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Securities Code: 7212

June 5, 2020

To our shareholders:

Yuichi Fukuda  
President & CEO  
**F-TECH INC.**  
19 Showanuma, Shobucho, Kuki-shi, Saitama

## Notice of the 65th Annual General Meeting of Shareholders

You are cordially invited to attend the 65th Annual General Meeting of Shareholders of F-TECH INC. (the “Company”) to be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights, so that your vote is received no later than 5:00 p.m. on Wednesday, June 24, 2020 (JST).

**1. Date and Time:** Thursday, June 25, 2020, at 10:00 a.m. (reception starts at 9:00 a.m.) (JST)

**2. Venue:** Momo room, fifth floor, Hotel Rafre Saitama  
3-2 Shintoshin, Chuo-ku, Saitama-shi, Saitama

### 3. Purpose of the Meeting

#### Matters to be reported:

1. The Business Report and the Consolidated Financial Statements, and audit reports by financial auditors and the Board of Auditors of the Consolidated Financial Statements for the 65th fiscal year (from April 1, 2019 to March 31, 2020).
2. The Non-consolidated Financial Statements for the 65th fiscal year (from April 1, 2019 to March 31, 2020.)

#### Matters to be resolved:

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|-----------------------|--|
| <b>Proposal No. 1</b> | Appropriation of Surplus   |
| <b>Proposal No. 2</b> | Partial Amendments to the Articles of Incorporation  |
| <b>Proposal No. 3</b> | Election of Five Directors   |
| <b>Proposal No. 4</b> | Revision in the Amounts of Compensation for Directors and Auditors   |
| <b>Proposal No. 5</b> | Determination of the Amount of Compensation in line with the Introduction of Performance-Linked Stock Compensation Plan for Directors and Operating Officers and Details Thereof |
| <b>Proposal No. 6</b> | Payment of Retirement Benefits to Retiring Directors and Final Payment in conjunction with the Abolishment of Officers’ Retirement Benefits Plan for Directors and Auditors      |
| <b>Proposal No. 7</b> | Payment of Bonuses to Officers   |

- When you attend the meeting in person, please submit the enclosed voting form at the reception.
- Any changes in the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements will be posted on the Company’s website.
- Among the documents should be provided with this Notice, the below-mentioned documents are posted on the Company’s website in accordance with laws and regulations, and the provision of Article 17 of the Articles of Incorporation of the Company, and are not included in this Notice. Accordingly, the documents attached to this notice are a part of the Consolidated Financial Statements or the Non-consolidated Financial Statements audited by the auditor in preparing an audit report and by the financial auditor in preparing an accounting audit report.
  - (i) Notes to the Consolidated Financial Statements
  - (ii) Notes to the Non-consolidated Financial StatementsThe Company’s website (<https://www.ftech.co.jp/>)

## Reference Documents for General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The dividend policy of the Company is as stated in the Reference Documents (in Japanese only).

Giving consideration to the future business development, the Company proposes to pay the year-end dividend for the fiscal year under review of JPY10 per share.

#### Year-end dividends

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property to shareholders and their aggregate amount  
JPY10 per common share of the Company  
Total amount: JPY187,078,430
- (3) Effective date of dividends of surplus  
June 26, 2020

**Proposal No. 2** Partial Amendments to the Articles of Incorporation

1. Reasons for the amendment

- (1) The Company resolved at its Board of Directors’ meeting held on May 12, 2020 to abolish the officers’ retirement benefits plan at the conclusion of this meeting. Accordingly, it is proposed that the term “retirement benefits” be deleted from Article 25 and Article 33 of the current Articles of Incorporation.
- (2) The Company has viewed corporate governance as its one of the priority management issues, and worked to enhance necessary systems. In this endeavor, we have introduced an operating officer system in April 2003. In order to further enhance effectiveness and objectivity of the Board of Directors, streamline and expedite managerial decision-making and business execution, and clarify the positioning of Operating Officers, it is proposed that new provisions pertaining to Operating Officers be established in Article 27 in the proposed amendment. Certain Articles are proposed to be renumbered in line with this amendment.

2. Details of the amendments

The details of the amendments are as follows.

