

Securities Code: 6099
March 8, 2021

To Our Shareholders

15-12 Idegawa-machi, Matsumoto-shi, Nagano
ELAN Corporation
Representative Director & President Hideharu Sakurai

Notice of Convocation of the 27th Annual General Meeting of Shareholders

We would firstly like to thank you for your continued support.

We hereby notify you of the 27th Annual General Meeting of Shareholders of ELAN to be held as outlined below.

You are entitled to exercise your voting rights through any of the following means rather than attending the General Meeting of Shareholders in person on the day. Please take the time to review the attached Reference Documents for the General Meeting of Shareholders in exercising your voting rights.

[In the Case of Exercise of Voting Rights in Writing]

Please indicate your vote in favor or against the proposals on the enclosed voting form and then return the voting form to arrive by 5:30 p.m., Monday, March 22, 2021.

[In the Case of Exercise of Voting Rights via the Internet]

Please access our designated website for exercising voting rights (<https://soukai.mizuho-tb.co.jp/>) and follow the on-screen instructions to enter your vote in favor or against the proposals by 5:30 p.m., Monday, March 22, 2021.

Please ensure that you check “Guide to Exercise of Voting Rights via the Internet” on page 5 when exercising voting rights via the internet.

In taking every precaution to prevent the spread of COVID-19 and protect the health of shareholders, all shareholders, no matter your health condition, are urged to exercise your voting rights in writing or via the internet and refrain from coming to the venue of the General Meeting of Shareholders on the day.

Details

1. Date and Time 10:00 a.m., Tuesday, March 23, 2021
2. Venue Miyabie, 3F, Alpico Plaza Hotel 1-3-21 Fukashi, Matsumoto-shi, Nagano
(Please refer to the map to the venue at the end of this document.)
3. Agenda
 - Matters to Be Reported
 1. Report on the Business Report, Consolidated Financial Statements, and Results of Audits of Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee for the 27th Business Year (from January 1, 2020 to December 31, 2020)
 2. Report on the Non-Consolidated Financial Statements for the 27th Business Year (from January 1, 2020 to December 31, 2020)
 - Matters to Be Resolved
 - Proposal No. 1: Appropriation of Surplus
 - Proposal No. 2: Partial Amendments to the Articles of Incorporation
 - Proposal No. 3: Election of Five Directors (excluding directors who also serve as Audit & Supervisory Committee members)
 - Proposal No. 4: Introduction of Performance-Linked Share-Based Remuneration Plan for Directors (excluding directors who also serve as Audit & Supervisory Committee members)

End

- ◎ Upon your attendance on the day, please submit the enclosed voting form to the reception at the venue.
- ◎ If voting rights are exercised via both the voting form and the internet, the exercise of voting rights via the internet shall be the one deemed valid.
- ◎ If voting rights are exercised multiple times via the internet, the final vote cast shall be the one deemed valid.
- ◎ If a vote in favor or against the proposals has not been indicated on the voting form, the voting form shall be deemed as one indicating a vote in favor.
- ◎ If a proxy is to attend the General Meeting of Shareholders, the proxy shall be one other shareholder with voting rights pursuant to the provisions of Article 17 of the Articles of Incorporation. Please note that a document evidencing the authority of proxy must be submitted in that case.
- ◎ There will be no distribution of gifts on the day.
We ask for your understanding.
- ◎ Please refrain from filming, photographing or recording visual images or audio at the venue on camera, smartphone, mobile phone or such.
- ◎ Of the documents to be provided in this Notice of Convocation of the Annual General Meeting of Shareholders, the following matters are posted on the internet on ELAN's website (URL: <https://www.kkelan.com>) pursuant to the provisions of laws, regulations and Article 15 of the Articles of Incorporation.
 - ① Tables of explanatory notes on consolidated financial statements
 - ② Tables of explanatory notes on non-consolidated financial statements
 These matters are included in the consolidated financial statements and the non-consolidated financial statements audited upon preparation of the audit report by the Audit & Supervisory Committee and the financial audit report by the financial auditor.
- ◎ Amendments, if any, to the Reference Documents for the General Meeting of Shareholders, business report, non-consolidated financial statements or consolidated financial statements will be posted on the internet on our website (URL: <https://www.kkelan.com>).
- ◎ As a precaution against the spread of COVID-19, shareholders coming to the venue will be subject to measurement of body temperature prior to the reception and refused entry into the venue if found to have high temperatures of 37.5°C or higher. Shareholders not properly wearing face masks will also be asked to refrain from entering the venue. We ask for your understanding and cooperation.
- ◎ Please understand that the directors and other officers as well as the organizing staff will be attending wearing face masks at the venue of the General Meeting of Shareholders.
- ◎ Please be advised in advance that the attendance of our directors and other officers, too, may be limited to a few members or online, regardless of their health condition on the day of the General Meeting of Shareholders, in view of minimizing the risk of the spread of COVID-19 or the business continuity of the company.

