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Securities code: 2001

June 5, 2020

To Shareholders with Voting Rights,

4-8 Kojimachi, Chiyoda-ku, Tokyo, Japan

NIPPON FLOUR MILLS Co., Ltd.

Masayuki Kondo, Representative Director and President

Convocation Notice for the 196th Annual Shareholders Meeting

The 196th Annual Shareholders Meeting (the “Meeting”) of NIPPON FLOUR MILLS Co., Ltd. (the Company”) will be held as stated below.

This year, in view of the novel coronavirus disease spread, the Company asks that shareholders focus on their health and wellbeing and consider not attending the Meeting if suffering from any cold-like symptoms or feeling unwell. The Company also asks that elderly people, people with underlying conditions, and pregnant women consider not attending the Meeting.

If exercising your voting rights in writing or via the Internet, etc., please confirm the Reference Documents for the Annual Shareholders Meeting below and exercise your voting rights no later than 5:30 p.m. Japan time on Thursday, June 25, 2020.

[Voting in writing]

Please indicate your approval or disapproval for the proposals on the enclosed Voting Rights Exercise Form and return it that it is received by the deadline above.

[Voting via the Internet, etc.]

Please confirm the “Guidance for Voting via the Internet, etc.” on pages 61 to 62 (translation omitted) for exercise of voting rights via the Internet, etc., and access the website for exercising voting rights designated by the Company (<https://www.web54.net>) (in Japanese). Please use the “Voting Rights Exercise Code” and the “Password” presented on the enclosed Voting Rights Exercise Form, follow the on-screen instructions, and enter your approval or disapproval for the proposals by the deadline above.

- 1. Date and time:** 10 a.m. Japan time, Friday, June 26, 2020
- 2. Venue:** 7-18-18 Roppongi, Minato-ku, Tokyo, Japan
B1F (Reception at 1F), Belle Salle Roppongi, Sumitomo Fudosan Roppongi-dori Building

3. Meeting Agenda:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements by Accounting Auditor and the Board of Auditors for the 196th Period (April 1, 2019 through March 31, 2020).
 2. Non-consolidated Financial Statements for the 196th Period (April 1, 2019 through March 31, 2020).

Proposals to be resolved:

Proposal 1:	Appropriation of Retained Earnings
Proposal 2:	Partial Amendments to the Articles of Incorporation
Proposal 3:	Election of Eleven Directors (Excluding Directors who are Audit and Supervisory Committee Members)
Proposal 4:	Election of Four Directors who are Audit and Supervisory Committee Members
Proposal 5:	Determination of Amount of Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members)
Proposal 6:	Determination of Amount of Compensation for Directors who are Audit and Supervisory Committee Members
Proposal 7:	Determination of Amount and Details of Stock Compensation-type Stock Option Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

4. Exercising voting rights:

- (1) If voting rights are exercised multiple times via the Internet, the final vote submitted shall be treated as the valid exercise of voting rights.
- (2) If voting rights are exercised multiple times via both the Internet and the Voting Rights Exercise Form, the final vote arriving shall be treated as the valid exercise of voting rights, or if both arrive on the same day, the vote submitted via the Internet shall be treated as the valid exercise of voting rights.

5. Matters regarding the Appendix and the Reference Documents for the Annual Shareholders Meeting:

- (1) Of the documents to be attached to this Notice, the items below are provided on the Company's website in accordance with the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation, and therefore are not provided in this Notice and its Appendix:
 - 1) Consolidated Notes to Consolidated Financial Statements
 - 2) Non-consolidated Notes to Non-consolidated Financial Statements
 Furthermore, the Consolidated Financial Statements and Non-consolidated Financial Statements audited by Auditors and the Accounting Auditor comprise each document provided in this Notice and its Appendix, in addition to the Consolidated Notes and Non-consolidated Financial Statements provided on the Company's website.
- (2) If the Reference Documents for the Annual Shareholders Meeting, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements require revisions, the revised versions shall be posted on the Company's website:

The Company's website: <https://www.nippon.co.jp/ir/stock/meeting/index.html>

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- ◎ If attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the meeting venue reception desk.
 - ◎ Please note that the temperatures of shareholders attending the Meeting will be measured and persons with a high temperature or visible signs of illness may be refused entry to the venue, in order to prevent the spread of the novel coronavirus. In addition, shareholders attending the Meeting will be asked to take measures including the wearing of masks and use of hand sanitizer. Thank you for your cooperation. Furthermore, persons affiliated with the Company will be wearing masks at the Meeting. We thank you for your understanding. The Company's measures to prevent the spread of the novel coronavirus and any changes to these measures will be posted on the Company's website (<https://www.nippon.co.jp/ir/stock/meeting/index.html>).
 - ◎ The Company will not be distributing souvenirs or product samples at the Meeting. We thank you for your understanding in this regard.

Reference Documents for the Annual Shareholders Meeting

Proposals and References

Proposal 1: Appropriation of Retained Earnings

The Company's basic policy is to maintain stable and continuous dividends while securing internal reserves aimed at strengthening the corporate structure and promoting future business development. The Company regards returning profits to shareholders one of the most important goals in management.

The year-end dividend for the 196th fiscal year is proposed to be 18 yen per share as detailed below. Accordingly, the annual dividend will be 34 yen per share, an increase of 2 yen compared with the previous year, including an interim dividend of 16 yen per share.

