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(Stock Exchange Code 9044)

May 31, 2019

To Shareholders with Voting Rights:

Teruhiko Achikita
President and CEO
Nankai Electric Railway Co., Ltd.
5-1-60 Namba, Chuo-ku, Osaka,
Japan
(Head office: 2-1-41 Shikitsu-higashi,
Naniwa-ku, Osaka, Japan)

NOTICE OF CONVOCATION OF THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 102nd Annual General Meeting of Shareholders of Nankai Electric Railway Co., Ltd. (the “Company,” together with its subsidiaries, the “Group”). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:50 p.m. Japan time on Thursday, June 20, 2019.

Exercising your voting rights in writing

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that we will receive it by the deadline below.

Deadline: 5:50 p.m. on Thursday, June 20, 2019

Exercising your voting rights via the Internet

Please refer to the “Guide on Exercising Voting Rights via the Internet” on page 3 (in Japanese), access the website for exercising voting rights (<https://www.web54.net/>) and indicate your vote for or against each proposal.

Deadline: 5:50 p.m. on Thursday, June 20, 2019

1. Date and Time: Friday, June 21, 2019 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)

2. Place: Hall 1, 2F, EDION Arena Osaka
3-4-36 Namba-naka, Naniwa-ku, Osaka, Japan
(Please refer to the “Map of the Meeting Venue” at the end of the document (in Japanese).)

3. Meeting Agenda:

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the Company’s 102nd Fiscal Year (April 1, 2018 – March 31, 2019)
2. Results of Audits of the Consolidated Financial Statements for the Company’s 102nd Fiscal Year by the Accounting Auditor and the Board of Auditors

Proposals to be resolved:

Proposal 1: Dividends of Surplus
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of 9 Directors
Proposal 4: Election of 1 Auditor
Proposal 5: Determination of the Amount and Details of the Stock Compensation, etc. to Directors
Proposal 6: Revision of the Amount of Compensation for Directors

- If you are attending the meeting, please present the enclosed Voting Rights Exercise Form at the reception upon arrival. Also, for the purpose of saving resources, please bring this copy of the notice along with you.
- In accordance with laws, regulations and Article 16 of the Company’s Articles of Incorporation, the following items are published on the Company’s website (<http://www.nankai.co.jp/ir/soukai/>), and are not included in this notice.

Business Report: “Outline of System for Ensuring the Compliance of the Execution of Directors’ Duties with Laws, Regulations, and the Articles of Incorporation, System for Ensuring the Appropriateness of Other Operations of the Company and the Group, and Application of Said Systems,” “Basic Policy Regarding Persons Controlling Decisions on Financial and Business Policies of the Company”

Consolidated Financial Statements: “Consolidated Statement of Changes in Equity,” “Notes to Consolidated Financial Statements”

Non-Consolidated Financial Statements: “Non-Consolidated Statement of Changes in Equity,” “Notes to Non-Consolidated Financial Statements”

The Business Report audited by the Company’s Auditors and Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Company’s Auditors and the Accounting Auditor include documents attached to this notice, as well as the aforementioned items published on the Company’s website.

- Should the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Dividends of Surplus

The Company's fundamental policy is to pay stable dividends to shareholders, by continuously improving profitability while striving to secure a stable management base over the long term and reinforcement of its financial standing.

Based on this fundamental policy, in consideration of factors such as business results for the fiscal year under review and internal reserves required to strengthen the management base, the Company proposes the following for the year-end dividend for the fiscal year under review.

1. Type of dividend property
Cash
2. Matters concerning the allotment of dividend property to shareholders and the total amount thereof
15 yen per share of the Company's common shares
(Annual dividend of 30 yen per share together with the interim dividend)
Total amount: 1,700,141,610 yen
3. Effective date of dividends of surplus
June 24, 2019

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) The term of office of Directors will be reduced from two (2) years to one (1) year for the purpose of swiftly responding to changes in the business environment, clarifying the management responsibility and further strengthening corporate governance to respond to increased opportunities to gain the confidence of shareholders.
- (2) The business execution function and management supervisory function will be more clearly separated by stipulating in the Articles of Incorporation that Corporate Officers have authority to execute business; and Directors with Special Titles shall be abolished and Corporate Officers with Special Titles will be newly introduced.
- (3) In line with the discontinuation and abolition of countermeasures against large-scale purchase of the Company’s shares (takeover defense measure), which is to expire at the conclusion of this General Meeting of Shareholders, the provisions concerning the said countermeasures will be deleted.

