

Note: This document is an English translation of a part of the original “Notice of the 111th Annual General Meeting of Shareholders” in Japanese. This translation is provided for your convenience only, and the Company does not assume any responsibility as to the accuracy or the completeness of the translation. Should there be any discrepancy between the original Japanese version and the translation, the original Japanese version shall prevail.

(Code Number: 6371)

June 4, 2020

**To Those Shareholders with Voting Rights:**

Yasushi Ohara  
President & Representative Director  
Tsubakimoto Chain Co.  
3-3-3, Nakanoshima, Kita-ku,  
Osaka 530-0005 Japan

**NOTICE OF THE 111TH ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

We are pleased to announce that the 111th Annual General Meeting of Shareholders of Tsubakimoto Chain Co. (the “Company”) will be held as described below.

We will be holding this General Meeting of Shareholders while implementing measures required to prevent further spread of COVID-19; however, in consideration of the current situation, we encourage you to exercise your voting right either in writing or online, etc. in advance and refrain from attending the General Meeting of Shareholders in person, regardless of your state of health. **Should you choose to exercise your voting right online, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting right by 5:30 p.m. on Thursday, June 25, 2020 Japan time.**

**1. Date and Time:** Friday, June 26, 2020, at 10:00 a.m. Japan time (Reception will open at 9:00 a.m.)

**2. Place:** “Hō S” Function Room (2F) at Hotel New Otani Osaka  
1-4-1 Shiromi, Chuo-ku, Osaka

**3. Purpose of the Meeting:**

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the 110th Fiscal Year (April 1, 2019 - March 31, 2020) and the results of audits of the Consolidated Financial Statements by independent auditors and the Audit & Supervisory Board
  2. Non-Consolidated Financial Statements for the 110th Fiscal Year (April 1, 2019 - March 31, 2020)

**Matters to be resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Eight (8) Directors
- Proposal 3:** Election of Two (2) Audit & Supervisory Board Members

**Proposal 4:** Election of One (1) Substitute Audit & Supervisory Board Member

**Proposal 5:** Revision of Remuneration Amount for Directors (excluding Outside Directors) and Determination of Restricted Stock Grants

#### 4. Exercising Voting Right

##### If you are attending the meeting

If you will be attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.

**Date and time of the meeting: Friday, June 26, 2020, at 10:00 a.m. Japan time** (Reception will open at 9:00 a.m.)

##### If you are not attending the meeting

###### Exercise of Voting Right in Writing

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form and ensure it reaches us before the deadline as follows.

**Voting deadline: 5:30 p.m. on Thursday, June 25, 2020 Japan time**

###### Exercise of Voting Right Online, etc.

Please check Page 4 of the “Guide to Exercising Voting Right Online, etc.,” access the voting website, and indicate your vote for or against each of the proposals before the deadline as follows.

**Voting deadline: 5:30 p.m. on Thursday, June 25, 2020 Japan time**

- If you vote both in writing and online, etc., your vote submitted online, etc. will be treated as the valid one.
- If you vote multiple times online, etc., your last vote will be treated as the valid one.

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- ◎ Please bring this Notice to the meeting with you to conserve resources.
  - ◎ Depending on the spread of COVID-19 up until the day of the General Meeting of Shareholders and/or announcements the government and the like may release, if there arises a need where the Company has to inform the shareholders in advance as to the execution of the General Meeting of Shareholders, the Company will post the information on its website (<https://www.tsubakimoto.jp/ir/meeting/>).
  - ◎ In accordance with the provisions of laws and regulations as well as Article 16 of the Company’s Articles of Incorporation, the “Consolidated Statements of Changes in Shareholders’ Equity” and “Notes to Consolidated Financial Statements” from the Consolidated Financial Statements, as well as the “Statement of Changes in Shareholders’ Equity” and “Notes to Non-consolidated Financial Statements” from the Non-consolidated Financial Statements, are posted on the Company’s website (<https://www.tsubakimoto.jp/ir/meeting/>) and are not provided in this Notice. These statements and notes constitute a portion of the items audited by the Audit & Supervisory Board Members and the independent auditors when preparing their respective audit reports.
  - ◎ Should the Reference Documents for the General Meeting of Shareholders, the Business Report and the Consolidated and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<https://www.tsubakimoto.jp/ir/meeting/>).
  - ◎ Shareholders who wish to exercise their voting right by proxy may do so by designating a shareholder with voting right and having him/her attend the General Meeting of Shareholders as a proxy. Please note, however, that such proxy will be required to present a document evidencing the proxy’s power of representation.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Appropriation of Surplus

