

Summary Translation

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Security Code (in Japan) 6588

June 11, 2020

Takayuki IKEDA

Representative Director

President and Chief Executive Officer

TOSHIBA TEC CORPORATION

1-11-1, Osaki, Shinagawa-ku,

Tokyo, Japan

Convocation Notice of the Ordinary General Meeting of Shareholders for the 95th Fiscal Year

Dear Shareholders;

Notice is hereby given that the Ordinary General Meeting of Shareholders of Toshiba Tec Corporation (the “Company”) for the 95th fiscal year will be held as described below.

If you exercise your voting rights before the meeting, after reviewing the Reference Material for the Ordinary General Meeting of Shareholders annexed hereto, please exercise your voting rights by sending back to us the attached voting right exercise form to the Company expressing your approval or disapproval of the proposals or filling in your votes for or against the proposals on the website (<https://www.web54.net>).

Your vote must reach the Company by 5:15 p.m., Thursday, June 25, 2020 (Japan Standard Time).

1. Date and Time

Friday, June 26, 2020, at 10:00 a.m. (Japan Standard Time)

2. Place

The Company's Osaki Office

Oval Court Osaki Mark East, 2-17-2, Higashi Gotanda, Shinagawa-ku, Tokyo, Japan

3. Agenda for the Meeting

a) Subject for Report

Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 95th Fiscal Year (from April 1, 2019 to March 31, 2020), and Audit Report for the Consolidated Financial Statements of the Certified Public Accountant and the Audit & Supervisory Board.

b) Subject for Resolutions

First Proposal:	Partial Amendment of the Articles of Incorporation
Second Proposal:	Election of twelve (12) Directors
Third Proposal:	Election of two (2) Auditors
Fourth Proposal:	Election of one (1) Substitute Outside Auditor
Fifth Proposal:	Determination of Remuneration Related to Transfer-Restricted Stock-Based Compensation and Performance-Linked Transfer-Restricted Stock-Based Compensation Systems to Executive Directors

Note: Payment of Cash Dividends

The Company decided to pay a cash dividend of ten (10) Japanese yen per one share with the approval of the Board of Directors convened on May 26, 2020.

The payment of cash dividends will begin on June 29, 2020.

Reference Material for the Ordinary General Meeting of Shareholders

First Proposal: Partial Amendment of the Articles of Incorporation

1. Reasons for Amendment

To newly establish a provision to make it possible to deem that a resolution of the Board of Directors has been made without holding a meeting of the Board of Directors, to strive for the flexible operation of the Board of Directors.

2. Details of Amendment

The details of the amendment are as follows.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendment
(New)	<u>(Omission of Resolution of the Board of Directors)</u> <u>Article 23-2</u> <u>In cases where Directors submit a proposal with respect to a matter that is the purpose of the resolution of the Board of Directors meeting, if all Directors (limited to Directors who are entitled to participate in the vote regarding such proposal) express their intention, in writing or by means of electromagnetic records, to consent to such proposal (except for the case where an Auditor states objections to such proposal), the Company shall deem that a resolution to approve such proposal at a Board of Directors meeting has been made.</u>

Notes: "Auditor" means the Audit & Supervisory Board Member.

Second Proposal: Election of twelve (12) Directors

1. Reasons for Proposal

The term of office of the current ten (10) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, and the Company will newly appoint two (2) additional Outside Directors highly independent from the Company in order to reinforce corporate governance.

Therefore, the Company proposes to elect the following twelve (12) Directors.

< Candidates for Directors >

Hironobu NISHIKORI *

Masami UCHIYAMA

Yukio INOUE

Masahiro YAMADA

Hitoshi KANEDA

Naohiro YAMAGUCHI

Junichi TAKEI

Michio KUWAHARA

Shin NAGASE

Masaharu KAMO *

Hiroataka MORISHITA *

Miho AOKI *

Notes

Underlined: Outside Director

* Newly proposed Director

2. Details for Proposal

Candidates for Directors are as follows.

(Continued on the following pages.)

