

Securities Code: 6457

June 10, 2020

To our shareholders,

Motozumi Miwa

President

GLORY LTD.

3-1, Shimoteno 1-chome,

Himeji City, Hyogo

Notice of the 74th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 74th Ordinary General Meeting of Shareholders of GLORY LTD. (the “Company”), which will be held as described below (the “Shareholders Meeting”).

In the event that you are unable to attend the Shareholders Meeting in person, you are kindly requested to review the attached Reference Materials for the Shareholders Meeting, and exercise your voting rights by stating your approval or disapproval for each of the proposals in the enclosed Voting Card. Please return the Voting Card to the Company, or vote via the Company’s voting site* at <<https://evote.tr.mufg.jp/>>. Whichever method you use, we ask that you please exercise your voting rights no later than 5:15 p.m., Thursday, June 25, 2020 (Tokyo time).

*Available only in the Japanese language.

1. **Date & Time** Friday, June 26, 2020, 10:00 a.m.
2. **Place** Conference Room (5th Floor),
 GLORY LTD. Headquarters
 3-1 Shimoteno 1-chome,
 Himeji City, Hyogo

3. Agenda

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and the Reports of Independent Auditors and the Audit & Supervisory Board on the Consolidated Financial Statements for the 74th term (from April 1, 2019 to March 31, 2020)
2. The Financial Statements for the 74th term (from April 1, 2019 to March 31, 2020)

Proposals to be acted upon:

- | | |
|----------------|---|
| Proposal No. 1 | Distribution of Dividends of Surplus |
| Proposal No. 2 | Partial Amendments to the Articles of Incorporation |
| Proposal No. 3 | Election of Eight (8) Directors who are not Audit & Supervisory Committee Members |
| Proposal No. 4 | Election of Three (3) Directors who are Audit & Supervisory Committee Members |
| Proposal No. 5 | Determination of the Amount of Cash Compensation for Directors who are not Audit & Supervisory Committee Members |
| Proposal No. 6 | Determination of the Amount of Cash Compensation for Directors who are Audit & Supervisory Committee Members |
| Proposal No. 7 | Determination of the Amount and Other Contents of Performance-Based Stock Compensation Plan for Directors who are not Audit & Supervisory Committee Members |

This is a partial translation of the original Japanese text of the “Notice of the 74th Ordinary General Meeting of Shareholders” prepared for the convenience of shareholders. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

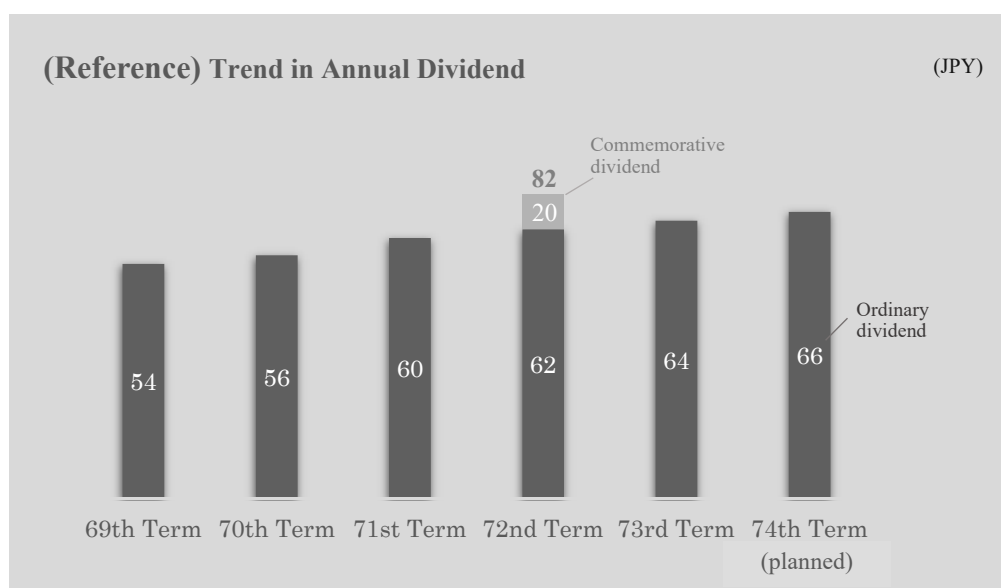
REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING

Proposal No. 1 Distribution of Dividends of Surplus

Considering the return of profits to shareholders to be an important management task, the Company’s policy in regard to distribution of profits is to continue stable dividends while striving to maintain and enhance sound financial standing in preparation for future business growth. The Company has set the target of attaining a dividend payout ratio of 30% or higher on a consolidated basis.

In accordance with the above policy, the Company is proposing to pay a year-end dividend of ¥34 per share. As the Company previously paid out ¥32 per share as an interim-period dividend, the total dividend for the 74th term will be ¥66 per share. Consequently, the payout ratio will be 44.5%.

1. Type of dividend property
Cash
2. Allocation of dividend property and total amount of allocation
¥34 per share of common stock
Total amount of payout: ¥2,066,254,154
3. Effective date of dividend payment
June 29, 2020



Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reason for the proposed amendments

- (1) The Company plans to transition to a Company with Audit & Supervisory Committee in order to further promote the strengthening of supervisory function of the Board of Directors and the acceleration of the decision making regarding the management. To implement the planned transition, the Company proposes certain necessary amendments such as; establishing provisions regarding Directors who are Audit & Supervisory Committee Members and the Audit & Supervisory Committee; deleting provisions regarding Audit & Supervisory Board Members and the Audit & Supervisory Board; changing provisions regarding the number of Directors and; establishing provisions which may delegate on the execution of important operations to Directors by a resolution of the Board of Directors.
- (2) Certain provisions are to be changed so that the meetings of the Board of Directors and shareholders meetings can be conducted in a flexible manner and Directors can fully perform their expected roles.
- (3) In order to enable flexible implementation of capital and dividend policies, certain provisions are to be changed so that dividends of surplus and other related matters can be decided not only by a resolution of shareholders meeting but also by the Board of Directors.
- (4) Certain other changes are to be made in association with the above amendments, such as changes of article numbers and rewording of provisions.

As to the proposed amendment to Article 31 (Limitation of Directors' Liability), the consent of all the members of the Audit & Supervisory Board has been obtained.

2. Details of proposed amendments

Details of the proposed amendments are as follows:

The amendments to the Articles of Incorporation in this proposal will take effect at the conclusion of the Shareholders Meeting if approved.

(Amended portions are underlined.)

