

Note: This English translation is only a part of the Notice of Convocation of the 61st Annual General Meeting of Shareholders in Japanese original, especially does not include the translation of the annex (the Business Report, the Financial Statements (consolidated and non-consolidated) and the Audit Reports). In addition, this document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code 7970)

June 3, 2021

To our shareholders:

Yoshiaki Ono
President
Shin-Etsu Polymer Co., Ltd.
1-9 Kanda-Sudacho, Chiyoda-ku, Tokyo

Notice of Convocation of the 61st Annual General Meeting of Shareholders

You are hereby notified that the 61st Annual General Meeting of Shareholders of Shin-Etsu Polymer Co., Ltd. (the “Company”; and this meeting, this “Meeting”) will be held as described below.

Instead of attending this Meeting in person, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the Meeting of Shareholders attached hereto and exercise your voting rights by no later than 5:35 p.m. on Thursday, June 24, 2021 (Japan Standard Time).

1. Date and Time: Friday, June 25, 2021, at 10:30 a.m. (Japan Standard Time; reception begins at 9:30 a.m.)

2. Venue: Station Conference Manseibashi, 4th Floor of JR Kanda Manseibashi Building
1-25 Kanda-Sudacho, Chiyoda-ku, Tokyo

3. Agenda:

Matters to be reported:

1. Report on the Business Report, the Consolidated Financial Statements, and the Audit Reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements for the 61st fiscal year (From April 1, 2020 to March 31, 2021)
2. Report on the Non-consolidated Financial Statements for the 61st fiscal year (From April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Election of 5 Directors
- Proposal No. 3:** Election of 3 Audit & Supervisory Board Members
- Proposal No. 4:** Election of Accounting Auditor
- Proposal No. 5:** Delegation of Determination of Subscription Requirements for Stock Acquisition Rights to Be Issued as Stock Options to Executive Officers and Employees of the Company, and Directors of Subsidiaries of the Company to the Board of Directors of the Company

4. Predetermined Items Related to the Convocation of this Meeting

- (1) If you do not indicate your approval or disapproval for any proposal on the Voting Form, you will be deemed to have approved that proposal.
- (2) If you exercise your voting rights redundantly, by returning the Voting Form and by a method using electromagnetic means (via the Internet, etc.), the voting by electromagnetic means (via the Internet, etc.) will be deemed effective.
- (3) If you exercise your voting rights multiple times by electromagnetic means (via the Internet, etc.), the last voting will prevail.

- Any modification that may be required in the Reference Documents for the Meeting of Shareholders will be published via the Internet on the website of the Company.

Website of the Company: <https://www.shinpoly.co.jp/>

- You are kindly requested to present the enclosed Voting Form to the receptionist when you attend this Meeting in person.

Reference Documents for the Meeting of Shareholders

Proposal No. 1: Dividends from Surplus

The Company proposes the dividends from surplus as follows:

The Company considers the return of profits to shareholders to be one of the most important management priorities. With the objective of increasing corporate value through a strengthening of its corporate foundation and sustainable growth, the basic policy of the Company is to continue paying stable dividends on a medium-term basis in line with business results, while at the same time securing funds for the soundness of the financial strength, R&D investment, investments for production facilities and M&A, etc.

As for the year-end dividend for the 61st fiscal year, in comprehensive consideration of the business performance and future business developments, etc., the Company proposes to pay a dividend of ¥11 per share. Of the ¥11 per share of the year-end dividend, ¥2 is the 60th anniversary commemorative dividend. As a result, the annual dividend will total ¥20 per share, including the interim dividend paid of ¥9 per share, which is ¥2 higher than that for the previous fiscal year.

Matters concerning year-end dividend:

- (1) Type of dividend property
Cash
- (2) Matters concerning allocation of dividend property to shareholders and the total amount thereof
¥11 per share of common stock of the Company totaling ¥889,851,974
- (3) Effective date of dividend from surplus
June 28, 2021

Proposal No. 2: Election of 5 Directors

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

In that regard, the Company proposes the election of 5 Directors, lowering the number of Directors by six in introducing the Executive Officer (*Shikko Yakuin*) system and to enhance the efficiency of the management system. The Board of Directors determined the candidates below based on a report of the Nomination and Remuneration Committee.

