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Securities code: 6104

June 12, 2020

To our shareholders:

Shigetomo Sakamoto,  
President  
**SHIBAURA MACHINE CO., LTD.**  
2-2 Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo

## NOTICE OF THE 97TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 97th Ordinary General Meeting of Shareholders of SHIBAURA MACHINE CO., LTD. (the “Company”), which will be held as described below.

Having carefully considered the options for preventing the spread of novel coronavirus (COVID-19) infection, if at all possible, you are strongly encouraged to refrain from coming to the venue on the date of the meeting and exercise your voting rights by postal mail or via the Internet, etc. Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders no later than 5:30 p.m., Friday, June 26, 2020 (Japan Standard Time).

- 1. Date and Time:** Monday, June 29, 2020 at 10:00 a.m. (Reception desk opens at 9:00 a.m.) (Japan Standard Time)
- 2. Venue:** Tokyo Kaikan, 3F “Rose”  
2-1 Marunouchi 3-Chome, Chiyoda-ku, Tokyo  
(Please refer to the Guide Map to the Venue for the General Meeting of Shareholders attached at the end. (This only applies to those who received the Japanese version of this notice))  
Please note that the meeting place has changed from the venue of previous meetings.

### 3. Purposes:

#### Items to be reported:

1. Business Report and Consolidated Financial Statements for the 97th Term (from April 1, 2019 to March 31, 2020), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
2. Non-Consolidated Financial Statements for the 97th Term (from April 1, 2019 to March 31, 2020)

#### Items to be resolved:

- Proposal 1:** Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 2:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member
- Proposal 3:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Revision of Remuneration Amount

## Reference Documents for the General Meeting of Shareholders

**Proposal 1:** Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all eight Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this Ordinary General Meeting of Shareholders. Thus, the Company proposes that nine Directors be elected.

In addition, the Audit and Supervisory Committee has judged each candidate to be a reasonable nomination for the position of Director of the Company for this proposal.

The candidates for Director are as follows:

No.	Name	Current position and responsibilities in the Company	Notes	Attendance at the Board of Directors meetings
1	Yukio Iimura	Chairman and Chief Executive Officer	[Reelection]	19 of 19 (100%)
2	Shigetomo Sakamoto	President and Chief Operating Officer Security and Regulation Control Division General Manager	[Reelection]	19 of 19 (100%)
3	Akiyoshi Kobayashi	Director and Executive Operating Officer R&D Center General Manager, Sagami Plant General Manager, in charge of Administration Division, and in charge of System Strategy Division	[Reelection]	19 of 19 (100%)
4	Hiroaki Ota	—	[New election]	—
5	Kiyoshi Sato	Outside Director	[Reelection] [Outside] [Independent]	19 of 19 (100%)
6	Seigo Iwasaki	Outside Director	[Reelection] [Outside] [Independent]	19 of 19 (100%)
7	Hiroshi Inoue	Outside Director	[Reelection] [Outside] [Independent]	14 of 15 (93%)
8	Kazumine Terawaki	Outside Director	[Reelection] [Outside] [Independent]	15 of 15 (100%)
9	Chisa Hayakawa	—	[New election] [Outside] [Independent]	—

Note: For Hiroshi Inoue and Kazumine Terawaki, the attendance status at meetings of Board of Directors only incorporates the meetings of the Board of Directors that have been held since their appointments on June 21, 2019.