The amendment to the Articles of Incorporation shall take effect at the conclusion of this meeting.  
(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendment
<p>Chapter IV. Directors <u>and</u> Board of Directors</p> <p>(Compensation, etc. to Directors)</p> <p>Article 25. Compensation, bonuses, <u>retirement benefits</u> and other financial benefits paid by the Company to Directors as compensation for the execution of their duties shall be determined by resolution of a general meeting of shareholders.</p> <p style="text-align: center;">(Newly established)</p> <p>Article 27. – Article 32. (Omitted) (Compensation, etc. to Auditors)</p> <p>Article 33. Compensation, bonuses, <u>retirement benefits</u> and other financial benefits paid by the Company to Auditors as compensation for the execution of their duties shall be determined by resolution of a general meeting of shareholders.</p> <p>Article 34. – Article 38. (Omitted)</p>	<p>Chapter IV. Directors, Board of Directors <u>and</u> <u>Operating Officers</u></p> <p>(Compensation, etc. to Directors)</p> <p>Article 25. Compensation, bonuses and other financial benefits paid by the Company to Directors as compensation for the execution of their duties shall be determined by resolution of a general meeting of shareholders.</p> <p><u>(Operating Officers)</u></p> <p>Article 27. <u>The Board of Directors may by its resolution appoint Operating Officers to entrust and have them execute operations of the Company.</u></p> <p><u>2. The Board of Directors may by its resolution appoint Chairperson Operating Officer(s), President Operating Officer(s), Vice President Operating Officer(s), Senior Managing Executive Officer(s), Managing Executive Officer(s) and Senior Operating Officer(s) from among Operating Officers.</u></p> <p><u>3. Matters related to Operating Officers may be determined by the Board of Directors, in addition to what is provided for in the Articles of Incorporation.</u></p> <p>Article 28. – Article 33. (Same as current) (Compensation, etc. to Auditors)</p> <p>Article 34. Compensation, bonuses and other financial benefits paid by the Company to Auditors as compensation for the execution of their duties shall be determined by resolution of a general meeting of shareholders.</p> <p>Article 35. – Article 39. (Same as current)</p>

**Proposal No. 3** Election of Five Directors

At the conclusion of this meeting, the terms of office of all 11 Directors will expire.

Therefore, the Company proposes the election of five Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibilities in the Company	Candidate status
1	Yuichi Fukuda	President & CEO	Reelection
2	Hajime Fujitaki	Director & Senior Managing Executive Officer Chief SED Officer	Reelection
3	Hiroyuki Aoki	Director & Senior Managing Executive Officer Division Manager of Management Planning Division Global Business Management Officer	Reelection
4	Naoko Tomono	Director	Reelection Outside Independent
5	Nobuhiro Koga	Director	Reelection Outside Independent

