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(Securities Code: 5186)  
June 4, 2019

**To Shareholders with Voting Rights:**

Motonobu Nitta  
President and Representative Director  
Nitta Corporation  
4-26 Sakuragawa 4-chome, Naniwa-ku,  
Osaka, Japan

**NOTICE OF THE 90TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

You are cordially invited to attend the 90th Ordinary General Meeting of Shareholders of Nitta Corporation (the “Company”) to be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet (available Japanese language version only). Please refer to the Reference Documents for the General Meeting of Shareholders described hereinafter, and exercise your voting rights by 5:30 p.m. on Thursday, June 20, 2019 JST, according to the following procedures.

- 1. Date and Time:** Friday, June 21, 2019 at 10:00 a.m. JST
- 2. Venue:** Conference room, 11th floor of the Company’s head office, 4-26 Sakuragawa 4-chome, Naniwa-ku, Osaka, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company’s 90th Fiscal Year (from April 1, 2018 to March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 90th Fiscal Year (from April 1, 2018 to March 31, 2019)

**Proposals to be resolved:**

- Proposal No. 1:** Distribution of Surplus
- Proposal No. 2:** Election of Eight Directors
- Proposal No. 3:** Election of Two Audit & Supervisory Board Members
- Proposal No. 4:** Election of One Substitute Audit & Supervisory Board Member
- Proposal No. 5:** Determination of Remuneration for Granting Restricted Shares to Directors

## **Procedures for Exercise of Voting Rights**

- **Attending the meeting**

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.

Please be advised that persons other than shareholders of the Company such as proxies and persons accompanying shareholders are not permitted to attend the meeting.

- **Not attending the meeting**

- **Exercise of voting rights in writing**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by mail. The completed form must reach us by 5:30 p.m. on Thursday, June 20, 2019 JST.

- **Exercise of voting rights via the Internet, etc.**

Please see “Procedures for Exercise of Voting Rights via the Internet, etc.” described on page 5 herein (Japanese language version only), and exercise your voting rights by 5:30 p.m. on Thursday, June 20, 2019 JST.

\* If you have exercised your voting rights both in writing and via the Internet, etc., only the vote via the Internet, etc. shall be deemed effective. If you have exercised your voting rights more than once via the Internet, etc., or both via PC and cell phone, only the last vote shall be deemed effective.

## **Other Matters Regarding This Notice of Convocation**

1. Pursuant to the relevant laws and regulations and the provision of Article 14 of the Articles of Incorporation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.nitta.co.jp/>) and are not included in the attached documents for this notice of convocation.
2. The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board include the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements posted on the website above in addition to documents listed in the attached documents for this notice of convocation.

## **Note:**

Any updates occurring before the date of the General Meeting of Shareholders to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be informed in writing by mail or posted on the Company’s website (<https://www.nitta.co.jp/>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Distribution of Surplus

Distribution of surplus shall be conducted as follows.

### **Matters concerning the year-end dividend:**

The Company considers shareholder return an important management issue, and follows the basic policy of providing appropriate shareholder return in line with business results, at the same time strengthening and enriching corporate quality. In more practical terms, the Company determines shareholder return based on the fiscal year's business performance and forecast, taking into consideration the consolidated dividend payout ratio, as well as keeping the standard consistent. Retained earnings are utilized, with the long-term in mind, in various efforts to enhance corporate value, such as investments in research and development, in new businesses, and in the strengthening and subsidy of manufacturing equipment.

In accordance with the above policy, the Company proposes the payment of the year-end dividends for its 90th fiscal year as follows.

1. Type of dividend assets  
Cash
2. Allocation of dividend assets and the total amount of dividends  
35 yen per share of common stock of the Company  
Total amount of dividends: 1,024,017,785 yen

(Note) The Company's annual dividends for the current fiscal year are 68 yen per share of common stock of the Company, including interim dividends.


3. Effective date of distribution of surplus  
June 24, 2019

**Proposal 2:** Election of Eight Directors


The terms of office of all eight current Directors will expire at the close of this General Meeting. We propose the election of eight Directors.

