

# Articles of Incorporation

## Chapter 1

## General Provisions

### Article 1 (Trade Name)

The Company's trade name shall be Kabushiki Kaisha Yamabiko in Japanese and YAMABIKO CORPORATION in English.

### Article 2 (Purposes)

The business purposes of the Company shall be as follows:

1. To manufacture and sell internal-combustion engines and their parts
2. To manufacture and sell engines, and machineries and implements equipped with an engine
3. To manufacture and sell electric motors, and machineries and implements equipped with an electric motor
4. To manufacture and sell hydraulic and pneumatic equipment, and machineries and implements equipped with hydraulic or pneumatic equipment
5. To manufacture and sell agricultural and forestry machineries and implements, and landscaping machineries and implements
6. To manufacture and sell industry/transportation, woodworking, metalworking and other machineries and implements
7. To manufacture and sell electrical generating/welding apparatuses and other industrial and household machineries and equipment such as voltage converter and lighting equipment
8. To manufacture and sell gardening machines, air blowers, pumps, material handling machines, etc.
9. To manufacture and sell machineries and equipment for environmental hygiene
10. To contract for design and construction of piping and equipment installation works
11. To contract for design and construction of civil engineering works
12. To contract for design and construction of electrical facility works
13. To manage and operate recreation facilities and invest in the related businesses
14. To conduct contracting business in relation to the pest termination for crops and epidemic prevention and environment hygiene for men and livestock
15. To sell agricultural chemicals, fertilizers, feeds, seeds and flowers
16. To sell materials for protected horticulture
17. To sell building materials and articles for daily use
18. To conduct dealings in, lease, brokerage, management and appraisal of real estates
19. To conduct business of custody and operation of securities and loaning and guarantee
20. To conduct agency business of non-life insurances and insurances based on Automobile Liability Security Act, and business related to life insurance solicitation
21. To conduct general worker dispatching undertaking based on the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers
22. Power generation and sales related to natural energy, such as solar power, and sales, maintenance and consultation services for power generators and chargers, and their auxiliary equipment
23. To import and export products under the preceding items
24. To conduct leasing and rental business of products under the preceding items
25. To conduct second-hand dealing business of products under the preceding items
26. To conduct any enterprises incidental or relating to any of the items indicated under 1 to 25

#### Article 3 (Location of Principal Office)

The principal office of the Company is located in Ome-shi, Tokyo.

#### Article 4 (Organizations)

The Company shall have the following organizations other than the General Meetings of Shareholders and Directors.

- (1) Board of Directors
- (2) Auditors
- (3) Board of Auditors
- (4) Accounting Auditors

#### Article 5 (Method of Public Notice)

Public notice of the Company shall be given by way of electronic public notice; provided, however, that if, due to any occurrence of any accident or other compelling reason, electronic public notice becomes impossible, the notice shall be made in the Nihon Keizai Shimbun (Nikkei).

### Chapter 2                      Shares

#### Article 6 (Total Number of Shares Authorized to be Issued)

The total number of shares authorized to be issued by the Company is a hundred sixty million (160,000,000).

#### Article 7 (Share Unit)

The number of shares constituting one share unit is one hundred (100).

#### Article 8 (Rights for Shares Less than One Unit)

Shareholders of the Company may not, with respect to their shares less than one unit, exercise any rights other than the following rights:

- (1) The rights set forth in each item of Paragraph 2 of Article 189 of the Companies Act
- (2) The right to demand under the provision of Paragraph 1 of Article 166 of the Companies Act
- (3) The right to receive an allotment of either the shares for subscription or the share options for subscription
- (4) The right to demand adding to holdings of shares less than one unit under the following article.

#### Article 9 (Adding to Holdings of Shares Less than One Unit)

Shareholders of the Company may, under the provisions of the Rules on Handling of Shares, demand to sell such number of shares which, together with the number of shares less than one unit held by such shareholder, will constitute one share unit.

#### Article 10 (Rules on Handling of Shares)

The exercise of shareholder's rights, the procedures concerning shares and the subscription rights to shares and relevant fees thereto shall be governed by the Rules on Handling of Shares established by resolution of the Board of Directors in addition to laws and ordinances or this Articles of Incorporation.

#### Article 11 (Administrator of Shareholder Register)

1. The Company shall have an administrator of shareholder register.
2. An administrator of shareholder register and the location of administrative office thereof shall be

determined by resolution of the Board of Directors and the public notice shall be given.

3. The Company shall entrust to an administrator of shareholder register the administration concerning its shareholder register and the subscription rights to shares registry including preparation and keeping thereof and not handle such administration by itself.