The Company considers the return of profits to shareholders as one of its most important management objectives.

In allocating profits, the Company's fundamental policy is to provide dividends that reflect its consolidated performance based on the perspective of pursuing shareholder-oriented management, and it aims for a consolidated payout ratio of 30% while comprehensively considering the status of funds, financial conditions and other factors.

In accordance with this policy, the Company proposes to pay a year-end dividend of 60 yen per share for the current fiscal year under review, in light of its consolidated performance.

Combined with the interim dividend of 60 yen per share, the annual dividend will be 120 yen per share.

Internal reserves will mainly be earmarked for measures to strengthen the Company's financial position and future business development.

#### 1. Matters related to year-end dividend

- (1) Matters concerning the allotment of dividend property to shareholders and total amount thereof

60 yen for each share of common stock

2,220,516,780 yen in total

- (2) Effective date of dividend from surplus

June 29, 2020

#### 2. Matters regarding appropriation of surplus

- (1) Item and the amount of surplus to be decreased

Retained earnings brought forward      4,000,000,000 yen

- (2) Item and the amount of surplus to be increased

General reserve      4,000,000,000 yen

**Proposal 2:** Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of eight (8) Directors including three (3) Outside Directors.

The candidates are as follows:

No.	Name	Gender	Current Position	Attendance at Board of Directors meetings during FY2019
1	Isamu Osa [Reappointment]	Male	Chairman & Representative Director; Chief Executive Officer (CEO)	100% (14 out of 14 meetings)
2	Yasushi Ohara [Reappointment]	Male	President & Representative Director; Chief Operations Officer (COO)	100% (14 out of 14 meetings)
3	Tadasu Suzuki [Reappointment]	Male	Director	93% (13 out of 14 meetings)
4	Tetsuya Yamamoto [Reappointment]	Male	Director	100% (14 out of 14 meetings)
5	Kenji Kose [Reappointment]	Male	Director	100% (14 out of 14 meetings)
6	Shuji Abe [Reappointment] [Outside] [Independent]	Male	Director	100% (14 out of 14 meetings)
7	Keiichi Ando [Reappointment] [Outside] [Independent]	Male	Director	100% (14 out of 14 meetings)
8	Hisae Kitayama [New appointment] [Outside] [Independent]	Female	Director	-

