

February 4, 2019

Notice of Transition to a Company with Audit and Supervisory Committee and Revision of Corporate Governance Structure

We hereby announce that at today's Board of Directors' meeting, we resolved to change from a "Company with Audit & Supervisory Board" to a "Company with an Audit and Supervisory Committee" and to review our corporate governance structure in anticipation of the transition to a "company with an audit and supervisory committee."

The transition to a company with an audit and supervisory committee is subject to approval at our 123rd Ordinary General Meeting of Shareholders to be held in June this year.

1. Transition to a Company with an Audit and Supervisory Committee

(1) Purpose of the transition

We have positioned the enhancement and strengthening of our corporate governance structure as an important management issue. In order to achieve sustainable development under our Group management structure (holding company structure), we have decided to transition to a company with an audit and supervisory committee with the following objectives.

- ① By delegating substantial decision-making authority for the execution of business operations to the executive directors, we aim to increase the efficiency and speed of business execution.
- ② At the meetings of the Board of Directors, we will further enhance the deliberations on important themes such as management strategy.
- ③ The Audit & Supervisory Committee will play a central role in strengthening the auditing and supervisory functions.

(2) Timing of the transition

At our 123rd Ordinary General Meeting of Shareholders to be held in June this year, we plan to transition to a company with an audit and supervisory committee after obtaining approval for changes in the Articles of Incorporation necessary for the transition.

The details of the amendment to the Articles of Incorporation and the appointment of directors will be announced as soon as the decision is made.

2. Revision of the Corporate Governance Structure

(1) Objectives and Details of the Revision

In order to further strengthen the Group's governance structure and enhance the effectiveness of the transition to a company with an audit and supervisory committee, we will drastically revise our corporate governance structure as follows.

① Revision of Business Segments

We will recategorize our reporting segments from the structure reflecting our product lines to a structure reflecting our group's business fields and business strategies. The aim is to further promote the restructuring of our core business, the expansion of growth businesses and new businesses, and the review of our portfolio.

(Previous segments)

Electrical Wire and Wire Rod operations, Energy System operations, Magnet Wire operations, Communication System operations, and Device operations

(New segments)

Energy and Infrastructure operations, Communication and Industrial devices operations, and Electrical equipment and components operations, and New Business operations

② Strengthening and expanding the executive officer system

By strengthening and expanding the authority of the executive officers of the holding company and clarifying its responsibilities, we will thoroughly promote business execution under the new executive officer system.

③ Strengthening cooperation with group companies

We will further strengthen group business management and internal control by further strengthening cooperation between the holding company and group companies.

(2) Timing of the transition to the new structure

Prior to the transition to a company with an Audit and Supervisory Committee, we plan to transition to the new structure (including changes in business segments) as of April 1, 2019. In addition, we plan to decide and announce the personnel affairs of our executive officers and subsidiaries officers in line with the transition by the end of the current month.