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
1	<p>Yuichi Fukuda (December 1, 1967)</p> <p>[Tenure as Director] 16 years, as of the conclusion of this general meeting</p> <p>[Attendance at Board of Directors Meetings (fiscal year under review)] 17 attended/17 held (100%)</p> <p>Reelection</p>	<p>Dec. 1994    Joined the Company</p> <p>Jun. 2004    Director</p> <p>Jun. 2008    Director &amp; Senior Managing Executive Officer</p> <p>Mar. 2010    Division Manager of Management Planning Division</p> <p>Apr. 2012    Chief Sales &amp; Marketing Officer and Regional CEO of North America</p> <p>Apr. 2013    Chief Domestic Business Officer</p> <p>Apr. 2014    Executive Vice President</p> <p>Apr. 2015    President &amp; CEO (current position)</p> <p>[Significant concurrent positions outside the Company] None</p>	303,900 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Yuichi Fukuda has diverse experiences and broad knowledge gained through his service as a president of domestic and overseas sites and as a person responsible for overseas business area, production planning area and management planning area. Since becoming CEO in April 2015, he has adequately performed his duties in critical management decision-making and supervising business execution with strong leadership and decisiveness nurtured through his experience and knowledge. The Company has judged him to be able to strive for the Company group's continuous growth and increase in corporate value over a medium- to long-term, and has nominated him again as Director. He is scheduled to assume the position as President &amp; CEO when reelected as Director.</p>			
2	<p>Hajime Fujitaki (October 7, 1959)</p> <p>[Tenure as Director] Eight years, as of the conclusion of this general meeting</p> <p>[Attendance at Board of Directors Meetings (fiscal year under review)] 16 attended/17 held (94%)</p> <p>Reelection</p>	<p>Aug. 1981    Joined the Company</p> <p>Jun. 2004    Senior Operating Officer of the Company</p> <p>May 2008    President of F&amp;P AMERICA MFG., INC.</p> <p>Apr. 2012    Division Manager of Quality Assurance Division of the Company</p> <p>Jun. 2012    Director &amp; Managing Executive Officer</p> <p>Apr. 2013    Division Manager of Production Planning Division</p> <p>Apr. 2016    Division Manager of Sales &amp; Marketing Division</p> <p>Apr. 2017    Division Manager of Sales &amp; Marketing Division and Regional CEO of Asia</p> <p>Apr. 2020    Director &amp; Senior Managing Executive Officer (current position)</p> <p>Apr. 2020    Chief SED Officer (current position)</p> <p>[Significant concurrent positions outside the Company] None</p>	10,400 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Hajime Fujitaki has experience in important management and business operations including the supervision of production planning area and sales &amp; marketing area, as well as the service as a president of overseas sites, and currently serves as Chief SED Officer. Leveraging his abundant experience and in-depth knowledge in the Company group's management nurtured through his career, he has properly performed his duties in critical management decision-making and supervising business execution as a Director. Therefore, the Company has nominated him again as Director. He is also scheduled to assume the position as Senior Managing Executive Officer when reelected as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company		Number of the Company's shares owned
3	<p>Hiroyuki Aoki (October 12, 1958)</p> <p>[Tenure as Director] Four years, as of the conclusion of this general meeting</p> <p>[Attendance at Board of Directors Meetings (fiscal year under review)] 17 attended/17 held (100%)</p> <p>Reelection</p>	<p>Aug. 2015</p> <p>Apr. 2016</p> <p>Apr. 2016</p> <p>Jun. 2016</p> <p>Apr. 2020</p> <p>Apr. 2020</p> <p>[Significant concurrent positions outside the Company] None</p>	<p>Joined the Company as Deputy Division Manager of Management Planning Division</p> <p>Senior Operating Officer</p> <p>Division Manager of Management Planning Division (current position)</p> <p>Director &amp; Senior Operating Officer</p> <p>Director &amp; Senior Managing Executive Officer (current position)</p> <p>Global Business Management Officer (current position)</p>	5,300 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Hiroyuki Aoki has experience in important administrative affairs as a person responsible for the Company's management planning area, including supervision of the Company group's accounting, finance, human resources and labor management, governance and compliance. Currently, he serves concurrently as Global Business Management Officer. Leveraging his abundant experience and in-depth knowledge in the Company group's management nurtured through his career, he has properly performed his duties in critical management decision-making and supervising business execution as a Director. Therefore, the Company has nominated him again as Director. He is also scheduled to assume the position as Senior Managing Executive Officer when reelected as Director.</p>				
4	<p>Naoko Tomono (August 25, 1964)</p> <p>[Tenure as outside Director] Three years, as of the conclusion of this general meeting</p> <p>[Attendance at Board of Directors Meetings (fiscal year under review)] 17 attended/17 held (100%)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1988</p> <p>Dec. 2008</p> <p>Jan. 2009</p> <p>Jun. 2016</p> <p>Jun. 2017</p> <p>[Significant concurrent positions outside the Company]</p>	<p>Joined Sogo &amp; Seibu Co., Ltd. (formerly Seibu Department Store Co., Ltd.)</p> <p>Registered as an attorney at law (Daini Tokyo Bar Association)</p> <p>Joined T and T PARTNERS LAW OFFICE (formerly Takagi Yoshiko LAW OFFICE) (current position)</p> <p>Outside Director of Taisei Lamick Co., Ltd. (current position)</p> <p>Outside Director of the Company (current position)</p> <p>Partner of T and T PARTNERS LAW OFFICE</p> <p>Outside Director of Taisei Lamick Co., Ltd.</p>	– shares
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Naoko Tomono has no experience of involvement in company management except as an outside officer, but she has an objective viewpoint and abundant experience from her many years working in business and as a lawyer, and has been judged to be able to appropriately perform the duties, such as supervising the business execution of Directors of the Company. Therefore, the Company has again nominated her as outside Director.</p>				