The candidates are as follows:

No.		Name	Positions and responsibilities at the Company, and significant concurrent positions
1	Reappointed	Motonobu Nitta	President, Representative Director, and Executive Officer Member of Nomination and Remuneration Committee
2	Reappointed	Keiji Yoshimura	Director and Executive Officer Nara Plant Manager General Manager, Manufacturing Engineering Center In charge of safety, environment and quality, and purchasing
3	Reappointed	Yasunori Ishikiriyama	Director and Managing Executive Officer General Manager, Industrial Products Div.
4	Reappointed	Takeshi Kobayashi	Director and Managing Executive Officer In charge of general affairs and CSR promotion, management administration, and human resources
5	Reappointed	Takahiko Yoshida	Director and Executive Officer General Manager, Technical Center
6	Newly appointed	Haruki Shimada	Executive Officer Deputy General Manager, Nitta Moore Div., and Nabari Plant Manager
7	Reappointed (Candidate for Outside Director) (Candidate for independent officer)	Mitsuyuki Suga	Director Chairman of Nomination and Remuneration Committee Lawyer, Sakai-Suji Kyodo Law Offices
8	Reappointed (Candidate for Outside Director) (Candidate for independent officer)	Masataka Nakao	Director Member of Nomination and Remuneration Committee Owner, Offices of Certified Public Accountant Masataka Nakao Outside Audit & Supervisory Board Member, Okada Aiyon Corporation

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
1	 Motonobu Nitta (April 13, 1958) Reappointed	April 1983    Joined the Company April 2002    Director, Gates Unitta Asia Company January 2005 Vice President and Representative Director, Gates Unitta Asia Company June 2009    Director of the Company June 2013    Vice President and Director of the Company June 2014    President, Representative Director and Executive Officer of the Company (to present)	2,100
(Reasons for nomination as a candidate for Director) Mr. Motonobu Nitta has served as Director since June 2009, and has been utilizing his outstanding management expertise and contributing to strengthening the function of the Board of Directors as President and Representative Director since June 2014. The Company believes that, going forward, he is capable of continuing to properly monitor the management of the Company and contribute to the enhancement of corporate value as Director. Therefore, the Company reappointed him as a candidate for Director.			

(Note)      No conflict of interests exists between Mr. Motonobu Nitta and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
2	 Keiji Yoshimura (October 1, 1956) Reappointed	April 1982    Joined the Company June 2006    Department Manager, Products Development Dept., Gates Unitta Asia Company June 2013    General Manager, Manufacturing Engineering Center of the Company June 2014    Executive Officer, General Manager, Manufacturing Engineering Center, and in charge of safety, environment and quality of the Company June 2015    Director and Executive officer, Plant Manager, Nara Plant, General Manager, Manufacturing Engineering Center, and in charge of safety, environment, quality and purchasing of the Company (to present)	2,600
(Reasons for nomination as a candidate for Director) Mr. Keiji Yoshimura has served as Director since June 2015 and has been utilizing his wealth of experience and high-leveled expertise, as well as contributing to strengthening the function of the Board of Directors as the officer in charge of safety, environment and quality, and the manufacturing engineering division. The Company believes that, going forward, he is capable of continuing to properly monitor the management of the Company and contribute to the enhancement of corporate value as Director. Therefore, the Company reappointed him as a candidate for Director.			

(Note)      No conflict of interests exists between Mr. Keiji Yoshimura and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
3	 Yasunori Ishikiriyama (June 8, 1956) Reappointed	April 1981    Joined the Company April 2013    Deputy General Manager, Industrial Products Div. of the Company June 2015    Director and Executive Officer, General Manager, Industrial Products Div. of the Company June 2018    Director and Managing Executive Officer, General Manager, Industrial Products Div. of the Company (to present)	2,700
(Reasons for nomination as a candidate for Director) Mr. Yasunori Ishikiriyama has served as Director since June 2015, and has been utilizing his wealth of experience and outstanding management expertise, as well as contributing to strengthening the function of the Board of Directors as General Manager of the Belt and Rubber Products Div. The Company believes that, going forward, he is capable of continuing to properly monitor the management of the Company and contribute to the enhancement of corporate value as Director. Therefore, the Company reappointed him as a candidate for Director.			

