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Securities Code: 5208
June 10, 2020

To our shareholders:

Yuta Arisawa
President and Representative Director
Arisawa Mfg. Co., Ltd.
5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata

Notice of the 72nd Annual General Meeting of Shareholders

We are pleased to announce the 72nd Annual General Meeting of Shareholders of Arisawa Mfg. Co., Ltd. (the "Company"), which will be held as stated below.
In order to prevent the spread of the novel coronavirus disease (COVID-19) and for the safety of our shareholders, we strongly ask that you refrain from traveling to the venue of the General Meeting of Shareholders regardless of your own state of health, and exercise your voting rights prior to the meeting by voting form (by mail) or via the internet and other means, if at all possible.
If you exercise your voting rights either by mail or via the internet and other means, the deadline by which voting rights must be exercised is 5:00 p.m. on Wednesday, June 24, 2020 (JST). We appreciate your cooperation.

1. Date and Time: Thursday, June 25, 2020 at 10:00 a.m. (Reception will open at 9:00 a.m.) (JST)

2. Venue: Conference Room, Head Office of the Company
5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata

The Company is taking exhaustive steps to minimize the possibility of COVID-19 infection at the venue of the General Meeting of Shareholders. We ask for your understanding and cooperation in preventing the spread of COVID-19.

(i) We ask that you exercise your voting rights prior to the meeting by mail or via the internet and other means, and refrain from traveling to the venue of the General Meeting of Shareholders.

(ii) To shorten the duration of the General Meeting of Shareholders, questions regarding the matters to be reported will be limited to be as brief as possible, and a time limit will be placed on questions relating to proposals, which means sometimes a question will be cut short.

(iii) Alcohol-based hand sanitizer for shareholders will be placed at the entrance of the venue. We ask shareholders who attend the meeting to bring and wear face masks.
The Company's officers and staff members will wear face masks when interacting with shareholders.

(iv) Shareholders will have their temperature checked near the entrance of the venue. Those who are confirmed to have fever of 37.5 degrees Celsius or above or appear to be unwell may be asked to refrain from entering the venue.

(v) To ensure sufficient social distancing is practiced, a second meeting venue will be made available in addition to the Head Office Conference Room. Please be aware that you will be shown to the second meeting venue if the Head Office Conference Room's seating capacity is reached.

* The above response measures are subject to change based on the status of the spread of the infection as well as announcements from government administrations and other such bodies up until the day of the General Meeting of Shareholders. Please check for information about any changes that will be posted on the Company's website (http://www.arisawa.co.jp/).

3. Purpose of the Meeting

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 72nd Fiscal Year (April 1, 2019 to March 31, 2020) and Audit Reports of Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 72nd Fiscal Year (April 1, 2019 to March 31, 2020)

Matters to be resolved:

Company Proposals (Proposal No. 1 to 6)

Proposal No. 1	Appropriation of Surplus
Proposal No. 2	Partial Amendments to the Articles of Incorporation
Proposal No. 3	Election of Two Directors
Proposal No. 4	Election of Three Corporate Auditors
Proposal No. 5	Election of Two Substitute Corporate Auditors
Proposal No. 6	Issuance of Share Acquisition Rights for Employees, etc. as Stock Options

Shareholder Proposals (Proposal No. 7 to 9)

Proposal No. 7	Amendments to the Articles of Incorporation with regard to Disclosure of Cost of Capital
Proposal No. 8	Deletion of the Provisions of the Articles of Incorporation with regard to Holding and Operation of Securities for Investment Purposes
Proposal No. 9	Amendments to the Articles of Incorporation with regard to the Dissolution of Cross-Shareholdings

Please refer to the attached Reference Documents for General Meeting of Shareholders (pages 13 to 18) for the agendas of the shareholder proposals (Proposal No. 7 to 9).

4. Arrangements Concerning Convocation of the Meeting

(1) If no approval or disapproval is expressed for the respective proposals in the voting form, it will be treated as an approval vote for the Company's proposals and a disapproval vote for the shareholder proposals.

(2) Exercise of multiple voting rights

Please note that your online vote will prevail should you exercise your voting rights both in writing (by mail) and via the internet and other means. If you exercise your voting rights more than once via the internet and other means, only the last vote shall be deemed effective.

(3) When attending on the day of the meeting, please submit the enclosed voting form to reception. Please note that entry will not be granted to shareholders who do not submit the form to reception.

If you exercise your voting rights by proxy, another shareholder with a voting right of the Company may attend General Meeting of Shareholders as your proxy. In this case, however, please submit written document certifying the authority of proxy with the voting form at the reception.

