

(Translation)

Securities Code: 8068

April 3, 2019

NOTICE OF THE 59TH ANNUAL SHAREHOLDERS' MEETING

Dear Shareholders,

I would like to invite you to attend the 59th Annual Shareholders' Meeting to be held as described hereunder.

If you are unable to attend this Annual Shareholders' Meeting (the "Meeting") in person, you may exercise your voting rights in writing or via the Internet. Please peruse the attached Reference Documents for Annual Shareholders' Meeting and exercise your voting rights by returning the enclosed Exercise Voting Rights Form with your selections to us, or by accessing the Website for Exercising Voting Rights designated by us (<https://evote.tr.mufg.jp/>) and inputting your selections, by 5:30 p.m. on April 24 (Wednesday), 2019.

Sincerely yours,

Moritaka Nakamura
Representative Director & President
Ryoyo Electro Corporation
1-12-22 Tsukiji, Chuo-ku, Tokyo

- 1. Date and Time:** 10:00 a.m. on April 25 (Thursday), 2019
(the reception desk opens at 9:00 a.m.)
- 2. Venue:** JIJI PRESS HALL (on the 2nd floor of Jiji Press Building)
5-15-8 Ginza, Chuo-ku, Tokyo

3. Agenda:

- Matters to be reported:*
1. The business report, the consolidated financial statements, and the audit reports on the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board for the 59th term (from February 1, 2018 to January 31, 2019)
 2. The non-consolidated financial statements for the 59th term (from February 1, 2018 to January 31, 2019)

Matters to be proposed:

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| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Partial Amendments to Articles of Incorporation |
| Proposal No. 3 | Election of Nine (9) Directors |
| Proposal No. 4 | Determination of Remuneration for Granting Restricted Shares to Directors |

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- * When attending the Meeting in person, shareholders are requested to submit the enclosed Exercise Voting Rights Form at the reception desk on the above-mentioned date.
 - * We will post any modification to the reference documents for the Meeting, the business report, the consolidated financial statements and the non-consolidated financial statements on our corporate website (<https://www.ryoyo.co.jp>).

This is an English translation prepared for the convenience of non-resident shareholders. If there is any discrepancy between the translation and the original Japanese text, the latter shall prevail.

Reference Documents for Annual Shareholders' Meeting

Proposal No. 1: Appropriation of Surplus

We propose that surplus be appropriated in the following manner:

Matters related to year-end dividend

With a stable dividend to our valued shareholders as a base and generally taking into consideration business performance for the term under review, retained earnings set aside for future plans for business development, and other factors, we propose that the year-end dividend for the 59th term be as follows:

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and its aggregate amount
¥30 per share;
Including the interim dividend, the dividend for the full year will be ¥60 per share, and the aggregate amount of dividend will be ¥735,642,270.
- (3) Effective date of dividend distribution
April 26, 2019

Proposal No. 2: Partial Amendments to Articles of Incorporation

1. Reason for Amendments

In order to respond to the diversification of our business in line with changes in the business environment, we will amend business purposes mentioned in “Purposes” (Article 2 of the Articles of Incorporation) as necessary.

Also, the numbering of the provisions will be changed in accordance to the amendments of purposes.

2. Details of Amendments

Details of the amendments are stated below.

(The underlined parts indicate the proposed amendments.)

Current Articles of Incorporation	Proposed Amendments
Chapter 1. General Provisions	Chapter 1. General Provisions
Article 2 (Purposes)	Article 2 (Purposes)
The business purposes of the Company shall be as follows:	The business purposes of the Company shall be as follows:
(1) Sale and manufacture of semiconductor elements, integrated circuits, electronic apparatus, electric equipment, medical equipment and the materials and parts thereof.	(1) Sale, <u>lease</u> , manufacture and <u>processing</u> of semiconductor elements, integrated circuits, electronic apparatus, electric equipment, medical equipment and the materials and parts thereof, <u>and intermediation of these businesses.</u>
(To be newly instituted)	(2) <u>Sale, lease, development and establishment of software and information system, and intermediation of these businesses.</u>
(2) Telecommunication work	(3) Telecommunication work
(To be newly instituted)	(4) <u>Telecommunication work under Telecommunications Business Act</u>
(To be newly instituted)	(5) <u>Secondhand goods dealer business under Secondhand Articles Dealer Act.</u>
(3) Installation work and maintenance of the equipment related to each of the preceding paragraphs.	(6) (Change in Japanese only; English unchanged)
(To be newly instituted)	(7) <u>Planning, research, development and design related to each of the preceding paragraphs.</u>