The candidates for Director are as follows:

| Candidate No. | Name | Current position and responsibility in the Company | | Attendance at meetings of the Board of Directors |
|---------------|---------------------|---|--------------------------------------|--|
| 1 | Yoshiaki Ono | President | Reelection | 14/14 |
| 2 | Toshiaki Deto | Executive Director and General Manager of Sales Unit | Reelection | 14/14 |
| 3 | Toru Takayama | Senior Director, in charge of Office of the President, Internal Auditing and Environmental Control & Safety | Reelection | 14/14 |
| 4 | Shigemichi Todoroki | Director | Reelection Outside Independent | 14/14 |
| 5 | Osamu Miyashita | Director | Reelection Outside Independent | 14/14 |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company | | Number of the Company's shares owned |
|---------------|---|--|--|--------------------------------------|
| 1 | Yoshiaki Ono (January 1, 1944) Reelection Attendance at meetings of the Board of Directors 14/14 Tenure 8 years | Apr. 1967 | Joined Shin-Etsu Chemical Co., Ltd. | 57,800 shares |
| | | June 2000 | General Manager of Silicone-Electronics Materials Research Center | |
| | | June 2003 | Director | |
| | | Nov. 2004 | General Manager of Special Functional Products Department | |
| | | June 2005 | Managing Director | |
| | | Dec. 2007 | General Manager of R&D and Patent Department | |
| | | June 2009 | Representative Senior Managing Director and General Manager of Silicone Division | |
| | | June 2013 | President of the Company (current position) | |
| | | (Significant concurrent positions outside the Company) | | |
| | | No significant concurrent positions outside the Company. | | |
| | Reasons for nomination as candidate for Director The Company has nominated Yoshiaki Ono as a candidate for Director because he possesses extensive knowledge and experience centered on the silicone business at Shin-Etsu Chemical Co., Ltd., and has shown strong leadership and endeavored toward the restoration of the Company's performance since he was appointed as Representative Director, and it was determined that he could continue to contribute to the supervisory functions of the Board of Directors and the enhancement of the Company's corporate value. | | | |
| 2 | Toshiaki Deto (December 17, 1952) Reelection Attendance at meetings of the Board of Directors 14/14 Tenure 9 years | Oct. 1980 | Joined the Company | 70,600 shares |
| | | June 1997 | OA Group Manager of Technology Products Business Unit | |
| | | June 2007 | General Manager of Technology Products Business Division, High Technology Products Business Unit | |
| | | June 2012 | Director | |
| | | June 2013 | General Manager of High Technology Products Business Unit | |
| | | Apr. 2014 | General Manager of Sales Unit (current position) | |
| | | June 2016 | Senior Director | |
| | | June 2018 | Executive Director (current position) | |
| | | (Significant concurrent positions outside the Company) | | |
| | | No significant concurrent positions outside the Company. | | |
| | Reasons for nomination as candidate for Director The Company has nominated Toshiaki Deto as a candidate for Director because he possesses abundant experience and knowledge in sales gained while mainly engaged in the precision molded product business, is currently responsible for the Sales Unit, and it was determined that he could continue to contribute to the enhancement of the Company's corporate value. | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company | Number of the Company's shares owned |
|---|---|--|--------------------------------------|
| 3 | <p style="text-align: center;">Toru Takayama (November 2, 1952)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Attendance at meetings of the Board of Directors 14/14</p> <p style="text-align: center;">Tenure 9 years</p> | <p>Apr. 1980 Joined the Company</p> <p>Apr. 1994 Manager of Hong Kong Branch</p> <p>June 2002 President of Shin-Etsu Polymer America, Inc.</p> <p>Mar. 2004 President of Shin-Etsu Polymer México, S.A.de C.V.</p> <p>June 2007 General Manager of RC Division, Electronic Device Business Unit of the Company</p> <p>Oct. 2008 General Manager of Sales Unit, Electronic Device Business Unit</p> <p>Mar. 2010 President of Suzhou Shin-Etsu Polymer Co., Ltd. President of Shin-Etsu Polymer Shanghai Co., Ltd.</p> <p>June 2012 Director of the Company General Manager of Electronic Device Business Unit</p> <p>Apr. 2014 General Manager of Office of International Business, Sales Unit</p> <p>June 2017 General Manager of Office of the President of the Company In charge of Internal Auditing and Environmental Control & Safety (current position)</p> <p>June 2018 Senior Director (current position)</p> <p>June 2021 In charge of Office of the President (current position)</p> <p>(Significant concurrent positions outside the Company) No significant concurrent positions outside the Company.</p> | 35,400 shares |
| <p>Reasons for nomination as candidate for Director</p> <p>The Company has nominated Toru Takayama as a candidate for Director because he possesses abundant experience and knowledge gained while mainly engaged in the electronic device business and responsible for overseas offices, is currently responsible for Office of the President, Internal Auditing and Environmental Control & Safety, and it was determined that he could continue to contribute to the enhancement of the Company's corporate value.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company | Number of the Company's shares owned |
|--|--|---|--------------------------------------|
| 4 | Shigemichi Todoroki (November 9, 1946) Reelection Outside Independent Attendance at meetings of the Board of Directors 14/14 Tenure 6 years | Mar. 1972 Registered as Certified Public Accountant June 1988 Senior Partner of Chuo Audit Corporation May 2005 President of Shigemichi Todoroki Tax Accountant Office (current position) Jan. 2006 Examiner of the Certified Public Accountant Examination (oral) Aug. 2007 Senior Partner of Ernst & Young ShinNihon (Currently Ernst & Young ShinNihon LLC) June 2011 Auditor of the Japan Industrial Management & Accounting Institute Incorporated Foundation (Currently the Japan Industrial Management & Accounting Institute General Incorporated Foundation) Sept. 2013 President of Shigemichi Todoroki Certified Public Accountant Office (current position) June 2015 Director of the Company (current position) (Significant concurrent positions outside the Company) President of Shigemichi Todoroki Tax Accountant Office and Shigemichi Todoroki Certified Public Accountant Office | - shares |
| <p>Reasons for nomination as candidate for outside Director</p> <p>The Company has nominated Shigemichi Todoroki as a candidate for outside Director because it was determined that he continues to be capable of fully serving the role expected as an outside Director, including providing supervision of decision-making by the Board of Directors and execution of duties by Directors from an objective and professional perspective, based on the knowledge and experience he has cultivated over many years as a certified public accountant and tax accountant.</p> <p>Shigemichi Todoroki has never been directly involved in the management of a company. However, the Company has determined that he will appropriately fulfill his duties as an outside Director based on his possession of sufficient insight to supervise corporate management, having extensive knowledge and experience from his many years as a certified public accountant and tax accountant. Furthermore, Shigemichi Todoroki is currently an outside Director of the Company. His tenure since assuming office as outside Director has been six years. Shigemichi Todoroki is the President of Shigemichi Todoroki Tax Accountant Office and Shigemichi Todoroki Certified Public Accountant Office, but there is no special interest between the said office and the Company.</p> | | | |
| 5 | Osamu Miyashita (December 18, 1954) Reelection Outside Independent Attendance at meetings of the Board of Directors 14/14 Tenure 2 years | Apr. 1978 Joined Mitsubishi Corporation Apr. 2010 Senior Vice President and Deputy General Manager of Kansai Branch Apr. 2011 Senior Vice President and Division COO, Retail & Healthcare Division Apr. 2015 President of MC Healthcare, Inc. Apr. 2019 Advisor June 2019 Director of the Company (current position) (Significant concurrent positions outside the Company) No significant concurrent positions outside the Company. | - shares |
| <p>Reasons for nomination as candidate for outside Director</p> <p>The Company has nominated Osamu Miyashita as a candidate for outside Director because he possesses abundant experience and insight mainly in the area of the medical products business in a general trading company, and it was determined that he is capable of fully serving the role expected as an outside Director including providing objective and appropriate supervision of the Company's management from such a perspective. Furthermore, Osamu Miyashita is currently an outside Director of the Company. His tenure since assuming office as outside Director has been two years.</p> | | | |