(Note) No conflict of interests exists between Mr. Yasunori Ishikiriyama and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
4	 Takeshi Kobayashi (December 30, 1954) Reappointed	March 1978    Joined the Company April 2011    Senior Department Manager, Management Planning Unit of the Company June 2013    Executive Officer, in charge of human resources of the Company June 2015    Executive Officer, in charge of general affairs and CSR promotion, management administration, and human resources of the Company June 2017    Director and Executive Officer, in charge of general affairs and CSR promotion, management administration, and human resources of the Company June 2018    Director and Managing Executive Officer, in charge of general affairs and CSR promotion, management administration, and human resources of the Company (to present)	5,500
(Reasons for nomination as a candidate for Director) Mr. Takeshi Kobayashi has served as Director since June 2017 and has been utilizing his wealth of experience and outstanding management expertise in the Company's accounting and finance, human resources, general affairs, and planning departments for many years, as well as contributing to strengthening the function of the Board of Directors. The Company believes that, going forward, he is capable of continuing to properly monitor the management of the Company and contribute to the enhancement of corporate value as Director. Therefore, the Company reappointed him as a candidate for Director.			


(Note) No conflict of interests exists between Mr. Takeshi Kobayashi and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
5	 Takahiko Yoshida (February 20, 1962) Reappointed	April 1986    Joined the Company April 2017    Deputy General Manager, Technical Center of the Company June 2017    Executive Officer, Deputy General Manager, Technical Center of the Company June 2018    Director and Executive Officer, General Manager, Technical Center of the Company (to present)	8,000
(Reasons for nomination as a candidate for Director) Mr. Takahiko Yoshida has served as Director since June 2018 and has been utilizing his wealth of experience and high-level expertise, as well as contributing to strengthening the function of the Board of Directors as General Manager of the Technical Center. The Company believes that, going forward, he is capable of continuing to properly monitor the management of the Company and contribute to the enhancement of corporate value as Director. Therefore, the Company reappointed him as a candidate for Director.			

(Note) No conflict of interests exists between Mr. Takahiko Yoshida and the Company.


No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
6	 Haruki Shimada (May 17, 1956) Newly appointed	April 1977    Joined the Company July 2004    Department Manager, Products Development Dept., Nitta Moore Co., Ltd. April 2013    Deputy General Manager, Nitta Moore Company Div. of the Company July 2014    Deputy General Manager, Nitta Moore Div. and Plant Manager, Nabari Plant of the Company June 2015    Executive Officer, Deputy General Manager, Nitta Moore Div. and Plant Manager, Nabari Plant of the Company (to present)	2,300
(Reasons for nomination as a candidate for Director) Mr. Haruki Shimada has focused on the development of hose and tube products over many years and has accumulated a wealth of experience and expertise. In addition, he has served as Executive Officer since June 2015. The Company believes that he is capable of utilizing these experiences and expertise to properly monitor the management of the Company and contribute to the enhancement of corporate value as Director. Therefore, the Company appointed him as a candidate for Director.			

(Note) No conflict of interests exists between Mr. Haruki Shimada and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
7	 <p>Mitsuyuki Suga (December 21, 1944) Reappointed</p> <p>(Candidate for Outside Director) (Candidate for independent officer)</p> <p>Term of office as an Outside Director: 5 years</p> <p>Attendance of the Board of Directors meetings, etc. for fiscal 2018:</p> <p>Board of Directors meetings – 12/12 times</p> <p>Liaison meetings for Outside Directors – 12/12 times</p> <p>CSR Promotion and Risk Management Committee meetings – 4/4 times</p>	<p>April 1970 Registered as lawyer at the Tokyo Bar Association</p> <p>September 1971 Changed registration to the Osaka Bar Association</p> <p>April 1974 Lawyer, Sakai-Suji Kyodo Law Offices (to present)</p> <p>June 2014 Director of the Company (to present)</p>	-
<p>(Reasons for nomination as a candidate for Outside Director)</p> <p>Mr. Mitsuyuki Suga has accumulated a wealth of experience and high-level expertise as a lawyer, and has fully contributed to the monitoring of the Company's business executions since June 2014 as Outside Director. The Company believes that, going forward, he is capable of continuing to properly monitor the management of the Company and contribute to the enhancement of corporate value as Outside Director. Therefore, the Company reappointed him as a candidate for Outside Director.</p> <p>Furthermore, the Company has designated Mr. Mitsuyuki Suga as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Mr. Mitsuyuki Suga is approved, the Company will continue to designate him as an independent officer.</p>			