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p data-bbox="357 450 512 510">Yukio Iimura (June 17, 1956)</p> <p data-bbox="373 544 496 573">[Reelection]</p>	<p data-bbox="611 266 1225 741"> Apr. 1980      Joined the Company  Oct. 2000      Injection Molding Machine Engineering  Department Senior Manager of the Company  Oct. 2004      Micro-Pattern Imprinting Device Division  General Manager of the Company  June 2006      Director of the Company  June 2008      Headquarters of Engineering Division General  Manager of the Company  June 2009      President of the Company  June 2013      President and Chief Executive Officer of the  Company  Apr. 2017      Chairman and Chief Executive Officer of the  Company (present position)  May 2017      Chairman of Japan Machine Tool Builders'  Association (present position) </p>	25,500
<p data-bbox="276 763 770 792">[Reasons for nomination as candidate for Director]</p> <p data-bbox="276 792 1409 949">Since being appointed President of the Company in 2009, Yukio Iimura has used his strong leadership skills to guide the whole Group. Since April 2017, he has served as Chairman and Chief Executive Officer of the Company, and has been involved in management of the Group with the aim of continuing to further enhance corporate value. We expect him to strengthen corporate governance and the management structure still further, and have thus nominated him as a candidate for Director.</p> <p data-bbox="276 949 1129 978">[Attendance at the Board of Directors meetings (from April 1, 2019 to March 31, 2020)]</p> <p data-bbox="276 978 584 1008">Attended all of the 19 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p style="text-align: center;">Shigetomo Sakamoto (May 22, 1958)</p> <p style="text-align: center;">[Reelection]</p>	<p>Apr. 1983      Joined the Company</p> <p>June 2006      Corporate Planning Division General Manager of the Company</p> <p>June 2009      Director of the Company</p> <p>June 2010      Tokyo Head Office General Manager of the Company</p> <p>Oct. 2010      Global Corporate Strategy Division General Manager of the Company</p> <p>June 2013      Director and Managing Executive Officer, Component Business Unit General Manager, and Corporate Planning Division General Manager of the Company</p> <p>June 2016      Representative Director and Executive Operating Officer, Compliance Division General Manager, Security and Regulation Control Division General Manager, Corporate Strategic Planning Division General Manager, Sagami Plant General Manager, and RMO of the Company</p> <p>Apr. 2017      Machine Tools Business Unit General Manager and Gotemba Plant General Manager of the Company</p> <p>June 2017      In charge of Corporate Strategic Planning Division and in charge of TQM Promotion Division of the Company</p> <p>June 2019      Vice President and Operating Officer of the Company</p> <p>Feb. 2020      President and Chief Operating Officer of the Company (present position)</p> <p>Apr. 2020      Security and Regulation Control Division General Manager of the Company (present position)</p>	7,100
<p>[Reasons for nomination as candidate for Director]  Shigetomo Sakamoto was appointed President and Chief Operating Officer of the Company in February 2020, becoming responsible for management of the Group, such as executing the management reform plan, based on his extensive experience and achievements primarily in the Corporate Strategic Planning Division. We expect him to enhance corporate value by further strengthening the management base and reliably executing the management reform plan, and have thus nominated him as a candidate for Director.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2019 to March 31, 2020)]  Attended all of the 19 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p>Akiyoshi Kobayashi (November 14, 1960)</p> <p>[Reelection]</p>	<p>Apr. 1985      Joined the Company</p> <p>Oct. 2004      Extrusion Machine Engineering Department Senior Manager of the Company</p> <p>June 2013      Extrusion Machine Division General Manager of the Company</p> <p>June 2014      Executive Officer, Advanced Machinery Business Unit Deputy General Manager of the Company</p> <p>June 2015      Director and Executive Officer, Advanced Machinery Business Unit General Manager of the Company</p> <p>June 2016      In charge of Control Systems Division of the Company</p> <p>Apr. 2017      Molding Machinery Business Unit General Manager, Administration Division General Manager, and Sagami Plant General Manager of the Company</p> <p>June 2018      Director and Senior Managing Executive Officer, Corporate Strategic Planning Division General Manager, and Engineering and Quality Division General Manager of the Company</p> <p>June 2019      Director and Executive Operating Officer (present position) and in charge of Control Systems Division of the Company</p> <p>Feb. 2020      Compliance Division General Manager of the Company</p> <p>Apr. 2020      R&amp;D Center General Manager, Sagami Plant General Manager, in charge of Administration Division, and in charge of System Strategy Division of the Company (present position)</p>	6,700
<p>[Reasons for nomination as candidate for Director] Since being appointed as Director, Akiyoshi Kobayashi has been involved with management from the perspective of the Research and Development Division, based on his extensive experience and achievements gained through execution of operation in the Extrusion Machine business in the past. We believe that he will continue to be an appropriate appointment to expand the Group's business, refine the Group's technology and raise quality, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2019 to March 31, 2020)] Attended all of the 19 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Hiroaki Ota (March 7, 1962)  [New election]	<p>Apr. 1984      Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>Apr. 2001      Joined Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Co. Ltd.)</p> <p>Feb. 2009      Joined GCA Savvian Corporation (currently GCA Corporation)</p> <p>Mar. 2014      Audit and Supervisory Board Member of Mezzanine Corporation</p> <p>Aug. 2014      Audit and Supervisory Board Member of GCA FAS Co., Ltd.</p> <p>Feb. 2015      CFO and Managing Director of GCA Savvian Corporation (currently GCA Corporation) Director of GCA Savvian Singapore Private Ltd.</p> <p>Mar. 2015      Director, CFO and Managing Director of GCA Savvian Corporation (currently GCA Corporation)</p> <p>Apr. 2017      Managing Director of GCA Corporation</p> <p>Apr. 2020      Executive Operating Officer of GCA Partners Corporation (present position)</p>	0
<p>[Reasons for nomination as candidate for Director] Hiroaki Ota has extensive experience and achievements related to finance and corporate management through the execution of business at other companies, and has an impressive character and knowledge. We believe that he is qualified to further strengthen the Group's management structure and will also be able to fulfill his responsibilities as Director, and have thus nominated him as a candidate for Director.</p>			
5	Kiyoshi Sato (April 2, 1956)  [Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]	<p>Apr. 1979      Joined Tokyo Electron Limited</p> <p>Apr. 2003      Senior Executive, president's office of Tokyo Electron Limited</p> <p>June 2003      President and CEO of Tokyo Electron Limited</p> <p>Apr. 2009      Vice Chairman of the Board of Tokyo Electron Limited</p> <p>June 2011      Director of Tokyo Electron Limited Chairman of Tokyo Electron America, Inc. Chairman of Tokyo Electron Europe, Ltd.</p> <p>Nov. 2013      Director of Tokyo Electron Limited, President of TEL Solar AG</p> <p>June 2016      Audit and Supervisory Board Member of Tokyo Electron Yamanashi Limited</p> <p>June 2017      Outside Director of the Company (present position)</p> <p>June 2019      Outside Director of Mazda Motor Corporation (present position)</p> <p>June 2019      Outside Director of Inabata &amp; Co., Ltd. (present position)</p>	0
