[Translation for Reference Purposes Only]

Please note that the following is an unofficial English translation of the Japanese original text of the Notice of Convocation of the Extraordinary General Meeting of Shareholders of Akebono Brake Industry Co., Ltd. The Company provides this translation for reference purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 7238
September 11, 2019

To Shareholders with Voting Rights

Akebono Brake Industry Co., Ltd.
19-5, Nihonbashi Koami-cho, Chuo-ku, Tokyo
Chairman, President & CEO
Hisataka Nobumoto

NOTICE OF CONVOCATION OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Akebono Brake Industry Co., Ltd. (the "Company") cordially invites you to attend the Extraordinary General Meeting of Shareholders, to be held as set forth below.
If you are unable to attend the meeting in person, you can still exercise your voting rights by mail or via the Internet. Please refer to the "Exercise of Voting Rights" on page 2, and after reading the "Reference Documents for the General Meeting of Shareholders" contained herein, exercise your voting rights by 5:40 p.m. September 26 (Thursday), 2019.

1.	**Date and Time**	September 27 (Friday), 2019, at 10:00 a.m. (Reception will open at 9:00 a.m.)
2.	**Place**	Belle Salle Iidabashi First Sumitomo Fudosan Iidabashi First Tower B1 6-1, Kouraku 2-chome, Bunkyo-ku, Tokyo *Please note that the place differs from that of the ordinary general meeting of shareholders.
3.	**Purpose of the Meeting** **Matters to be Resolved**	
	Proposal No. 1:	Partial Amendments to the Articles of Incorporation
	Proposal No. 2:	Issuance of Offered Shares (Class A Shares) through Third-Party Allotment
	Proposal No. 3:	Reduction of Amounts of Capital Stock and Legal Capital Surplus
	Proposal No. 4:	Election of Four (4) Directors

- When you attend the meeting, you are requested to present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting.
- Should any revisions be made to the Reference Documents for the General Meeting of Shareholders, they will be posted on the Company's website on the Internet (https://www.akebono-brake.com/english/ir).

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Exercise of Voting Rights

The right to vote is an important right that allows the shareholders to participate in the running of the Company.

We ask that shareholders exercise their voting rights after referring to the "Reference Documents for the General Meeting of Shareholders."

Shareholders who will attend the meeting

When you attend the meeting, you are requested to present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting.

- To save paper resources, we request that you bring this booklet with you when attending the meeting.

* Attending the meeting by proxy

When shareholders exercise their voting rights by proxy, that voting rights may be exercised by one other shareholder of the Company who possesses voting rights. In such a case, however, either the Voting Rights Exercise Form, or a document that can provide proof of identity (copy of certificate of seal impression, driver's license, etc.) must be submitted together with a letter of consent that contains the signature or seal of the entrusting shareholder.

Date and Time: September 27 (Friday), 2019 at 10:00 a.m.

Shareholders who will not attend the meeting

If you are unable to attend the meeting, you can exercise your voting rights by mail or on the Internet.

Exercising Voting Rights by Mail

Please indicate your agreement or disagreement with the respective proposals on the enclosed Voting Rights Exercise Form and send it by mail to us. Please note that no indication of agreement or disagreement with respective proposals shall be deemed to be an indication of "agreement" to the proposals of the Company.

Deadline for Exercising Voting Rights: Mail to be received no later than 5:40 p.m. on September 26 (Thursday), 2019.

Exercising Voting Rights via the Internet

Please access the site for exercising voting rights (https://evote.tr.mufg.jp/) from your computer or smartphone and enter your vote for each proposal following the instructions on the screen. (Service not available from 2:00 a.m. to 5:00 a.m. daily)

Deadline for Exercising Voting Rights: No later than 5:40 p.m. on September 26 (Thursday), 2019.

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REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Matters

Proposal No. 1: Partial Amendments to the Articles of Incorporation

1. Reasons for Amendments

In order to allow the Class A Shares to be issued, we will create the Class A Shares as a new class of shares of the Company and establish new provisions regarding the Class A Shares in the Articles of Incorporation. The Articles of Incorporation will increase the total numbers of authorized common shares and the class shares in preparation for the issuance of common shares by exercising the right to request acquisition in exchange for common shares, which is attached to the Class A Shares. For the reasons for the issuance of the Class A Shares, please see Proposal No. 2.

The amendments to the Articles of Incorporation are subject to the conditions that Proposals No. 2 through No.4 (with respect to Proposal No. 4, being limited to the proposal regarding the election of Mr. Yuichi Hiromoto, who is a candidate for an outside director) are approved and adopted as proposed.

2. Contents of Amendments

The contents of proposed amendments are as follows:

(Amendments are indicated in underlined.)

Current Articles of Incorporation	Proposed amendment
Article 6 (Total Number of Authorized Shares) The total number of shares that can be authorized for issue by the Company shall be 440,000,000.	Article 6 (Total Number of Authorized Shares) The total number of shares that can be authorized for issue by the Company shall be 543,000,000 and the total number of class shares that can be authorized for issue by the Company shall be as follows. Common shares: 543,000,000 shares Class A Shares: 20,000 shares

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(New)	Article 6.2 Class A Shares The contents of the Class A Shares issued by the Company shall be set forth in the following paragraph to Paragraph 10. 2. Dividends of Surplus (1) Class A Preferred Dividend If the Company is to distribute dividends out of surplus setting a certain day belonging to a business year as the record date, the Company shall make, in accordance with the order of priority of payment set forth in Item 1 of Paragraph 10, pecuniary distribution of surplus to the holders of the Class A Shares (the "Class A Shareholders") or the registered pledgees of the Class A Shares (together with the Class A Shareholders, the "Class A Shareholders/Pledgees") entered or recorded in the latest shareholders' register as at the record date for the distribution of the relevant dividends (the "Dividend Record Date") in the amount per Class A Share as set forth in the following item (hereinafter such amount of money paid per Class A Share as a dividend shall be referred to as the "Class A Preferred Dividend"). If the amount

	obtained by multiplying the Class A Preferred Dividend by the number of Class A Shares to which each Class A Shareholder/Pledgee is entitled includes any fraction less than one (1) yen, such fraction shall be rounded down. (2) Amount of Class A Preferred Dividend The amount of the Class A Preferred Dividend shall be calculated (i) for the amount of money calculated by multiplying 1,000,000 yen (the "Amount Equivalent to Paid-in Amount") by 4.0%, if the Dividend Record Date belongs to a business year ending on or before March 31, 2020; (ii) for the amount of money calculated by multiplying the Amount Equivalent to Paid-in Amount by 4.5%, if the Dividend Record Date belongs to any business year starting on or after April 1, 2020 and ending on or before March 31, 2021; (iii) for the amount of money calculated by multiplying the Amount Equivalent to Paid-in Amount by 5.0%, if the Dividend Record Date belongs to any business year starting on or after April 1, 2021 and ending

	on or before March 31, 2022; and (iv) for the amount of money calculated by multiplying the Amount Equivalent to Paid-in Amount by 5.5%, if the Dividend Record Date belongs to any business year starting on or after April 1, 2022, on a daily prorated basis based on a 365-day year (or a 366-day year if the relevant business year has a leap day) by reference to the actual number of days from and including the first day of the business year to which the relevant Dividend Record Date belongs (or September 30, 2019, if the relevant Dividend Record Date belongs to the business year ending on March 31, 2020) to and including the relevant Dividend Record Date (the division shall be performed at the end of the computation and the amount shall be calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen). Provided, however, that if dividends of surplus have been paid to the Class A Shareholders/Pledgees with the record date being any day preceding the relevant Dividend Record Date within

	the business year to which the relevant Dividend Record Date belongs, the amount of the Class A Preferred Dividend with respect to the relevant Dividend Record Date shall be the amount after the deduction of the total amount of the Class A Preferred Dividends for such preceding dividends. (3) Non-participation Clause The Company shall not pay dividends of surplus to the Class A Shareholders/Pledgees in excess of the sum of the amount of the Class A Preferred Dividend and the Amount Equivalent to Class A Cumulative Accrued Dividends (as specified in the following item). Provided, however, that the foregoing shall not apply to any dividends of surplus as stipulated in Article 758, item 8-(b) or Article 760, item 7-(b) of the Companies Act which are paid in any absorption-type demerger procedures conducted by the Company or any dividends of surplus as stipulated in Article 763, Paragraph 1, item 12-(b) or Article 765, Paragraph 1, item 8-(b) of the Companies Act which are paid in any incorporation-type demerger

	procedures conducted by the Company. (4) Accumulation Clause If the total amount of dividends of surplus per share paid to the Class A Shareholders/Pledgees with each record date being a certain day belonging to a business year (excluding the dividend of the Amount Equivalent to Class A Cumulative Accrued Dividends (as defined below) accumulated in accordance with this item with respect to the Class A Preferred Dividends for each of the business years preceding the relevant business year) falls short of the amount of the Class A Preferred Dividends for the relevant business year (which means the amount of the Class A Preferred Dividend calculated in accordance with Item 2 of this paragraph assuming that a dividend of surplus is paid with the record date being the last day of the relevant business year and without applying the proviso of Item 2 of this paragraph to such calculation), the amount of such shortfall shall be accumulated for the business years following that business year (the "Business Year

