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(Securities Code: 8184)

November 7, 2019

To our shareholders:

Takaaki Okano,
President and Representative Director
SHIMACHU CO., LTD.
8-3-32 Kamiochiai, Chuo-ku, Saitama City, Saitama

Notice of the 60th Annual General Meeting of Shareholders

You are cordially invited to attend the 60th Annual General Meeting of Shareholders of SHIMACHU CO., LTD. (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights in accordance with the instructions below by 6:00 p.m. on Wednesday, November 27, 2019 (JST).

1. **Date and Time** Thursday, November 28, 2019, at 10:00 a.m. (JST)
2. **Venue** Conference Room, 3rd floor of the Company’s head office
8-3-32 Kamiochiai, Chuo-ku, Saitama City, Saitama

3. **Purpose of the Meeting**

Matters to be reported

The business report and the non-consolidated financial statements for the 60th fiscal year (from September 1, 2018 to August 31, 2019)

Matters to be resolved

- Proposal No. 1:** Dividends of Surplus
- Proposal No. 2:** Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 4:** Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members as well as Outside Directors)

4. **Predetermined terms of the exercise of voting rights**

- (1) If no indication is made in the voting form, the vote shall be deemed as an intention of approval.
- (2) If you exercise your voting rights in duplicate, both in writing and via the internet, etc., your vote exercised via the internet, etc. shall be treated as valid.
- (3) If you exercise your voting rights via the internet, etc. multiple times, only the last vote exercised shall be treated as valid.

■ In the case of voting by attending the General Meeting of Shareholders

You are kindly requested to present the enclosed voting form at the reception desk upon arrival.

■ In the case of voting by mail

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and return it so that your vote is received by 6:00 p.m. on Wednesday, November 27, 2019 (JST).

■ In the case of voting via the internet, etc.

Please complete the procedure by 6:00 p.m. on Wednesday, November 27, 2019 (JST).

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- Notes:
1. Doors of the venue open at 9:00 a.m.
 2. When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception. In addition, please assist us in conserving resources by bringing with you this notice.
 3. For any revisions to the contents of the reference documents for general meeting of shareholders, the business report or the non-consolidated financial statements, prior to the day of the meeting, we will notify you of the revisions either by mail or via our website (<http://www.shimachu.co.jp/>).
 4. Notice of resolutions, etc. of the 60th Annual General Meeting of Shareholders shall be given by posting the information on our website (<http://www.shimachu.co.jp/>) after the meeting has ended.

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Dividends of Surplus

The Company regards the profit distribution to shareholders as one of our top management priorities and, taking into consideration the business performance of the current fiscal year and future business development while assuming the basic stance of maintaining stable dividends, we carry out profit distribution to shareholders.

In accordance with the above, the Company proposes to pay a year-end dividend for the current fiscal year of ¥40 per share. Accordingly, including the interim dividend of ¥40 per share, the annual dividend will be ¥80 per share.

Year-end dividends

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and the total amount

¥40 per common share of the Company

Total ¥1,700,300,640

(3) Effective date of dividends of surplus

November 29, 2019

Proposal No. 2: Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all six Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereafter in this proposal) will expire at the conclusion of this meeting. Therefore, the Company proposes to elect five Directors, lowering the number of Directors by one.

Furthermore, the Audit and Supervisory Committee has expressed the opinion that there are no exceptional matters to be pointed out in regard to this proposal.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility in the Company		Attendance to the meetings of the Board of Directors
1	Takaaki Okano	President and Representative Director	Reelection Inside Director	16/16 (100%)
2	Shigeyuki Kushida	Director, General Manager of Store Development Division	Reelection Inside Director	15/16 (93.7%)
3	Koichiro Oshima	Director, General Manager of Innovation Promotion Division	Reelection Inside Director	16/16 (100%)
4	Tadahiro Hosokawa	Director, General Manager of IT Strategy & Human Resources Development Division	Reelection Inside Director	16/16 (100%)
5	Kazuya Orimoto	Director, General Manager of Corporate Planning Division	Reelection Inside Director	16/16 (100%)