<p>[Reasons for nomination as candidate for Outside Director] Kiyoshi Sato possesses an impressive character and knowledge, and we believe that he will be able to fulfill his responsibilities as Outside Director by utilizing his extensive experience and knowledge gained by the business overseas, and as an officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between Kiyoshi Sato and the Company. There is no special interest between Mazda Motor Corporation and Inabata &amp; Co., Ltd., at which he is engaged in his main concurrent posts, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2019 to March 31, 2020)] Attended all of the 19 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	<p style="text-align: center;">Seigo Iwasaki (October 8, 1946)</p> <p style="text-align: center;">[Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]</p>	<p>Mar. 1969      Joined SHIZUOKA GAS Co., Ltd.</p> <p>July 1988      General Planning Group Leader of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 1996      Director of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 2000      Managing Director of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 2001      Senior Managing Director of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 2006      Representative Director and President of SHIZUOKA GAS Co., Ltd.</p> <p>Jan. 2011      Representative Director and Chairman of SHIZUOKA GAS Co., Ltd.</p> <p>May 2014      Outside Director of STAR MICRONICS CO., LTD. (present position)</p> <p>June 2015      Outside Director of Murakami Corporation (present position)</p> <p>Jan. 2018      Director and Special Adviser of SHIZUOKA GAS Co., Ltd.</p> <p>June 2018      Outside Director of the Company (present position)</p> <p>Mar. 2020      Special Adviser of SHIZUOKA GAS Co., Ltd. (present position)</p>	2,400
<p>[Reasons for nomination as candidate for Outside Director] Seigo Iwasaki possesses an impressive character and knowledge, and we believe that he will be able to fulfill his responsibilities as Outside Director by utilizing his extensive experience and knowledge gained as an officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between Seigo Iwasaki and the Company. There is no special interest between STAR MICRONICS CO., LTD. and Murakami Corporation at which he is engaged in his main concurrent posts, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2019 to March 31, 2020)] Attended all of the 19 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	<p style="text-align: center;">Hiroshi Inoue (January 5, 1940)</p> <p style="text-align: center;">[Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]</p>	<p>Apr. 1963      Joined Tokyo Broadcasting System, Inc.</p> <p>June 1993      Director of Tokyo Broadcasting System, Inc.</p> <p>June 1996      Managing Director of Tokyo Broadcasting System, Inc.</p> <p>June 1997      Senior Managing Director of Tokyo Broadcasting System, Inc.</p> <p>June 2001      Vice President and Representative Director of Tokyo Broadcasting System, Inc.</p> <p>June 2002      President and Representative Director of Tokyo Broadcasting System, Inc.</p> <p>Oct. 2004      President and Representative Director of Tokyo Broadcasting System Television, Inc.</p> <p>June 2006      Outside Director of Tokyo Electron Limited</p> <p>Apr. 2009      Chairman and Representative Director of Tokyo Broadcasting System Holdings, Inc.</p> <p>                    Chairman and Representative Director of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2012      President of The Japan Commercial Broadcasters Association (general incorporated association)</p> <p>Apr. 2016      Honorary Chairman and Director of Tokyo Broadcasting System Holdings, Inc.</p> <p>                    Honorary Chairman and Director of Tokyo Broadcasting System Television, Inc.</p> <p>June 2018      Executive Advisor of Tokyo Broadcasting System Television, Inc. (present position)</p> <p>June 2019      Outside Director of the Company (present position)</p>	0
<p>[Reasons for nomination as candidate for Outside Director] Hiroshi Inoue possesses an impressive character and knowledge, and we believe that he will be able to fulfill his responsibilities as Outside Director by utilizing his extensive experience and knowledge gained as an officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between Hiroshi Inoue and the Company. There is no special interest between Tokyo Broadcasting System Television, Inc., at which he is engaged in his main concurrent post, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2019 to March 31, 2020)] Of 19 meetings, attended 14 of the 15 meetings held after his appointment</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8	<p style="text-align: center;">Kazumine Terawaki (April 13, 1954)</p> <p style="text-align: center;">[Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]</p>	<p>Apr. 1980     Prosecutor of Tokyo District Public Prosecutors Office</p> <p>Jan. 2014     Director-General of Public Security Intelligence Agency</p> <p>Jan. 2015     Superintending Prosecutor, Sendai High Prosecutors Office</p> <p>Sept. 2016    Superintending Prosecutor, Osaka High Prosecutors Office</p> <p>Apr. 2017     Retired from his post of Superintending Prosecutor, Osaka High Prosecutors Office</p> <p>June 2017     Lawyer registration (Tokyo Bar Association), Joined Satoshi Suzuki Law Office (present position)</p> <p>Feb. 2018     Outside Corporate Auditor of Kewpie Corporation (present position)</p> <p>June 2018     External Audit and Supervisory Board Member of The Shoko Chukin Bank, Ltd. (present position)</p> <p>June 2019     Outside Director of the Company (present position)</p> <p>June 2019     Outside Audit and Supervisory Board Member of Kajima Corporation (present position)</p>	0
<p>[Reasons for nomination as candidate for Outside Director] Kazumine Terawaki possesses an impressive character and knowledge, and we believe that he will be able to fulfill his responsibilities as Outside Director by utilizing his extensive experience and knowledge gained as a lawyer and an officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between Kazumine Terawaki and the Company. There is no special interest between Kewpie Corporation, The Shoko Chukin Bank, Ltd. and Kajima Corporation, at which he is engaged in his main concurrent posts, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2019 to March 31, 2020)] Of 19 meetings, attended all 15 meetings held after his appointment</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
9	Chisa Hayakawa (June 27, 1968)  [New election] [Candidate for Outside Director] [Candidate for Independent Officer]	Apr. 1991      Joined Sanyo Securities Company Limited Mar. 1998      Joined FANCL CORPORATION July 2009      Joined Calbee, Inc. Apr. 2011      Investor Relations Group Manager of Calbee, Inc. Apr. 2013      Executive Officer (present position) and Investor Relations Department General Manager of Calbee, Inc. Apr. 2014      Corporate Planning Department General Manager and Investor Relations Department General Manager of Calbee, Inc. Apr. 2016      East Japan Sales Department Deputy General Manager of Calbee, Inc. Apr. 2017      East Japan Sales Department General Manager of Calbee, Inc. Apr. 2019      Financial & Accounting Department General Manager of Calbee, Inc. (present position)	0
<p>[Reasons for nomination as candidate for Outside Director] Chisa Hayakawa possesses an impressive character and knowledge, and we believe that she will be able to fulfill her responsibilities as Outside Director by utilizing her extensive experience and knowledge gained through expertise and wide-ranging business execution as a securities analyst and a certified tax accountant. Accordingly, we have nominated her as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between Chisa Hayakawa and the Company. There is no special interest between Calbee, Inc., at which she is engaged in her main concurrent post, and the Company.</p>			