	Involving Shortfall" in this item). In such case, the accumulated amount shall be, from and including the day following the annual shareholders meeting for the Business Year Involving Shortfall (the "Annual Meeting for Business Year Involving Shortfall" in this item) to and including the day on which the accumulated amount is distributed to the Class A Shareholders/Pledgees, the amount so deferred plus interest thereon compounded annually for each of the business years following the Business Year Involving Shortfall (however, the first year shall be from and including the day following the Annual Meeting for Business Year Involving Shortfall to and including the last day of the business year following the Business Year Involving Shortfall), calculated (i) at the interest rate of 4.0% per annum, if the relevant business year is a business year ending on or before March 31, 2020; (ii) at the interest rate of 4.5% per annum, if the relevant business year is a business year starting on or after April 1,

	2020 and ending on or before March 31, 2021; (iii) at the interest rate of 5.0% per annum, if the relevant business year is a business year starting on or after April 1, 2021 and ending on or before March 31, 2022; and (iv) at the interest rate of 5.5% per annum if the relevant business year is a business year starting on or after April 1, 2022. Such calculation shall be made on a daily prorated basis based on a 365-day year (or a 366-day year if the relevant business year has a leap day). In such a calculation, the division shall be performed at the end of the computation and the amount shall be calculated to the second decimal place below one (1) yen and rounded to the first decimal place. The amount accumulated pursuant to this item (the "Amount Equivalent to Class A Cumulative Accrued Dividends") shall be distributed to the Class A Shareholders/Pledgees in accordance with the order of priority of payment set forth in Item 1 of Paragraph 10. 3. Distribution of Residual Assets (1) Distribution of Residual Assets If the Company distributes its

	residual assets, the Company shall pay to each Class A Shareholder/Pledgee the sum of the Amount Equivalent to Paid-in Amount, the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount as specified in Item 3 of this paragraph per Class A Share (the "Class A Residual Assets Distribution Amount") in cash in accordance with the order of priority of payment set forth in Item 2 of Paragraph 10. Provided, however, that in this item, if the date on which the residual assets are distributed (the "Distribution Date") is within the period from and including the day following a Dividend Record Date to the date of payment of the dividend of surplus whose record date is the relevant Dividend Record Date, the Amount Equivalent to Class A Cumulative Accrued Dividends shall be calculated by deeming that no distribution of dividend of surplus whose record date is the relevant Dividend Record Date occurs. If the amount obtained by multiplying the Class A Residual Assets Distribution

	Amount by the number of the Class A Shares to which each Class A Shareholder/Pledgee is entitled includes any fraction less than one (1) yen, such fraction shall be rounded down. (2) Non-participation Clause The Company shall not make distribution of residual assets to the Class A Shareholders/Pledgees other than as provided for in the preceding item. (3) Daily Prorated Accrued Preferred Dividend Amount The daily prorated accrued preferred dividend amount per Class A Share shall be the amount equivalent to the Class A Preferred Dividend calculated in accordance with Item 2 of Paragraph 2 assuming that the Class A Preferred Dividends are paid in the business year to which the Distribution Date belongs, with the record date being the Distribution Date (hereinafter the daily prorated accrued preferred dividend amount per Class A Share shall be referred to as the "Daily Prorated Accrued Preferred Dividend Amount"). 4. Voting Rights Unless otherwise provided for by law,

	the Class A Shareholders shall not be entitled to vote at general meetings of shareholders. 5. Right to Request Acquisition in Exchange for Common Shares (1) Right to Request Acquisition in Exchange for Common Shares On or after October 1, 2019, each Class A Shareholder may at any time request the Company to acquire, in exchange for the delivery of such number of common shares as specified in the following item (the "Common Shares subject to Request"), all or part of the Class A Shares held by that Class A Shareholder (the "Request for Acquisition in Exchange for Common Shares"), and the Company shall deliver the Common Shares subject to Request to the relevant Class A Shareholder in exchange for the acquisition of the Class A Shares to which the relevant Request for Acquisition in Exchange for Common Shares is related, to the extent permitted by laws and regulations. (2) Number of Common Shares Delivered in Exchange for Acquisition of Class A Shares The number of common shares delivered in exchange for the

	acquisition of the Class A Shares shall be the number obtained by dividing (a) the amount obtained by multiplying the number of the Class A Shares concerning the Request for Acquisition in Exchange for Common Shares by the sum of (i) the amount obtained by multiplying the Amount Equivalent to Paid-in Amount per Class A Share by the Premium for Acquisition in Exchange for Common Shares as specified below and (ii) the sum of the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount, by (b) the acquisition price set forth in Items 3 and 4 of this paragraph. In this paragraph, the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount are to be calculated by respectively replacing "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount

	with the "day when the Request for Acquisition in Exchange for Common Shares took effect." If the total number of common shares delivered in exchange for the acquisition of the Class A Shares to which the Request for Acquisition in Exchange for Common Shares is related includes any fraction less than one (1) share, such fraction shall be rounded down. In such case, the Company shall not make the delivery of money as provided for in Article 167, Paragraph 3 of the Companies Act. "Premium for Acquisition in Exchange for Common Shares" means the rate corresponding to the relevant category set forth in any of (i) through (vii) below according to whether the effective date of the Request for Acquisition in Exchange for Common Shares falls within any of the periods listed below: (i) Until June 30, 2020 : 1.13 (ii) From July 1, 2020 to June 30, 2021 : 1.20 (iii) From July 1, 2021 to June 30, 2022 : 1.27 (iv) From July 1, 2022 to June 30, 2023 : 1.34 (v) From July 1, 2023 to

	June 30, 2024 : 1.41 (vi) From July 1, 2024 to June 30, 2025 : 1.48 (vii) From July 1, 2025 : 1.55 (3) Initial Acquisition Price The Initial Acquisition Price shall be 80 yen. (4) Adjustment of Acquisition Price (a) Upon the occurrence of any of the events listed below, the acquisition price shall be adjusted as follows: (i) If the Company is to implement a share split of its common shares or gratis allotment of its common shares, the acquisition price shall be adjusted in accordance with the formula below. In the case of a gratis allotment of shares, "Number of issued common shares before split" and "Number of issued common shares after split" in the formula below shall be respectively deemed to be replaced with "Number of issued common shares before gratis allotment (excluding the common

	shares then held by the Company)" and "Number of issued common shares after gratis allotment (excluding the common shares then held by the Company)." $\text{Acquisition price after adjustment} = \text{Acquisition price before adjustment} \times \frac{\text{Number of issued common shares before split}}{\text{Number of issued common shares after split}}$ The acquisition price after adjustment shall apply as from the day following the record date for the share split or as from the effective date of the gratis allotment of shares (or if the record date for the gratis allotment has been set, as from the day following such record date), as the case may be. (ii) If the Company consolidates its common shares, the acquisition price shall be adjusted in accordance with the formula below.

	$$\text{Acquisition price after adjustment} = \text{Acquisition price before adjustment} \times \frac{\text{Number of issued common shares before consolidation}}{\text{Number of issued common shares after consolidation}}$$ The acquisition price after adjustment shall apply as from the effective date of the consolidation of shares. (iii) If the Company issues common shares or disposes of any of the common shares held by the Company at a paid-in amount below the market value per common share as specified in (d) of this item (excluding by way of gratis allotment of shares, acquisition of shares or stock acquisition rights (including those attached to bonds with stock acquisition rights; hereafter the same in this item) in exchange for the delivery of common shares, exercise of stock acquisition rights to acquire common shares, or delivery of common shares by virtue of

	merger, share exchange (*kabushiki kokan*) or demerger), the acquisition price shall be adjusted in accordance with the formula below (the "Acquisition Price Adjustment Formula"). If any property other than money is contributed, "Paid-in amount per share" in the Acquisition Price Adjustment Formula shall be the appropriately appraised value of such property. The acquisition price after adjustment shall apply as from the day following the payment date (or if a payment period has been set, the last day of such payment period), or if a record date for the allotment to shareholders has been set, as from the day following such record date (the "Shareholder Allotment Date"), as the case may be. If the Company is to dispose of any of the common

	shares held by it, "Number of newly issued common shares" and "Number of common shares held by the Company" in the formula below shall be respectively deemed to be replaced with "The number of common shares held by the Company to be disposed of" and "The number of common shares held by the Company before the disposition." $$\text{Acquisition price after adjustment} = \text{Acquisition price before adjustment} \times \frac{\left(\text{Number of issued common shares} - \text{Number of common shares held by the Company}\right) + \dfrac{\text{Number of newly issued common shares} \times \text{Paid-in amount per share}}{\text{Market value per common share}}}{\left(\text{Number of issued common shares} - \text{Number of common shares held by the Company}\right) + \text{Number of newly issued common shares}}$$ (iv) If the Company makes an issuance or disposal of shares (including gratis allotment of shares) which entitles the holders thereof to receive, by having or letting the Company acquire such shares, the delivery of common

	shares at an acquisition price per common share below the market value per common share as set forth in (d) of this item, the acquisition price after adjustment shall be the amount calculated by causing "Paid-in amount per share" in the Acquisition Price Adjustment Formula to be substituted by the amount determined by deeming that all of the shares issued or disposed of have been acquired in accordance with the initial terms and conditions, and common shares have been delivered on the payment date for such shares (if a payment period has been set, on the last day of such payment period; hereafter the same in this (iv)), or on the effective date of gratis allotment of shares (or if a record date for gratis allotment of shares has been set, on such record date;

