

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 1942)

June 8, 2021

To our shareholders:

Kiyoshi Goto, Chairman and Director
Kandenko Co., Ltd.
4-8-33 Shibaura, Minato-ku, Tokyo

Notice of the 107th Annual General Meeting of Shareholders

We are pleased to announce the 107th Annual General Meeting of Shareholders of Kandenko Co., Ltd. (the “Company”) to be held as described below.

If you exercise your voting rights prior to the meeting, please refer to the “Guide to Exercise Voting Rights” (Japanese only) on page 3 and page 4 and exercise your voting rights in writing or via the Internet, after examining the Reference Documents for the General Meeting of Shareholders as stated hereafter.

1. Date and Time: Tuesday, June 29, 2021, at 10 a.m. (JST)

2. Venue: Head Office of the Company
4-8-33 Shibaura, Minato-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 107th fiscal year (from April 1, 2020 to March 31, 2021), and the results of the audits of the Consolidated Financial Statements by the Independent Accounting Auditor and the Board of Auditors

Matters to be resolved:

- | | |
|-----------------------|---|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of 14 Directors |
| Proposal No. 3 | Payment of Bonuses to Directors |
| Proposal No. 4 | Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors) |

1. If you are attending the meeting in person, please submit the enclosed voting form to the reception.
2. “Systems to ensure that Directors perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation, other systems to ensure properness of operations of the Company, and the overview of the operation status of these systems” in the Business Report, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.kandenko.co.jp/>) pursuant to the applicable laws and regulations and the Company’s Articles of Incorporation. Accordingly, the documents attached hereto are a part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements which the Auditors audited in preparing their audit reports, as well as a part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by Independent Accounting Auditor in preparing their audit reports.
3. If any modifications are made to items in the documents attached hereto or the Reference Documents for General Meeting of Shareholders will be posted on the Company’s website (<https://www.kandenko.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus by means of a year-end dividend of ¥14 per share, totaling ¥2,859,608,542, based on its dividend policy of adhering to the stable and continuous payment of dividends. It is also proposed that the effective date of the year-end dividend shall be June 30, 2021.

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and their aggregate amount
¥14 per share
Total dividends: ¥2,859,608,542
- (3) Effective Date
June 30, 2021

Proposal No. 2 Election of 14 Directors

At the conclusion of this meeting, the terms of office of all 14 Directors will expire. Therefore, the Company proposes the election of 14 Directors.

The candidates for Director are as follows:

Candidate No.	Name		Current Position at the Company	Board of Directors' Meeting Attendance
1	Hiroshi Yamaguchi	New election	—	—
2	Toshio Nakama	Reelection	President and Executive Officer	16/16 (100.0%)
3	Shoichiro Kashiwabara	Reelection	Executive Vice President and Executive Officer	16/16 (100.0%)
4	Yuji Ueda	Reelection	Managing Director and Executive Officer	16/16 (100.0%)
5	Shinichi Miyauchi	Reelection	Senior Managing Director and Executive Officer	16/16 (100.0%)
6	Koji Tsuru	Reelection	Managing Director and Executive Officer	12/12 (100.0%)
7	Nobuhiro Iida	Reelection	Managing Director and Executive Officer	12/12 (100.0%)
8	Hitoshi Sugizaki	Reelection	Managing Director and Executive Officer	12/12 (100.0%)
9	Mitsuru Fujii	New election	Executive Managing Officer	—
10	Shinji Takahashi	New election	Executive Managing Officer	—
11	Koichi Nakahito	New election	Executive Managing Officer	—
12	Takashi Uchino	Reelection Outside Independent	Director	16/16 (100.0%)
13	Hajime Saito	Reelection Outside Independent	Director	16/16 (100.0%)
14	Miwako Ando	New election Outside Independent	—	—