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
1	Hironobu NISHIKORI * (August 2, 1956)	<p>April 1980 Joined Fujitsu Limited</p> <p>December 2006 Corporate Vice President, President, Storage Products Business Unit of Fujitsu Limited</p> <p>October 2009 Joined Toshiba Corporation, Assistant to President and Chief Executive Officer, Digital Media Network Company (in-house company) of Toshiba Corporation</p> <p>April 2010 General Manager, HDD Business Division, Storage Products Company (in-house company) of Toshiba Corporation</p> <p>June 2010 Executive Officer, Corporate Vice President of Toshiba Corporation</p> <p>June 2012 Executive Officer, Corporate Senior Vice President of Toshiba Corporation</p> <p>October 2013 President and Chief Executive Officer, Cloud & Solutions Company (in-house company) of Toshiba Corporation</p> <p>April 2015 President and Chief Executive Officer, Industrial ICT Solutions Company (in-house company) of Toshiba Corporation</p> <p>June 2017 Executive Officer, Corporate Executive Vice President of Toshiba Corporation</p> <p>July 2017 Responsible for Digital Solutions Business of Toshiba Corporation, Director and President and CEO of Toshiba Digital Solutions Corporation</p> <p>April 2020 Senior Executive Vice President, Assistant to the President of the Company (To date)</p>	—	—	1,000 shares

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
2	Masami UCHIYAMA (January 13, 1962)	<p>April 1984 Joined the Company</p> <p>January 2012 Technology Executive, System Solutions Business Group of the Company</p> <p>April 2014 General Manager, Chubu Main Branch of System Solutions Business Group of the Company</p> <p>July 2015 Vice President of the Company</p> <p>April 2017 Chief Marketing Executive, General Manager, Domestic Sales Promotion Management Division of Retail Solutions Business Group of the Company</p> <p>April 2018 Managing Director, Retail Solutions Business Group of the Company (To date)</p> <p>June 2018 Director, Senior Vice President of the Company</p> <p>April 2020 Director, Executive Vice President, Assistant to the President of the Company (To date)</p>	2 years	100% 14/14 meetings	2,800 shares
3	Yukio INOUE (January 3, 1962)	<p>April 1985 Joined Toshiba Corporation</p> <p>May 2010 Group Manager, Finance Group of Corporate Finance & Accounting Division of Toshiba Corporation</p> <p>May 2014 Chief Financial Officer of Toshiba of Europe Limited</p> <p>September 2015 Vice President of the Company</p> <p>September 2015 Chief Financial Officer, General Manager of Corporate Finance & Accounting Division of the Company (To date)</p> <p>October 2015 Director of the Company (To date)</p> <p>June 2018 Senior Vice President of the Company (To date)</p> <p>June 2019 Responsible for Internal Control Promotion of the Company (To date)</p>	5 years	100% 14/14 meetings	1,100 shares

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
4	Masahiro YAMADA (June 28, 1962)	<p>April 1985 Joined Toshiba Corporation</p> <p>April 2009 Director, Chairman of Toshiba America Business Solutions, inc.</p> <p>July 2012 Senior Manager, SCM & Procurement Division of Global Solutions Business Group of the Company</p> <p>October 2015 General Manager, Sales Promotion Management Division of Printing Solutions Business Group of the Company</p> <p>July 2016 Vice President of the Company</p> <p>April 2017 Chief Marketing Executive, Printing Solutions Business Group of the Company</p> <p>June 2018 Director, Senior Vice President, Managing Director, Printing Solutions Business Group of the Company (To date)</p>	2 years	100% 14/14 meetings	3,227 shares
5	Hitoshi KANEDA (March 27, 1960)	<p>April 1982 Joined the Company</p> <p>July 2009 Deputy General Manager, Corporate Human Resources & Administration Division of the Company</p> <p>June 2011 Representative Director, President and Chief Executive Officer of Toshiba Human Asset Services Corporation</p> <p>June 2014 General Manager, Corporate Human Resources & Administration Division of the Company (To date)</p> <p>July 2016 Vice President of the Company</p> <p>June 2018 Director, Responsible for Legal Service of the Company (To date)</p> <p>June 2019 Senior Vice President, Member, Nomination & Compensation Advisory Committee of the Company (To date)</p>	2 years	100% 14/14 meetings	4,100 shares