Current Articles of Incorporation	Proposed Amendments
(To be newly instituted)	(8) <u>Acquisition, management, licensing and transfer of patents, trademarks, design rights, copyrights, and know-how and other intellectual property rights related to each of the preceding paragraphs.</u>
(4) to (7) (Description omitted)	(9) to (12) (Same as at present)

Proposal No. 3: Election of Nine (9) Directors

The term of office of all eight (8) Directors will expire at the conclusion of this Annual Shareholders' Meeting. In that regard, we propose that nine (9) Directors be elected, with the addition of one (1) Director to strengthen the management structure.

The candidates' profiles are provided below.

Candidate number	Name	Attribute of candidate	Current positions at the Company	Attendance to the Meetings of the Board of Directors (FY2018)
1	Kenhachiro Ogawa	Reelection	Representative Director & Chairman	12/12 100%
2	Moritaka Nakamura	Reelection	Representative Director & President	10/10 100%
3	Kiyoshi Waki	Reelection	Director & Managing Executive Officer	12/12 100%
4	Masaaki Tanabe	Reelection	Director & Senior Executive Officer	12/12 100%
5	Yoshitsugu Tamakoshi	Reelection	Director & Senior Executive Officer	12/12 100%
6	Yasushi Okazaki	New candidate	Senior Executive Officer	–
7	Seiju Yasuda	New candidate	Senior Executive Officer	–
8	Yoshiharu Hayakawa	Reelection Outside Independent	Outside Director	12/12 100%
9	Masumi Shiraishi	New candidate Outside Independent	–	–

Reelection: Candidate for Director to be reelected

New candidate: Candidate for Director to be newly elected

Outside: Candidate for outside Director

Independent: Independent Director pursuant to the provisions of Tokyo Stock Exchange, Inc.

