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Securities Code: 4553
June 7, 2019

To our shareholders:

Itsuro Yoshida
President and Representative Director
TOWA PHARMACEUTICAL CO., LTD.
2-11, Shinbashi-cho, Kadoma, Osaka, JAPAN

NOTICE OF THE 63RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 63rd Ordinary General Meeting of Shareholders of TOWA PHARMACEUTICAL CO., LTD. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail, or via the internet. Please review the appended Reference Documents for the General Meeting of Shareholders, then use either the site for exercising voting rights designated by the Company (https://evote.tr.mufg.jp/) or the enclosed voting form to indicate your approval or disapproval of the proposals and, if using the latter, return it to us by postal mail. In either case, your response should reach us no later than 5:40 p.m. on Monday, June 24, 2019 (Japan Standard Time).

1. **Date and Time:** Tuesday, June 25, 2019 at 10:00 a.m. (Japan Standard Time)
2. **Venue:** Headquarters of the Company
   Meeting room on the 2nd floor
   2-11, Shinbashi-cho, Kadoma, Osaka, JAPAN
3. **Purposes:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 63rd Term (from April 1, 2018 to March 31, 2019), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Company Auditors
2. Non-Consolidated Financial Statements for the 63rd Term (from April 1, 2018 to March 31, 2019)

Items to be resolved:

Proposal 1:	Appropriation of surplus
Proposal 2:	Partial amendments to the Articles of Incorporation
Proposal 3:	Election of three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members)
Proposal 4:	Election of three (3) Directors who are Audit and Supervisory Committee Members
Proposal 5:	Election of one (1) substitute Director who is a prospective Audit and Supervisory Committee Member
Proposal 6:	Setting of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)
Proposal 7:	Setting of remuneration amount for Directors who are Audit and Supervisory Committee Members
Proposal 8:	Determination of remuneration for granting Restricted Stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)
Proposal 9:	Payment of bonuses to Directors

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

The Company has a basic policy of paying dividends in accordance with earnings as we work to reinforce the foundations of our operations, and we consider it a major issue to continue to pay dividends in a stable manner to all shareholders.

In order to reciprocate the support of its shareholders, taking into consideration its strong performance and financial position for the fiscal year under review, the Company proposes to pay year-end dividends for the current fiscal year as follows, with a 12.50 yen per share increase.

Matters related to year-end dividends

(1) Type of dividend property
Cash

(2) Allocation of dividend property and total amount thereof
60 yen per common share of the Company
Total amount of dividends: 984,182,340 yen
The Company paid an interim dividend of 47.50 yen per share, and thus the annual dividend for the fiscal year under review is 107.50 yen per share.

(3) Effective date of distribution of dividends of surplus
June 26, 2019

Note: Effective April 1, 2019, the Company implemented a 1:3 share split of its common shares. For the year-end dividend for the fiscal year under review (63rd term), since the dividend record date is March 31, 2019, dividends will be provided based on the number of shares before the implementation of this share split.

Proposal 2: Partial amendments to the Articles of Incorporation

(1) Reasons for the proposal

The Company proposes a transition to a company with Audit and Supervisory Committee, allowing Audit and Supervisory Committee Members with voting rights at the meeting of the Board of Directors to conduct audits on the execution of business, with the aim of strengthening audit and supervising functions of the Board of Directors and further enhancing the corporate governance system.

(i) Provisions regarding Audit and Supervisory Committee Members and the Audit and Supervisory Committee will be established and provisions regarding Auditors and the Board of Company Auditors will be deleted as required for the transition to a company with Audit and Supervisory Committee.
(ii) A provision will be established regarding the delegation of authority to executive directors to improve the efficiency of management and to enable flexible decision making.
(iii) Business purposes will be added to support the future business development.
(iv) As the Company no longer finds necessity of appointment of Advisory Directors, relevant provisions will be deleted.
(v) Amendments to article numbers and other corresponding changes will be made along with the changes above.

(2) Details of the amendments

The details of the amendments are as follows.