- 1) Type of dividend property:
Cash
- 2) Allotment of dividend property to shareholders and its total amount
18 yen per share of the Company's common stock for a total of 1,382,705,676 yen
- 3) Effective date of the distribution of retained earnings
June 29, 2020

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) In line with the Company's further business development as a diversified general food company, the trade name of the Company will be changed from "*Nippon Seifun Kabushiki Kaisha*" to "*Kabushiki Kaisha Nippun*," and a new English name will be stipulated.
- (2) The Company intends to transition from a company with a board of company auditors to a company with an audit and supervisory committee, in order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance by granting voting rights at meetings of the Board of Directors to Audit and Supervisory Committee Members, who will include multiple Outside Directors. In line with this transition, the Company will make amendments, including the new establishment of provisions related to the Audit and Supervisory Committee and Audit and Supervisory Committee Members, as required for the transition to a company with an audit and supervisory committee, and the removal of provisions related to Auditors and the Board of Auditors.
- (3) Business purposes will be added and deleted, in order to conform with the current status of the Company's businesses and clarify the content of the Company's businesses.
- (4) It will be made possible for resolutions of the Board of Directors to be deemed to have been adopted by writing, without holding a meeting, if the consent of all Directors is obtained, in order to ensure the flexible operation of the Board of Directors.
- (5) In line with the transition to a company with an audit and supervisory committee, provisions to the effect that the Company may enter into liability limitation agreements with Outside Directors and Outside Auditors will be amended to provisions to the effect that the Company may enter into liability limitation agreements with Directors (excluding Executive Directors, etc.).

Furthermore, the consent of each Auditor has been obtained in regard to Article 29 of the proposed amendments (liability limitation agreements with Directors).

- (6) The Articles of Incorporation will be amended such that it is possible to make decisions concerning matters such as the distribution of surplus by resolution of the Board of Directors, in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act, to ensure flexible capital and dividend policies.
- (7) In addition, necessary amendments in line with the above amendments, such as changes to the numbering of articles, will also be made.
- (8) The amendments to the Articles of Incorporation in this proposal, except for the amendment to Article 1 (Trade Name), will become effective at the conclusion of the Meeting.

The effective date of Article 1 (Trade Name) will be determined at a meeting of the Board of Directors to be held by September 30, 2020. The amendment is projected to take effect on April 1, 2021.

2. Details of the amendments

The current Articles of Incorporation and the proposed amendments are as follows:

(Underlined sections indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I. GENERAL PROVISIONS	CHAPTER I. GENERAL PROVISIONS
(Trade Name) Article 1. The name of the Company shall be <u>"Nippon Seifun Kabushiki Kaisha."</u>	(Trade Name) Article 1. The name of the Company shall be <u>"Kabushiki Kaisha Nippun," and in English it shall be "NIPPON CORPORATION."</u>

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose)</p> <p>Article 2. The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. Manufacture of goods and feed containing wheat and other agricultural products as raw materials; 2. Sale and purchase of the raw materials and products in the foregoing; 3. Manufacture, sale, and purchase of food products; 4. Sale and purchase of alcoholic beverages; <u>5. Rearing, sale, and purchase of domestic animals, poultry, and fish;</u> <u>6. Management of restaurants and sports facilities;</u> <u>7. Design, manufacture, sale, and purchase of devices and equipment for food industry and particulate applications, and contracted installation work in relation to the above;</u> <u>8. Manufacture, sale, and purchase of pharmaceutical products, quasi-pharmaceutical products, reagents, and cosmetics;</u> <u>9. Warehouse operations, port and harbor transportation business, and motor truck transportation business;</u> <u>10. Sale, purchase, leasing, and management of real estate;</u> <u>11. Non-life insurance agency operations;</u> <u>12. Holding and management of marketable securities;</u> <u>13. Management consultancy operations;</u> <p style="text-align: center;">(Newly established)</p> <ol style="list-style-type: none"> 14. Any business incidental to any of the foregoing. 	<p>(Purpose)</p> <p>Article 2. The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. Manufacture of goods and feed containing wheat and other agricultural products as raw materials; 2. Sale and purchase of the raw materials and products in the foregoing; 3. Manufacture, sale, and purchase of food products; 4. Sale and purchase of alcoholic beverages; <p style="text-align: center;">(Deleted)</p> <ol style="list-style-type: none"> <u>5. Management of restaurants and sports facilities;</u> <u>6. Design, manufacture, sale, and purchase of devices and equipment for food industry and particulate applications, and contracted installation work in relation to the above;</u> <u>7. Manufacture, sale, and purchase of pharmaceutical products, quasi-pharmaceutical products, reagents, and cosmetics;</u> <u>8. Warehouse operations, port and harbor transportation business, and motor truck transportation business;</u> <u>9. Sale, purchase, leasing, and management of real estate;</u> <u>10. Non-life insurance agency operations;</u> <u>11. Holding and management of marketable securities;</u> <u>12. Management consultancy operations;</u> <u>13. Information processing using computers, provision of related information, and development, sale, and leasing of related software;</u> 14. Any business incidental to any of the foregoing.
<p>Article 3. (Omitted)</p>	<p>Article 3. (Unchanged)</p>
<p>(Organs)</p> <p>Article 4. The Company shall have the following organs in addition to the Shareholders Meeting and Directors:</p> <ol style="list-style-type: none"> 1. Board of Directors; <u>2. Auditors;</u> <u>3. Board of Auditors;</u> <u>4. Accounting Auditor.</u> 	<p>(Organs)</p> <p>Article 4. The Company shall have the following organs in addition to the Shareholders Meeting and Directors:</p> <ol style="list-style-type: none"> 1. Board of Directors; <u>2. Audit and Supervisory Committee;</u> <p style="text-align: center;">(Deleted)</p> <ol style="list-style-type: none"> <u>3. Accounting Auditor.</u>

