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(Stock Exchange Code 2760)
May 31, 2019

To Shareholders with Voting Rights:

Atsushi Tokushige
President & Representative Director
TOKYO ELECTRON DEVICE LIMITED
1-4, Kinko-cho, Kanagawa-ku, Yokohama City,
Kanagawa

**NOTICE OF
THE 34TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 34th Annual General Meeting of Shareholders of TOKYO ELECTRON DEVICE LIMITED (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or through the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your rights no later than 5:30 p.m., Tuesday, June 18, 2019, Japan time.

- 1. Date and Time:** Wednesday, June 19, 2019 at 10:00 a.m. Japan time
(Reception desk will open at 9:00 a.m.)
- 2. Place:** Nichirin banquet room at 5th Floor, Yokohama Bay Sheraton Hotel & Towers
located at 1-3-23, Kitasaiwai, Nishi-ku, Yokohama City, Kanagawa, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, the Consolidated Financial Statements and Results of Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the Company's 34th Fiscal Year (April 1, 2018 - March 31, 2019)
 2. Non-consolidated Financial Statements for the Company's 34th Fiscal Year (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

- Proposal 1:** Election of Nine Corporate Directors
Proposal 2: Election of Three Audit & Supervisory Board Members
Proposal 3: Payment of Bonuses to Corporate Directors
Proposal 4: Revision of the Amount of Remuneration for Corporate Directors
Proposal 5: Renewal of the Performance-linked Stock-based Remuneration for Corporate Directors

1. When you attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Kindly bring this Notice with you for resource saving purposes.
2. Should the Reference Documents for the General Meeting of Shareholders require any revisions, the revised versions will be posted on the Company's website*.

*The Company's website: <https://www.teldevice.co.jp/eng/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Nine Corporate Directors

The terms of office of all nine Corporate Directors will expire at the conclusion of the General Meeting of Shareholders. Accordingly, the election of nine Corporate Directors is proposed.

The candidates are as follows:

Candidate No.	Name	Position	Years in office	Attendance at Board of Directors' meetings
1	Noriyuki Kuga	Chairman of the Board	12	100% (Nine out of nine meetings)
2	Atsushi Tokushige	President & Representative Director	12	100% (Nine out of nine meetings)
3	Masami Hasegawa	Representative Director	4	100% (Nine out of nine meetings)
4	Yukio Saeki	Corporate Director	4	100% (Nine out of nine meetings)
5	Akihiro Kamikogawa	Corporate Director	6	100% (Nine out of nine meetings)
6	Kazuki Shinoda	Corporate Director	2	100% (Nine out of nine meetings)
7	Tetsuo Tsuneishi	Corporate Director	6	100% (Nine out of nine meetings)
8	Kunio Ishikawa (Outside Director) (Independent Director)	Corporate Director	6	100% (Nine out of nine meetings)
9	Koichi Kawana (Outside Director) (Independent Director)	-	New candidate	-

(Notes)