Please note that these amendments to the Articles of Incorporation shall come into effect at the conclusion of this meeting.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
Article 1. (Omitted)	Article 1. (Unchanged)
(Purpose) Article 2. The purpose of the Company shall be to engage in the following business activities: (1) Production, buying and selling, and export and import of pharmaceuticals	(Purpose) Article 2. The purpose of the Company shall be to engage in the following business activities: (1) Production, buying and selling, and export and import of pharmaceuticals
(Newly established)	(2) Planning and development, provision, and buying and selling of products and services related to health
(2) Production, buying and selling, and export and import of quasi-drugs and cosmetics	(3) Production, buying and selling, and export and import of quasi-drugs and cosmetics
(3) Production, buying and selling, and export and import of pharmaceutical ingredients and industrial chemicals	(4) Production, buying and selling, and export and import of pharmaceutical ingredients and industrial chemicals
(4) Production, buying and selling, and export and import of food products and food additives	(5) Production, buying and selling, and export and import of food products and food additives
(5) Buying and selling, and export and import of medical equipment and appliances, etc.	(6) Buying and selling, and export and import of medical equipment and appliances, etc.
(6) Contracted analysis tests and safety tests on pharmaceuticals and other products	(7) Contracted analysis tests and safety tests on pharmaceuticals and other products
(7) Information provision services, printing business, and worker dispatching business	(8) Information provision services, printing business, and worker dispatching business
(8) Any and all businesses incidental to any of the foregoing items	(9) Any and all businesses incidental to any of the foregoing items
Article 3. (Omitted)	Article 3. (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Organs) Article 4. The Company shall have, in addition to the general meeting of shareholders and Directors, the following organs: (1) Board of Directors (2) Auditors (3) Board of Company Auditors (4) Accounting Auditor	(Organs) Article 4. The Company shall have, in addition to the general meeting of shareholders and Directors, the following organs: (1) Board of Directors (2) Audit and Supervisory Committee (Deleted) (3) Accounting Auditor
Article 5. to Article 17. (Omitted)	Article 5. to Article 17. (Unchanged)
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
(Number of Directors) Article 18. The Company shall have not more than fifteen (15) Directors.	(Number of Directors) Article 18. 1. The Company shall have not more than eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members). 2. The Company shall have not more than five (5) Directors who are Audit and Supervisory Committee Members.
(Newly established)	
(Method of Election) Article 19. 1. Directors shall be elected at a general meeting of shareholders.	(Method of Election) Article 19. 1. Directors shall be elected at a general meeting of shareholders, while distinguishing Directors who are Audit and Supervisory Committee Members and other Directors.
2. (Omitted)	2. (Unchanged)
3. (Omitted)	3. (Unchanged)
(Newly established)	4. The Company can elect a substitute Director who is an Audit and Supervisory Committee Member at a general meeting of shareholders, to be ready to fill a vacant position should the number of Audit and Supervisory Committee Members fall below the number required by laws and regulations.
(Newly established)	5. The effective period for the resolution on the election of a substitute Director who is an Audit and Supervisory Committee Member described in the preceding paragraph shall expire at the start of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within two (2) years after the resolution.

Current Articles of Incorporation	Proposed Amendments
(Term of Office) Article 20. 1. The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year out of the business years within two (2) years after the election of the Director.	(Term of Office) Article 20. 1. The term of office of a Director (excluding Directors who are Audit and Supervisory Committee Members) shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within one (1) year after the election of the Director.
(Newly established)	2. The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within two (2) years after the election of the Director.
2. The term of office of a Director who is elected due to an increase in the number of Directors or as the substitute for a Director who retired from office before the expiration of the term of office shall continue until the time the term of office of the other currently serving Directors expire.	3. The term of office of a Director (excluding Directors who are Audit and Supervisory Committee Members) who is elected due to an increase in the number of Directors or as the substitute for a Director who retired from office before the expiration of the term of office shall continue until the time the term of office of the other currently serving Directors (excluding Directors who are Audit and Supervisory Committee Members) expire.
(Newly established)	4. The term of office of a Director who is an Audit and Supervisory Committee Member elected as the substitute for a Director who is an Audit and Supervisory Committee Member retired from office before the expiration of the term of office shall continue until the time the term of office of the Director who is an Audit and Supervisory Committee Member retired from office expires.
(Representative Directors and Directors With Special Titles) Article 21. 1. The Board of Directors shall appoint Representative Director(s) by its resolution.	(Representative Directors and Directors With Special Titles) Article 21. 1. The Board of Directors shall appoint Representative Director(s) from among the Directors (excluding Directors who are Audit and Supervisory Committee Members) by its resolution.
2. The Board of Directors shall appoint, by its resolution, one (1) Chairman, one (1) President, one (1) or a small number of Senior Managing Directors, one (1) or a small number of Managing Directors, and one (1) or a small number of Advisory Directors.	2. The Board of Directors shall appoint, by its resolution, one (1) Chairman, one (1) President, one (1) or a small number of Senior Managing Directors, and one (1) or a small number of Managing Directors, from among the Directors (excluding Directors who are Audit and Supervisory Committee Members).
Article 22. to Article 23. (Omitted)	Article 22. to Article 23. (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Notice of Meeting of the Board of Directors) Article 24. 1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director and each Auditor at least three (3) days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. 2. With the consent of all Directors and Auditors, a meeting of the Board of Directors may be held without following the convening procedures.	(Notice of Meeting of the Board of Directors) Article 24. 1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director at least three (3) days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. 2. With the consent of all Directors, a meeting of the Board of Directors may be held without following the convening procedures.
(Newly established)	(Delegation of Decision Regarding Important Business Execution) Article 25. Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of decisions regarding important execution (excluding matters set forth in items of Paragraph 5 of the said Article) to a Director by resolution of the Board of Directors.
Article 25. (Omitted)	Article 26. (Unchanged)
(Remuneration, Etc.) Article 26. Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the "Remuneration, Etc.") to Directors shall be determined by resolution of a general meeting of shareholders.	(Remuneration, Etc.) Article 27. Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the "Remuneration, Etc.") to Directors shall be determined by resolution of a general meeting of shareholders. However, the Remuneration, Etc. for Directors who are Audit and Supervisory Committee Members shall be determined by resolution of a general meeting of shareholders separately from the Remuneration, Etc. for other Directors.
Article 27. (Omitted)	Article 28. (Unchanged)
Chapter 5 Auditors and Board of Company Auditors	(Deleted)
(Number of Auditors) Article 28. The Company shall have not more than five (5) Auditors.	(Deleted)
(Method of Election) Article 29. 1. Auditors shall be elected at a general meeting of shareholders.	(Deleted)