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Isamu Osa January 20, 1949 <u>Reappointment</u>	<p>April 1971      Joined the Company</p> <p>June 2004      Executive Officer, the Company</p> <p>June 2005      Director and Executive Officer, the Company</p> <p>June 2007      Director and Managing Executive Officer, the Company</p> <p>June 2009      President &amp; Representative Director, the Company</p> <p>June 2015      Chairman &amp; Representative Director; and Chief Executive Officer (CEO), the Company (present)</p> <p>[Reasons for nomination as candidate for Director] Mr. Osa has served as Representative Director since June 2009 and has duly formulated strategy and supervised management at the Group. He has led the Company and has demonstrated his business expertise through business expansions via M&amp;A, changes such as organizational reforms and so forth. As he possesses comprehensive judgement with respect to overall management of the Group, the Company deems that he is apt for the role of the Company's Director and re-nominates him as a candidate for Director.</p>	9,334
2	Yasushi Ohara July 20, 1959 <u>Reappointment</u>	<p>April 1982      Joined the Company</p> <p>July 2008      President, Tsubakimoto Singapore Pte. Ltd.</p> <p>April 2013      Manager, Office of the President; and Manager, Corporate Planning Department, Management Planning Center, the Company</p> <p>June 2013      Executive Officer, the Company</p> <p>June 2014      Director and Executive Officer, the Company</p> <p>June 2015      President &amp; Representative Director; and Chief Operations Officer (COO), the Company (present)</p> <p>June 2017      In charge of Europe Operations, the Company In charge of Global Sales Operations, the Company</p> <p>[Reasons for nomination as candidate for Director] Mr. Ohara has served as Representative Director since June 2015 and has duly formulated strategy and supervised management at the Group. He has engaged in overseas operations since he joined the Company, served as the president of an overseas subsidiary and is well versed in global business management. As he possesses comprehensive judgement with respect to overall management of the Group, the Company deems that he is apt for the role of the Company's Director and re-nominates him as a candidate for Director.</p>	5,647
3	Tadasu Suzuki December 1, 1955 <u>Reappointment</u>	<p>April 1978      Joined the Company</p> <p>June 2004      Executive Officer, the Company</p> <p>June 2006      Managing Executive Officer, the Company</p> <p>June 2011      Director and Managing Executive Officer, the Company</p> <p>June 2015      General Manager, Global Automotive Parts Headquarters; General Manager, Automotive Parts Division; and in charge of Engineering, the Company</p> <p>June 2016      Director and Senior Managing Executive Officer, the Company</p> <p>April 2018      In charge of Automotive Parts Operations, the Company</p> <p>June 2019      Director, the Company (present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Director, Tsubakimoto (Thailand) Co., Ltd.</li> <li>• Director, Tsubakimoto Europe B.V.</li> </ul> <p>[Reasons for nomination as candidate for Director] Mr. Suzuki has contributed to the Company demonstrating his business skills at Automotive Parts Division and other in-house organizations and promoting globalization via establishing many overseas subsidiaries, as a top management team member since he was first elected for Director. As he possesses comprehensive judgement with respect to overall management of the Group, the Company deems that he is apt for the role of the Company's Director and re-nominates him as a candidate for Director.</p>	9,078