### Chapter 3                      General Meeting of Shareholders

#### Article 12 (Convocation of General Meeting)

Ordinary General Meetings of Shareholders of the Company shall be convened in every March and Extraordinary General Meetings of Shareholders may be convened at any time whenever necessary.

#### Article 13 (Record Date of Ordinary General Meetings of Shareholders)

The record date for voting rights of Ordinary General Meetings of Shareholders shall be December 31 of each year.

#### Article 14 (Convener and Chairman)

1. Representative Director shall convene the General Meetings of Shareholders and act as chairman of the Meeting. When there are multiple Representative Directors, the Representative Director who is first in the order predetermined by the Board of Directors shall convene the General Meetings of Shareholders and act as chairman of the Meeting.
2. In case that all the Representative Directors are unable to act, one of the other Directors shall convene the General Meeting of Shareholders and act as chairman of the Meeting in the order predetermined by the Board of Directors.

#### Article 15 (Measures for Providing Information in Electronic Format, etc.)

1. When the Company convenes a General Meeting of Shareholders, it shall take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format.
2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.

#### Article 16 (Method of Resolution)

1. Resolutions at the General Meeting of Shareholders shall be made by a majority of the votes of shareholders present who may exercise his voting rights, unless otherwise provided by laws and ordinances or by this Articles of Incorporation.
2. Resolutions under the provisions of Paragraph 2 of Article 309 shall be made by two thirds or more of the votes of shareholders at the meeting where the shareholders holding one third or more of the votes of the shareholders entitled to exercise their votes are present.

#### Article 17 (Proxy Voting)

1. Shareholders may exercise their votes by proxy of other one (1) shareholder with voting right of the Company.
2. Shareholders or proxies shall submit to the Company a document evidencing the authority of proxy

for each General Meeting of Shareholders.

## Chapter 4                      Directors and Board of Directors

### Article 18 (Number)

The number of Directors of the Company shall not exceed ten (10).

### Article 19 (Method of Election)

1. Directors shall be elected at the General Meeting of Shareholders.
2. Resolutions to elect Directors shall be made by a majority of the votes of shareholders where the shareholders holding one third or more of the votes of the shareholders entitled to exercise their votes are present.
3. No cumulative voting shall be used for resolution to elect Directors.

### Article 20 (Term of Office)

Directors' term of office shall continue until the conclusion of the Ordinary General Meeting of Shareholders for the last business year which ends within one (1) year from the time of their election.

### Article 21 (Notice of Convocation of the Board of Directors)

1. Notice of convocation of the Board of Directors shall be dispatched to each Director and Auditor no later than three (3) days prior to the day of the meeting; provided, however, that if it is urgently necessary, the period may be shortened.
2. The Board of Directors may be held without the procedures of convocation if the consent of all directors and auditors is obtained.

### Article 22 (Representative Directors and Executive Directors)

1. Representative Directors shall be elected by a resolution of the Board of Directors.
2. The Board of Directors may elect one (1) or more Executive Directors from among the Directors.

### Article 23 (Convener and Chairman of the Board of Directors)

1. A Director predetermined by the Board of Directors shall convene the Board of Directors and act as chairman of the Meeting, unless otherwise provided by laws and ordinances.
2. In case that the Director determined under the preceding paragraph is unable to act, one of the other Directors shall convene the Board of Directors and act as chairman of the meeting in the order predetermined by the Board of Directors.

### Article 24 (Method of Resolution, etc. of the Board of Directors)

1. A resolution of the Board of Directors shall be made by a majority of Directors present at the meeting where the majority of the Directors entitled to participate in the vote is present.
2. The Company deems that a resolution at the Board of Directors has been made, if the requirements under Article 370 of the Companies Act are fulfilled.

### Article 25 (Remuneration, etc. of Directors)

The financial benefits provided by the Company and received by the Directors as a consideration for their duties including remuneration and bonuses ("Remuneration") shall be determined by a resolution

of the General Meetings of Shareholders.

#### Article 26 (Board of Directors Rules)

Matters regarding the Board of Directors shall be governed by the Board of Directors Rules established by the Board of Directors in addition to laws and ordinances and this Articles of Incorporation.

#### Article 27 (Exemption from Liability of Directors)

1. The Company may, under the provision of Paragraph 1 of Article 426 of the Companies Act, exempt liability for damages of the Directors (including persons who were Directors), arising due to neglect of his/her duties, by a resolution of the Board of Directors to the extent of laws and ordinances.
2. The Company may, under the provision of Paragraph 1 of Article 427 of the Companies Act, enter into contracts with Outside Directors to limit the liability for damages arising due to neglect of duties; provided, however, that, the limit amount of the liability under such contract shall be the amount provided in laws and ordinances.