Current Articles of Incorporation	Proposed Amendments
Article 5. (Omitted)	Article 5. (Unchanged)
CHAPTER II. SHARES	CHAPTER II. SHARES
Article 6. (Omitted)	Article 6. (Unchanged)
(Acquisition of Own Shares) Article 7. The Company may, by resolution of the Board of Directors, acquire the Company's own shares, as provided for in Article 165, Paragraph 2 of the Companies Act.	(Deleted)
Article 8.~Article 11. (Omitted)	Article 7.~Article 10. (Unchanged)
CHAPTER III. GENERAL MEETING OF SHAREHOLDERS	CHAPTER III. GENERAL MEETING OF SHAREHOLDERS
Article 12.~Article 17. (Omitted)	Article 11.~Article 16. (Unchanged)
CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS	CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS
(Number of Directors) Article 18. The number of Directors of the Company shall not exceed 15. (Newly established)	(Number of Directors) Article 17. The number of Directors of the Company shall not exceed 15. (2) Of the Directors in the preceding item, no more than five (5) shall be Directors who are Audit and Supervisory Committee Members.
(Election of Directors) Article 19. Directors shall be elected at the Shareholders Meeting. (2) (Omitted) (3) (Omitted)	(Election of Directors) Article 18. Directors shall be elected at the Shareholders Meeting, with a distinction made between Directors who are Audit and Supervisory Committee Members and other Directors. (2) (Unchanged) (3) (Unchanged)
(Term of Office of Directors) Article 20. The term of office of a Director shall expire upon conclusion of the Annual Shareholders Meeting held with respect to the last business year ending within two (2) years from his/her election to office. (Newly established)	(Term of Office of Directors) Article 19. The term of office of a Director (excluding Directors who are Audit and Supervisory Committee Members) shall expire upon conclusion of the Annual Shareholders Meeting held with respect to the last business year ending within one (1) year from his/her election to office. (2) The term of office of a Director who is an Audit and Supervisory Committee Member shall expire upon conclusion of the Annual Shareholders Meeting held with respect to the last business year ending within two (2) years from his/her election to office.

Current Articles of Incorporation	Proposed Amendments
(2) The term of office of a <u>Director</u> elected to fill a vacancy caused by retirement of a <u>Director</u> prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired <u>Director</u> .	(3) The term of office of a <u>Director who is an Audit and Supervisory Committee Member</u> elected to fill a vacancy caused by retirement of a <u>Director who is an Audit and Supervisory Committee Member</u> prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired <u>Director who is an Audit and Supervisory Committee Member</u> .
(Representative Directors and Directors with Special Titles) Article <u>21</u> . The Board of Directors shall elect by resolution a <u>number of</u> Representative Directors <u>not exceeding five (5)</u> .	(Representative Directors and Directors with Special Titles) Article <u>20</u> . The Board of Directors shall elect by resolution <u>one or more</u> Representative Directors <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> .
(2) (Omitted)	(2) (Unchanged)
Article <u>22</u> . (Omitted)	Article <u>21</u> . (Unchanged)
(Notice of Convocation of Meetings of the Board of Directors) Article <u>23</u> . Notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and Auditor</u> at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened. (2) When the consent of all Directors <u>and Auditors</u> is obtained in advance, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.	(Notice of Convocation of Meetings of the Board of Directors) Article <u>22</u> . Notice of convocation of a meeting of the Board of Directors shall be sent to each Director at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened. (2) When the consent of all Directors is obtained in advance, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.
Article <u>24</u> . (Omitted)	Article <u>23</u> . (Unchanged)
(Newly established)	(<u>Omission of the Procedure for Adopting Resolutions of the Board of Directors</u>) Article <u>24</u> . <u>When the requirements provided for in Article 370 of the Companies Act are satisfied, resolutions of the Board of Directors shall be deemed to have been adopted.</u>
(Newly established)	(<u>Delegation of Decisions Concerning the Execution of Important Business Operations</u>) Article <u>25</u> . <u>The Company may delegate all or part of decisions concerning the execution of important business operations (excluding matters listed in each item of Article 399-13, Paragraph 5 of the Companies Act) to Directors by resolution of the Board of Directors, in accordance with the provisions of Paragraph 6 of the same.</u>
Article <u>25</u> . (Omitted)	Article <u>26</u> . (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Compensation, etc.) Article 26. The amount of compensation, bonuses, and any other proprietary benefits to be granted to Directors by the Company in consideration of their performance of duty (<u>hereinafter referred to as “compensation, etc.”</u>) shall be determined by resolution at the Shareholders Meeting.	(Compensation, etc.) Article 27. The amount of compensation, bonuses, and any other proprietary benefits to be granted to Directors by the Company in consideration of their performance of duty shall be determined by resolution at the Shareholders Meeting, <u>with a distinction made between Directors who are Audit and Supervisory Committee Members and other Directors.</u>
Article 27. (Omitted)	Article 28. (Unchanged)
(Liability Limitation Agreement with <u>Outside Directors</u>) Article 28. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>Outside Directors</u> to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability for damages pursuant to this agreement shall be the amount set forth in laws and regulations.	(Liability Limitation Agreement with <u>Directors</u>) Article 29. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Directors (<u>excluding Executive Directors, etc.</u>) to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability for damages pursuant to this agreement shall be the amount set forth in laws and regulations.