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
1	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Takaaki Okano (December 25, 1972)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (100%)</p>	<p>July 2003 Joined SHIMACHU HOME'S CO., LTD. (currently SHIMACHU CO., LTD)</p> <p>September 2007 Joined the Company</p> <p>August 2009 General Manager of Furniture Sales Department</p> <p>March 2010 General Manager of Furniture Product Department</p> <p>July 2012 General Manager of Human Resources Department</p> <p>September 2013 Executive Officer, General Manager of Human Resources Department</p> <p>November 2014 Director, General Manager of Human Resources Department</p> <p>July 2015 Director, General Manager of Human Resources Department and General Affairs Department</p> <p>September 2015 Director, General Manager of General Affairs Department</p> <p>July 2016 Director, General Manager of Furniture Sales Division</p> <p>March 2017 Director, Executive Manager of Sengawa Store</p> <p>August 2017 Director, General Manager of President's Office</p> <p>November 2017 President and Representative Director (current position)</p> <p>[Reasons for nomination as candidate for Director] Since joining the Company, Takaaki Okano has served in the areas of sales and administration. Since November 2017, he has served as Representative Director. Utilizing this extensive experience and deep insight, he demonstrates all-round management capabilities. The Company nominates him for reelection as Director based on the belief that he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors as a leader who can steer the Company.</p>	1,500

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
2	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Shigeyuki Kushida (January 14, 1969)</p> <p>Attendance to the meetings of the Board of Directors 15/16 (93.7%)</p>	<p>November 2002 Joined SHIMACHU HOME'S CO., LTD. (currently SHIMACHU CO., LTD)</p> <p>September 2007 Joined the Company</p> <p>February 2008 General Manager of Home Center Product Department</p> <p>November 2011 Director, Deputy General Manager of Home Center Sales Division</p> <p>September 2012 Managing Director, General Manager of Home Center Sales Division</p> <p>November 2013 Director, General Manager of New Business Department</p> <p>June 2014 Director, General Manager of Home Center Product Department</p> <p>January 2015 Director, General Manager of Product Supervision Department</p> <p>July 2015 Director, General Manager of Home Center Product Department and Sales Planning Office</p> <p>November 2015 Director, General Manager of Home Center Product Department</p> <p>July 2016 Director, General Manager of Store Development Department</p> <p>November 2017 Director, General Manager of Development Division</p> <p>November 2018 Director, General Manager of Store Development Division (current position)</p> <p>[Reasons for nomination as candidate for Director] Since joining the Company, Shigeyuki Kushida has served in the areas of sales and products. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	1,500

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
3	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Koichiro Oshima (August 3, 1969)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (100%)</p>	<p>February 1999 Joined the Company</p> <p>July 2001 Manager of Soka Store</p> <p>January 2006 General Manager of Sales Department II, Home Center Sales Department</p> <p>July 2012 General Manager of Home Center Sales Department</p> <p>February 2013 General Manager of Home Center Reform Department</p> <p>June 2015 General Manager of Home Center Sales Division</p> <p>September 2015 Executive Officer, General Manager of Home Center Sales Division</p> <p>November 2015 Director, General Manager of Home Center Sales Division</p> <p>August 2017 Director, General Manager of Sales Division</p> <p>November 2018 Director, General Manager of Innovation Promotion Division (current position)</p> <p>[Reasons for nomination as candidate for Director] Since joining the Company, Koichiro Oshima has served in the area of sales. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	1,300
4	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Tadahiro Hosokawa (January 24, 1976)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (100%)</p>	<p>October 2003 Joined the Company</p> <p>June 2010 Manager of Soga Store</p> <p>July 2011 General Manager of Furniture Product Department</p> <p>February 2013 General Manager of Furniture Reform Department</p> <p>February 2015 General Manager of Furniture Sales Division</p> <p>September 2015 Executive Officer, General Manager of Furniture Sales Division</p> <p>November 2015 Director, General Manager of Furniture Sales Division</p> <p>July 2016 Director, General Manager of Sales Promotion Department</p> <p>March 2017 Director, Executive Manager of Higashimurayama Store</p> <p>August 2017 Director, General Manager of General Affairs Department</p> <p>November 2017 Director, General Manager of Administration Division</p> <p>November 2018 Director, General Manager of IT Strategy & Human Resources Development Division (current position)</p> <p>[Reasons for nomination as candidate for Director] Since joining the Company, Tadahiro Hosokawa has served in the areas of sales and products. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	1,000

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
5	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Kazuya Orimoto (September 26, 1972)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (100%)</p>	<p>November 1996 Joined the Company</p> <p>January 2005 Manager of Soka Store</p> <p>June 2007 Manager of Accounting Section</p> <p>March 2011 General Manager of Accounting Department</p> <p>July 2016 Executive Officer, General Manager of Accounting Department</p> <p>November 2017 Director, General Manager of Corporate Planning Division (current position)</p>	1,200
		<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Kazuya Orimoto has served in the areas of sales and accounting. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	

Note: There is no special interest between any of the candidates and the Company.