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the company	Number of the Company's shares owned
1	<p data-bbox="339 723 536 779">Hiroshi Yamaguchi (February 15, 1951)</p>  <p data-bbox="371 1010 504 1037">New election</p>	<p data-bbox="611 264 1238 1485"> Apr. 1975 Joined Tokyo Electric Power Company, Incorporated Oct. 2003 General Manager of Engineering Department of Tokyo Electric Power Company, Incorporated June 2005 Executive Officer, General Manager of Engineering Department of Tokyo Electric Power Company, Incorporated June 2006 Executive Officer, Deputy General Manager of Electric Power Distribution Division of Tokyo Electric Power Company, Incorporated June 2007 Managing Director, Deputy General Manager of Electric Power Distribution Division of Tokyo Electric Power Company, Incorporated June 2012 Director, Representative Executive Vice President and General Manager of Electric Power Distribution Division of Tokyo Electric Power Company, Incorporated Apr. 2013 Director, Representative Executive Vice President and General Manager of Technology Development Division of Tokyo Electric Power Company, Incorporated June 2014 Representative Executive Vice President and Chief Engineer of Tokyo Electric Power Company, Incorporated June 2015 Representative Executive Vice President, Chief Engineer and Safety Management of Tokyo Electric Power Company, Incorporated Apr. 2016 Representative Executive Vice President and Chief Engineer, Safety Management of Tokyo Electric Power Company Holdings, Inc. June 2017 Chairman of Kanto Electrical Safety Services Foundation (current position) May 2018 President of The Institute of Electrical Engineers of Japan (IEEJ) (until May 2019) June 2018 Director, Audit & Supervisory Committee Member of Chiyoda Corporation June 2019 Director of Chiyoda Corporation (current position) </p>	3,000 shares
<p data-bbox="276 1503 1385 1624"> Reasons for nomination as candidate for Director Hiroshi Yamaguchi has experience, expertise, etc. gained through serving in positions that include Director and Executive Officer of Tokyo Electric Power Company, Incorporated and Tokyo Electric Power Company Holdings, which will contribute to management of the Company. </p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the company		Number of the Company's shares owned
2	<p>Toshio Nakama (February 25, 1960)</p>  <p>Reelection</p> <p>Tenure as Director (as of the conclusion of this meeting) 6 years</p>	<p>Apr. 1982 Oct. 2014</p> <p>June 2015 June 2017 June 2020</p>	<p>Joined the Company</p> <p>Senior Executive Officer, Division Manager of Kitakanto & Hokushinetsu Sales Division, and General Manager of Saitama Branch</p> <p>Managing Director and Executive Officer</p> <p>Executive Vice President and Executive Officer</p> <p>President and Executive Officer (current position)</p>	21,400 shares
	<p>Reasons for nomination as candidate for Director</p> <p>Toshio Nakama has experience, expertise, etc. gained through serving in positions that include President and Executive Officer which will contribute to management of the Company.</p>			
3	<p>Shoichiro Kashiwabara (December 14, 1958)</p>  <p>Reelection</p> <p>Tenure as Director (as of the conclusion of this meeting) 6 years</p>	<p>Apr. 1981 Oct. 2014</p> <p>June 2015 June 2016</p> <p>June 2017 Oct. 2018</p>	<p>Joined the Company</p> <p>Senior Executive Officer (management planning, general affairs and human resources & welfare)</p> <p>Managing Director and Executive Officer</p> <p>Senior Managing Director and Executive Officer</p> <p>Executive Vice President</p> <p>Executive Vice President, Executive Officer, and Division Manager of Corporate Division in charge of Overall Operations and Internal Control Division (current position)</p>	28,618 shares
	<p>Reasons for nomination as candidate for Director</p> <p>Shoichiro Kashiwabara has knowledge of operations in the areas of administration as well as experience, expertise, etc. gained through serving in positions that include Executive Vice President and Executive Officer which will contribute to management of the Company.</p>			
4	<p>Yuji Ueda (January 26, 1960)</p>  <p>Reelection</p> <p>Tenure as Director (as of the conclusion of this meeting) 3 years</p>	<p>Apr. 2016 July 2017</p> <p>June 2018 July 2020</p>	<p>Managing Director of TEPCO Energy Partner, Inc.</p> <p>Joined the Company as Executive Managing Officer and Deputy Executive General Manager of Sales Division and in charge of Group Business</p> <p>Managing Director and Executive Officer</p> <p>Managing Director, Executive Officer, and Acting Division Manager of Sales Division (in charge of Strategy & Technology Development Division, Group Business Department and International Business Division) (current position)</p>	10,000 shares
	<p>Reasons for nomination as candidate for Director</p> <p>Yuji Ueda has experience, expertise, etc. gained through serving in positions that include Managing Director of TEPCO Energy Partner, Inc. as well as Managing Director and Executive Officer of the Company which will contribute to management of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the company		Number of the Company's shares owned