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
5	<p>Nobuhiro Koga (April 26, 1955)</p> <p>[Tenure as outside Director] Two years, as of the conclusion of this general meeting</p> <p>[Attendance at Board of Directors Meetings (fiscal year under review)] 16 attended/17 held (94%)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1996 Associate Professor, Faculty of Fundamental Engineering (formerly Department of Mechanical Engineering), Nippon Institute of Technology</p> <p>Apr. 2002 Professor, Faculty of Fundamental Engineering (formerly Department of Mechanical Engineering) (current position)</p> <p>Apr. 2013 Chairman, Industry-University Cooperation and Entrepreneurial Education Center (current position)</p> <p>May 2016 Director, Association of Saishin Collabo Sangakukan industry-academic-government collaboration (current position)</p> <p>Jun. 2018 Outside Director of the Company (current position)</p> <p>[Significant concurrent positions outside the Company] Professor, Faculty of Fundamental Engineering, Nippon Institute of Technology Chairman, Industry-University Cooperation and Entrepreneurial Education Center, Nippon Institute of Technology Director, Association of Saishin Collabo Sangakukan industry-academic-government collaboration</p>	– shares
<p>[Reasons for nomination as candidate for Outside Director] Nobuhiro Koga has no experience of involvement in company management except as an outside officer, but he has abundant knowledge, experience, and an objective viewpoint as a university professor specializing in mechanical engineering. Therefore, the Company has judged him to be able to appropriately perform the duties, such as supervising the business execution of Directors of the Company, and has again nominated him as outside Director.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Naoko Tomono and Nobuhiro Koga are candidates for outside Director.
  3. The Company has entered into agreements with Naoko Tomono and Nobuhiro Koga to limit their liability for damages under Article 423, paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under Article 425, paragraph 1 of the same Act. If their reelection is approved, the Company plans to renew the agreements with them.
  4. Naoko Tomono and Nobuhiro Koga satisfy the requirements of the Company's "Independence Criteria for Outside Officers." Furthermore, they satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company has submitted notification to the aforementioned exchange concerning their appointment as independent officers. If their reelection is approved, the Company plans to continue their registration as independent officers.

<Independence Criteria for Outside Officers>

The Company has established the following independence criteria for selecting candidates for independent outside Director and independent outside Auditor. The highest priority is given to the requirement that there be no conflict of interest between outside Directors and general shareholders, and those falling under any of the following criteria shall not be deemed to be independent.

- (1) A person who is currently falling under any of (i) to (viii)
  - (i) A business executive of the Company group
  - (ii) An entity or its business executive where the Company group is a major business partner, and that has derived 2% or more of its annual consolidated net sales from transactions with the Company group in the most recent business year
  - (iii) An entity or its business executive that is major business partner of the Company group, with the Company group having derived 2% or more of its annual consolidated net sales from transactions with the entity in the most recent business year
  - (iv) An entity or its business executive that is an important provider of funds for the Company, such that the value of funds provided to the Company group is 2% or more of the Company group's consolidated total assets
  - (v) A major shareholder of the Company (who owns 10% or more of the voting rights, whether directly or indirectly), or its business executive
  - (vi) A certified public accountant, or employee, partner or staff of an audit corporation, serving as financial auditor to the Company group
  - (vii) A certified public accountant, tax accountant, legal specialist or other consultant who obtain monetary and other financial benefits amounting to JPY10 million or more in annual compensation excluding officers' compensation from the Company group (including the person belonging to the organization if the one who received the relevant property is an organization such as corporation, association and offices)
  - (viii) A person who belongs to legal offices, audit corporations, tax accountant offices or consulting companies that receive monetary consideration or other property from the Company group amounting to 2% or more of their annual consolidated net sales
- (2) A person who have fallen under (ii) - (viii) over the previous five years
- (3) Spouse or persons within the second degree of kinship of a person falling under the above criteria (only in cases where a person is in a position of importance)
- (4) A person whose tenure as an outside officer totals more than eight years

Established on November 5, 2015

- Notes: 1. "Business executive" shall mean an executive director, executive officer, operating officer, manager or other such employee. (Excluding Auditors)
2. "The Company group" shall mean the Company and the subsidiaries of the Company.
3. "Position of importance" shall mean a director, operating officer, person of the level of general manager, certified public accountant of an audit corporation or accountant office, or attorney at law belonging to any kind of legal firm (including so-called associates).



**Proposal No. 4**      Revision in the Amounts of Compensation for Directors and Auditors

At the 52nd Annual General Meeting of Shareholders held on June 22, 2007, it was approved that the compensation for Directors of the Company shall be up to JPY25 million per month, and that the compensation for Auditors of the Company shall be up to JPY4 million per month.

The Company proposes that the aforementioned amounts be revised in consideration of further revitalization of the supervisory function of Directors, review of the composition of the Board and a decrease in the number of Directors to allow for effective use of the operating officer system, and increasing responsibilities of Directors and Auditors due to changes in the economic climate and management environment. Through this revision, the Company aims for a compensation system that allows for flexible operation of officers' compensation.