2. Contents of the amendments

The contents of the amendments are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Matters for resolution, etc.) <u>Article 18</u> <u>The Company may, by resolution of General Meeting of Shareholders, introduce countermeasures against large-scale purchase of the Company’s shares.</u> <u>The Company may, as part of countermeasures against large-scale purchase of the Company’s shares, decide on matters concerning a gratis allotment of stock acquisition rights, by resolution of General Meeting of Shareholders or by resolution of the Board of Directors entrusted by resolution of General Meeting of Shareholders, in addition to the resolution of the Board of Directors.</u> <u>In deciding on matters concerning a gratis allotment of stock acquisition rights pursuant to the preceding paragraph, the Company may determine the following items as the terms of the stock acquisition rights:</u> <u>(1) Certain parties predetermined in the countermeasures against large-scale purchase of the Company’s shares (hereinafter, the “Non-qualified parties”) may not exercise the stock acquisition rights.</u> <u>(2) When the Company acquires the stock acquisition rights, the Company may treat Non-qualified Parties and persons other than Non-qualified Parties in a different manner, with regard to whether or not consideration in exchange for the stock acquisition rights should be delivered and the details thereof.</u> <u>The countermeasures against large-scale purchase of the Company’s shares referred to in the preceding three paragraphs shall mean measures to ensure and enhance the Company’s corporate value and, in turn, the common interests</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>of its shareholders, among those to make the acquisition of the Company difficult through issuing or allocating new shares or stock acquisition rights without business purposes such as procuring funds or forming alliance as its main purpose. In addition, introduction shall mean deciding on concrete terms of the countermeasures against large-scale purchase of the Company's shares, including resolving of the issuing or allocation of new shares or stock acquisition rights as a countermeasure against a large-scale purchase of the Company's shares.</u></p> <p>Article <u>19</u> to <u>21</u> (Omitted)</p> <p>(Term of office)</p> <p>Article <u>22</u> The term of office of a Director shall expire at the conclusion of a General Meeting of Shareholders pertaining to the last fiscal year ending within <u>two</u> years from his or her election.</p> <p><u>The term of office of a Director elected to fill a vacancy or as an additional member shall expire upon the expiration of the terms of office of other incumbent Directors.</u></p> <p>(Representative Directors, etc.)</p> <p>Article <u>23</u> The Board of Directors, by its resolution, elects Representative Directors.</p> <p>The Board of Directors may, by its resolution, elect a Chairman, <u>a President, a few number of Executive Vice Presidents, Senior Managing Directors and Managing Directors</u> from among Directors.</p> <p>Article <u>24</u> to <u>26</u> (Omitted)</p> <p>(Newly established)</p>	<p>Article <u>18</u> to <u>20</u> (Unchanged)</p> <p>(Term of office)</p> <p>Article <u>21</u> The term of office of a Director shall expire at the conclusion of a General Meeting of Shareholders pertaining to the last fiscal year ending within <u>one</u> year from his or her election.</p> <p>(Representative Directors, etc.)</p> <p>Article <u>22</u> The Board of Directors, by its resolution, elects Representative Directors.</p> <p>The Board of Directors may, by its resolution, elect a Chairman from among Directors.</p> <p>Article <u>23</u> to <u>25</u> (Unchanged)</p> <p>(Corporate Officers)</p> <p>Article <u>26</u> <u>The Board of Directors, by its resolution, elects Corporate Officers and have them share the execution of operations of the Company.</u></p> <p><u>The Board of Directors may, by its resolution, elect a President from among Corporate Officers, and a few number of Executive Vice Presidents, Senior Managing Corporate Officers, Managing Corporate Officers and Senior Corporate Officers.</u></p> <p><u>A President shall concurrently serve as a Representative Director.</u></p>

