

Overview of the Results of the FY2017 Evaluation
about
the Effectiveness of the Company's Board of Directors

March 13, 2018
EBARA CORPORATION

To ensure corporate governance functions effectively, the Board of Directors itself performs analysis and evaluation of the effectiveness of the Board of Directors for the purpose of examining the contributions of the Board of Directors, identifying issues and making improvements, and the Company discloses overviews of the results.

1. Analysis and evaluation process

With the cooperation of a third-party organization, the Company prepared a questionnaire¹ for each Director, conducted analysis of the responses, and then implemented individual interviews² with all of the Directors to confirm the thoughts of each Director based on their responses to the questionnaire, and analyzed the results of the questionnaire and individual interviews. The Board of Directors discussed the effectiveness of the Board of Directors in the Board Meetings held in February and March 2018 based on the report from the third-party organization on the above analysis, and confirmed the evaluation and future action to be taken.

2. Summary of the results of analysis and evaluation

As a result of the above analysis, it was found that Directors' evaluations of the composition and status of operation of the Company's Board of Directors and Committees were generally high, and that adequate discussion is performed on material issues in the Board of Directors and Committees, indicating that they are being operated appropriately. It was confirmed that issues recognized in last year's evaluation (identification and enhancement of discussion of long-term issues, consideration of the size and composition of the Board of Directors, enhancement of discussion of the succession plan in the Nomination Committee, monitoring of the Medium-term Management Plan³) are still subject to be addressed but efforts are progressing. Furthermore, it was confirmed that Independent Directors make statements based on experience and expertise while remaining aware of importance of their roles. Based on the above information the Board of Directors' evaluation concluded that the oversight functions of the Board of Directors are functioning adequately, and that greater effectiveness has been provided.

However, it was found that it is necessary to continuously engage in the enhancement of identification and discussion concerning long-term issues (especially growth strategy) and the monitoring of the status of progress of the Medium-term Management Plan. Further, it was also found that it is necessary to periodically verify important elements pertaining to the effectiveness of oversight functions of the Board of Directors to ensure the right size and right composition of the Board of Directors for the Company.

3. Action to be taken

Through the above discussion, the Company's Board of Directors re-affirmed that it will further increase the effectiveness of the Board of Directors by continuously engaging in the following actions.

- Enhancement of identification and discussion of long-term issues (growth strategy, etc.) contributing to the improvement of corporate value
- Ongoing monitoring of the state of progress of the Medium-term Management Plan
- Periodic reviews of the size and composition of the Board of Directors
- Enhancement of discussion on succession planning for the Representative Executive Officer, the Chairman of the Board of Directors and Independent Directors.

END

¹ Items in the Questionnaire

- Roles, functions and structure of the Board of Directors (roles, functions and structure of the Board of Directors, Chairman, Executive and Non-executive Internal Directors and Independent Directors)
- Status of operation of the Board of Directors (status of efforts to address issues recognized in the previous fiscal year's evaluation of the Board of Directors, current state of discussion, and changes since the previous fiscal year)
- Structure and roles of committees (Nomination, Compensation and Audit Committees)
- State of operation of committees (Nomination, Compensation and Audit Committees)
- Support systems for Independent Directors (provision of information to Independent Directors and communication between Independent Directors)
- Relationships with investors and shareholders (communication by the Company, evaluation feedback from investors and shareholders)

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- Self-evaluation by each Director

² Items in Individual Interviews

- View on the Board of Directors (size of the Board of Directors, Ratio and Composition of Independent Directors and Internal Directors)
- Succession planning for the Representative Executive Officer, Chairman and Independent Directors
- View on discussion by Independent Directors
- View on Audit Committee
- View on functions for overseeing entire company

³ The three-year Medium-term Management Plan starting in FY 2017 (E-Plan 2019).