5	Shinichi Miyauchi (January 8, 1960)  Reelection Tenure as Director (as of the conclusion of this meeting) 2 years	Apr. 1982 Oct. 2018 June 2019 June 2020 July 2020	Joined the Company Senior Executive Managing Officer and Division Manager of Cost Management Division Managing Director and Executive Officer Senior Managing Director and Executive Officer Senior Managing Director, Executive Officer, Division Manager of Cost Management Division and Acting Division Manager of Social Infrastructure Division (in charge of Safety & Environment Division) (current position)	9,300 shares
	Reasons for nomination as candidate for Director Shinichi Miyauchi has knowledge in the operation of the area of administration as well as experience, expertise, etc. gained through serving in positions that include Senior Managing Director and Executive Officer which will contribute to management of the Company.			
6	Koji Tsuru (July 21, 1958)  Reelection Tenure as Director (as of the conclusion of this meeting) 1 year	Apr. 1983 Oct. 2018 June 2020 July 2020	Joined the Company Executive Managing Officer, Division Manager of Higashikanto Sales Division and Branch Manager of Chiba Branch Managing Director and Executive Officer Managing Director, Executive Officer, Division Manager of Tokyo Sales Division and Branch Manager of Tokyo Branch (current position)	11,477 shares
	Reasons for nomination as candidate for Director Koji Tsuru has knowledge of operations in the areas of electric engineering, environmental facilities and systems as well as experience, expertise, etc. gained through his service in posts that include Division Manager of Higashikanto Sales Division, Branch Manager of Chiba Branch, as well as Managing Director and Executive Officer which will contribute to management of the Company.			
7	Nobuhiro Iida (November 30, 1961)  Reelection Tenure as Director (as of the conclusion of this meeting) 1 year	Apr. 1985 Oct. 2018 June 2020	Joined the Company Executive Managing Officer, Division Manager of Minamikanto & Tokai Sales Division, and Branch Manager of Kanagawa Branch Managing Director, Executive Officer and Division Manager of Sales Division (current position)	10,400 shares
	Reasons for nomination as candidate for Director Nobuhiro Iida has knowledge of operations in the areas of electric engineering, environmental facilities and systems as well as experience, expertise, etc. gained through his service in posts that include Division Manager of Minamikanto & Tokai Sales Division, Branch Manager of the Kanagawa Branch, as well as Managing Director and Executive Officer which will contribute to management of the Company.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the company		Number of the Company's shares owned
8	Hitoshi Sugizaki (November 1, 1961)  Reelection Tenure as Director (as of the conclusion of this meeting) 1 year	Apr. 1985 July 2019 June 2020 July 2020	Joined the Company Executive Managing Officer and Head of Accounting & IT Unit, Corporate Division Managing Director and Executive Officer Managing Director, Executive Officer, Acting Division Manager of Corporate Division and Head of Accounting & IT Unit (current position)	7,900 shares
	Reasons for nomination as candidate for Director Hitoshi Sugizaki has knowledge of operations in the area of administration and has experience, expertise, etc. gained through his service in positions that include the head of accounting and the IT unit in the Corporate Division as well as Managing Director and Executive Officer which will contribute to management of the Company.			
9	Mitsuru Fujii (October 31, 1962)  New election	Apr. 1985 July 2015 July 2016 July 2017 Oct. 2018	Joined the Company Deputy Executive General Manager of Power Division Executive Officer and Deputy Executive General Manager of Power Division Executive Managing Officer and Division Manager of Power Division Executive Managing Officer and Head of Power Distribution Unit, Social Infrastructure Division (current position)	7,300 shares
	Reasons for nomination as candidate for Director Mitsuru Fujii has knowledge of operations in the area of power distribution as well as experience, expertise, etc. gained through his service in positions that include the head of power distribution unit in the Social Infrastructure Division which will contribute to management of the Company.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the company	Number of the Company's shares owned
10	<p>Shinji Takahashi (September 10, 1962)</p>  <p>New election</p>	<p>Apr. 1985 Joined the Company</p> <p>July 2016 Executive Officer, Deputy Executive General Manager of Sales Division (in charge of Strengthening of Construction Capabilities) and Department Manager of Quality & Construction Management Department, Sales Division</p> <p>July 2017 Executive Officer and Department Manager of Quality & Construction Management Department, Sales Division</p> <p>July 2018 Executive Managing Officer and Department Manager of Quality & Construction Management Department, Sales Division</p> <p>Oct. 2018 Executive Managing Officer, Head of Construction Quality Unit and Department Manager of Technology Planning Department, Sales Division</p> <p>July 2019 Executive Managing Officer and Head of Construction Quality Unit, Sales Division</p> <p>June 2020 Executive Managing Officer, Division Manager of Minamikanto & Tokai Sales Division, and Branch Manager of Kanagawa Branch (current position)</p>	4,000 shares