CHAPTER V. <u>AUDITORS AND BOARD OF AUDITORS</u>	CHAPTER V. <u>AUDIT AND SUPERVISORY COMMITTEE</u>
(Number of Auditors) Article 29. The number of Auditors of the Company shall not exceed five (5).	(Deleted)
(Election of Auditors) Article 30. Auditors shall be elected at the <u>Shareholders Meeting</u> . (2) Resolutions for the election of Auditors shall <u>be adopted by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</u>	(Deleted)
(Term of Office of Auditors) Article 31. The term of office of an Auditor shall <u>expire upon conclusion of the Annual Shareholders Meeting held with respect to the last business year ending within four (4) years from his/her election to office.</u> (2) The term of office of an Auditor elected to fill <u>a vacancy caused by retirement of an Auditor prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired Auditor.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p>(Effectiveness of Resolutions to Elect Substitute Auditors)</p> <p><u>Article 32. The effectiveness of a resolution to elect a Substitute Auditor shall expire upon conclusion of the Annual Shareholders Meeting held with respect to the last business year ending within four (4) years of his/her election.</u></p>	(Deleted)
<p>(Executive Auditors)</p> <p>Article 33. The <u>Board of Auditors</u> shall elect by resolution one or more Executive <u>Auditors</u>.</p>	<p>(Executive <u>Audit and Supervisory Committee Members</u>)</p> <p>Article 30. The <u>Audit and Supervisory Committee</u> may elect by resolution one or more Executive <u>Audit and Supervisory Committee Members</u>.</p>
<p>(Notice of Convocation of Meetings of the <u>Board of Auditors</u>)</p> <p>Article 34. Notice of convocation of a meeting of the <u>Board of Auditors</u> shall be sent to <u>each Auditor</u> at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>(2) When the consent of all <u>Auditors</u> is obtained in advance, a meeting of the <u>Board of Auditors</u> may be held without following the procedures for convening a meeting.</p>	<p>(Notice of Convocation of Meetings of the <u>Audit and Supervisory Committee</u>)</p> <p>Article 31. Notice of convocation of a meeting of the <u>Audit and Supervisory Committee</u> shall be sent to <u>each Audit and Supervisory Committee Member</u> at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>(2) When the consent of all <u>Audit and Supervisory Committee Members</u> is obtained in advance, a meeting of the <u>Audit and Supervisory Committee</u> may be held without following the procedures for convening a meeting.</p>
<p>(Method of Adopting Resolutions of the <u>Board of Auditors</u>)</p> <p>Article 35. <u>Except as otherwise provided by laws and regulations</u>, resolutions of the <u>Board of Auditors</u> shall be adopted by a majority of votes of <u>Auditors</u>.</p>	<p>(Method of Adopting Resolutions of the <u>Audit and Supervisory Committee</u>)</p> <p>Article 32. Resolutions of the <u>Audit and Supervisory Committee</u> shall be adopted by a majority of votes of <u>Audit and Supervisory Committee Members in attendance, at meetings when a majority of Audit and Supervisory Committee Members entitled to exercise votes are in attendance</u>.</p>
<p>(Board of Auditors Regulations)</p> <p>Article 36. Matters concerning the <u>Board of Auditors</u> shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the <u>Board of Auditors Regulations</u> set forth by the <u>Board of Auditors</u>.</p>	<p>(Audit and Supervisory Committee Regulations)</p> <p>Article 33. Matters concerning the <u>Audit and Supervisory Committee</u> shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the <u>Audit and Supervisory Committee Regulations</u> set forth by the <u>Audit and Supervisory Committee</u>.</p>
<p>(Compensation, etc.)</p> <p><u>Article 37. The amount of compensation, etc. to be granted to Auditors shall be determined by resolution at the Shareholders Meeting.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<u>(Liability Limitation Agreement with Outside Auditors)</u> <u>Article 38. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Outside Auditors to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability for damages pursuant to this agreement shall be the amount set forth in laws and regulations.</u>	(Deleted)
CHAPTER VI. ACCOUNTING AUDITOR	CHAPTER VI. ACCOUNTING AUDITOR
Article <u>39.</u> ~Article <u>40.</u> (Omitted)	Article <u>34.</u> ~Article <u>35.</u> (Unchanged)
CHAPTER VII. ACCOUNTS	CHAPTER VII. ACCOUNTS
Article <u>41.</u> (Omitted)	Article <u>36.</u> (Unchanged)
(Newly established)	<u>(Decision-making Organ with respect to Distribution of Surplus, etc.)</u> <u>Article 37. Except as otherwise provided by laws and regulations, the matters specified in each item of Article 459, Paragraph 1 of the Companies Act, including the distribution of surplus, may be determined by resolution of the Board of Directors.</u>
Article <u>42.</u> ~Article <u>44.</u> (Omitted)	Article <u>38.</u> ~Article <u>40.</u> (Unchanged)
(Newly established)	<u>SUPPLEMENTARY PROVISIONS</u> <u>(Transitional Measures Related to Outside Auditors' Exemption from Liability)</u> <u>Article 1. Agreements limiting liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act in relation to the actions of Outside Auditors (including former Outside Auditors) prior to the conclusion of the 196th Annual Shareholders Meeting shall continue to be governed by Article 38 of the Articles of Incorporation prior to amendment by resolution at the 196th Annual Shareholders Meeting.</u>
(Newly established)	<u>(Transitional Measures Related to Trade Name)</u> <u>Article 2. Amendments to Article 1 (Trade Name) shall become effective on a date determined at a meeting of the Board of Directors to be held by September 30, 2020. Furthermore, this Article 2 of the Supplementary Provisions shall be deleted once this effective date has passed.</u>

