

January 19, 2016

To whom it may concern:

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Transition to a company with an audit and supervisory committee and partial amendment to the articles of incorporation

We hereby notify you that at a meeting of the board of directors held today, the Company decided to add “Partial Amendment to Articles of Incorporation,” as an item of agenda for the 47th Ordinary General Meeting of Shareholders to be held on June 21, 2016. This amendment accompanies the transition to a company with an audit and supervisory committee.

Details

1. Transition to a company with an audit and supervisory committee

(1) Reason for the transition

The Company currently has in place a Board of Corporate Auditors, and appoints two independent Outside Directors among its five Directors. It also has a Nomination Compensation Advisory Committee, the majority of whose members are composed of Outside Directors, and they report directly to the Board of Directors. The Company has also set up an ESG (Environmental, Social and Governance) Committee and in fiscal 2015 it won an award as a leading company where women shine. In these ways, we have been working to strengthen our corporate governance structure and increase our transparency and diversity. In addition, we are making efforts to achieve a sustained improvement in consolidated ROE, based on a figure of 10%, and actively working to return profits to shareholders, aiming for a 30% consolidated dividend payout ratio. In October last year, we repurchased 500,000 of our own shares and in November we forecast we would be able to increase the annual dividend by 2 yen per share (making for an annual dividend of 18 yen).

This time, with the transition to a company with an audit and supervisory committee, we will enhance our audit and oversight functions, further strengthen the corporate governance structure, and improve the transparency of our operations.

Accompanying this, we are considering adding the agenda item of a proposed election of directors to the 47th Ordinary General Meeting of Shareholders, scheduled to be held on June 21, 2016, under the following policy.

- 1) Half or a majority of the Directors must be Independent Outside Directors.
- 2) All members of the Audit and Supervisory Committee must be independent outside directors.

Please note that the Nomination Compensation Advisory Committee and the ESG Committee will continue to exist. Also, we will carry out an organizational change so that the Internal Control Office reports directly to the Audit and Supervisory Committee.

(2) Period of the transition

At the 47th Ordinary General Meeting of Shareholders, scheduled to be held on June 21, 2016, we plan to request approval for a partial amendment to the articles of incorporation that is required for the transition to a company with an audit and supervisory committee. Our aim is to transition to a company with an audit and supervisory committee.

Translations

2. Partial amendment to the articles of incorporation

(1) Reason for the amendment

- (i) We plan to make new provisions concerning a company with an audit and supervisory committee and delete provisions relating to Corporate Auditors and the Supervisory Board, since these are necessary for transitioning to a company with an audit and supervisory committee. At the same time, we plan to establish new provisions so that we can increase the efficiency of management, enable rapid decision-making, and delegate to the CEO & President all or part of the decision-making process related to important business execution matters.
- (ii) Accompanying the establishment and deletion of the above provisions, we intend to make amendments to the number of articles and other necessary changes.

(2) Details of the amendments

Details of the amendments are shown in the attachment.

(3) Schedule

Scheduled date of Ordinary General Meeting of Shareholders to discuss the amendment to the articles of incorporation	June 21, 2016 (Tuesday)
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Scheduled date on which the amendments to the articles of incorporation are planned to take effect	June 21, 2016 (Tuesday)
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(Attachment)

Details of the amendments are as follows.

(The underlined parts show the amendments.)