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
1	<Reelection> Kenhachiro Ogawa (January 8, 1945)	Sep. 1963 Joined Ryoyo Electro May 1982 General Manager, Accounting Dept. Apr. 1984 Director & General Manager, Accounting Dept. and Administration Dept. Apr. 1989 Managing Director & General Manager, Administration Div., in charge of General Affairs & Human Resources Div. Jul. 1995 Senior Managing Director in charge of Computer System Products Sales Div. and Information Technology Dept. Apr. 1999 Representative Director & Senior Managing Director in charge of Computer System Products Sales and Electronic Devices Sales Apr. 2006 Representative Director & Executive Vice President in charge of Computer System Products Sales Aug. 2006 Representative Director & Executive Vice President in charge of all sales and technology divisions Apr. 2008 Representative Director & President Apr. 2013 Representative Director & Chairman (incumbent)	85,816
<p>Reasons for nominating the candidate for Director The candidate has extensive business experience in the Company, and having been involved in the management of the Company as a Director for many years, he possesses broad insight of the overall management of an electronics trading company and demonstrates strong leadership. For these reasons, the Company believes that he is a suitable candidate capable of improving its corporate value and accordingly proposes his reelection as a Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
2	<Reelection> Moritaka Nakamura (September 7, 1959)	<p>Apr. 1984 Joined Isetan Co., Ltd. (currently Isetan Mitsukoshi Ltd.)</p> <p>Apr. 2011 Director, Executive Officer, General Manager, Corporate Planning Division, Isetan Mitsukoshi Ltd.</p> <p>Apr. 2012 Executive Officer, General Manager, Personnel Division, Isetan Mitsukoshi Holdings Ltd.</p> <p>Apr. 2016 Managing Executive Officer, General Manager, IT & Group Marketing Strategy Headquarters, Isetan Mitsukoshi Holdings Ltd.</p> <p>May 2017 Joined Ryoyo Electro as Special Advisor</p> <p>Aug. 2017 Senior Managing Executive Officer in charge of Business Renovation</p> <p>Dec. 2017 Senior Managing Executive Officer in charge of Sales, Technology, Overseas Marketing and Business Renovation</p> <p>Mar. 2018 Senior Managing Executive Officer in charge of Sales, Technology and Overseas Marketing, General Manager, Sales and Business Development Div., in charge of Business Renovation</p> <p>Apr. 2018 Representative Director & President (incumbent)</p>	2,500
<p>Reasons for nominating the candidate for Director</p> <p>In his previous positions, the candidate gained extensive experience, knowledge, and personal network cultivated through being engaged in work related to corporate planning, sales planning, personnel, IT and group marketing strategy, and being involved in senior management as a Director. As well as him bringing such experience to the Company, after he was inaugurated as Representative Director & President, he has been demonstrating strong leadership in the business renovation. For these reasons, the Company believes that he is a suitable candidate capable of improving its corporate value and accordingly proposes his reelection as a Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
3	<Reelection> Kiyoshi Waki (October 22, 1959)	Apr. 1983 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.) Nov. 2011 Seconded to Ryoyo Electro as General Manager, Corporate Strategy Div. Feb. 2012 Executive Officer & General Manager, Corporate Strategy Div. and Deputy General Manager, Overseas Marketing Div. Apr. 2012 Joined Ryoyo Electro Nov. 2012 Executive Officer & General Manager, Overseas Marketing Div. Feb. 2014 Senior Executive Officer & General Manager, Overseas Marketing Div. Oct. 2014 Registered as U.S. Certified Public Accountant Feb. 2015 Senior Executive Officer & General Manager, Administration Div., Overseas Marketing Div., in charge of CSR Dept. Nov. 2015 Senior Executive Officer & General Manager, Administration Div., in charge of CSR Dept. May 2016 Director & Senior Executive Officer in charge of Corporate Strategy Div. and General Manager, Administration Div., in charge of CSR Dept. Feb. 2019 Director & Managing Executive Officer in charge of Corporate Strategy Div. and Administration Div. (incumbent)	8,000
<p>Reasons for nominating the candidate for Director</p> <p>The candidate has gained experience and made achievements in Japan and overseas working for a financial institution, and since joining the Company, he has gained management experience in Corporate Strategy Div., Overseas Marketing Div. and Administration Div. He possesses highly specialized knowledge and broad insight in accounting and finance. For these reasons, the Company believes that he is a suitable candidate capable of improving its corporate value and accordingly proposes his reelection as a Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
4	<Reelection> Masaaki Tanabe (October 18, 1959)	Apr. 1980 Joined Ryoyo Electro Aug. 2003 General Manager, Sales Administration Dept., Computer System Products Sales Jun. 2009 General Manager, Computer System Products Div. I Feb. 2011 Executive Officer & General Manager, Computer System Products Div. I Feb. 2014 Senior Executive Officer & General Manager, Computer System Products Div. I Apr. 2015 Director, Senior Executive Officer & General Manager, Computer System Products Div. I and Global Solution Div. Feb. 2016 Director & Senior Executive Officer in charge of Computer System Products Div. I and Computer System Products Div. II and General Manager, New Business Div. and Global Solution Div. Mar. 2018 Director & Senior Executive Officer in charge of ICT Div. 1 and ICT Div. 2 Feb. 2019 Director & Senior Executive Officer in charge of Eastern Region and Western Region (incumbent)	5,800
<p>Reasons for nominating the candidate for Director The candidate has many years of management experience in the ICT and solutions business, and possesses extensive experience and broad insight of the Company's business. For these reasons, the Company believes that he is a suitable candidate capable of improving its corporate value and accordingly proposes his reelection as a Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
5	<Reelection> Yoshitsugu Tamakoshi (June 27, 1959)	<p>Apr. 1982 Joined Mitsubishi Electric Corporation</p> <p>Apr. 2010 Group Vice President, General Manager, Semiconductor & Device Marketing Div. A, Mitsubishi Electric Corporation</p> <p>Apr. 2014 Group Vice President, General Manager, Semiconductor & Device Marketing Div. B, Mitsubishi Electric Corporation</p> <p>Apr. 2016 Joined Ryoyo Electro Senior Executive Officer in charge of Domestic Semiconductor Sales and General Manager, Semiconductor Sales Div. II and Head of Eastern Region</p> <p>Feb. 2017 Senior Executive Officer in charge of Domestic Semiconductor Sales and Eastern Region and General Manager, Semiconductor & Device Business Div.</p> <p>Apr. 2017 Director & Senior Executive Officer in charge of Domestic Semiconductor Sales and Eastern Region and General Manager, Semiconductor & Device Business Div.</p> <p>Nov. 2017 Director & Senior Executive Officer in charge of Semiconductor & Device Business and Eastern Region and General Manager, Semiconductor & Device Business Div.</p> <p>Mar. 2018 Director & Senior Executive Officer in charge of Semiconductor & Device Div. and General Manager, Semiconductor & Device Div.</p> <p>Feb. 2019 Director & Senior Executive Officer in charge of Semiconductor & Device Div. (incumbent)</p>	2,100
<p>Reasons for nominating the candidate for Director</p> <p>The candidate has many years of experience in the semiconductor and device business at Mitsubishi Electric Corporation, and having been involved in management as a general manager in that business since joining the Company, he possesses extensive experience and broad insight of this business area. For these reasons, the Company believes that he is a suitable candidate capable of improving its corporate value and accordingly proposes his reelection as a Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
6	<New candidate> Yasushi Okazaki (September 14, 1958)	Apr. 1981 Joined MITSUI & CO., LTD. Jun. 1999 Vice President, MITSUI & CO. (U.S.A.), INC. Apr. 2009 General Manager, Internet Business Div., MITSUI & CO., LTD. Dec. 2016 General Manager and internal auditor, Audit Dept. III, Internal Auditing Div., MITSUI & CO., LTD. Jun. 2018 Joined Ryoyo Electro Senior Executive Officer in charge of IoT Div. Feb. 2019 Senior Executive Officer in charge of Solution Div. (incumbent)	395
<p>Reasons for nominating the candidate for Director</p> <p>In his former employment, the candidate gained extensive experience and insight in a wide range of mostly IT related fields on the frontline of business and in internal auditing departments both in Japan and overseas. After joining the Company, bringing such experience, etc. to the Company, he has been in charge of the IoT and solutions business. For these reasons, the Company believes that he is a suitable candidate capable of improving its corporate value and accordingly proposes his election as a Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
7	<New candidate> Seiju Yasuda (December 3, 1961)	Apr. 1985 Joined Ryoyo Electro Aug. 2006 General Manager, Sales Dept. II, Nagoya Branch Office Jun. 2009 General Manager, Sales Dept. III, Computer System Products Div. II Aug. 2013 Deputy General Manager, Computer System Products Div. II Feb. 2016 General Manager, Computer System Products Div. II Feb. 2017 Executive Officer & General Manager, ICT Sales Div. II Feb. 2019 Senior Executive Officer deputy in charge of Solution Div. (incumbent)	126
<p>Reasons for nominating the candidate for Director</p> <p>In addition to possessing broad experience in the respective business fields handled by the Company, including both Semiconductors/Devices, and ICT/Solutions, the candidate also has experience of various operational perspectives at both head office and regional bases. As such, he has extensive experience and wide-ranging insight related to the Company's business. For these reasons, the Company believes that he is a suitable candidate capable of improving its corporate value and accordingly proposes his election as a Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
8	<Reelection/Outside /Independent> Yoshiharu Hayakawa (February 23, 1948)	Aug. 1973 Registered as Certified Public Accountant Apr. 1985 Representative Director, Chuo Coopers and Lybrand Consulting Co., Ltd. Jan. 1992 Representative, Chuo Audit Corporation Nov. 1997 Representative, Kasumi Empowerment Research Institute (incumbent) Jun. 2007 Outside Director, Mitsui Fudosan Co., Ltd. Jun. 2012 External Director, Kakaku.com, Inc. (incumbent) Apr. 2013 Outside Director, Ryoyo Electro (incumbent) Jun. 2014 Outside Director, Sanrio Company, Ltd. (Status of important concurrent occupations or positions at other organizations) Representative, Kasumi Empowerment Research Institute External Director, Kakaku.com, Inc.	-
<p>Reasons for nominating the candidate for outside Director</p> <p>The candidate has expert knowledge as a certified public accountant, as well as extensive experience and broad insight as a management consultant. For these reasons, the Company believes that he is a suitable candidate capable of strengthening its corporate governance and improving its corporate value and accordingly proposes his reelection as an outside Director of the Company.</p>			