	hereafter the same in this (iv)), or on the Shareholder Allotment Date, if any, as the case may be. The acquisition price after adjustment shall apply as from the day following the payment date, or as from the day following the effective date of gratis allotment of shares, of as from the day following the Shareholder Allotment Date, if any, as the case may be. Notwithstanding the foregoing, if the consideration for the common shares delivered upon the acquisition has not been determined at the above-mentioned time point, the acquisition price after adjustment shall be calculated by deeming that at the time of determination of such consideration, all of the shares issued or disposed of will have been acquired in accordance with the terms and conditions as

	of the time of determination of such consideration and common shares will have been delivered, and such acquisition price after adjustment shall apply as from the day following the date on which such consideration has been determined. (v) If the Company makes an issuance of stock acquisition rights (including gratis allotment of stock acquisition rights) which entitles the holders thereof to receive, by exercising or having the Company acquire such stock acquisition rights, the delivery of common shares at a price wherein the sum of the paid-in amount of such stock acquisition right per common share and the amount per common share of the property contributed upon the exercise of such stock acquisition rights (if any property other than

	money is contributed, the appropriately appraised value of such property; hereafter the same in this (v)) is less than the market value per common share as set forth in (d) of this item, the acquisition price after adjustment shall be the amount calculated by causing "Paid-in amount per share" in the Acquisition Price Adjustment Formula to be substituted by the sum of the paid-in amount of stock acquisition right per common share and the amount per common share of the property contributed upon the exercise of stock acquisition rights, deeming that all of the stock acquisition rights issued have been exercised or acquired in accordance with the initial terms and conditions and common shares have been delivered on the allotment date of such

	stock acquisition rights, on the effective date of gratis allotment of stock acquisition rights (or if a record date for gratis allotment of stock acquisition rights has been set, on such record date; hereafter the same in this (v)), or on the Shareholder Allotment Date, if any, as the case may be. The acquisition price after adjustment shall apply as from the day following the allotment date of such stock acquisition rights, as from the day following the effective date of the gratis allotment of stock acquisition rights, or as from the day following the Shareholder Allotment Date, if any, as the case may be. Notwithstanding the foregoing, if the consideration for the common shares delivered upon the acquisition or exercise has not been determined at the above-mentioned time point, the

	acquisition price after adjustment shall be calculated by deeming that at the time of determination of such consideration, all of the stock acquisition rights issued will have been exercised or acquired in accordance with the terms and conditions as of the time of determination of such consideration and common shares will have been delivered, and such acquisition price after adjustment shall apply as from the day following the date on which such consideration has been determined. Provided, however, that the adjustment of the acquisition price under this (v) shall not apply to any stock acquisition rights to acquire common shares that are issued for the purpose of granting stock options to any of the directors, statutory auditors (*kansayaku*), executive officers

	(*shikkoyaku*) or other officers or employees of the Company or any subsidiary of the Company. (b) In addition to the events set forth in (a) of this item, if there is any circumstance falling under any of (i) through (iii) below, the Company shall submit to the Class A Shareholders/Pledgees a prior written notification to that effect, stating the acquisition price after adjustment, the date of application and any other necessary matters, and shall appropriately adjust the acquisition price. (i) If an adjustment of the acquisition price is required for a merger, share exchange (*kabushiki kokan*), acquisition of all issued shares in another stock company (*kabushiki kaisha*) by way of share exchange (*kabushiki kokan*), share transfer (*kabushiki iten*), absorption-type demerger (*kyushu bunkatsu*), succession of

	all or part of the rights and obligations held by another company in relation to its business by way of absorption-type demerger (*kyushu bunkatsu*) or incorporation-type demerger (*shinsetsu bunkatsu*); (ii) Where two (2) or more events requiring adjustment of the acquisition price have occurred in succession, if the determination of the market value to be used in the calculation of the acquisition price after adjustment for one of the events needs to take into consideration the effects of the other event(s); or (iii) If an adjustment of the acquisition price is otherwise required owing to a change in the number of issued common shares (excluding the number of common shares held by the Company) or the occurrence of any event which may result in

	such a change. (c) In the calculations needed for an adjustment of the acquisition price, the price shall be calculated to the second decimal place below one (1) yen and rounded to the first decimal place. (d) The market value per common share as used in the Acquisition Price Adjustment Formula shall be the average value (calculated to the second decimal place below one (1) yen and rounded to the first decimal place) of the Volume Weighted Average Price (the "VWAP") in ordinary trading of the Company's common shares published by Tokyo Stock Exchange, Inc. ("TSE") over the 30 consecutive Trading Days prior to the day from which the acquisition price after adjustment applies (or if any event requiring an adjustment of the acquisition price is published through the company announcements disclosure service provided by TSE, the date of such publication). "Trading Day"

	means a day on which ordinary trade in the Company's common shares is conducted on TSE, and it does not include days where there is no VWAP announcement. (e) If the difference between the acquisition price after adjustment and the acquisition price before adjustment as calculated for the purpose of adjustment of the acquisition price is less than 0.1 yen, the acquisition price shall not be adjusted. Provided, however, that any adjustment deemed unnecessary under this (e) shall be carried over and taken into account in the subsequent calculations for the adjustment. (5) Place for Acceptance of Request for Acquisition in Exchange for Common Shares The shareholders register administrator's office for handling of related affairs: 4-5 Marunouchi 1-chome, Chiyoda-Ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (6) Effectuation of Request for

	Acquisition in Exchange for Common Shares A Request for Acquisition in Exchange for Common Shares shall come into effect at a later of (i) the time when the documents necessary for the Request for Acquisition in Exchange for Common Shares reach the place for acceptance of the Request for Acquisition in Exchange for Common Shares as stated in the preceding item or (ii) the intended effective date as stated in the above-mentioned documents. (7) Method of Delivery of Common Shares After the effectuation of the Request for Acquisition in Exchange for Common Shares, the Company shall deliver common shares to each Class A Shareholder which has made the Request for Acquisition in Exchange for Common Shares by recording an increase in the number of the book-entry transfer shares in the "Shares Held" section of the transfer account book managed by Japan Securities Depository Center, Incorporated or of any account management institution designated by the relevant

	Class A Shareholder. 6. Right to Request Acquisition in Exchange for Money (1) Right to Request Acquisition in Exchange for Money On or after October 1, 2019, each Class A Shareholder may at any time request the Company to acquire, in exchange for the delivery of such amount of money as specified in the following item, all or part of the Class A Shares held by that Class A Shareholder (the "Request for Acquisition in Exchange for Money"), and the Company shall deliver such amount of money as specified in the following item to the relevant Class A Shareholder in exchange for the acquisition of the Class A Shares to which the relevant Request for Acquisition in Exchange for Money is related, to the extent permitted by laws and regulations. Provided, however, that such Class A Shareholder may not make such Request for Acquisition in Exchange for Money if the cumulative sum of the amount calculated by multiplying the Amount Equivalent to the Paid-in Amount per Class A Share

	among the money delivered to Class A Shareholder pursuant to the Request for Acquisition in Exchange for Money by the number of Class A Shares related to such Request for Acquisition in Exchange for Money exceeds 6,600 million yen. (2) Amount of Money Delivered in Exchange for Acquisition of Class A Shares The amount of money delivered in exchange for the acquisition of the Class A Shares shall be the amount obtained by multiplying the number of the Class A Shares concerning the Request for Acquisition in Exchange for Money by the sum of (i) the Amount Equivalent to Paid-in Amount per Class A Share multiplied by the Premium for Acquisition in Exchange for Money as specified below and (ii) the sum of the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount. In this paragraph, the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount are

	to be calculated by respectively replacing "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount with the "day when the Request for Acquisition in Exchange for Money took effect." "Premium for Acquisition in Exchange for Money" means the rate corresponding to the relevant category set forth in any of (i) through (vii) according to whether the effective date of the Request for Acquisition in Exchange for Money falls within any of the periods listed below: (i) Until June 30, 2020 : 1.05 (ii) From July 1, 2020 to June 30, 2021 : 1.12 (iii) From July 1, 2021 to June 30, 2022 : 1.19 (iv) From July 1, 2022 to June 30, 2023 : 1.26 (v) From July 1, 2023 to June 30, 2024 : 1.33 (vi) From July 1, 2024 to June 30, 2025 : 1.40 (vii) From July 1, 2025 : 1.47

	(3) Place for Acceptance of Request for Acquisition in Exchange for Money The shareholders register administrator's office for handling of related affairs: 4-5 Marunouchi 1-chome, Chiyoda-Ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (4) Effectuation of Request for Acquisition in Exchange for Money Prior Notice for the Request for Acquisition in Exchange for Money shall come into effect at a later of (i) the time when the documents necessary for Prior Notice for the Request for Acquisition in Exchange for Money reach the place for acceptance of the Request for Acquisition in Exchange for Money as stated in the preceding item or (ii) the intended effective date as stated in the above-mentioned documents. The Request for Acquisition in Exchange for Money comes into effect on the date when the Request for Acquisition in Exchange for Money was made related to such Prior Notice for the Request for Acquisition in