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
Chapter I : GENERAL PROVISIONS	Chapter I : GENERAL PROVISIONS
Article 1 ~ Article 3 (Omitted)	Article 1 ~ Article 3 (Same as the present)
Article 4 (Governing Bodies) The Company shall have the following governing bodies in addition to the General Meeting of Shareholders and Directors: (1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Accounting Auditors	Article 4 (Governing Bodies) The Company shall have the following governing bodies in addition to the General Meeting of Shareholders and Directors: (1) Board of Directors (2) <u>Audit & Supervisory Committee</u> (Deleted) (3) Accounting Auditors
Article 5 (Omitted)	Article 5 (Same as the present)
Chapter II : SHARES	Chapter II : SHARES
Article 6~10 (Omitted)	Article 6~10 (Same as the present)

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
<p>Article 11 (Administrator of Shareholders Registry)</p> <ol style="list-style-type: none"> (Omitted) The administrator of the shareholders registry and the location of its handling office shall be determined <u>by resolution of the Board of Directors</u>, and public notice thereof shall be given. (Omitted) <p>Article 12 (Share Handling Rules) The handling and fees relating to the shares of the Company shall be governed by the Share Handling Rules established by <u>the Board of Directors</u>, as well as applicable laws, ordinances and these Articles of Incorporation.</p>	<p>Article 11 (Administrator of Shareholders Registry)</p> <ol style="list-style-type: none"> (Same as the present) The administrator of the shareholders registry and the location of its handling office shall be determined <u>by resolution of the Board of Directors or by the Director to whom the Board of Directors has delegated the authority</u>, and public notice thereof shall be given. (Same as the present) <p>Article 12 (Share Handling Rules) The handling and fees relating to the shares of the Company shall be governed by the Share Handling Rules established by <u>the Board of Directors or by the Director to whom the Board of Directors has delegated the authority</u>, as well as applicable laws, ordinances and these Articles of Incorporation.</p>
<p align="center">Chapter III : GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 13 ~ Article 15 (Omitted)</p> <p>Article 16 (Convener and Chairperson)</p> <ol style="list-style-type: none"> A General Meeting of Shareholders shall be convened by the <u>President of the Company</u>, who shall act as chairperson thereof. When the <u>President</u> is unable to act in the above capacity, another Director appointed in the order determined in advance by resolution of the Board of Directors shall convene such General Meeting of Shareholders and act as the chairperson thereof. <p>Article 17 ~ Article 19 (Omitted)</p>	<p align="center">Chapter III : GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 13 ~ Article 15 (Same as the present)</p> <p>Article 16 (Convener and Chairperson)</p> <ol style="list-style-type: none"> A General Meeting of Shareholders shall be convened by the <u>Director appointed in advance by resolution of the Board of Directors</u>, who shall act as chairperson thereof. When the <u>Director appointed in accordance with the preceding paragraph</u> is unable to act in the above capacity, another Director appointed in the order determined in advance by resolution of the Board of Directors shall convene such General Meeting of Shareholders and act as the chairperson thereof. <p>Article 17 ~ Article 19 (Same as the present)</p>
<p align="center">Chapter IV : DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 20 (Number of Directors) The Company shall have not more than ten (10) Directors.</p>	<p align="center">Chapter IV : DIRECTORS, BOARD OF DIRECTORS <u>AND AUDIT & SUPERVISORY COMMITTEE</u></p> <p>Article 20 (Number of Directors)</p> <ol style="list-style-type: none"> The Company shall have not more than ten (10) Directors <u>who are not Audit & Supervisory Committee Members</u>.

(TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
(Newly established)	<u>2. The Company shall have not more than five (5) Directors who are Audit & Supervisory Committee Members.</u>
Article 21 (Method of Appointment of Directors) 1. Directors shall be appointed at a General Meeting of Shareholders.	Article 21 (Method of Appointment of Directors) 1. Directors shall be appointed at a General Meeting of Shareholders, <u>distinguishing between Directors who are Audit & Supervisory Committee Members and other Directors.</u>
2. (Omitted)	2. (Same as the present)
3. (Omitted)	3. (Same as the present)
Article 22 (Term of Office) The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within one (1) year from his or her appointment.	Article 22 (Term of Office) 1. The term of office of a Director <u>who is not an Audit & Supervisory Committee Member</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within one (1) year from his or her appointment.
(Newly established)	<u>2. The term of office of a Director who is an Audit & Supervisory Committee Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within two (2) years from his or her appointment.</u>
(Newly established)	<u>3. The term of office of a Director who is an Audit & Supervisory Committee Member appointed as a substitute for another Director who was an Audit & Supervisory Committee Member retired before the expiration of his or her term of office shall expire at the time of expiration of the term of office of the retired Director.</u>
(Newly established)	<u>4. The effective period of the resolution for the election of a substitute Director who is an Audit & Supervisory Committee Member shall expire at the commencement of the Ordinary General Meeting of Shareholders for the last business year ending within two (2) years from his or her appointment, unless shortened by such resolution.</u>

(TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
<p>Article 23 (Representative Directors and Directors with Titles)</p> <p>1. The Board of Directors shall appoint a Representative Director by its resolution.</p> <p>2. The Board of Directors may appoint one (1) Chairman of the Board and one (1) President by its resolution.</p>	<p>Article 23 (Representative Directors and Directors with Titles)</p> <p>1. The Board of Directors shall appoint a Representative Director <u>from among Directors who are not Audit & Supervisory Committee Members</u> by its resolution.</p> <p>2. The Board of Directors may appoint one (1) Chairman of the Board and one (1) President <u>from among Directors who are not Audit & Supervisory Committee Members</u> by its resolution.</p>
<p>Article 24 (Convener and Chairperson of a Meeting of the Board of Directors)</p> <p>1. Except as otherwise provided by applicable laws and ordinances, the <u>President</u> shall convene a meeting of the Board of Directors and act as chairperson thereof.</p> <p>2. When the <u>President</u> is unable to act in the above capacity, another Director appointed in the order determined in advance by resolution of the Board of Directors shall convene such meetings of the Board of the Directors and act as the chairperson thereof.</p>	<p>Article 24 (Convener and Chairperson of a Meeting of the Board of Directors)</p> <p>1. Except as otherwise provided by applicable laws and ordinances, the <u>Director appointed in advance by resolution of the Board of Directors</u> shall convene a meeting of the Board of Directors and act as chairperson thereof.</p> <p>2. When the <u>Director appointed in accordance with the preceding paragraph</u> is unable to act in the above capacity, another Director appointed in the order determined in advance by resolution of the Board of Directors shall convene such meetings of the Board of the Directors and act as the chairperson thereof.</p>
<p>Article 25 (Convocation Notice of a Meeting of the Board of Directors)</p> <p>1. Convocation notice of a meeting of the Board of Directors shall be given to each Director <u>and Audit & Supervisory Board Member</u> at least three (3) days prior to the date of such meeting, provided, however, that such period may be shortened in case of emergency.</p> <p>2. Notwithstanding the foregoing, a meeting of the Board of Directors may be convened without following the convocation procedures if the Directors <u>and Audit & Supervisory Board Members</u> unanimously agree to that effect.</p>	<p>Article 25 (Convocation Notice of a Meeting of the Board of Directors)</p> <p>1. Convocation notice of a meeting of the Board of Directors shall be given to each Director at least three (3) days prior to the date of such meeting, provided, however, that such period may be shortened in case of emergency.</p> <p>2. Notwithstanding the foregoing, a meeting of the Board of Directors may be convened without following the convocation procedures if the Directors unanimously agree to that effect.</p>

(TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
(Newly established)	Article 26 (Convocation Notice of a Meeting of the Audit & Supervisory Committee) <u>1. Convocation notice of a meeting of the Audit & Supervisory Committee shall be given to each Director who is an Audit & Supervisory Committee Member at least three (3) days prior to the date of such meeting, provided, however, that such period may be shortened in case of emergency.</u> <u>2. Notwithstanding the foregoing, a meeting of the Audit & Supervisory Committee may be convened without following the convocation procedures if the Directors who are Audit & Supervisory Committee Members unanimously agree to that effect.</u>
Article 26 (Omitted)	Article 27 (Same as the present)
(Newly established)	Article 28 (Delegation to Directors) <u>Pursuant to the provisions of Paragraph 6 of Article 399-13 of the Companies Act, the Company may delegate decisions regarding the execution of important operations (excluding the matters set forth in items of Paragraph 5 of such Article) to Directors by a resolution of the Board of Directors.</u>
Article 27 (Omitted)	Article 29 (Same as the present)
(Newly established)	Article 30 (Rules for the Audit & Supervisory Committee) <u>Matters concerning the Audit & Supervisory Committee shall be governed by applicable laws, ordinances and these Articles of Incorporation, as well as by the Rules for the Audit & Supervisory Committee established by the Audit & Supervisory Committee.</u>
Article 28 (Limitation of Directors' Liability) (Newly established)	Article 31 (Limitation of Directors' Liability) <u>1. In accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Directors (including former Directors) from their liabilities for damages due to negligence of their duties to the legally authorized extent.</u> <u>2. (Same as the present)</u>
(Omitted)	

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
<p>Article 29 (Remuneration and Other Benefits) The remuneration, bonuses and other monetary benefits to be received by Directors from the Company as consideration for execution of duties (<u>hereinafter referred to as “Remuneration”</u>) shall be determined by resolution of a General Meeting of Shareholders.</p>	<p>Article 32 (Remuneration and Other Benefits) The remuneration, bonuses and other monetary benefits to be received by Directors from the Company as consideration for execution of duties shall be determined by resolution of a General Meeting of Shareholders, <u>distinguishing between Directors who are Audit & Supervisory Committee Members and other Directors.</u></p>
<p><u>Chapter V : AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</u></p> <p>Article 30 (Number of Audit & Supervisory Board Members) The Company shall have not more than four (4) <u>Audit & Supervisory Board Members.</u></p> <p>Article 31 (Method of Appointment of Audit & Supervisory Board Members) 1. <u>Audit & Supervisory Board Members shall be appointed by a General Meeting of Shareholders.</u> 2. <u>The resolution to appoint Audit & Supervisory Board Members shall be adopted by a majority of the voting rights of the shareholders who are entitled to exercise voting rights and attend the General Meeting of Shareholders, which shareholders having one-third or more of the total voting rights shall attend.</u></p> <p>Article 32 (Term of Office) 1. <u>The term of office of an Audit & Supervisory Board Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within four (4) years from his or her appointment.</u> 2. <u>The term of office of an Audit & Supervisory Board Member appointed to fill a vacancy following an Audit & Supervisory Board Member retiring before the expiration of his or her term of office shall expire at the time of expiration of the term of office of the retiring Audit & Supervisory Board Member.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
<p>Article 33 (<u>Standing Audit & Supervisory Board Members</u>) <u>The Audit & Supervisory Board shall appoint Standing Audit & Supervisory Board Member(s) by its resolution.</u></p>	(Deleted)
<p>Article 34 (<u>Convocation Notice of a Meeting of the Audit & Supervisory Board</u>)</p> <p>1. <u>Convocation notice of a meeting of the Audit & Supervisory Board shall be given to each Audit & Supervisory Board Member at least three (3) days prior to the date of such meeting, provided, however, that such period may be shortened in case of emergency.</u></p> <p>2. <u>Notwithstanding the foregoing, a meeting of the Audit & Supervisory Board may be convened without following the convocation procedures in case the Audit & Supervisory Board Members agree unanimously to that effect.</u></p>	(Deleted)
<p>Article 35 (<u>Rules for the Audit & Supervisory Board</u>) <u>Matters concerning the Audit & Supervisory Board shall be governed by applicable laws, ordinances and these Articles of Incorporation, as well as by the Rules for the Audit & Supervisory Board established by the Audit & Supervisory Board.</u></p>	(Deleted)
<p>Article 36 (<u>Limitation of Audit & Supervisory Board Members' Liability</u>) <u>In accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, the Company may enter into an agreement with an Audit & Supervisory Board Member which shall limit his or her liability for damages as provided for under Paragraph 1 of Article 423 of the Companies Act. However, this limit shall be the minimum liability amount stipulated by applicable laws and ordinances.</u></p>	(Deleted)
<p>Article 37 (<u>Remuneration</u>) <u>The Remuneration to be received by Audit & Supervisory Board Members from the Company shall be determined by resolution of a General Meeting of Shareholders.</u></p>	(Deleted)

(TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
<p style="text-align: center;">Chapter VI: ACCOUNTS</p> <p>Article 38 (Omitted) (Newly established)</p> <p>Article 39 (Record Date for Dividends of Surplus) 1. The Record Date for the year-end dividends of the Company shall be March 31 of each year. (Newly established)</p> <p>2. In addition to the preceding paragraph, the Company may distribute a dividend from retained earnings by a record date other than that in the preceding paragraph.</p> <p>Article 40 (Interim Dividends) <u>The Company may, by resolution of the Board of Directors, distribute interim dividends from retained earnings by the record date of September 30 each year.</u></p> <p>Article 41 (Omitted)</p>	<p style="text-align: center;">Chapter V: ACCOUNTS</p> <p>Article 33 (Same as the present)</p> <p>Article 34 (Governing Bodies that Decide Dividends of Surplus, Etc.) <u>Except as otherwise provided by applicable laws and ordinances, dividends of surplus and other matters set forth in each item of paragraph 1 of Article 459 of the Companies Act shall be decided by resolution of a General Meeting of Shareholders or the Board of Directors.</u></p> <p>Article 35 (Record Date for Dividends of Surplus) 1. The Record Date for the year-end dividends of the Company shall be March 31 of each year. <u>2. The Record Date for the interim dividends of the Company shall be September 30 of each year.</u> 3. In addition to the preceding <u>two</u> paragraphs, the Company may distribute a dividend from retained earnings by a record date other than those in the preceding paragraphs.</p> <p>(Deleted)</p> <p>Article 36 (Same as the present)</p>

Proposal No. 3 Election of Eight (8) Directors who are not Audit & Supervisory Committee Members


Subject to approval of the Proposal No.2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company will transition to a Company with an Audit & Supervisory Committee, and the term of office will expire for all current eight (8) Directors when the amendments become effective. Therefore, we would like shareholders to elect eight (8) Directors who are not Audit & Supervisory Committee Members.

