

May 13, 2020

SHIMA SEIKI MFG., LTD.

Representative: Mitsuhiro Shima, President

Code number: 6222

Stock listings: Tokyo Stock Exchange (1st section)

Notice of Partial Amendments to the Articles of Incorporation

Shima Seiki Mfg., Ltd., (the “Company”) notifies you as follows that it was resolved at the meeting of the Board of Directors held on May 13, 2020, to submit the proposal “Partial Amendments to the Articles of Incorporation” to the 59th Ordinary General Meeting of Shareholders to be held on June 25, 2020, for discussion.

Note

1. Purposes of the amendments to the articles of incorporation

- (1) The proposal is to add the provisions concerning Audit & Supervisory Committee members and the Audit & Supervisory Committee and delete the provisions concerning Audit & Supervisory Board members and Audit & Supervisory Board to transition to a company with an audit & supervisory committee with the aim of making management more efficient by further strengthening the audit/supervisory functions of the Board of Directors and improving governance and making quick decision-making through the delegation of authority.
- (2) The proposal is to change the numbers of articles as a result of the above amendments and make other amendments required.

2. Details of the amendments to the Articles of Incorporation

Details of the amendments are as in the exhibit.

3. Schedule

Date of the general meeting of shareholders for the amendments to the Articles of Incorporation
June 25, 2020 (scheduled)

Effective date of the amendments to the Articles of Incorporation
June 25, 2020 (scheduled)

< Details of the amendments to the Article of Incorporation >

(The underlined portions are to be amended)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 to Article 3 (Omitted)</p> <p>(Organizations)</p> <p>Article 4. In addition to the General Meeting of Shareholders and directors, the Company shall have the following organizations: (1) Board of Directors; (2) <u>Audit & Supervisory Board Members;</u> (3) <u>Audit & Supervisory Board; and</u> (4) <u>Accounting Auditor</u></p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 to Article 3 (No amendments)</p> <p>(Organizations)</p> <p>Article 4. In addition to the General Meeting of Shareholders and directors, the Company shall have the following organizations: (1) Board of Directors; (2) <u>Audit & Supervisory Committee; and</u> (Deleted) (3) <u>Accounting Auditor</u></p>
<p>Article 5 to Article 18 (Omitted)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p>	<p>Article 5 to Article 18 (No amendments)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p>
<p>(Number of Directors)</p> <p>Article 19. The Company shall have <u>fifteen (15)</u> or fewer Directors.</p> <p style="text-align: center;">(Newly added)</p>	<p>(Number of Directors)</p> <p>Article 19. The Company shall have <u>ten (10)</u> or fewer Directors <u>(excluding Directors who are Audit & Supervisory Committee Member).</u></p> <p><u>2. The Company shall have five (5) Directors who are Audit & Supervisory Committee Members.</u></p>
<p>(Election of Directors)</p> <p>Article 20. (Newly added)</p> <p style="text-align: center;">(Newly added)</p>	<p>(Election of Directors)</p> <p>Article 20. <u>The Directors of the Company shall be separately elected for the Directors who are Audit & Supervisory Committee Members and other Directors by a resolution adopted at the general meeting of shareholders.</u></p> <p><u>2. The Company may elect substitutes for Directors who are Audit & Supervisory Committee Members (hereinafter called "substitutes") at the general meeting of shareholders in advance and in preparation for a lack in the number of Directors who are Audit Committee Member as stipulated in the laws and regulations.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>The resolution for the election of the <u>Directors</u> shall be made by a majority of the votes of the shareholders present at the meeting where shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such meeting are present, and cumulative voting shall not be permitted.