	Exchange for Money. 7. Call Option for Money At any time on or after October 1, 2019, upon the arrival of the date separately specified by the board of directors of the Company (the "Date of Redemption for Money"), the Company may acquire all or part of the Class A Shares in exchange for money by giving written notice (which shall be irrevocable) to the Class A Shareholders/Pledgees at least 14 days prior to the Date of Redemption for Money, to the extent permitted by laws and regulations (provided, however, that partial acquisitions may be made only in increments of 1,000 shares) (the "Redemption for Money"), and the Company shall, in exchange for the acquisition of the Class A Shares subject to the relevant Redemption for Money, deliver to the Class A Shareholders such amount of money as obtained by multiplying the number of the Class A Shares subject to the relevant Redemption for Money by the sum of (i) the Amount Equivalent to Paid-in Amount per Class A Shares multiplied by the Redemption Factor set forth below and (ii) the sum of the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount. In this paragraph, the Amount Equivalent to Class A Cumulative Accrued Dividends and

	the Daily Prorated Accrued Preferred Dividend Amount are to be calculated by respectively replacing "date on which the residual assets are distributed" and "Distribution Date" in the calculation of the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount with "Date of Redemption for Money." If the money delivered in exchange for the acquisition of the Class A Shares subject to the Redemption for Money includes any fraction less than one (1) yen, such fraction shall be rounded down. In the case of a partial acquisition of the Class A Shares, the number of Class A Shares to be acquired from each Class A Shareholder shall be determined on a pro rata basis or by any other reasonable method specified by the board of directors of the Company. "Redemption Factor" means the rate corresponding to the relevant category set forth in any of (i) through (vii) according to whether the Date of Redemption for Money falls within any of the periods listed below: (i) Until June 30, 2020 : 1.08 (ii) From July 1, 2020 to June 30, 2021 : 1.15 (iii) From July 1, 2021 to June 30, 2022 : 1.22

	(iv) From July 1, 2022 to June 30, 2023 : 1.29 (v) From July 1, 2023 to June 30, 2024 : 1.36 (vi) From July 1, 2024 to June 30, 2025 : 1.43 (vii) From July 1, 2025 : 1.50 8. Exclusion of Claim for Being an Additional Seller in relation to Acquisition of Treasury Shares The provisions of Paragraphs 2 and 3 of Article 160 of the Companies Act shall not apply in the case where the Company resolves at a general meeting of shareholders to acquire all or part of the Class A Shares held by certain Class A Shareholders by agreement with such Class A Shareholders. 9. Consolidation or Split of Shares; Allotment of Shares for Subscription (1) The Company shall not split or consolidate the Class A Shares. (2) The Company shall not grant the Class A Shareholders rights for allotment of shares for subscription or rights for allotment of stock acquisition rights for subscription. (3) The Company shall not make a gratis allotment of shares or gratis allotment of stock acquisition rights to the Class

	A Shareholders. 10. Priority (1) The order of priority of payment of the Class A Preferred Dividend, the Amount Equivalent to Class A Cumulative Accrued Dividends and the dividends of surplus to the holders of common shares and the registered pledgees of common shares (collectively, the "Common Shareholders/Pledgees") shall be as follows: (i) the Amount Equivalent to Class A Cumulative Accrued Dividends; (ii) the Class A Preferred Dividends; and (iii) the dividends of surplus to the Common Shareholders/Pledgees. (2) The order of priority of payment of distribution of residual assets to the Class A Shares and the common shares shall be as follows: (i) distribution of residual assets for the Class A Shares; and (ii) distribution of residual assets for common shares. (3) If the amount available for the dividends of surplus or distribution of residual assets by the Company falls short of the total amount necessary to

	pay the dividends of surplus or to make the distribution of residual assets for a certain priority rank, the payment of dividends of surplus or distribution of residual assets shall be made on a pro rata basis according to the amount necessary to make the payment of dividends of surplus or distribution of residual assets with respect to that rank.
Article 7 (Omitted)	Article 7 (Unchanged)
Article 8 (Number of Shares per Unit-Base) One hundred (100) shares shall constitute one (1) unit-base for all purposes of transaction.	Article 8 (Number of Shares per Unit-Base) One hundred (100) shares shall constitute one (1) unit-base of common shares of the Company and one (1) share shall constitute one (1) unit-base of Class A Shares of the Company for all purposes of transaction.
Article 9 through Article 18 (Omitted)	Article 9 through Article 18 (Unchanged)
(New)	Article 18-2 (Meeting of Class Shareholders) Provision under Article 14 shall be applied to a meeting of class shareholders held on the same day as

	an ordinary general meeting of shareholders. 2. Provisions under Articles 15, 16 and 18 shall be applied mutatis mutandis to a meeting of class shareholders 3. Provision under Article 17.1 and provision under Article 17.2 shall respectively be applied mutatis mutandis to the resolutions at a meeting of class shareholders as set forth in Article 324, Paragraph 1 of the Companies Act and the resolutions at a meeting of class shareholders as set forth in Article 324, Paragraph 2 of the Companies Act.

Proposal No. 2: Issuance of Offered Shares (Class A Shares) through Third-Party Allotment

Pursuant to the provisions of Article 199 of the Companies Act, for the reasons described in 1. below and based upon the details described in 2. below, the Company will request approval for conducting the issuance of offered shares (the Class A Shares) through third-party allotment to Japan Industrial Solutions Fund II (the "Planned Allottee") (the "Capital Increase through Third-Party Allotment").

The Capital Increase through Third-Party Allotment is subject to the conditions that Proposal No. 1, Proposal No. 3 and Proposal No. 4 (with respect to Proposal No. 4, being limited to the proposal regarding the election of Mr. Yuichi Hiromoto, who is a candidate for an outside director) are approved and adopted as proposed and that, at the creditors' meeting for a resolution on a proposed business turnaround plan for the specified certified dispute resolution proceedings under the Act on Strengthening Industrial Competitiveness (the "Business Turnaround ADR Proceedings") for which the Company is currently preparing, the proposed business turnaround plan formulated by the Company (the "Proposed Business Turnaround Plan") is resolved by agreement of all creditors under the Business Turnaround ADR Proceedings (the "Creditors").

If the Class A Shares are allotted to the Planned Allottee through the Capital Increase through Third-Party Allotment, assuming that the right to request acquisition in exchange for common shares are exercised regarding all of the Class A Shares, (on the assumption that there is no Amount Equivalent to Class A Cumulative Accrued Dividends and Daily Prorated Accrued Preferred Dividend Amount) the maximum number of voting rights related to the Company's common shares to be distributed will be 3,875,000 units (the amount equivalent to a maximum principal amount of 31,000,000,000 yen (calculated by multiplying the paid-in principal 20,000,000,000 yen by the maximum Premium for Acquisition in Exchange for Common Shares of 1.55); utilizing the initial acquisition price of 80 yen). In this case, the ratio to the total number of 1,331,686 voting rights related to the Company's issued common shares based on the shareholders' register as of March 31, 2019 will be approximately 291.0%. As such, since the Capital Increase through Third-Party Allotment will result in the dilution rate of 25% or more, the Company plans to carry out the procedures for confirming the intent of shareholders regarding

the Proposals at the Extraordinary General Meeting of Shareholders, as provided for in Article 432 of the Securities Listing Regulations set forth by Tokyo Stock Exchange, Inc. ("TSE"). For the avoidance of doubt, in light of the magnitude of the impact on the existing shareholders, the Company appointed Mr. Tomohiro Katayama, Mr. Hitoshi Takahashi and Mr. Yuji Itagaki, outside Audit & Supervisory Board Members (they are outside Audit & Supervisory Board Members who have been notified to TSE as independent officers of the Company) as persons who are independent to a certain extent from the managers of the Company, in order to ensure fairness, transparency and objectivity in the decision-making process of the Company. The Company consulted them on the Capital Increase through Third-Party Allotment and received their written opinion that, as of July 18, 2019, the date of the Board of Directors' resolution on the Capital Increase through Third-Party Allotment, they deemed the Capital Increase through Third-Party Allotment to be necessary and appropriate. Furthermore, the Board of Directors of the Company passed, at its meeting held on August 16, 2019, a resolution to partially amend the content of the Class A Shares and make the Initial Acquisition Price relating to the right to request acquisition in exchange for common shares attached to the Class A Shares, 80 yen, and in response to this, outside Audit & Supervisory Board Members gave an opinion to the effect that, even after such amendment, there was no need to amend any of the matters stated in their opinion as of July 18, 2019.

Also, because the ratio of the maximum number of voting rights to be held by the Planned Allottee upon acquisition of the Class A Shares (3,875,000 units) to the sum of such voting rights and the total number of voting rights related to the Company's issued common shares based on the shareholders' register as of March 31, 2019, i.e., 1,331,686 units will be approximately 74.4%, the Company considered whether the Planned Allottee should be treated as a Special Subscriber as set forth in Article 206-2, Paragraph 1 of the Companies Act. With respect to this issue, while the Class A Shares do not have voting rights at the general meetings of shareholders, because there is a provision on the payment of preferred dividends and there are no price adjustment provisions regarding the acquisition price for the right to request acquisition in exchange for common shares, it is impossible to deny the possibility that the acquisition right will not be exercised if the market price of common shares of the Company in the future is less than the Initial Acquisition Price. However, the "Premium for Acquisition in Exchange for Common Shares," which is the basis for calculating the number of common shares of the Company to be acquired through the exercise of the relevant right to request acquisition, will automatically increase with

the passage of time from 1.13 up to 1.55. Therefore, it can be assumed that the exercise of the right to request acquisition in exchange for common shares will be economically reasonable even if the market price of common shares of the Company is below the Initial Acquisition Price to a certain degree. Given that the likelihood of the exercise of the right to request acquisition in exchange for common shares is relatively high, it was determined that it would be reasonable to treat the Planned Allottee as a Special Subscriber as set forth in Article 206-2, Paragraph 1 of the Companies Act. Accordingly, this Proposal would concurrently constitute such approval for the allotment of shares offered for subscription to the Special Subscriber or for the contract set forth in Article 205, Paragraph 1 of the Companies Act, as is required pursuant to the provision of Article 206-2, Paragraph 4 of the Companies Act, when the shareholders holding one-tenth or more of the voting rights of all shareholders provide the Company with a notice that they are against the subscription for the shares by the Special Subscriber.