Accordingly, we propose that the maximum amount of compensation for Directors be stipulated in a yearly amount in lieu of a monthly amount, and that bonuses be paid to Directors (excluding Outside Directors) within such a maximum amount in addition to a fixed basic compensation. By comprehensively taking into account the payments that have been made to date and the number of Directors, we propose that the maximum amount be revised to JPY300 million per year (including JPY20 million per year to Outside Directors. The amount shall not include employee salaries payable to Directors concurrently serving as employees.).

As is now, the compensation for Outside Directors shall be basic compensation only.

Payment of bonuses to Directors (excluding Outside Directors) shall be linked to a consolidated performance index, which will be predetermined by the Company, and shall be determined by the Board of Directors of the Company after exchanging opinions with outside officers, along with fixed basic compensation.

The current number of Directors is 11 (including two Outside Directors), but if Proposal 3 "Election of Five Directors" is approved as originally proposed, the number of Directors will be five (including two Outside Directors).

It is also proposed that the maximum amount of compensation for Auditors be stipulated in a yearly amount in lieu of a monthly amount and revised to JPY50 million per year by comprehensively taking into account the payments that have been made to date and the number of Auditors. In addition, upon stipulating the maximum amount of compensation for Auditors in a yearly amount, the compensation for Auditors shall be basic compensation only.

The current number of Auditors is four, and will remain the same after the conclusion of this meeting.

**Proposal No. 5** Determination of the Amount of Compensation in line with the Introduction of Performance-Linked Stock Compensation Plan for Directors and Operating Officers and Details Thereof

1. Reasons for the proposal and reason that the compensation, etc. is appropriate

In this Proposal, the Company seeks approval of shareholders for the introduction of a new performance-linked stock compensation plan (hereinafter, the “Plan”) in which the Company’s shares and cash equivalent to the fair value of Company’s shares (hereinafter, “Company Shares, etc.”) are delivered to the Company’s Directors (excluding Outside Directors) and Operating Officers who signed delegation agreements with the Company (hereinafter, collectively, “Directors, etc.” and the same shall apply unless otherwise stated) in accordance with the degree of achievement of performance. Additionally, the details of the Plan shall be entrusted to the Company’s Board of Directors, within the framework mentioned in 2. below.

The Plan will add clarity to the relationship between compensation for Directors, etc. and the Company’s performance and share value, and by Directors sharing with shareholders the benefits of a higher stock price as well as the risks of a lower stock price, the Company believes that this will lead to an increased desire to contribute to the improvement in business results in the medium- to long-term, as well as the enhancement of corporate value. The Company, therefore, sees the introduction of the Plan as appropriate.

This Proposal seeks approval for the payment of stock compensation for Directors, etc. separate from the maximum limit of compensation to Directors (JPY300 million per year, including JPY20 million per year to Outside Directors) asked for approval in the Proposal No. 4 “Revision in the Amounts of Compensation for Directors and Auditors.”

If proposal No. 3 “Election of Five Directors” is approved as originally proposed, the number of Directors eligible for the Plan will be three at the conclusion of this meeting. The Plan also targets Operating Officers, and the number of Operating Officers, not concurrently serving as Directors, eligible for the Plan will be eight. The compensation under the Plan shall include compensation for Operating Officers, but as the Plan treats stock compensation to Directors and stock compensation to Operating Officers together, in this Proposal, the Company proposes the amount and details of the entire compensation under the Plan as compensation, etc. to Directors, etc.

The compensation for Directors, etc. currently consists of “basic compensation,” “bonuses” and “officers’ retirement benefits,” but if Proposal No. 6 “Payment of Retirement Benefits to Retiring Directors and Final Payment in conjunction with the Abolishment of Officers’ Retirement Benefits Plan for Directors and Auditors” and this Proposal are approved as originally proposed, the compensation for Directors, etc. will consist of “basic compensation,” “bonuses” and “stock compensation.”

2. Amounts and details of compensation, etc. under the Plan

(1) Overview

The Plan is a stock compensation plan in which the shares of the Company are acquired through a trust, sourced from the cash contributed by the Company as compensation for Directors, etc. (hereinafter, the “Trust”), and the shares of the Company corresponding to the number of points granted to each Director, etc. and cash equivalent to the fair value of Company’s shares (hereinafter collectively, “Company Shares, etc.”) are delivered to each Director, etc. through the Trust, in accordance with share delivery rules (hereinafter, “Share Delivery Rules”) determined by the Board of Directors of the Company.