</p> <p>(Newly added)</p> <p>(Term of Office of Directors)</p> <p>Article 21. The term of office of the Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within <u>two (2) years</u> from their election; provided, <u>however, that the term of office of any Director who assumes an office to fill a vacancy or to increase the number of Directors shall be the same as the remaining term of office of the other Directors who are currently in office.</u></p> <p>(Newly added)</p> <p>(Newly added)</p>	<p><u>3.</u> The resolution for the election stipulated in <u>the above two paragraphs</u> shall be made by a majority of the votes of the shareholders present at the meeting where shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such meeting are present, and cumulative voting shall not be permitted.</p> <p><u>4.</u> The term of office in the resolution for <u>the election of substitutes shall expire at the commencement of the Ordinary General Meeting of Shareholders held for the last business year that ends within two (2) years after such election, unless such term of office is shortened by such resolution itself.</u></p> <p>(Term of Office of Directors)</p> <p>Article 21. The term of office of the Directors <u>(excluding Directors who are Audit & Supervisory Committee Members)</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within <u>one (1) year</u> from their election.</p> <p><u>2.</u> The term of office of the Directors who are <u>Audit & Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within two (2) years from their election.</u></p> <p><u>3.</u> For the Directors who are <u>Audit & Supervisory Committee Members elected as a substitute of the Directors retired before expiration of the term of office, the term of office shall expire at the end of the term of office of the retired Directors.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Board of Directors) Article 22. (Omitted)</p> <p>2. The notice of convocation of the meeting of the Board of Directors shall be sent to each Director <u>and Audit & Supervisory Board Member</u> three (3) days prior to the date of the meeting; provided, however, that when there is an urgent necessity, this notice period may be shortened.</p> <p>(Newly added)</p>	<p>(Board of Directors) Article 22. (No amendments)</p> <p>2. The notice of convocation of the meeting of the Board of Directors shall be sent to each Director <u>no later than</u> three (3) days prior to the date of the meeting; provided, however, that when there is an urgent necessity, this notice period may be shortened.</p> <p>3. <u>The meeting of the Board of Directors may be held without the procedure for convocation when agreed upon by all the Directors.</u></p>
<p>(Omission of the Resolution of the Board of Directors) Article 23. If all the Directors agree to a proposal to be resolved by the Board of Directors in writing or by means of electronic or magnetic record, the Company shall deem that the resolution to approve such proposal by the Board of Directors has been made; provided, <u>however, that this shall not apply to cases where any Audit & Supervisory Board Member states his/her objection.</u></p>	<p>(Omission of the Resolution of the Board of Directors) Article 23. If all the Directors agree to a proposal to be resolved by the Board of Directors in writing or by means of electronic or magnetic record, the Company shall deem that the resolution to approve such proposal by the Board of Directors has been made.</p>
<p>(Representative Directors) Article 24. <u>Representative Directors of the Company shall be appointed by resolution of the Board of Directors.</u></p>	<p>(Representative Directors) Article 24. <u>Representative Directors shall be appointed among Directors (excluding Directors who are Audit & Supervisory Committee Members) by resolution of the Board of Directors.</u></p>
<p>(Directors with Titles) Article 25. One (1) Chairman, one (1) President and several Executive Vice Presidents, Senior Executive Directors and Executive Directors may be appointed by resolution <u>of</u> the Board of Directors.</p>	<p>(Directors with Titles) Article 25. One (1) Chairman, one (1) President and several Executive Vice Presidents, Senior Executive Directors and Executive Directors may be appointed <u>among Directors (excluding Directors who are Audit & Supervisory Committee Members)</u> by resolution of the Board of Directors.</p>
<p>Article 26 to Article 27 (Omitted)</p>	<p>Article 26 to Article 27 (No amendments)</p>

