercise of the stock acquisition rights  
In principle, a holder of stock acquisition rights shall only be able to exercise the stock acquisition rights upon losing both the positions of Director and Executive Officer with special titles of the Company, during the period in 4) above. Provided, however, that in this case the holder of stock acquisition rights shall only be able to exercise the stock acquisition rights during the period commencing from the day after he or she loses his or her position (hereinafter, the "Exercise Period Start Date") and ending in seven days after the Exercise Period Start Date (however, if this is not a business day, it shall be the previous business day). Other conditions for the exercise of the stock acquisition rights shall be determined at the general meeting of shareholders or a meeting of the Board of Directors convened to determine the terms of subscription to the stock acquisition rights.

**Proposal 8:** Entrusting the Board of Directors of the Company with the Determination of Subscription Requirements for the Issuance of Stock Acquisition Rights as Stock Options to Directors and Employees of the Company and Some Directors and Employees of Its Subsidiaries under Especially Favorable Conditions

Shareholders are asked to give approval for entrusting the Board of Directors of the Company with determining the subscription requirements for the issuance of stock acquisition rights as stock options to its Directors (exclusive of Directors serving as Audit and Supervisory Committee Members and External Directors) and employees of the Company and some Directors (exclusive of External Directors) and employees of its subsidiaries under especially favorable conditions in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act, as described below.

- I. Reason for the need to invite subscribers to stock acquisition rights under especially favorable conditions  
The Company intends to issue stock acquisition rights as stock options to its Directors (exclusive of Directors serving as Audit and Supervisory Committee Members and External Directors) and employees and some Directors (exclusive of External Directors) and employees of its subsidiaries, without consideration, with the aim of motivating them and raising their morale to improve the Company’s business performance on a consolidated basis and further promoting shareholder-oriented management.
- II. The maximum number of the stock acquisition rights for which the subscription requirements can be determined based on the matters determined by this Annual General Meeting of Shareholders, and the necessity of money payment therefor are as follows.
  1. The maximum number of the stock acquisition rights for which the subscription requirements can be determined based on the entrustment  
The maximum number of the stock acquisition rights, which are described in Item III. below, shall be 900 units.  
The maximum number of shares that may be allotted upon exercise of the stock acquisition rights shall be 90,000 common shares of the Company. If the number of shares allotted (hereinafter defined) is adjusted as determined in Item III. 1. below, the maximum limit shall be the “number of shares allotted after adjustment” multiplied by the maximum number of the stock acquisition rights above.
  2. No payment of money shall be required with regard to the stock acquisition rights for which the subscription requirements can be determined based on the entrustment.
- III. The nature of the stock acquisition rights for which the subscription requirements can be determined based on the matters determined by this Annual General Meeting of Shareholders is as follows.
  1. Type and number of shares to be issued upon exercise of the stock acquisition rights  
The type of shares to be issued upon exercise of the stock acquisition rights shall be the Company’s common shares, and the number of shares per unit of stock options to be issued upon exercise of the stock acquisition rights (hereinafter, the “Number of Shares Allotted”) shall be 100 shares.  
Provided, however, that if a stock split (including a gratis allotment of the Company’s common shares; hereinafter, the same regarding the description of a stock split) or a stock consolidation is performed by the Company on or after the day on which subscription of stock acquisition rights is resolved at the Board of Directors meeting of the Company (hereinafter, the “Resolution Date”), the Number of Shares Allotted shall be adjusted according to the following formula, and any fractional shares arising as a result of said adjustment shall be truncated.

$$\text{Number of Shares Allotted after adjustment} = \text{Number of Shares Allotted before adjustment} \times \text{Stock split or consolidation ratio}$$

With regard to the date on which the Number of Shares Allotted after adjustment is applied, the provisions in Item 3. (2) 1) shall apply correspondingly.

Furthermore, in addition to the above, in cases where the Company conducts a merger or a company split or in any other cases similar thereto where any adjustment of the Number of Shares Allotted is required on or after the Resolution Date, the Company may adjust the Number of Shares Allotted within reasonable boundaries.