Furthermore, the delivery timing of Company Shares, etc. to Directors, etc. will generally be upon their retirements. (Details shall be as set forth in (8) below.)

(2) Individuals eligible for the Plan

Individuals eligible for the Plan shall be Directors, etc. of the Company.

(3) Covered period

The covered period shall be the three fiscal years from the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023 (hereinafter, the “Initial Covered Period”) and each subsequent three fiscal year-period (if another period exceeding three fiscal years is resolved at a Board of Directors meeting of the Company, such period) starting after the elapse of the Initial Covered Period (hereinafter, together with the Initial Covered Period, each period shall be referred to as “Covered Period”).

(4) Trust period

The trust period shall start from August 2020 (scheduled) until the termination of the Trust (no specific ending date is to be determined; the Trust shall continue as long as the Plan continues). The Plan shall terminate in the case where the Company's stock is delisted or the Share Delivery Rules are abolished.

(5) Maximum limit of contribution to the Trust as funds to acquire shares

Subject to approval for this Proposal, the Company will contribute funds up to JPY150 million to the Trust as a source to acquire the Company's shares (\*) to deliver the Company Shares, etc. to Directors, etc. that corresponds to the Initial Covered Period under the Plan. The Company may, during the Initial Covered Period, entrust additional funds to acquire shares within a range where the total of contributions including the initial contribution does not exceed the maximum amount mentioned above.

Additionally, after the elapse of the Initial Covered Period, the Company shall provide additional contributions to the Trust for each Covered Period with a maximum limit of JPY150 million until the termination of the Plan. In such cases where such additional contributions are to be made when there are any Company's shares (excluding Company's shares equivalent to the number of points granted to Directors, etc. that are yet to be granted in each Covered Period prior to the applicable Covered Period) and cash (hereinafter, collectively, "Residual Shares, etc.") still remaining in the trust property of the Trust immediately prior to the start date of the Covered Period subject to such additional contribution, then the sum of the amount of such Residual Shares, etc. (the value of residual shares shall be their fair value as of the day immediately prior to the start date of such Covered Period) and additional contribution shall be within the amount stipulated above.

\* Funds to acquire the Company's shares shall include estimated trust fees and other necessary costs.

(6) Method for acquiring the Company's shares by the Trust and maximum number of shares to be acquired

The Trust shall acquire the Company's shares from the stock market or through accepting disposal of the treasury shares of the Company, using the funds to acquire shares contributed by the Company as a source pursuant to (5) above, within a maximum amount stipulated in (5) above. Details of the acquisition method shall be determined by the Company after this general meeting and shall be disclosed.

With regard to the Initial Covered Period, the Company's shares shall be acquired with an upper limit of 144,000 shares after the establishment of the Trust without delay.

Additionally, the maximum number of Company Shares, etc. to be delivered to Directors, etc. has been determined in reference to the most recent stock price, etc., in light of the maximum amount of the trust money stipulated in (5) above.

(7) Method for calculating the Company's shares to be delivered to Directors, etc. and maximum number thereof

For each fiscal year, points calculated according to positions and achievement level of performance targets pursuant to Share Delivery Rules are granted to Directors, etc. The number of points to be granted to Directors, etc. for each fiscal year in the Initial Covered Period is scheduled to be up to 48,000 points in total.

Also, upon share delivery to Directors, etc., the conversion of points granted shall be one (1) share of Company stock for every one (1) point (fractions less than one (1) point shall be rounded down). However, if after approval for the Plan at this general meeting, a stock split, gratis allotment of shares, or reverse stock split, etc. of the Company's shares occurs, the Company shall make rational adjustments to the conversion ratio of points to Company's shares, proportional to the stock split ratio, etc.

(8) Delivery of Company Shares, etc. to Directors, etc.

In principle, Directors, etc. who retire and meet the beneficiary requirements as stipulated in Share Delivery Rules may, by performing the prescribed beneficiary determination procedures as stipulated in Share Delivery Rules, receive the Company's shares in a number corresponding to the number of granted points. However, a certain portion thereof shall be delivered in cash in an amount equivalent to the fair value of Company's shares in lieu of delivery of Company's shares from the perspective of securing funds for tax payment. Additionally, the Company's shares may be sold under the Trust in order to deliver cash.

(9) Exercising voting rights related to the Company's shares under the Trust

To ensure the neutrality for the Company's management, voting rights related to the Company's shares under the Trust (i.e., Company's shares prior to the delivery to Directors, etc. pursuant to (8) above) shall not be exercised during the trust period.