Current Articles of Incorporation	Proposed Amendments
2. Resolutions on the election of an Auditor shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.	
(Term of Office) Article 30. 1. The term of office of an Auditor shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within four (4) years after the election of the Auditor. 2. The term of office of an Auditor who is elected as the substitute for an Auditor who retired from office before the expiration of the term of office shall continue until the time the term of office of the Auditor who retired from office is to expire. 3. The effective period for the resolution on the election of a substitute Auditor who is elected based on Article 329, Paragraph 3 of the Companies Act shall expire at the start of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within four (4) years after the election of the Auditor.	(Deleted)
(Full-Time Auditors) Article 31. The Board of Company Auditors shall appoint full-time Auditor(s) by its resolution.	(Deleted)
(Notice of Meeting of the Board of Company Auditors) Article 32. 1. When convening a meeting of the Board of Company Auditors, a notice shall be dispatched to each Auditor at least three (3) days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. 2. With the consent of all Auditors, a meeting may be held without following the convening procedures.	(Deleted)
(Regulations of the Board of Company Auditors) Article 33. Matters concerning the Board of Company Auditors shall be governed by the Regulations of the Board of Company Auditors established by the Board of Company Auditors, in addition to applicable laws and regulations and these Articles of Incorporation.	(Deleted)

Current Articles of Incorporation	Proposed Amendments
(Remuneration, Etc.) Article 34. The Remuneration, Etc. to Auditors shall be determined by resolution of a general meeting of shareholders.	(Deleted)
(Exemption of Auditors from Liability) Article 35. 1. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Auditor (including a person who was formerly an Auditor) from his/her liability for damages under Article 423, Paragraph 1 of the same Act, to the extent permitted by laws and regulations. 2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into a liability limitation agreement with an Auditor to limit his/her liability for damages under Article 423, Paragraph 1 of the same Act. Note that the maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.	(Deleted)
(Newly established)	Chapter 5 Audit and Supervisory Committee
(Newly established)	(Notice of Meeting of the Audit and Supervisory Committee) Article 29. 1. When convening a meeting of the Audit and Supervisory Committee, a notice shall be dispatched to each Audit and Supervisory Committee Member at least three (3) days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. 2. With the consent of all Audit and Supervisory Committee Members, a meeting of the Audit and Supervisory Committee may be held without following the convening procedures.
(Newly established)	(Regulations of the Audit and Supervisory Committee) Article 30. Matters concerning the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee, in addition to applicable laws and regulations and these Articles of Incorporation.

Current Articles of Incorporation	Proposed Amendments
(Newly established)	(Full-time Audit and Supervisory Committee Members) Article 31. The Audit and Supervisory Committee may appoint one (1) or more full-time Audit and Supervisory Committee Members by its resolution.
Article 36. to Article 39. (Omitted)	Article 32. to Article 35. (Unchanged)
(Newly established)	Supplementary Provisions (Transitional Measures for Exemption of Auditor from Liability) Article 1. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Auditor (including a person who was formerly an Auditor) from his/her liability for damages arising from neglecting his/her duties before the partial amendments to the Articles of Incorporation resolved at the 63rd Ordinary General Meeting of Shareholders has taken effect, to the extent permitted by laws and regulations.

Proposal 3: Election of three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2 "Partial amendments to the Articles of Incorporation" is approved and adopted as proposed, the Company will make the transition to a company with Audit and Supervisory Committee, and terms of office of all nine (9) Directors will expire when the amendments to the Articles of Incorporation become effective.