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Tetsuya Yamamoto March 29, 1955 <u>Reappointment</u>	<p>April 1984      Joined the Company</p> <p>June 2010      Executive Officer, the Company</p> <p>June 2011      Director and Executive Officer, the Company</p> <p>June 2013      Director and Managing Executive Officer, the Company</p> <p>June 2016      In charge of Headquarters Operations, the Company</p> <p>October 2017    In charge of Headquarters Operations; and General Manager, Motion Control Division, the Company</p> <p>April 2018      In charge of Headquarters Operations, the Company</p> <p>June 2018      Director and Senior Managing Executive Officer, the Company</p> <p>June 2019      Director, the Company (present)</p> <p>[Significant concurrent position]</p> <ul style="list-style-type: none"> <li>• Director, U.S. Tsubaki Holdings, Inc.</li> </ul> <p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Yamamoto has contributed to the strengthening of corporate governance and financial position as well as the enhancement of enterprise value of the Group, utilizing his wealth of experience in administrative fields such as finance, corporate planning and so on, a top management team member since he was first elected for Director. As he possesses comprehensive judgement with respect to overall management of the Group, the Company deems that he is apt for the role of the Company's Director and re-nominates him as a candidate for Director.</p>	4,465
5	Kenji Kose May 9, 1958 <u>Reappointment</u>	<p>April 1977      Joined the Company</p> <p>June 2013      Executive Officer, the Company</p> <p>June 2015      Senior Executive Officer, the Company</p> <p>April 2017      General Manager, Chain Manufacturing Division; and Plant Manager, Kyotanabe Plant, the Company</p> <p>June 2017      Director and Senior Executive Officer, the Company</p> <p>April 2018      In charge of Chain Operations, the Company</p> <p>June 2018      Director and Managing Executive Officer, the Company</p> <p>June 2019      Director, the Company (present)</p> <p>[Significant concurrent position]</p> <ul style="list-style-type: none"> <li>• Director, Tsubaki Yamakyu Chain Co.</li> </ul> <p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Kose has demonstrated his management skills in business expansion and in enhancing enterprise value, utilizing his versatile wealth of experience in manufacturing, engineering, product development and so on, as a top management team member since he was first elected for Director. As he possesses comprehensive judgement with respect to overall management of the Group, the Company deems that he is apt for the role of the Company's Director and re-nominates him as a candidate for Director.</p>	2,013
6	Shuji Abe February 3, 1944 <u>Reappointment</u>  <u>Outside</u>  <u>Independent</u>	<p>June 1997      Director, Yanmar Diesel Co., Ltd. (now Yanmar Holdings Co., Ltd.)</p> <p>June 1999      Managing Director, Yanmar Diesel Co., Ltd.</p> <p>June 2001      Senior Managing Director, Yanmar Diesel Co., Ltd.</p> <p>June 2005      Executive Vice President, Yanmar Co., Ltd.</p> <p>June 2007      President, Yanmar Agricultural Equipment Co., Ltd. (now Yanmar Agribusiness Co.,Ltd.)</p> <p>February 2009    Retired from the post of President, Yanmar Agricultural Equipment Co., Ltd. (now Yanmar Agribusiness Co.,Ltd.)</p> <p>June 2010      Retired from the post of Executive Vice President, Yanmar Co., Ltd. (now Yanmar Holdings Co., Ltd.)</p> <p>June 2013      Director, the Company (present)</p> <p>[Reasons for nomination as candidate for Outside Director]</p> <p>Mr. Abe possesses a wealth of knowledge and experience as the head of a manufacturing company, and has duly supervised management, such as by providing relevant and precise advice concerning the Company's three core areas of technology, development and manufacturing. Going forward, the Company deems that he will continue to supervise the Company's management from an objective and neutral standpoint and re-nominates him as a candidate for Outside Director.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Keiichi Ando November 5, 1951 <u>Reappointment</u>  <u>Outside</u>  <u>Independent</u>	<p>April 2009 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2010 Representative Director and Deputy President, and Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>March 2012 Retired from the post of Representative Director and Deputy President, and Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2012 Representative Director and President, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.</p> <p>July 2012 Representative Director, President and CEO, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.</p> <p>June 2016 Retired from the post of Representative Director, President and CEO, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.</p> <p>June 2016 Representative Director and President, GINSEN CO., LTD.</p> <p>June 2017 Director, the Company (present)</p> <p>June 2019 Retired from the post of Representative Director and President, GINSEN CO., LTD.</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Outside Director, Shionogi &amp; Co., Ltd.</li> <li>• Outside Director, DAIHEN Corporation</li> </ul> <p>[Reasons for nomination as candidate for Outside Director]</p> <p>Mr. Ando possesses a wealth of knowledge and experience as the executive officer of a financial institution, etc., and has duly supervised management, such as by providing relevant and precise advice in the fields of finance and governance. Going forward, the Company deems that he will continue to supervise the Company's management from an objective and neutral standpoint and re-nominates him as a candidate for Outside Director.</p>	0
8	Hisae Kitayama August 30, 1957 <u>New appointment</u>  <u>Outside</u>  <u>Independent</u>	<p>October 1982 Joined Asahi Kaikeisha LLC (now KPMG AZSA LLC)</p> <p>March 1986 Registered as a Certified Public Accountant</p> <p>May 1999 Partner, Asahi LLC (now KPMG AZSA LLC)</p> <p>July 2013 Managing Executive Director, KPMG AZSA LLC</p> <p>June 2019 Chairman, The Japanese Institute of Certified Public Accountants Kinki Chapter (present)</p> <p>July 2019 Senior Officer, KPMG AZSA LLC (present)</p> <p>July 2019 Deputy Chairman, The Japanese Institute of Certified Public Accountants (present)</p> <p>[Significant concurrent position]</p> <ul style="list-style-type: none"> <li>• Senior Officer, KPMG AZSA LLC</li> </ul> <p>[Reasons for nomination as candidate for Outside Director]</p> <p>With many years of experience as a certified public accountant, Ms. Kitayama possesses a high level of expertise in corporate accounting. She also serves as Chairman of The Japanese Institute of Certified Public Accountants Kinki Chapter, and Vice Chairman of The Japanese Institute of Certified Public Accountants. The Company deems that she will supervise the Company's management from an expert's viewpoint, as well as an objective and neutral standpoint and nominates her as a candidate for Outside Director.</p>	0