<p>Reasons for nomination as candidate for Director</p> <p>Shinji Takahashi has knowledge of operations in the areas of electric engineering, environmental facilities and systems as well as experience, expertise, etc. gained through his service in posts that include Division Manager of Minamikanto & Tokai Sales Division and Branch Manager of the Kanagawa Branch which will contribute to management of the Company.</p>			
11	<p>Koichi Nakahito (November 6, 1963)</p>  <p>New election</p>	<p>Apr. 1987 Joined Tokyo Electric Power Company, Incorporated</p> <p>Apr. 2016 General Manager of Engineering Department of TEPCO Power Grid, Incorporated</p> <p>Apr. 2018 Executive General Manager of Tokyo Branch of TEPCO Power Grid, Incorporated</p> <p>Oct. 2020 Joined the Company as Executive Managing Officer, Deputy Executive General Manager of Social Infrastructure Division and Deputy Executive General Manager of Strategy & Technology Development Division (current position)</p>	2,000 shares
<p>Reasons for nomination as candidate for Director</p> <p>Koichi Nakahito has experience, expertise, etc. gained through serving in positions that include General Manager of Engineering Department and Executive General Manager of Tokyo Branch of TEPCO Power Grid, Incorporated which will contribute to management of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the company	Number of the Company's shares owned
12	<p>Takashi Uchino (November 17, 1951)</p>  <p>Reelection Outside Independent</p> <p>Tenure as Director (as of the conclusion of this meeting) 8 years</p>	<p>Apr. 1990 Professor of Department of Management, Gakushuin University Faculty of Economics (until March 2019)</p> <p>June 2013 Director of the Company (current position)</p> <p>Oct. 2013 Representative Director of Institute Of Management Studies, Japan (current position)</p> <p><Significant Concurrent Positions outside the Company> Representative Director of Institute Of Management Studies, Japan</p>	0 shares
<p>Reasons for nomination as an outside Director and overview of expected role</p> <p>Takashi Uchino has experience, expertise, etc. as a university professor and as a business administration expert which will contribute to management of the Company, even though he has never been involved in the management of a company.</p> <p>Furthermore, the Company expects him to give advice and supervise management from an independent and objective standpoint based on his above-mentioned experience, expertise, etc.</p>			
13	<p>Hajime Saito (July 7, 1956)</p>  <p>Reelection Outside Independent</p> <p>Tenure as Director (as of the conclusion of this meeting) 2 years</p>	<p>June 2009 Executive Managing Director of Mizuho Financial Group, Inc.</p> <p>Apr. 2011 Deputy President & Executive Officer of Mizuho Securities Co., Ltd.</p> <p>June 2011 Deputy President and Deputy President & Executive Officer of Mizuho Securities Co., Ltd.</p> <p>Apr. 2015 Advisor of Mizuho Capital Co., Ltd.</p> <p>May 2015 Deputy President of Mizuho Capital Co., Ltd.</p> <p>Apr. 2016 President of Mizuho Capital Co., Ltd. (until April 2019)</p> <p>June 2019 Director of the Company (current position)</p>	0 shares
<p>Reasons for nomination as an outside Director and overview of expected role</p> <p>Hajime Saito has experience and expertise, etc. gained through serving in positions that include Director of Mizuho Financial Group, Inc., Mizuho Securities Co., Ltd., etc. which will contribute to the management of the Company.</p> <p>Furthermore, the Company expects him to give advice and supervise management from an independent and objective standpoint based on his above-mentioned experience, expertise, etc.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the company	Number of the Company's shares owned
14	<p>Miwako Ando (November 7, 1957)</p>  <p>New election Outside Independent</p>	<p>Apr. 1985 Appointed as Public Prosecutor Jan. 2014 Chief Prosecutor of Tokushima District Public Prosecutors Office July 2015 Chief Prosecutor of Kumamoto District Public Prosecutors Office July 2016 Public Prosecutor of Supreme Public Prosecutors Office Mar. 2017 Retired from Public Prosecutor Apr. 2017 Professor of Graduate School of Law of Hosei University (current position) June 2019 Registered as Attorney-at-Law (current position)</p> <p><Significant Concurrent Positions outside the Company> Professor of Graduate School of Law of Hosei University Attorney-at-law</p>	0 shares
<p>Reasons for nomination as an outside Director and overview of expected role Miwako Ando has experience, expertise, etc. as a public prosecutor and as an attorney-at-law which will contribute to management of the Company, even though she has never been involved in the management of a company. Furthermore, the Company expects her to give advice and supervise management from an independent and objective standpoint based on her above-mentioned experience, expertise, etc.</p>			