Proposal 3: Election of 9 Directors

The terms of office of all 13 Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, in order to improve the function of the Board of Directors through decreasing the number of Directors who execute business operations and raising the proportion of Outside Directors to one-third of the Board, the election of 9 Directors is proposed.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
1	Teruhiko Achikita (September 9, 1954) (Male) Reappointment	<p>April 1978 Joined the Company</p> <p>June 2013 Director, the Company</p> <p>June 2015 President and CEO, the Company (current)</p> <p>April 2018 In charge of KYOSO136 Planning & Management Division, the Company (current)</p> <p>June 2018 In charge of Internal Audits Division, the Company (current)</p> <p>[Special interest between the candidate and the Company] None</p>	10,800
<p>[Reason for selection as a candidate] Mr. Teruhiko Achikita has been leading the formulation of the Nankai Group Management Vision 2027 and KYOSO136 Planning as President and CEO of the Company. As he has conceptual power to formulate management strategies along with leadership and execution ability to achieve them, the Company proposes his reappointment as a candidate for Director so that he will continue to fulfill his responsibilities as a Director in an appropriate manner.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
2	Tetsuro Kanamori (December 13, 1958) (Male) Reappointment	<p>April 1981 Joined the Company</p> <p>June 2009 Director, Company</p> <p>June 2011 Managing Director, the Company</p> <p>June 2013 General Manager, Railway Business Division, the Company (current)</p> <p>June 2015 Senior Managing Director, the Company (current)</p> <p>[Special interest between the candidate and the Company] None</p>	13,900
<p>[Reason for selection as a candidate] Since Mr. Tetsuro Kanamori was appointed as Director of the Company, he has served responsible positions in the railway business, the real estate business and the store operation and management business. As he has ample knowledge on the business of the Group and sufficient achievements as a corporate manager, the Company proposes his reappointment as a candidate for Director so that he will continue to fulfill his responsibilities as a Director in an appropriate manner.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
3	Toshiyuki Takagi (June 5, 1960) (Male) Reappointment	April 1983 Joined the Company June 2011 Director, the Company June 2013 Managing Director, the Company June 2015 General Manager, Project Promotion & Town Development Division, the Company (current) June 2017 Senior Managing Director, the Company (current) June 2017 General Manager, Urban Creation Division, the Company (current) [Special interest between the candidate and the Company] None	9,500
[Reason for selection as a candidate] Mr. Toshiyuki Takagi has been engaged in the field of corporate planning for many years and has served as a person responsible for large projects. As he has ample knowledge on the business of the Group and sufficient achievements as a corporate manager, the Company proposes his reappointment as a candidate for Director so that he will continue to fulfill his responsibilities as a Director in an appropriate manner.			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
4	Naoto Ashibe (January 23, 1962) (Male) Reappointment	April 1984 Joined the Company June 2006 Chief Manager, Subsidiary Affairs Department, the Company June 2011 President, Nankai Ferry Co., Ltd. June 2013 Corporate Officer, the Company June 2015 Director, the Company June 2017 Managing Director, the Company (current) June 2017 General Manager, Corporate Planning & Management Division, the Company (current) [Special interest between the candidate and the Company] None	3,900
[Reason for selection as a candidate] As Mr. Naoto Ashibe has ample knowledge on the business of the Group and sufficient achievements as a manager, the Company proposes his reappointment as a candidate for Director so that he will continue to fulfill his responsibilities as a Director in an appropriate manner from the perspective of the Group management as a whole.			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
5	Koyo Uraji (October 16, 1963) (Male) Reappointment	<p>April 1986 Joined the Company</p> <p>June 2011 Chief Manager, Personnel Department, the Company</p> <p>June 2015 Director, the Company</p> <p>June 2015 General Manager, General Affairs Division, Branch Manager in Tokyo and Branch Manager in Wakayama, the Company (current)</p> <p>June 2017 Managing Director, the Company (current)</p> <p>June 2017 General Manager, CSR Promotion Division, the Company (current)</p> <p>[Special interest between the candidate and the Company] None</p>	3,500
<p>[Reason for selection as a candidate] As Mr. Koyo Uraji has ample knowledge on the management of the Group, insight necessary for management and sufficient achievements as a corporate manager, the Company proposes his reappointment as a candidate for Director so that he will continue to fulfill his responsibilities as a Director in an appropriate manner.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
6	Satoshi Kajitani (March 11, 1964) (Male) Reappointment	<p>April 1987 Joined the Company</p> <p>June 2016 Chief Manager, Administrative Planning Department, the Company</p> <p>June 2017 Director, the Company (current)</p> <p>June 2017 Deputy General Manager, Railway Business Division, Deputy General Manager, Project Promotion & Town Development Division, the Company (current)</p> <p>[Special interest between the candidate and the Company] None</p>	1,900
<p>[Reason for selection as a candidate] As Mr. Satoshi Kajitani has ample knowledge on ensuring safety and reliability in the railway business, centering on the establishment of railway line facilities as well as their maintenance and management, the Company proposes his reappointment as a candidate for Director so that he will continue to fulfill his responsibilities as a Director in an appropriate manner.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
7	Kiyoshi Sono (April 18, 1953) (Male) Outside Director Independent Reappointment	<p>April 1976 Joined the Sanwa Bank, Ltd.</p> <p>May 2004 Director and Executive Officer, UFJ Bank Limited</p> <p>January 2006 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2006 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2010 Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2012 Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2012 Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2014 Deputy Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2014 Chairman of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2015 Director, Representative Corporate Executive Officer and Chairman of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2017 Director, the Company (current)</p> <p>June 2017 Deputy Chairman of the Board of Directors, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)</p> <p>April 2019 Member of the Board of Directors and Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. (current)</p> <p>April 2019 Chairman of the Board of Directors, MUFG Bank, Ltd. (current)</p> <p>[Significant concurrent positions] Chairman of the Board of Directors, MUFG Bank, Ltd. Member of the Board of Directors and Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. Director, Mitsubishi UFJ NICOS Co., Ltd.</p> <p>[Special interest between the candidate and the Company] None</p>	0
<p>[Reason for selection as a candidate] Mr. Kiyoshi Sono is a candidate for Outside Director. The Company proposes his reappointment as a candidate for Outside Director so that he will continue to give appropriate advice and supervision on the overall management of the Group by harnessing his profound insight cultivated through his experience as the manager of a bank from an independent standpoint without any mutual relationship which may impose significant control over the management of the Company.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
		<p>[Matter related to the candidate for Outside Director]</p> <p>Mr. Kiyoshi Sono is currently an Outside Director of the Company and will have been in office for 2 years as of the conclusion of this general meeting of shareholders. The Company plans to designate him as an independent director as stipulated by the Tokyo Stock Exchange and notify the Exchange to that effect on condition that he is reelected as Outside Director.</p> <p>Regarding MUFG Bank, Ltd. (“MUFG Bank,” former The Bank of Tokyo-Mitsubishi UFJ or “BTMU”) where Mr. Kiyoshi Sono serves as Director, BTMU reached a settlement with the UK Prudential Regulation Authority (“PRA”) in February 2017 to pay GBP17,850,000, in connection with a settlement relating to BTMU’s failure to notify the PRA of BTMU’s discussions with the New York State Department of Financial Services (“DFS”) that culminated in a November 2014 consent order between BTMU and the DFS. In addition, in February 2019, MUFG Bank has entered into a Consent Order with the U.S. Office of the Comptroller of the Currency (OCC) relating to deficiencies identified by the OCC in the Bank Secrecy Act/Anti-Money Laundering (BSA/AML) compliance program of its U.S. branches.</p> <p>[Agreement for limitation of liability]</p> <p>The Company has concluded an agreement with Mr. Kiyoshi Sono to limit his liability described in Article 423, Paragraph 1 of the Companies Act, as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 26 of the current Articles of Incorporation. The maximum amount of liability described in the agreement will be the amount stipulated by laws and regulations. If Mr. Sono is reelected, the Company intends to continue the said agreement.</p>	