Notice of Cancellation of Business Briefing Session	The "Business Briefing Session" for the purpose of deepening understanding for our business had been planned for after the close of the Annual General Meeting of Shareholders, but the decision has been made to cancel the "Business Briefing Session" as was the case in the previous year in light of the impact of COVID-19 and other various circumstances.
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Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

With return of profit to shareholders regarded as one of the most important management tasks, ELAN proposes to distribute the following year-end dividends for the fiscal year under review based on a comprehensive consideration of future business expansion and other factors while making it a basic policy to maintain stable dividends.

Matters Concerning Year-End Dividends

- ① Type of Dividend Property
Cash
- ② Matters Concerning the Allotment of Dividend Property and the Total Amount Thereof
14 yen per share of ELAN common shares
Total amount of 424,193,434 yen
- ③ Date on which Dividends of Surplus Takes Effect
March 24, 2021

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Motion

Additions and amendments are being made to the business purpose in order to prepare for future expansion and diversification of the scope of business, foray into new businesses, etc., along with clarifying the lines of business in line with the present state of ELAN's business.

2. Content of the Amendments

The following is the content of the amendments. The amendments to the Articles of Incorporation by resolution of this Proposal shall take effect upon the conclusion of this General Meeting of Shareholders. (The amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
Chapter 1 General Provisions	Chapter 1 General Provisions
Article 1 (Omitted)	Article 1 (No amendment)
(Purpose)	(Purpose)
Article 2 The purpose of the Company shall be to engage in the following businesses.	Article 2 The purpose of the Company shall be to engage in the following businesses.
(1) Planning, sale, and rental and lease of <u>daily items</u> , bedding, sleepwear, towels, nursing care supplies, etc.	(1) Planning, sale, rental and lease, <u>and import and export of daily necessities, medical supplies, sanitary supplies, disposable diaper pads, bedding, sleepwear, towels, health appliances, medical devices, welfare devices, welfare supplies,</u> nursing care supplies, etc.
(2) Provision of educational, cultural, recreational and other services	(2) Provision of <u>medical, nursing care, welfare, health,</u> educational, cultural, recreational and other services
(3) Operation, administration and management of medical <u>facilities</u> , <u>nursing</u> facilities, fee-based homes for the elderly, low-cost homes for the elderly, and housing for the elderly	(3) Operation, administration and management of medical <u>institutions, welfare facilities for the elderly,</u> fee-based homes for the elderly, low-cost homes for the elderly, housing for the elderly, <u>and other nursing care and medical care related facilities</u>
(4)–(8) (Omitted)	(4)–(8) (No amendment)
(Newly established)	(9) <u>Guarantee business and related contract services</u>
(Newly established)	(10) <u>Motor truck transportation business, consigned freight forwarding business and warehousing business</u>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>(11) Consultation, advisory and information provision services in medical care and nursing care, and peripheral fields</u>
(Newly established)	<u>(12) Planning, development, designing, manufacturing, operation, sale, leasing, maintenance, administration, and import and export of software, hardware, etc. utilizing IT</u>
(Newly established)	<u>(13) Contact center and contact center system services</u>
(Newly established)	<u>(14) Wholesale business, retail business and mail order sales business</u>
(Newly established)	<u>(15) Advertising agency business</u>
(Newly established)	<u>(16) Telecommunications business</u>
(Newly established)	<u>(17) Management of eating/drinking establishments</u>
(Newly established)	<u>(18) Sale and purchase of secondhand articles</u>
(Newly established)	<u>(19) Trading business</u>
(Newly established)	<u>(20) Corporate venture capital business</u>
<u>(9)</u> Any business related or incidental to the preceding items	<u>(21)</u> Any business related or incidental to the preceding items
Article 3–Article 43 (Omitted)	Article 3–Article 43 (No amendment)
Supplementary Provisions (Omitted)	Supplementary Provisions (No amendment)