Further, this proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.2 “Partial Amendments to the Articles of Incorporation” come into force.

The candidates for the position of Director who are not Audit & Supervisory Committee Members are as follows:

No	Name (age*)	Positions and responsibilities	Attendance rate at Board of Directors meetings (FY 2019)		
1	Reappointment Hirokazu Onoe (72)	Chairman of the Board & Representative Director	16/16		
2	Reappointment Motozumi Miwa (66)	President & Representative Director	16/16		
3	Reappointment Hideo Onoe (52)	Director & Senior Managing Executive Officer; Executive General Manager, Domestic Business Headquarters	15/16		
4	Reappointment Shigetoshi Mabuchi (62)	Director & Senior Managing Executive Officer; Executive General Manager, Service Headquarters	16/16		
5	Reappointment Kaname Kotani (60)	Director & Senior Managing Executive Officer; Executive General Manager, Development Headquarters, Responsible for new businesses and information security, Responsible for Intellectual Property Dept.	16/16		
6	Reappointment Akihiro Harada (57)	Director & Senior Managing Executive Officer; Executive General Manager, International Business Company Unit	16/16		
7	Reappointment Joji Iki (68) <table border="1" data-bbox="338 1713 566 1765"><tr><td>Candidate for Outside Director</td></tr></table> <table border="1" data-bbox="338 1771 566 1823"><tr><td>Candidate for Independent Director</td></tr></table>	Candidate for Outside Director	Candidate for Independent Director	Outside Director (Number of years of service at the conclusion of the Shareholders Meeting : 3 years)	16/16
Candidate for Outside Director					
Candidate for Independent Director					
8	Reappointment Junji Uchida (70) <table border="1" data-bbox="338 1937 566 1989"><tr><td>Candidate for Outside Director</td></tr></table> <table border="1" data-bbox="338 1995 566 2047"><tr><td>Candidate for Independent Director</td></tr></table>	Candidate for Outside Director	Candidate for Independent Director	Outside Director (Number of years of service at the conclusion of the Shareholders Meeting : 1 year)	13/13 (since assumption of office)
Candidate for Outside Director					
Candidate for Independent Director					

* As of the date of the Shareholders Meeting.

No 1	<i>Name</i>	Reappointment	
	<i>Date of birth (age)</i>	<i>Number of shares of the Company owned by the candidate:</i>	
	Hirokazu Onoe March 19, 1948 (72)	31,220 16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>			
Sep.	1970	Joined the Company	
Apr.	2000	General Manager, Vending Machine & Amusement Systems Business Div.	
Jun.	2001	Director	
Jun.	2004	Managing Director	
Jun.	2006	Director & Managing Executive Officer	
Apr.	2009	General Manager, Corporate Strategy Div.	
Jun.	2010	Director & Executive Vice President	
Apr.	2011	President & Representative Director	
Apr.	2019	Chairman of the Board & Representative Director (to present)	
<i>Significant concurrent positions:</i> None			
<i>Special interest between the candidate and the Company:</i> None			
<i>Reason for recommending the candidate as Director:</i>			
Mr. Hirokazu Onoe has accumulated considerable experience and achievements in various business sectors of the Company such as the main domestic business divisions and management planning division. He has also held the key positions such as Vice President and President and Chairman of the Board of the Company, thereby playing an important role to increase the corporate value of the Company and its group companies (the “Group”) as the top executive of the Group. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election as a Director.			

No 2	<i>Name</i>	Reappointment	
	<i>Date of birth (age)</i>	<i>Number of shares of the Company owned by the candidate:</i>	
	Motozumi Miwa June 9, 1954 (66)	15,550 16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>			
Jun.	2009	Joined the Company	
Mar.	2010	General Manager, Legal Affairs Dept., General Affairs Div.	
Jun.	2010	Executive Officer	
Apr.	2012	Senior Executive Officer; Executive General Manager, General Affairs Headquarters	
Jun.	2012	Director & Senior Executive Officer	
Apr.	2013	Responsible for CSR, brand strategy, investor relations and legal compliance functions	
Apr.	2014	Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters, Responsible for General Affairs Headquarters	
Apr.	2015	Director & Senior Managing Executive Officer	
Apr.	2016	Representative Director & Senior Managing Executive Officer	
Apr.	2017	Executive Vice President & Representative Director; Responsible for Business Management Headquarters	
Apr.	2019	President & Representative Director (to present)	
<i>Significant concurrent positions:</i>		None	
<i>Special interest between the candidate and the Company:</i>		None	
<i>Reason for recommending the candidate as Director:</i>			
<p>Besides the considerable experience and knowledge gained in the financial industry, Mr. Motozumi Miwa has accumulated abundant experience and achievements as a head of the Company's corporate affairs functions and Executive Vice President. Since assuming the position of President, he has been playing an important role to increase the Group's corporate value as the top executive of the Group. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election as a Director.</p>			

No 3	<i>Name</i>	Reappointment	
	<i>Date of birth (age)</i>		
	Hideo Onoe	<i>Number of shares of the Company owned by the candidate:</i> 376,054	
	October 17, 1967 (52)	<i>Attendance rate at Board of Directors meetings:</i> 15/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>			
Jan.	1999	Joined the Company	
Oct.	2005	General Manager, Supply Chain Management Dept., Production Management Div., Money Handling Systems Business Headquarters	
Oct.	2006	Executive Officer	
Jul.	2009	President of GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.)	
Apr.	2012	Senior Executive Officer of the Company; Executive General Manager, Production Headquarters	
Apr.	2013	Chairman of the Board of GLORY Denshi Kogyo (Suzhou) Ltd.	
Apr.	2014	Managing Executive Officer of the Company; Executive General Manager, Production Headquarters & Senior General Manager, Purchasing Div.	
Jun.	2014	Director & Managing Executive Officer	
Apr.	2015	Executive General Manager, Domestic Business Headquarters (to present)	
Apr.	2017	Director & Senior Managing Executive Officer (to present)	
<i>Significant concurrent positions:</i>		None	
<i>Special interest between the candidate and the Company:</i>		None	
<i>Reason for recommending the candidate as Director:</i>			
Along with a wealth of experience and knowledge accumulated in the fields of production operations of the Group as well as the major domestic business divisions, Mr. Hideo Onoe has rich experience in the management of the Company's overseas subsidiaries. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election as a Director.			