- Notes:
1. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Takashi Uchino and Hajime Saito to limit their liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. Further, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company also plans to enter into an agreement with Miwako Ando to limit her liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
 2. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The policy covers losses, etc. incurred by a Director, who is an insured person, due to claims for damages or shareholders' derivative suits from a third party. Furthermore, if new candidates for Director assume office as Director, they will be included as insured persons in this policy.

Proposal No. 3 Payment of Bonuses to Directors

The Company proposes to pay bonuses to 14 Directors (including three outside Directors) in office at the end of the current fiscal year, at the total amount of ¥120,000,000, taking into consideration the business results for the fiscal year under review, among others.

The amounts of the bonuses to Directors are deemed to be appropriate, since the Remuneration Advisory Committee has conducted a review and inspection of the consistency of the Policy for the Determination of the Details of Remuneration for each Director, the Board of Directors has passed its resolution based on the results of that review and inspection.

Proposal No. 4 Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors)

The total amount of remuneration, etc. for Directors of the Company was set at not more than ¥780 million per year at the 93rd Annual General Meeting of Shareholders held on June 28, 2007.

In this proposal, as part of the ongoing revision of the remuneration system for officers, the Company proposes to pay remuneration to Directors of the Company (excluding outside Directors, hereinafter referred to as “Eligible Directors”) for the purpose of granting them restricted shares within the above-mentioned amount of remuneration in order to have them share the merits and risks of share price fluctuations with shareholders and further increase their willingness to contribute to raising the share price and enhancing corporate value.

Based on this proposal, the remuneration to be paid for granting the restricted shares to the Eligible Directors shall be a monetary claim and its total amount shall be ¥100 million or less per year (however, this amount does not include the portion of employees’ salary for Directors who concurrently serve as employees). In addition, the specific timing for providing thereof and the allocation to each Eligible Director shall be decided at a meeting of the Board of Directors.

The number of Directors is currently 14 (including three outside Directors). If Proposal 2 “Election of 14 Directors” is approved and adopted as originally proposed, the number of Directors will remain unchanged at 14 (including three outside Directors).

Eligible Directors shall pay all monetary claims to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company. The total number of common shares of the Company to be issued or disposed of thereby shall be not more than 200,000 shares per year (provided, however, that if a share split (including a gratis allotment of common shares of the Company) or share consolidation is conducted in regard to the common shares of the Company on or after the date this proposal is approved and adopted, or if other circumstances arise whereby an adjustment is necessary to the total number of common shares of the Company to be issued or disposed of as restricted shares, then the total number of common shares shall be adjusted within a reasonable range).

The amount to be paid in per share of common shares of the Company shall be determined by the Board of Directors within a range that is not especially beneficial to the Eligible Directors who receive those common shares, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the day of each Board of Directors resolution (if no trades are conducted on that day, then the closing price on the closest preceding trading day). An agreement on allotment of shares with transfer restrictions that includes the provisions, as stated below (the “Allotment Agreement”), shall be entered into between the Company and each Eligible Director for the issuance or disposal of the common shares of the Company for this grant, and the payment of monetary remuneration claims as property contributed in kind for the shares.

The terms and conditions for granting the restricted shares to the Eligible Directors based on this proposal regarding, the maximum amount of remuneration, the total number of common shares of the Company to be issued or disposed of, and other matters of this proposal have been determined by giving consideration to the aforementioned purpose, the performance of the Company, the Company’s Policy for the Determination of the Details of Remuneration, etc. for each Director, and various other matters, and they are deemed to be appropriate. If this proposal is approved and adopted as originally proposed, the Company plans to change the contents of this policy, as stated in [Reference (2)] below, to make it consistent with the approved contents.

