



November 6, 2020

To whom it may concern,

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**Notification on the transformation into a company with an audit committee and
partial revision to the articles of incorporation**

At the meeting of the board of directors held today, we resolved to transform from the current “company with the board of auditors” to “a company with an audit committee” if it is approved at the 8th annual meeting of shareholders to be held on December 10, 2020, and discuss “partial revision to the articles of incorporation” following the transformation at said meeting of shareholders.

1. Transformation into a company with an audit committee

(1) Purpose of the transformation

Our company would like to transform into a company with an audit committee in order to further enhance our corporate value by tightening corporate governance, improving the transparency and efficiency of management, and enabling swift decision making.

(2) Timing of the transformation

We plan to transform into a company with an audit committee, after necessary revision to the articles of incorporation is approved at the 8th annual meeting of shareholders to be held on December 10, 2020.

2. Partial revision to the articles of incorporation

(1) Purpose of the revision to the articles of incorporation

To transform into a company with an audit committee, we will make necessary revisions, including

the establishment of regulations for the audit committee and directors who belong to the audit committee and the deletion of regulations regarding auditors and the board of auditors.

(2) Details of the revision

The details of the revision are as shown in the appendix.

(3) Schedule

General meeting of shareholders to discuss the revision to the articles of incorporation: Thursday, December 10, 2020

Date on which the revision to the articles of incorporation will become effective: Thursday, December 10, 2020

[Appendix]

(The underline represents a revised part.)

Current articles of incorporation	Revised ones
<p>Chapter 1 General Provisions</p> <p>Articles 1 to 3 (provisions omitted)</p> <p>Article 4 Organs</p> <p>Our company has general meetings of shareholders, directors, and the following organs.</p> <p>1. The board of directors</p> <p>2. <u>Auditors</u></p> <p>3. <u>The board of auditors</u></p> <p>4. <u>Comptrollers</u></p> <p>Articles 5 to 9 (provisions omitted)</p> <p>Article 10 Shareholder registry administrator</p> <p>1. Our company employs a shareholder registry administrator.</p> <p>2. A shareholder registry administrator and an office handling related clerical tasks will be determined through resolutions of the board of directors.</p> <p>Article 11 Regulations for handling shares</p> <p>The handling methods and commission charges for the shares of our company are subject to laws, regulations, these articles of incorporation, and regulations set forth by the board of directors.</p> <p>Articles 12 to 18 (provisions omitted)</p>	<p>Chapter 1 General Provisions</p> <p>Articles 1 to 3 (unchanged)</p> <p>Article 4 Organs</p> <p>Our company has general meetings of shareholders, directors, and the following organs.</p> <p>1. The board of directors</p> <p>2. <u>An audit committee</u> (Deleted)</p> <p><u>3. Comptrollers</u></p> <p>Articles 5 to 9 (unchanged)</p> <p>Article 10 Shareholder registry administrator</p> <p>1. Our company employs a shareholder registry administrator.</p> <p>2. A shareholder registry administrator and an office handling related clerical tasks will be determined by the board of directors <u>or directors delegated through resolutions of the board of directors.</u></p> <p>Article 11 Regulations for handling shares</p> <p>The handling methods and commission charges for the shares of our company are subject to laws, regulations, these articles of incorporation, and regulations set forth by the board of directors <u>or directors delegated through resolutions of the board of directors.</u></p> <p>Articles 12 to 18 (unchanged)</p>

<p>Chapter 4 Directors, a representative director, and the board of directors</p> <p>Article 19 Number of directors The number of directors of our company shall be up to 12.</p> <p>(Newly established)</p> <p>Article 20 Appointment of directors 1. Directors of our company will be appointed with a majority of voting rights of participating shareholders when a general meeting of shareholders is attended by shareholders who hold one third or more of the total number of voting rights.</p> <p>(Newly established)</p> <p><u>2.</u> Cumulative voting is not valid in the appointment of directors of our company.</p> <p>Article 21 Term of each director 1. The term of each director shall end at the conclusion of the annual meeting of shareholders for the last fiscal year ending within 2 years after appointment.</p> <p>(Newly established)</p>	<p>Chapter 4 Directors, a representative director, and the board of directors</p> <p>Article 19 Number of directors 1. The number of directors of our company <u>who do not belong to the audit committee</u> shall be up to 12. <u>2. The number of directors of our company who belong to the audit committee shall be up to 4.</u></p> <p>Article 20 Appointment of directors 1. Directors of our company will be appointed with a majority of voting rights of participating shareholders when a general meeting of shareholders is attended by shareholders who hold one third or more of the total number of voting rights. <u>2. The appointment of directors in accordance with the previous paragraph will be conducted while distinguishing between directors who belong to the audit committee and directors who do not belong to the audit committee.</u></p> <p><u>3.</u> Cumulative voting is not valid in the appointment of directors of our company.</p> <p>Article 21 Term of each director 1. The term of each director <u>who does not belong to the audit committee</u> shall end at the conclusion of the annual meeting of shareholders for the last fiscal year ending within 1 year after appointment. <u>2. The term of each director who belongs to the audit committee shall end at the conclusion of the annual meeting of shareholders for the last fiscal year ending within 2 years after appointment.</u></p>
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2. The term of each director who has been appointed as a substitute or additional director shall end at the time of expiration of the term of the former director or other incumbent directors.