No	Name Date of birth (age)	Reappointment Number of shares of the Company owned by the candidate: Attendance rate at Board of Directors meetings:	
4	Shigetoshi Mabuchi December 19, 1957 (62)	8,230 16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>			
Apr. 1982 Joined GLORY Shoji Co., Ltd. (now the Company)			
Apr. 2005 General Manager, Business Planning Office, Business Planning Div. of GLORY Shoji Co., Ltd.			
Apr. 2009 Senior General Manager, Maintenance Business Div., Maintenance Headquarters of the Company			
Jun. 2010 Executive Officer			
Apr. 2012 Senior Executive Officer; Executive General Manager, Service Headquarters (to present)			
Apr. 2014 Managing Executive Officer			
Jun. 2014 Director & Managing Executive Officer			
Apr. 2017 Director & Senior Managing Executive Officer (to present)			
<i>Significant concurrent positions:</i> None			
<i>Special interest between the candidate and the Company:</i> None			
<i>Reason for recommending the candidate as Director:</i>			
<p>Mr. Shigetoshi Mabuchi has accumulated considerable experience and achievements in such fields as business planning and maintenance services of the Group and, has been fully demonstrating strong leadership in the business promotion and enhancement of the maintenance service operation. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election as a Director.</p>			

No	Name			Reappointment	
	Date of birth (age)				
5	Kaname Kotani	Number of shares of the Company owned by the candidate:	8,330		
	August 23, 1959 (60)	Attendance rate at Board of Directors meetings:	16/16		
<i>Career summary, positions and areas of responsibility in the Company:</i>					
	Jun. 1987	Joined the Company			
	Jun. 2010	Senior General Manager, Development Div., Money Handling System Business Headquarters			
	Apr. 2011	Deputy Executive General Manager, Development Headquarters			
	Apr. 2012	Executive Officer			
	Apr. 2013	Senior Executive Officer; Executive General Manager, Development Headquarters (to present), Responsible for Intellectual Property Dept. (to present)			
	Jun. 2014	Director & Senior Executive Officer			
	Apr. 2015	Director & Managing Executive Officer			
	Apr. 2016	Responsible for information security (to present)			
	Apr. 2017	Director & Senior Managing Executive Officer (to present)			
	Apr. 2018	Responsible for new businesses (to present)			
<i>Significant concurrent positions:</i> None					
<i>Special interest between the candidate and the Company:</i> None					
<i>Reason for recommending the candidate as Director:</i>					
Mr. Kaname Kotani has accumulated considerable experience and achievements in the fields of product development for the domestic and overseas markets as well as intellectual property management and, has been fully demonstrating his ability in strengthening product competitiveness and improving the efficiency of development activities. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election as a Director.					

No	Name			Reappointment	
	Date of birth (age)				
6	Akihiro Harada	Number of shares of the Company owned by the candidate:		4,870	
	March 10, 1963 (57)	Attendance rate at Board of Directors meetings:		16/16	

Career summary, positions and areas of responsibility in the Company:

Mar.	1985	Joined the Company
Apr.	2003	General Manager, Production Engineering Dept., Himeji Factory, Banking System & Equipment Div.
Jan.	2006	President of GLORY (PHILIPPINES), INC.
Apr.	2009	General Manager, Management Planning Dept., Corporate Strategy Div. of the Company
Apr.	2012	Executive Officer; Project Leader, International Business Integration Project Management Office
Jul.	2012	Director of Glory Global Solutions Ltd.
Apr.	2014	Senior Executive Officer of the Company; Responsible for manufacturing, procurement and quality assurance at group companies of Glory Global Solutions Ltd.
Apr.	2015	Executive General Manager, International Business Headquarters
Jun.	2015	Director & Senior Executive Officer
Apr.	2017	Director & Managing Executive Officer
Apr.	2018	Executive General Manager, International Business Company Unit (to present)
Apr.	2020	Director & Senior Managing Executive Officer (to present)


Significant concurrent positions:


Chairman of the Board & Chief Executive Officer of Glory Global Solutions Ltd.
Chairman of the Board of Sitrade Italia S.p.A.

Special interest between the candidate and the Company: None

Reason for recommending the candidate as Director:

Along with a wealth of experience and achievements in the fields of production operations of the Group and management planning division, Mr. Akihiro Harada has been fully demonstrating strong leadership as a top executive of international business divisions and the Company's overseas subsidiaries. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election as a Director.

No	Name	Reappointment		
	Date of birth (age)	Candidate for Outside Director	Candidate for Independent Director	
7	Joji Iki September 5, 1951 (68)			
		Number of shares of the Company owned by the candidate:	1,000	
		Number of years of service as Director:	3 years	
		Attendance rate at Board of Directors meetings:	16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>				
Apr.	1977	Joined Kawasaki Heavy Industries, Ltd. (“KHI”)		
Nov.	2002	Senior Manager, Aero-Dynamic Machinery Department, Machinery Division, Gas Turbine & Machinery Company		
Apr.	2009	Executive Officer; General Manager, Machinery Division, Gas Turbine & Machinery Company		
Apr.	2012	Managing Executive Officer; President, Gas Turbine & Machinery Company		
Jun.	2012	Representative Director & Senior Vice President		
Apr.	2015	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology, Sales and Procurement department		
Apr.	2016	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology and Sales department and in charge of Ship & Offshore Structure Company		
Apr.	2017	Director of KHI		
Jun.	2017	Outside Director of the Company (to present)		
<i>Significant concurrent positions:</i> None				
<i>Special interest between the candidate and the Company:</i> None				
<i>Matters concerning “Independent Directors”:</i>				
Mr. Joji Iki has been notified to Tokyo Stock Exchange (“TSE”) as “Independent Director”.				
<i>Reason for recommending the candidate as Outside Director:</i>				
Mr. Joji Iki possesses considerable experience and global knowledge as a management executive at another company, and has been playing an important role as an Outside Director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company’s management. It is our judgment that he has sufficient ability and insight for the role of Outside Director and we thus recommend his election as an Outside Director.				
<i>Regarding agreements for limitation of liability:</i>				
To enable him to fully perform his expected role as an Outside Director, the Company has concluded an agreement with Mr. Joji Iki to the effect that liability of Directors be limited. Under the terms of this agreement, the amount of liability for damages is up to the minimum amount stipulated in Paragraph 1 of Article 425 of the Companies Act. The Company will maintain the existing agreement with him if he is reelected as Director as proposed.				

		Reappointment		
No	Name	Candidate for Outside Director	Candidate for Independent Director	
8	Date of birth (age) Junji Uchida April 30, 1950 (70)	Number of shares of the Company owned by the candidate: 200 Number of years of service as Director: 1 year Attendance rate at Board of Directors meetings: 13/13* <i>* since assumption of office</i>		
<i>Career summary, positions and areas of responsibility in the Company:</i>				
Apr.	1974	Joined NIPPON STEEL CORPORATION (“NSC”)		
Jun.	2005	Director (Member of the Board); Director, Construction Products Division Director, Pipe & Tube Division		
Jun.	2006	Director (under the Executive Management system); Director, Construction Products Division Director, Pipe & Tube Division		
Apr.	2007	Director (under the Executive Management system); Director, Plate Division		
Apr.	2009	Managing Director (under the Executive Management system); Director, Flat Products Division		
Jun.	2009	Managing Director (Member of the Board); Director, Flat Products Division		
Jul.	2010	Managing Director (Member of the Board); Director, Flat Products Division Project Leader, India Continuous Annealing and Processing Line Project		
Apr.	2011	Managing Director (Member of the Board); Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project		
Apr.	2012	Director (Member of the Board) of NSC Adviser of OSAKA STEEL CO., LTD. (“OSAKA STEEL”)		
Jun.	2012	Representative Director and President of OSAKA STEEL		
Jun.	2017	Director and Senior Advisor of OSAKA STEEL		
Jun.	2018	Senior Advisor of OSAKA STEEL		
Jun.	2019	Outside Director of the Company (to present)		
<i>Significant concurrent positions:</i> None				
<i>Special interest between the candidate and the Company:</i> None				
<i>Matters concerning “Independent Directors”:</i>				
Mr. Junji Uchida has been notified to TSE as “Independent Director”.				
<i>Reason for recommending the candidate as Outside Director:</i>				
Mr. Junji Uchida possesses considerable experience and global knowledge as a management executive at other companies, and has been playing an important role as an Outside Director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company’s management. It is our judgment that he has sufficient ability and insight for the role of Outside Director and we thus recommend his election as an Outside Director.				
<i>Regarding agreements for limitation of liability:</i>				
To enable him to fully perform his expected role as an Outside Director, the Company has concluded an agreement with Mr. Junji Uchida to the effect that liability of Directors be limited. Under the terms of this agreement, the amount of liability for damages is up to the minimum amount stipulated in Paragraph 1 of Article 425 of the Companies Act. The Company will maintain the existing agreement with him if he is reelected as Director as proposed.				