Notes:

1. No special interests exist between the candidates and the Company.
2. In nominating each candidate, the Voluntary Nomination and Remuneration Committee, of which majority is composed with Outside Directors, first reviews and selects the candidates for the Board of Directors, and, then, the Board of Directors elects the final candidate.
3. Ms. Hisae Kitayama is scheduled to retire from her position at KPMG AZSA LLC on June 30, 2020.
4. At the conclusion of this General Meeting of Shareholders, Mr. Shuji Abe and Mr. Keiichi Ando will have served as Outside Director of the Company for 7 years and 3 years, respectively.
5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into agreements with Mr. Shuji Abe and Mr. Keiichi Ando to limit their liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. The limit of liability under these agreements is the amount stipulated by laws and regulations. Should

their appointment be approved as proposed, the Company plans to continue said agreements with them.

6. If the election of Ms. Hisae Kitayama is approved as proposed, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with her to limit her liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. The limit of liability under this agreement is the amount stipulated by laws and regulations.
7. The Company has designated Mr. Shuji Abe and Mr. Keiichi Ando as Independent Officers as stipulated by the Tokyo Stock Exchange. Should their appointments be approved as proposed, the Company plans to continue to designate them as Independent Officers.
8. If the election of Ms. Hisae Kitayama is approved as proposed, the Company shall designate her as an Independent Officer as stipulated by the Tokyo Stock Exchange.



**Proposal 3: Election of Two (2) Audit & Supervisory Board Members**

The terms of office of Audit & Supervisory Board Members Mr. Kikuo Tomita and Mr. Shozo Seki will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of two (2) Audit & Supervisory Board Members.

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

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Shozo Seki January 1, 1948 <u>Reappointment</u>  <u>Outside</u>  <u>Independent</u>	<p>April 1979 Registered as an attorney (Osaka Bar Association) Joined Midosuji Law Office</p> <p>April 1986 Partner, Midosuji Law Office</p> <p>January 2003 Partner, Midosuji Legal Profession Corporation (present)</p> <p>June 2016 Audit &amp; Supervisory Board Member, the Company (present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Partner, Midosuji Legal Profession Corporation</li> <li>• Outside Director (Audit and Supervisory Committee Member), ZETT Corporation</li> <li>• Outside Statutory Auditor, CHUGAI RO CO., LTD.</li> </ul> <p>[Reasons for nomination as candidate for Outside Audit &amp; Supervisory Board Member] Mr. Seki possesses a high level of expertise in corporate legal affairs owing to his many years of experience as an attorney and has audited the management of the Company aptly. Going forward, the Company deems that he will continue to audit the Company's management from an expert's viewpoint, as well as an objective and neutral standpoint, and re-nominates him as a candidate for Outside Audit &amp; Supervisory Board Member.</p>	0
2	Kazuya Kawasaki July 20, 1962 <u>New appointment</u>	<p>April 1986 Joined the Company</p> <p>June 2003 Group Leader, Funds Section, Finance Division, Management Planning Center, the Company</p> <p>June 2015 General Manager, Finance Division, Management Planning Center, the Company</p> <p>June 2019 General Manager, Finance Division, the Company (present)</p> <p>[Reasons for nomination as candidate for Audit &amp; Supervisory Board Member] Mr. Kawasaki has been in charge of financial operations at the Group and possesses a considerable amount of knowledge regarding finance and accounting. The Company deems that he is apt for the role of Audit &amp; Supervisory Board Member and nominates him as a candidate.</p>	337

## Notes:

1. No special interests exist between the candidates and the Company.
2. The term of office of Mr. Shozo Seki as Outside Audit & Supervisory Board Member will be four (4) years at the conclusion of this General Meeting of Shareholders.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Mr. Shozo Seki to limit his liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. The limit of liability under this agreement is the amount stipulated by laws and regulations. Should his appointment be approved as proposed, the Company plans to continue said agreement with him.
4. The Company has designated Mr. Shozo Seki as an Independent Officer as stipulated by the Tokyo Stock Exchange. Should his appointment be approved as proposed, the Company plans to continue to designate him as an Independent Officer.