Proposal 3: Election of Eleven Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The Company will transition to a company with an audit and supervisory committee, subject to the approval and passing of Proposal 2 “Partial Amendments to the Articles of Incorporation.” In line with this transition, the terms of office of all 14 Directors will expire at the close of the Meeting. Accordingly, the Company proposes to elect eleven Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies in this proposal).

This proposal will become effective subject to Proposal 2 “Partial Amendments to the Articles of Incorporation” becoming effective.

The candidates for Director are as follows:

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
1	Hiroshi Sawada (January 1, 1931)	<div> <div> April 1953 June 1983 June 1986 June 1989 June 1993 April 2002 June 2002 June 2009 June 2012 </div> <div> Joined the Company Director Managing Director Senior Managing Director Representative Director, President Representative Director, President & C.O.O. Representative Director, Chairman of the Board of Directors Representative Director, Chairman of the Board of Directors; President & C.O.O Representative Director, Chairman of the Board of Directors (to present) </div> </div> <div> [Reason for nomination as candidate for Director] Mr. Hiroshi Sawada serves as Representative Director, President, and has abundant experience and achievements as a manager. Since becoming Representative Director, Chairman in June 2002, he has contributed to the Group’s further development. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company’s management. </div>	168,995

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
2	Toshiya Maezuru (January 7, 1961)	<p>April 1983 Joined the Company</p> <p>April 2008 General Manager, Production Control Group, Production & Technology Div.</p> <p>June 2011 General Manager, Fukuoka Mill</p> <p>June 2013 General Manager, Production & Technology Div.</p> <p>June 2014 Executive Officer; General Manager, Production & Technology Div.</p> <p>June 2015 Director; Executive Officer; Vice General Manager, Production & Technology Dept.; General Manager, Production & Technology Div., Production & Technology Dept.</p> <p>June 2017 Director; Managing Director; General Manager, Production & Technology Dept.; General Manager, Production & Technology Div., Production & Technology Dept.</p> <p>June 2018 Director; Managing Director; General Manager, Production & Technology Dept.</p> <p>December 2019 Director; Managing Director; General Manager, Production & Technology Dept.; Chairman, Food Research & Development Committee</p> <p>April 2020 Director; Senior Managing Director; General Manager, Production & Technology Dept.; Chairman, Food Research & Development Committee (to present)</p> <p>(Responsibilities in the Company) In charge of environmental issues In charge of Production & Technology, Research & Development, Quality Assurance Depts.</p> <p>[Reason for nomination as candidate for Director] Mr. Toshiya Maezuru has abundant operational experience in the manufacturing department. Since becoming a Director in June 2015, he has been responsible for the production and technology department and has been central to the Group's management. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p>	8,100

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
3	Toshifumi Horiuchi (May 25, 1959)	<p>April 1983 Joined the Company</p> <p>January 2009 General Manager, Business Administration Div.</p> <p>April 2010 General Manager, Business Administration Div., Wheat Flour Business Company</p> <p>June 2013 Vice President, Wheat Flour Business Company; General Manager, Business Administration Div., Wheat Flour Business Company</p> <p>April 2014 Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div., Wheat Flour Business Dept.</p> <p>June 2014 Executive Officer; Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div., Wheat Flour Business Dept.</p> <p>June 2015 Director; Executive Officer; Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div., Wheat Flour Business Dept.</p> <p>June 2017 Director; Managing Director; Acting General Manager, Wheat Flour Business Dept.</p> <p>April 2019 Director; Managing Director; Acting General Manager, Wheat Flour Business Dept.</p> <p>June 2019 Director; Managing Director; General Manager, Wheat Flour Business Dept.</p> <p>April 2020 Director; Senior Managing Director; General Manager, Wheat Flour Business Dept. (to present)</p> <p>(Responsibilities in the Company) In charge of Related Business Div. and Distribution Administration Div.</p> <p>[Reason for nomination as candidate for Director] Mr. Toshifumi Horiuchi has abundant operational experience in the business administration department. Since becoming a Director in June 2015, he has been responsible for the Wheat Flour Business and has been central to the Group's management. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p>	8,100

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
4	Atsuo Ouchi (April 3, 1959)	<p>April 1983 Joined the Company</p> <p>June 2009 General Manager, Foods Business Administration Div.</p> <p>April 2010 General Manager, Foods Business Administration Div., Foods Business Company</p> <p>June 2015 Executive Officer; General Manager, Foods Business Administration Div., Foods Business Dept.</p> <p>June 2016 Executive Officer; General Manager, Foods Business Administration Dept.; General Manager, Foods Business Administration Div., Foods Business Administration Dept.</p> <p>June 2017 Director; Executive Officer; General Manager, Foods Business Administration Dept.</p> <p>April 2019 Director; Executive Officer; General Manager, Foods Business Administration Dept.</p> <p>June 2019 Director; Managing Director; General Manager, Foods Business Administration Dept.</p> <p>December 2019 Director; Managing Director; General Manager, Foods Business Administration Dept.; Chairman, Food Research & Development Committee</p> <p>April 2020 Director; Senior Managing Director; General Manager, Foods Business Administration Dept.; Chairman, Food Research & Development Committee (to present)</p> <p>[Reason for nomination as candidate for Director] Mr. Atsuo Ouchi has abundant operational experience in the business administration department. Since becoming a Director in June 2017, he has been responsible for the food business administration department and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p>	8,200

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
5	Yuzuru Kogiso (March 28, 1957)	<p>April 1980 Joined the Company</p> <p>April 2005 General Manager, Secretariat Office, General Administration & Human Resources Dept.</p> <p>April 2008 General Manager, Secretariat Office, General Administration Div.</p> <p>June 2013 General Manager, General Administration Div.</p> <p>June 2014 Associate Director; General Manager, General Administration Div.</p> <p>June 2015 Executive Officer; General Manager, General Administration Div.</p> <p>June 2016 Director; Executive Officer; General Manager, General Administration Div.</p> <p>June 2017 Director; Managing Director (to present)</p> <p>(Responsibilities in the Company) In charge of IT; in charge of CSR In charge of General Administration Div., Human Resources Div., and Corporate Communications Div.</p> <p>[Reason for nomination as candidate for Director] Mr. Yuzuru Kogiso has abundant operational experience in the administration department. Since becoming a Director in June 2016, he has been responsible for the general administration department and has been central to the Group's management. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p>	34,500
6	Takaaki Aonuma (December 16, 1959)	<p>April 1982 Joined the Company</p> <p>June 2010 General Manager, General Accounting Group, Accounting & Finance Div.</p> <p>March 2014 General Manager, Related Business Div.</p> <p>June 2015 Associate Director; General Manager, Related Business Div.</p> <p>June 2016 Executive Officer; General Manager, Related Business Div.</p> <p>June 2017 Executive Officer; General Manager, Accounting & Finance Div.</p> <p>June 2019 Director; Executive Officer; General Manager, Accounting & Finance Div.</p> <p>February 2020 Director, Executive Officer; (to present)</p> <p>(Responsibilities in the Company) In charge of Accounting & Finance Div. and Internal Control Div.</p> <p>[Reason for nomination as candidate for Director] Mr. Takaaki Aonuma has abundant operational experience in the accounting department. Since becoming a Director in June 2019, he has been responsible for the accounting department and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he can be expected to further contribute to the Company's management.</p>	7,200