Therefore, the Company proposes to elect three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal).

This proposal, however, can only take effect after the partial amendments to the Proposal 2 "Partial amendments to the Articles of Incorporation" take effect.

The candidates for Director are as follows.

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Itsuro Yoshida (April 27, 1951) Reelection	May 1979 Joined the Company Oct. 1983 General Manager of Finance & Accounting Department Dec. 1983 Director / General Manager of Finance & Accounting Department Aug. 1986 Director / General Manager of General Affairs Department Apr. 1990 Director / General Manager of President Office June 1990 Senior Managing Director / General Manager of President Office June 1991 Senior Managing Director / Division Manager, Production Division / General Manager of President Office Nov. 1991 Senior Managing Director / General Manager of President Office June 1996 President and Representative Director (to present) (significant concurrent positions outside the Company) Chairman and Representative Director, J-DOLPH PHARMACEUTICAL CO., LTD. Chairman and Representative Director, DAICHI KASEI CO., LTD.	485,103
	[Reasons for nomination as candidate for Director] Itsuro Yoshida has been involved in businesses, management and administration across the entire Group. He has extensive experience and knowledge regarding business management, administration and operations, which the Company expects to strengthen the decision-making function of the Board of Directors, for which reason it has again nominated him as candidate for Director.		

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Kazuhiko Konno (October 8, 1954) Reelection	Apr. 1977 Joined Kanto Ishi Pharmaceutical Co., Ltd. Nov. 1998 Joined the Company / Deputy General Manager of Quality Assurance Department, Yamagata Plant, Production Division Apr. 2005 General Manager of Quality Assurance Department, Yamagata Plant, Production Division Apr. 2007 General Manager of Quality Assurance Department, Pharmacovigilance & Quality Assurance Division Oct. 2009 Plant Manager, Osaka Plant, Production Division June 2013 Director / Deputy Division Manager, Production Division Apr. 2014 Director / Division Manager, Production Division June 2017 Managing Director / Director in charge of Production Division, Research & Development Division, Pharmaceutical Research & Technology Division and API Business Division Apr. 2019 Managing Director / Director in charge of Pharmacovigilance & Quality Assurance Division, Production Division and Pharmaceutical Research & Technology Division (to present) (significant concurrent positions outside the Company) Chairman and Representative Director, Greencaps Pharmaceutical Co., Ltd.	1,887
	[Reasons for nomination as candidate for Director] Within the Company, Kazuhiko Konno has been involved mostly in the production and quality assurance divisions. He has extensive experience and knowledge regarding business management, administration and operations, which the Company expects to strengthen the decision-making function of the Board of Directors, for which reason it has again nominated him as candidate for Director.		

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Masao Tanaka (July 4, 1954) Reelection	Apr. 1978 Joined SANTEN PHARMACEUTICAL CO., LTD. Apr. 2007 Manager of Internal Auditing Group, SANTEN PHARMACEUTICAL CO., LTD. Mar. 2009 Team Manager of Finance Section Team, Finance & Accounting Department, SANTEN PHARMACEUTICAL CO., LTD. Apr. 2009 Joined the Company / Deputy-General Manager, Internal Audit Office Apr. 2011 Manager of Internal Audit Office Oct. 2016 General Manager of Public Relations and Investor Relations Office / General Manager of Human Resources Department June 2017 Director /Division Manager, Administration Division Apr. 2019 Director / Director in charge of Administration Division (to present) (significant concurrent positions outside the Company) None	640
	[Reasons for nomination as candidate for Director] Masao Tanaka has been involved in the administration divisions. He has extensive experience and knowledge regarding business management, administration and operations, which the Company expects to strengthen the decision-making function of the Board of Directors, for which reason it has again nominated him as candidate for Director.		

Notes: 1. There is no special interest between any of the candidates and the Company.
2. The figure for the number of the Company's shares held by each candidate in the above tables is the number of shares as of the end of the fiscal term under review (March 31, 2019), before the stock split conducted in April 1, 2019.

Proposal 4: Election of three (3) Directors who are Audit and Supervisory Committee Members

If Proposal 2 "Partial amendments to the Articles of Incorporation" is approved and adopted as proposed, the Company will make the transition to a company with Audit and Supervisory Committee.

Therefore, the Company proposes to elect of three (3) Directors who are Audit and Supervisory Committee Members.

This proposal has been agreed to by the Board of Company Auditors.