Proposal No. 3: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

The terms of office of all four currently serving Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes to elect four Directors who are Audit and Supervisory Committee Members.

Furthermore, the Audit and Supervisory Committee has consented to this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Current position and responsibility in the Company		Attendance to the meetings of the Board of Directors
1	Kouji Tajima	Outside Director	Reelection Outside Director Independent Officer	15/16 (93.7%)
2	Yasushi Kubomura	Outside Director	Reelection Outside Director Independent Officer	16/16 (100%)
3	Hikari Imai		New election Outside Director Independent Officer	-
4	Hidehiko Nishikawa		New election Outside Director Independent Officer	-

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
1	<div> <div>Reelection</div> <div>Outside Director</div> <div>Independent Officer</div> </div> <p>Kouji Tajima (August 26, 1955)</p> <p>Attendance to the meetings of the Board of Directors 15/16 (93.7%)</p> <p>Attendance to the meetings of Audit and Supervisory Committee 21/22 (95.4%)</p>	<p>March 1984 Registered as a certified tax accountant</p> <p>March 1984 Director, Kouji Tajima Certified Tax Accountant Office (current position)</p> <p>November 2002 Outside Audit and Supervisory Board Member of the Company</p> <p>November 2015 Outside Director who is an Audit and Supervisory Committee Member (current position)</p> <p>[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member]</p> <p>Kouji Tajima possesses specialized knowledge and high-level expertise as a certified tax accountant. Being independent of the Company's business operation in light of current and past activities, he is qualified to perform monitoring of the management with independency. The Company nominates him as a candidate for outside Director who is an Audit and Supervisory Committee Member because it judges that his aforementioned qualities will lead to improved transparency and strengthened supervisory function of the Board of Directors. The Company judges that although Kouji Tajima has no experience in participating in the management of companies other than serving as outside director and outside corporate auditor, he will be able to execute the duties of outside Director adequately because of the above reasons.</p>	3,489
2	<div> <div>Reelection</div> <div>Outside Director</div> <div>Independent Officer</div> </div> <p>Yasushi Kubomura (September 2, 1964)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (100%)</p> <p>Attendance to the meetings of Audit and Supervisory Committee 22/22 (100%)</p>	<p>April 2000 Registered as attorney at law</p> <p>January 2004 Director of Kubomura Law Firm (current position)</p> <p>April 2005 Commissioner of Asaka City Information Disclosure and Personal Information Protection Review Board (current position)</p> <p>July 2008 Chairman of the Saitama Bar Association's operation committee for the center for the protection of the rights of the elderly and people with disabilities</p> <p>April 2014 Member of the Saitama Bar Association's discipline enforcement committee</p> <p>November 2015 Outside Director who is an Audit and Supervisory Committee Member of the Company (current position)</p> <p>[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member]</p> <p>Yasushi Kubomura possesses abundant experience and broad insight as an attorney at law and is familiar with corporate legal affairs. The Company nominates him as a candidate for outside Director who is an Audit and Supervisory Committee Member because it would like him to utilize this experience during audits of the Company. The Company judges that although Yasushi Kubomura has no experience in participating in the management of companies other than serving as outside director and outside corporate auditor, he will be able to execute the duties of outside Director adequately because of the above reasons.</p>	0