(10) Treatment of dividends of the Company's shares under the Trust

Dividends related to the Company's shares under the Trust will be received by the Trust to be appropriated for the acquisition of the Company's shares and for trust fees, etc.

(11) Treatment at the termination of trust period

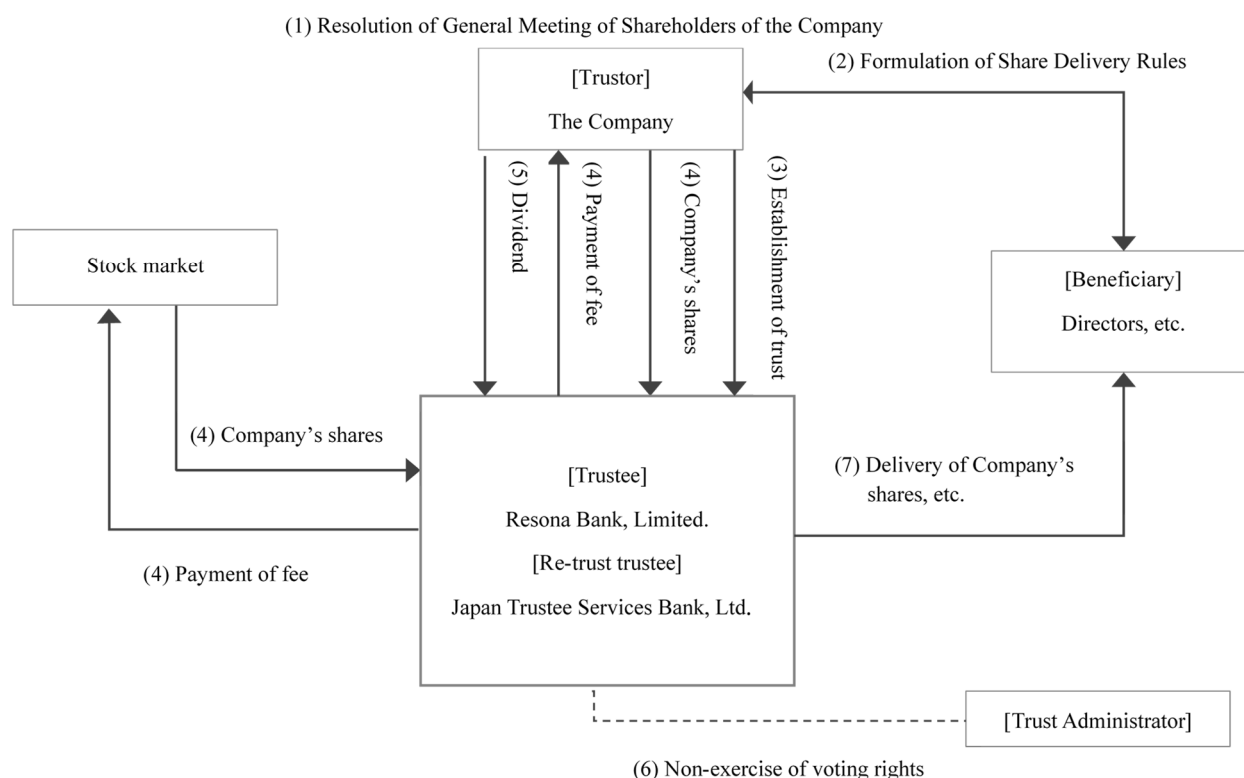
Of the remaining assets of the Trust at the termination of the Trust, the Company's shares are scheduled to be acquired entirely by the Company at no cost, and then by resolution of the Board of Directors of the Company canceled or donated to public interest corporations with no conflict of interests with Directors, etc.

Of the remaining assets of the Trust at the termination of the Trust, cash is scheduled to be proportionally distributed to individuals in office at that time who are eligible for the Plan according to the number of points granted to each of them, or donated to public interest corporations with no conflict of interests with Directors, etc.

(12) Other details of the Plan

Other details regarding the Plan will be determined by the Board of Directors each time the Trust is created, a trust agreement is modified or additional contribution is made to the Trust.