- Notes:
1. There is no special interest between the above candidates for Director and the Company.
  2. Kiyoshi Sato, Seigo Iwasaki, Hiroshi Inoue, Kazumine Terawaki and Chisa Hayakawa are candidates for Outside Director.
  3. Kiyoshi Sato, Seigo Iwasaki, Hiroshi Inoue and Kazumine Terawaki are currently Outside Directors of the Company, and at the conclusion of this General Meeting of Shareholders, Kiyoshi Sato, Seigo Iwasaki, Hiroshi Inoue and Kazumine Terawaki will have served as Outside Directors for three years, two years, one year and one year respectively.
  4. In accordance with the Articles of Incorporation of the Company and Article 427, paragraph (1) of the Companies Act, the Company has concluded limited liability agreements referred to in Article 423, paragraph (1) of the Companies Act with Kiyoshi Sato, Seigo Iwasaki, Hiroshi Inoue and Kazumine Terawaki which prescribe that the maximum extent of the liability for damages shall be the amount set forth in laws and regulations. If their reelections are approved, the Company plans to continue these limited liability agreements. If the election of Chisa Hayakawa is approved, the Company plans to conclude the same limited liability agreement with her.
  5. The Company has designated Kiyoshi Sato, Seigo Iwasaki, Hiroshi Inoue and Kazumine Terawaki as Independent Officers based on the stipulation by the Tokyo Stock Exchange and registered them to the said exchange. If their reelections are approved, the Company plans to continue their registration as the Independent Officers. In addition, Chisa Hayakawa meets the requirements for Independent Officers based on the regulations of the Tokyo Stock Exchange, and in the event that her election is approved, the Company plans to designate her as an Independent Officer.