1. Reason for Issuance of Shares to be Offered for Subscription upon Specially Favorable Amount to be Paid in

(1) Purpose and Reason for Offering

(i) Background to and purpose of offering

The group of the Company (the "Group") states as its corporate mission "Through 'Friction and Vibration, their Control and Analysis,' we are determined to protect, grow and support every individual life," and based on its management policy, i.e., "Customer needs first, Technology realignment, and Establishing a global network," the Group contributes to society through unique idea and approach, and strives for establishing its position as essential and unprecedented existence among the borderless society.

Under such situation, with respect to the Group, due to the disruption of production in North American operations occurring in the fiscal year ended March 31, 2015, there were operating losses recognized twice consecutively in the North American operations for the fiscal year ended March 31, 2016, and, at the same time, since a substantial amount of impairment loss was recognized, the entire consolidated financial condition deteriorated. Accordingly, in the previous mid-term business plan "akebono New Frontier 30 - 2016" with the goal of further strengthening competitiveness and establishing a management foundation centered on product-based business development on a global base, the Company established the three key objectives of "Rebuilding the North

American operations," "Establishing global networks based on product based business units," and "Expanding high performance brake business and recreating European operations." By achieving these objectives, and the Company carried out activities aimed at a "Return to a sound financial structure"

Among the above key objectives, with respect to "Rebuilding the North American operations," the Company implemented fundamental organizational reforms by strengthening the local-led management system and transitioning from management focused on sales to management focused on profit. Specifically, we worked to improve the profitability of unprofitable products with the cooperation of automakers, and returning to our foundation of "safety, quality, delivery," the Company improved indirect operations, including improving productivity and reducing selling, general and administrative expenses, thereby returning to profitability in the fiscal year ended March 31, 2018. However, in the fiscal year ended March 31, 2019, the final year of the previous mid-term business plan, further management challenges occurred, such as the increase of costs due to a spike in the raw materials markets and the failure of the planned reduction of the fixed cost in response to reduced sales resulting from loss of orders of next-generation models, and the local-led management system which had been strengthened in the preceding year could not fully cope with those challenges, and as a result, the Company recorded large-scale losses. Also, with respect to "Establishing global networks based on product-based business units," as business diversification continues to increase on a global level, to further deepen collaboration among its businesses being operated in Japan, North America, Europe, and Asia, the Company launched a product-based business unit structure (BU structure), which would not be restricted to regions. Specifically, the Company established five BUs: 1) Foundation BU (BU responsible for disc brakes, drum brakes and other mechanical parts), 2) Friction Material BU (BU responsible for brake pads, linings, and other friction materials), 3) HP BU (BU responsible for high performance disc brakes), 4) Aftermarket BU, and 5) Infrastructure and Mobility BU. In and after the fiscal year ended March 31, 2017, starting from Japan and Asia, the Company began to develop the BU structure also in North America in January 2019 as the Company worked to establish global networks (furthermore, in April 2019 the Company consolidated the HP BU into the Foundation BU, resulting in four BUs). With respect to "Expanding high

performance brake business and recreating European operations," the Company has used high performance brake technologies cultivated in F1 for mass market brakes to offer differentiated and high-value-added products. In the Slovakia Plant established in May, 2014, the Company manufactured high performance brakes, and, as of the fiscal year ended March 31, 2019, the Company produced approximately one million pieces annually. For the Arras Plant in France, another one of our European locations, we have worked to enhance local management to improve competitiveness, organize our manufacturing system, and improve productivity, making efforts to achieve a prompt return to profitability and to secure orders for new models.

Thus, we have worked to "Return to a sound financial structure" through the aforementioned initiative in the previous mid-term business plan, including returning to profitability in the North American operations. However, since then, there have been new issues in the North American operations, including the withdrawal of the U.S. automakers from passenger car production and the loss of orders of brake products for the next-generation models due to production trouble in connection with the rapid increase of orders, and the Company could not free itself from the severe management situation and financial position.

Under these circumstances, in order to establish a strong profit structure and thoroughly improve the financial structure, as of January 29, 2019, the Company and its subsidiaries, i.e., Akebono Brake Corporation, Akebono Brake Mexico S.A. de C.V., Akebono Brake Slovakia s.r.o., Akebono Corporation (Guangzhou), Akebono Corporation (Suzhou), and A&M Casting (Thailand) Co., Ltd. (the "Companies") formally applied for the Business Turnaround ADR Proceedings with the Japanese Association of Turnaround Professionals, the operator handling the Business Turnaround ADR Proceedings. On the same day, the application was accepted, and the Companies sent notices of standstill to all the financial institutions concerned in the joint names of the Companies and the Japanese Association of Turnaround Professionals (requests for temporary suspension of loan principal payment, etc.). At the creditors' meeting for the explanation of the outline of the Proposed Business Turnaround Plan held on February 12, 2019, the Company explained the outline of the Proposed Business Turnaround Plan to all of the financial institutions, and the Company received unanimous consent (ratification) of all the financial institutions concerned to the above notices of

standstill and extension of the standstill period until the end of the creditors' meeting for a resolving the Proposed Business Turnaround Plan (if postponed or continued, until the end of such postponed or continued meeting). At the creditors' meeting for discussing the Proposed Business Turnaround Plan held on April 8, 2019, the Company reported on the present status of the formulation of the Proposed Business Turnaround Plan, and obtained consent from all the financial institutions concerned on convening a continuation of the said meeting on June 11, 2019.

At the continued creditors' meeting for discussing the Proposed Business Turnaround Plan and the creditors' meeting for resolving the said plan held on June 11, 2019, in addition to reporting on the status of the formulation of the Proposed Business Turnaround Plan as of the said date, the Company obtained approval from the financial institutions for continuing the Business Turnaround ADR Proceedings in order to continue the consultation about the Proposed Business Turnaround Plan, and holding an additional meeting on July 22, 2019, as a continuation of the continued creditors' meeting for discussing the Proposed Business Turnaround Plan and holding the continued creditors' meeting for resolving the said plan on September 18 (planned), as well as for continuously granting the right of preferential payment for claims related to pre-DIP financing funds based on a commitment line agreement, etc.

While the Company aims at completing the Business Turnaround ADR Proceedings, as the completion of the Business Turnaround ADR Proceedings requires agreement on the Business Turnaround Plan by all of the financial institutions, in order to prepare the relevant Proposed Business Turnaround Plan, the discussion with the financial institutions is still needed.

While it takes a considerable amount of time to complete the Business Turnaround ADR Proceedings, the consolidated operating profit of the Group for the fiscal year ended March 31, 2019 was 0.2 billion yen, due primarily to the effect of a sharp rise in raw materials prices mainly in Japan and North America and a delay in optimizing production systems and head office functions in view of the orders decreases. Further, the Group posted impairment losses in North America, Europe, and Thailand. This consisted in approximately 18.3 billion yen of loss attributable to owners of parent and 5.5 billion yen of negative shareholders' equity in the consolidated balance sheet(*). As a result, due to the conflict with the provisions of financial covenants and the difficulty to repay some bank loans in accordance with

agreements. Therefore, there are events or conditions that may raise substantial doubts about the going concern assumptions.

(*Note) As disclosed in the “Posting of Extraordinary Loss” dated July 18, 2019, the Company recognized the extraordinary loss of 7.8 billion yen in the first quarter of the fiscal year ending March 31, 2020, as the amount to be incurred concerning the quality issues of the parking brake which the Company and its consolidated subsidiaries manufactured and sold in the past.

In this manner, the financial condition and current cash flow of the Group are both deteriorated. In order to solve this situation and to realize profit structure reform and recovery of its performance, it is urgent to achieve raising a large amount of capital funds as well as improvement of profitability and stabilization of cash flow in Japan and abroad through the implementation of structural reform toward fundamental improvement of financial position.

Upon such situation, in formulating the Proposed Business Turnaround Plan under the Business Turnaround ADR Proceedings, the Company reached conclusion that in order to free the Company from the above stated severe management situation, establish a strong profit structure and thoroughly improve its financial position, and to turnaround the business of the Company, it is essential that the Company secures the funds and the resources for the accomplishment of the structural reform, by obtaining the provision of capital funds and various supports in terms of business from sponsors, as well as by obtaining the financial institutions’ agreement on the financial support, and by improving its financial position and current cash flow, and rapidly and thoroughly resolving the financial and business issues of the Group. In light of this conclusion, for the purpose of concrete consolation with sponsors, the Company appointed PwC Advisory LLC as financial advisor, and, in order to find the sponsor who would provide capital funds, the Company has requested more than 40 companies and financial investors as sponsor candidates to consider investment, since the filing for the Business Turnaround ADR Proceedings. As a result of such search for sponsors, several companies expressed their primary intentions, and several financial investors among them actually proceeded with due diligence. Furthermore, as a result of such due diligence, the Company selected, as the sponsor, the Planned Allottee which offered reasonable assistance consistent with the purposes of the turnaround of the business of the Company through establishing a strong profit structure and

thoroughly improving the financial position, and expressed their final legally binding intention with respect to such sponsor support.