No gifts will be provided to shareholders who attend the Annual General Meeting of Shareholders. Your understanding is appreciated.
Any changes in the Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company's website (http://www.arisawa.co.jp/).

Reference Documents for General Meeting of Shareholders

Company Proposals (Proposal No. 1 to 6)

Proposal No. 1 Appropriation of Surplus

With regard to the appropriation of surplus, the Company deems the return of earnings to shareholders an important management issue in line with the basic policy of maintaining stable dividends while considering the strengthening of its corporate structure and the development of future business. The proposed year-end dividend and other appropriation of surplus are as follows:

1. Year-end dividends
   (1) Type of dividend property
   Cash
   (2) Allotment of dividend property and their aggregate amount
   The Company proposes to pay a dividend of ¥30 per common share of the Company.
   Total amount: ¥997,370,820
   (3) Effective date of payment of surplus available for dividends
   June 26, 2020

2. Other appropriation of surplus
   (1) Item of surplus to be increased and amount of increase
   General reserve: ¥5,000,000,000
   (2) Item of surplus to be decreased and amount of decrease
   Retained earnings brought forward: ¥5,000,000,000

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal
   On May 30, 2019, the Board of Directors resolved to discontinue countermeasures against large-scale purchases of the Company's shares (Takeover Defense Measures). Accordingly, the Company proposes to delete Article 41 (Introduction of Takeover Defense Measures) of Chapter 7 Takeover Defense Measures of the current Articles of Incorporation.
2. Details of the amendments
   Details of the amendments are as follows:

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
Chapter 7 Takeover Defense Measures	(Deleted)
Article 41 (Introduction of Takeover Defense Measures) 1. The Company may, by resolution of the Board of Directors, implement the introduction, continuation, modification or abolishment of takeover defense measures. 2. The aforementioned introduction, continuation, modification or abolishment of takeover defense measures refers to the following conducts carried out as initiatives to prevent persons considered inappropriate, in light of the basic policies on required qualities in persons who control the Company's decisions on financial and business policies, from controlling the Company's decisions on financial and business policies. (1) The act of establishing procedures that a person intending to conduct a large-scale purchase of shares or other rights issued by the Company must comply with, of continuing the operation thereof, of modifying the content thereof or of abolishing those procedures. (2) The act of establishing conditions or procedures for the issuance of new shares or share acquisition rights as a countermeasure against an inappropriate large-scale purchase, of continuing the operation thereof, of modifying the content thereof or of abolishing those conditions or procedures.	(Deleted)

3. Shareholder proposal
   As announced in "Notice regarding Receipt of Shareholder Proposal and the Opinion of the Company's Board of Directors" dated May 14, 2020, the Company received a proposal to delete Chapter 7 from the current Articles of Incorporation as a proposal to modify the Articles of Incorporation pertaining to the abolition of takeover defense measures. However, as those contents are in substance the same as the Company's proposal, the shareholder proposal will not be treated as a separate proposal at the General Meeting of Shareholders, and the Company states the agenda, details, and reasons of the shareholder proposal and the Board of Directors' opinion on that proposal below.

   ○ Shareholder proposal
   (1) Proposed Agenda Item
   Amendments to the Articles of Incorporation with regard to Abolition of Takeover Defense Measures
   (2) Content of the Proposal
   Delete Chapter 7 of the current Articles of Incorporation.
   (3) Reason for the Proposal
   On May 30, 2019, the Board of Directors of the Company resolved to discontinue the Company's takeover defense measure. However, the Company did not propose amendments to the Articles of

Incorporation concerning the abolishment of the takeover defense measure at the Annual General Meeting of Shareholders for the previous fiscal year. Consequently, the provision stipulating such a measure still exists in the Articles of Incorporation. To eliminate such contradiction and make it clear that the Company no longer adopt a takeover defense measure, we propose to remove the provision from the Articles of Incorporation.

○ The Board of Directors' Opinion

In the past year, the Board of Directors has repeatedly considered measures to improve corporate value and shareholder value, including new measures against inappropriate acquisitions that would damage the Company's corporate value.

The Board of Directors has begun to formulate a medium-term management plan to improve profitability and capital efficiency going forward, in addition to striving for greater maximization of corporate value. The Board of Directors also plans to oppose tender offer activity that would damage corporate value by making the management decision-making process more transparent. The Board of Directors decided to submit a proposal for an amendment to the Articles of Incorporation regarding takeover defense measures at the General Meeting of Shareholders in light of such resolutions of the Board of Directors and plan.