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
7	Takashi Eshima (May 24, 1959)	<p>April 1982 Joined the Company</p> <p>June 2008 General Manager, Foods Sales Div., Osaka Branch</p> <p>June 2015 Associate Director; General Manager, CS Business Dept.; General Manager, CS Business Div., CS Business Dept.</p> <p>June 2017 Executive Officer; General Manager, CS Business Dept.; General Manager, Nakashoku Business Div., CS Business Dept.</p> <p>April 2019 Executive Officer; General Manager, CS Business Dept.; General Manager, Nakashoku Business Div., CS Business Dept.</p> <p>June 2019 Director; Executive Officer; General Manager, CS Business Dept.</p> <p>April 2020 Director; Executive Officer; General Manager, Nakashoku Business Dept. (to present)</p> <p>[Reason for nomination as candidate for Director] Mr. Takashi Eshima has abundant operational experience in the Nakashoku department. Since becoming a Director in June 2019, he has been responsible for the Nakashoku department and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he can be expected to further contribute to the Company's management.</p>	12,600
8	Akiko Kimura (January 2, 1959)	<p>July 1997 Joined the Company</p> <p>June 2013 General Manager, Business Development & Support, International Business Div.</p> <p>June 2015 Associate Director; General Manager, Business Development & Support, International Business Div.</p> <p>June 2017 Executive Officer; General Manager, Business Development & Support, International Business Dept.</p> <p>June 2018 Executive Officer; Vice General Manager, International Business Div.; General Manager, Business Development & Support, International Business Div.</p> <p>June 2019 Director; Executive Officer; General Manager, Business Development & Support, International Business Div. (to present)</p> <p>(Responsibilities in the Company) In charge of International Business Div.</p> <p>[Reason for nomination as candidate for Director] Ms. Akiko Kimura has abundant operational experience in the international department. Since becoming a Director in June 2019, she has been responsible for the international department and has contributed to the Group's development. The Company has appointed her as a candidate for Director as she can be expected to further contribute to the Company's management.</p>	4,300

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
9	<div>New appointment</div> <div>Keizo Kagawa (March 9, 1960)</div>	<p>April 1984 Joined the Company</p> <p>July 2007 Deputy General Manager, Foods Business Administration Div., Foods Dept.</p> <p>June 2013 Vice General Manager, Foods Business Administration Div., Foods Business Company; Vice General Manager, Trade Business Administration Div., Foods Business Company</p> <p>September 2014 General Manager, Administration Div., OK Food Industry Co., Ltd.</p> <p>June 2015 Director, OK Food Industry Co., Ltd.</p> <p>June 2016 Managing Director, OK Food Industry Co., Ltd.</p> <p>June 2018 Executive Officer; General Manager, Corporate Planning Div. (to present)</p> <p>[Reason for nomination as candidate for Director] Mr. Keizo Kagawa has abundant operational experience in the business administration department and key subsidiaries. Since becoming an Executive Officer in June 2018, he has been responsible for the corporate planning department and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he can be expected to further contribute to the Company's management.</p>	2,300
10	<div>Outside</div> <div>Yoshio Kumakura (January 19, 1940)</div>	<p>April 1963 Joined Sumitomo Bank Co., Ltd. (currently Sumitomo Mitsui Banking Corporation)</p> <p>April 1969 Registered as attorney</p> <p>January 1980 Partner, Nakamura & Partners (to present)</p> <p>June 2004 Auditor, the Company</p> <p>June 2014 Director, the Company (to present)</p> <p>(Significant concurrent position) Partner; Attorney, Nakamura & Partners</p> <p>[Reason for nomination as candidate for Outside Director] Mr. Yoshio Kumakura has abundant experience as an attorney. Since becoming an Outside Director of the Company in June 2014, his expert views and extensive experience have been reflected in the Company's management. Therefore, the Company appoints him as a candidate for Outside Director. Although Mr. Yoshio Kumakura has not been directly involved in management, he is well versed in corporate legal affairs. Therefore, the Company determined that he is capable of appropriately fulfilling his duties as an Outside Director.</p>	10,000

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
11	<div>Outside</div> Naotaka Kawamata (May 1, 1965)	<p>April 1990 Joined the Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>April 1994 Registered as attorney</p> <p>April 1994 Joined Marunouchi Sogo Law Office</p> <p>January 2008 Partner, Marunouchi Sogo Law Office (to present)</p> <p>June 2014 Auditor, the Company</p> <p>April 2015 Professor, Legal Training and Research Institute, Supreme Court of Japan</p> <p>June 2017 Director, the Company (to present)</p> <p>(Significant concurrent position) Partner; Attorney, Marunouchi Sogo Law Office Outside Director (Audit and Supervisory Committee Member), TOREX SEMICONDUCTOR LTD.</p> <p>[Reason for nomination as candidate for Outside Director] Mr. Naotaka Kawamata has abundant experience as an attorney. Since becoming an Outside Director of the Company in June 2017, his expert views and extensive experience has been reflected in the Company's management. Therefore, the Company appoints him as a candidate for Outside Director. Although Mr. Naotaka Kawamata has not been directly involved in management, he is well versed in corporate legal affairs. Therefore, the Company determined that he is capable of appropriately fulfilling his duties as an Outside Director.</p>	4,200

- (Notes)
1. Messrs. Yoshio Kumakura and Naotaka Kawamata are candidates for Outside Director.
 2. Messrs. Yoshio Kumakura and Naotaka Kawamata have been registered as independent directors provided by the rules of the Tokyo Stock Exchange. If both candidates are elected, they will continue to serve as independent directors.

The Company consigns legal administration services to Nakamura & Partners where Mr. Yoshio Kumakura serves. However, as the compensation paid by the Company to the entity is less than 1% of its total annual compensation in the previous fiscal year, the Company believes that he does not have any conflict of interest with general shareholders. The Company consigns legal administration services to Marunouchi Sogo Law Office where Mr. Naotaka Kawamata serves. However, as the compensation paid by the Company to the entity is less than 1% of its total annual compensation in the previous fiscal year, the Company believes that he does not have any conflict of interest with general shareholders.
 3. The Company has entered into an agreement to limit the liability of Messrs. Yoshio Kumakura and Naotaka Kawamata under Article 423, Paragraph 1 of the Companies Act. The limit of liabilities under the agreement is the amount stipulated by laws and regulations. In case their reelection is approved, the Company will maintain the agreement with them.
 4. Mr. Yoshio Kumakura will have served as an Outside Director for six years at the close of this Meeting.
 5. Mr. Naotaka Kawamata will have served as an Outside Director for three years at the close of this Meeting.