**Proposal 4:** Election of 1 Substitute Audit & Supervisory Board Member

The advance election of 1 Substitute Audit & Supervisory Board Member is proposed in preparation of a shortfall in the number of Audit & Supervisory Board Members prescribed by laws and regulations.

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

The candidates are as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
Koji Hayashi September 18, 1959	<p>April 1990 Registered as an attorney (Kobe Bar Association (now Hyogo-ken Bar Association)) Joined Kitayama Law Office (now Kobe Kyobashi Legal Profession Corporation)</p> <p>May 2009 Deputy Head, Kobe Kyobashi Law Office (now Kobe Kyobashi Legal Profession Corporation)</p> <p>April 2012 President, Hyogo-ken Bar Association</p> <p>March 2013 Retired from the post of President, Hyogo-ken Bar Association</p> <p>January 2017 Representative Partner and Head, Kobe Kyobashi Legal Profession Corporation (incumbent)</p> <p>[Significant concurrent position]</p> <ul style="list-style-type: none"><li>• Representative Partner and Head, Kobe Kyobashi Legal Profession Corporation</li><li>• Outside Director (Audit and Supervisory Committee Member), TEIKOKU ELECTRIC MFG. CO., LTD.</li></ul> <p>[Reasons for nomination as candidate for Substitute Outside Audit &amp; Supervisory Board Member]</p> <p>Mr. Koji possesses a high level of expertise in corporate legal affairs owing to his many years of experience as an attorney. The Company deems that he can aptly carry out the duties of an Outside Audit &amp; Supervisory Board Member from an expert's viewpoint, as well as an objective and neutral standpoint. For the reasons stated above, the Company nominates him as a candidate for Substitute Outside Audit &amp; Supervisory Board Member.</p>	0

## Notes:

1. No special interests exist between the candidate and the Company.
2. If Mr. Koji Hayashi is elected as Outside Audit & Supervisory Board Member, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with him to limit his liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. The limit of liability under this agreement is the amount stipulated by laws and regulations.
3. In the event Mr. Koji Hayashi is elected as per this proposal and assumes the office of Outside Audit & Supervisory Board Member, the Company shall appoint him as an Independent Officer as stipulated by the Tokyo Stock Exchange.

**Proposal 5:** Revision of Remuneration Amount for Directors (excluding Outside Directors) and Determination of Granting Restricted Stock

The amount of remuneration, etc. for the Company's Directors was approved to be not more than 55 million yen per month (including not more than 3 million yen for Outside Directors) at the 99th Annual General Meeting of Shareholders held on June 27, 2008.

In consideration of changing business conditions, economic climate, and so on. which took place since then, as well as in view of enhancing corporate governance, the Company proposes to review the remuneration amount for the Company's Directors (excluding Outside Directors, hereinafter referred to as "Eligible Directors") and, at the same time, grant restricted stock to the Eligible Directors as an incentive for their continuous efforts in the improvement of the corporate value of the Company and in sharing such with the shareholders.

In line with the introduction of this stock compensation system, it is proposed that the remuneration amount paid to Directors be revised from not more than 55 million yen per month (including not more than 3 million yen for Outside Directors) to not more than 50 million yen per month (including not more than 3 million yen for Outside Directors). Additionally, the monetary compensation claims granted to Eligible Directors in relation to the Restricted Stock (hereinafter referred to as "Monetary Compensation Claims") shall be not more than 60 million yen per year in line with the aforementioned purposes. The specific payment date and amount to be paid to each Eligible Director shall be determined by the Board of Directors. There shall be no payment of compensation to Outside Directors for the Restricted Stock.

The above remuneration amount does not include the employee salary for Directors who concurrently serve as employees.