Proposal No. 3: Election of Five Directors

(excluding directors who also serve as Audit & Supervisory Committee members)

The term of office of all (five) directors (excluding directors who also serve as Audit & Supervisory Committee members; the same shall apply hereinafter in this Proposal) will expire upon the conclusion of this General Meeting of Shareholders.

Accordingly, the election of five directors, including one outside director, is requested.

All of the candidates for directors have been deemed suitable for the position by ELAN's Audit & Supervisory Committee for this Proposal.

The candidates for directors are as follows:

Candidate No.	Name (Date of Birth)	Brief Biographical Outline, Positions and Assignments, and Status of Important Concurrent Holding of Positions		Number of ELAN Shares Held
1	Hideharu Sakurai (Mar. 28, 1970)	Apr. 1988	Joined K.K. Honda Clio Sagamihara (now, K.K. Honda Cars Kanagawanishi)	6,000,000 shares
		Jan. 1990	Joined Nippon Columbia DCS Hanbai K.K.	
		Feb. 1991	Joined Y.K. Yoshitoyo (now, K.K. People)	
		Feb. 1995	Established ELAN Corporation Representative Director, ELAN Corporation	
		Nov. 2008	Representative Director, LTASK Corporation	
		Oct. 2016	Representative Director & President and General Manager of Sales Department, ELAN Corporation	
		Feb. 2017	Representative Director & Chairperson, LTASK Corporation	
		Jan. 2018	Representative Director & President, ELAN Corporation (current position)	
		Mar. 2020	Representative Executive Officer, ELAN Corporation (current position)	
(Reasons for Nomination as Candidate for Director)				
Hideharu Sakurai, as founder, has been leading ELAN to rise to its position as pioneer of the hospitalization support set business by developing hospitalization support sets as a business in an organized fashion with his strong leadership and ability to execute since the founding of ELAN. He has been nominated as candidate for director on the judgment that his continued role in the management of ELAN at the core of promoting business would serve to enhance the corporate value of ELAN.				