(Newly established)

Article 22 A representative director and directors with executive posts

1. Our company appoints a representative director from directors through a resolution of the board of directors.

2. The representative director shall serve as president.

3. When necessary, it is possible to appoint a vice president, senior managing directors, and managing directors from directors through resolutions of the board of directors.

Articles 23 and 24 (provisions omitted)

Article 25 Convocation notice for a meeting of the board of directors

The convocation notice for a meeting of the board of directors shall be distributed to directors and auditors at least 3 days prior to the date of said meeting; provided, however, that said period may be shortened in case of emergency. In addition, a meeting of the board

3. The term of each director who has been appointed as a substitute or additional director who does not belong to the audit committee shall end at the time of expiration of the term of the former director or other incumbent directors.

4. The term of each director who belongs to the audit committee and has been appointed as a substitute for a director who belonged to the audit committee and retired before the expiration of his/her term shall end at the expiration of the term of the retired director.

Article 22 A representative director and directors with executive posts

1. Our company appoints a representative director from directors who do not belong to the audit committee through a resolution of the board of directors.

2. The representative director shall serve as president.

3. When necessary, it is possible to appoint a vice president, senior managing directors, and managing directors from directors who do not belong to the audit committee through resolutions of the board of directors.

Articles 23 and 24 (unchanged)

Article 25 Convocation notice for a meeting of the board of directors

1. The convocation notice for a meeting of the board of directors shall be distributed to directors at least 3 days prior to the date of said meeting; provided, however, that said period may be shortened when necessary in case of emergency.

of directors may be held without a convocation notice, if agreed by all directors and auditors.

(Newly established)

Article 26 (provisions omitted)

Article 27 Omission of a resolution of the board of directors

In the case where a director gives a proposal to the agenda(s) of the board of directors, if agreed by all directors who can vote for said proposal in writing, the board of directors will be deemed to have resolved to adopt said proposal, unless an auditor expresses an objection.

(Newly established)

Article 28 Minutes of meetings of the board of directors

The summaries and results of discussions at each meeting of the board of directors and other items specified in laws and regulations will be recorded, and then attending directors and auditors will sign and seal or put their electronic signatures on said record.

Article 29 (provisions omitted)

2. A meeting of the board of directors may be held without completing the convocation procedure, if agreed by all directors.

Article 26 (unchanged)

Article 27 Omission of a resolution of the board of directors

In the case where a director gives a proposal to the agenda(s) of the board of directors, if agreed by all directors who can vote for said proposal in writing, the board of directors will be deemed to have resolved to adopt said proposal.

Article 28 Delegation of decisions about important business execution

In accordance with Article 399-13, Paragraph 6 of the Companies Act, our company may delegate all or some of decisions about important business execution (excluding the matters written in each item of Paragraph 5 of the Companies Act) to directors through resolutions of the board of directors.

Article 29 Minutes of meetings of the board of directors

The summaries and results of discussions at each meeting of the board of directors and other items specified in laws and regulations will be recorded, and then attending directors will sign and seal or put their electronic signatures on said record.

Article 30 (unchanged)

<p>Article <u>30</u> Remunerations, etc. of directors Property benefits each director receives from our company as remunerations, bonuses, and other compensations for tasks (<u>hereinafter referred to as “remunerations, etc.”</u>) will be determined through resolutions at a general meeting of shareholders.</p>	<p>Article <u>31</u> Remunerations, etc. of directors Property benefits each director receives from our company as remunerations, bonuses, and other compensations for tasks will be determined through resolutions at a general meeting of shareholders <u>while distinguishing between directors who belong to the audit committee and directors who do not belong to the audit committee.</u></p>
<p>Article <u>31</u> (provisions omitted)</p>	<p>Article <u>32</u> (unchanged)</p>
<p><u>Chapter 5 Auditors and the board of auditors</u></p>	<p>(Deleted)</p>
<p><u>Article 32 Number of auditors</u> <u>The number of auditors of our company shall be up to 4.</u></p>	<p>(Deleted)</p>
<p><u>Article 33 Appointment of auditors</u> <u>Auditors of our company will be appointed with a majority of voting rights of participating shareholders when a general meeting of shareholders is attended by shareholders who hold one third or more of the total number of voting rights.</u></p>	<p>(Deleted)</p>
<p><u>Article 34 Term of each auditor</u> <u>1. The term of each auditor shall end at the conclusion of the annual meeting of shareholders for the last fiscal year ending within 4 years after appointment.</u> <u>2. The term of each auditor who has been appointed as a substitute for an auditor who has retired before the expiration of his/her term shall be the remaining period of the term of the retired</u></p>	<p>(Deleted)</p>