No.	Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
9	<New candidate/ Outside/ Independent> Masumi Shiraishi (November 6, 1958)	<p>May 1989 Joined NLI Research Institute</p> <p>Apr. 2001 Senior Researcher, NLI Research Institute</p> <p>Apr. 2006 Professor, Department of Social Economic Systems, Faculty of Economics, Toyo University</p> <p>Apr. 2007 Professor, Faculty of Policy Studies, Kansai University (incumbent)</p> <p>Jun. 2013 Outside Director, Asahi Kasei Corp. (incumbent)</p> <p>Jun. 2014 Outside Audit & Supervisory Board Member, Central Nippon Expressway Company Limited (incumbent)</p> <p>Jun. 2015 Outside Audit & Supervisory Board Member, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD. (incumbent)</p> <p>(Status of important concurrent occupations or positions at other organizations)</p> <p>Professor, Faculty of Policy Studies, Kansai University</p> <p>Outside Director, Asahi Kasei Corp.</p> <p>Outside Audit & Supervisory Board Member, Central Nippon Expressway Company Limited</p> <p>Outside Audit & Supervisory Board Member, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.</p>	-
<p>Reasons for nominating the candidate for outside Director</p> <p>The candidate has never engaged in company management in the past except as an outside officer. However, she possesses wide-ranging knowledge of the economy and society based on her extensive experience encompassing private enterprise, academia and public office. For these reasons, the Company believes that she is a suitable candidate who can offer advice from multifaceted perspectives capable of improving its corporate value and accordingly proposes her election as an outside Director of the Company.</p>			