Candidate No.	Name (Date of Birth)	Brief Biographical Outline, Positions and Assignments, and Status of Important Concurrent Holding of Positions		Number of ELAN Shares Held
2	Tomohiro Minezaki (Sept. 7, 1972)	Apr. 1997	Joined Nakajima Yuzo Zeirishi Jimusho	240,000 shares
		Dec. 1999	Joined Y.K. ISO	
		Aug. 2003	Joined ELAN Corporation	
		Jan. 2009	Manager of Sales Division, ELAN Corporation	
		July 2011	Director, ELAN Corporation Manager of Sales Division, ELAN Corporation	
		Oct. 2012	Director and Manager of East Japan Area Sales Division, ELAN Corporation	
		Mar. 2014	Director (in charge of sales), ELAN Corporation	
		Feb. 2016	Director and Manager of Sales Division, ELAN Corporation	
		Oct. 2016	Director and Deputy General Manager of Sales Department, ELAN Corporation	
		Feb. 2017	Director, LTASK Corporation	
		Jan. 2018	Director and General Manager of Operations Department, ELAN Corporation	
		Sept. 2018	Director, ELAN Service Corporation	
		Jan. 2019	Director and Deputy General Manager of Sales Department, ELAN Corporation	
		Jan. 2020	Director and General Manager of Sales Department, ELAN Corporation	
		Mar. 2020	Executive Officer, ELAN Corporation (current position)	
Jan. 2021	Director in Charge of Sales, ELAN Corporation (current position)			
(Reasons for Nomination as Candidate for Director)				
Tomohiro Minezaki, as a member from the launch of the nursing- and medical-care-related business, has been contributing to the growth of ELAN’s business through sales activities consistently since joining the company. He was placed in charge of the Operations Department in 2018 where he gained experience in management of the body engaging in individual invoicing operations, after which he returned to the Sales Department in 2019 and contributed tremendously to enhancing ELAN’s business performance as General Manager of the Sales Department from 2020. He has been placed in charge of all aspects of sales to take on managerial judgments from a broader perspective as Director and Executive Officer from January 2021. He has been nominated as candidate for director on the judgment that he would continue to play his part in the management of ELAN by drawing on such experience and accomplishments.				

Candidate No.	Name (Date of Birth)	Brief Biographical Outline, Positions and Assignments, and Status of Important Concurrent Holding of Positions		Number of ELAN Shares Held
3	Daiki Akiyama (Sept. 17, 1978)	Nov. 2003	Joined Grant Thornton Yamada & Partners	20,000 shares
		Mar. 2012	Joined ELAN Corporation	
		Feb. 2017	Director, LTASK Corporation	
		Apr. 2017	Manager of Corporate Management Division, Administration Department, ELAN Corporation	
		Jan. 2019	General Manager of Administration Department and Manager of Corporate Management Division, ELAN Corporation	
		Mar. 2019	Auditor, LTASK Corporation Director, ELAN Corporation General Manager of Administration Department and Manager of Corporate Management Division, ELAN Corporation	
		Jan. 2020	Director and General Manager of Administration Department, ELAN Corporation (current position)	
		Mar. 2020	Executive Officer, ELAN Corporation (current position)	
		Mar. 2020	Director, ELAN Service Corporation (current position)	
(Reasons for Nomination as Candidate for Director) Daiki Akiyama has been contributing tremendously to the corporate management operations of ELAN as business continues to grow as General Manager of the Administration Department of ELAN, not to mention his deep insight into the accounting and financial fields as a certified public accountant. Assuming office as Director of LTASK Corporation in February 2017 and assuming office as Director of ELAN in March 2019, he has been accumulating his experience in corporate management. He has been nominated as candidate for director on the judgment that he would continue to play his part in the management of ELAN by drawing on such experience and accomplishments.				
4	* Takao Sakurai (June 9, 1973)	Nov. 2000	Joined ELAN Corporation	80,000 shares
		Apr. 2014	Manager of East Japan Area Sales Division, ELAN Corporation	
		Jan. 2019	General Manager of Sales Department, ELAN Corporation	
		Jan. 2020	Deputy General Manager of Sales Department, ELAN Corporation	
		Mar. 2020	Executive Officer, ELAN Corporation (current position)	
		Jan. 2021	General Manager of Sales Department, ELAN Corporation (current position)	
(Reasons for Nomination as Candidate for Director) Takao Sakurai, as a member from the launch of the nursing- and medical-care-related business, has been contributing to the growth of ELAN's business through sales activities consistently since joining the company. Well-versed in ELAN's sales activities from holding key positions at ELAN's sales units, he assumed office as Executive Officer in 2020 and General Manager of the Sales Department from January 2021. He has been nominated as candidate for director on the judgment that he would play his part in the management of ELAN by drawing on such experience and accomplishments.				