**Proposal 2:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

The validity of the election of substitute Director who is an Audit and Supervisory Committee Member Akifumi Imamura, approved at the 96th Ordinary General Meeting of Shareholders held on June 21, 2019, will be expired at the start of this Ordinary General Meeting of Shareholders. Accordingly, the Company requests approval for the election of one substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.

The Audit and Supervisory Committee has given its consent to this proposal.

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

Name (Date of birth)	Career summary (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Akifumi Imamura (April 18, 1953)	Apr. 1982 Lawyer registration (DAIICHI TOKYO BAR ASSOCIATION)	0
	Apr. 1989 Partner Lawyer of Atago Law Office	
	May 2003 Partner Lawyer of Greenhill Law and Patent Office (present position)	
	Apr. 2005 Vice-president of DAIICHI TOKYO BAR ASSOCIATION	
	June 2005 Outside Audit and Supervisory Board Member of JBCC Holdings Inc.	
	June 2011 Outside Audit and Supervisory Board Member of Itoham Foods Inc.	
	Apr. 2016 Outside Audit and Supervisory Board Member of ITOHAM YONEKYU HOLDINGS INC. (present position)	
	June 2016 Audit and Supervisory Committee Member/Outside Director of JBCC Holdings Inc. (present position)	
	Mar. 2020 Outside Audit and Supervisory Board Member of Otomo Logistics Service Co., Ltd. (present position)	
<p>[Reasons for nomination as candidate for Outside Director who is a substitute Audit and Supervisory Committee Member] Akifumi Imamura has an impressive character and knowledge, and we believe that he will be able to reflect his extensive experience and knowledge gained as a lawyer and an outside officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director who is a substitute Audit and Supervisory Committee Member.</p> <p>[Regarding Independence] There is no special interest between Akifumi Imamura and the Company. There is no special interest between ITOHAM YONEKYU HOLDINGS INC., JBCC Holdings Inc. and Otomo Logistics Service Co., Ltd., at which he is engaged in his main concurrent posts, and the Company. Akifumi Imamura satisfies the requirements for an Independent Officer as provided for by Tokyo Stock Exchange, Inc.</p>		

- Notes:
1. Akifumi Imamura is a candidate for substitute Outside Director.
  2. In accordance with the Articles of Incorporation of the Company and Article 427, paragraph (1) of the Companies Act, if Akifumi Imamura is appointed as an Outside Director who is an Audit and Supervisory Committee Member, the Company plans to conclude a limited liability agreement referred to in Article 423, paragraph (1) of the Companies Act with him, which prescribes that the maximum extent of the liability for damages shall be the amount set forth in laws and regulations.