- There are no special interests between each candidate for Corporate Director and the Company.
- Messrs. Kunio Ishikawa and Koichi Kawana are candidates for Outside Directors. Mr. Kunio Ishikawa is also Independent Directors required by the Tokyo Stock Exchange and will continue to be if reelected. Additionally, Mr. Koichi Kawana meets the criteria for independence required by the Tokyo Stock Exchange and is expected to become an Independent Director, if elected as proposed.
- The current Articles of Incorporation of the Company provides that the Company can enter into an agreement with Corporate Directors (excluding Executive Directors) to limit liability for damages to the Company. The Company entered into a liability limitation agreement with Messrs. Noriyuki Kuga, Tetsuo Tsuneishi, and Kunio Ishikawa, and will renew the respective agreements if their reelection is approved. Additionally, if Mr. Koichi Kawana is newly elected as proposed, the Company will enter into the said liability limitation agreement with him. The outline of the liability limitation agreement of the Company is as follows:
 - Corporate Directors (excluding Executive Directors) who have neglected their duties shall be liable to the Company for any damage to the extent of the minimum liability amount as set forth in Article 425 (1) of the Companies Act.
 - The above liability limitation shall be limited to cases where the relevant Corporate Director is without knowledge and is not grossly negligent in performing his/her duties that caused the liability.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
1	Noriyuki Kuga (August 25, 1955) [63 years old]	<p>April 1979 Joined Tokyo Electron Limited</p> <p>October 2004 President & Representative Director, Tokyo Electron BP Limited</p> <p>October 2006 Executive Vice President of the Company</p> <p>June 2007 Corporate Director of the Company</p> <p>June 2011 Senior Executive Vice President & Representative Director of the Company</p> <p>June 2016 Chairman of the Board of the Company (to present)</p> <p>[Position and responsibility at the Company] Chairman of the Board</p> <p>[Reason for nomination as a candidate for Corporate Director] He has served as Chairman of the Board of Directors since June 2016. In addition, in the fiscal year ended March 31, 2019, he played an active role as a committee member of the Nominating Committee in evaluating training plans for successors to top management and President & Representative Director and in deliberating election and dismissal processes. We continue to expect him to strengthen corporate governance and contribute to the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	17,900
2	Atsushi Tokushige (November 7, 1963) [55 years old]	<p>April 1986 Joined Tokyo Electron Limited</p> <p>April 2005 Vice President of the Company</p> <p>June 2007 Corporate Director of the Company</p> <p>June 2011 Managing Director, TOKYO ELECTRON DEVICE HONG KONG LTD. (currently TOKYO ELECTRON DEVICE ASIA PACIFIC LTD.)</p> <p>September 2013 CEO, inrevium AMERICA, INC. (currently TOKYO ELECTRON DEVICE AMERICA, INC.)</p> <p>January 2015 President & Representative Director of the Company (to present)</p> <p>[Position and responsibility at the Company] President & Representative Director</p> <p>[Reason for nomination as a candidate for Corporate Director] Since he assumed his position as the President & Representative Director of the Company in January 2015, he has made use of his experience accumulated up to that point, and demonstrated strong leadership skills to lead the management of the Group. We continue to expect him to strengthen the decision-making function of the Board of Directors and plays a central role in overall management to contribute to improving corporate value of the Group, and thus nominate him for Corporate Director.</p>	9,800

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
3	Masami Hasegawa (September 30, 1965) [53 years old]	<p>April 1986 Joined Tokyo Electron Limited</p> <p>June 2013 President & Representative Director, PAN ELECTRON LIMITED</p> <p>June 2014 Vice President of the Company</p> <p>April 2015 General Manager, Global Sales Business Department of the Company</p> <p>June 2015 Corporate Director of the Company</p> <p>June 2016 Representative Director of the Company (to present)</p> <p>June 2016 Senior Vice President of the Company</p> <p>June 2018 Executive Vice President of the Company (to present)</p> <p>July 2018 General Manager, Global Sales & Operations of the Company (to present)</p> <p>July 2018 General Manager, EC BU of the Company (to present)</p> <p>[Position and responsibility at the Company] Representative Director, Executive Vice President General Manager, Global Sales & Operations General Manager, EC BU</p> <p>[Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the Electronic Components Business. In addition, since June 2016 he has been leading the management of the Group as Representative Director of the Company and making efforts to promote cross-sectional sales activities toward increasing revenues. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	6,000
4	Yukio Saeki (October 25, 1958) [60 years old]	<p>April 1981 Joined Tokyo Electron Limited</p> <p>February 2012 President & Representative Director, Tokyo Electron BP Limited</p> <p>February 2012 President & Representative Director, Tokyo Electron Agency Limited</p> <p>June 2015 Corporate Director of the Company (to present)</p> <p>June 2015 Vice President of the Company</p> <p>June 2016 Senior Vice President of the Company</p> <p>June 2016 Senior Director, Administration Department of the Company</p> <p>June 2018 Executive Vice President of the Company (to present)</p> <p>July 2018 General Manager, Corporate Administration Division of the Company (to present)</p> <p>July 2018 Senior Director, Corporate Planning Center of the Company (to present)</p> <p>[Position and responsibility at the Company] Corporate Director, Executive Vice President General Manager, Corporate Administration Division Senior Director, Corporate Planning Center In Charge of Internal Control In Charge of Compliance</p> <p>[Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the Administration Department, etc. In addition, he serves as a committee member of the Remuneration and Nominating Committees, and has been playing an active role in development and training of various types of monitoring and in-house rules as Chairman of the Compliance Committee. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	3,000