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. The position and responsibility of the candidates who have served as persons executing business at Shin-Etsu Chemical Co., Ltd., the parent company of the Company, and its subsidiaries, etc. in the past ten years are provided in the "Career summary, and position and responsibility in the Company" section above.
 3. Shigemichi Todoroki and Osamu Miyashita are candidates for outside Director.

4. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Shigemichi Todoroki and Osamu Miyashita have been appointed as independent officers. If the reelection of Shigemichi Todoroki and Osamu Miyashita is approved at this Meeting, the Company plans to continue their designation as independent officers.
5. Limited liability agreements with candidates
The Company has set forth in its Articles of Incorporation that it may enter into an agreement with outside Directors limiting their liability to the scope set forth in the provisions of Article 427, paragraph 1 of the Companies Act.
The Company has entered into agreements with outside Director candidates Shigemichi Todoroki and Osamu Miyashita limiting their liabilities according to the provisions of Article 427, paragraph 1 of the Companies Act. If Shigemichi Todoroki and Osamu Miyashita are reelected as outside Directors, the Company plans to renew the aforementioned limited liability agreements with both of them. The details of the limited liability agreement are summarized as follows:
The maximum amount of liability for damages under the agreement shall be the minimum liability amount provided for under laws and regulations.
6. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company.* If the reelection of a candidate for Director is approved, he/she will continue to be included in the policy as the insured.