**Proposal 3:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Revision of Remuneration Amount

1. Overview of the proposal

The Company requests approval of the adoption of new share-based remuneration plans (the “Plan”) that enlist two types of shares with transfer and other restrictions (“restricted shares”) for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; “Eligible Directors”). At its 96th Ordinary General Meeting of Shareholders held on June 21, 2019, the Company gained approval with respect to amounts of remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members), for an amount not exceeding ¥500 million annually (including the amount not exceeding ¥150 million annually for Outside Directors; provided, however, that this does not include the portion of employee salaries paid to the Directors concurrently serving as employees). The Company now seeks approval with respect to providing the Eligible Directors with the new share-based remuneration separately from the aforementioned remuneration framework for the purposes stated in “2. Reasons for adopting the Plan,” and with respect to accordingly revising the amounts of remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members).

Specifically, the total amounts of remuneration, etc. provided for the purpose of granting restricted shares to the Eligible Directors on the basis of this proposal, which is in the form of monetary remuneration claims, shall be set at an amount not exceeding ¥25 million annually and deemed reasonable in view of the purposes stated in “2. Reasons for adopting the Plan” for the “continuous service-type restricted share-based remuneration” as described under “3. (2) Continuous service-type restricted share-based remuneration,” and shall be set at an amount not exceeding ¥75 million for the “performance-linked and restricted share-based remuneration” as described under “3. (3) Performance-linked and restricted share-based remuneration” in the fiscal year following the end of the applicable period of the Company’s medium-term management plan determined by the Board of Directors of the Company. Moreover, following the adoption of the Plan, amounts of remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be set at an amount not exceeding ¥450 million annually (including the amount not exceeding ¥150 million annually for Outside Directors; provided, however, that this shall not include the portion of employee salaries paid to the Directors concurrently serving as employees). This will involve decreasing by ¥50 million annually the ¥500 million maximum annual remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) thus far (including the amount not exceeding ¥150 million annually for Outside Directors; provided, however, that this shall not include the portion of employee salaries paid to the Directors concurrently serving as employees).

There are currently eight Directors (excluding Directors who are Audit and Supervisory Committee Members; of which four are Outside Directors), and if Proposal 1 is approved and adopted as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be nine (of which five are Outside Directors).

2. Reasons for adopting the Plan

The Company has announced the “New ‘Shibaura Machine’ Long-term Vision 2030” as the long-term strategy to achieve both the resolving of social issues and the enhancing of corporate value through responding to megatrends facing the global manufacturing industry with outstanding technological innovations, and “Management Reform Plan” as the medium-term management plan. The Plan entails granting share-based remuneration to the Eligible Directors with the objectives of giving them an incentive to achieve the performance targets stated in the “Management Reform Plan” and make continuous improvements to the corporate value through further strengthening the link between remuneration for Eligible Directors and the medium- to long-term performance of the Company and promoting shared values between the Eligible Directors and shareholders in accordance with the basic policy set forth as follows.

- (1) Provide sound incentive to Directors by furnishing an appropriate mix of fixed remuneration composed of basic remuneration and variable remuneration composed of (i) share-based remuneration contingent on continuous service, (ii) bonus in cash linked to short-term performance, and (iii) share-based remuneration linked to medium- to long-term performance, underpinned by the objectives of transforming the Company

into a highly profitable enterprise and achieving sustainable growth, with the aim of increasing the Company's corporate value over the medium to long term

- (2) Strongly motivate Directors to achieve the performance targets by linking the Company's medium-term management plan, including the Management Reform Plan, and share-based remuneration
- (3) Share the benefits and risks of share price fluctuations with the shareholders by increasing the ratio of share-based remuneration and promoting the Directors' shareholding

The share-based remuneration granted under the Plan further promotes a continuous sharing of value with shareholders under a system that restricts the transfer of shares until retirement of the Director.

### 3. Details of the Plan

#### (1) Overview of the Plan

Under the Plan, the Company shall, based on the resolution of the Board of Directors, grant Eligible Directors with monetary remuneration claims for the allocation of restricted shares, and, by having the Eligible Directors make contribution in kind to the Company using all the monetary remuneration claims as contributed assets, shall issue or dispose of its common shares to the Eligible Directors and allow them to hold such shares. The Plan consists of two types of share-based remuneration plan; "continuous service-type restricted share-based remuneration," which requires the Eligible Director's continuous service for a certain period as the Company's Director in order for the transfer restriction to be lifted, and the "performance-linked and restricted share-based remuneration," in which the number of restricted shares to be granted varies in accordance with the achievement level of the performance targets established in advance by the Board of Directors. As a general rule, the date on which transfer restriction is lifted and the retirement date of a respective Director are one and the same under either plan.