- Notes:
1. There are no special interests between the Company and these candidates for Director.
 2. Yoshiharu Hayakawa and Masumi Shiraishi are candidates for outside Director.
 3. Yoshiharu Hayakawa is currently outside Director of the Company. At the conclusion of this Meeting, he will have served as outside Director for six (6) years.
 4. Agreements for limitation of liability concluded with outside Directors are outlined below.
Currently, the Company has concluded an agreement for limitation of liability for damages with Yoshiharu Hayakawa in accordance with the provisions of Article 27 of the Articles of Incorporation. Provided that the proposal of his reelection as Director is approved, the Company will maintain the agreement that offers limitation of liability with him.
The Company also intends to conclude an agreement for limitation of liability with Masumi Shiraishi provided that she is elected as outside Director.
Outline of the agreement for limitation of liability is as follows.
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, when the outside Directors cause damages to the Company arising from their negligence of their duties, the Company shall limit their liability to the Company to either ¥8 million or the minimum liability amount as stipulated by Article 425, Paragraph 1 of the Companies Act, whichever is higher, if the relevant outside Directors are without knowledge and are not grossly negligent in performing their duties. The Company naturally exempts the outside Directors from the exceeding liability thereof.
 5. The Company has given notice of Yoshiharu Hayakawa to Tokyo Stock Exchange, Inc. as an independent director. Provided that the proposal of his reelection as Director is approved, the Company plans for his appointment as an independent officer to continue. Also, Masumi Shiraishi satisfies the independent director requirements pursuant to the provisions of Tokyo Stock Exchange, Inc., and the Company intends to give notice of her as an independent director to the said exchange.
 6. In order to ensure the independence of the candidates it recommends for outside officer (outside Director and outside Audit & Supervisory Board Member), the Company has formulated criteria for the selection of outside officers.
The criteria for the selection of outside officers require that candidates shall not fall under any of the following categories.
 - (1) A party who is or has been a Director, an Auditor or an employee at the Ryoyo Group in the past ten years or a relative within the second degree of kinship of such a party
 - (2) A party that is or has been a Director, an Auditor or an employee of a major business partner (*1) of the Ryoyo Group in the past five years

- (3) A shareholder that holds 10% or more of the voting rights of the Company' shares (in the case of an institutional shareholder, this shall apply to business executives at such an institutional shareholder)
- (4) A provider of specialist services (*2) that has received ¥10 million or more of remuneration on an annual basis from the Ryoyo Group in the past five years
- (5) A party that has received a donation of ¥10 million or more on an annual basis from the Ryoyo Group in the past five years
- (6) A party that has a relationship with the Ryoyo Group in which exchange of Directors is carried out by mutual dispatch
- (7) Any other party with a significant interest in the Ryoyo Group
 - *1. This signifies a business partner that has a relationship with the Ryoyo Group that constitutes 2% or more of the consolidated net sales of the Ryoyo Group in the most recent fiscal year.
 - *2. This signifies an attorney, a certified public accountant, a certified public tax accountant, a judicial scrivener, a consultant or an advisor.

Proposal No. 4: Determination of Remuneration for Granting Restricted Shares to Directors

With regard to the amount of remuneration for Directors of the Company, it was approved at the 48th Annual Shareholders' Meeting held on April 25, 2008, that the annual remuneration shall be ¥280 million or less (the salary portion of a Director's remuneration for Directors that also serve as employees is not included), and at the 52nd Annual Shareholders' Meeting held on April 26, 2012, that separately from the said amount of remuneration, the annual remuneration for stock options shall be ¥100 million or less.