In addition, when the policy is renewed, the Company plans to renew it with the same terms.

*The insured persons of the liability insurance policy are the Directors and Audit & Supervisory Board Members of the Company and all directors, executive officers and corporate auditors of the Company's subsidiaries. The insured persons do not bear the cost of insurance premiums. The insurance agreement will cover damages and legal costs incurred by an insured person in the event that an insured person receives a claim for damages from a shareholder or a third party due to an act (including an omission) committed by the insured person as an officer of the Company or its subsidiaries.

Proposal No. 3: Election of 3 Audit & Supervisory Board Members

At the conclusion of this Meeting, the terms of office of Audit & Supervisory Board Members Shuichi Noguchi and Morio Miyazaki will expire.

In that regard, the Company proposes the election of 3 Audit & Supervisory Board Members, increasing the number of Audit & Supervisory Board Members by one to strengthen and enhance the audit system.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

| Candidate No. | Name (Date of birth) | Career summary and position in the Company | | Number of the Company's shares owned |
|---|--|--|--|--------------------------------------|
| 1 | Morio Miyazaki (March 12, 1952) | Apr. 1975 | Joined Shin-Etsu Chemical Co., Ltd. | 3,000 shares |
| | Reelection Outside | July 1976 | Accounting Department of Shin-Etsu Vinyl Acetate Co., Ltd. | |
| 1 | Attendance at meetings of the Board of Directors 14/14 | Aug. 1979 | Finance & Accounting Department of Shin-Etsu Chemical Co., Ltd. | 3,000 shares |
| | Attendance at meetings of the Audit & Supervisory Board 20/20 | June 2012 | Audit & Supervisory Board Member of Shin-Etsu Handotai Co., Ltd. | |
| 1 | Tenure 4 years | July 2013 | Director of Shin-Etsu Silicones (Thailand) Limited | 3,000 shares |
| | | June 2017 | Director of Asia Silicones Monomer Limited Full-Time Audit & Supervisory Board Member of the Company (current position) (Significant concurrent positions outside the Company) No significant concurrent positions outside the Company. | |
| Reasons for nomination as candidate for outside Audit & Supervisory Board Member The Company has nominated Morio Miyazaki as a candidate for outside Audit & Supervisory Board Member because he has outstanding experience and knowledge related to accounting and finance, and it was determined that he could continue to utilize such experience and knowledge to strengthen the Company's audit system. Morio Miyazaki is currently an outside Audit & Supervisory Board Member (full time) of the Company. His tenure since assuming office as outside Audit & Supervisory Board Member has been four years. | | | | |
| 2 | Hideaki Hirasawa (September 25, 1955) | May 1981 | Joined the Company | 8,850 shares |
| | New election | Aug. 1998 | General Manager of Shin-Etsu Polymer México, S.A. de C.V. | |
| 2 | | Sept. 1999 | General Manager of Shin-Etsu Polymer America, Inc. | 8,850 shares |
| | | Mar. 2007 | President | |
| 2 | | July 2011 | Manager of Accounting Group of the Company | 8,850 shares |
| | | Apr. 2014 | General Manager of Accounting Department, Administrative Unit (current position) (Significant concurrent positions outside the Company) No significant concurrent positions outside the Company. | |
| Reasons for nomination as candidate for Audit & Supervisory Board Member The Company has nominated Hideaki Hirasawa as a candidate for Audit & Supervisory Board Member because he has outstanding experience and knowledge related to accounting and finance, etc., engaging in the Company's accounting operation over many years and being in charge of managing overseas offices, and it was determined that he can utilize such experience and knowledge to strengthen the Company's audit system. | | | | |

| Candidate No. | Name (Date of birth) | Career summary and position in the Company | | Number of the Company's shares owned |
|---|---|--|--|--------------------------------------|
| 3 | Tatsuo Yoshihara (December 27, 1954) | Apr. 1977 | Joined Sumitomo Bakelite Co., Ltd. | - shares |
| | New election Outside Independent | Jan. 2010 | Executive Officer (In Charge of European Region Business) | |
| | | Oct. 2010 | Head of Corporate Planning Dept. | |
| | | Apr. 2014 | Managing Executive Officer (In charge of Plate, Decola, and Water Proof Sheet Businesses) | |
| | | Apr. 2016 | Managing Chair Representative Director and President of S.B. Information System Co., Ltd. | |
| | | June 2020 | Advisor of Sumitomo Bakelite Co., Ltd. (current position) | |
| | | (Significant concurrent positions outside the Company) | | |
| | | No significant concurrent positions outside the Company. | | |
| Reasons for nomination as candidate for outside Audit & Supervisory Board Member | | | | |
| The Company has nominated Tatsuo Yoshihara as a candidate for outside Audit & Supervisory Board Member because he possesses abundant experience and insight in broad areas in operating companies, and it was determined that such experience and insight can be utilized to strengthen the Company's audit system. | | | | |

