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(Stock Exchange Code 7729)
June 2nd, 2020

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 97TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby inform you that the 97th Annual General Meeting of Shareholders of Tokyo Seimitsu Co., Ltd. (the “Company”) will be held for the purposes described below.

In lieu of attendance at 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 22nd, 2020 at 10 a.m. Japan time

2. Place: “Sho-oh,” 5th 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 97th Fiscal Year (April 1st, 2019 – March 31st, 2020) and the results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. The Non-Consolidated Financial Statements for the Company’s 97th Fiscal Year (April 1st, 2019 – March 31st, 2020)

Proposals to be resolved:

Proposal 1: Dividends of Surplus

Proposal 2: Election of 9 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Proposal 3: Election of 1 Director Serving as Audit and Supervisory Committee Member

Proposal 4: 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 (<https://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 (<https://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 Audit and Supervisory Committee prepared its Audit Report.
- New coronavirus infection is prevalent. We sincerely would like to ask you to carefully check the epidemic situation on the day of the shareholders meeting and your physical condition. Shareholders those who are going to attend the meeting will be asked to prevent the spread of infection such as wearing a mask. If you are not feeling well, we would appreciate your consideration of absence the meeting. We would like to ask our shareholders for their understanding and cooperation.
- Please note that the meeting will be run by a minimum number of staffs with masks.
- Please also note that **no distribution of souvenirs nor informal gathering for discussion** is scheduled.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference

Proposal 1: Dividends of Surplus

Based on a consolidated dividend payout ratio of approximately 35% set forth in the “Policy for Profit Distribution to Shareholders” and taking into account the performance in the fiscal year under review, we hereby propose the Company’s dividend as follows, considering the amount of net profit after deducting the amount equivalent to extraordinary loss.

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: ¥38 per share
Total amount to be distributed: ¥1,583,010,612
3. Effective date for the dividends of surplus: June 23rd, 2020

[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 35%. 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: Election of 9 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of 9 Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same applies in the rest of this Proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 9 Directors is proposed.

Details of the candidates for Directors are as described in pages 4 through 9 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;">Reappointment</p> <p>Hitoshi Yoshida (November 26th, 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"> • Chairman, Accrettech (China) Co., Ltd. <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>	7,300
<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	Ryuichi Kimura (December 30 th , 1962) <u>Reappointment</u>	<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"> • Chairman, Accretech America Inc. • Chairman, Accretech (Europe) GmbH • Chairman, Accretech Taiwan Co., Ltd. <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	Koichi Kawamura (October 5 th , 1957) <u>Reappointment</u>	<p>April 1980 Joined the Fuji Bank, Limited</p> <p>April 2007 General Manager, Financial Institutions & Public Sector Promotion Department, Mizuho Bank, Ltd.</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"> • President, Tosei Systems Co., Ltd. The Company entrusts this company with the development of software relative to its products. • President, Accretech Finance Co., Ltd. The Company receives the provision of financial services from this company. • Chairman, Accretech Korea Co., Ltd. The Company has a business relationship of selling its products to this company. <p>There is no special interest between the candidate and the Company.</p>	6,300
<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 th , 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)	3,600
		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 th , 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 th , 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)	1,800
		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 st , 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)	3,100
		[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 th , 1950) Rate of attendance at the Board of Directors meetings in FY2020/3 100% (16/16)	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) June 2017 Retired from External Corporate Director, IBIDEN CO., LTD. [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 five 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 11), 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
	<p style="text-align: center;"> Reappointment External Director Independent Director </p> <p style="text-align: center;">Naomi Inoue (November 6th, 1950)</p> <p style="text-align: center;">Rate of attendance at the Board of Directors meetings in FY2020/3 100% (16/16)</p>	<p>April 2007 Executive Managing Director, Mizuho Bank, Ltd.</p> <p>June 2008 Retired from Director of the Mizuho Bank</p> <p>June 2013 President and Representative Director, Joban Kosan, Ltd. (to present)</p> <p> External Auditor of the Company</p> <p>June 2019 External Director of the Company (to present)</p> <p>[Significant concurrent positions]</p> <p>• President and Representative Director, Joban Kosan, Ltd.</p> <p>There is no special interest between the candidate and the Company.</p>	-
9	<p>[Reasons for nominating the candidate for External Director]</p> <p>Mr. Naomi Inoue's terms of office as an Auditor and as an External Director of the Company will be six years and one year, respectively, 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>As he satisfies Standards for Independence of External Officers established by the Company (page 11), 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>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 3: Election of 1 Director Serving as Audit and Supervisory Committee Member

Director Serving as Audit and Supervisory Committee Member Mr. Hirokazu Matsumoto will resign at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 1 Director serving as Audit and Supervisory Committee Member is proposed.

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

Details of the candidate for Director serving as Audit and Supervisory Committee Member is as described below.

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; width: fit-content;">New appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">External Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Director</div> <p>Kiyoshi Takamasu (October 8th, 1954)</p>	April 1982 Assistant, The Department of Precision Machinery Engineering, School of Engineering, The University of Tokyo	-
	October 1987 Associate Professor, Department of Precision Mechanical Engineering, School of Engineering, Tokyo Denki University	
	March 1990 Visiting Researcher, The University of Warwick, U.K.	
	April 1993 Associate Professor, The Department of Precision Machinery Engineering, Graduate School of Engineering Research, The University of Tokyo	
	November 2001 Professor, The Department of Precision Machinery Engineering (currently The Department of Precision Engineering), Graduate School of Engineering Research, The University of Tokyo	
	March 2006 Chairman, Intelligent Nano-Measure Committee, The Japan Society for Precision Engineering	
	March 2013 Fellow, The Japan Society for Precision Engineering	
	March 2014 Retired from Chairman, Intelligent Nano-Measure Committee, The Japan Society for Precision Engineering	
	March 2016 Vice-president, The Japan Society for Precision Engineering	
	March 2018 Retired from Vice-president, The Japan Society for Precision Engineering	
March 2020 Retired from Professor, The Department of Precision Engineering, Graduate School of Engineering Research, The University of Tokyo		
March 2020 President, The Japan Society for Precision Engineering (to present)		
<p>[Significant concurrent positions] President, The Japan Society for Precision Engineering</p>		
There is no special interest between the candidate and the Company.		
<p>[Reasons for nominating the candidate for Director] Although he has no experience of having directly engaged in corporate management, Mr. Kiyoshi Takamasu has professional expertise and abundant experience at universities and research institutes. Having served as Chairman of Intelligent Nano-Measure Committee of The Japan Society for Precision Engineering as well as President of the said Society and hosted various international conferences, he has globally sophisticated skills, knowledge and insight. We therefore ask shareholders to elect him as an External Director serving as an Audit and Supervisory Committee Member as we expect that he may leverage his assets in the management of the Group. As he satisfies Standards for Independence of External Officers established by the Company (page 11), the Company plans to appoint him 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, Mr. Takamasu is to enter 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 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 4: 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.

$$\begin{array}{rcccl} \text{Number of Shares Allotted} & & & & \\ \text{after adjustment} & = & \text{Number of Shares Allotted} & \times & \text{Stock split or} \\ & & \text{before adjustment} & & \text{consolidation ratio} \end{array}$$

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 45th 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 three years after the Allotment Date and ending June 30th, 2028
 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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