Proposal No. 4 Election of Three (3) Directors who are Audit & Supervisory Committee Members

Subject to approval of the Proposal No.2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company will transition to a Company with an Audit & Supervisory Committee.


Therefore, we would like shareholders to elect three (3) Directors who are Audit & Supervisory Committee Members.


The Company has obtained the consent of Audit & Supervisory Board (hereinafter “A&SB”) for this proposal. Further, this proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.2 “Partial Amendments to the Articles of Incorporation” come into force.


The candidates for the position of Director who are Audit & Supervisory Committee Members are as follows:

<i>No</i>	<i>Name (age*)</i>	<i>Position</i>	<i>Attendance rate at Board of Directors meetings (FY 2019)</i>	<i>Attendance rate at A & SB meetings (FY2019)</i>
1	New appointment Toru Fujita (63)	Standing A&SB Member	16/16	14/14
2	New appointment Satoshi Hamada (67) Candidate for Outside Director Candidate for Independent Director	Outside A&SB Member (Number of years of service at the conclusion of the Shareholders Meeting : 5 years)	15/16	13/14
3	New appointment Keiichi Kato (44) Candidate for Outside Director Candidate for Independent Director	Outside A&SB Member (Number of years of service at the conclusion of the Shareholders Meeting : 1 year)	13/13 (since assumption of office)	10/10 (since assumption of office)

* As of the date of the Shareholders Meeting.

No	Name Date of birth (age)	New appointment Number of shares in the Company owned by the candidate: Attendance rate at Board of Directors meetings: Attendance rate at A&SB meetings:											
1	Toru Fujita May 5, 1957 (63)	2,600 16/16 14/14											
<i>Career summary and positions in the Company:</i>													
<table border="0"> <tr> <td style="padding-right: 20px;">Sep. 1988</td> <td>Joined the Company</td> </tr> <tr> <td>Apr. 2011</td> <td>General Manager, Accounting Dept., Business Managing Div.</td> </tr> <tr> <td>Apr. 2012</td> <td>General Manager, Accounting Dept., Business Managing Headquarters</td> </tr> <tr> <td>Jun. 2014</td> <td>A&SB Member, GLORY Products Ltd. (to present)</td> </tr> <tr> <td>Jun. 2017</td> <td>Standing A&SB Member of the Company (to present)</td> </tr> </table>				Sep. 1988	Joined the Company	Apr. 2011	General Manager, Accounting Dept., Business Managing Div.	Apr. 2012	General Manager, Accounting Dept., Business Managing Headquarters	Jun. 2014	A&SB Member, GLORY Products Ltd. (to present)	Jun. 2017	Standing A&SB Member of the Company (to present)
Sep. 1988	Joined the Company												
Apr. 2011	General Manager, Accounting Dept., Business Managing Div.												
Apr. 2012	General Manager, Accounting Dept., Business Managing Headquarters												
Jun. 2014	A&SB Member, GLORY Products Ltd. (to present)												
Jun. 2017	Standing A&SB Member of the Company (to present)												
<i>Significant concurrent positions:</i> A&SB Member, GLORY Products Ltd. (to present)													
<i>Special interest between the candidate and the Company:</i> None													
<i>Reason for recommending the candidate as Director who is an Audit & Supervisory Committee Member:</i> Mr. Toru Fujita has accumulated considerable knowledge in the fields of finance and accounting through his experiences as General Manager of Accounting Dept., etc. and, possesses abundant experience and achievements as A&SB Member of the Group domestically and globally. Further, he has been playing an important role as Standing A&SB Member in ensuring legitimacy and adequacy in the Company's business management. It is our judgment that he has sufficient experience and ability for Director who is an Audit & Supervisory Committee Member, whose role is supervising and auditing of the management, and we thus recommend his election as a Director who is an Audit & Supervisory Committee Member.													

No	Name	New appointment		
		Candidate for Outside Director	Candidate for Independent Director	
2	Satoshi Hamada Date of birth (age) October 3, 1952 (67)	Number of shares in the Company owned by the candidate: Number of years of service as A&SB Member: Attendance rate at Board of Directors meetings: Attendance rate at A&SB meetings:	1,600 5 years 15/16 13/14	
<p><i>Career summary and positions in the Company:</i></p> <p>Apr. 1976 Joined Chuo Audit Corporation</p> <p>Aug. 1981 Joined Asahi & Co. (now KPMG AZSA LLC)</p> <p>Nov. 1981 Registered as certified public accountant</p> <p>Sep. 1984 President, Satoshi Hamada Accounting Office (to present)</p> <p>Sep. 2014 Representative, Hamada Certified Tax Accountant Office (to present)</p> <p>Jun. 2015 Outside A&SB Member of the Company (to present)</p> <p><i>Significant concurrent positions:</i></p> <p>President, Satoshi Hamada Accounting Office</p> <p>Representative, Hamada Certified Tax Accountant Office</p> <p>Outside Director, NISHIMATSUYA CHAIN Co., Ltd.</p> <p>External Director (Audit and Supervisory Committee Member), WDB Holdings Co., Ltd.</p> <p><i>Special interest between the candidate and the Company:</i> None</p> <p><i>Matters concerning "Independent Directors":</i></p> <p>The Company plans to notify TSE of his appointment as "Independent Director". (Currently, he has been notified to TSE as "Independent A&SB Member".)</p> <p><i>Reason for recommending the candidate as Outside Director who is an Audit & Supervisory Committee Member:</i></p> <p>Although Mr. Satoshi Hamada has never engaged in corporate management other than by assuming the position of outside director or outside <i>kansayaku</i> (audit & supervisory board member) of any company, he is a certified public accountant and possesses considerable knowledge regarding finance and accounting as well as corporate management. He has been playing important role as Outside A&SB Member in ensuring legitimacy and adequacy in the Company's business management. It is our judgment that he has sufficient experience and ability for Outside Director who is an Audit & Supervisory Committee Member, whose role is supervising and auditing from an independent standpoint, and we thus recommend his election as an Outside Director who is an Audit & Supervisory Committee Member.</p> <p><i>Regarding agreements for limitation of liability:</i></p> <p>To enable him to fully perform his expected role as an A&SB Member, the Company has concluded an agreement with Mr. Satoshi Hamada to the effect that liability of A&SB Members be limited. Under the terms of this agreement, the amount of liability for damages is up to the minimum amount stipulated in Paragraph 1 of Article 425 of the Companies Act. The Company will conclude new agreement with him which enables him to fully perform his expected role as Outside Director if he is elected as Outside Director who is an Audit & Supervisory Committee Member as proposed.</p>				