[Overview of the Allotment Agreement]

(1) Transfer restriction period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Company’s common shares that are allotted according to Allotment Contract (hereinafter referred to as “Allotted Shares”) during a period from the day when Eligible Directors are allotted such shares according to the Allotment Agreement until the time immediately after their retirement from the positions as officer or employee of the Company or the Company’s subsidiaries predetermined by the Board of Directors of the Company (such restriction shall be hereinafter referred to as “Transfer Restriction,” and the period during which the transfer is restricted shall be hereinafter referred to as “Transfer Restriction Period”).

(2) Lifting of the Restriction

Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiration of Transfer Restriction Period on the condition that Eligible Directors have continuously served in the positions stipulated in (1) above for a period predetermined by the Board of Directors of the Company (hereinafter referred to as "Service Provision Period"). However, if the Eligible Director retires from the position specified in the provision of (1) above before the expiration of the Service Provision Period due to expiration of term of office, death or other justifiable reason, the Company shall rationally adjust the number of the Allotted Shares on which the Transfer Restriction is to be lifted, and the timing of lifting as needed.

In addition, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted in accordance with the provisions above.

(3) Treatment on retirement from the position due to a reason other than a justifiable reason

Notwithstanding the provision of (2) above, the Company shall automatically acquire without contribution all of the Allotted Shares, on the condition that an Eligible Director retires from the position specified in the provision of (1) above during the Transfer Restriction Period due to a reason other than a justifiable reason.

(4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Transfer restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company. In cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted.

(5) Other matters

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

[Reference (i)] Independence Criteria for Outside Directors and Outside Auditors of the Company

The Company determines an outside Director or an outside Auditor is independent if none of the criteria below is satisfied.

- (1) A person who executes business of the Company or its subsidiaries or a person who was someone who executed that business
- (2) A person who executes business of a major shareholder of the Company (shareholder who has 10% or more voting rights, including indirectly held voting rights) or a person who executes business of a company where the Company is a major shareholder
- (3) A person who executes business of a major lender of the Company (lender of the borrowings that exceed 1% of the total consolidated assets of the most recent fiscal year)
- (4) A person who executes business of a major business partner of the Company (dealings with an amount that exceeds 1% of consolidated revenue of the most recent fiscal year) or a person who executes business for a company whose major partner is the Company
- (5) A representative partner or employee of an independent accounting auditor of the Company
- (6) A person who has received substantial economic benefits or donations from the Company (more than ¥10 million, excluding director's remuneration) or a person who belongs to an association that has received such benefits or donations from the Company
- (7) A person who executes business for a company which has a relationship involving cross-assumption of office of outside officers
- (8) A person who has a relative (guardian or relatives by a collateral line up to the second degree) that fits the criteria in (1) through (6) (limited to officers and vital employees)
- (9) A person who satisfies (2) through (8) in the past five years

[Reference (ii)] Policy for the Determination of the Details of Remuneration, etc. for each Director

If Proposal No. 4 is approved and adopted, the Company plans to change its Policy for the Determination of the Details of Remuneration, etc. for each Director as follows.

The remuneration, etc. of the Company's Directors shall be paid within the scope of the total amount of remuneration that was approved and adopted at the General Meeting of Shareholders, and it shall comprise basic remuneration, bonuses, and restricted share based remuneration (remuneration of outside Directors is limited to basic remuneration and bonuses). The remuneration, etc. for individual Directors is decided according to the position and responsibility of the Director, and it is determined by resolution of the Board of Directors after a review and inspection of those details by the Remuneration Advisory Committee. In addition, giving consideration to the character of bonuses being linked to the Company's performance, a proposal for the payment of bonuses must be submitted to and approved at a general meeting of shareholders. Basic remuneration shall be paid monthly, and bonuses shall be paid soon after their approval at the General Meeting of Shareholders.

Restricted share based remuneration shall be paid annually at a prescribed timing within the maximum amount of remuneration approved at the General Meeting of Shareholders for the purpose of having Directors share the merits and risks of share price fluctuations with shareholders and further increase their willingness to contribute to raising the share price and enhancing corporate value over the medium to long term. In addition, the Company intends for the restricted share based remuneration amount to be equivalent to about 10% of the total remuneration paid to individual Directors.