Candidate No.	Name (Date of Birth)	Brief Biographical Outline, Positions and Assignments, and Status of Important Concurrent Holding of Positions		Number of ELAN Shares Held
5	Naomi Emori (Feb. 21, 1959)	Apr. 1980	Joined Japanese Red Cross Kyoto Daiichi Hospital	— shares
		Apr. 1983	Joined Fukui Medical School Hospital	
			Seconded to Toyama Medical and Pharmaceutical University Hospital	
		Apr. 1989	Deputy Nursing Officer, Fukui Medical School Hospital	
		Apr. 1991	Chief Nursing Officer, Fukui Medical School Hospital	
		Apr. 2013	Deputy Director of Nursing Department, University of Fukui Hospital	
		Apr. 2015	Director of Nursing Department and Deputy Hospital Director, University of Fukui Hospital	
		June 2019	Japanese Nursing Association Regional Director, Japanese Nursing Association (current position)	
		Mar. 2020	President, Fukui Nursing Association (current position) Director, ELAN Corporation (current position)	
<p>(Reasons for Nomination as Candidate for Outside Director)</p> <p>Naomi Emori has been active in a wide range of fields from nursing practice to nursing administration, nursing training, research activities, and academic and social activities, engaging in nursing operations at large acute hospitals for many years. Although she has no experience of direct involvement in the corporate management in ways other than assuming office as outside director of ELAN in 2020, she has broad insight and experience when it comes to nursing and medical care. She has been nominated as candidate for outside director on the judgment that she would continue to contribute to ELAN's business expansion in ways such as advising and instructing from the perspective of nursing and medical care by drawing on such career and experience.</p>				

- (Notes) 1. An asterisk (*) indicates a newly appointed candidate.
2. There is no special interest between each candidate and ELAN.
3. Naomi Emori is a candidate for outside director.
4. Naomi Emori is currently an outside director of ELAN who will have held said office for a period of one year upon the conclusion of this General Meeting of Shareholders.
5. ELAN plans to conclude a contract with Naomi Emori that limits the liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the Companies Act. The amount of limit of the liability for damages based on the contract is planned to be the amount provided in Article 425, Paragraph 1 of the Companies Act.
6. ELAN has a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act concluded with Aioi Nissay Dowa Insurance Co., Ltd. The insurance contract provides coverage for damages incurred from compensation for damages and legal expenses liable by insured parties in the event that claims against insured parties for damages arising from acts in their capacity as directors or officers are filed by shareholders, investors, employees or other third parties during the period of coverage. The insured parties of the insurance contract are all of the directors (including directors who also serve as Audit & Supervisory Committee members) and the insurance expenses are fully borne by ELAN.
- Each candidate is planned to be insured parties of the insurance contract if elected as directors.
7. ELAN is scheduled to file Naomi Emori as an independent director or officer pursuant to the provisions of the Tokyo Stock Exchange.
8. The number of ELAN shares held by each candidate is the number of shares as of the end of the 27th Business Year (December 31, 2020) and is the number of shares prior to the stock split on January 1, 2021.

Proposal No. 4: Introduction of Performance-Linked Share-Based Remuneration Plan for Directors
(excluding directors who also serve as Audit & Supervisory Committee members)

1. Reasons for the Motion and Reasons Why Such Is Reasonable

This Proposal requests approval for introduction of a new performance-linked share-based remuneration plan for ELAN's directors (excluding directors who also serve as Audit & Supervisory Committee members, and those among the directors other than such who are outside directors; the same shall apply hereinafter in this Proposal unless otherwise noted) and executive officers (hereinafter, "Directors, etc.") called "Board Benefit Trust (BBT)" (hereinafter, the "Plan").

This Proposal is for the purpose of further clarifying the linkage between remuneration for Directors, etc. and ELAN's business performance and stock value as well as having Directors, etc. share not only the benefits of rises in stock prices but even the risks of falls in stock prices with shareholders, and thereby motivating Directors, etc. to contribute to enhancing business performance and boosting corporate value in the medium to long term. ELAN considers the content of this Proposal to be reasonable in light of such purpose.