Proposal No. 3 Election of Two Directors

At the conclusion of the Annual General Meeting of Shareholders, Director Katsuchika Goto will resign. Therefore, the Company proposes the election of two Directors to enhance the management system. As provided for in the Company's Articles of Incorporation, the term of office of the newly elected Director shall expire when the terms of office of the other currently serving as Directors expires.

The candidates for Director are as follows, and their career summaries, etc. are those as of June 1, 2020:

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Koji Nakamura (August 15, 1948)	Apr. 1973 Joined Mitsui & Co., Ltd. Apr. 2004 Managing Officer; Chief Operating Officer of Synthetic Resins and Inorganic Chemicals Business Unit Apr. 2006 Executive Managing Officer; Chief Operating Officer of Chemicals Business Unit II Apr. 2009 Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit Mar. 2011 Retired as Senior Executive Managing Officer Aug. 2011 Audit & Supervisory Board Member, SANKO Co., Ltd. (current position) Aug. 2016 Outside Director, Sanko Gosei Ltd. (current position)	- shares
	(Reasons for nomination as candidate for outside Director) Koji Nakamura has been involved in corporate management in Japan and overseas for many years, having served as Senior Executive Managing Officer of Mitsui & Co., Ltd. and as Director at Sanko Gosei Ltd. The Company deems that he has extensive insight and knowledge regarding global management from his experience as a managing officer at a global company and that he will deliver opinions from an outside perspective with regard to the overall management of the Company, particularly in the area of business strategy, and increase the rationality and transparency of the Company's management. He is nominated as a candidate for outside Director because the Company deems he would supervise the decision making and business execution by management and Directors from an independent standpoint.	
2	Kazuo Abiko (January 22, 1947)	Nov. 1978 Joined Associated Press May 1985 Deputy General Manager of Tokyo Studio July 2001 President, Foreign Correspondents' Club of Japan Apr. 2004 General Manager of Tokyo Bureau, Associated Press July 2004 General Manager for Northeast Asia Feb. 2010 Advisor July 2018 Auditor, Foreign Correspondents' Club of Japan (current position)	- shares
	(Reasons for nomination as candidate for outside Director) After graduating from Graduate School of The California State University, Kazuo Abiko was appointed the General Manager of Tokyo Studio and General Manager for Northeast Asia at Associated Press while also working as the President of Foreign Correspondents' Club of Japan. The Company deems that he will deliver opinions from an outside perspective and increase the rationality and transparency of the Company's management by leveraging his experience in international report and global communication, including his work as a part-time lecturer at Tokyo University of Foreign Studies and Sophia University thereafter. He is nominated as a candidate for outside Director because the Company deems he would supervise the decision making and business execution by management and Directors from an independent standpoint.	

Notes:
1. The candidates for Director, Koji Nakamura and Kazuo Abiko are candidates for outside Director.
2. There is no special interest between any of the candidates for Director and the Company.
3. The number of the Company's shares owned is based on the shareholder register as of March 31, 2020.
4. Koji Nakamura and Kazuo Abiko are candidates to be appointed as independent officers as provided for by Tokyo Stock Exchange, Inc. If their election is approved, they will be appointed as independent officers as provided for by Tokyo Stock Exchange, Inc.

5. If the election of Koji Nakamura and Kazuo Abiko is approved, the Company intends to enter into a limited liability agreement with them pursuant to the provisions of Article 427, paragraph (1) of the Companies Act. The outline of the details of the limited liability agreements is as follows:
   - If an outside Director is liable to the Company for failing to perform his/her duties, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph (1) of the Companies Act.
   - The said limited liability agreement shall be effective as long as the outside Director had acted in good faith and without gross negligence in performing his/her duties that caused the damage.

Proposal No. 4 Election of Three Corporate Auditors

At the conclusion of the Annual General Meeting of Shareholders, the terms of office of all Corporate Auditors will expire. Therefore, the Company proposes the election of three Corporate Auditors. The consent of the Board of Corporate Auditors has been obtained for this proposal.
The candidates for Corporate Auditor are as follows, and their career summaries, etc. are those as of June 1, 2020.

