

Note: This English translation is only a part of the original Japanese version of the Notice of Convocation of the 63rd Annual General Meeting of Shareholders and in particular does not include a 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 2, 2023

To our shareholders:

Yoshiaki Ono  
President  
**Shin-Etsu Polymer Co., Ltd.**  
1-1-3 Otemachi, Chiyoda-ku, Tokyo

## Notice of Convocation of the 63rd Annual General Meeting of Shareholders

You are hereby notified that the 63rd Annual General Meeting of Shareholders of Shin-Etsu Polymer Co., Ltd. (the “Company”; and this meeting, this “Meeting”) will be held as described below.

In convening this Meeting, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (“Electronic Provision Measures Matters”) in electronic format, and has posted the information on the Company’s website. Please access the following website to view the information.

The Company’s website:

<https://www.shinpoly.co.jp/ja/ir/stock/meeting.html> (in Japanese)

In addition to the Company’s website, the Electronic Provision Measures Matters are also posted on the website of the Tokyo Stock Exchange (TSE). Please visit the website below and review the information.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “Shin-Etsu Polymer” in “Issuer name (company name)” or the Company’s securities code “7970” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Please confirm by clicking “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]” under “Filed information available for public inspection.”

Instead of attending this Meeting in person, you may exercise your voting rights in writing or by electromagnetic means (such as the Internet). 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 22, 2023 (Japan Standard Time).

Exercising Voting Rights in Writing (via Mail)

Please indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form (“Voting Form”), which was sent together with this Notice of Meeting, and return the form to us so that it arrives by the above-mentioned deadline for exercising your voting rights.

Exercising Voting Rights via the Internet, etc.

Please refer to the “Information About Exercising Your Voting Rights via the Internet, etc.” below<sup>1</sup> and follow the instructions on the screen to enter your approval or disapproval of the proposals by the above-mentioned deadline for exercising your voting rights.

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<sup>1</sup> Translator’s Annotation

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Please refer to page 5 of the original Japanese version of the Notice of Convocation of the 63rd Annual General Meeting of Shareholders as to “Information About Exercising Your Voting Rights via the Internet, etc.” (Japanese only)

- 1. Date and Time:** Friday, June 23, 2023, at 10:00 a.m. (Japan Standard Time; reception begins at 9:00 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 by the Accounting Auditor and by the Audit & Supervisory Board on the Consolidated Financial Statements for the 63rd fiscal year (From April 1, 2022 to March 31, 2023)
2. Report on the Non-consolidated Financial Statements for the 63rd fiscal year (From April 1, 2022 to March 31, 2023)

**Matters to be resolved:**

- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Election of Five Directors
- Proposal No. 3:** Election of Two Audit & Supervisory Board Members
- Proposal No. 4:** Delegation to the Board of Directors of the Company 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

**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 multiple times, both by returning the Voting Form and via the Internet, etc., only the voting via the Internet, etc. will be deemed effective.
  - (3) If you exercise your voting rights multiple times via the Internet, etc., only the last vote will prevail.
- Among the Electronic Provision Measures Matters, “Matters Concerning a System for Ensuring the Propriety of Business Activities” in the Business Report, “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements, and “Non-consolidated Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are not included in the paper-based documents delivered to shareholders who requested the delivery of paper-based documents, in accordance with laws and regulations and the provisions of Article 16 of the Articles of Incorporation of the Company. Accordingly, the paper-based documents delivered to shareholders who requested the delivery of paper-based documents are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by Audit & Supervisory Board Members and part of Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor.
  - If revisions to the Electronic Provision Measures Matters arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each website where the information is available.
  - 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 financial strength, R&D investment, investments for production facilities, M&A, etc.

As for the year-end dividend for the 63rd fiscal year, in comprehensive consideration of the business performance and future business developments, etc., the Company proposes to pay a dividend of ¥20 per share. As a result, the annual dividend will total ¥38 per share, including the interim dividend paid of ¥18 per share, which is ¥12 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  
¥20 per share of common stock of the Company totaling ¥1,618,649,180
- (3) Effective date of dividend from surplus  
June 26, 2023

**Proposal No. 2:** Election of Five Directors

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

Therefore, the Company proposes the election of five Directors.