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
8	Hitoshi Tsunekage (August 6, 1954) (Male) Outside Director Independent New appointment	<p>April 1977 Joined Sumitomo Trust and Banking Co., Ltd.</p> <p>June 2004 Executive Officer, Sumitomo Trust and Banking Co., Ltd.</p> <p>June 2005 Director and Managing Executive Officer, Sumitomo Trust and Banking Co., Ltd.</p> <p>January 2008 President and Chief Executive Officer, Sumitomo Trust and Banking Co., Ltd.</p> <p>April 2011 Chairman and President and Chief Executive Officer, Sumitomo Trust and Banking Co., Ltd.</p> <p>April 2011 Representative Director and Chairman, SUMITOMO MITSUI TRUST HOLDINGS, INC.</p> <p>April 2012 President, Sumitomo Mitsui Trust Bank, Limited</p> <p>April 2017 Director, Sumitomo Mitsui Trust Bank, Limited</p> <p>June 2017 Chairman, Sumitomo Mitsui Trust Bank, Limited (current)</p> <p>June 2017 Director, SUMITOMO MITSUI TRUST HOLDINGS, INC. (current)</p> <p>[Significant concurrent positions] Director, SUMITOMO MITSUI TRUST HOLDINGS, INC. Chairman, Sumitomo Mitsui Trust Bank, Limited</p> <p>[Special interest between the candidate and the Company] None</p>	0
[Reason for selection as a candidate] Mr. Hitoshi Tsunekage is a candidate for Outside Director. The Company proposes his appointment as a candidate for Outside Director so that he will give appropriate advice and supervision on the overall management of the Group by harnessing his profound insight cultivated through his experience as the manager of a bank from an independent standpoint without any mutual relationship which may impose significant control over the management of the Company.			
[Matter related to the candidate for Outside Director] The Company plans to designate him as an independent director as stipulated by the Tokyo Stock Exchange and notify the Exchange to that effect on condition that he is elected as Outside Director.			
[Agreement for limitation of liability] The Company intends to conclude an agreement with Mr. Hitoshi Tsunekage to limit his liability described in Article 423, Paragraph 1 of the Companies Act, as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 26 of the current Articles of Incorporation. The maximum amount of liability described in the agreement will be the amount stipulated by laws and regulations.			