Proposal 4: Election of Four Directors who are Audit and Supervisory Committee Members

The Company will transition to a company with an audit and supervisory committee, subject to the approval and passing of Proposal 2 “Partial Amendments to the Articles of Incorporation.” Accordingly, the Company proposes to elect four Directors who are Audit and Supervisory Committee Members.

The Company has obtained the consent of the Board of Auditors for this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
1	<div>Outside</div> <div>New appointment</div> <p>Akio Okuyama (October 10, 1944)</p>	<p>December 1968 Joined Chuo Audit Corporation March 1971 Registered as certified public accountant March 1983 Representative Partner, Chuo Audit Corporation July 2001 Chairman and President, the Japanese Institute of Certified Public Accountants May 2005 Chairman, ChuoAoyama Audit Corporation February 2007 Director, Okuyama Certified Public Accountant Office (to present) June 2010 Auditor, the Company (to present) (Significant concurrent position) Director, Okuyama Certified Public Accountant Office; External Auditor, ADEKA Corporation; Corporate Auditor, Shinkin Central Bank</p> <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member] Mr. Akio Okuyama has abundant experience as a certified public accountant. Since becoming an Outside Auditor of the Company in June 2010, his expert views and extensive experience have been reflected in the Company’s management. Therefore, the Company appoints him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Although Mr. Akio Okuyama has not been directly involved in management, he is well versed in corporate accounting. Therefore, the Company determined that he is capable of appropriately fulfilling his duties as a Director who is an Audit and Supervisory Committee Member.</p>	5,000
2	<div>Outside</div> <div>New appointment</div> <p>Kazuhiko Yoshida (November 7, 1963)</p>	<p>April 1990 Registered as attorney April 1990 Joined Nakamura & Partners March 1993 Registered as patent attorney May 1998 Registered as attorney in New York State, U.S. January 2001 Partner, Nakamura & Partners January 2017 Representative Partner, Nakamura & Partners (to present) June 2017 Auditor, the Company (Significant concurrent position) Representative Partner; Attorney, Nakamura & Partners</p> <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member] Mr. Kazuhiko Yoshida has abundant experience as an attorney. Since becoming an Outside Auditor of the Company in June 2017, his expert views and extensive experience have been reflected in the Company’s management. Therefore, the Company appoints him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Although Mr. Kazuhiko Yoshida has not been directly involved in management, he is well versed in corporate legal affairs. Therefore, the Company determined that he is capable of appropriately fulfilling his duties as a Director who is an Audit and Supervisory Committee Member.</p>	1,700

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
3	<div>Outside</div> <div>New appointment</div> <p>Kentaro Naruse (August 10, 1976)</p>	<p>October 2004 Registered as attorney</p> <p>October 2004 Joined Nishimura & Partners (currently Nishimura & Asahi)</p> <p>April 2009 Joined Marunouchi Sogo Law Office</p> <p>January 2016 Partner, Marunouchi Sogo Law Office (to present)</p> <p>October 2019 Civil Conciliator (Part-time Judge), Tokyo District Court (to present)</p> <p>(Significant concurrent position) Partner; Attorney, Marunouchi Sogo Law Office</p> <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member] Mr. Kentaro Naruse has abundant experience as an attorney. In order for his expert views and extensive experience to be reflected in the Company's audits, the Company appoints him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Although Mr. Kentaro Naruse has not been directly involved in management, he is well versed in corporate legal affairs. Therefore, the Company determined that he is capable of appropriately fulfilling his duties as a Director who is an Audit and Supervisory Committee Member.</p>	0
4	<div>New appointment</div> <p>Etsuzo Tamagawa (May 6, 1962)</p>	<p>April 1985 Joined the Company</p> <p>July 2010 Deputy General Manager, Corporate Planning Group, Corporate Planning Div.</p> <p>January 2011 Deputy General Manager, Chiba Mill</p> <p>June 2013 Deputy General Manager, General Accounting Group, Accounting & Finance Div.</p> <p>March 2014 General Manager, General Accounting Group, Accounting & Finance Div.</p> <p>October 2015 Vice General Manager, Accounting & Finance Div.</p> <p>June 2017 General Manager, Related Business Div. (to present)</p> <p>[Reason for nomination as candidate for Director who is an Audit and Supervisory Committee Member] Mr. Etsuzo Tamagawa has abundant operational experience in the accounting department. The Company has determined that he is capable of conducting appropriate supervision and audits of the execution of duties by Directors.</p>	1,200

- (Notes) 1. Messrs. Akio Okuyama, Kazuhiko Yoshida and Kentaro Naruse are candidates for Outside Directors.
2. Messrs. Akio Okuyama and Kazuhiko Yoshida have been registered as independent auditors provided by the rules of the Tokyo Stock Exchange. If both candidates are elected, they will continue to serve as independent directors. The Company consigns legal administration services to Nakamura & Partners where Mr. Kazuhiko Yoshida serves. However, as the compensation paid by the Company to the entity is less than 1% of its total annual compensation in the previous fiscal year, the Company believes that he does not have any conflict of interest with general shareholders.
3. If Mr. Kentaro Naruse is appointed as a Director who is an Audit and Supervisory Committee Member, he will serve as an independent director provided by the rules of the Tokyo Stock Exchange. The Company consigns legal administration services to Marunouchi Sogo Law Office where Mr. Kentaro Naruse serves. However, as the compensation paid by the Company to the entity is less than 1% of its total annual compensation in the previous fiscal year, the Company believes that he does not have any conflict of interest

with general shareholders.

4. The Company has entered into an agreement to limit the liability of Messrs. Akio Okuyama and Kazuhiko Yoshida under Article 423, Paragraph 1 of the Companies Act. The limit of liabilities under the agreement is the amount stipulated by laws and regulations.