- (Note) 1. No conflict of interests exists between Mr. Mitsuyuki Suga and the Company.
2. The Company has entered into an agreement with Mr. Mitsuyuki Suga to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with him should he be reelected.



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
8	 <p>Masataka Nakao (August 15, 1952) Reappointed</p> <p>(Candidate for Outside Director) (Candidate for independent officer)</p> <p>Term of office as an Outside Director: 3 years</p> <p>Attendance of the Board of Directors meetings, etc. for fiscal 2018:</p> <p>Board of Directors meetings – 12/12 times</p> <p>Liaison meetings for Outside Directors – 12/12 times</p> <p>CSR Promotion and Risk Management Committee meetings – 4/4 times</p>	<p>April 1976    Joined Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>August 1979    Registered as Certified Public Accountant</p> <p>June 2001    Department Manager, 2nd Dept., Audit 1st Div., Osaka Office, Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>June 2001    Partner, Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>July 2015    Owner, Offices of Certified Accountant Masataka Nakao (to present)</p> <p>June 2016    Director of the Company (to present)</p> <p>June 2017    Outside Audit &amp; Supervisory Board Member, Okada Aiyon Corporation (to present)</p>	-
<p>(Reasons for nomination as a candidate for Outside Director)</p> <p>Mr. Masataka Nakao has accumulated a wealth of experience and high-level expertise as a certified public accountant and has fully contributed to the monitoring of the Company's business executions since June 2016 as Outside Director. The Company believes that, going forward, he is capable of continuing to properly monitor the management of the Company and contribute to the enhancement of corporate value as Outside Director. Therefore, the Company reappointed him as a candidate for Outside Director.</p> <p>Furthermore, the Company has designated Mr. Masataka Nakao as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Mr. Masataka Nakao is approved, the Company will continue to designate him as an independent officer.</p>			


- (Note) 1. No conflict of interests exists between Mr. Masataka Nakao and the Company.
2. The Company has entered into an agreement with Mr. Masataka Nakao to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with him should he be reelected.

**Proposal 3:** Election of Two Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Mr. Kiyotaka Inoue and Mr. Tsuneaki Teshima will expire at the close of this General Meeting. We propose the election of two Audit & Supervisory Members.

The Audit & Supervisory Board has given its consent to this proposal in advance.

The candidates are as follows:

	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company
1	 Kiyotaka Inoue (January 23, 1958) Reappointed	April 1982    Joined the Company April 2007    Department Manager, Quality Assurance Dept., ERM Div. of the Company April 2008    Department Manager, Human Resources Dept. of the Company April 2015    Senior Department Manager, Human Resources Dept. of the Company June 2017    Audit & Supervisory Board Member of the Company (to present)	1,800
(Reasons for nomination as a candidate for Audit & Supervisory Board Member) Mr. Kiyotaka Inoue has served as Audit & Supervisory Board Member since June 2017. The Company believes that he is capable of utilizing his wealth of experience and expertise in the Company's business and human resources Dept. for the Company's audit operations and continuing to further enhance audits. Therefore, the Company reappointed him as a candidate for Audit & Supervisory Member.			

(Note) No conflict of interests exists between Mr. Kiyotaka Inoue and the Company.