No.	Name (Date of birth)	Past experience, positions and responsibilities in the Company	Number of stocks of the Company held
	Miharu Koezuka (September 2, 1955) (Female) Outside Director Independent New appointment	<p>April 1979 Joined Takashimaya Company, Limited</p> <p>May 2007 Executive Officer, Takashimaya Company, Limited</p> <p>March 2009 Senior Executive Officer, Takashimaya Company, Limited</p> <p>February 2010 President (Representative Director), Okayama Takashimaya Co., Ltd.</p> <p>May 2013 Director, Takashimaya Company, Limited</p> <p>September 2013 Senior Managing Director, Takashimaya Company, Limited</p> <p>March 2016 Director, Takashimaya Company, Limited</p> <p>May 2016 Advisor, Takashimaya Company, Limited (current)</p> <p>[Significant concurrent positions] Advisor, Takashimaya Company, Limited Outside Director, Japan Post Holdings Co., Ltd.</p> <p>[Special interest between the candidate and the Company] None</p>	0
9		<p>[Reason for selection as a candidate] Ms. Miharu Koezuka is a candidate for Outside Director. The Company proposes her appointment as a candidate for Outside Director so that she will give appropriate advice and supervision on the overall management of the Group by harnessing her profound insight cultivated through her experience as the manager of a department store from an independent standpoint without any mutual relationship which may impose significant control over the management of the Company.</p> <p>[Matter related to the candidate for Outside Director] The Company plans to designate her as an independent director as stipulated by the Tokyo Stock Exchange and notify the Exchange to that effect on condition that she is elected as Outside Director. Takashimaya Company, Limited, where Mr. Miharu Koezuka served as Director, received a cease and desist order under Article 7, Paragraph 2 of the Antimonopoly Act in July 2018, and a payment order under Article 7-2, Paragraph 1 of the same Act in October 2018 from the Japan Fair Trade Commission for violations of the said Act in connection with the order of uniforms placed by ALL NIPPON AIRWAYS CO., LTD., shipping fee for a department store that has retail premises in the Kinki region, and with the uniforms procured by NTT DOCOMO, INC.</p> <p>[Agreement for limitation of liability] The Company intends to conclude an agreement with Ms. Miharu Koezuka to limit her liability described in Article 423, Paragraph 1 of the Companies Act, as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 26 of the current Articles of Incorporation. The maximum amount of liability described in the agreement will be the amount stipulated by laws and regulations.</p>	

Proposal 4: Election of 1 Auditor

Auditor, Takaichi Fujita will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 1 Auditor is proposed.