There are currently eight (8) Directors (including three (3) Outside Directors). If Proposal 2 "Election of Eight (8) Directors" is approved as proposed, there will be eight (8) Directors (including three (3) Outside Directors). Regarding the Restricted Stock, Eligible Directors shall, based on a resolution of the Company's Board of Directors, make in-kind contributions of all the Monetary Compensation Claims they receive in exchange for the issuance or disposal of the Company's common stock. The total number of the Company's common stock issued or disposed as a result shall be not more than 20,000 shares per year. (However, on or after the date of resolution of this proposal, in the event of a stock split (including a gratis allocation of the Company's common stock) or a reverse stock split of the Company's common stock, or any other event requiring adjustments to the total number of common stock to be issued or disposed as the Restricted Stock, said total number may be reasonably adjusted.)

The amount of paid-in per share shall be determined by the Board of Directors, within the scope that will not be particularly advantageous to Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of each Board of Directors' resolution (in the event that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day). Additionally, for the above issuance or disposal of the Company's common stock, the Company and Eligible Directors shall conclude a Restricted Stock Allocation Agreement (hereinafter referred to as the "Allocation Agreement") that includes the following.

[Outline of Restricted Stock Allocation Agreement]

(1) Transfer Restriction Period

Eligible Directors shall not dispose, transfer or create a mortgage of the Company's common stock (hereinafter referred to as "Transfer Restrictions") allocated to them through the Allocation Agreement (hereinafter referred to as "Allocated Shares") in any way during the period determined beforehand by the Company's Board of Directors, which spans from the day they receive the allocation through the Allocation Agreement until a day between 3 years and 30 years thereafter (hereinafter referred to as the "Transfer Restriction Period").

(2) Treatment in case of Retirement

If Eligible Directors retire or resign from their positions designated beforehand by the Company's Board of Directors before the Transfer Restriction Period concludes, the Company shall justifiably acquire the Allocated Shares at no cost, except in cases where there are reasons for the retirement that are deemed legitimate, such as term expiration or death.

(3) Lifting of Transfer Restrictions

Notwithstanding the provisions in (1) above, the Company shall lift Transfer Restrictions for all of the Allocated Shares at the conclusion of the Transfer Restriction Period, on the condition that the Eligible Director has stayed in their position designated beforehand by the Company's Board of Directors continuously throughout the Transfer Restriction Period. However, if the said Eligible Director retires from their position designated beforehand by the Company's Board of Directors before the conclusion of the Transfer Restriction Period due to a reason deemed legitimate such as term expiration or death stipulated in

(2) above, the number of Allocated Shares for which Transfer Restrictions shall be removed and the timing of removal may be adjusted reasonably, as necessary. Furthermore, as of the timing immediately after Transfer Restrictions have been lifted based on the above-mentioned provisions, if there remain Allocated Shares for which Transfer Restrictions have not been lifted, they shall be justifiably acquired by the Company at no cost.

(4) Treatment in case of Organizational Restructuring, etc.

Notwithstanding the provisions in (1) above, in the event a proposal regarding a merger where the Company will be the extinct company, shares exchange where the Company becomes a wholly-owned subsidiary, shares transfer plans, or any other proposal regarding organizational restructuring is approved at the Company's General Meeting of Shareholders (or by its Board of Directors in the case where said form of organizational restructuring does not require approval at the Company's General Meeting of Shareholders) during the Transfer Restriction Period, Transfer Restrictions for a number of Allocated Shares, determined reasonably based on the period from the starting day of the Transfer Restriction Period until the day the said organizational restructuring, etc. is approved, shall be lifted before the effective date of said organizational restructuring, etc. based on a resolution of the Company's Board of Directors. Furthermore, in the case stipulated above, as of the timing immediately after Transfer Restrictions have been lifted, if there remain Allocated Shares for which Transfer Restrictions have not been lifted, they shall be justifiably acquired by the Company at no cost.

(5) Other Matters

Other matters concerning the Allocation Agreement shall be set forth by the Company's Board of Directors.