		New appointment		
		Candidate for Outside Director		
		Candidate for Independent Director		
No	<i>Name</i>			
3	<i>Date of birth (age)</i> Keiichi Kato December 23, 1975 (44)	<i>Number of shares in the Company owned by the candidate:</i>	1,200	
		<i>Number of years of service as A&SB Member:</i>	1 year	
		<i>Attendance rate at Board of Directors meetings:</i>	13/13*	
		<i>Attendance rate at A&SB meetings:</i>	10/10*	
<i>* since assumption of office</i>				
<i>Career summary and positions in the Company:</i>				
	Oct. 2003	Registered as Attorney-at-law Joined Harima Law Office		
	Jan. 2009	Attorney-at-law and Partner, Harima Law Office (to present)		
	Jun. 2018	Outside Corporate Auditor, Sanyo Color Works Ltd. (to present)		
	Jun 2019	Outside A&SB Member of the Company (to present)		
<i>Significant concurrent positions:</i>				
		Attorney-at-law and Partner, Harima Law Office		
		Outside Corporate Auditor, Sanyo Color Works Ltd.		
<i>Special interest between the candidate and the Company:</i> None				
<i>Matters concerning "Independent Directors":</i>				
		The Company plans to notify TSE of his appointment as "Independent Director". (Currently, he has been notified to TSE as "Independent A&SB Member".)		
<i>Reason for recommending the candidate as Outside Director who is an Audit & Supervisory Committee Member:</i>				
		Although Mr. Keiichi Kato has never engaged in corporate management other than by assuming the position of outside director or outside <i>kansayaku</i> (audit & supervisory board member) of any company, he possesses highly specialized knowledge as an attorney-at-law and experience as outside corporate auditor at another company. He has been playing important role as Outside A&SB Member in ensuring legitimacy and adequacy in the Company's business management. It is our judgment that he has sufficient experience and ability for Outside Director who is an Audit & Supervisory Committee Member, whose role is supervising and auditing from an independent standpoint, and we thus recommend his election as an Outside Director who is an Audit & Supervisory Committee Member.		
<i>Regarding agreements for limitation of liability:</i>				
		To enable him to fully perform his expected role as an Outside A&SB Member, the Company has concluded an agreement with Mr. Keiichi Kato to the effect that liability of A&SB Members be limited. Under the terms of this agreement, the amount of liability for damages is up to the minimum amount stipulated in Paragraph 1 of Article 425 of the Companies Act. The Company will conclude new agreement with him which enables him to fully perform his expected role as Outside Director if he is elected as Outside Director who is an Audit & Supervisory Committee Member as proposed.		

(Reference)

Independence Standards for Independent Outside Directors

Independent outside directors must not fall under any of the following.

1. Any person who is currently, or at any point in the past ten years has been, an executive of the Company or any of its subsidiaries.
2. Any person who is a major client or supplier*¹ of the Company or for whom the Company is a major client or supplier (or any executing person of the said major client or supplier if the client or supplier is a legal entity).
3. Any consultant, accounting or legal professional who receives a large amount*² of monetary consideration or any other property from the Company besides compensation as a director (or a person belonging thereto if the consultant, accounting or legal professional is a legal entity).
4. Any person who receives a large amount*² of financial contributions or support from the Company (or a person belonging thereto if the person is a legal entity).
5. Any person who is a major shareholder of the Company (or any executive of the said major shareholder if the shareholder is a legal entity).
6. Any person who has fallen under any of 2. through 5. above in the past three years.
7. A spouse or any family member within the second degree of kinship of any person (excluding those not in material positions*³) listed in 1. through 5. above.

*1 (i) A client or supplier with whom the Company's average transaction value for the past three business years exceeds 2% of the consolidated net sales of the most recent business year of the Company or the client or supplier; or

(ii) A financial institution from which the Company is borrowing money and from which the average of the amount borrowed by the Company as of the last day of the past three business years exceeds 2% of the consolidated total assets as of the last day of the most recent business year of GLORY.

*2 The average amount received during the past three business years exceeds (i) 10 million yen in the case of individuals or (ii) 2% of the gross revenue of the most recent business year of the said legal entity in case of a legal entity.

*3 "Material positions" means directors, audit & supervisory board members, executive officers or employees with senior management positions (such as division heads).

Proposal No. 5 Determination of the Amount of Cash Compensation for Directors who are not Audit & Supervisory Committee Members

Subject to approval of the Proposal No.2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company will transition to a Company with Audit & Supervisory Committee.

At its 72nd Ordinary General Meeting of Shareholders held on June 27, 2018, the Company obtained an approval for the present amount of cash compensation for Directors that is paid within the limit of 450 million yen per year (including 50 million yen for Outside Directors). On the condition that the Proposal No.2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the Company proposes, by comprehensively taking into account duties of their positions and other circumstances, to set the maximum amount of cash compensation at 450 million yen per year (including 50 million yen for Outside Director) for Directors who are not Audit & Supervisory Committee Members, consisting of the fixed compensation (“Fixed Compensation”) and cash bonuses (“Bonuses”).

The amount of the compensation will not, as before, include the salary and bonuses for employees concurrently serving as Directors. Also, Outside Directors who mainly fulfill management supervision functions will be paid Fixed Compensation only, as before.

The number of Directors is eight (8) at present, and the number of Directors who are not an Audit & Supervisory Committee Members will be eight (8) (including two (2) Outside Directors) if the Proposal No.2 “Partial Amendments to the Articles of Incorporation” and Proposal No.3 “Election of Eight (8) Directors who are not Audit & Supervisory Committee Members” are approved as proposed.

Further, this proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.2 “Partial Amendments to the Articles of Incorporation” come into force.

Proposal No. 6 Determination of the Amount of Cash Compensation for Directors who are Audit & Supervisory Committee Members

Subject to approval of the Proposal No.2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company will transition to a Company with Audit & Supervisory Committee.

In this connection, the Company proposes, by comprehensively taking into account duties of their positions and other circumstances, to set the maximum amount of cash compensation at 80 million yen per year for Directors who are Audit & Supervisory Committee Members. Directors who are Audit & Supervisory Committee Members, who mainly fulfill management auditing and supervising functions, will be paid Fixed Compensation only.