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
5	Akihiro Kamikogawa (November 8, 1963) [55 years old]	<p>April 1986 Joined Tokyo Electron Limited</p> <p>June 2011 Vice President of the Company</p> <p>June 2013 Corporate Director of the Company (to present)</p> <p>April 2015 President of CN Company</p> <p>June 2016 Senior Vice President of the Company (to present)</p> <p>July 2018 General Manager, CN BU of the Company (to present)</p> <p>[Position and responsibility at the Company] Corporate Director, Senior Vice President General Manager, CN BU</p> <p>[Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the Computer Network Business. In addition, he has been playing an active role as a committee member of the Remuneration Committee in the inquest of a remuneration system based on medium- to long-term business performance, and he also serves as a committee member of the Compliance and Risk Management Committees. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	2,500
6	Kazuki Shinoda (October 17, 1965) [53 years old]	<p>April 1988 Joined Tokyo Electron Limited</p> <p>June 2015 Vice President of the Company</p> <p>June 2017 CEO, inrevium AMERICA, INC. (currently TOKYO ELECTRON DEVICE AMERICA, INC.)</p> <p>June 2017 Corporate Director of the Company (to present)</p> <p>June 2017 President of inrevium Company</p> <p>June 2018 Senior Vice President of the Company (to present)</p> <p>July 2018 General Manager, PB BU of the Company (to present)</p> <p>[Position and responsibility at the Company] Corporate Director, Senior Vice President General Manager, PB BU In charge of Risk Management</p> <p>[Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the private brand business. In addition, he has been playing an active role as a committee member of the Remuneration Committee in the inquest of a remuneration system based on medium- to long-term business performance, and also in developing our risk management system as Chairman of the Risk Management Committee since June 2017. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	3,100

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
7	Tetsuo Tsuneishi (November 24, 1952) [66 years old]	<p>April 1976 Joined Tokyo Electron Limited</p> <p>June 1992 Corporate Director, Tokyo Electron Limited</p> <p>June 1996 Senior Managing Director, Tokyo Electron Limited</p> <p>June 2003 Deputy Chairman of the Board, Tokyo Electron Limited</p> <p>June 2013 Corporate Director of the Company (to present)</p> <p>June 2015 Chairman of the Board, Tokyo Electron Limited</p> <p>June 2017 Representative Director & Chairman of the Board, Tokyo Electron Limited (to present)</p> <p>[Significant concurrent position] Representative Director & Chairman of the Board, Tokyo Electron Limited</p> <p>[Position and responsibility at the Company] Corporate Director</p> <p>[Reason for nomination as a candidate for Corporate Director] He attended all Board of Directors' meetings held in the fiscal year ended March 31, 2019 (9 times). In addition, he has also been playing an active role as a committee member of the Nominating Committee in evaluating training plans for successors to top management and President & Representative Director and in deliberating election and dismissal processes. We expect him to make use of his experience as an executive manager in stock market listed companies to perform oversight duties from an objective viewpoint by sharing his opinions and advice from the perspective of shareholders, and thus nominate him for Corporate Director.</p>	-
8	Kunio Ishikawa (September 2, 1948) [70 years old]	<p>April 1971 Joined Nippon Telegraph and Telephone Public Corporation (currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION)</p> <p>June 1999 Member of the Board of Directors, NTT Mobile Communications Network, Inc. (currently NTT DOCOMO, INC.)</p> <p>June 2002 Executive Vice President, NTT DOCOMO, INC.</p> <p>June 2004 Senior Executive Vice President, NTT DOCOMO, INC.</p> <p>June 2007 Vice President, KYOWA EXEO CORPORATION</p> <p>June 2008 President, KYOWA EXEO CORPORATION</p> <p>June 2013 Corporate Director of the Company (to present)</p> <p>June 2013 Chairman, KYOWA EXEO CORPORATION</p> <p>June 2017 Corporate Advisor, KYOWA EXEO CORPORATION (to present)</p> <p>[Significant concurrent position] Corporate Advisor, KYOWA EXEO CORPORATION</p> <p>[Position and responsibility at the Company] Outside Director Independent Director</p> <p>[Reason for nomination as a candidate for Outside Director] He attended all Board of Directors' meetings held in the fiscal year ended March 31, 2019 (9 times) as an Independent Director (Outside Director). In addition, he has also been playing an active role as a committee member of the Nominating Committee in evaluating training plans for successors to top management and President & Representative Director and in deliberating election and dismissal processes. We expect him to make use of his experience as an executive manager in stock market listed companies to perform oversight duties from an objective viewpoint by sharing his opinions and advice from the perspective of shareholders, and thus nominate him for Outside Director. Mr. Kunio Ishikawa will have been in office for a total of six years at the conclusion of this General Meeting of Shareholders.</p>	-