<p><u>auditor.</u></p> <p><u>Article 35 Convocation of a meeting of the board of auditors</u></p> <p><u>1. The convocation notice for a meeting of the board of auditors shall be distributed to auditors at least 3 days prior to the date of said meeting; provided, however, that said period may be shortened when necessary in case of emergency.</u></p> <p><u>2. A meeting of the board of auditors may be held without completing the convocation procedure, if agreed by all auditors.</u></p> <p><u>Article 36 Full-time auditors</u></p> <p><u>The board of auditors will select full-time auditors through its resolutions.</u></p> <p><u>Article 37 Resolution method of the board of auditors</u></p> <p><u>A resolution of the board of auditors shall be made by a majority of auditors, unless otherwise specified by a law or regulation.</u></p> <p><u>Article 38 Minutes of meetings of the board of auditors</u></p> <p><u>The summaries and results of discussions at each meeting of the board of auditors and other items specified in laws and regulations will be recorded, and then attending auditors will sign and seal or put their electronic signatures on said record.</u></p> <p><u>Article 39 Rules for the board of auditors</u></p> <p><u>The rules for the operation of the board of auditors are based on laws, regulations, the articles of incorporation, and the regulations for</u></p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
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<p><u>the board of auditors specified by the board of auditors.</u></p>	
<p><u>Article 40 Remunerations, etc. of auditors</u> <u>The remunerations, etc. of auditors will be specified through resolutions of general meetings of shareholders.</u></p>	<p>(Deleted)</p>
<p><u>Article 41 Exemption of auditors from liability</u> <u>1. In accordance with Article 426, Paragraph 1 of the Companies Act, our company may exempt auditors (including former auditors) from liability mentioned in Article 423, Paragraph 1 of the Companies Act within the range specified by a law or regulation through a resolution of the board of directors, as long as said auditor is benevolent and has not committed gross negligence.</u> <u>2. In accordance with Article 427, Paragraph 1 of the Companies Act, our company may conclude a contract with an auditor for bearing said auditor's liability mentioned in Article 423, Paragraph 1 of the Companies Act within a limit specified by a law or regulation, as long as said auditor is benevolent and has not committed gross negligence.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>Chapter 5 Audit committee</u></p>
<p>(Newly established)</p>	<p><u>Article 33 Convocation of a meeting of the audit committee</u> <u>1. The convocation notice for a meeting of the audit committee shall be distributed to the members of the audit committee at least 3 days prior to the date of said meeting; provided,</u></p>

	<p><u>however, that said period may be shortened when necessary in case of emergency.</u></p> <p><u>2. A meeting of the audit committee may be held without completing the convocation procedure, if agreed by all audit committee members.</u></p>
(Newly established)	<u>Article 34 The audit committee may select full-time auditors through its resolutions.</u>
(Newly established)	<u>Article 35 Resolutions of the audit committee</u> <u>A resolution of the audit committee will be made by a majority of participating directors when a meeting of the audit committee is attended by a majority of directors who can vote.</u>
(Newly established)	<u>Article 36 Minutes of meetings of the audit committee</u> <u>The summaries and results of discussions at each meeting of the audit committee and other items specified in laws and regulations will be recorded, and then attending audit committee members will sign and seal or put their electronic signatures on said record.</u>
(Newly established)	<u>Article 37 Rules for the audit committee</u> <u>The rules for the operation of the audit committee are based on laws, regulations, the articles of incorporation, and the regulations for the audit committee specified by the audit committee.</u>
Chapter 6 Comptrollers Articles <u>42</u> and <u>43</u> (provisions omitted)	Chapter 6 Comptrollers Articles <u>38</u> and <u>39</u> (unchanged)
Chapter 7 Calculation Articles <u>44</u> to <u>47</u> (provisions omitted)	Chapter 7 Calculation Articles <u>40</u> to <u>43</u> (unchanged)

<p>(Newly established)</p>	<p><u>Supplementary provisions</u> <u>(Transitional measures for exempting auditors from liability)</u> <u>In accordance with Article 426, Paragraph 1 of the Companies Act, our company may exempt auditors (including former auditors) from liability for damages due to the failure to fulfill their duties before the enforcement of partial revision to the articles of incorporation resolved at the 8th annual meeting of shareholders held in December 2020 within a limit specified by a law or regulation through a resolution of the board of directors.</u></p>
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