The number of Directors who are Audit & Supervisory Committee Members will be three (3) if the Proposal No.2 “Partial Amendments to the Articles of Incorporation” and No.4 “Election of Three (3) Directors who are Audit & Supervisory Committee Members” are approved as proposed.

Further, this proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.2 “Partial Amendments to the Articles of Incorporation” come into force.

Proposal No. 7 Determination of the Amount and Other Contents of Performance-Based Stock Compensation Plan for Directors who are not Audit & Supervisory Committee Members

1. Reason for the Proposal

The Company has been implementing the performance-based stock compensation plan (the “Plan”) for its Directors (excluding Outside Directors) and the presidents of the Company’s domestic subsidiaries in accordance with the resolutions at the 69th Ordinary General Meeting of Shareholders held on June 26, 2015, the 70th Ordinary General Meeting of Shareholders held on June 24, 2016 and the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018. (The Company and its domestic subsidiaries collectively referred to as the “Specified Companies”), with the aim of improving of the Company’s business performance and increasing of its corporate value over the medium to long term. Subject to approval of the Proposal No.2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company will transition to a Company with Audit & Supervisory Committee.

In this connection, the Company hereby proposes to set the maximum amount of the Plan for its Directors excluding Outside Directors and Directors who are Audit & Supervisory Committee Members (the “Executive Directors”) and the presidents of the Company’s domestic subsidiaries (the Executive Directors and the presidents of the domestic subsidiaries collectively the “Specified Directors”).

This Proposal is a procedural step associated with the transition to a Company with an Audit & Supervisory Committee and the maximum amount and other contents are substantially the same as the current Plan approved at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018, therefore, the Company believes that it is appropriate.

This proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.2 “Partial Amendments to the Articles of Incorporation” come into force. The numbers of Directors eligible for the Plan will be six (6) if the Proposal No.3 “Election of Eight (8) Directors who are not Audit & Supervisory Committee Members” is approved as proposed.

2. Amount and other contents in the Plan

(1) Outline of the Plan

The Company has been operating the Plan employing a trust set up by the Company (the “Trust”) by entrusting the money contributed by the Specified Companies though FY 2018 to FY 2020 (the period covered by the Plan hereinafter referred to as the “Plan Period”) to distribute a certain number of shares of the Company and the cash conversion equivalent thereof (collectively the “Company Shares”) as compensation during such period, however, eligible persons for the Plan are to be changed to Specified Directors.

At the expiration of the trust period of the Trust (the “Trust Period”), if it is resolved by the Board of Directors to continue the Trust by amending the trust contracts and entrusting additional money instead of setting of a new trust within the range approved by the Shareholders Meeting, the Trust Period will be extended for another three years, and the three fiscal years after the extension will be the renewed Plan Period.

(2) Upper limit of money to be contributed to the Trust by the Specified Companies

The upper limit of money to be contributed to the Trust as compensation for the Specified Directors will be 615 million yen (of which the limit for the Executive Directors will be 300 million yen) during each Plan Period. The limit is the total of the funds for the acquisition of the Company shares and the trust fee/expenses for the Trust during the Plan Period.

Also, if, at the end of the Trust Period before the extension, there are residual shares, etc. (“Residual Shares”) in the Trust, the renewed Trust will succeed them. The total amount of Residual Shares and the additional money to be contributed to the Trust will be within the limit to be approved by the Shareholders Meeting.

(3) Calculation method and the upper limit of the number of the Company shares to be distributed to the Specified Directors

The upper limit of the Company shares to be distributed to the Specified Directors will be 300,000 shares (of which the limit for the Executive Directors will be 147,000 shares) during the each Plan Period.

The Specified Directors will be awarded evaluation points (the “Points”) as prescribed in the Company Shares Distribution Rules, based on their positions in the fiscal year ending 31 March of the year and the degree of achievement of the fiscal year’s business performance goals and other requirements, basically on the last day of each May of the following fiscal year during the Trust Period.

The Points are converted to the Company shares on a one to one basis. If there is an event such as share split or consolidation of the shares of the Company which would justify an adjustment of the Points, such adjustment will be made in accordance with the ratio of the share split or consolidation, or other method, as the case may be.

(4) Distribution of Company Shares to the Specified Directors

The Specified Directors who have satisfied the beneficiary requirements will be awarded the Points calculated based on the method described above (3), at a certain time each year prescribed in the Company Shares Distribution Rules.

A certain percentage of the Points awarded will be distributed at a certain time during a Specified Director’s tenure and the remaining Points will be accumulated each year until the time of retirement. The number of the Company shares corresponding to the number of the Points or the accumulated Points will be distributed from the Trust to the Specified Directors during their tenures or upon retirement.

A certain percentage of the Points to be distributed to the Specified Directors during their tenures or upon their retirement will be converted within the Trust to an equivalent cash value, and paid out.

(5) Others

Sale of the Company shares distributed to the Specified Directors through the Plan will not be permitted in principle during his or her incumbency from the viewpoint of value sharing with the shareholders and of ensuring the link with the mid- to long-term performance of the Group.

Other matters of the Plan will be decided by the Board of Directors at the time of setting of the Trust, amending the Trust contracts or entrusting additional money to the Trust.

(Reference)

If the Proposals from No.5 to 7 are approved, the remuneration system for Directors will be as follows:

1. The upper limit of remuneration for Directors**[For Directors who are not Audit & Supervisory Committee Members]**

Type of remuneration		Proposed limit
Cash	Fixed Compensation	450 million yen per year (including 50 million yen for Outside Directors)
	Bonuses	
Stock Compensation		<ul style="list-style-type: none"> · 300 million yen per 3 years* · 147,000 shares per 3 years - Outside Directors not eligible for Stock Compensation

* The upper limit is the total of the funds for the acquisition of the Company shares and trust fee/expenses for the Trust during the Plan Period.

[For Directors who are Audit & Supervisory Committee Members]

Type of remuneration	Proposed limit
Fixed Cash Compensation	80 million yen per year

Note: Directors who are Audit & Supervisory Committee Members are not eligible for Bonuses and Stock Compensation.

2. Target performance indicators of Bonuses and Stock Compensation**[Bonuses]**

The following indicators will be set as the target performance indicators for Bonuses. Bonuses will be paid according to the achievement degree of each target set at the beginning of each fiscal year as follows.

Target indicators	Achievement degree	The amount of Bonuses
Net sales	140% or more	200% of the prescribed basic amount
Operating income (Consolidated)	~	~
	Less than 60%	0% of the prescribed basic amount

[Stock Compensation under the Plan]

The following indicators will be set as the performance indicators under the Plan. According to the following achievement degrees of each target set at the beginning of each fiscal year, the Company Shares corresponding to the number of the Points awarded will be distributed.

Target indicators	Achievement degree	The amount of Points
ROE	140% or more	200% of the prescribed position-based basic points
Operating Margin (Consolidated)	~	~
	Less than 90%	0% of the prescribed position-based basic points

--End--