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
9	Koichi Kawana (April 23, 1958) [61 years old]	<p>April 1982 Joined JGC CORPORATION</p> <p>July 1997 General Manager, Abu Dhabi Office and Kuwait Office, Business Development Division, JGC CORPORATION</p> <p>July 2001 General Manager, London Office, Marketing Department, No. 1 Project Division, JGC CORPORATION</p> <p>August 2007 Executive Officer, General Manager, New Business Promotion Department, Global Marketing Division, JGC CORPORATION</p> <p>July 2009 Managing Director, General Manager, Global Marketing Division, JGC CORPORATION</p> <p>July 2010 Representative Director, Senior Executive Vice President, JGC CORPORATION</p> <p>July 2011 Representative Director, President and Chief Operating Officer, JGC CORPORATION</p> <p>June 2017 Director, Vice Chairman, JGC CORPORATION</p> <p>June 2018 Vice Chairman, JGC CORPORATION (to present)</p> <p>[Significant concurrent position] Vice Chairman, JGC CORPORATION Outside Director, BANDAI NAMCO Holdings Inc.* Outside Director, COMSYS Holdings Corporation* * Scheduled to assume the position in June 2019.</p> <p>[Reason for nomination as a candidate for Outside Director] In addition to his abundant management experience as a corporate manager of a listed company, he has overseas business experience from being stationed overseas. We expect him to make use of his experience as a corporate manager and his extensive insight based on global perspectives to provide various opinions and advice to the Company's management from an objective standpoint and thus nominate him for Outside Director.</p>	-

Proposal 2: Election of Three Audit & Supervisory Board Members

Of incumbent Audit & Supervisory Board Members, the term of office of Mr. Nobuo Kawai and Ms. Kazuko Naruse will expire at the conclusion of the General Meeting of Shareholders, and Mr. Takashi Nakamura will retire at the conclusion of the General Meeting of Shareholders. Thus, the election of three Audit & Supervisory Board Members is proposed.

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

The candidates are as follows:

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of the Company shares held
1	Nobuo Kawai (March 22, 1963) [56 years old]	<p>April 1985 Joined Tokyo Electron Limited</p> <p>July 2003 Director, General Affairs Department of the Company</p> <p>July 2007 Director, Financial Department of the Company</p> <p>January 2012 Director, Internal Audit Department of the Company</p> <p>June 2016 Audit & Supervisory Board Member (full-time) of the Company (to present)</p> <p>[Position and responsibility at the Company] Audit & Supervisory Board Member (full-time)</p> <p>[Reason for nomination as a candidate for Outside Audit & Supervisory Board Member] Since June 2016, as Audit & Supervisory Board Member (full-time), he has been properly fulfilling his duties including audits of execution of duties by Corporate Directors, leveraging his wealth of experience and knowledge in corporate accounting and internal controls acquired over the years. We continue to expect him to enhance and strengthen the audit function of the Company, and thus nominate him for Audit & Supervisory Board Member.</p>	8,500
2	Katsuyuki Matsui (June 22, 1955) [63 years old]	<p>April 1980 Joined Honda Motor Co., Ltd.</p> <p>June 2002 Tax Block Leader, Business Management Operations, Honda Motor Co., Ltd.</p> <p>July 2005 Vice President, Honda Canada Inc.</p> <p>June 2010 Audit & Supervisory Board Member (full-time), Keihin Corporation</p> <p>November 2017 Audit & Supervisory Board Member, SHIFT Inc. (to present)</p> <p>[Significant concurrent position] Audit & Supervisory Board Member, SHIFT Inc.</p> <p>[Reason for nomination as a candidate for Outside Audit & Supervisory Board Member] He has knowledge of finance of listed companies and experience serving overseas, as well as practical experience as an auditor for many years. We expect him to strengthen the Company's audit functions, keeping in mind the future reinforcement of the Company's manufacturing functions, and thus nominate him for Outside Audit & Supervisory Board Member.</p>	-