While the Company has continued negotiating with the Planned Allottee, the Company at the same time has pursued the possibility of receiving support from other sponsor candidates. However, the Company has not been able to obtain reasonable proposals for sponsor support from anyone other than the Planned Allottee. On the other hand, the Company decided that the Planned Allottee was the best sponsor candidate, as partner to improve the corporate value of the Company, because the Planned Allottee is the investor who understands the business objectives and management policies of the Company, and the content of its support is, as stated in (ii) below, reasonable enough for the Company to expect the realization of turnaround of the business of the Company.

The Company entered into an investment agreement (the "Investment Agreement" as amended) with the Planned Allottee as of July 18, 2019, the date of the Board of Directors' resolution on the Capital Increase through Third-Party Allotment. Thereafter, at a continuation of the continued creditors' meeting for discussing the Proposed Business Turnaround Plan held on July 22, 2019, the Company explained to the financial institutions about the Proposed Business Turnaround Plan prepared based on discussions with the Planned Allottee and asked for the financial institutions to provide financial support, including debt forgiveness of 56 billion yen in total. The financial support by way of debt forgiveness will take effect subject to the conditions that Proposals No. 1 through No.4 are approved and adopted as proposed at the Extraordinary General Meeting of Shareholders in the case where the Proposed Business Turnaround Plan becomes effective upon agreement of all of the Creditors. In addition, at a continuation of the continued creditors' meeting for discussing the Proposed Business Turnaround Plan held on August 2, 2019, the operator implementing the procedures for the Business Turnaround ADR Proceedings reported to the financial institutions the results of the investigation regarding the Proposed Business Turnaround Plan of the Companies.

(ii) Reason for Selecting the Capital Increase through Third-Party Allotment

Before deciding to pursue the Capital Increase through Third-Party Allotment, the Company compared and examined various funding approaches as described below. The Company considered that the most important factor is,

in light of the financial situation of the Company stated above, to raise equity funds certainly and promptly in the desired time frame, in order to thoroughly improve the financial position of the Company.

For example, with respect to the issuance of common shares through a public offering, as per the "matters regarding the going concern assumption" described in the notes of the consolidated financial statement of the Company published for the financial results for the fiscal year ended March 31, 2019, the Company determined that it would be difficult to successfully implement a public offering after an underwriting examination by a securities company. With respect to a gratis allotment of stock acquisition rights (rights offering) that would allocate the stock acquisition rights to the existing shareholders or a gratis allotment of shares that would allocate the shares to the existing shareholders, because all stock acquisition rights may not be exercised due to determinations by shareholders in light of stock price trends etc. and because it would not be clear whether all of the shareholders would respond to the shareholder allotment, the amount that can be raised was uncertain and the Company reached the conclusion that it was currently not an appropriate option for the Company, which needed to successfully raise a certain amount of funds.

On the other hand, the Company believes that a capital increase through third-party allotment of class shares, which can undoubtedly procure the required amount, and which, depending on its design, would make it possible to avoid the sharp dilution of shares or the change in the shareholder composition will be the most effective option for the Company if the Company selects an appropriate sponsor and reaches agreement about the reasonable design. Therefore, as described in (i) above, the Company sought funding under conditions that are more favorable for the Company, and has been negotiating with potential sponsors about the possibility of support including funding through capital contribution since the filing for the Business Turnaround ADR Proceedings. As a result, the Planned Allottee offered sponsor support including conducting the Capital Increase through Third-Party Allotment. Accordingly, the Company decided to aim at reconstruction from its severe management situation as stated in (i) above, by raising the equity funds necessary for structural reform, through issuance of the Class A Shares, which would restrain a sharp dilution and would not cause an immediate change in the shareholder composition, to the Planned Allottee through the third-party allotment. Also the Company reached the conclusion that the best possible

approach for the Company would be to procure 20 billion yen, in order to thoroughly improve its financial position and to obtain the funds for medium-to-long term growth, at the same time with solving huge and various issues such as conducting thorough reformation of its earning structure in Japan and abroad, especially by optimization of size of the plants, relocation of the business bases and rationalization thereof in Japan, North America and Europe. In making this decision, the Company also took into consideration the potential impact on stable business operations and the stock price of the Company that could be caused by a sharp dilution and an immediate change in its shareholder composition in respect of conducting a capital increase through third-party allotment of common shares. Therefore, the Company determined, at the meeting of its Board of Directors held on July 18, 2019, to conduct the Capital Increase through Third-Party Allotment.

In addition, at the meeting of the Board of Directors as of August 16, 2019, the Company resolved to change the amount of the Initial Acquisition Price relating to the right to request acquisition in exchange for common shares, which is attached to the Class A Shares which had been resolved at the meeting of the Board of Directors as of July 18, 2019 (i.e., the average value of the VWAP in ordinary trading of the Company's common shares published by TSE over 30 consecutive Trading Days prior to September 30, 2019 (provided; however, that the minimum amount would be 80 yen and the maximum amount would be 100 yen)), to the amount of 80 yen. As announced in "Re: (Update and Progress of a Disclosure Matter) Issuance of Class Shares through Third-Party Allotment, Partial Amendments to the Articles of Incorporation, and Reduction of Amounts of Capital Stock and Legal Capital Surplus" as of August 16, 2019, such change was necessary in order to enhance the probability of realization of the business turnaround plan of the Business Turnaround ADR Proceedings, in light of the situation of the negotiations with the Planned Allottee and the financial institutions with respect to the Proposed Business Turnaround Plan on and after July 18, 2019, and, even after such change, the Company considered the Capital Increase through Third-Party Allotment would be the best possible approach for the Company.

As stated above, since the dilution rate of the Capital Increase through Third-Party Allotment will be approximately 291.0% (upon premise that neither the Amount Equivalent to Class A Cumulative Accrued Dividends nor the Daily Prorated Accrued Preferred Dividend Amount exists), the dilution of

the Company's common shares would potentially occur to a certain extent by the Capital Increase through Third-Party Allotment. However, as described in (2) (ii) below, in light of the necessity of the Capital Increase through Third-Party Allotment, such measures to lessen the potential impact of dilution on the existing shareholders as agreed upon in the Investment Agreement and the burden which the Company will request the financial institutions to take in order to realize the turnaround of the business of the Company, the Company believes that the extent of the dilution by the Capital Increase through Third-Party Allotment, which may affect the existing shareholders, will be within a reasonable amount.

(2) Reasonableness of the Terms and Conditions, etc. of Issuance

(i) Calculation grounds for amount to be paid in and the content of calculation

With respect to the method and details of contribution relating to the Capital Increase through Third-Party Allotment, in order to realize the fund procurement on the most favorable terms for the Company, the Company sincerely consulted with the Planned Allottee taking into account matters such as the Company's severe management condition and financial position, the Company's requirement for raising a large amount of capital funds, and the Company's current share price, and, as a result, the amount to be paid in per Class A Share was determined to be 1,000,000 yen. The Company believes that such amount to be paid in per Class A Share is reasonable comprehensively taking into account the facts such as that the Planned Allottee will bear substantial risk in the Capital Increase through Third-Party Allotment in light of the merchantability of the Class A Shares, as well as the above-mentioned background of negotiations and the severe situation surrounding the Company.

However, as there are various views regarding the valuation of class shares, the Company requested that PLUTUS CONSULTING Co., Ltd. (address: 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo; representative: Mahito Noguchi, Representative Director) ("PLUTUS"), which is a third-party evaluation organ independent of the Company, analyzed the value of the Class A Shares, and obtained a valuation report for the Class A Shares (the "Valuation Report") from PLUTUS. In reference to certain assumptions concerning the Company's actions (the payment of preferred dividends until the expected maturity date (June 30, 2024), the exercise of the call option for money on the expected maturity date, or other actions) and certain assumptions concerning the Planned Allottee's actions

(the exercise of the right to request acquisition in exchange for money for a portion of the Class A shares (the number reaching the upper limit set forth in the Terms and Conditions of the Class A Shares) on July 1, 2022, on which such right becomes exercisable pursuant to the provisions of the Investment Agreement, the choice as to whether to exercise the right to request acquisition in exchange for common shares or not, whichever has a higher degree of economic reasonableness, if the Company exercises the call option, and other actions), based on the terms and conditions attached to the Class A Shares and certain assumptions (the expected range of the Company's common share value based on the current situation under which the Company is in the process of the Business Turnaround ADR Proceedings, the period until the expected maturity date, i.e., approximately 4.75 years, the volatility, the discount rate of approximately 8.64%, the preferred dividend rate, the call option, the right to request acquisition, the Initial Acquisition Price of 80 yen, etc.), PLUTUS has calculated the fair value of the Class A Shares using the Monte Carlo Simulation, which is a general valuation model for share options. The Valuation Report states that the price per Class A Share is 1,114,000 yen to 1,699,000 yen.

As described above, the Company believes that the amount to be paid in for the Class A Shares is reasonable. However, in light of the above valuation results in the Valuation Report of PLUTUS, the Company must determine that the amount to be paid in for the Class A Shares (1,000,000 yen per share) is particularly favorable for the Planned Allottee under the Companies Act. Therefore, the Company decided to issue the Class A Shares on the condition that approval by a special resolution of the general meeting of shareholders regarding an issuance of shares with particularly favorable conditions is obtained, pursuant to Article 199, Paragraph 2 of the Companies Act, at the Extraordinary General Meeting of Shareholders.