Current Articles of Incorporation	Proposed Amendments
(Newly added)	<u>(Delegation to Directors of determination of the execution of operation)</u>
	<u>Article 28.</u> <u>The Company may delegate to Directors all or a part of determination of significant execution of operation (excluding the matters stated in the Article 399-13, Paragraph 5, Items of Companies Act) by a resolution of the Board of Directors according to the provisions of Article 399-13, Paragraph 6, of the Companies Act.</u>
(Remuneration, etc. for Directors) <u>Article 28.</u> The remuneration, bonuses and other financial benefits given by the Company as consideration for the execution of duties (<u>hereinafter referred to as the "Remuneration, etc."</u>) for Directors shall be determined by resolution at the General Meeting of Shareholders.	(Remuneration, etc. for Directors) <u>Article 29.</u> The remuneration, bonuses and other financial benefits given by the Company as consideration for the execution of duties for Directors shall be <u>separately determined for Directors who are Audit & Supervisory Committee Members and other Directors</u> by resolution at the General Meeting of Shareholders .
Article 29. (Omitted)	Article 30. (No amendments)
CHAPTER V <u>AUDIT & SUPERVISORY BOARD MEMBERS AND THE AUDIT & SUPERVISORY BOARD</u>	CHAPTER V <u>AUDIT & SUPERVISORY COMMITTEE</u>
(Number of Audit & Supervisory Board Members) <u>Article 30.</u> <u>The Company shall have four (4) or fewer Audit & Supervisory Board Members.</u>	(Deleted)
(Election of Audit & Supervisory Board Members) <u>Article 31.</u> <u>The resolution for the election of the Audit & Supervisory Board Members shall be made by a majority of the votes of the shareholders present at the meeting where shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such meeting are present.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Term of Office of Audit & Supervisory Board Members)</u> <u>Article 32.</u> <u>The term of office of the Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within four (4) years from their election; provided, however, that the term of office of any Audit & Supervisory Board Member, who is elected to fill a vacancy of an Audit & Supervisory Board Member who retired from office before the expiration of his/her term of office, shall expire upon the expiration of the term of office of the Audit & Supervisory Board Member who retired.</u></p>	<p>(Deleted)</p>
<p><u>(Audit & Supervisory Board)</u> <u>Article 33.</u> <u>The notice of convocation of the meeting of the Audit & Supervisory Board shall be sent to each Audit & Supervisory Board Member three (3) days prior to the date of the meeting; provided, however, that when there is an urgent necessity, this notice period may be shortened.</u> (Newly added)</p>	<p><u>(Audit & Supervisory Committee)</u> <u>Article 31.</u> <u>The notice of convocation of the meeting of the Audit & Supervisory Committee shall be sent to each Audit & Supervisory Committee Member no later than three (3) days prior to the date of the meeting; provided, however, that when there is an urgent necessity, this notice period may be shortened.</u> <u>2. The meeting of the Audit & Supervisory Committee may be held without the procedure for convocation when agreed upon by all the Audit & Supervisory Committee Members.</u></p>
<p><u>(Standing Audit & Supervisory Board Members)</u> <u>Article 34.</u> <u>Standing Audit & Supervisory Board Members shall be appointed by resolution of the Audit & Supervisory Board.</u></p>	<p><u>(Standing Audit & Supervisory Committee Members)</u> <u>Article 32.</u> <u>Standing Audit & Supervisory Committee Members may be appointed by resolution of the Audit & Supervisory Committee.</u></p>
<p><u>(Substitute Audit & Supervisory Board Members)</u> <u>Article 35.</u> <u>1. Substitute Audit & Supervisory Board Members may be elected at the General Meeting of Shareholders by way of precaution against the cases where there occurs any vacancy which results in a shortfall in the number of Audit & Supervisory Board Members prescribed in applicable laws and regulations.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>2. <u>The resolution for the election of the substitute Audit & Supervisory Board Members shall be made by a majority of the votes of the shareholders present at the meeting where shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such meeting are present.</u></p> <p>3. <u>When the substitute Audit & Supervisory Board Members who are elected pursuant to paragraph 1 assume the office of Audit & Supervisory Board Members, the term of their office shall expire upon the expiration of the term of office of their predecessors; provided, however, that the term of office of the substitute Audit & Supervisory Board Members shall not exceed the time of the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within four (4) years from their election as substitute Audit & Supervisory Board Members.</u></p> <p>4. <u>The term of effect of the resolution of election of the substitute Audit & Supervisory Board Members shall expire at the commencement of the Ordinary General Meeting of Shareholders held for the last business year that ends within four (4) years after such resolution, unless such term of effect is shortened by such resolution itself.</u></p>	
<p><u>(Regulations of the Audit & Supervisory Board)</u> <u>Article 36.</u> Unless otherwise provided for in applicable laws and regulations or in these Articles of Incorporation, matters relating to <u>the Audit & Supervisory Board</u> shall be governed by <u>the Regulations of the Audit & Supervisory Board</u> established by <u>the Audit & Supervisory Board</u>.</p>	<p><u>(Regulations of the Audit & Supervisory Committee)</u> <u>Article 33.</u> Unless otherwise provided for in applicable laws and regulations or in these Articles of Incorporation, matters relating to <u>the Audit & Supervisory Committee</u> shall be governed by <u>the Regulations of the Audit & Supervisory Committee</u> established by <u>the Audit & Supervisory Committee</u>.</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Remuneration, etc. for Audit & Supervisory Board Members)</u> Article 37. <u>The Remuneration, etc. for the Audit & Supervisory Board Members shall be determined by resolution at the General Meeting of Shareholders.</u></p>	<p>(Deleted)</p>
<p><u>(Agreement to Limit the Liability of Outside Audit & Supervisory Board Members)</u> Article 38. <u>Pursuant to Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with the Outside Audit & Supervisory Board Members, which will limit the liability of the Outside Audit & Supervisory Board Members under Article 423, paragraph (1) of the Companies Act; provided, however, that the maximum amount of liability under the said agreement shall be the amount stipulated under applicable laws and regulations.</u></p>	<p>(Deleted)</p>
<p>CHAPTER VI ACCOUNTS Article 39 to Article 42 (Omitted)</p> <p>(Newly added)</p>	<p>CHAPTER VI ACCOUNTS Article 34 to Article 37 (No amendments)</p> <p><u>Supplemental provision</u> <u>(Transitional measure for agreement to Limit the Liability of Outside Audit & Supervisory Board Members)</u> <u>The agreement to limit the liability for damage stipulated in the Article 423, Paragraph 1, of the Companies Act shall govern the conduct of Outside Audit & Supervisory Board Members (including former Outside Audit & Supervisory Board Members) before conclusion of the 59th Ordinary Meeting of Shareholders held on June 2020 by provisions of Article 38 of the Articles of Incorporation before the amendments based on a resolution of the above ordinary general meeting of shareholders.</u></p>