### Chapter 5                      Auditors and the Board of Auditors

#### Article 28 (Number)

The number of Auditors of the Company shall not exceed four (4).

#### Article 29 (Method of Election)

1. Auditors shall be elected at the General Meetings of Shareholders.
2. A resolution to elect (an) Auditor(s) shall be made by a majority of the votes of shareholders where the shareholders holding one third or more of the votes, who are entitled to exercise their votes, are present.
3. Pursuant to the provision of Paragraph 3 of Article 329 of the Companies Act, the Company may elect a substitute Auditor at the General Meeting of Shareholders to be ready to fill a vacant position should the number of Auditors fall below the number required by laws and regulations and the Articles of Incorporation.
4. The period of validity for the resolution on the election of the substitute Auditor provided for in the preceding paragraph shall be until the commencement of the Ordinary General Meeting of Shareholders for the last business year which ends within four (4) years from the time of the resolution.

#### Article 30 (Term of Office)

1. Auditors' term of office shall continue until the conclusion of the Ordinary General Meeting of Shareholders for the last business year which ends within four (4) years from the time of their election.
2. The term of office of an Auditor, who is elected as the substitute for an Auditor who retired from office before the expiration of the term of office, shall continue until the expiration of the term of office of the Auditor who retired.  
However, in case that a substitute Auditor elected pursuant to Paragraph 3 of the preceding article assumes office as an Auditor, his or her term of office shall not exceed the conclusion of the Ordinary General Meeting of Shareholders for the last business year which ends within four (4) years from the time of his or her election.

#### Article 31 (Full-time Auditors)

Full-time Auditors shall be elected by a resolution of the Board of Auditors.

Article 32 (Notice of Convocation of the Board of Auditors)

1. Notice of convocation of the Board of Auditors shall be dispatched to each Auditor no later than three (3) days prior to the day of the meeting; provided, however, that if it is urgently necessary, the period may be shortened.
2. The Board of Auditors may be held without the procedures of convocation if the consent of all Auditors is obtained.

Article 33 (Remuneration, etc. of Auditors)

Remuneration of Auditors shall be determined by a resolution of the General Meetings of Shareholders.

Article 34 (Board of Auditors Rules)

Matters regarding the Board of Auditors shall be governed by the Board of Auditors Rules established by the Board of Auditors in addition to laws and ordinances and this Articles of Incorporation.

Article 35 (Exemption from Liability of Auditors)

1. The Company may, under the provision of Paragraph 1 of Article 426 of the Companies Act, exempt liability for damages of the Auditors (including persons who were Auditors), arising due to neglect of his/her duties, by a resolution of the Board of Directors to the extent of laws and ordinances.
2. The Company may, under the provision of Paragraph 1 of Article 427 of the Companies Act, enter into contracts with Outside Auditors to limit the liability for damages arising due to neglect of duties; provided, however, that, the limit amount of the liability under such contract shall be the amount provided in laws and ordinances.

Chapter 6                      Accounting Auditors

Article 36 (Method of Election)

Accounting Auditors shall be elected at the General Meetings of Shareholders.

Article 37 (Term of Office)

1. Accounting Auditors' terms of office shall continue until the conclusion of the Ordinary General Meeting of Shareholders for the last business year which ends within one (1) year from the time of their election.
2. Unless otherwise resolved at the Ordinary General Meeting of Shareholders under the preceding paragraph, Accounting Auditors shall be deemed to have been re-elected at such General Meeting of Shareholders.

Chapter 7                      Accounting

Article 38 (Business Year)

Business year of the Company shall be one (1) year which commences on January 1 of a year and ends on December 31 of the following year.

Article 39 (Organization to Decide Dividends of Surplus)

The Company shall determine dividends of surplus and other matters set forth in each item of Paragraph 1 of Article 459 of the Companies Act by a resolution of the Board of Directors, unless otherwise provided by laws and ordinances.

Article 40 (Record Date of Dividends of Surplus)

1. Record date of a year-end dividend of the Company shall be December 31 of each year.
2. Record date of an interim dividend of the Company shall be June 30 of each year.
3. The Company may pay dividends of surplus by establishing other record dates in addition to that of the preceding two paragraphs.

Article 41 (Period of Exclusion of Dividends)

1. If dividend property consists of money, the Company shall be released from its obligation to pay such dividends in case that dividends remain unreceived when three (3) years have elapsed from the payment commencement date.
2. Dividends of surplus shall be without interest.