This Proposal requests approval of the method of calculation and content of remuneration and other amounts for payment of a new share-based remuneration to ELAN's directors separate from the amount (no more than 460 million yen a year (of which, no more than 20 million yen a year for outside directors); provided, however, that this shall not include remuneration for employees) of remuneration for directors (excluding directors who also serve as Audit & Supervisory Committee members) that was approved at the 26th Annual General Meeting of Shareholders held on March 25, 2020. The details of the Plan are proposed to be delegated to the Board of Directors within the framework of 2. below.

Four directors are eligible for the Plan at this point in time. Four directors will be eligible for the Plan in the event that Proposal No. 3 is approved by vote as originally proposed.

2. Specific Method of Calculation and Specific Content of Remuneration and Other Amounts of the Plan

(1) Outline of the Plan

The Plan is a performance-linked share-based remuneration plan for ELAN shares to be acquired through a trust (hereinafter, the trust established based on the Plan shall be referred to as the "Trust") by using monies contributed by ELAN as the source of funds, and for ELAN shares and monies equivalent to the amount of ELAN shares converted into market value (hereinafter, "ELAN Shares, etc.") to be awarded through the Trust to Directors, etc. in accordance with the Rules on Share Awards for Directors and Other Officers provided by ELAN. The timing that ELAN Shares, etc. are awarded to Directors, etc. shall be upon their retirement from office as Directors, etc. as a rule.

(2) Persons Eligible for the Plan

Directors and executive officers (directors who also serve as Audit & Supervisory Committee members, and those among the directors other than such who are outside directors shall not be eligible for the Plan)

(3) Trust Period

From May 2021 (planned) until termination of the Trust (With respect to the trust period of the Trust, no specific deadline for termination will be set and the Trust will continue as long as the Plan continues. The Plan shall terminate upon delisting of ELAN shares, abolition of the Rules on Share Awards for Directors and Other Officers, etc.)

(4) Trust Amount

On the condition that this Proposal is approved, ELAN shall introduce the Plan to apply to the two business years from the business year ending on the last day of December 2021 to the business year ending on the last day of December 2022 that is the final fiscal year of the current medium-term business plan (numerical plan of the current medium-term management vision) (hereinafter, the period of the concerned two business years shall be referred to as the “Initial Applicable Period,” and the period of every three business years commencing after the Initial Applicable Period has elapsed shall each be referred to as “Applicable Period”) and each subsequent Applicable Period, and contribute the following monies to the Trust as the source of funds for the Trust to acquire ELAN shares for awarding ELAN Shares, etc. to Directors, etc.

Firstly, ELAN shall establish the Trust by contributing monies equivalent to the amount estimated as required funds for the Initial Applicable Period upon establishment of the Trust (May 2021 (planned)). Given that the number of points granted to Directors, etc. based on the Plan shall be no more than a total of 150,000 points per business year as outlined in (6) below, the funds reasonably estimated to be required to acquire no more than 300,000 shares by taking into consideration the immediately preceding closing price in regular trading of ELAN common shares on the Tokyo Stock Exchange shall be contributed to the Trust upon establishment of the Trust. As a reference, the abovementioned required funds are 434,400,000 yen in the case that 1,448 yen, the closing price on February 18, 2021, is applied.

Even after the Initial Applicable Period has elapsed, ELAN shall reasonably estimate the number of shares required for awarding to Directors, etc. based on the Plan and additionally contribute the funds deemed to be required for the Trust to acquire the shares in advance to the Trust every Applicable Period as a rule until termination of the Plan. However, if making the additional contribution when there are residual ELAN shares (excluding the ELAN shares corresponding to the number of points granted to Directors, etc. for each Applicable Period immediately up to that point that are yet to be awarded to Directors, etc.) and monies in the trust property (hereinafter, the “Residual Shares, etc.”), the Residual Shares, etc. shall be allocated to the source of funds for awarding based on the Plan in subsequent Applicable Periods and the amount of additional contribution shall be calculated by factoring in the Residual Shares, etc. ELAN shall make timely and appropriate disclosure when additional contribution is decided.