The specific timing of provision thereof and allocation to each Eligible Director shall be decided by the Board of Directors upon its having been furnished with a report of the Remuneration Advisory Committee, established as an advisory body to the Board of Directors. The total number of common shares to be issued or disposed of by the Company under the Plan shall be set at a number not exceeding 19,000 shares annually for the "continuous service-type restricted share-based remuneration," and shall be set at a number not exceeding 57,000 shares for the "performance-linked and restricted share-based remuneration" as the number of shares to be issued or disposed of in the fiscal year following the end of the applicable period of the Company's medium-term management plan determined by the Board of Directors of the Company. In either case, however, if a share split of the Company's common shares (including an allotment without contribution of the Company's common shares) or share consolidation of the shares on and after the date of resolution by this General Meeting of Shareholders, or in any similar event that would make it necessary to adjust the maximum total number of shares to be allotted, the Company may rationally adjust the maximum total number of shares to be allotted. The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors concerning the issuance or disposal of the shares (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors.

#### (2) Continuous service-type restricted share-based remuneration

The issuance or disposal of the common shares under "continuous service-type restricted share-based remuneration" is carried out, as a general rule, on an annual basis and monetary remuneration claims are granted to the Eligible Directors based on a resolution by the Board of Directors of the Company. By having the Eligible Directors make contribution in kind to the Company using the entire amount of those monetary remuneration claims as contributed assets, the Company delivers a number of shares, as restricted shares, of a number equivalent to the value of those monetary remuneration claims divided by the price determined by the Board of Directors based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors.

For the issuance or disposal of the common shares of the Company, an agreement on allotment of restricted shares that includes the content outlined below (the "Allotment Agreement I"), shall be entered into between the Company and each Eligible Director.

- (i) An Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement I (the “Allotted Shares”) for the period from the payment date of the common shares of the Company allotted under the Allotment Agreement I until the time that the Eligible Director retires from the position of Director of the Company (the “Restriction Period”). The restriction described in the preceding sentence will hereinafter be referred to as the “Restriction.”
  - (ii) In the event that the Eligible Director retires from the position of Director of the Company before the expiration of the scheduled period for service specified by the Board of Directors during the Restriction Period (the “Service Provision Period”), the Company shall acquire, by rights, the Allotted Shares without contribution, unless there is a reason that the Board of Directors deems justifiable.
  - (iii) Notwithstanding the provision of (i) above, the Company shall lift the Restriction of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position of Director of the Company throughout the Service Provision Period. However, if the Eligible Director retires from the position as provided in (ii) above before the expiration of the Service Provision Period due to the reason the Board of Directors of the Company deems justifiable, which is specified in (ii) above, the Company shall rationally adjust the number of the Allotted Shares on which the Restriction is to be lifted, and the timing of lifting the Restriction as needed.
  - (iv) The Company shall acquire, by rights, without contribution the Allotted Shares on which the Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision of (iii) above.
  - (v) Notwithstanding the provision of (i) above, if, during the Restriction Period, a matter relating to “Reorganization” (as defined below) is approved by a General Meeting of Shareholders of the Company (or the Company’s Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization), the Company shall, prior to the effective date of said Reorganization, lift the Restriction on a number of the Allotted Shares as rationally determined by resolution of the Company’s Board of Directors and taking into account the period from the commencement date of the Service Provision Period until the date of approval for said Reorganization. Such “Reorganization” shall collectively refer to the following matters: a merger agreement whereby the Company is a disappearing entity; a share exchange agreement, a share transfer plan or other type of reorganization whereby the Company becomes a wholly owned subsidiary of another company.
  - (vi) In cases provided for in (v) above, the Company shall acquire, by rights, without contribution the Allotted Shares on which the Restriction has not been lifted as of the time immediately after the Restriction was lifted in accordance with the provisions in (v) above.
  - (vii) Other matters regarding Allotment Agreement I shall be determined by the Board of Directors of the Company.
- (3) Performance-linked and restricted share-based remuneration
- The evaluation period of “performance-linked and restricted share-based remuneration” shall be the applicable period of the Company’s medium-term management plan determined by the Board of Directors of the Company. The evaluation period described in the preceding sentence will hereinafter be referred to as the “Performance Evaluation Period.” The Eligible Director shall be granted a monetary remuneration claims in an amount calculated by multiplying the level of achievement of the performance benchmarks predetermined by the Board of Directors as of the end of the Performance Evaluation Period (the “Performance-based Payment Ratio”) by the remuneration amount on the basis of an Eligible Director’s position (the “Position-specific Base Remuneration”). By having the Eligible Directors make contribution in kind to the Company using the entire amount of those monetary remuneration claims as contributed assets, the Company delivers a number of shares, as restricted shares, of a number equivalent to the value of those monetary remuneration claims divided by the price determined by the Board of Directors based on the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors (the “Share Price of Allotted Shares”).