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 Chief Executive Officer	Reelection	14/14
2	Toshiaki Deto	Director Senior Managing Executive Officer, General Manager of Sales Unit	Reelection	14/14
3	Satoru Sugano	Managing Executive Officer, General Manager of Development Unit	New election	-
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	<p>Yoshiaki Ono (January 1, 1944)</p> <p>Reelection</p> <p>Attendance at meetings of the Board of Directors 14/14</p> <p>Tenure 10 years</p>	<p>Apr. 1967      Joined Shin-Etsu Chemical Co., Ltd.</p> <p>June 2000      General Manager of Silicone-Electronics Materials Research Center</p> <p>June 2003      Director</p> <p>Nov. 2004      General Manager of Special Functional Products Department</p> <p>June 2005      Managing Director</p> <p>Dec. 2007      General Manager of R&amp;D and Patent Department</p> <p>June 2009      Representative Senior Managing Director and General Manager of Silicone Division</p> <p>June 2013      President of the Company (current position)</p> <p>June 2021      Chief Executive Officer (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>No significant concurrent positions outside the Company.</p>	158,400 shares
		<p>Reasons for nomination as candidate for Director</p> <p>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 to restore the Company's performance since he was appointed as Representative Director. 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.</p>	
2	<p>Toshiaki Deto (December 17, 1952)</p> <p>Reelection</p> <p>Attendance at meetings of the Board of Directors 14/14</p> <p>Tenure 11 years</p>	<p>Oct. 1980      Joined the Company</p> <p>June 1997      OA Group Manager of Technology Products Business Unit</p> <p>June 2007      General Manager of Technology Products Business Division, High Technology Products Business Unit</p> <p>June 2012      Director</p> <p>June 2013      General Manager of High Technology Products Business Unit</p> <p>Apr. 2014      General Manager of Sales Unit (current position)</p> <p>June 2016      Senior Director</p> <p>June 2018      Executive Director</p> <p>June 2021      Director and Senior Managing Executive Officer (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>No significant concurrent positions outside the Company.</p>	88,300 shares
		<p>Reasons for nomination as candidate for Director</p> <p>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 and is currently responsible for the Sales Unit. 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
3	<p>Satoru Sugano (October 7, 1954)</p> <p>New election</p> <p>Attendance at meetings of the Board of Directors -</p> <p>Tenure -</p>	<p>Apr. 1978      Joined the Company</p> <p>Apr. 1995      SR Development Group Manager and Technology &amp; Production Group Manager of Kodama Plant</p> <p>Feb. 2002      General Manager of SR Production Division of Kodama Plant</p> <p>Apr. 2003      General Manager of SR Production Management Division of Technology Products Business Division, High Technology Products Business Unit</p> <p>Apr. 2008      General Manager of SR Technology &amp; Production Management Division of Technology Products Business Division, High Technology Products Business Unit</p> <p>June 2009      Manager of Kodama Plant</p> <p>June 2013      Director</p> <p>Apr. 2016      General Manager of Development Unit (current position)</p> <p>June 2019      Senior Director</p> <p>June 2021      Managing Executive Officer (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>No significant concurrent positions outside the Company.</p>	51,900 shares
<p>Reasons for nomination as candidate for Director</p> <p>The Company has nominated Satoru Sugano as a candidate for Director because he possesses abundant knowledge and experience gained through his involvement with R&amp;D and production technology, etc. while mainly engaged in the precision molded product business and is currently responsible for the Development Unit. It was determined that he could 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 8 years	<p>Mar. 1972 Registered as Certified Public Accountant</p> <p>June 1988 Senior Partner of Chuo Audit Corporation</p> <p>May 2005 President of Shigemichi Todoroki Tax Accountant Office (current position)</p> <p>Jan. 2006 Examiner of the Certified Public Accountant Examination (oral)</p> <p>Aug. 2007 Senior Partner of Ernst &amp; Young ShinNihon (Currently Ernst &amp; Young ShinNihon LLC)</p> <p>June 2011 Auditor of the Japan Industrial Management &amp; Accounting Institute Incorporated Foundation (Currently the Japan Industrial Management &amp; Accounting Institute General Incorporated Foundation)</p> <p>Sept. 2013 President of Shigemichi Todoroki Certified Public Accountant Office (current position)</p> <p>June 2015 Director of the Company (current position) (Significant concurrent positions outside the Company)</p> <p>President of Shigemichi Todoroki Tax Accountant Office and Shigemichi Todoroki Certified Public Accountant Office</p>	-
<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 regarding supervision of 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 eight 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 4 years	<p>Apr. 1978 Joined Mitsubishi Corporation</p> <p>Apr. 2010 Senior Vice President and Deputy General Manager of Kansai Branch</p> <p>Apr. 2011 Senior Vice President and Division COO, Retail &amp; Healthcare Division</p> <p>Apr. 2015 President of MC Healthcare, Inc.</p> <p>Apr. 2019 Advisor</p> <p>June 2019 Director of the Company (current position) (Significant concurrent positions outside the Company)</p> <p>No significant concurrent positions outside the Company.</p>	-
<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. 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 four 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 provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The details of the insurance policy are described on page 36 of the Business Report (in Japanese). If the reelection or election of a candidate for Director is approved, he will continue to be or 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.