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of the Company shares held
3	Yoshinori Nishimura (June 28, 1955) [63 years old]	<p>April 1979 Joined Shiseido Company, Limited</p> <p>April 2005 General Manager of Financial Department, Shiseido Company, Limited</p> <p>April 2009 President of Shiseido Deutschland GmbH</p> <p>April 2011 Corporate Officer, Chief Financial Officer, Shiseido Company, Limited</p> <p> Responsible for Finance, Investor Relations, Information Planning, and Internal Control, Shiseido Company, Limited</p> <p>June 2012 Director, Shiseido Company, Limited</p> <p>June 2014 Audit & Supervisory Board Member (Full-time), Shiseido Company, Limited</p> <p>June 2018 Audit & Supervisory Board Member (full-time), Bplats, Inc. (to present)</p> <p>[Significant concurrent position]</p> <p>Audit & Supervisory Board Member (full-time), Bplats, Inc.</p> <p>[Reason for nomination as a candidate for Outside Audit & Supervisory Board Member]</p> <p>He has extensive insight based on management experience as a Chief Financial Officer (CFO) of a listed company and at overseas subsidiaries, as well as practical experience as an auditor. We expect him to strengthen the Company's audit functions from the perspectives of financial and internal controls, and thus nominate him for Outside Audit & Supervisory Board Member.</p>	-

(Notes)

1. There are no special interests between each candidate for Audit & Supervisory Board Member and the Company.
2. Messrs. Katsuyuki Matsui and Yoshinori Nishimura are candidates for Outside Audit & Supervisory Board Members. Additionally, Messrs. Katsuyuki Matsui and Yoshinori Nishimura meet the criteria for independence required by the Tokyo Stock Exchange and are expected to become Independent Audit & Supervisory Board Members, if elected as proposed.
3. The current Articles of Incorporation of the Company provides that the Company can enter into an agreement with Audit & Supervisory Board Member to limit liability for damages to the Company. The Company entered into a liability limitation agreement with Mr. Nobuo Kawai, and will renew the agreement if his reelection is approved. Additionally, if Messrs. Katsuyuki Matsui and Yoshinori Nishimura are newly elected as proposed, the Company will enter in the said liability limitation agreement with them. The outline of the liability limitation agreement of the Company is as follows:
 - Audit & Supervisory Board Members who have neglected their duties shall be liable to the Company for any damage to the extent of the minimum liability amount as set forth in Article 425 (1) of the Companies Act.
 - The above liability limitation shall be limited to cases where the relevant Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his/her duties that caused the liability.

(Reference: Proposals 1 and 2)

[Policy and procedure for nominating candidates for Corporate Directors]

To nominate candidates for Corporate Directors, the Nominating Committee reviews and proposes the candidates to the Board of Directors based on their qualities such as from their knowledge and experience to qualifications as Corporate Director as well as the balance and diversity of knowledge, experience, and capabilities of the Board of Directors as a whole. Upon approval of the Board of Directors, the approved candidates are presented to the General Meeting of Shareholders for approval.

In addition to the requirements under the Companies Act, the Company has the following policies for electing Outside Directors: The Company, in principle, recruits candidates whose corporation, etc. as well as candidates themselves have no special interests with the Company; and who are independent and free from any conflict of interest with general shareholders of the Company.

[Policy and procedure for nominating candidates for Audit & Supervisory Board Members]

To nominate candidates for Audit & Supervisory Board Members, President & Representative Director proposes the candidates to the Audit & Supervisory Board based on their knowledge, experience, qualifications, diversity, etc. Upon review based on the check points for selection of candidates, the Audit & Supervisory Board presents the approved candidates to the Board of Directors, which will propose them to the General Meeting of Shareholders upon its approval.