(5) Method of Acquisition of ELAN Shares and Number of Shares to Be Acquired

The acquisition of ELAN shares by the Trust shall be implemented through the stock market or by means of underwriting a disposal of treasury shares of ELAN, using the funds contributed in (4) above as the source of funds, and not involve issuance of new shares.

For the Initial Applicable Period, acquisition of no more than 300,000 shares shall take place after establishment of the Trust without delay. ELAN shall make timely and appropriate disclosure of the details of any acquisition of ELAN shares by the Trust.

(6) Specific Method of Calculation of the Number of ELAN Shares, Etc. to Be Awarded to Directors, Etc.

Directors, etc. shall be granted points in the number determined based on a consideration of position, degree of contribution, degree of achievement of performance and other factors pursuant to the Rules on Share Awards for Directors and Other Officers for each business year. The points granted to Directors, etc. shall become final upon adjustment for the degree of achievement of the medium-term business plan. The number of points granted to directors shall be no more than a total of 120,000 points per business year, and the number of points granted to executive officers shall be no more than 30,000 points per business year. This was decided in comprehensive consideration of the current level of payment of remuneration for directors and other officers, the trends in the number of Directors, etc., future estimations and other factors, and deemed reasonable.

The points granted to directors shall be converted into 1 share of ELAN common shares per point upon awarding ELAN Shares, etc. in (7) below (provided, however, that the upper limit for the number of points, the already granted number of points or the conversion rate shall be reasonably adjusted according to the ratio and other details of any split of shares, allotment of shares without contribution, consolidation of shares or such of ELAN shares should such take place after this Proposal is approved).

The number of points for Directors, etc. serving as the basis for awarding ELAN Shares, etc. in (7) below shall be the number of points among those granted to the concerned Directors, etc. up to their retirement from office of which have become final upon adjustment for the degree of achievement of the medium-term business plan (hereinafter, the points calculated in this manner shall be referred to as the “Finalized Number of Points”) as a rule.

(7) Award of ELAN Shares, Etc. and Specific Method of Calculation of the Remuneration and Other Amounts

If Directors, etc. have retired from office and meet the beneficiary requirements provided in the Rules on Share Awards for Directors and Other Officers, ELAN shares in the number according to the Finalized Number of Points provided in accordance with (6) above shall be awarded by the Trust to the concerned Directors, etc. after their retirement from office as a rule by taking the prescribed beneficiary finalization procedures. However, with respect to a certain percentage, an amount equivalent to the market value of ELAN shares shall be awarded in lieu of the award of ELAN shares if the requirements provided in the Rules on Share Awards for Directors and Other Officers are met. The Trust may sell ELAN shares in order to award monies.

The remuneration and other amounts for Directors, etc. shall be on the basis of the amount obtained when the total number of points to be granted to Directors, etc. is multiplied by the book value per share of ELAN shares held in the Trust at the time of granting points (provided, however, that this shall be reasonably adjusted according to the ratio and other details of any split of shares, allotment of shares without contribution, consolidation of shares or such of ELAN shares should such take place). If awarding monies as an exception in accordance with the provisions of the Rules on Share Awards for Directors and Other Officers and when deemed reasonable, the amount shall be that with the addition of the concerned amount.

(8) Exercise of Voting Rights

Based on the instructions of the trust administrator, voting rights to the ELAN shares in the Trust account shall not be exercised, without exception. Adoption of such approach is intended to ensure neutrality in the management of ELAN with respect to exercise of voting rights to the ELAN shares in the Trust account.