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
6	Naohiro YAMAGUCHI (March 10, 1962)	<p>April 1984 Joined the Company</p> <p>June 2011 Production Executive, Global Solutions Business Group, Assistant to General Manager, Production & Procurement Group of the Company</p> <p>July 2015 Vice President, General Manager, Production, Procurement & SCM Center, Chief Production Executive of the Company (To date)</p> <p>April 2017 Representative Director of Toshiba Tec Information Systems (Shenzhen) Co., Ltd. (To date)</p> <p>June 2017 Director of the Company (To date)</p>	3 years	100% 14/14 meetings	3,400 shares
7	Junichi TAKEI (September 30, 1962)	<p>April 1987 Joined the Company</p> <p>January 2012 Senior Manager, Strategic Planning Division of System Solutions Business Group of the Company</p> <p>April 2012 Senior Manager, Planning Division No.1 of Corporate Strategic Planning Group of the Company</p> <p>April 2016 Assistant General Manager, Overseas Retail Solutions Business Group of the Company</p> <p>June 2018 Vice President, Responsible for Corporate IT & Information Systems, General Manager, Corporate Strategic Planning Group, Corporate Marketing Officer of the Company (To date)</p> <p>June 2019 Director, Executive Quality Leader of the Company (To date)</p>	1 year	100% 11/11 meetings	1,445 shares

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
8	<u>Michio</u> <u>KUWAHARA</u> (October 24, 1948)	<p>April 1972 Joined Marubeni Corporation</p> <p>April 2002 Corporate Vice President of Marubeni Corporation</p> <p>April 2004 Corporate Senior Vice President of Marubeni Corporation</p> <p>April 2006 Corporate Executive Vice President of Marubeni Corporation</p> <p>April 2008 Senior Executive Vice President of Marubeni Corporation</p> <p>June 2008 Representative Director, Senior Executive Vice President of Marubeni Corporation</p> <p>May 2010 Representative Director, President and Chief Executive Officer of The Daiei, Inc. (Until May 2013)</p> <p>April 2016 Auditor of Tokyo University of Foreign Studies (To date)</p> <p>July 2016 Outside Director of the Company (To date)</p> <p>February 2017 Chairperson, Nomination & Compensation Advisory Committee of the Company (To date)</p> <p>March 2020 Outside Director of Katakura Industries Co., Ltd. (To date)</p>	4 years	100% 14/14 meetings	—

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
9	<u>Shin</u> <u>NAGASE</u> (March 13, 1950)	<p>April 1972 Joined ANA Holdings Inc.</p> <p>April 2001 Corporate Executive Officer of ANA Holdings Inc.</p> <p>April 2003 Corporate Executive Officer (<i>jomu shikkoyakuinn</i>) of ANA Holdings Inc.</p> <p>April 2004 Corporate Executive Officer (<i>joseki shikkoyakuinn</i>) of ANA Holdings Inc.</p> <p>June 2004 Member of the Board of Directors, Corporate Executive Officer of ANA Holdings Inc.</p> <p>April 2005 Executive Vice President (<i>jomu torishimariyaku</i>), Corporate Executive Officer of ANA Holdings Inc.</p> <p>April 2007 Executive Vice President (<i>senmu torishimariyaku</i>), Corporate Executive Officer of ANA Holdings Inc.</p> <p>April 2009 Senior Executive Vice President, Representative Director, Corporate Executive Officer of ANA Holdings Inc.</p> <p>April 2012 Representative Director, President and Chief Executive Officer of ANA Strategic Research Institute Co., Ltd. (Until March 2016)</p> <p>June 2016 Outside Director of Happinet Corporation (To date)</p> <p>June 2016 Outside Director of Mitsubishi Estate Co., Ltd. (To date)</p> <p>July 2016 Outside Director of the Company (To date)</p> <p>February 2017 Member, Nomination & Compensation Advisory Committee of the Company (To date)</p>	4 years	100% 14/14 meetings	—

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
10	Masaharu KAMO * (December 5, 1967)	<p>April 1992 Joined McKinsey & Company, Inc. Japan</p> <p>June 1996 Executive Vice President of Nikkodo Co., Ltd.</p> <p>November 2000 Executive Vice President of Usen Corp.</p> <p>June 2010 Executive Managing Officer of Lawson, Inc.</p> <p>March 2014 Senior Executive Managing Officer of Lawson, Inc.</p> <p>December 2016 Senior Advisor of Deloitte Thomatsu Financial Advisory LLC</p> <p>July 2017 Partner of McKinsey & Company, Inc. Japan</p> <p>January 2020 Joined Toshiba Corporation</p> <p>April 2020 Executive Officer, Corporate Senior Vice President, General Executive, Strategic Planning Division, Group Relations Division, Vice President, Strategic Planning Division of Toshiba Corporation (To date)</p>	—	—	—