This proposal, however, can only take effect after the amendments to the Articles of Incorporation as proposed in Proposal 2 "Partial amendments to the Articles of Incorporation" take effect.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Toshio Shirakawa (October 12, 1952) New election	Sept. 1978 Joined ICI-Pharma Ltd. (currently AstraZeneca K.K.) Oct. 2006 Joined the Company / General Manager of Development Strategy Department, Research & Development Division Apr. 2008 General Manager of Product Portfolio Management Department, Corporate Planning Division June 2015 Managing Director / Director in charge of Business Development Office and International Business Development Department / General Manager of Product Strategy Management Department Apr. 2017 Managing Director / Director in charge of Product Strategy Division, International Business Division and Development Planning Office Apr. 2019 Managing Director (to present) (significant concurrent positions outside the Company) None	2,713
	[Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member] Within the Company, Toshio Shirakawa has been involved mostly in the strategy and planning divisions. The Company expects that he will be able to enhance the supervisory function of the Board of Directors, as he has extensive experience and knowledge regarding business management, administration and operations. For this reason, it has nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.		

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Norikazu Eiki (April 17, 1948) Outside New Election	Aug. 1979 Joined Ciba-Geigy Japan Limited Jan. 1994 Joined Bayer Yakuhin, Ltd Mar. 1997 Director / Plant Manager of Shiga Plant, Bayer Yakuhin, Ltd July 2002 President and Representative Director, Bayer Yakuhin, Ltd Jan. 2007 Chairman and Representative Director, Bayer Yakuhin, Ltd Apr. 2010 Chairman and Director, Bayer Yakuhin, Ltd May 2014 Outside Director of AnGes MG, Inc. (currently AnGes, Inc.) (to present) Apr. 2015 Director of the Board, FunPep Co., Ltd. (to present) June 2015 Outside Director of the Company (to present) Apr. 2016 Outside Director of Solasia Pharma K.K. (to present) June 2018 Outside Director of the Board, Gene Techno Science (to present) (significant concurrent positions outside the Company) Outside Director of AnGes, Inc. Director of the Board, FunPep Co., Ltd. Outside Director of Solasia Pharma K.K. Outside Director of Gene Techno Science	–
	[Reasons for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member] Norikazu Eiki has wide-ranging insights and extensive experience at a global company, and the Company expects that his advice and opinions will promote sound and efficient management, for which reason it has nominated him as a candidate for outside Director who is an Audit and Supervisory Committee Member.		

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Hidehito Nemoto (September 3, 1961) Outside New Election	Oct. 1987 KPMG Minato Audit Corporation (currently KPMG AZSA LLC) July 1991 Registered as Certified Public Accountant Oct. 1995 Seconded to KPMG Consulting Co., Ltd. Sept. 2001 Managing Director, KPMG Consulting Co., Ltd. Feb. 2005 Joined KPMG Business Assurance Co., Ltd. Executive Officer and Partner July 2009 Representative Partner, KPMG AZSA & Co. (currently KPMG AZSA LLC) Apr. 2012 Joined IBM Japan, Ltd. Partner and Leader of Industrial Products Services Sector, Global Business Services Division Jan. 2016 Partner and General Manager of Industrial Global Projects, Industrial Services Sector, Global Business Services Division, IBM Japan, Ltd. (to present) June 2018 Outside Director of the Company (to present) (significant concurrent positions outside the Company) Partner, IBM Japan, Ltd.	–
	[Reasons for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member] The Company nominated Hidehito Nemoto as Outside Director, because it expects that he will be able to provide advice and recommendations so as to enhance the transparency and objectivity of management, as he has expert knowledge and experience accumulated through his management consulting work, and has extensive knowledge and experience in the fields of finance and accounting, etc., gained from being a certified public accountant. Due to these reasons, it has nominated him as a candidate for outside Director who is an Audit and Supervisory Committee Member.		

Notes:
1. There is no special interest between any of the candidates and the Company.
2. Norikazu Eiki and Hidehito Nemoto are candidates for outside Director. The Company has submitted notification to the Tokyo Stock Exchange Inc. that they have been designated as independent officers as provided for by the aforementioned exchange. If their election is approved, the Company plans for their appointment as independent officers to continue.
3. Norikazu Eiki is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure as an outside Director will have been four (4) years.
4. Hidehito Nemoto is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure as an outside Director will have been one (1) year.
5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Norikazu Eiki and Hidehito Nemoto to limit their liability for damages under Article 423, Paragraph 1 of the same Act to the minimum liability amount provided for by Article 425, Paragraph 1 of the same Act. If their election is approved, the Company plans to continue the said agreement with them.
6. The figure for the number of the Company's shares held by Toshio Shirakawa in the above table is the number of shares as of the end of the fiscal term under review (March 31, 2019), before the stock split conducted in April 1, 2019.

Proposal 5: Election of one (1) substitute Director who is an Audit and Supervisory Committee Member

If Proposal 2 "Partial amendments to the Articles of Incorporation" is approved and adopted as proposed, the Company will make the transition to a company with Audit and Supervisory Committee.