In addition to the requirements under the Companies Act, the Company has the following policies for electing Outside Audit & Supervisory Board Members: The Company, in principle, recruits candidates whose corporation, etc. as well as candidates themselves have no special interests with the Company; and who are independent and free from any conflict of interest with general shareholders of the Company.

[Outline of criteria for electing Independent Directors/Auditors]

The Company elects Independent Directors/Audit & Supervisory Board Members from among Outside Directors or Outside Audit & Supervisory Board Members (“Outside Officers”) who do not fall under any of the following:

1. Related party of the Company Group; 2. Major shareholder; 3. Related party of major business partner/customer; and 4. Other

Outside Officers of the Company may be reelected up to a total of eight years of office.

[Numeric criteria]

(1) “Major shareholder” refers to a shareholder who holds more than 10% of total voting rights through direct and/or indirect ownership.

(2) “Related party of major business partner/customer” refers to a party with a history of transactions worth 2% or more of consolidated net sales of the Company during the relevant fiscal year or a financial institution providing loans worth 5% or more of consolidated total assets of the Company.

Proposal 3: Payment of Bonuses to Corporate Directors

In view of the financial results for the current fiscal year, etc., payment of bonuses of a total of ¥49.335 million to six full-time Corporate Directors as of the end of the current fiscal year is proposed. No bonuses will be paid to part-time Corporate Directors including Outside Directors.

Proposal 4: Revision of the Amount of Remuneration for Corporate Directors

The amount of remuneration for the Corporate Directors was approved by the 30th Annual General Meeting of Shareholders held on June 17, 2015, and has remained at not more than ¥16.0 million per month (including not more than ¥1.5 million per month for Outside Directors). However, in light of the recent changes in the business environment including the subsequent expansion of the business domains, and in an effort to maintain and enhance our competitiveness and improve the Board of Directors by securing outstanding talent including the future increase in the number of Outside Director, the revision of the amount of remuneration for Corporate Directors to not more than ¥22.0 million per month (including not more than ¥3.0 million for Outside Directors) is proposed.

Currently, the number of Corporate Directors is nine (including two Outside Directors). If Proposal No.1 is approved as proposed, the number of Corporate Directors will remain the same at nine (including two Outside Directors).

Proposal 5: Renewal of the Performance-linked Stock-based Remuneration for Corporate Directors

1. Reason for the proposal and reasons for deeming such remuneration to be appropriate

The performance-linked stock-based remuneration plan (the “Plan”) for Corporate Directors (excluding Outside Directors and part-time Corporate Directors; hereinafter the same shall apply) was approved under the agenda of “Determination of the Amount and Details of the Performance-linked Stock-based Remuneration for Corporate Directors” at the 29th Annual General Meeting of Shareholders held on June 18, 2014. The renewal of the Plan is proposed upon making the following changes to the target period of the Plan, the trust period, the maximum amount of remuneration to be paid and the maximum number of shares to be acquired, as stated below.

The Plan further clarifies the links between the remuneration of the Corporate Directors, the Company’s business performance and shareholders’ value, and aims to enhance the incentive toward improving business performance in the medium- to long-term and the awareness toward contributing to the increase in shareholders’ value, and thus the renewal of the Plan has been deemed to be appropriate.

If Proposal No. 1 is approved as proposed, the number of the Corporate Directors subject to this Plan shall be six.

Furthermore, it is proposed that the stock-based remuneration be paid to the Corporate Directors separately from the maximum amount of remuneration of Corporate Directors (not more than ¥22.0 million per month, if Proposal No.4 is approved as proposed).

2. Amount and details of remuneration, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock-based remuneration plan under which the Company’s shares are acquired through a trust using the Corporate Directors’ remuneration (as described in (2) below) contributed by the Company as funds, and the Company’s shares are delivered to the Corporate Directors of the Company in accordance with the level of achievement of performance.

However, the Company’s shares are delivered to Corporate Directors when they retire, in principal.