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
11	<u>Hiroataka</u> <u>MORISHITA</u> * (October 7, 1950)	<p>April 1976 Joined Toyota Industries Corporation</p> <p>March 1999 General Manager, Production Engineering Division, Automobile Group of Toyota Industries Corporation</p> <p>June 2005 Director of Toyota Industries Corporation</p> <p>June 2006 Managing Director of Toyota Industries Corporation</p> <p>June 2006 President and Chief Executive Officer of Izumi Machine Mfg. Co., Ltd. (Until February 2008)</p> <p>June 2008 President and Chief Executive Officer of Toyota Motor Industries Poland Sp.z o.o (Until June 2011)</p> <p>June 2008 Senior Managing Officer of Toyota Industries Corporation</p> <p>June 2010 Director of Toyota Industries Corporation</p> <p>June 2011 Senior Managing Director of Toyota Industries Corporation</p> <p>June 2013 Representative Director, Executive Vice President of Toyota Industries Corporation (Until June 2016)</p>	—	—	—

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Years in office as Director	Attendance Record at Board of Directors Meetings	Number of Company's shares owned by the candidate
12	<u>Miho</u> <u>AOKI</u> * (April 12, 1961)	<p>April 1983 Joined Boston Consulting Group (Until July 1985)</p> <p>June 1987 Completed Harvard University Graduate School of Business (MBA)</p> <p>August 1987 Associate of Salomon Brothers Inc.</p> <p>January 1990 Director of Pfizer Inc.</p> <p>September 1995 General Manager of Estee Lauder Group of Companies Japan</p> <p>June 2001 Vice President of Deloitte Thomatsu Consulting Co., Ltd.</p> <p>July 2005 Representative Director of Esquel Japan Limited</p> <p>March 2008 Executive Vice President of Amway Japan LLC. (Until July 2010)</p> <p>April 2017 Part-time Lecturer, Department of Food Safety and Management of Showa Women's University</p> <p>April 2019 Specially Appointed Associate Professor, Department of Food Safety and Management of Showa Women's University</p> <p>April 2020 Associate Professor, Department of Food Safety and Management of Showa Women's University (To date)</p>	—	—	—

Notes

Underlined: Outside Director

* Newly proposed Director

Third Proposal: Election of two (2) Auditors

1. Reasons for Proposal

The term of office of the current two (2) Auditors (Michio SUZUKI and Hideo TABUCHI) will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes to elect the following two (2) Auditors.

< Candidates for Auditors >

Kouki TOMISAWA *

Yoshihiro UMEHA *

Notes

Underlined: Outside Auditor

* Newly proposed Auditor

"Auditor" means the Audit & Supervisory Board Member.

2. Details for Proposal

Candidates for Auditors are as follows.

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Number of Company's shares owned by the candidate
1	Kouki TOMISAWA * (November 9, 1961)	September 1987 Joined the Company October 2005 Senior Manager, Finance & Accounting Department, Ohito Business Center, Retail Information Systems Company (in-house company) of the Company May 2006 Group Manager, Control & Analysis Group, Finance & Accounting Division of the Company November 2008 Senior Manager, Accounting Division, Corporate Finance & Accounting Group of the Company December 2009 Senior Manager, Control & Analysis Division, Corporate Finance & Accounting Group of the Company May 2013 Senior Manager, Finance & Accounting Division No.1, Corporate Finance & Accounting Group of the Company (To date)	600 shares

	Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Number of Company's shares owned by the candidate
2	<u>Yoshihiro</u> <u>UMEHA</u> * (March 15, 1955)	<p>April 1977 Joined Mitsubishi Chemical Industries Limited</p> <p>May 2005 General Manager, Carbon Chemicals Management Division of Mitsubishi Chemical Corporation</p> <p>June 2008 Executive Officer of Mitsubishi Chemical Corporation</p> <p>April 2012 Director, Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>June 2015 Director, Member of the Audit Committee of Mitsubishi Chemical Holdings Corporation</p> <p>June 2016 Director, Chairperson of the Audit Committee of Mitsubishi Chemical Holdings Corporation (Until June 2019)</p> <p>April 2020 Visiting Professor, Graduate School of Economics of Senshu University (To date)</p>	—