- Notes:
- There is no special interest between any of the candidates and the Company.
 - Morio Miyazaki and Tatsuo Yoshihara are candidates for outside Audit & Supervisory Board Member.
 - Morio Miyazaki has been a person executing business at Shin-Etsu Chemical Co., Ltd., the parent company of the Company, and at Shin-Etsu Silicones (Thailand) Limited and Asia Silicones Monomer Limited, subsidiaries of the parent company of the Company, for the past ten years. His position and responsibility in such companies are provided in the "Career summary and position in the Company" section above. Furthermore, Morio Miyazaki had been serving as Audit & Supervisory Board Member of Shin-Etsu Handotai Co., Ltd., a subsidiary of the parent company of the Company, for the past ten years.
 - Hideaki Hirasawa will retire as a person executing business of the Company simultaneously when he assumes office as the Audit & Supervisory Board Member.
 - If Tatsuo Yoshihara is elected as outside Audit & Supervisory Board Member, the Company plans to notify to Tokyo Stock Exchange, Inc. of his designation as an independent officer.
 - Limited liability agreements with candidates
The Company has set forth in its Articles of Incorporation that it may enter into an agreement with outside Audit & Supervisory Board Members limiting their liability to the scope set forth in the provisions of Article 427, paragraph 1 of the Companies Act.
The Company has entered into an agreement with outside Audit & Supervisory Board Member candidate Morio Miyazaki limiting his liability according to the provisions of Article 427, paragraph 1 of the Companies Act. If Morio Miyazaki is reelected as an outside Audit & Supervisory Board Member, the Company plans to renew the aforementioned limited liability agreement with him. Furthermore, if another outside Audit & Supervisory Board Member candidate Tatsuo Yoshihara is elected, the Company plans to enter into the aforementioned limited liability agreement with him.
The details of the limited liability agreement are summarized as follows:
The maximum amount of liability for damages under the agreement shall be the minimum liability amount provided for under laws and regulations.
 - The Company has entered into a directors and officers liability insurance policy provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company.* If the election of a candidate for Audit & Supervisory Board Member is approved, he/she will be included in the policy as the insured.
In addition, when the policy is renewed, the Company plans to renew it with the same terms.
*The insured persons of the liability insurance policy are the Directors and Audit & Supervisory Board Members of the Company and all directors, executive officers and corporate auditors of the Company's subsidiaries. The insured persons do not bear the cost of insurance premiums. The insurance agreement will cover damages and legal costs incurred by an insured person in the event that an insured person receives a claim for damages from a shareholder or a third party due to an act (including an omission) committed by the insured person as an officer of the Company or its subsidiaries.

(Reference)

Independence Criteria for Outside Officers

The Company stipulates that the criteria for determining independence of the Company's outside officers is that they are persons who do not fall under any of the items listed below.

1. Persons executing business (meaning Directors (excluding outside Directors), Executive Officers, Corporate Officers, the equivalents thereof and employees; the same applies hereinafter) of the Company, and the parent company, subsidiaries and associates (including fellow subsidiaries; the same applies hereinafter) of the Company
2. Audit & Supervisory Board Members of the Company's parent company
3. The Company's major business partners and persons for whom the Company is a major business partner (in the case of a corporation, etc., persons executing business of said corporation, etc.)
4. Persons who receive a large sum of remuneration for providing specialized services or consulting services related to law, finance, tax, etc. (in the case of a corporation, etc., who belong to said corporation, etc.)
5. Persons who have received a large sum of donations from the Company (in the case of a corporation, etc., persons executing business of said corporation, etc.)
6. Persons who have recently fallen under items 1 through 5 above
7. Relatives within the second degree of kinship of the persons listed below (limited to important persons (Note))
 - (1) Persons executing business of the Company, and the parent company, subsidiaries and associates of the Company (including accounting advisors of a subsidiary in the case an outside Audit & Supervisory Board Member is designated as an independent officer)
 - (2) Persons listed in items 2 through 5 above
 - (3) Persons who have recently fallen under items (1) or (2) above

Note: "Important persons" are:

- (a) In the case of persons executing business, Directors (excluding outside Directors), Executive Officers, Corporate Officers and employees in senior management positions of General Manager or higher.
- (b) Certified Public Accountants who belong to an audit firm or an accounting firm, attorneys who belong to a law firm, and council members, directors, auditors, etc. who belong to an incorporated foundation, an incorporated association, and educational corporation or other corporation.