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Koji Ohta (February 9, 1955)	Mar. 1973 Joined the Company July 2002 Group Leader of Accounting Group, General Affairs Dept. July 2004 General Manager of General Affairs Dept. June 2012 Full-time Corporate Auditor of the Company (current position)	1,921 shares
	(Reasons for nomination as candidate for Corporate Auditor) Koji Ohta has been involved in accounting and general affairs for many years since joining the Company. He is nominated as a candidate for Corporate Auditor because the Company deems he will appropriately fulfill his duties as a Corporate Auditor based on his experience in not only finance and accounting but also corporate management related to legal affairs.		
2	*Koichiro Tanaka (July 6, 1965)	Oct. 1987 Joined Tohmatsu Awoki & Sanwa (presently Deloitte Touche Tohmatsu LLC) Mar. 1991 Registered as Certified Public Accountant Aug. 1998 Resident Representative of Dalian Office, U.S. Deloitte Touche Tohmatsu (Office Head) Sept. 2002 Managing Director of the Japanese Service Group in South China of Shenzhen Office in China, Deloitte Touche Tohmatsu Limited Dec. 2003 Managing Director and Executive Officer; Partner supervising China Business and in charge of Public Communication, Corporate Finance Department of Deloitte Touche Tohmatsu (presently Deloitte Tohmatsu Financial Advisory LLC) June 2014 Retired from Deloitte Touche Tohmatsu LLC July 2014 Established Tanaka Accounting Office, Representative Director (current position) Mar. 2017 Outside Corporate Auditor, ODAWARA ENGINEERING CO., LTD. (current position) June 2018 Auditor, Japan Automobile Research Institute (current position)	1,000 shares
	(Reasons for nomination as candidate for outside Corporate Auditor) He is nominated as a candidate for outside Corporate Auditor because the Company deems he will appropriately utilize his suitable level of insight relating to finance and accounting as a certified public accountant and authorized tax practitioner, his abundant practical experience at a major accounting firm, and his experience working overseas in his duties as an outside Corporate Auditor from an independent and neutral standpoint.		
3	*Koichi Yokota (March 3, 1970)	Nov. 1996 Registered as Authorized Tax Practitioner Apr. 2003 Director, Takada Branch of Kanto-Shinetsu Authorized Tax Practitioner's Association Jan. 2004 Head, Yokota Accountant Office (current position) Apr. 2019 General Manager, Takada Branch of Kanto-Shinetsu Authorized Tax Practitioner's Association (current position)	- shares
	(Reasons for nomination as candidate for outside Corporate Auditor) Yokota Koichi expanded activities rooted in his hometown of Joetsu-shi as the Head of Yokota Accountant Office. He is nominated as a candidate for outside Corporate Auditor because the Company deems he will appropriately fulfill his duties as an outside Corporate Auditor from an independent and neutral standpoint based on his extensive experience and expert knowledge as an authorized tax practitioner.		

Notes:
1. Koichiro Tanaka and Koichi Yokota, indicated by an asterisk (*), are new candidates for Corporate Auditor.
2. There is no special interest between any of the candidates for Corporate Auditor and the Company.
3. The number of the Company's shares owned is based on the shareholder register as of March 31, 2020.
4. Koichiro Tanaka and Koichi Yokota are candidates for outside Corporate Auditor as defined in Article 2, paragraph (3), item (viii) of the Regulation for Enforcement of the Companies Act.
5. Koichiro Tanaka and Koichi Yokota are candidates to be appointed as independent officers as provided for by Tokyo Stock Exchange, Inc.
6. The Company plans to enter into a limited liability agreement with each candidate for outside Corporate Auditors Koichiro Tanaka and Koichi Yokota pursuant to Article 427, paragraph (1) of the Companies Act, if they are elected. The outline of the details of the limited liability agreements is as follows:
   - If an outside Corporate Auditor is liable to the Company for failing to perform his/her duties, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph (1) of the Companies Act.
   - The said limited liability agreement shall be effective as long as the outside Corporate Auditor had acted in good faith and without gross negligence in performing his/her duties that caused the damage.

Proposal No. 5 Election of Two Substitute Corporate Auditors

The Company proposes the election of two substitute Corporate Auditors in advance to be ready to fill vacant positions should the number of Corporate Auditors fall below the number required by laws and regulations. The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidates for substitute Corporate Auditor are as follows: Hiroshi Hayatsu is to be elected as a substitute for Corporate Auditor Koji Ohta, and Hideyuki Baba is to be elected as a substitute for outside Corporate Auditors Koichiro Tanaka and Koichi Yokota, on the condition that Proposal No. 4 is approved and adopted. The Company shall reserve the right to nullify the validity of their election by resolution of the Board of Directors as long as the consent of the Board of Corporate Auditors is obtained; provided, however, that it is only in a time before they assume office.

The candidates for substitute Corporate Auditor are as follows, and their career summaries, etc. are those as of June 1, 2020.