The Company, upon carrying out partial amendments, shall renew the Plan which was adopted in 2014. The previously targeted period of 5 years will be amended and the Plan after renewal will target the two remaining fiscal years under the existing Medium-term Management Plan, i.e. the fiscal year ending March 31, 2020 and the fiscal year ending March 31, 2021 (the “Target Period”).

(2) The maximum amount of remuneration for the Target Period under the Plan

The Company will extend the trust period of the trust which has already been established under the Plan with Corporate Directors meeting beneficiary requirements (the “Trust”) for 2 years and set the maximum amount of remuneration to be paid under the Plan in the extended Target Period at ¥150 million in total.

(3) Method of calculating the Company’s shares to be acquired by the Corporate Directors and the maximum number thereof

The Company shall, at a given period each year during the trust period, grant points to the Corporate Directors in accordance with the level of achievement of performance (*) during the fiscal year ending March 31 of that year. Points shall be granted every year during the trust period. The maximum number of total points per fiscal year for the Company’s shares which the Corporate Directors can receive from the Trust shall be 40,000 points.

At the retirement of each Corporate Director, the cumulative value of points (the “Cumulative Number of Points”) shall be calculated and the shares corresponding to the Cumulative Number of Points shall be granted.

One point shall equal one share of the Company’s common stock, and fractions of less than 100 points shall be discarded. In the event that circumstances occur whereby an adjustment to the Cumulative Number of Points is deemed reasonable, such as a share split or a consolidation of shares, adjustments shall be made according to such split ratio, consolidation ratio, etc.

(*) The level of achievement of performance shall be determined using indicators of “net income attributable to owners of parent” and “ratio of net income attributable to owners of parent to net sales.”

(4) Delivery of shares to the Corporate Directors

When the Corporate Directors of the Company who meet the beneficiary requirements, by carrying out the prescribed procedures to determine beneficiaries, they shall receive delivery of the Company’s shares

from the Trust after the retirement which corresponds to a certain portion of the Cumulative Number of Points granted until the time of retirement, and the Corporate Directors shall receive money equivalent to the remaining shares, upon conversion into cash within the Trust.

(5) Other details of the Plan

Other details concerning the Plan shall be determined at the Board of Directors' meetings.

For details of the Plan, please see "Announcement of the Renewal and Partial Amendments of the Performance-linked Stock-based Remuneration" dated May 16, 2019.

(Reference: Proposals 3, 4 and 5)

[Policy and procedure for deciding remuneration for Corporate Directors]

Remuneration of Corporate Directors of the Company comprises “monthly fixed remuneration” and “performance-linked remuneration.”

The amount of monthly fixed remuneration for Corporate Directors is determined within the range set in accordance with position/responsibility/rank by taking account of appropriate levels.

The amount of monthly fixed remuneration for President & Representative Director is determined as the amount proposed by the Remuneration Committee upon approval of the Board of Directors. The individual amount of remuneration for Corporate Directors other than President & Representative Director is determined by President & Representative Director under the authority delegated by the Board of Directors.

Performance-linked remuneration is paid to full-time Corporate Directors, with its total payment per fiscal year set up to 5% of net income attributable to owners of parent, and the proportion of “cash bonus” (short-term incentive) and “performance-linked stock-based remuneration” (medium and long-term incentive) set at roughly 2 to 1.

The amount of cash bonus, which is calculated based on net income attributable to owners of parent, is proposed to the General Meeting of Shareholders for approval.

The performance-linked stock-based remuneration, separately from the above monthly fixed remuneration, is funded with Corporate Director’s salaries and remuneration provided by the Company and a stock-based remuneration plan in which the Company shares are acquired through trusts and issued to eligible Corporate Directors according to the level of achievement of performance. (However, the Company’s shares are delivered to Corporate Directors when they retire, in principal.)

Remuneration of Outside Directors and part-time Corporate Directors solely comprises “monthly fixed remuneration.”

[Remuneration system for Corporate Directors]

Monthly fixed remuneration	+	Performance-linked remuneration	
		Cash bonus	Performance-linked stock-based remuneration

*1 Performance-linked remuneration shall not exceed 5% of net income attributable to owners of parent.

*2 Proportion of cash bonus and the performance-linked stock-based remuneration set at roughly 2:1.

*3 Outside Directors and part-time Corporate Directors are not eligible.