Therefore, the Company proposes to elect one (1) substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Audit and Supervisory Committee Members fall below the number required by laws and regulations.

This proposal has been agreed to by the Board of Company Auditors.

This proposal, however, can only take effect after the amendments to the Articles of Incorporation as proposed in Proposal 2 "Partial amendments to the Articles of Incorporation" take effect.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, and position and responsibility in the Company (significant concurrent positions outside the Company)	Number of the Company's shares owned
Hideaki Higuchi (April 14, 1971) Outside New election	Apr. 1994 Joined The Long-Term Credit Bank of Japan, Ltd. (currently Shinsei Bank, Ltd.) Dec. 2006 Joined Deloitte Touche Tohmatsu (currently, DeloitteToucheTohmatsu LLC) Apr. 2008 Joined GCA Savvian Group Corporation (currently GCA Corporation) July 2008 Registered as Certified Public Accountant (to present) May 2011 Representative of Hideaki Higuchi Certified Public Accountant Office (to present) July 2011 Registered as Certified Public Tax Accountant (to present) June 2012 Outside Corporate Auditor of SOFT99 corporation (to present) Outside Corporate Auditor of AION Co., Ltd. (to present) (significant concurrent positions outside the Company) Representative of Hideaki Higuchi Certified Public Accountant Office Outside Corporate Auditor of SOFT99 corporation Outside Corporate Auditor of AION Co., Ltd.	–
[Reasons for nomination as candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member] The Company nominated Hideaki Higuchi as Outside Director, because it expects that he will be able to provide advice and recommendations so as to enhance the transparency and objectivity of management, as he has expert knowledge and experience accumulated through his M&A advisory work, and has extensive knowledge and experience in the fields of finance and accounting, etc., gained from being a certified public accountant and an expert who holds Master of Business Administration (MBA) degree. Due to these reasons, it has nominated him as a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.		

Notes:
1. There is no special interest between Hideaki Higuchi and the Company.
2. Hideaki Higuchi is a candidate for substitute outside Director.
3. If Hideaki Higuchi assumes the office of Director who is an Audit and Supervisory Committee Member, the Company plans to designate him as an independent officer as provided for by the aforementioned exchange and submit notification therein.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with Hideaki Higuchi to limit his liability for damages under Article 423, Paragraph 1 of the same Act to the minimum liability amount provided for by Article 425, Paragraph 1 of the same Act in the event that he assumes the office of Director who is an Audit and Supervisory Committee Member.

Proposal 6: Setting of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2 "Partial amendments to the Articles of Incorporation" is approved and adopted as proposed, the Company will make the transition to a company with Audit and Supervisory Committee.

At the 50th Ordinary General Meeting of Shareholders held on June 28, 2006, annual remuneration not exceeding 300 million yen for Directors of the Company was approved, and this has remained in place to this day. However, in conjunction with the transition to a company with Audit and Supervisory Committee, the Company proposes to abolish this upper limit and set a new remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members). Taking into consideration the duties involved, recent economic trends and other circumstances, the Company would like to set the new annual remuneration amount at an amount not exceeding 550 million yen (including up to 30 million yen for Outside Directors), including basic remuneration, annual bonus, and stock related remuneration based on mid- to long-term business performance (Please refer to Reference 3. (2) below.).

Note that this remuneration amount does not include the portion of salaries paid to Directors who also serve as employees or the remuneration for granting Restricted Stock as described in Proposal 8 "Determination of remuneration for granting Restricted Stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)".

There are currently nine (9) Directors (of which two (2) are Outside Directors), and if Proposal 2 and Proposal 3 are approved and adopted as proposed, the number of Directors to whom this proposal applies (excluding Directors who are Audit and Supervisory Committee Members) will be three (3). Of the three (3) Directors mentioned above, the number of Director who will be eligible for stock related remuneration based on mid- to long-term business performance is one (1), and Restricted Stock remuneration (Please refer to Reference 3. (1) below.) will not be paid to the Director.

In addition, this proposal takes effect on the condition that the amendments to the Articles of Incorporations described in Proposal 2 "Partial amendments to the Articles of Incorporation" take effect.

While the Director's bonus amounts for the fiscal year under review are proposed in Proposal 9 "Payment of bonuses to Directors," if this proposal is approved and adopted as proposed in its original form, the Director's bonus amounts for the next fiscal year onward will be set within the scope of the annual remuneration amount set above (up to 550 million yen).