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

At the conclusion of this Meeting, Audit & Supervisory Board Members Morio Miyazaki and Sachihito Hosogi will resign from their positions.

Therefore, the Company proposes the election of two Audit & Supervisory Board Members.

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	Yoshiaki Torimaru (August 6, 1961)	Apr. 1985	Joined the Company	-
	New election	Jan. 1993	Sales Manager, Shin-Etsu Polymer (Malaysia) Sdn. Bhd.	
	Attendance at meetings of the Board of Directors	Mar. 1999	RC Business Unit of the Company	
	-	Aug. 2008	Director, Shin-Etsu Polymer India Pvt. Ltd.	
	Attendance at meetings of the Audit & Supervisory Board	Oct. 2012	Sales Unit, Electronic Device Business Unit of the Company	
	-	Apr. 2014	Office of the President	
	Tenure	June 2021	General Manager of Office of the President (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 Yoshiaki Torimaru as a candidate for Audit & Supervisory Board Member as he has been involved in overseas business and sales operations, mainly related to the electronic devices business, and is currently in charge of the Corporate Planning Department and the Public Relations and Investor Relations Department. It was determined that his abundant experience and knowledge can be utilized to strengthen the audit system of the Company.				
2	Tomoko Moriya (May 6, 1970)	Jan. 2006	General Manager, Finance and Accounting, Sun Microsystems, Inc.	-
	New election Outside Independent	May 2009	Senior Manager, Finance and Accounting Department, Danone Japan Co., Ltd.	
	Attendance at meetings of the Board of Directors	Dec. 2014	Director and CFO, JMC Corporation	
	-	July 2019	Representative Director, Integrity Associates, Inc. (current position)	
	Attendance at meetings of the Audit & Supervisory Board	June 2020	Vice President, Japan Society of U.S. CPAs (current position)	
	-	(Significant concurrent positions outside the Company)		
	Tenure	Representative Director, Integrity Associates, Inc.		
	-	Vice President, Japan Society of U.S. CPAs		
Reasons for nomination as candidate for outside Audit & Supervisory Board Member The Company has nominated Tomoko Moriya as a candidate for Audit & Supervisory Board Member because of her extensive experience in a wide range of fields including accounting and finance in operating companies, as well as her professional insight as a U.S. certified public accountant and certified fraud examiner, which the Company believes will be useful in strengthening the audit system of the Company. Tomoko Moriya serves as Representative Director of Integrity Associates, Inc. and Vice President of the Japan Society of U.S. CPAs, but there is no special interest between these entities and the Company.				