The candidate for Auditor is as follows.

The Board of Auditors has given its consent to this proposal.

Name (Date of birth)	Past experience, positions and responsibilities in the Company		Number of stocks of the Company held
Keiichi Iwai (April 2, 1960) (Male) New appointment	April	1983 Joined the Company	8,500
	June	2009 Chief Manager, Accounting & Finance Department, the Company	
	June	2011 Director, the Company	
	June	2011 General Manager, General Accounting Division, the Company (current)	
	June	2013 Managing Director, the Company (current) [Special interest between the candidate and the Company] None	
[Reason for selection as a candidate] Mr. Keiichi Iwai has been engaged in the field of accounting and finance for many years and was also responsible for the field of internal control. As he has ample knowledge on finance and internal audit of the Group, and is qualified for the post of Auditor, the Company proposes his appointment as a candidate for Auditor so that he will fulfill his responsibilities as a Senior Corporate Auditor (Full-time) in an appropriate manner.			

Proposal 5: Determination of the Amount and Details of the Stock Compensation, etc. to Directors

1. Reasons for the proposal and grounds that makes the Plan rationale

In this proposal, the Company requests approval for the introduction of a new stock compensation plan (hereinafter, the “Plan”) for Directors (excluding Outside Directors and foreign residents; the same applies hereinafter). The Company also requests approval for delegation of determination of the details of the Plan to the Board of Directors, within the scope described in 2 below.

The Plan is intended to further clarify the linkage of Directors’ compensation to the Company’s share value, and by having Directors share with shareholders both the benefits and risks of fluctuation in share prices, raise Directors’ motivation to contribute to enhancing the Company’s performance and corporate value over the medium- to long-term. Accordingly, the Company believes that the Plan is rationale.

This proposal seeks to pay a new stock compensation to the Directors in office during the period from the conclusion of this General Meeting of Shareholders until the conclusion of an Annual General Meeting of Shareholders pertaining to the last fiscal year ending within 3 years from this General Meeting of Shareholders (hereinafter, the “Applicable Period”), separately from a maximum of 514 million yen per annum (including a maximum of 50 million yen for Outside Directors), which is an amount of compensation for Directors proposed under the Proposal 6 “Revision of the Amount of Compensation for Directors.”

If the Proposal 3 “Election of 9 Directors” is approved as originally proposed, the number of Directors subject to the Plan will be 6.

Furthermore, provided that this Proposal is approved as originally proposed, the Company intends to introduce a similar stock compensation plan for Corporate Officers who are under a mandate agreement with the Company.

2. Amount of compensation under the Plan and its details, etc.

(1) Outline of the Plan

The Plan is a stock compensation plan under which the Company’s shares will be acquired through a trust (hereinafter, the “Trust”) using cash contributed by the Company, and a number of the Company’s shares will be delivered through the Trust to each Director corresponding to the number of points they have been awarded.

In principle, Directors will receive delivery of the Company’s shares upon their retirement from office.

a. Individuals subject to the Plan	Directors (excluding Outside Directors and foreign residents)
b. Applicable period	From the conclusion of this General Meeting of Shareholders until the conclusion of an Annual General Meeting of Shareholders pertaining to the last fiscal year ending within 3 years from the conclusion of this General Meeting of Shareholders
c. Maximum amount of funds to be contributed by the Company to acquire the Company’s shares necessary for delivery to the individuals subject to the Plan referred to in a. during the period in b.	Cash of up to 150 million yen in total (equivalent to 50 million yen per annum)
d. Acquisition method of the Company’s shares	Through disposal of treasury stock or through the stock market (including off-auction trading)
e. Maximum number of points to be awarded to the individuals referred to in a.	Up to 20,000 points per annum
f. Point awarding criteria	Points are awarded according to their position
g. Timing of delivery of the Company’s shares to the individuals referred to in a.	In principle, upon their retirement from office

(2) Maximum amount of funds to be contributed by the Company

The initial trust period of the Trust will be approximately three years. The Company will establish the Trust with Directors who satisfy certain requirements as its beneficiaries and contribute funds to acquire the Company’s shares necessary for delivery to Directors under the Plan during the Applicable Period in cash of up to 150 million yen in total as compensation for Directors serving during the Applicable Period. The Trust will acquire the Company’s shares using cash entrusted by the Company through the disposal of treasury stock or through the stock market (including off-auction trading).