Proposal No. 4: Election of Accounting Auditor

At the conclusion of this Meeting, Hara Audit Corporation will retire as Accounting Auditor because its term of office will expire.

Accordingly, the Company proposes the election of Ernst & Young ShinNihon LLC as a new Accounting Auditor. This proposal is submitted following the decision made by the Audit & Supervisory Board.

The candidate for the Accounting Auditor is as follows:

(As of March 31, 2021)

| Name | Ernst & Young ShinNihon LLC | |
|-------------------|------------------------------------|---|
| Office Location | 1-1-2 Yurakucho, Chiyoda-ku, Tokyo | |
| Corporate History | Apr. 1, 2000 | Showa Ota & Co. (established October 1985 as a result of the merger between Tetsuzo Ota & Co., which was established January 1967, and Showa Audit Corporation, which was established December 1969) and Century Audit Corporation (established January 1986) were merged to form Century Ota Showa & Co. |
| | July 1, 2001 | Renamed from Century Ota Showa & Co. to Ernst & Young ShinNihon |
| | July 1, 2008 | Renamed to Ernst & Young ShinNihon LLC from Ernst & Young ShinNihon, following the shift to a limited liability company |
| | July 1, 2018 | Renamed (Japanese name only) |
| Corporate Profile | Capital | ¥1,060 million |
| | Members | Certified Public Accountants (CPAs): 3,001 Partly-qualified Accountants: 1,179 Others: 1,469 Total: 5,649 |
| | Number of audit client companies | 3,770 |
| | Offices, etc. | Japan: Tokyo, etc. 17 Offices in total Overseas: New York, etc. 40 Offices in total |

Reasons for nomination as candidate for Accounting Auditor

The Audit & Supervisory Board decided to nominate Ernst & Young ShinNihon LLC as a candidate for an Accounting Auditor by determining that it is qualified for the position after comprehensively deliberating independence, quality control system, expertise, and appropriateness that are required for an Accounting Auditor, as well as the audit and other supports suitable for the size and contents of the Company's business, expecting Ernst & Young ShinNihon LLC to conduct an audit from a new perspective.

Proposal No. 5: Delegation of Determination of Subscription Requirements for Stock Acquisition Rights to Be Issued as Stock Options to Executive Officers and Employees of the Company, and Directors of Subsidiaries of the Company to the Board of Directors of the Company

The Company asks for the shareholders' approval to delegate the determination of the subscription requirements for stock acquisition rights to be issued as stock options to Executive Officers and employees of the Company, and directors of subsidiaries of the Company to the Board of Directors of the Company in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act.

1. Reasons for issuing stock acquisition rights with particularly favorable terms and conditions:

For the purpose of further enhancing the willingness and morale to contribute to the long-term increase of corporate value of the Company's group, and seeking to increase the corporate value of the Company's group, the Company would like to issue stock acquisition rights to Executive Officers and employees of the Company, and directors of subsidiaries of the Company without requiring the payment of monies.

2. Features and the maximum number of stock acquisition rights, etc. of which the Board of Directors will be authorized to determine subscription requirements, based on the matters to be determined at this Meeting:

(1) The maximum number of stock acquisition rights of which the Board of Directors will be authorized to determine subscription requirements based on the delegation

The maximum number of stock acquisition rights specified in item (3) below shall be three thousand seven hundred (3,700).

The maximum total number of shares of common stock of the Company to be delivered upon exercise of stock acquisition rights shall be three hundred and seventy thousand (370,000). If the number of shares to be granted is adjusted as prescribed in item (3) below, however, the adjusted number of shares to be granted shall be the product of the number of shares to be granted after adjustment multiplied by the above-mentioned maximum number of stock acquisition rights.

(2) No payment of monies shall be required for the stock acquisition rights of which the Board of Directors will be authorized to determine subscription requirements based on the delegation.