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Hiroshi Hayatsu (March 13, 1957)	Apr. 1975 Joined the Company Apr. 2001 Group Leader of Information System Group May 2010 General Manager of Human Resources Dept. Apr. 2012 General Manager of General Affairs Dept. Mar. 2017 Resigned from the Company (up to the present)	1,767 shares
2	Hideyuki Baba (March 29, 1964)	Apr. 1998 Registered at Niigata Bar Association Apr. 2003 Representative, Hideyuki Baba Law Office (current position)	- shares

Notes:
1. There is no special interest between any of the candidates for substitute outside Corporate Auditor and the Company other than the monthly payment of advisory fees of ¥45,000 to Hideyuki Baba for legal advisory.
2. The number of the Company's shares owned is based on the shareholder register as of March 31, 2020.
3. Hiroshi Hayatsu has been nominated as a substitute Corporate Auditor because the Company deems he will appropriately fulfill his duties as a Corporate Auditor of the Company based on his involvement in general affairs, accounting, human resources and information systems operations during his tenure at the Company as well as his broad knowledge and experience, such as in legal affairs and finance.
4. Hideyuki Baba has been nominated as a substitute outside Corporate Auditor because the Company deems he will appropriately fulfill his duties as an outside Corporate Auditor of the Company from his independent and neutral standpoint based on his extensive experience and expert knowledge as an attorney at law.
5. If Hideyuki Baba is appointed as an outside Corporate Auditor, the Company intends to enter into a limited liability agreement with him pursuant to Article 427, paragraph (1) of the Companies Act, and the outline of the limited liability agreement is as follows:
   - If an outside Corporate Auditor is liable to the Company for failing to perform his/her duties, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph (1) of the Companies Act.
   - The said limited liability agreement shall be effective as long as the person had acted in good faith and without gross negligence in performing his/her duties that caused the damage.
6. If Hideyuki Baba is appointed as an outside Corporate Auditor, he will be designated as an independent officer as provided for by Tokyo Stock Exchange, Inc.

Proposal No. 6 Issuance of Share Acquisition Rights for Employees, etc. as Stock Options

The Company proposes to delegate to the Company's Board of Directors determining the terms and conditions for allocating share acquisition rights issued as stock options for the employees of the Company, etc. pursuant to Article 236, Article 238 and Article 239 of the Companies Act.

1. Reason for the need for offering share acquisition rights under particularly favorable terms
   The purpose of issuing share acquisition rights in gratis as stock options to employees of the Company and Directors and employees of wholly owned subsidiaries is to further increase motivation and morale concerning the performance of the Company group (the "Group") and to secure talented personnel.
2. Content of the share acquisition rights
   (1) Eligible persons for share acquisition rights to be allocated
   Employees of the Company and Directors and employees of wholly owned subsidiaries who are approved by the Company's Board of Directors
   (2) Number of share acquisition rights to be issued
   Up to 2,718 (100 shares per share acquisition right)
   (3) Number of shares underlying the share acquisition rights
   Up to a total of 271,800 shares
   (4) Amount of payment for the share acquisition rights, method of calculation thereof, and need for payment
   Issued in gratis, no need for payment.
   (5) Total amount payable upon exercise of share acquisition rights and method of calculation
   The amount to be paid when exercising share acquisition rights is the amount obtained by multiplying the amount to be paid per share determined on the day of allotment of share acquisition rights ("payment amount") by the number of shares underlying each share acquisition right. The payment amount shall be the amount obtained by multiplying the simple average of the closing price of the Company's shares in regular trading on the Tokyo Stock Exchange on the day of allotment of share acquisition rights and the six days immediately preceding that date (or the seven days immediately preceding that date if there is no closing price on that date) by 1.05. Any amount less than one yen shall be rounded up to the nearest yen. However, if that amount is less than the closing price on the day of allotment of the share acquisition rights (or the immediately preceding closing price if there is no closing price on the day of allotment), the closing price of the day of allotment of share acquisition rights shall be used.
   The following equation shall be used to adjust the payment amount if the Company performs a share split or share consolidation after issuing the share acquisition rights. Any amount adjusted shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Payment amount before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

   Furthermore, the following equation shall be used to adjust the payment amount if the Company issues new shares at an amount less than market value (excluding the issuance of new shares due to the exercise of stock options) or disposes of treasury shares. Any amount adjusted shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Payment amount before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares newly issued} \times \text{Payment amount per share}}{\text{Market value per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

   "Number of shares newly issued" shall be replaced by "Number of treasury shares disposed of" when disposing of treasury shares.
   (6) Exercise period
   From July 1, 2022 until June 30, 2025
   (7) Conditions for the exercise of share acquisition rights
   (i) A person who has received allotment of share acquisition rights shall have the status of Director or employee of the Company or Director or employee of a subsidiary of the Company when exercising the rights.