(Reference) Components of remuneration in the revised officers' remuneration plan

1. Basic remuneration (scope of remuneration amount in this proposal)
   This is monetary remuneration that is paid as a set amount every month.
2. Annual bonus (scope of remuneration amount in this proposal)
   This is monetary remuneration that is paid according to factors including the achievement rate of the annual targets and individual's work performance during the previous fiscal year.
3. Through this proposal and Proposal 8, the Company will introduce (1) and (2) below as stock related remuneration based on mid- to long-term business performance for the purpose of providing an incentive to promote mid- to long-term improvements in corporate value, and each applicable Director will be given either (1) or (2) below.
   (1) Restricted Stock remuneration (scope of remuneration amount in Proposal 8)
   This is stock remuneration that fluctuates according to the achievement rate of the Mid-term Business plan.
   (2) Stock related remuneration based on mid- to long-term business performance (scope of remuneration amount in this proposal)
   This is monetary remuneration that fluctuates according to the achievement rate of the Mid-term Business plan and the stock price.

Specifically, with the Mid-term Business plan period as the evaluation period, with set amount of points allocated to Directors according to their positions, the amount of remuneration for each Director shall be calculated by multiplying the number of points, a payout ratio determined by achievement rate of the consolidated operating profit target prescribed in Mid-term Business Plan, and the market value of the Company's share as of the end of the evaluation period.

Those who are eligible to receive this remuneration will not receive the remuneration described in 3. (1) above.

Proposal 7: Setting of remuneration amount for Directors who are Audit and Supervisory Committee Members

If Proposal 2 "Partial amendments to the Articles of Incorporation" is approved and adopted as proposed, the Company will make the transition to a company with Audit and Supervisory Committee.

Therefore, taking into consideration the duties involved, recent economic trends and other circumstances, the Company proposes to set an annual remuneration not exceeding 70 million yen as remuneration amount for Directors who are Audit and Supervisory Committee Members (including Outside Directors).

If Proposal 2 and 4 are approved and adopted as proposed, the number of Directors who are Audit and Supervisory Committee Members to whom this proposal applies will be three (3) (of which two (2) are Outside Directors).

In addition, this proposal takes effect on the condition that the amendments to the Articles of Incorporation described in Proposal 2 "Partial amendments to the Articles of Incorporation" take effect.

Proposal 8: Determination of remuneration for granting Restricted Stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

1. Reason for the proposal

The Company will introduce a stock-related remuneration system linked to mid- to long-term business performance as part of revision of the officer's remuneration plan, with the objectives of clarifying the correlation between the remuneration of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as the "Eligible Directors") and the Company's business performance and shareholder value, further improving the awareness toward contributing to corporate value improvements and a shareholder-oriented management while providing an incentive to promote mid- to long-term improvement in corporate value.

With this proposal, the Company proposes to pay remuneration to the Eligible Directors for the granting of Restricted Stock as part of a new stock related remuneration based on mid- to long-term business performance, outside the scope of the remuneration limit set upon the approval and adoption of Proposal 6 "Setting of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)" (up to 550 million yen per year, not including the employee salary for Directors who also serve as an employee).

2. Amount of remuneration

Based on this proposal, the remuneration paid for granting Restricted Stock to the Eligible Directors shall be handled as monetary claims (hereinafter, "Monetary Remuneration Claims"), and the total amount shall be up to 100 million yen per year (not including the employee salary for Directors who also serve as an employee), an amount the Company deems appropriate in light of the objectives above. However, because it is assumed that as a general rule this remuneration amount will be paid as a lump-sum, with an amount equivalent to consideration for the execution of duties over a period of three (3) fiscal years that is the target period of a Mid-term business plan to be paid in the first year, this effectively means the equivalent of a payment of no more than 33 million yen in one (1) fiscal year. Note that, this remuneration may be paid in the middle of the target period in some cases, taking into account such factors as the timing of appointment, for Directors appointed in the middle of a three (3)-fiscal-year period that is the target period of a Mid-term Business plan. In addition, the specific payment timing and allocation to each of the Eligible Director shall be left to the discretion of the Board of Directors.

If Proposal 2 "Partial amendments to the Articles of Incorporation" and Proposal 3 "Election of three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members)" are approved and adopted as proposed, there will be three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members). Among them, the number of Eligible Directors for this plan is two (2).