(ii) Grounds on which the Company determined that the number of shares to be issued and the size of the share dilution are reasonable

The Company is financing a total of 20,000,000,000 yen by issuing 20,000 shares of the Class A Shares. Considering the aforementioned purpose of issuing the Class A Shares and the usage of funds, the Company has determined that the number of the Class A Shares to be issued is reasonable.

Although the Class A Shares do not carry voting rights at general meetings of shareholders, existing shareholders may be affected by the impact of dilution due

to the exercise of the right to request acquisition in exchange for common shares, which is attached to the Class A Shares.

As stated above, since the dilution rate of the Capital Increase through Third-Party Allotment will be approximately 291.0% (upon premise that neither the Amount Equivalent to Class A Cumulative Accrued Dividends nor the Daily Prorated Accrued Preferred Dividend Amount exist), although dilution of the Company's common shares would occur if the common shares of the Company are distributed by exercising the right to request acquisition in exchange for common shares, which is attached to the Class A Shares, as described above, (i) the Capital Increase through Third-Party Allotment will strengthen the profit base and stabilize the financial position of the Company; (ii) it has been agreed in the Investment Agreement that unless a certain reason for removal of the restriction on conversion occurs, the Planned Allottee will not exercise the right to request acquisition in exchange for common shares until June 30, 2022, (inclusive) thereby avoiding early dilution of common shares and securing time to enhance corporate value through implementation of structural reform of business; (iii) an upper limit (1.55) is set on the Premium for Acquisition in Exchange for Common Shares, which is the basis for calculating of the number of common shares to be delivered by exercising the right to request acquisition, and the initial acquisition price is fixed (provided, however, that the acquisition price will be adjusted under certain circumstances); and (iv) the Class A Shares are attached with call options for money that the Company is entitled to exercise at any time on or after October 1, 2019. Considering these, this scheme is designed in such a way that allows the Company to control to a certain extent the dilution caused by the exercise of the right to request acquisition in exchange for common shares by carrying out a mandatory redemption of the Class A Shares based on its own judgment. As shown by the above, the Company implemented measures to lessen the potential impact of dilution on the existing shareholders. Furthermore, as stated in (1) (ii) above, with respect to the Business Turnaround ADR Proceedings, in addition to the approval by all of the financial institutions that are the Creditors for extending the period of standstill until the closing of the creditors' meeting for a resolution on the Proposed Business Turnaround Plan, the Company requested all of the financial institutions that are the Creditors to agree to the Proposed Business Turnaround Plan, the content of which includes the financial support by the debt forgiveness of a large amount of 56 billion yen out of approximately 106.7 billion yen in total among the relevant claims. In light of the burden which the Company

will request the financial institutions to take in order to realize the turnaround of the business of the Company, the Company believes that the extent of the dilution by the Capital Increase through Third-Party Allotment, which may affect the existing shareholders, will be within a reasonable amount.

2. Details of Offering

(1) Type and Number of Shares Offered for Subscription
Class A Shares: 20,000 shares

(2) Amount to be Paid in for Shares Offered for Subscription
1,000,000 yen per share

(3) Total Amount to be Paid in
20,000,000,000 yen

(4) Capital Stock to be Increased and Legal Capital Surplus to be Increased
Capital Stock to be Increased 10,000,000,000 yen (500,000 yen per share)
Legal Capital Surplus to be Increased 10,000,000,000 yen (500,000 yen per share)

(5) Payment Period
From September 30, 2019 to December 31, 2019

(6) Method of Issuance
Through third-party allotment, 20,000 shares will be allotted to Japan Industrial Solutions Fund II.

(7) Details of Shares Offered for Subscription
For details in respect of the Class A Shares, please see Proposal No. 1.

Proposal No.3: Reduction of Amounts of Capital Stock and Legal Capital Surplus

In order to establish a healthy financial position as soon as possible and prepare for an agile and flexible capital policy in the future, in conjunction with the issuance of the Class A Shares, the Company decided to implement, in accordance with the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the reduction of the amounts of its capital stock and legal capital surplus and to transfer the amounts to other capital surplus which constitutes the distributable amounts as follows (the "Reduction of the Amount of Capital Stock, etc.").

The Reduction of the Amount of Capital Stock, etc. is subject to the conditions that the payment is made with respect to the Capital Increase through Third-Party Allotment, and that Proposal No. 1, Proposal No. 2 and Proposal No.4 (with respect to Proposal No. 4, being limited to the proposal regarding the election of Mr. Yuichi Hiromoto, who is a candidate for an outside director) are approved and adopted as proposed.

1. Amount of Capital Stock to be Reduced

   The Company will reduce the amount of capital stock after the Capital Increase through Third-Party Allotment, i.e., 29,939,380,530 yen by 10,000,000,000 yen and transfer the entire amount of capital stock so reduced to other capital surplus.

2. Amount of Legal Capital Surplus to be Reduced

   The Company will reduce the amount of legal capital surplus after the Capital Increase through Third-Party Allotment, i.e., 10,000,000,000 yen by 10,000,000,000 yen and transfer the entire amount of legal capital surplus so reduced to other capital surplus.

3. Effective Date of the Reduction of the Amount of Capital Stock, etc.

   December 31, 2019

[Translation for Reference Purposes Only]

Proposal No.4: Election of Four (4) Directors

As all of the current directors, excluding one (1) outside director (i.e., three (3) directors), are scheduled to retire upon the payment relating to the Capital Increase through Third-Party Allotment, and, for the purpose of refurbishment of the management structure to implement the business turnaround plan of the Company, we request the election of four (4) directors (including one (1) candidate for outside director designated by the Planned Allottee in accordance with the provisions of the Investment Agreement (Mr. Yuichi Hiromoto)).

The election of directors pertaining to this Proposal shall take effect on the condition that the payment of the Capital Increase through Third-Party Allotment is conducted and that Proposals No.1 through No.3 are approved and adopted as proposed.

The candidates for directors are as follows:

No.	Name (Date of Birth)	Brief Personal History, Assignments and Positions in the Company, and any Important Representation of Other Entities	Number of the Company's Shares Held
1	Yasuhiro Miyaji (May 17, 1957) New Election	April 1981 Joined Jidosha Kiki Co., Ltd. (currently: Bosch Corporation) October 2000 General Manager, Sale Planning Department, Sales division,, Bosch Braking Systems Co., Ltd. (currently: Bosch Corporation) April 2002 Deputy General Manager, Sales Division, Chassis System Business Unit, Bosch Corporation April 2004 Global Account Manager, TMD Friction Japan K.K. August 2005 President and Representative Director, TMD Friction Japan K.K. January 2009 Executive Officer, Bosch Corporation November 2010 Managing Executive Officer, in charge of Customer Business, Bosch Corporation April 2016 Senior Executive Officer, in charge of Customer Business, Bosch Corporation July 2017 Managing Executive Officer, Deputy General Manager of Vehicle Installation Business, NIDEC CORPORATION [Any Important Representation of Other Entities] Not Applicable	0

[Reason for selecting Yasuhiro Miyaji as the candidate for Director]
Mr. Miyaji has served as the Representative Director of TMD Friction Japan K.K., the Senior Executive Officer of Bosch Corporation, and the Managing Executive Officer of NIDEC CORPORATION. As he was engaged in the brake business at Bosch Corporation and TMD Friction Japan K.K., he has profound expertise in the brake business. In addition, at both companies he expanded their businesses with Japanese automakers, acquired new customers, and created very strong relationships with numerous Japanese automakers. For the purpose of revitalization and growth of the Company, it is indispensable for us to recover the trust of automakers, and, as Mr. Miyaji is the best person who can recover the trust of automakers and lead the expansion of our business, the Company nominates him as the candidate for director.

[Translation for Reference Purposes Only]

No.	Name (Date of Birth)	Brief Personal History, Assignments and Positions in the Company, and any Important Representation of Other Entities	Number of the Company's Shares Held
2	Takamasa Kurinami (August 5, 1953) New Election	April 1977 Joined Toyota Motor Co., Ltd (currently: TOYOTA MOTOR CORPORATION) January 2002 General Manager of Corporate Planning Department, TOYOTA MOTOR CORPORATION January 2006 Senior Vice President, Toyota Motor Europe S.A./N.V. April 2010 Counsel, DAIHATSU MOTOR CO., LTD. June 2010 Senior Executive Officer, Deputy General Manager of Sales Department, DAIHATSU MOTOR CO., LTD. April 2012 Senior Executive Officer, in charge of Overseas Business Reform, DAIHATSU MOTOR CO., LTD. June 2012 Senior Executive Officer, in charge of Overseas Business, General Manager of Overseas Business, DAIHATSU MOTOR CO., LTD. June 2014 Senior Executive Officer, DAIHATSU MOTOR CO., LTD. June 2014 Senior Director, in charge of Overseas Business, Perusahaan Otomobil Kedua Sdn. Bhd. January 2016 Executive Director, in charge of Overseas Office, Perusahaan Otomobil Kedua Sdn. Bhd. September 2018 Joined the Company, Counsel, Assistant to President January 2019 Managing Executive Officer, General Manager of Corporate Planning Department, the Company June 2019 Executive Officer, General Manager of Corporate Department, the Company (Current) [Assignments in the Company] General Manager of Corporate Department [Any Important Representation of Other Entities] Not Applicable	0

[Reason for selecting Takamasa Kurinami as the candidate for Director]
At TOYOTA MOTOR CORPORATION, Mr. Kurinami served as the General Manager of Corporate Planning Department and the Senior Vice President of Toyota Motor Europe S.A./N.V., and, at DAIHATSU MOTOR CO., LTD., he served as the Deputy General Manager of Sales Department, and, thereafter, he served as the Senior Executive Officer of said company, and as the Executive Director of Perusahaan Otomobil Kedua Sdn. Bhd. After joining the Company, he developed a Proposed Business Turnaround Plan under his strong leadership as the Executive Officer, General Manager of Corporate Department. The Company nominates him as the candidate for director for the purpose of steady and speedy realization of the Proposed Business Turnaround Plan based on his extensive experience and knowledge of automakers as well as his experience and ability with globally diverse perspectives, and for the purpose of recovering the trust and strengthening new relationships among stakeholders.