In the case where the Number of Shares Allotted is to be adjusted, the Company shall make a public notice or notify the holders of stock acquisition rights recorded on the stock acquisition rights register (hereinafter, the “Stock Acquisition Rights Holders”) of any important matters by the day preceding the date on which the Number of Shares Allotted after adjustment is applied. Provided, however, that



if the Company is unable to make such public notice or notification by the day preceding such applicable date, such public notice or notification shall be made promptly thereafter.

2. The value of assets to be contributed upon exercise of the stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be determined by multiplying the amount to be paid for one share to be delivered upon exercise of said stock acquisition rights (hereinafter, the “Exercise Price”) by the Number of Shares Allotted.  
The Exercise Price shall be equal to 1.025 times the average closing price of the Company’s shares (hereinafter, the “Closing Price”) on the Tokyo Stock Exchange in regular trading on each day (excluding days on which no trading takes place) of the month preceding the month in which the day on which the stock acquisition rights are allotted (hereinafter, the “Allotment Date”) falls (with fractional amounts less than one yen being rounded up to the nearest yen), or the Closing Price on the day preceding the Allotment Date (if no such Closing Price exists on that day, then the Closing Price on the most recent day on which trading took place), whichever is higher. Provided, however, that the Exercise Price shall be subject to the adjustments set forth in 3. below.
3. Adjustment of the Exercise Price
  - (1) If the Company conducts matters described in 1) or 2) below for the Company’s common shares on or after the Allotment Date, the Exercise Price shall be adjusted in accordance with the following formula (hereinafter, the “Exercise Price Adjustment Formula”), and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

- 1) In the case where the Company performs a stock split or consolidation

$$\text{Post-adjustment Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{1}{\text{Stock split or consolidation ratio}}$$

- 2) In the event of any new share issuance or treasury stock disposal below the market price (excluding any share issuance or treasury stock disposal for the Company’s common shares (excluding cases such as the sales of treasury stock under Article 194 of the Companies Act, that is, demand for sale of shares less than one unit by shareholders who hold shares in a number less than one unit); the conversion of securities or convertible securities that may be converted into the Company’s common shares; or the exercise of stock acquisition rights (inclusive of those attached to the convertible bonds) with which issuance of the Company’s common shares can be requested)

$$\text{Post-adjustment Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Market price}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

- i) The “Market Price” which is used for the Exercise Price Adjustment Formula shall be the average Closing Price (including indicative prices, hereafter the same) of the Company’s shares on the Tokyo Stock Exchange in regular trading for 30 business days (excluding days without a closing price) starting from the 45<sup>th</sup> business day preceding the “date on which the Post-adjustment Exercise Price is applied” (hereafter the “Applicable Date”) set forth in (2) below. For calculating the average Closing Price, the average shall be rounded off to the first decimal place.
- ii) In the Exercise Price Adjustment Formula, “Number of shares already issued” shall be equal to the total number of the Company’s issued shares on the day if there is a record date and on the day one month before the Applicable Date in other cases, less the number of shares of treasury stock owned by the Company.
- iii) In the case of the disposal of treasury stock, “Number of newly issued shares” in the Exercise Price Adjustment Formula shall be read as “Number of shares of treasury stock to be disposed.”

- (2) The date on which the Post-adjustment Exercise Price is applied shall be determined as follows:
- 1) The Post-adjustment Exercise Price in the case where adjustment is made in accordance with Item (1) 1) above shall be applied on or after the day following the record date (the effective date, if no record date is specified) in case of a share split, or on or after the effective date in case of a share consolidation. Provided, however, that in the case where a stock split is conducted on the condition that a proposal to increase capital stock or legal capital surplus by reducing surplus shall be approved at a general meeting of shareholders of the Company, and in the case where the record date of such stock split is set for a day prior to the date of conclusion of said general meeting of shareholders, the Post-adjustment Exercise Price shall be applied retroactively on the day following the date of conclusion of said general meeting of shareholders and thereafter to the day following such record date.  
In case of the proviso above, the number of shares delivered to the Stock Acquisition Rights Holders who exercise their stock acquisition rights (The number of shares obtainable through the exercise of related stock acquisition rights is hereinafter referred to as the “Pre-stock-split Exercise Share Number.”) during the period from the day following the record date for the stock split through the date of conclusion of said general meeting of shareholders shall be adjusted in accordance with the following formula, and any fractional shares arising as a result of said adjustment shall be truncated.