Notes

Underlined: Outside Auditor

* Newly proposed Auditor

Fourth Proposal: Election of one (1) Substitute Outside Auditor

1. Reasons for Proposal

The effective term of the current Substitute Outside Auditor, Tsuyoshi SAGAYA will expire at the beginning of this Ordinary General Meeting of Shareholders.

Therefore, in order to fill in without delay any future vacancy in Outside Auditors, the Company proposes to elect the following one (1) Substitute Outside Auditor.

Please refer to the attachment for details on the candidate for Substitute Outside Auditor.

< Candidate for Substitute Outside Auditor >

Tsuyoshi SAGAYA

2. Details for Proposal

Candidate for Substitute Outside Auditor is as follows.

Name (Birthday)	Career Highlights, Positions, Significant Concurrent Positions	Number of Company's shares owned by the candidate
Tsuyoshi SAGAYA (September 6, 1973)	October 2001 Registered as Attorney at Law (To date) October 2001 Joined Tokiwa Law Office January 2004 Joined Oh-Ebashi LPC & Partners October 2007 Joined Tokiwa-Law Office January 2010 Established Sagaya Law Office Managing Director of Sagaya Law Office (To date) June 2016 Substitute Outside Auditor of the Company (To date)	—

Fifth Proposal: Determination of Remuneration Related to Transfer-Restricted Stock-Based Compensation and Performance-Linked Transfer-Restricted Stock-Based Compensation Systems to Executive Directors

At the Ordinary General Meeting of Shareholders for the 91st fiscal year held on June 24, 2016, the Company has determined the amount of remuneration for Directors to be not more than 300 million yen per year (including not more than 42 million yen per year for Outside Directors), and the amount of new share acquisition rights in the form of stock option for a stock-linked compensation plan for Executive Directors to be not more than 30 million yen per year.

On this occasion, as part of its efforts to review the executive compensation system, the Company would like to introduce new “Transfer-Restricted Stock-Based Compensation” and “Performance-Linked Transfer-Restricted Stock-Based Compensation” systems (hereinafter, the “Systems”) for the Company’s Executive Directors (hereinafter, the “Eligible Directors”), separately from the existing remuneration, in order to make incentives toward medium- to long-term improvements in business results effectively function and to aim for further sharing of values among Eligible Directors and shareholders.

Following the introduction of the Systems, the existing new share acquisition rights in the form of stock option for a stock-linked compensation plan shall be abolished, along with the remuneration amount related to the said system (not more than 30 million yen per year).

Based on this proposal, the remuneration to be provided to Eligible Directors for granting “Transfer-Restricted Stock-Based Compensation” and “Performance-Linked Transfer-Restricted Stock-Based Compensation” shall be in the form of monetary receivables (hereinafter, the “Monetary Compensation Receivables”). However, remuneration to grant “Transfer-Restricted Stock-Based Compensation” and “Performance-Linked Transfer-Restricted Stock-Based Compensation” shall not be provided to Non-Executive Directors other than Eligible Directors. In addition, the Board of Directors shall determine the specific timing of provision and allotment to each Eligible Director.

While the current number of Directors is ten (10) (of which two (2) are Outside Directors), if the Second Proposal “Election of twelve (12) Directors” is approved as originally proposed, the number of Directors will be twelve (12) (of which four (4) are Outside Directors), and the number of Executive Directors will be seven (7).

Monetary Compensation Receivables to be granted to Eligible Directors shall be not more than 30 million yen per year of “Transfer-Restricted Stock-Based Compensation” and not more than 100 million yen per year of “Performance-Linked Transfer-Restricted Stock-Based Compensation,” for a total of not more than 130 million yen per year. Based on the resolution of the Board of Directors, the Eligible Directors shall make in-kind contribution of all Monetary Compensation Receivables to be granted under the Systems and the common shares of the Company shall either be issued or disposed of by the Company with the upper limit set at 14,000 shares per year for “Transfer-Restricted Stock-Based Compensation” and 46,000 shares per year for “Performance-Linked Transfer-Restricted Stock-Based Compensation”, for a total of 60,000 shares or less per year (However, the total number of shares shall be adjusted within a reasonable range in the case that the Company conducts a stock split (including an allotment of its common shares without contribution) or a reverse stock split of its common shares, or any other reason that requires an adjustment to the total number of common shares of the Company to be issued or disposed of by the Company as transfer-restricted stock, on or after the date of the approval of this proposal; the same shall apply hereinafter).