<Method of calculating number of shares to be delivered>

Number of shares to be delivered = Position-specific Base Remuneration<sup>(\*1)</sup> x Performance-based Payment Ratio<sup>(\*2)</sup> / Share Price of Allotted Shares<sup>(\*3)</sup>

- (\*1) Position-specific Base Remuneration is to be determined by the Board of Directors on a separate basis, according to positions held by Eligible Director.
- (\*2) The Performance-based Payment Ratio is to be determined by the Board of Directors, but it is planned to be calculated by the following formula for the initial Performance Evaluation Period  
Performance-based Payment Ratio = payment ratio based on consolidated operating profit ratio x 70% + payment ratio based on consolidated ROE (return on equity) x 30%
- The Performance-based Payment Ratio varies across a range of 0% to 200% according to results achieved with respect to the consolidated operating profit ratio and consolidated ROE during the Performance Evaluation Period.
  - The Performance-based Payment Ratio shall be a range of 100% to 200% in cases where any of the consolidated operating profit ratio or consolidated ROE targets for the final fiscal year of the medium-term management plan decided by the Board of Directors of the Company. When this is not the case, the Performance-based Payment Ratio shall be assigned 0%, and no shares will be delivered.
  - The Performance-based Payment Ratio shall be reviewed each time when the new medium-term management plan is formulated.
- (\*3) The Share Price of Allotted Shares shall be determined by the Board of Directors based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors concerning the issuance or disposal of the shares (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors.

Moreover, the Company may rationally adjust the number of shares to be delivered in accordance with the period of service of an Eligible Director during the Performance Evaluation Period.

The Company shall deliver common shares not subject to the Restriction of a number calculated using the same formula as that aforementioned if an Eligible Director retires from his or her position as Director due to expiration of his or her term of office on or before the date of the first Ordinary General Meeting of Shareholders held after the end of the final fiscal year of the Performance Evaluation Period, or on other legitimate grounds. However, the Company will not deliver restricted shares if a Director retires from his or her position during the Performance Evaluation Period or has been involved in certain types of misconduct. In addition, the Company shall not deliver shares if, during the Performance Evaluation Period, approval has been granted for matters relating to a Reorganization by a General Meeting of Shareholders of the Company (or the Company's Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization; however, this shall apply only if the effective date of said Reorganization is scheduled prior to the date of share delivery under the Plan).

As a general rule, the Company's common shares shall be issued or disposed of under "performance-linked and restricted share-based remuneration" after the end of the final fiscal year of the Performance Evaluation Period. For the issuance or disposal of the common shares of the Company, an agreement on allotment of performance-linked and restricted shares that includes provisions, as outlined below (the "Allotment Agreement II") shall be entered into between the Company and Eligible Directors (provided, however, excluding those who have retired from the position of Director ("Retiree") due to expiration of his or her office on or before the date of the first Ordinary General Meeting of Shareholders held after the end of the final fiscal year of the Performance Evaluation Period, or on other legitimate grounds).

- (i) An Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement II until the Eligible Director retires from the position of Director of the Company.
- (ii) Under certain circumstances, the Company may acquire said common shares without contribution.
- (iii) Other details including conditions for lifting the Restriction that have been predetermined by the Company's Board of Directors.

An allotment agreement concluded between the Company and a Retiree shall not impose the Restriction. Furthermore, in the case of an Eligible Director's retirement through death, an amount of money equivalent to the monetary remuneration claims that were planned to be paid for the granting of restricted shares shall be paid to the inheritors.