Current articles of incorporation	Proposed amendment
<p>[Newly established]</p> <p>Article <u>4</u> to Article <u>16</u> [Article text is omitted]</p> <p><u>(Establishment of the Board of Directors)</u> <u>Article 17 The Company shall have a Board of Directors.</u></p> <p>(Number of Directors) Article 18 The number of the Directors of the Company shall be up to <u>seven (7)</u>.</p> <p>(Election of Directors) Article 19 Directors of the Company shall be elected by resolution of the general meeting of shareholders.</p> <p>2. [Article text is omitted] 3. [Article text is omitted]</p> <p>(Term of Office of Directors) Article 20 The term of office of Directors shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within one (1) year from the time of their election.</p> <p>[Newly established]</p>	<p><u>(Organizations)</u> <u>Article 4 The Company shall establish the following organizations in addition to the General Meeting of Shareholders and the Directors.</u> <u>(1) Board of Directors</u> <u>(2) Audit and Supervisory Committee</u> <u>(3) Accounting Auditors</u></p> <p>Article <u>5</u> to Article <u>17</u> [Same as the current articles]</p> <p>[Deleted]</p> <p>(Number of Directors) Article 18 The number of Directors of the Company <u>(except for Directors who are members of the Audit and Supervisory Committee)</u> shall be up to <u>six (6)</u>, and <u>the number of Directors who are members of the Audit and Supervisory Committee shall be up to four (4)</u>.</p> <p>(Election of Directors) Article 19 Directors of the Company <u>(except for Directors who are members of the Audit and Supervisory Committee) and Directors who are members of the Audit and Supervisory Committee shall be respectively distinguished and</u> be elected by resolution of the general meeting of shareholders.</p> <p>2. [Same as the current article] 3. [Same as the current article]</p> <p>(Term of Office of Directors) Article 20 The term of office of Directors <u>of the Company (except for Directors who are members of the Audit and Supervisory Committee)</u> shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within one (1) year from the time of their election. <u>2. The terms of office of Directors who are members of the Audit and Supervisory Committee shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within two (2) years from the time of their election.</u></p>

Current articles of incorporation	Proposed amendment
<p>[Newly established]</p> <p>(Representative Directors and Directors with Specific Titles) Article 21 The Company may, by resolution of the Board of Directors, select a Representative Director.</p> <p>2. One (1) person to act as President may be appointed from among Directors and one (1) Board Chairman may be appointed as necessary by resolution of the Board of Directors.</p> <p>(Convener and Chairperson of the Board of Directors) Article 22 [Article text is omitted]</p> <p>(Procedures for Convening a Meeting of the Board of Directors) Article 23 A notice of convocation of a meeting of the Board of Directors shall be given to each Director <u>and Corporate Auditor</u> no later than three (3) days prior to the day of such meeting. In emergencies, however, the above period may be shortened. 2. A meeting of the Board of Directors shall be held without going through procedures for convocation of such meeting with the unanimous consent of the Directors <u>and Corporate Auditors</u>.</p> <p>[Newly established]</p>	<p>3. <u>The term of office of a Director elected as the substitute for a member of the Audit and Supervisory Committee who has retired from office before the expiration of the term of office shall continue until the time of expiration of the term of the Director who is a member of the Audit and Supervisory Committee and who retired from office.</u></p> <p>(Representative Directors and Directors with Specific Titles) Article 21 The Company may, by resolution of the Board of Directors, select a Representative Director <u>from among the Directors of the Company (except for Directors who are members of the Audit and Supervisory Committee).</u></p> <p>2. One (1) person to act as President may be appointed from among Directors <u>of the Company (except for Directors who are members of the Audit and Supervisory Committee)</u> and one (1) Board Chairman may be appointed as necessary by resolution of the Board of Directors.</p> <p>(Convener and Chairperson of the Board of Directors) Article 22 [Same as the current article]</p> <p>(Procedures for Convening a Meeting of the Board of Directors) Article 23 A notice of convocation of a meeting of the Board of Directors shall be given to each Director no later than three (3) days prior to the day of such meeting. In emergencies, however, the above period may be shortened. 2. A meeting of the Board of Directors shall be held without going through procedures for convocation of such meeting with the unanimous consent of the Directors.</p> <p><u>(Delegation of Person to Make Decisions on Important Business Execution Matters)</u> <u>Article 24 In accordance with the provisions of Item 6 in Paragraph 13 of Article 399 of the Companies Act, the Company may delegate to the CEO & President all or part of the authority to decide on important business execution matters, other than those listed in each Item of Paragraph 5 of the same article, by resolution of the Board of Directors.</u></p>