Note that the amount to be paid in per share for issuance or disposal of the Company’s common shares under the Systems shall be the amount determined by the Board of Directors within the range that is not particularly advantageous to the Eligible Directors who will receive such common shares of the Company, based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of resolution of the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day; the same shall apply hereinafter).

[Overview of the Transfer-Restricted Stock-Based Compensation System]

The “Transfer-Restricted Stock-Based Compensation” system provides Monetary Compensation Receivables to Eligible Directors, each fiscal year in principle, to grant “Transfer-Restricted Stock-Based Compensation.” By having the Eligible Directors make in-kind contribution of all of the said Monetary Compensation Receivables, the Company allots its common shares to be issued or disposed of by the Company for them to hold. When allotting the Company’s common shares to the Eligible Directors under the “Transfer-Restricted Stock-Based Compensation” system, the Company and Eligible Directors shall conclude a contract for allotment of transfer-restricted stock (hereinafter, the “Allotment Contract”) containing the following contents.

(1) Transfer restriction period

An Eligible Director shall not transfer the common shares of the Company for which allocation is received under the Allotment Contract (hereinafter, the “Allotted Shares”), neither create a security interest on the Allotted Shares, nor dispose of the Allotted Shares in any other way (hereinafter, the “Transfer Restrictions”) during the period from the date of allotment under the Allotment Contract to the time immediately after the time of the Eligible Director’s retirement from the post predetermined by the Board of Directors of the Company (hereinafter the “Transfer Restriction Period”).

(2) Treatment in the event that a Director leaves his/her post or retires

In the case that an Eligible Director leaves his or her post predetermined by the Board of Directors of the Company before the end of the period from the date of allotment under the Allotment Contract to the conclusion of the first Ordinary General Meeting of Shareholders held after the date of allotment (hereinafter, the “Service Provision Period”), the Company shall acquire the Allotted Shares rightfully without consideration except in the case of death or any other justifiable reason (hereinafter, the “Justifiable Reason”) for the Eligible Director to leave his or her post.

(3) Lifting of the transfer restrictions

Notwithstanding the provision in (1) above, the Company shall lift the Transfer Restrictions on all of the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that the Eligible Director has continuously held the post predetermined by the Board of Directors of the Company during the Service Provision Period. However, in the case that the said Eligible Director leaves his or her post predetermined by the Board of Directors of the Company prior to the expiration of the Service Provision Period for Justifiable Reason, the number of the Allotted Shares for which the Transfer Restrictions are to be lifted and the timing of the lifting of the Transfer Restrictions shall be reasonably adjusted as necessary. In addition, at the time immediately after the lifting of Transfer Restrictions in accordance with the abovementioned provisions, the Company shall acquire the Allotted Shares for which the Transfer Restrictions have not been lifted, rightfully without consideration.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provision in (1) above, in the case that matters regarding merger contracts under which the Company becomes the non-surviving company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or at a Meeting of the Board of Directors of the Company in the case that approval by the General Meeting of Shareholders of the Company is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall lift, based on the resolution of the Board of Directors, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. with regard to a reasonable number of Allotted Shares in light of the period from the commencement date of the Transfer Restriction Period to the date of approval of the said organizational restructuring, etc. Furthermore, at the time immediately after the lifting of Transfer Restrictions in accordance with the abovementioned provisions, the Company shall acquire the Allotted Shares for which the Transfer Restrictions have not been lifted, rightfully without consideration.

(5) Other matters

Other matters regarding the Allotment Contract shall be determined by the Board of Directors.