(ii) The rights shall not be assigned, pledged, otherwise disposed of or inherited.

(8) Matters related to the increase in capital stock and legal capital surplus when issuing shares due to the exercise of share acquisition rights

(i) If shares are issued due to the exercise of share acquisition rights, common stock shall increase by half the limit for increase in common stock calculated pursuant to Article 17, paragraph (1) of the Regulation on Corporate Accounting. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) If shares are issued due to the exercise of share acquisition rights, additional paid-in capital shall increase by the amount remaining after deducting the increase in common stock prescribed in (i) from the limit for increase in common stock in (i).

(9) Provisions for the acquisition of share acquisition rights

The Company may acquire free of charge share acquisition rights in respect of items below if approved by General Meeting of Shareholders unless the obligation of granting share acquisition rights is succeeded by the surviving company (in case of (i)) or the Company's wholly owning parent company (in case of (ii)): (i) Proposal for approval of a merger agreement under which the Company is to be dissolved; (ii) Proposal for approval of a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary.

(10) Restrictions applicable to the acquisition of share acquisition rights by transfer

Approval is required by resolution of the Board of Directors for the acquisition of share acquisition rights by transfer of ownership.

(11) Other matters pertaining to offering share acquisition rights shall be determined in meetings of the Board of Directors separately held.

Shareholder Proposals (Proposal No. 7 to 9)
Proposal No. 7 to 9 are proposals made by shareholders (two shareholders).
The contents and reasons of proposals received are described in the original text.
A description of the relationship with other proposals has been presented under the proposal numbers, replacing the content of original proposals.

Proposal No. 7 Amendments to the Articles of Incorporation with regard to Disclosure of Cost of Capital

1. Content of the Proposal
   Add the following chapter and article to the current Articles of Incorporation.
   The chapter and article numbers are based on Proposal No. 2 being approved. In the event it is rejected, the chapter and article numbers will be adjusted as appropriate.
   Chapter 7 Cost of Capital
   Article 41 (Disclosure of Cost of Capital)
   The Company shall disclose, in the Corporate Governance Report (hereinafter referred to as "Report") which it submits to the Tokyo Stock Exchange, its weighted average cost of capital and its basis of calculation which it comprehends at the point of within one month before the submission of the Report.

2. Reason for the Proposal
   The Company's stock price has been well below its liquidating value. This means that the Company's ROE (return on equity) has not reached the level required by investors (cost of shareholder's equity).
   In the "Corporate Governance Code" ("Code") attached to the Securities Listing Regulations of the Tokyo Stock Exchange, management is required to accurately grasp the cost of capital of the Company ("Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans" of the Code), stating that "When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human resources, and specific measures that will be taken in order to achieve their plans and targets." It should be said that the Company management is also required to plan and examine business plans and capital policies, etc. after accurately identifying the weighted average cost of capital in light of the cost of equity in the Company.
   The disclosure of the weighted average cost of capital also allows for a common measure of dialogue between the Company management and investors, including shareholders. By disclosing the cost of capital in this way, we believe that we can aim to improve the low valuation of the Company stock in the market.

○ The Board of Directors' Opinion
   The Board of Directors opposes this proposal.
   We have understood and respect the valuable opinion of our shareholders on information disclosure underlying this proposal. However, the Board of Directors believes that this proposal for the disclosure of the Company's cost of capital is not suitable for inclusion in the Articles of Incorporation, which sets forth the basic rules of the Company. Cost of capital is an indicator of the competitiveness of a company. The Board of Directors understands very well that the management needs to have an accurate understanding of the Company's cost of capital. However, the corporate governance code does not require disclosure of the weighted average cost of capital figures. The Company is currently formulating its mid-term management plan, and the Board of Directors believes that we are at an important stage for the Company's movement to disclose important information. However, the Board of Directors is concerned that we would risk not only damaging corporate value, but also reducing shareholder returns, were our competitors able to identify the Company's cost of capital from a web search. This is precisely because cost of capital is an important indicator of the Company's competitiveness at this stage while we aim for more growth. As a specific example, when the Company participates in an auction process, the Board of Directors believes the Company may be disadvantaged because competitors in the auction may calculate the maximum amount that the Company can bid based on our cost of capital and predict our bid price, depriving the Company of the opportunity to win the bid.