Current articles of incorporation	Proposed amendment
(Resolution of Board of Directors Meeting) Article <u>24</u> [Article text is omitted]	(Resolution of Board of Directors Meeting) Article <u>25</u> [Same as the current article]
(Omission of Resolution of Board of Directors Meeting) Article <u>25</u> The Company shall deem that a resolution of the Board of Directors is adopted when all members of the Board of Directors who can participate in voting on the matters for resolution declare their intent to agree on the subject matters to be resolved in writing or by electronic record. <u>Provided, however, that this does not apply if the Corporate Auditors have stated their objection to such matters for resolution.</u>	(Omission of Resolution of Board of Directors Meeting) Article <u>26</u> The Company shall deem that a resolution of the Board of Directors is adopted when all members of the Board of Directors who can participate in voting on the matters for resolution declare their intent to agree on the subject matters to be resolved in writing or by electronic record.
(Regulations of the Board of Directors) Article <u>26</u> [Article text is omitted]	(Regulations of the Board of Directors) Article <u>27</u> [Same as the current article]
(Compensation for Directors) Article <u>27</u> Remuneration, bonuses, and other financial benefits of Directors given by the Company in consideration of the performance of duties to Directors shall be determined by resolution of a general meeting of shareholders.	(Compensation for Directors) Article <u>28</u> Remuneration, bonuses, and other financial benefits of Directors <u>of the Company (except for Directors who are members of the Audit and Supervisory Committee) and Directors who are members of the Audit and Supervisory Committee</u> given by the Company in consideration of the performance of their duties shall be <u>respectively distinguished and</u> determined by resolution of a general meeting of shareholders.
(Contracts for Limitation of Liability with Directors) Article <u>28</u> [Article text is omitted]	(Contracts for Limitation of Liability with Directors) Article <u>29</u> [Same as the current article]
<u>Chapter 5 Corporate Auditors and Board of Corporate Auditors</u>	[Deleted]
<u>Article 29 to Article 38</u> [Article text is omitted]	[Deleted]
[Newly established]	<u>Chapter 5 Audit and Supervisory Committee</u>
[Newly established]	<u>(Powers of the Audit and Supervisory Committee)</u> <u>Article 30 Audit and Supervisory Committee members shall, in addition to determining matters set out in laws and regulations, exercise the necessary authority for the performance of their duties.</u>

Translations

Current articles of incorporation	Proposed amendment
<p>[Newly established]</p>	<p><u>(Procedures for Convening a Meeting of the Audit and Supervisory Committee)</u> <u>Article 31 A notice of convocation of a meeting of the Audit and Supervisory Committee shall be given to each member of the Audit and Supervisory Committee no later than three (3) days prior to the day of such meeting. In emergencies, however, the above period may be shortened.</u> <u>2. A meeting of the Audit and Supervisory Committee shall be held without going through procedures for convocation of such meeting with the unanimous consent of the members of the Audit and Supervisory Committee.</u></p>
<p>[Newly established]</p>	<p><u>(Resolutions of the Audit and Supervisory Committee)</u> <u>Article 32 The resolution of an Audit and Supervisory Committee shall be made by a majority of the members of the Audit and Supervisory Committee present at the meeting where the majority of the members of the Audit and Supervisory Committee entitled to participate in the vote are present unless otherwise stipulated in applicable laws and regulations.</u></p>
<p>[Newly established]</p>	<p><u>(Full-time Members of the Audit and Supervisory Committee)</u> <u>Article 33 The Audit and Supervisory Committee may appoint full-time members of the Audit and Supervisory Committee by resolution.</u></p>
<p>[Newly established]</p>	<p><u>(Regulations of the Audit and Supervisory Committee)</u> <u>Article 34 Any matter relating to the Audit and Supervisory Committee shall be governed by laws and regulations, the Articles of Incorporation as well as the Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee members.</u></p>
<p><u>(Establishment of Accounting Auditors)</u> <u>Article 39 The Company shall have Accounting Auditors.</u></p> <p>(Election of Accounting Auditors) Article <u>40</u> [Article text is omitted]</p> <p>(Term of Office of Accounting Auditors) Article <u>41</u> [Article text is omitted]</p>	<p>[Deleted]</p> <p>(Election of Accounting Auditors) Article <u>35</u> [Same as the current article]</p> <p>(Term of Office of Accounting Auditors) Article <u>36</u> [Same as the current article]</p>

Translations

Current articles of incorporation	Proposed amendment
<p>(Compensation and Other Payment for Accounting Auditors)</p> <p>Article <u>42</u> The compensation and other payment for Accounting Auditors shall be determined by the CEO & President with consent from <u>the Board of Corporate Auditors</u>.</p> <p>Article <u>43</u> to Article <u>45</u> [Article text is omitted]</p>	<p>(Compensation and Other Payment for Accounting Auditors)</p> <p>Article <u>37</u> The compensation and other payment for Accounting Auditors shall be determined by the CEO & President with consent from <u>the members of the Audit and Supervisory Committee</u>.</p> <p>Article <u>38</u> to Article <u>40</u> [Article text is omitted]</p>