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
3	<div> <div>New election</div> <div>Outside Director</div> <div>Independent Officer</div> </div> <p>Hikari Imai (July 23, 1949)</p>	<p>April 1974 Joined Yamaichi Securities Co., Ltd.</p> <p>January 1986 Joined Morgan Stanley Japan Limited</p> <p>April 1993 Joined Merrill Lynch Securities Co.</p> <p>January 1999 Deputy Chairman of Merrill Lynch Japan Securities Co., Ltd</p> <p>November 2007 Director, Vice President of RECOF Corporation</p> <p>November 2008 President and CEO of RECOF Corporation</p> <p>April 2012 Outside Director of Olympus Corporation</p> <p>June 2015 Outside Director of CYBERDYNE, INC. (current position)</p> <p>June 2016 Outside Director of PACIFIC METALS CO., LTD. (current position)</p> <p>[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member]</p> <p>The Company nominates Hikari Imai as a candidate for outside Director who is an Audit and Supervisory Committee Member because it would like him to supervise its management, based on his abundant experience and broad insight as a top corporate manager over many years, and contribute to strengthening its corporate governance through advising on its overall management.</p>	0
4	<div> <div>New election</div> <div>Outside Director</div> <div>Independent Officer</div> </div> <p>Hidehiko Nishikawa (August 27, 1962)</p>	<p>April 1985 Joined World Co., Ltd.</p> <p>July 2000 Manager of Business Division and Operation Division of MUJI.net Co., Ltd.</p> <p>April 2001 Director of MUJI.net Co., Ltd.</p> <p>April 2005 Assistant Professor of College of Business Administration of Ritsumeikan University</p> <p>April 2007 Associate Professor of College of Business Administration of Ritsumeikan University</p> <p>April 2008 Professor of College of Business Administration of Ritsumeikan University</p> <p>April 2010 Professor of Faculty of Business Administration and Graduate School of Business Administration of Hosei University (current position)</p> <p>April 2015 Director of Graduate School of Business Administration of Hosei University</p> <p>June 2015 Outside Director of UNITED ARROWS LTD.</p> <p>June 2016 Outside Director who is an Audit and Supervisory Committee Member of UNITED ARROWS LTD. (current position)</p> <p>[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member]</p> <p>Hidehiko Nishikawa possesses abundant experience in the retail industry and highly-specialized knowledge and broad insight as a university professor for college of business administration over many years. The Company nominates Hidehiko Nishikawa as a candidate for outside Director who is an Audit and Supervisory Committee Member because it would like him to audit and supervise its overall management from an objective and sophisticated viewpoint and a broad perspective, based on such knowledge and insight.</p>	0

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Hikari Imai and Hidehiko Nishikawa are candidates for new Directors who are Audit and Supervisory Committee Members.
 3. Kouji Tajima, Yasushi Kubomura, Hikari Imai and Hidehiko Nishikawa are candidates for outside Directors and have been designated as Independent Officers under Tokyo Stock Exchange regulations and so notified to the exchange.
 4. Kouji Tajima and Yasushi Kubomura are currently outside Directors of the Company who are Audit and Supervisory Committee Members. At the conclusion of this meeting, their tenure as outside Directors of the Company who are Audit and Supervisory Committee Members will have been four years. In the past, Kouji Tajima was an officer who did not execute business (Audit and Supervisory Board Member) of the Company.
 5. The Company has entered into an agreement with Kouji Tajima and Yasushi Kubomura to limit their liability for damages under Article 423, paragraph 1 of the Companies Act pursuant to Article 427, paragraph 1 of the same law. The maximum amount of liability for damages under such agreement is the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act. If the reelection of both Kouji Tajima and Yasushi Kubomura is approved, the Company plans to renew the said limited liability agreement with them. In addition, if the election of both Hikari Imai and Hidehiko Nishikawa is approved, the Company plans to enter into the same limited liability agreement with them.

Proposal No. 4: Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members as well as Outside Directors)

The amount of the remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved to be not more than ¥240 million a year (including a portion of not more than ¥10 million for outside Directors but excluding the employee salaries for Directors who concurrently serve as employees) at the 56th Annual General Meeting of Shareholders held on November 26, 2015.

For the purpose of providing its Directors (excluding Directors who are Audit and Supervisory Committee Members as well as outside Directors; hereinafter referred to as "Eligible Directors") with the incentive to raise its corporate value in a sustained manner and further enhance value-sharing with shareholders, the Company now intends to pay to Eligible Directors the remuneration for granting restricted shares to them, under a limit separate from the above-mentioned remuneration limit. This is as part of revision to the Company's Director remuneration plan.

The restricted share remuneration plan shall consist of consecutive service-based restricted shares for which the transfer restriction is to be removed on the condition of consecutive service for a certain length of time at the Company; and of business performance target commitment-based restricted shares for which the transfer restriction is to be removed on satisfaction of, in addition to the former condition, the condition of achievement of business performance targets such as ROE, among others, set beforehand by the Company's Board of Directors (hereinafter the "Business Performance Targets").

Remuneration to be provided to Eligible Directors for granting restricted shares under this proposal shall be monetary claims (hereinafter the "Monetary Remuneration Claims"), and their total amount shall be not more than ¥100 million a year under a limit separate from the existing remuneration limit, a combined total for consecutive service-based restricted shares and business performance target commitment-based restricted shares, as an amount deemed to be reasonable in light of the above-mentioned purpose. The specific timing and allotment of payment to each Eligible Director will be determined by the Board of Directors. However, Directors who are Audit and Supervisory Committee members and outside Directors shall not be paid the remuneration for granting restricted shares. The above-mentioned remuneration amount shall not include the employee salaries for Directors who concurrently serve as employees.