The Company has consistently responded to user needs in technological innovation and product development since the Company's founding in 1909. The Company has developed its own "weaving, painting, shaping" technology, has excellent labor relations, and has sought to increase corporate value by all means available, including by raising capital through investment. The Board of Directors will continue to work to increase the Company's medium- to long-term corporate value and achieve sustainable growth and stable existence by continuing to cultivate this accumulated history and technology. Concretely, the Board of Directors intends to make strategic investments in new businesses that exhibit maximum synergies with existing businesses and have a high return on capital, and in addition to invest in new product development that anticipates user needs, to enhance and expand our productivity in order to maintain and expand the profit base of our existing businesses. Moreover, the Board of Directors is currently formulating the Company's medium-term management plan. The Board of Directors will set targets for profitability and capital efficiency based on our precise grasp of the weighted average cost of capital. However, the Board of Directors is concerned that making the precise value of the Company's cost of capital available to the public each time may have an adverse effect on the Company's future business strategy. Accordingly, the Board of Directors believes that it may not always be accretive to shareholders to include such a blanket requirement for periodic public disclosure in the Articles of Incorporation. Accordingly, the Board of Directors believes disclosure that does not damage the competitiveness of the Company should be decided by the Board of Directors. The Board of Directors will decide whether information should be disclosed, or not disclosed, in its judgment at the time based on the Company's situation, including the timing of the announcement of the medium-term management plan, rather than uniformly setting out in the Articles of Incorporation a blanket requirement to disclose the weighted average cost of capital.
For these reasons, the Board of Directors opposes this proposal.

Proposal No. 8 Deletion of the Provisions of the Articles of Incorporation with regard to Holding and Operation of Securities for Investment Purposes

1. Content of the Proposal

Delete Article 2 (6) from the current Articles of Incorporation and renumber the items following the current Article 2 (6) accordingly. Add a new supplementary provision on the implementation date of this amendment to the current Article of Incorporation.

Supplementary Provision

Article 1 (Implementation Date)

The amendment of Article 2 (6) of the Articles of Incorporation shall come into effect as of the recording date of voting rights at the 73rd Annual General Meeting of Shareholders, and this supplementary provision shall be deleted on the same day.

2. Reason for the Proposal

This proposal calls for the sale of all investment securities held by the Company within one year.

Although the Company discloses that it does not hold stocks for pure investment purposes, it holds over ¥15.0 billion of securities (Including securities recorded as current assets.) other than stocks, including bonds with a balance sheet value of ¥11.8 billion as of March 31, 2019. Considering that the Company specifies "Holding and operation of securities" as a business purpose of the Company in its Articles of Incorporation, it is presumed that these securities are held and operated as investments.

In the first place, shareholders of the Company hold shares in anticipation of profit growth in the Company's core business, rather than profit from investment in securities such as bonds. It should be said that shareholders of the Company do not allow the Company to hold bonds for the purpose of investment and bear the risks involved.

The "Holding and operation of securities" should be deleted from the purposes of the Company's Articles of Incorporation to clarify that the holding and operation of securities as investments are not included in the business purposes. As stated in the supplementary provision, all securities should be sold within one year and used to increase shareholders value in the Company with the proceeds from the sale of Proposal No. 9.

○ The Board of Directors' Opinion

The Board of Directors opposes this proposal.

The Board of Directors believes that the proposed amendment would shackle the Company's investment strategy and risks interfering with our efforts to increase corporate value.

The Company held ¥11,689,000,000 transaction price of bonds, ¥1,838,000,000 of listed stock, ¥1,470,000,000 of listed investment trust interests, and ¥15,765,000,000 of securities including stock of unconsolidated subsidiaries and affiliates worth ¥362,000,000 on its balance sheet as of the end of March 2020. The Company purchased the above-referenced bonds worth approximately ¥11,700,000,000 using US$109,000,000 in proceeds from selling shares of two overseas affiliates. The Company aims to allocate such proceeds to strategic investment opportunities overseas, and has continued to hold these bonds accordingly. The Company established implementation standards for holding and managing securities, limiting ownership and management to investment grade stocks, and requiring approval of the Board of Directors for transactions over ¥200,000,000. The Company has recorded cumulative profits from such management of ¥308,700,000 over the approximately 9 years since the commencement of operations in May 2011. In addition, the Board of Directors regularly receives reports on the status of such management.