If Messrs. Akio Okuyama and Kazuhiko Yoshida are elected as Directors who are Audit and Supervisory Committee Members, the Company will enter into liability limitation agreements with them of a similar nature to the above liability limitation agreement.

5. If Messrs. Kentaro Naruse and Etsuzo Tamagawa are elected as Directors who are Audit and Supervisory Committee Members, the Company will enter into agreements with them to limit their liability under Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of liabilities under the agreement is the amount stipulated by laws and regulations.
6. Mr. Akio Okuyama will have served as an Outside Auditor for ten years at the close of this Meeting.
7. Mr. Kazuhiko Yoshida will have served as an Outside Auditor for three years at the close of this Meeting.

Proposal 5: Determination of Amount of Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The amount of compensation for Directors of the Company was approved as no more than 240 million yen per annum (not including salary as an employee for Directors concurrently serving as employees) at the 182nd Annual Shareholders Meeting held on June 28, 2006, and this amount has remained unchanged until the present. However, the Company will transition to a company with an audit and supervisory committee, subject to the approval and passing of Proposal 2 “Partial Amendments to the Articles of Incorporation.” Accordingly, the Company proposes to discontinue the current framework for Directors’ compensation, and determine the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) as “no more than 380 million yen per annum” (including no more than 30 million yen per annum for Outside Directors), taking into consideration economic conditions and various other matters.

Furthermore, the Company proposes that the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) will not include salary as an employee for Directors concurrently serving as employees.

At present there are 14 Directors (including two Outside Directors), but if Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of Eleven Directors (Excluding Directors who are Audit and Supervisory Committee Members)” are approved and passed as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eleven (including two Outside Directors).

This proposal will become effective subject to Proposal 2 “Partial Amendments to the Articles of Incorporation” becoming effective.

Proposal 6: Determination of Amount of Compensation for Directors who are Audit and Supervisory Committee Members

The Company will transition to a company with an audit and supervisory committee, subject to the approval and passing of Proposal 2 “Partial Amendments to the Articles of Incorporation.” Accordingly, the Company proposes to determine the amount of compensation for Directors who are Audit and Supervisory Committee Members as “no more than 80 million yen per annum,” taking into consideration economic conditions and various other matters.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 4 “Election of Four Directors who are Audit and Supervisory Committee Members” are approved and passed as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be four (including three Outside Directors).

This proposal will become effective subject to Proposal 2 “Partial Amendments to the Articles of Incorporation” becoming effective.

Proposal 7: Determination of Amount and Details of Stock Compensation-type Stock Option Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

The Company will transition to a company with an audit and supervisory committee, subject to the approval and passing of Proposal 2 “Partial Amendments to the Articles of Incorporation.”

Accordingly, the Company intends to discontinue the current provisions related to the amount of stock compensation-type stock option compensation for Directors (excluding Outside Directors), which was resolved to be no more than 120 million yen per annum, separately to the amount of compensation for Directors, at the 190th Annual Shareholders Meeting held on June 27, 2014. The Company now proposes to allot stock acquisition rights as stock compensation-type stock options to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), in an amount of no more than 120 million yen per annum, separately to the amount of compensation of no more than 380 million yen per annum described in Proposal 5 “Determination of Amount of Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members).”

The amount of stock option compensation will be the fair value per subscription right to shares, calculated on the allotment date of the stock acquisition rights, multiplied by the number of stock acquisition rights to be allotted.

The stock acquisition rights will be allotted as stock-compensation-type stock options in order to enhance Directors’ motivation and morale in regard to contributing to improving business performance and increasing corporate value over the medium- to long-term, by ensuring that after the transition to a company with an audit and supervisory committee, Directors continue to share with shareholders not only the merits of an increase in the share price, but also the risk of a decrease in the share price.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of Eleven Directors (Excluding Directors who are Audit and Supervisory Committee Members)” are approved and passed as originally proposed, the number of Directors to which this proposal applies will be nine (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors).

This proposal shall become effective when Proposal 2 “Partial Amendments to the Articles of Incorporation” comes into effect.

The details of the stock acquisition rights to be allotted to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) are as follows:

1. Total number of stock acquisition rights, type and number of shares underlying the stock acquisition rights

The maximum total number of stock acquisition rights to be allotted per annum will be 3,000 units.

The type of shares underlying the stock acquisition rights will be a maximum of 150,000 shares of the Company’s common stock per annum.

The number of shares underlying each subscription right to shares (the “number of shares to be granted”) will be 50 shares.

Furthermore, the Company will adjust the number of shares to be granted as deemed necessary if it is appropriate to change the number of shares to be granted as a result of the Company conducting a merger, company split, share split (including a gratis allotment of shares), or consolidation of shares.

2. Amount to be paid for the stock acquisition rights

The amount to be paid for the stock acquisition rights will be an amount calculated using the Black-Scholes model on the allotment date of the stock acquisition rights. Furthermore, instead of paying this amount, persons to whom stock acquisition rights are allotted will submit compensation claims against the Company in exchange for the stock acquisition rights.

3. Amount of property to be contributed when exercising the stock acquisition rights

The amount of property to be contributed when exercising the stock acquisition rights will be one yen per share delivered upon exercise of the stock acquisition rights, multiplied by the number of shares to be granted.

4. Period when the stock acquisition rights may be exercised

The period when the stock acquisition rights may be exercised will be a period determined by the Board of Directors, of up to 30 years from the day after the allotment date of the stock acquisition rights.

5. Main conditions for the exercise of the stock acquisition rights

Holders of stock acquisition rights who lose their position as director of the Company may only exercise their stock acquisition rights at once within 10 days of the day after losing their position, during the period described in the above item 4.

6. Restrictions on the transfer of the stock acquisition rights

The acquisition of stock acquisition rights by transfer will require approval by a resolution of the Board of Directors of the Company.

7. Other details on the stock acquisition rights

The details of the above items 1. through 6. and other details related to the stock acquisition rights will be determined at the meeting of the Board of Directors which determines the items to be offered for the stock acquisition rights.