Note: The actual amount of cash entrusted to the Trust by the Company includes an amount to cover expenses such as trust fees, trust administrator fees, etc., in addition to the funds to acquire the Company's shares detailed above.

In addition, the Board of Directors may decide to extend the Applicable Period within a period of five years, upon which the Plan may be continued by extending the period of the Trust (including the virtual extension of the trust period by transferring the assets in the said Trust to another trust established for the same purpose. The same applies hereinafter.). In this case, the Company will make an additional contribution to the Trust of cash obtained by multiplying the number of years in the extended period by an amount of up to 50 million yen as additional funds to acquire the Company's shares for delivery to the Directors under the Plan during the Applicable Period of this extension, and continue to award points and deliver the Company's shares as detailed in (3) below.

Furthermore, even if the Plan is discontinued without extension as detailed above, if there are any unretired Directors with awarded points at the completion of the trust period, the period of the Trust may be extended until these Directors retire and the Company's shares are delivered to them.

(3) Calculation method of the Company's shares to be delivered to Directors and their maximum number

a. Method for awarding points to Directors

Based on the Share Delivery Regulations established by the Board of Directors of the Company, the Company awards points to each Director on the dates stipulated in the Share Delivery Regulations during the trust period according to their position.

However, the total number of points the Company awards the Directors shall be up to 20,000 points per year.

b. Delivering the Company's shares according to the number of points awarded

Directors shall receive the delivery of the Company's shares according to the number of points awarded, following the process detailed in c. below.

One point is equal to one share of the Company. However, in the event of a stock split or a reverse stock split of the Company's shares or other events that justify an adjustment to the number of the Company's shares to be delivered, the Company shall make reasonable adjustments mainly according to the ratio of the split or reverse split.

c. Delivery of Company's shares to Directors

The Trust will deliver the Company's shares referred to in b. above to each Director upon their retirement from office by taking the prescribed procedures to confirm the beneficiary.

However, the Company may liquidate a certain portion of the Company's shares by selling them within the Trust mainly for withholding income taxes, and deliver cash instead of the Company's shares. The Company may deliver cash instead of the Company's shares if those in the Trust are liquidated due to a settlement for subscription to a tender offer, or other events.

(4) Exercise of voting rights

Voting rights for the Company's shares in the Trust shall not be exercised without exception pursuant to the instructions of the trust administrator, who is independent from the Company and its Officers. This is intended to ensure that the exercise of voting rights for the Company's shares in the Trust is neutral to the Company's management

(5) Treatment of dividends

Dividends for the Company's shares in the Trust shall be received by the Trust mainly to fund the acquisition of the Company's shares or the payment of trust fees to the trustees.

(Reference)

For the outline of the Plan, please refer to the "Notice concerning the Revision in the Officers' Compensation Plan and Introduction of a Stock Compensation Plan" announced on May 14, 2019.

Proposal 6: Revision of the Amount of Compensation for Directors

Although it has been approved by the 81st Annual General Meeting of Shareholders held on June 26, 1998 that the aggregate amount of compensation for the Company's Directors shall be 47 million yen or less per month, on condition that the Proposal 5 "Determination of the Amount and Details of the Stock Compensation, etc. to Directors" is approved, we request approval for the revision of the said compensation amount to 514 million yen or less per annum (including 50 million yen or less for Outside Directors) (hereinafter, the "Amount of Compensation").

The purpose of this revision is as follows:

1. With regard to short-term incentive compensation for Directors, to enable a lump-sum payment as a bonus that is linked to the performance of each fiscal year, we change the stipulation of the maximum amount of compensation on a monthly basis to a yearly basis.
2. As a new stock compensation, which is subject to approval in the Proposal 5, will be paid separately from the Amount of Compensation, we deduct 50 million yen from the total sum, which is an amount equivalent to a maximum amount per annum of the said stock compensation.

Furthermore, as in the past, the Amount of Compensation will not include the salary for the employee status of Directors, who have duties in their capacity as employee.

If the Proposal 3 "Election of 9 Directors" is approved as originally proposed, the number of Directors will be 9 (including 3 Outside Directors).