	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company
2	 <p>Tsuneaki Teshima (October 21, 1960) Reappointed</p> <p>(Candidate for Outside Audit &amp; Supervisory Board Member) (Candidate for independent officer)</p> <p>Term of office as an Outside Audit &amp; Supervisory Board Member: 1 year</p> <p>Attendance of the Board of Directors meetings, etc. for fiscal 2018:</p> <p>Board of Directors meetings – 9/9 times</p> <p>Audit &amp; Supervisory Board meetings – 9/9 times</p> <p>Liaison meetings for Outside Directors – 9/9 times</p> <p>CSR Promotion and Risk Management Committee meetings – 3/3 times</p>	<p>April 1983    Joined Nippon Life Insurance Company</p> <p>March 2010    Executive Officer and General Manager of Product Development Department, Nippon Life Insurance Company</p> <p>March 2011    Executive Officer and General Manager of Sendai Branch, General Manager of Tohoku Corporate Relations Management Dept., and Earthquake Disaster Recovery Bureau, Nippon Life Insurance Company</p> <p>March 2014    Managing Executive Officer and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p>July 2014    Director and Managing Executive Officer, and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p>March 2017    Director and Senior Managing Executive Officer, and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p>March 2018    Director, Nippon Life Insurance Company</p> <p>March 2018    Director, NLI Research Institute</p> <p>April 2018    President, NLI Research Institute (to present)</p> <p>June 2018    Outside Audit &amp; Supervisory Board Member of the Company (to present)</p>	-
<p>(Reasons for nomination as a candidate for Outside Audit &amp; Supervisory Board Member)</p> <p>Mr. Tsuneaki Teshima has served as Outside Audit &amp; Supervisory Board Member since June 2018 and has been utilizing his wealth of expertise, extensive knowledge and insight into business management for the Company's audit operations. The Company believes that he is capable of continuing to further enhance audits. Therefore, the Company reappointed him as a candidate for Outside Audit &amp; Supervisory Member.</p> <p>Furthermore, the Company has designated Mr. Tsuneaki Teshima as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Mr. Tsuneaki Teshima is approved, the Company will continue to designate him as an independent officer.</p>			


- (Notes) 1. No conflict of interests exists between Mr. Tsuneaki Teshima and the Company.
2. The Company has entered into an agreement with Mr. Tsuneaki Teshima to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with him should he be reelected.
3. Only the meetings held after Mr. Tsuneaki Teshima had assumed office on June 22, 2018 are included under Attendance of the Board of Directors meetings, etc.

**Proposal 4:** Election of One Substitute Audit & Supervisory Board Member

To prepare for any case where the number of Audit & Supervisory Board Members becomes less than the number required by laws and regulations, we propose the election of one Substitute Outside Audit & Supervisory Board Member.

The Audit & Supervisory Board has given its consent to this proposal in advance.

The candidate is as follows:

Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company
 Toshiro Miyabayashi (September 4, 1958)  (Candidate for Substitute Outside Audit & Supervisory Board Member)	July 1982    Joined Deloitte Haskins & Sells (currently Deloitte Touche Tohmatsu LLC) July 1985    Joined Eiwa Audit Corporation (currently KPMG AZSA LLC) June 2007    Partner, Eiwa Audit Corporation (currently KPMG AZSA LLC) August 2016    Owner, Offices of Certified Public Accountant Miyabayashi (to present)	-
<p>(Reasons for nomination as a candidate for Substitute Outside Audit &amp; Supervisory Board Member)</p> <p>Mr. Toshiro Miyabayashi has a wealth of experience and expertise as a certified public accountant. The Company believes that he is capable of utilizing these experiences and expertise in the Company's audit operations. Therefore, the Company appointed him as a candidate for Substitute Outside Audit &amp; Supervisory Member. Additionally, although he has not been involved in corporate management, the Company believes that, due to the above reasons, he would be able to appropriately fulfill his duties as Outside Audit &amp; Supervisory Board Member.</p> <p>Furthermore, he fulfills the requirements for independent officer stipulated by the Tokyo Stock Exchange, and the Company will apply to the Tokyo Stock Exchange and designate him as independent officer, in the event that he assumes office as Outside Audit &amp; Supervisory Board Member.</p>		

(Notes) 1. No conflict of interests exists between Mr. Toshiro Miyabayashi and the Company.

2. If Mr. Toshiro Miyabayashi assumes the position of Outside Audit & Supervisory Board Member, the Company will enter into an agreement with him to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations.