<Reference: Scheme of the Plan>



- (1) The Company obtains approval for officers' compensation in line with the introduction of the Plan at this general meeting.
- (2) The Company formulates Share Delivery Rules pertaining to the delivery of the Company Shares, etc. under the Plan at its Board of Directors meeting.
- (3) The Company contributes cash within a range approved at this general meeting pursuant to (1) above and establishes a trust (the Trust) with individuals eligible for the Plan as beneficiary candidates. The Company may additionally contribute cash within a range approved at this general meeting pursuant to (1) above.
- (4) The Trust acquires the Company's shares at stock market or from the Company (via disposal of treasury shares), using the cash entrusted in (3) above as a source.
- (5) Dividends will be paid to the Company's shares under the Trust, as with other Company's shares.
- (6) To ensure the neutrality for management, voting rights related to the Company's shares under the Trust shall not be exercised during the trust period.
- (7) During the trust period, pursuant to the Share Delivery Rules in (2) above, points will be granted to Directors, etc. according to positions and achievement level of performance targets each fiscal year. Directors, etc. who retire and meet the certain beneficiary requirements as stipulated in Share Delivery Rules will receive delivery of the Company Shares, etc. corresponding to the number of points granted.

**Proposal No. 6** Payment of Retirement Benefits to Retiring Directors and Final Payment in conjunction with the Abolishment of Officers' Retirement Benefits Plan for Directors and Auditors

With respect to the end-of-term retirements of six Directors Kenichi Ando, Noriyuki Miyaoka, Shigeharu Tobita, Yoshinori Furusawa, Mitsuru Takeuchi and Kazuhiko Ogawa at the conclusion of this meeting, the Company proposes to pay retirement benefits to reward their services during their times in office within a reasonable range in accordance with the Company's certain standards.

The Company proposes that the specific amount, timing, and method of this allowance be entrusted to the Board of Directors.

The career summaries of the retiring Directors are as follows:

Name	Career summary	
Kenichi Ando	Jun. 2006	Director
	Jun. 2016	Executive Vice President Operating Officer
	Apr. 2020	Director
		To present
Noriyuki Miyaoka	Jun. 2012	Director & Senior Operating Officer
	Apr. 2015	Director & Managing Executive Officer
	Apr. 2020	Director
		To present
Shigeharu Tobita	Jun. 2017	Director & Managing Executive Officer
		To present
Yoshinori Furusawa	Jun. 2014	Director & Senior Operating Officer
	Apr. 2018	Director & Managing Executive Officer
		To present
Mitsuru Takeuchi	Jun. 2016	Director & Senior Operating Officer
	Apr. 2020	Director & Managing Executive Officer
		To present
Kazuhiko Ogawa	Jun. 2016	Director & Senior Operating Officer
	Apr. 2020	Director & Managing Executive Officer
		To present

In addition, as part of the ongoing revision in the officers' compensation plan, the Company resolved at its Board of Directors' meeting held on May 12, 2020 to abolish the officers' retirement benefits plan at the conclusion of this meeting. In conjunction with the abolition, the Company proposes to pay the final retirement benefits to the three Directors among the Directors to be reelected subject to approval for Proposal 3 and two Auditors in office in an amount corresponding to each service period until the conclusion of this meeting, within a reasonable range in accordance with the Company's prescribed standards.

The Company proposes that the specific amount, timing, and method of this allowance be entrusted to the Board of Directors with respect to the payment to Directors, and to deliberation of Auditors with respect to the payment to Auditors. The career summaries for the Directors and Auditors eligible for the final payment are as follows:

Name	Career summary	
Yuichi Fukuda	Jun. 2004	Director
	Apr. 2015	President & CEO
		To present
Hajime Fujitaki	Jun. 2007	Managing Director
	Jun. 2012	Director & Managing Executive Officer
	Apr. 2020	Director & Senior Managing Executive Officer
		To present
Hiroyuki Aoki	Jun. 2016	Director & Senior Operating Officer
	Apr. 2020	Director & Senior Managing Executive Officer
		To present
Masao Toyoda	Jun. 2017	Standing Statutory Auditor
		To present
Yasuyuki Ikezawa	Jun. 2018	Standing Statutory Auditor
		To present

**Proposal No. 7**      Payment of Bonuses to Officers

Giving consideration to the operating performance of the Company during the fiscal year under review, the Company proposes to pay total JPY46 million as bonuses to 11 Directors and four Auditors (JPY42 million to nine Directors and JPY4 million to two Auditors excluding outside Officers) in office as of the end of the fiscal year under review.

The Company proposes that the specific amount be entrusted to the Board of Directors with respect to the payment to Directors, and to deliberation of Auditors with respect to the payment to Auditors.