$$\text{Number of newly issued share} = \frac{(\text{Pre-adjustment Exercise Price} - \text{Post-adjustment Exercise Price}) \times \text{Pre-stock-split Exercise Share Number}}{\text{Post-adjustment Exercise Price}}$$

- 2) The Post-adjustment Exercise Price in the case where adjustment is made in accordance with Item (1) 2) above shall apply on or after the day following the payment date (if the payment term is set, the last day of such payment term) for the relevant share issuance or disposal (in the case where there is a record date, on or after the day following such record date).
  - (3) In addition to the cases described in (1) 1) and 2) above, in the event of circumstances in which the Exercise Price needs to be adjusted such as in cases where the Company conducts a gratis allotment of other class shares to common shareholders or a distribution of dividends to common shareholders who hold shares of any other company after the Allotment Date, the Company may adjust the Exercise Price within reasonable boundaries by taking into account conditions such as those for said allocation or dividends.
  - (4) In the case where the Exercise Price is to be adjusted, the Company shall make a public notice or notify the Stock Acquisition Rights Holders of any important matters by the day preceding the Applicable Date. Provided, however, that if the Company is unable to make such public notice or notification by the day preceding the Applicable Date, such public notice or notification shall be made promptly thereafter.
4. Exercise period of the stock acquisition rights  
Period commencing two years after the Allotment Date and ending June 30<sup>th</sup>, 2026
  5. Matters concerning capital stock and legal capital surplus in the event of issuance of shares upon exercise of the stock acquisition rights
    - (1) The amount of capital stock to be increased when shares are issued upon exercise of the stock acquisition rights shall be one half of the maximum amount of capital stock, etc., to be increased calculated in accordance with the provisions of Article 17, Paragraph 1 of the Corporate Accounting Regulations of Japan, and a fraction of less than one yen arising as a result of the calculation shall be rounded up to the nearest one yen.
    - (2) The amount of legal capital surplus to be increased when shares are issued upon exercise of the stock acquisition rights shall be calculated by subtracting the amount of increase in capital stock stipulated in (1) above from the maximum increase amount of capital stock, etc., stated in (1) above.