(3) Features of stock acquisition rights of which the Board of Directors will be authorized to determine subscription requirements based on the delegation

(a) Class and number of shares underlying stock acquisition rights

The class of shares underlying stock acquisition rights shall be common stock, and the number of shares underlying each stock acquisition right (hereinafter referred to as the "Number of Shares to Be Granted") shall be one hundred (100).

If, however, the Company either effects a share split of its common stock (including allotment of its shares of common stock without contribution; the same shall apply to the share split described hereinafter) or effects a consolidation of its shares of common stock, after the date of resolution of the Meeting of Shareholders (hereinafter referred to as the "Resolution Date"), the Number of Shares to Be Granted shall be adjusted according to the formula described below. Fractions of less than one (1) share resulting from such adjustments shall be rounded down.

$$\begin{array}{l} \text{Number of Shares to Be} \\ \text{Granted after adjustment} \end{array} = \begin{array}{l} \text{Number of Shares to Be} \\ \text{Granted before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split or share} \\ \text{consolidation} \end{array}$$

In addition to the above, if, after the Resolution Date, any event that would force the Company to adjust the Number of Shares to Be Granted occurs, the Company shall make appropriate adjustments to the Number of Shares to Be Granted within a reasonable range.

(b) Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the amount to be paid in for one (1) share to be delivered upon exercise of stock acquisition rights (hereinafter referred to as the "Exercise Price") by the Number of Shares to Be Granted.

The Exercise Price shall be the higher of either the product of the multiplication of the average of daily closing price of the common stock of the Company in regular trading on the Tokyo Stock Exchange (hereinafter referred to as the "Closing Price") during the month (excluding dates on which no trade is made) immediately prior to the month containing the date on which stock acquisition rights are allotted (hereinafter referred to as the "Allotment Date") by 1.025, with any fractions of less than ¥1 to be rounded up; or the Closing Price on the Allotment Date (or in the event that there

is no Closing Price on that date, the Closing Price of the immediately preceding day on which the Company's common stock were traded).

If the Company either effects a share split or a consolidation of its shares of common stock after the Allotment Date, the Exercise Price shall be adjusted according to the formula described below. Fractions of less than ¥1 resulting from such adjustments shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

If, after the Allotment Date, the Company issues new shares of common stock or disposes of shares of treasury stock thereof of the Company at a price lower than the market price (excluding the sale of shares of treasury stock pursuant to the provisions of Article 194 of the Companies Act [“Demand for Sale of Shares Less than One Unit by Holders of Shares Less than One Share Unit”]), the conversion of securities that shall or may be converted to shares of common stock of the Company, or the exercise of stock acquisition rights with which the delivery of shares of common stock of the Company can be requested [including bonds with stock acquisition rights]), the Exercise Price shall be adjusted according to the formula described below. Fractions of less than ¥1 resulting from such adjustments shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Market price}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

In the formula above, “Number of issued shares” is the total number of shares of common stock issued by the Company excluding the number of treasury shares of common stock owned by the Company. In the case of the Company's disposal of treasury stock, “Number of newly issued shares” shall be replaced with “Number of treasury stock to be disposed of.”

In addition to the above, if, after the Allotment Date, any event that would force the Company to adjust the Exercise Price occurs, the Company shall make appropriate adjustments to the Exercise Price within a reasonable range.

- (c) Period during which stock acquisition rights may be exercised
From the day following the 2-year anniversary of the Allotment Date to March 31, 2027
- (d) Matters concerning increases in capital and capital reserve when shares are issued upon exercise of stock acquisition rights
 - i. The amount of capital to be increased by the issuance of shares upon exercise of stock acquisition rights shall be one-half of the maximum amount of increase in capital etc., which is calculated in accordance with Article 17, paragraph 1 of the Corporate Accounting Rules. Fractions of less than ¥1 resulting from such calculation shall be rounded up.
 - ii. The amount of capital reserve to be increased by the issuance of shares upon exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of capital to be increased as prescribed in (i) above from the maximum amount of increase in capital etc. described in (i) above.
- (e) Restriction on acquisition of stock acquisition rights by transfer
Any acquisition of stock acquisition rights by transfer shall be subject to the approval by a resolution of the Board of Directors.
- (f) Conditions for exercise of stock acquisition rights
 - i. If a person granted stock acquisition rights or his or her heir has waived the stock acquisition rights, the stock acquisition rights cannot be exercised.
 - ii. If a person granted stock acquisition rights no longer falls under any of the following items, the person granted stock acquisition rights may exercise stock acquisition rights only yet to be exercised until the earlier of the date two years after the person no longer falls under any of the following items, or March 31, 2027.
 - a. A Director or Audit & Supervisory Board member, Executive Officer, employee, adviser, counselor or temporary employee of the Company
 - b. A director or audit & supervisory board member or employee of a subsidiary of the Company or a subsidiary of the Company's parent company