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Tomoko Moriya is a candidate for outside Audit & Supervisory Board Member.
  3. Yoshiaki Torimaru will retire as a person executing business of the Company simultaneously when he assumes office as an Audit & Supervisory Board Member.
  4. If Tomoko Moriya is elected as outside Audit & Supervisory Board Member, the Company plans to notify Tokyo Stock Exchange, Inc. of her designation as an independent officer.
  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 Audit & Supervisory Board Members limiting their liability to the scope set forth in the provisions of Article 427, paragraph 1 of the Companies Act.

If the outside Audit & Supervisory Board Member candidate Tomoko Moriya is elected, the Company plans to enter into the aforementioned limited liability agreement with her.

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 provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The details of the insurance policy are described on page 36 of the Business Report (in Japanese). 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.

**(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 or the parent company, subsidiaries and associates (including sister companies; 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., persons 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 or 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

Notes: "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, or educational corporation or other corporation.

**(Reference)**

**Composition of the Board of Directors after this General Meeting (tentative) and Skill Matrix**

	Name	Attributes	Main knowledge, experience, abilities, etc.						
			Corporate Management	Global	Technology	Marketing	Treasury and Finance	Legal and Governance	Human Resource Management
Director	Yoshiaki Ono		○	○	○				○
	Toshiaki Deto		○	○		○			○
	Satoru Sugano				○	○			○
	Shigemichi Todoroki	Outside Independent					○	○	
	Osamu Miyashita	Outside Independent	○	○		○			
Audit & Supervisory Board Member	Hideaki Hirasawa			○			○	○	
	Yoshiaki Torimaru			○		○		○	
	Tatsuo Yoshihara	Outside Independent	○	○	○				
	Tomoko Moriya	Outside Independent					○	○	

Note: This does not represent all the knowledge, experience, abilities, etc. possessed by each officer.

**Proposal No. 4:** Delegation to the Board of Directors of the Company 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

The Company asks for the shareholders' approval to delegate to the Board of Directors of the Company 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 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 thus increasing 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 any payment of money.

2. Features and the maximum number of stock acquisition rights, etc. for 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 for 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 four thousand (4,000). The maximum total number of shares of common stock of the Company to be delivered upon exercise of stock acquisition rights shall be four hundred thousand (400,000). 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 money shall be required for the stock acquisition rights for which the Board of Directors will be authorized to determine subscription requirements based on the delegation.

(3) Features of stock acquisition rights for 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 amount obtained by multiplying 1.025 by 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"), 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 on the immediately preceding day on which the Company's common stock was traded).

If the Company effects either 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 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, and 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 shares 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, 2029
- (d) Matters concerning increases in capital and capital reserves when shares are issued upon exercise of stock acquisition rights
  - i. The amount by which capital is 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 by which capital reserves are to be increased by the issuance of shares upon exercise of stock acquisition rights shall be the amount obtained by subtracting the amount by which capital is 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 not yet exercised only until the earlier of the date two years after the person no longer falls under any of the following items or March 31, 2029.
    - a. A Director or Audit & Supervisory Board member, Executive Officer, employee, adviser, counselor [consultant?] 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, 2029) from the day the stock acquisitions rights were succeeded to 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 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 will not be the surviving company, a proposal for a company split agreement or company split plan under which the Company will split, or a proposal for a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved at a shareholders' meeting of the Company (or, in any of the above cases, when approval at a shareholders' meeting of the Company is not required and approval at a Board of Directors' meeting is granted), the Company may acquire the stock acquisition rights without consideration on 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 on 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 Action takes 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  
The 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 reserves when shares are issued upon exercise of stock acquisition rights  
These matters 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  
These conditions shall be determined in the same manner as (f) above.
- ix. Provisions for acquisition of stock acquisition rights  
These provisions 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.