Moreover, these are strategic funds to allocate to new businesses that exhibit maximum synergies with existing business and have a high return on capital ("Investment Targets") in the medium term management plan currently under development. The Board of Directors intends to consider significant investments as one strategic option, especially when investing in new businesses, after verifying the future potential of such businesses and the synergies with the Company's existing businesses. The Board of Directors believes that the Company must "hold securities" for the management of its strategic funds for this type of process.

Accordingly, the Board of Directors concluded that restricting the management of funds in the Articles of Incorporation until allocated to an Investment Target is not appropriate. The Board of Directors believes that the Company should retain the ability to pursue various fund management measures going forward, including bonds, to pursue the targets the Board of Directors aims to achieve in the medium term management plan.

For these reasons, the Board of Directors opposes this proposal.

Proposal No. 9 Amendments to the Articles of Incorporation with regard to the Dissolution of Cross-Shareholdings

1. Content of the Proposal
   Add the following chapter and article to the current Articles of Incorporation. The chapter and article numbers are based on Proposal No. 2 and 7 being approved. In the event any are rejected, the chapter and article numbers will be adjusted as appropriate.
   Chapter 8 Cross-Shareholdings
   Article 42 (Dissolution of cross-shareholdings)
   The Company shall sell all the cross-held shares, as of the effective date of the amendments of the Articles of Incorporation, immediately during the 73rd fiscal year.

2. Reason for the Proposal
   The Company holds 16 issues of cross-shareholdings with a balance sheet value of ¥2,676 million.
   According to the Company's annual securities report, the objective of cross-shareholdings is to "Maintaining and strengthening business relationships." However, the report states that "Quantitative retention effect is difficult to describe." It does not disclose the specific effects of cross-shareholdings, such as the level of transaction performance and returns achieved by holding shares. In the first place, the causal relationship between the holding of shares and the maintenance and strengthening of transactions is not explained at all and cannot be understood.
   The "Principle 1.4 Cross-Shareholdings" in the Code requires disclosure of the "policy regarding the reduction of cross-shareholdings." The Report of February 6, 2020 by the Company seems to indicate a policy of reduction saying "As of March 2019, (Omitted) the Company has sold four stocks that were deemed to have no significance in holding." However, as much as ¥541 million was invested in one cross-shareholdings stock in the fiscal year ended March 31, 2019, it is very doubtful that a "policy regarding the reduction of cross-shareholdings" exists in the Company.

○ The Board of Directors' Opinion
   The Board of Directors opposes this proposal.
   The Board of Directors believes that to amend the Articles of Incorporation in the manner proposed risks limiting the Company's development. In addition, this proposal is not suitable for inclusion in the Articles of Incorporation, which set forth the basic rules of the Company.
   The Company acquires and holds stock of the Company's transaction partners when the Board of Directors determines that such acquisition will contribute to the medium- to long-term increase in corporate value, taking into account the establishment of stable and long term business relationships with transaction partners, business alliances, and the facilitation and strengthening of cooperative business development. The Board of Directors verifies the effects of holding each of these strategically-held stock positions at the meeting of the Board of Directors at the end of the fiscal year. The Board of Directors takes the reasonableness of the medium- to long-term contribution to shareholder value and the improvement and strength of the relationship with the transaction partner holistically into account in doing so. the Company sells those stock positions that the Board of Directors determines do not convey adequate benefits to the Company.
   The Board of Directors evaluated 16 stock holdings at the meeting of the Board of Directors held on March 26, 2019, including the stock holdings identified in the proposal. The Company sold four stock holdings during the fiscal year ended March 31, 2020. As a result, the Company had already reduced the 16 listed stock positions held as at the end of March 2019 to 12 stock positions as of the end of March 2020. The Board of Directors will continue to verify the effectiveness of the Company's stock holdings in order to contribute to the improvement of corporate value and shareholder value. The Board of Directors will continue to work to further the medium- to long-term increase of corporate value, explain the stock holding policies, results and sales, and seek the understanding of shareholders on the Company's acquisitions and sales of its transaction partners' stock.
   To require that the Company sell all stock positions during the next fiscal year ending March 31, 2021 would require that the Company sell those strategically-held stocks that the Board of Directors determined were highly effective at facilitating and strengthening the maintenance and building of stable and long term business relationships, business partnerships and cooperative business development and contribute to the enhancement of corporate value. Accordingly, the Board of Directors believes such a change may have a negative effect on the

Company's relationships with transaction partners and other business partners. In other words, the Board of Directors believes that the proposed amendments may reduce the Company's medium- to long-term development prospects, and diminish the Company's corporate value.
For these reasons, the Board of Directors opposes this proposal.