(9) Handling of Dividends

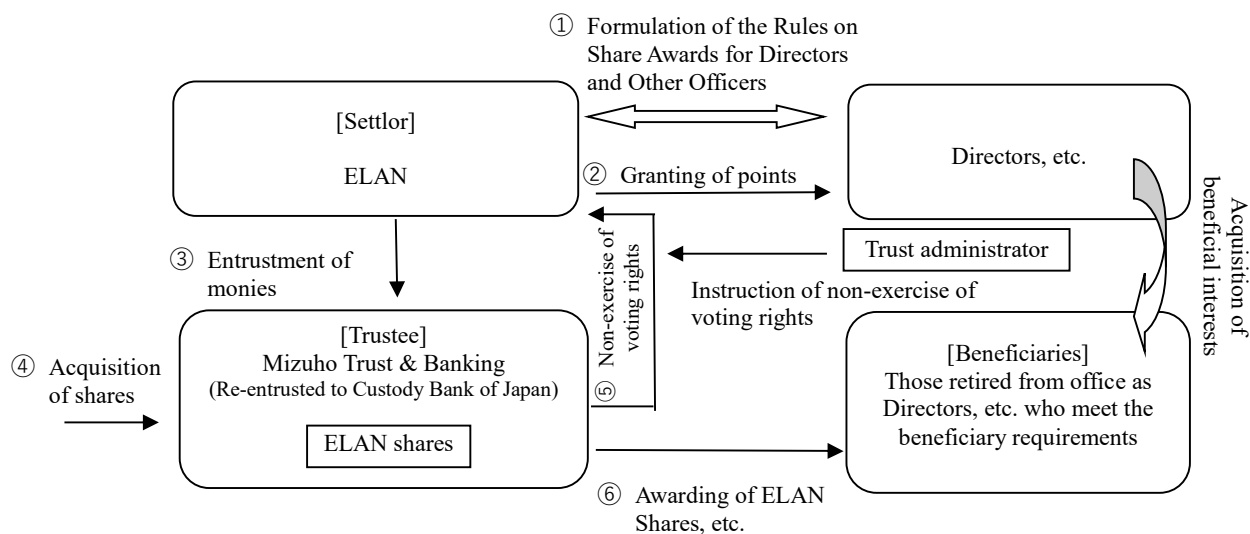
Dividends to the ELAN shares in the Trust account shall be received by the Trust and used to fund the acquisition of ELAN shares, trust fees for the trustee of the Trust, etc. In the event of termination of the Trust, the residual dividends, etc. in the Trust shall be awarded to the Directors, etc. in office at that point in time in proportion to the number of points held by each in accordance with the provisions of the Rules on Share Awards for Directors and Other Officers.

(10) Handling at the Time of Trust Termination

The Trust shall terminate if grounds arise for delisting of ELAN shares, abolition of the Rules on Share Awards for Directors and Other Officers, etc.

Of the residual property of the Trust at the time of termination of the Trust, ELAN shares are planned to be all acquired by ELAN without contribution and then cancelled by resolution of the Board of Directors. Of the residual property of the Trust at the time of termination of the Trust, monies are awarded to ELAN if there is any amount remaining after monies are awarded to Directors, Etc. in (9) above.

<Reference: Framework of the Plan>



- ① ELAN formulates the Rules on Share Awards for Directors and Other Officers within the scope of the framework approved under this Proposal.
- ② ELAN entrusts monies within the scope of the framework approved under this Proposal.
- ③ The Trust acquires ELAN shares through the stock market or by means of underwriting a disposal of treasury shares of ELAN, using the monies entrusted in ② as the source of funds.
- ④ ELAN grants points to Directors, etc. pursuant to the Rules on Share Awards for Directors and Other Officers.
- ⑤ In accordance with the instructions of the trust administrator independent from ELAN, the Trust shall not exercise voting rights to the ELAN shares in the Trust account.
- ⑥ The Trust awards ELAN shares to those among those retired from office as Directors, etc. who meet the beneficiary requirements provided in the Rules on Share Awards for Directors and Other Officers (hereinafter, the "Beneficiaries") according to the number of points granted to the Beneficiaries. However, with respect to a certain percentage of the points, an amount equivalent to the market value of ELAN shares shall be awarded if Directors, etc. meet the requirements provided in the Rules on Share Awards for Directors and Other Officers.

End