3. Specific details of the remuneration

Eligible Directors shall pay all of the monetary remuneration claims to be provided under this proposal in accordance with resolution of the Board of Directors of the Company in the form of property contributed in kind, and shall have the common stock of the Company be issued or disposed of. The total number of the Company's common stock to be issued or disposed of thereby shall be no more than 19,500 shares per year (however, if a stock split (including an allocation of the Company's common stock without contribution) or stock consolidation of the Company's common stock occurs, or if there are other reasons to adjust the total number of the Company's common stock to be issued or disposed of as Restricted Stock, arising after the day of approval and adoption of this proposal, adjustment shall be made to the total number within a reasonable scope). However, as described above, because it is assumed that as a general rule that Monetary Remuneration Claims related to the Restricted Stock remuneration system will be paid as a lump-sum, with an amount equivalent to consideration for the execution of duties over a period of three (3) fiscal years that is the target period of a Mid-term Business plan to be paid in the first year, this effectively means the equivalent of granting of no more than 6,500 shares in one (1) fiscal year. Note that for the initial year of its introduction, since the year is the second year of a Mid-term Business plan (2018 to 2020), the Company plans to grant an amount equivalent to consideration for two (2) years.

The amount to be paid per share shall be determined by the Board of Directors within a scope so that the amount is not particularly beneficial to the Eligible Directors receiving Restricted Stock, based on the closing price of the

Company's common stock on the Tokyo Stock Exchange Inc. on the business day prior to the day of the resolution of the Company's Board of Directors (if trading does not take place on that day, the closing price for the last trading day before that). In addition, a Restricted Stock allocation agreement (hereinafter referred to as the "Allocation Agreement") that includes the following contents shall be signed between the Company and an Eligible Director for issuance or disposal of the Company's common stock.

(1) Restriction period
The Eligible Directors may not transfer, create a security interest on, or otherwise dispose of the shares of common stock allotted under the Allocation Agreement (hereinafter the "Allocated Stock") for a period of minimum three (3) years and maximum thirty (30) years that shall be determined in advance by the Board of Directors of the Company (hereinafter the "Restriction Period"). The restriction described in the preceding sentence will hereinafter be referred to as the "Restrictions."

(2) Handling at the time of resignation
If an Eligible Director resigns from the position of the Company's Director before the completion of the Restriction Period, the Company shall acquire the Allocated Stock free of charge as a matter of course, excluding cases of resignation at the expiry of the term of appointment, death, or for other legitimate reasons.

(3) Removal of the Restrictions
Regardless of the provisions of (1) above, the Company shall remove the Restrictions upon the completion of the Restriction Period for the number of Allocated Stock (hereinafter referred to as the "Performance-linked Allocated Stock") according to the degree of attainment of benchmarks in the Company's Mid-term Business plan such as consolidated operating profit prescribed in advance (hereinafter referred to as the "Degree of Performance Attainment"), under the condition that the Eligible Director has served continuously as a Director of the Company during the Restriction Period.

However, if an Eligible Director resigns from the position prescribed in (2) above before the completion of the Restriction Period due to the expiry of the term of appointment, death, or other legitimate reasons prescribed in (2) above, reasonable adjustments shall be made as necessary to the number of Allocated Stock to remove Restrictions on and the timing of the removal of Restrictions in consideration of their tenure and Degree of Performance Attainment.

(4) Grounds for gratuitous acquisition
The Company shall acquire the Allocated Stock in part or in whole free of charge as a matter of course, at each time of the following:
(i) Immediately after the completion of the Restriction Period pursuant to the provision of item (1) above, the Company shall acquire the Allocated Stock for which Restrictions have not been removed until then.
(ii) Immediately after the removal of the Restriction Period pursuant to the provision of item (3) above, the Company shall acquire the Allocated Stock for which Restrictions have not been removed until then.
(iii) As of the completion of the target period of a Mid-term Business plan, the Company shall acquire the Allocated Stock which is not Performance-linked Allocated Stock.

(5) Handling of organizational restructuring, etc.
Regardless of the provisions of (1) above, if a merger agreement in which the Company is the non-surviving entity, a stock exchange agreement or stock transfer plan in which the Company becomes a wholly-owned subsidiary, or other matter regarding organizational restructuring, etc. is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors if the approval of the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc.) during the Restriction Period, the Restrictions shall be removed based on a resolution by Company's Board of Directors ahead of the effective date of the organizational restructuring, etc. for the number of Allocated Stock deemed appropriate in consideration of the period of time from the beginning date of the Restriction Period to the approval date of the organizational restructuring, etc.

(6) Other matters
Other matters regarding the Allocation Agreement shall be determined by the Company's Board of Directors.

In addition, this proposal takes effect on the condition that the amendments to the Articles of Incorporation described in Proposal 2 "Partial amendments to the Articles of Incorporation" take effect.

Proposal 9: Payment of bonuses to Directors

Taking into account earnings for the fiscal year under review, the amounts of past Directors' bonus payments, and other considerations, the Company has determined Directors' bonus amounts as follows. The seven (7) Directors excluding two (2) Outside Directors who are in the office at the end of the fiscal year under review will be paid Directors' bonuses totaling 82 million yen.
The amount allocated to each Director is a matter to be determined by the Board of Directors.