[Overview of the Performance-Linked Transfer-Restricted Stock-Based Compensation System]

The “Performance-Linked Transfer-Restricted Stock-Based Compensation” system provides Monetary Compensation Receivables to grant “Performance-Linked Transfer-Restricted Stock-Based Compensation” to Eligible Directors after the end of one (1) fiscal year in principle (hereinafter, the “Performance Evaluation Period”), commensurate with the achievement status of quantitative indicators including profitability, growth rate, and asset efficiency and qualitative indicators such as initiatives that lead to future business achievements that have been predetermined by the Board of Directors (hereinafter, the “Performance Targets, etc.”) for the Performance Evaluation Period. By having the Eligible Directors make in-kind contribution of all of the said Monetary Compensation Receivables, the Company allots its common shares to be issued or disposed of by the Company for them to hold. The method to calculate the amount of Monetary Compensation Receivables to be granted to the Eligible Directors, the allotment conditions of the Company’s common shares to the Eligible Directors, etc. are as follows.

When allotting the Company’s common shares to the Eligible Directors under the “Performance-Linked Transfer-Restricted Stock-Based Compensation” system, the Company shall establish transfer restrictions by concluding a contract for allotment of transfer-restricted stock equivalent to the Allotment Contract described in [Overview of the Transfer-Restricted Stock-Based Compensation System] above.

(1) Method to calculate the amount of Monetary Compensation Receivables

The amount of Monetary Compensation Receivables to be granted to the Eligible Directors under the “Performance-Linked Transfer-Restricted Stock-Based Compensation” system shall be calculated by multiplying the number of the Company’s common shares to be eventually allotted to the Eligible Directors (hereinafter, the “Final Number of Allotted Shares”) by a price that is not particularly advantageous to the Eligible Directors, based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of resolution of the Board of Directors to determine issuance or disposal of shares for the said allotment, held after the end of the Performance Evaluation Period (hereinafter, the “Board of Directors Resolution Date of Allotment”). The Final Number of Allotted Shares shall be the amount obtained by multiplying the total amount of performance-linked compensation determined in consideration of the achievement status of the Performance Targets, etc. and the stock-based compensation ratio by position predetermined by the Board of Directors, divided by a price that is not particularly advantageous to the Eligible Directors, based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the Board of Directors Resolution Date of Allotment.

(2) Allotment conditions of the Company’s common shares to the Eligible Directors

The Company shall allot the Company’s common shares in the Final Number of Allotted Shares to the Eligible Directors after the end of the Performance Evaluation Period in the event that the Eligible Directors fulfill both of the following requirements or in the event that the Board of Directors deems it necessary to achieve the intent of the Systems.

- 1) Eligible Directors have continuously held the post predetermined by the Board of Directors of the Company during the Performance Evaluation Period
- 2) There were no certain wrongful activities determined by the Board of Directors

In the event that there is an Eligible Director who has been newly appointed during the Performance Evaluation Period or an Eligible Director has left his or her post predetermined by the Board of Directors of the Company for Justifiable Reason during the Performance Evaluation Period (except in the event of retirement due to death), the Company shall reasonably adjust the number of common shares of the Company to be allotted to the said Eligible Director or retiree based on factors including the length of tenure. In addition, in the event of death of an Eligible Director during the Performance Evaluation Period, based on the resolution of the Board of Directors, the Company shall provide money in the amount reasonably adjusted based on the length of tenure, instead of the common shares of the Company, to an heir who is a successor to the said Eligible Director.

(3) Treatment in the event of organizational restructuring, etc.

In the case that matters regarding merger contracts under which the Company becomes the non-surviving company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or at a Meeting of the Board of Directors of the Company in the case that approval by the General Meeting of Shareholders of the Company is not required regarding the said organizational restructuring, etc.) during the Performance Evaluation Period, the Company shall provide to the Eligible Directors, based on the resolution of the Board of Directors, money in the amount reasonably adjusted based on the length of time from the commencement date of the Performance Evaluation Period to the date of approval of the said organizational restructuring, etc., instead of the common shares of the Company.

(Reference)

The Company plans to allot common shares of the Company to be issued or disposed of by the Company by granting “Transfer-Restricted Stock-Based Compensation” and “Performance-Linked Transfer-Restricted Stock-Based Compensation” that are equivalent to the details of the Systems to Vice Presidents who do not concurrently serve as Directors of the Company, based on the resolution of the Board of Directors, in addition to Eligible Directors.

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