Now, in order to give Directors an incentive to endeavor to sustainably enhance the corporate value of the Company, as well as to promote further shared value between Directors and shareholders, the Company proposes to pay new remuneration for granting restricted shares (meaning shares with Transfer Restrictions as defined below) to Directors of the Company, separately from the aforementioned amounts of remuneration.

Note that subject to the approval and adoption of this proposal as originally proposed, the Company plans to abolish the stock option scheme for Directors, except for stock acquisition rights that were already granted under the scheme, and not grant stock acquisition rights as stock options to Directors in the future.

The total amount of monetary remuneration claims to be given to Directors (excluding outside Directors) of the Company ("Eligible Directors") for the purpose of granting them restricted shares based on this proposal shall be ¥100 million or less per year, as an amount considered reasonable in light of the aforementioned purposes. In addition, the specific allocation to each Eligible Director shall be determined by resolution of the Board of Directors.

The number of Directors is currently eight (8) (including two (2) outside Directors). Subject to the approval and adoption of Proposal No. 3 as originally proposed, the number of Directors will be nine (9) (including two (2) outside Directors).

Additionally, based on a resolution of the Board of Directors of the Company, Eligible Directors shall contribute all monetary remuneration claims to be provided under this proposal as property contributed in kind, and shall have shares of common stock of the Company be issued or disposed of, and the total number of shares of common stock of the

Company to be issued or disposed of in this way shall be 100 thousand shares or less per year (however, if a share split (including allotment of its shares of common stock without contribution) or a share consolidation of the Company's common stock is conducted on or after the date this proposal is approved and adopted, or if other circumstances arise whereby an adjustment is necessary to the total number of shares of common stock of the Company to be issued or disposed of as restricted shares, then the total number shall be adjusted within a reasonable range), and the amount to be paid in per share shall be determined by the Board of Directors within a range that is not particularly advantageous for Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the relevant date of resolution by the Board of Directors (if there are no trades on that day, the closing price on the most recent preceding day with trades). In addition, with regard to the issuance or disposition of shares of common stock of the Company, an agreement mainly containing the following provisions shall be concluded between the Company and each of the Eligible Directors for the allotment of restricted shares (the "Allotment Agreement").

- (1) An Eligible Director must not transfer, create a security interest on, or otherwise dispose of shares of common stock of the Company allotted under the Allotment Agreement (the "Allotted Shares") for a period between the date of delivery of the Allotted Shares and the day when the Eligible Director resigns or retires from the position of Director of the Company or any other position designated by the Board of Directors of the Company (the "Transfer Restriction Period" and such restrictions above as the "Transfer Restrictions").
- (2) If an Eligible Director loses his or her position defined in item (1) above before the period determined by the Board of Directors of the Company (the "Period of Service Rendered") expires, the Company shall automatically acquire the Allotted Shares without contribution, unless there are reasons recognized as justifiable by the Board of Directors of the Company.
- (3) Notwithstanding the provision of item (1) above, the Company shall lift the Transfer Restrictions on all Allotted Shares when the Transfer Restriction Period expires, provided an Eligible Director has been in his or her position designated in item (1) above continuously for the Period of Service Rendered. However, if the Eligible Director loses his or her position defined in item (1) above prior to the expiration of the

Period of Service Rendered for a reason recognized as justifiable by the Board of Directors of the Company as defined in item (2) above, the Transfer Restrictions shall be lifted on all the Allotted Shares held by the Eligible Director immediately after the loss of the position.

- (4) When the Transfer Restriction Period expires, the Company shall automatically acquire without contribution Allotted Shares on which the Transfer Restrictions have not been lifted based on the provision of item (3) above.
- (5) Notwithstanding the provision of item (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the extinct company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's shareholders' meeting (or at a meeting of its Board of Directors in cases where approval at the Company's shareholders' meeting is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Transfer Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.
- (6) In cases specified in item (5) above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not still been lifted as of the time immediately after the Transfer Restrictions were lifted based on the provision of item (5) above.
- (7) Procedures for conveying intentions and notifications concerning the Allotment Agreement, procedures for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be included in the terms and conditions of the Allotment Agreement.

(Reference)

The Company intends allotting restricted shares, of the same kind as the restricted shares explained above, to Executive Officers of the Company.