**Proposal 5:** Determination of Remuneration for Granting Restricted Shares to Directors

It was approved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016 that the annual maximum amount of remuneration for Directors of the Company shall be 300 million yen (of which, 20 million yen for Outside Directors). The Company hereby proposes the new provision of remuneration for granting restricted shares to Directors, separately from the above-mentioned remuneration limit, in order to provide them incentives to sustainably enhance the Company's corporate value and to facilitate further sharing of value between them and shareholders.

Based on this proposal, the maximum total amount of monetary remuneration to be paid for granting restricted shares to Directors (excluding Outside Directors; hereinafter "Eligible Directors") shall be 100 million yen per year, as deemed reasonable in light of the above-mentioned objectives. In addition, the specific allocation to each Eligible Director shall be determined by the Board of Directors.

The current number of Directors is eight (including two Outside Directors), and that number will be the same even if Proposal 2 is approved and passed as proposed.

Furthermore, in accordance with a resolution of the Board of Directors of the Company, Eligible Directors shall provide all monetary remuneration claims that arise under this proposal in the form of property contributed in kind, and receive common shares that the Company will issue or dispose of. The total number of common shares issued or disposed of by the Company in this regard shall not exceed 50,000 per year (however, this total number shall be adjusted within reasonable limits, if a stock split (including an allotment without contribution) or reverse stock split of the Company's common shares takes place after the date of approval and passing of this proposal, or if other circumstances arise that require adjustments to the total number of the Company's common shares to be issued or disposed of as restricted shares). The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the last business day before the date of each resolution of the Board of Directors (if there is no closing price on the date, the closing price on the last trading day before that date), and within a range that is not particularly advantageous to Eligible Directors. In addition, when the Company issues or disposes of its common shares to this effect, the Company and each Eligible Director shall enter a restricted share allocation agreement (hereinafter "Allocation Agreement"), which includes the contents outlined as below:

- (1) Eligible Directors shall not transfer, pledge, or otherwise dispose of the Company's common shares allocated under the Allocation Agreement (hereinafter "Allocated Shares") during the period (hereinafter "Transfer Restriction Period") from the issuance dates of the Allocated Shares to the dates on which they resign or retire from their Director, Executive Officer, or other positions defined by the Board of Directors of the Company (hereinafter collectively "Transfer Restrictions").
- (2) If Eligible Directors lose their positions described in (1) above before the expiration of a period specified by the Board of Directors (hereinafter "Service Period"), the Company shall rightfully acquire the Allocated Shares at no cost, unless there are reasons that the Board of Directors finds justifiable.
- (3) Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restrictions of all of the Allocated Shares upon the expiration of the Transfer Restriction Period, on the condition that the Eligible Director has continuously remained in his/her position described in (1) above throughout the Service Period. However, if the Eligible Director has lost his/her position described in (1) above before the expiration of the Transfer Restriction Period, for reasons that the Board of Directors finds justifiable as set forth in (2) above, the Company shall rationally adjust the number of the Allocated Shares from which the Transfer Restrictions will be lifted, and the lifting timing as necessary.
- (4) The Company shall rightfully acquire at no cost the Allocated Shares from which the Transfer Restrictions have not been lifted at the expiration of the Transfer Restriction Period in accordance with the provision of (3) above.
- (5) Notwithstanding the provision of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement under which the Company will be the absorbed entity, a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other corporate reorganizations, are approved at a General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors when an approval at a General Meeting of Shareholders is not required for such corporate reorganizations), the Company shall lift the Transfer Restrictions on the Allocated

Shares, whose number is reasonably determined considering the period from the commencement date of the Transfer Restriction Period to the date of approval of the corporate reorganization prior to its effective date, by a resolution of the Board of Directors.

- (6) In the case prescribed in (5) above, the Company shall rightfully acquire at no cost the Allocated Shares from which the Transfer Restrictions were not removed at the time immediately after the Transfer Restrictions were lifted in accordance with the provision of (5) above.
- (7) The methods of expressing an intention and giving a notification under the Allocation Agreement, the method of amending the Allocation Agreement, and other matters to be determined by the Board of Directors shall be included in the Allocation Agreement.

(Reference)

The Company plans to offer its Executive Officers the same restricted shares as those described above.