- iii. An heir of a person granted stock acquisition rights may exercise the stock acquisition rights for only six months (up until March 31, 2027) from the day the stock acquisitions rights were succeeded in accordance with the provisions of the Civil Code.
 - iv. Other conditions are as set forth in the agreement for allotment of stock acquisition rights, which is concluded between the Company and the person granted stock acquisition rights, based on a resolution made by the Board of Directors of the Company.
- (g) Provisions for acquisition of stock acquisition rights
- i. In the event that a proposal for a merger agreement under which the Company shall become a ceasing company, a proposal for a company split agreement or company split plan under which the Company shall become a splitting company, or a proposal for a share exchange agreement or share transfer plan under which the Company shall become a wholly-owned subsidiary is approved at a shareholders' meeting of the Company (or in any of the above cases, when an approval at a shareholders' meeting of the Company is not required, and an approval at a Board of Directors' meeting is made), the Company may acquire the stock acquisition rights without consideration at the date separately specified by the Board of Directors of the Company.
 - ii. If a person granted stock acquisition rights or his or her heir can no longer exercise the stock acquisition rights pursuant to (f) above, the Company may acquire the stock acquisition rights without consideration at the date separately specified by the Board of Directors of the Company.
- (h) In the event where the Company engages in a merger (limited to the case where the Company ceases to exist after the merger), absorption-type company split, incorporation-type company split, share exchange, or share transfer (hereinafter collectively referred to as the "Reorganization Actions"), the Company shall deliver to the holders of the remaining stock acquisition rights at the time the Reorganization Actions take effect (hereinafter referred to as the "Remaining Stock Acquisition Rights") the stock acquisition rights of the relevant stock companies listed in Article 236, paragraph 1, item (viii) - (a) through (e) of the Companies Act (hereinafter referred to as the "Reorganized Company"), in each case in accordance with the conditions set forth below. In this event, the Remaining Stock Acquisition Rights shall become extinct and new stock acquisition rights in the Reorganized Company shall be issued. However, the foregoing shall be on the condition that delivery of such stock acquisition rights by the Reorganized Company in accordance with the following conditions is included in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.
- i. Number of stock acquisition rights of the Reorganized Company to be delivered
The same number of such stock acquisition rights as the number of the Remaining Stock Acquisition Rights possessed by each holder of the Company's stock acquisition rights shall be delivered.
 - ii. Class of shares of the Reorganized Company underlying stock acquisition rights
Class of shares underlying stock acquisition rights shall be common stock of the Reorganized Company.
 - iii. Number of shares of the Reorganized Company underlying stock acquisition rights
The number of shares shall be determined in the same manner as (a) above taking into consideration the conditions and other factors concerning the Reorganization Actions.
 - iv. Amount of assets to be contributed upon exercise of stock acquisition rights
The amount of assets to be contributed upon exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the amount to be paid in after reorganization, which is adjusted taking into consideration the conditions and other factors concerning the Reorganization Actions, by the number of shares underlying the relevant stock acquisition rights as determined in accordance with (iii) above.
 - v. Period during which stock acquisition rights may be exercised
This period shall commence either on the starting date of the period for exercising stock acquisition rights specified in (c) above, or on the date on which the Reorganization Action comes into effect, whichever is later, and end on the expiry date of the period for exercising stock acquisition rights specified in (c) above.

- vi. Matters concerning increases in capital and capital reserve when shares are issued upon exercise of stock acquisition rights
They shall be determined in the same manner as (d) above.
- vii. Restriction on acquisition of stock acquisition rights by transfer
Any acquisition of stock acquisition rights by transfer shall be subject to the approval by resolution of the board of directors of the Reorganized Company.
- viii. Conditions for exercise of stock acquisition rights
They shall be determined in the same manner as (f) above.
- ix. Provisions for acquisition of stock acquisition rights
They shall be determined in the same manner as (g) above.
- (i) In cases where the number of shares to be delivered to the holders of the stock acquisition rights who have exercised the stock acquisition rights includes any fractions of less than one (1) share, such fractions shall be rounded down.
- (j) Other details with respect to stock acquisition rights
Other matters concerning stock acquisition rights and particulars not stipulated in the above shall be established by means of a resolution at a separately held Board of Directors' Meeting.