[Translation for Reference Purposes Only]

No.	Name (Date of Birth)	Brief Personal History, Assignments and Positions in the Company, and any Important Representation of Other Entities	Number of the Company's Shares Held
3	Hiroaki Tanji (July 31, 1952) New Election Candidate for Outside Director Candidate for Independent Officer	April 1976 Joined DENKI KAGAKU KOGYO KABUSHIKI KAISHA April 1992 Joined HOYA CORPORATION April 1997 General Manager of R&D Center for Advanced Technology Research Institution, HOYA CORPORATION July 1999 Senior Vice President, HOYA Holdings, Inc. June 2000 Director, HOYA CORPORATION June 2003 Director, Corporate Executive Officer, and General Manager of Business Development Department, HOYA CORPORATION June 2006 Director, Corporate Executive Officer, Chief Technology Officer, HOYA CORPORATION June 2009 Corporate Executive Officer, in charge of Planning, HOYA CORPORATION September 2010 Management Advisor, Unison Capital, Inc. April 2012 Counsel, ASAHI TEC CORPORATION May 2012 Vice President & Representative Corporate Executive Officer, Chief Financial Officer, ASAHI TEC CORPORATION June 2012 Director, Vice President & Representative Corporate Executive Officer, Chief Financial Officer, ASAHI TEC CORPORATION June 2013 Director, President & Representative Corporate Executive Officer, Chief Executive Officer, ASAHI TEC CORPORATION June 2017 Chairman and Director, ASAHI TEC CORPORATION [Any Important Representation of Other Entities] Not Applicable	0

[Reason for selecting Hiroaki Tanji as the candidate for Outside Director]
Mr. Tanji has served as the Director, Corporate Executive Officer and Chief Technology Officer of HOYA CORPORATION and the Director, the President & Representative Corporate Executive Officer, Chief Executive Officer of ASAHI TEC CORPORATION. He has extensive experience and profound expertise in business management in a variety of industrial fields, centered on the materials and parts industries, including automotive parts, and he also has experience in planning and implementing the reconstruction and reorganization of businesses and plants. We have determined that, toward the revitalization and growth of the Company, he will contribute to the realization of appropriate decision-making and management supervision by the Board of Directors of the Company with a broad perspective based on his extensive experience and knowledge, and his independent and fair position and, thus, the Company nominates him as the candidate for outside director.

[Translation for Reference Purposes Only]

No.	Name (Date of Birth)	Brief Personal History, Assignments and Positions in the Company, and any Important Representation of Other Entities	Number of the Company's Shares Held
4	Yuichi Hiromoto (September 25, 1957) New Election Candidate for Outside Director	April 1980 Joined Mitsubishi Corporation January 2001 President and Representative Director, Mitsubishi Corp. - UBS Realty Inc. October 2009 Deputy General Manager of Industrial Finance Business Department, Mitsubishi Corporation April 2010 Executive Officer and General Manager of Industrial Finance Business Department, Mitsubishi Corporation April 2015 Managing Executive Officer and COO of the New Industrial Finance Business Group, Mitsubishi Corporation October 2016 Co-CEO, Japan Industrial Solutions Co., Ltd. December 2018 President & CEO, Japan Industrial Solutions Co., Ltd. (Current) [Any Important Representation of Other Entities] President & CEO, Japan Industrial Solutions Co., Ltd.	0
[Reason for selecting Yuichi Hiromoto as the candidate for Outside Director] At Mitsubishi Corporation, Mr. Hiromoto has served as the Managing Executive Officer and COO of the New Industrial Finance Business Group, and as the President and Representative Director of Mitsubishi Corp. - UBS Realty Inc., a subsidiary of Mitsubishi Corporation, and currently serves as the President & CEO of Japan Industrial Solutions Co., Ltd. Having served as a manager of the operating company of the investment fund, and having assumed the principal posts of major trading companies in Japan and overseas, he has extensive experience and profound expertise in financial and corporate management. We have determined that, toward the revitalization and growth of the Company, he will contribute to the realization of appropriate decision-making and management supervision by the Board of Directors of the Company with globally diverse perspectives based on his extensive experience and knowledge, and, thus, the Company nominates him as the candidate for outside director.			

(Note)

1. Mr. Yuichi Hiromoto concurrently serves as the President & CEO of Japan Industrial Solutions Co., Ltd and in relation to the issuance of the Class A Shares, Japan Industrial Solutions Fund II, the General Partner of which is said company, entered into an investment agreement with the Company. There are no special interests between the other candidates and the Company.
2. Mr. Hiroaki Tanji and Mr. Yuichi Hiromoto are the candidates for outside directors. If Mr. Hiroaki Tanji is elected as a director, the Company plans to register him as an independent officer to TSE.
3. Where the appointments of Mr. Hiroaki Tanji and Mr. Yuichi Hiromoto are approved, contracts limiting their liability will be concluded with the Company. Below is an overview of the details of those contracts.

   Should an outside director bear any liability arising from his/her act or omission and such outside director performed his/her duty in good faith and without gross negligence in relation to such act or omission, his/her liabilities shall be limited to an amount equal to the higher of ¥1 million or the minimum amount of his/her obligation as stipulated under Article 425, Paragraph 1 of the Companies Act.

End of Document

[Translation for Reference Purposes Only]

(Reference)

Standard Regarding the Independence of Outside Officers

Akebono Brake Industry Co., Ltd. (the "Company") sets forth the Standard Regarding the Independence of Outside Officers of the Company as detailed below. The Outside Officers of the Company shall not fall under any of the standard below.

1. A person who is or has previously been an executive (Note 1) of Akebono Group
2. A major shareholder of the Company (Note 2)
3. A person to whom Akebono Group is a major business counterparty (Note 3), or, when such a person is a corporation, an executive of the corporation (Note 1)
4. A person who is a major business counterparty of Akebono Group (Note 4), or, when such a person is a corporation, an executive of the corporation (Note 1)
5. A certified public accountant (or a tax accountant) who belongs to the independent auditor of Akebono Group, or an employee who belongs to an auditing firm (or a tax accounting firm)
6. A consultant, an accounting specialist such as a certified public accountant, or a legal expert such as attorney at law, who receives from Akebono Group a significant amount of money or other assets (Note 5) other than remuneration for officer (when a person who receives such assets is an organization such as a corporation or an association, a person who belongs to such organization)
7. A person or an executive thereof (Note 1) who receives a large amount of donation (Note 6) from Akebono Group
8. A close relative (Note 8) of an important person (Note 7) among those who fall under any of 2. to 7. above
9. A person who in the past three years has fell under any of 2. to 8.
10. Other person who is reasonably judged to be in circumstances under which he or she is unable to fulfill his or her duties as an Outside Officer

Provided, however, that, if a person who falls under any of 1. to 9. and if the Company judges that the said person is qualified to become an Outside Officer of the Company in view of his or her personality, insight and other attributes, the Company may elect the said person as an Outside Officer on the condition that the reason why the Company judges that the said person is qualified as an Outside Director is publicly explained.

Notes: 1. An "executive" refers to an executive as defined in Item 6, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act, and means an executive director, an executive officer, a corporate officer and an employee who executes the business of an equity-method company (if an employee is a corporation, or other person who executes duties stated in Paragraph 1, Article 598 of the Companies Act, or a person equivalent to such person), a person who executes the business of a corporation other than a company or an organization, and an employee (a staff, etc.) of a corporation including a company or an organization.

2. A “major shareholder” means a shareholder who holds 10% and more of the voting rights of the Company or an executive of such shareholder.
3. A “person to whom Akebono Group is a major business counterparty” means a person for whom transactions of the business counterparty’s group to Akebono Group in the most recent fiscal year amount to more than 2% of the consolidated net sales of the business counterparty.
4. A “person who is a major business counterparty of Akebono Group” means a person for whom the transactions of Akebono Group to the business counterparty’s group amounts to more than 2% of the consolidated net sales of Akebono Group.
5. A “significant amount of money or other assets” means that the total amount of the value amounts to ¥10 million or more in the most recent fiscal year in the case of an individual, and, in case of an organization, more than 2% of the consolidated net sales in the most recent fiscal year.
6. A “significant amount of donation” means that the average annual donation amounts to ¥10 million or more in the past three years.
7. An “important person” means an officer or a person with a managerial position of each company or business counterparty in the case of an executive in 2., 3., 4. and 7. above, and a public accountant who belongs to an auditing firm or an attorney at law who belongs to a law firm in the case of a person who belongs to an organization in 5. and 6. above.
8. A “close relative” means a spouse or persons within the second degree of consanguinity.