6. Restriction on acquisition of the stock acquisition rights through transfer  
Acquisition of the stock acquisition rights through transfer shall be subject to approval by resolution of the Board of Directors of the Company.
7. Terms and conditions of acquisition of the stock acquisition rights  
If any of the proposals (1) through (5) below is approved at a general meeting of shareholders of the Company (or if resolved by the Board of Directors of the Company or determined by a Representative Executive Officer if a resolution at a general meeting of shareholders is not required), the Company may acquire the stock acquisition rights without consideration on the day separately determined by the Board of Directors.
  - (1) a proposal for the approval of a merger agreement, under which the Company will cease to exist;
  - (2) a proposal for the approval of a company split agreement or an incorporation-type company split plan, under which the Company will become a split company;
  - (3) a proposal for the approval of a share exchange agreement or a share transfer plan, under which the Company will become a wholly owned subsidiary;
  - (4) a proposal for approval of an amendment to the Articles of Incorporation to add a provision to the effect that, as a feature of all shares the Company issues, the approval of the Company for the acquisition of said shares through a transfer is required; or
  - (5) a proposal for approval of an amendment to the Articles of Incorporation to add a provision to the effect that, as a feature of shares to be issued upon exercise of the Stock Acquisition Rights, the approval of the Company for acquisition of said shares through a transfer is required, or the Company shall acquire all of said class shares by resolution at a general meeting of shareholders.
8. Policy on determining the nature of stock acquisition rights issued by the restructured company upon organizational restructuring  
If the Company is to engage in a merger (limited to cases where the Company is to be dissolved as a result of the merger), an absorption-type company split or an incorporation-type company split (both limited to cases where the Company is to be a split company), or a share exchange or a share transfer (both limited to cases where the Company is to be a wholly owned subsidiary) (all of which are collectively referred to as a “Restructuring Transaction”), the stock acquisition rights in the entity specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (such entity hereinafter the “Restructured Company”) shall be issued to the Stock Acquisition Rights Holders who hold the stock acquisition rights remaining in effect immediately prior to the effective date of the Restructuring Transaction (hereinafter respectively referring to the effective date of the absorption-type merger in case of an absorption-type merger, the date of formation of a new company incorporated by the merger in case of a consolidation-type merger, the effective date of the absorption-type company split in case of an absorption-type company split, the date of formation of a new company in case of an incorporation-type company split, the effective date of the share exchange in case of a share exchange and the date of the formation of a wholly owning parent company in case of a share transfer) (such rights hereinafter the “Remaining Stock Acquisition Rights”). Provided, however, that the granting of such rights shall be subject to provisions of issuing the stock acquisition rights of the Restructured Company in an absorption-merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan in accordance with the respective following conditions.
  - (1) The number of the stock acquisition rights of the Restructured Company to be issued  
The same number of the stock acquisition rights as the number of the Remaining Stock Acquisition Rights held by respective Stock Acquisition Rights Holders shall be issued.
  - (2) The class of shares of the Restructured Company to be issued upon exercise of the stock acquisition rights  
The class of shares of the Restructured Company to be issued upon exercise of the stock acquisition rights shall be the common shares of the Restructured Company.
  - (3) The number of shares of the Restructured Company to be issued upon exercise of the stock acquisition rights  
The number of shares of the Restructured Company to be issued upon exercise of the stock acquisition rights shall be determined in accordance with the provisions in Item 1. above, taking into account the conditions and other factors concerning the Restructuring Transaction.

- (4) The value of assets to be contributed upon exercise of the stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right to be issued shall be the amount obtained by multiplying the Exercise Price after restructuring, which is obtained through adjustment of the Exercise Price as determined in Item 2. above taking into account the conditions for the Restructuring Transaction, by the number of shares of the Restructured Company to be issued upon exercise of said stock acquisition rights, which is determined in accordance with Item (3) above.
  - (5) Exercise period of the stock acquisition rights  
The exercise period of the stock acquisition rights shall begin on the date of commencement of the exercise period stipulated in Item 4. above or the effective date of the Restructuring Transaction, whichever is later, and end on the closing date of the exercise of said stock acquisition rights as determined in accordance with Item 4. above.
  - (6) Matters concerning capital stock and legal capital surplus in the event of the issuance of shares upon exercise of the stock acquisition rights  
It shall be determined in accordance with Item 5. above.
  - (7) Restriction on acquisition of the stock acquisition rights through transfer  
Acquisition of the stock acquisition rights through transfer shall be subject to approval by resolution of the Board of Directors of the Restructured Company.
  - (8) Terms and conditions of acquisition of the stock acquisition rights  
It shall be determined in accordance with Item 7. above.
  - (9) Other conditions for the exercise of the stock acquisition rights  
It shall be determined in accordance with Item 10. below.
9. Treatment of fractional shares upon exercise of the stock acquisition rights  
A fractional portion of less than one share in the number of shares delivered to the Stock Acquisition Rights Holders shall be truncated upon exercise of the stock acquisition rights.
  10. Other conditions for the exercise of the stock acquisition rights  
Should any Stock Acquisition Rights Holders forfeit his/her stock acquisition rights, said stock acquisition rights cannot be exercised.

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