If Proposal No. 2 "Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)" is approved and adopted as originally proposed, Eligible Directors will total five at the conclusion of this General Meeting of Shareholders. Eligible Directors shall pay, as an in-kind contribution, all of the Monetary Remuneration Claims to be paid in accordance with resolution of the Company's Board of Directors, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company. The combined total number of common shares of the Company to be issued or disposed of accordingly shall be not more than 50,000 shares a year for consecutive service-based restricted shares and business performance target commitment-based restricted shares (provided, however, that, if, on or after the date of approval and adoption of this proposal, a share split [including a gratis allotment of common shares of the Company] or a share consolidation is conducted for common shares of the Company, or in cases where the total number of common shares of the Company to be issued or disposed of as restricted shares is required to be adjusted for some reason, such total number of shares shall be adjusted within a reasonable range).

The amount to be paid in per share shall be determined by the Board of Directors according to the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (or, if such shares are not traded on the business day, the closing price on the trading day immediately preceding the said date shall apply) and in a range not particularly advantageous for Eligible Directors subscribing such common shares. In issuing or disposing of common shares of the Company under this plan, the Company shall enter into with each Eligible Director a restricted share allotment agreement including the following provisions (hereinafter the "Allotment Agreement").

[Outline of the restricted share allotment agreement]

1. Period of transfer restriction

For consecutive service-based restricted shares, an Eligible Director may neither transfer, nor create a security interest on, nor otherwise dispose of allotted common shares of the Company under the Allotment Agreement (hereinafter the “Allotted Shares”) for a period specified beforehand by the Board of Directors of the Company during a period of twenty to thirty years from the date of allotment under the Allotment Agreement (hereinafter the “Transfer Restriction Period” of consecutive service-based restricted shares). For business performance target commitment-based restricted shares, an Eligible Director may neither transfer, nor create a security interest on, nor otherwise dispose of allotted common shares of the Company under the Allotment Agreement (hereinafter the “Allotted Shares”) for a period specified beforehand by the Board of Directors of the Company during a period of one to five years from the date of allotment under the Allotment Agreement (hereinafter the “Transfer Restriction Period” of business performance target commitment-based restricted shares). The restriction described in the previous sentences will hereinafter be referred to as the “Transfer Restriction.”

2. Procedures at the time of resignation

(1) Consecutive service-based restricted shares

If, prior to the expiration of a Transfer Restriction Period, an Eligible Director resigns from a position specified beforehand by the Board of Directors of the Company, it shall automatically acquire the Allotted Shares without consideration unless there is a legitimate reason for the resignation such as term of office expiration, death or other matters.

(2) Business performance target commitment-based restricted shares

If, during the period from the date of allotment under the Allotment Agreement to the time of judging whether the Business Performance Targets have been achieved, an Eligible Director resigns from a position specified beforehand by the Board of Directors of the Company, it shall automatically acquire the Allotted Shares without consideration.

3. Removal of Transfer Restriction

(1) Consecutive service-based restricted shares

The Company shall remove Transfer Restriction on all the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that the Eligible Director has consecutively remained in a position specified beforehand by the Board of Directors of the Company throughout the Transfer Restriction Period. Notwithstanding the foregoing, the Company shall make reasonable adjustments, as required, to the number of Allotted Shares for which Transfer Restriction will be removed and the period for which Transfer Restriction will be removed if the Eligible Director resigns from any of the positions set forth in section 2 above prior to the expiration of a Transfer Restriction Period due to term of office expiration, death or other legitimate reason as stated in section 2 above. In addition, any of the Allotted Shares for which Transfer Restriction has yet to be removed as of the time immediately after the Transfer Restriction is removed pursuant to the above-mentioned provision shall be acquired by the Company automatically without consideration.

(2) Business performance target commitment-based restricted shares

The Company shall remove the Transfer Restriction on all the Allotted shares at the expiration of the Transfer Restriction Period on the condition that the Eligible Director has consecutively remained in a position specified beforehand by the Board of Directors of the Company during the period from the date of allotment under the Allotment Agreement to the time of judging whether the Business Performance Targets have been achieved and that the Company has achieved the targets. In addition, any of the Allotted Shares for which Transfer Restriction has yet to be removed as of the time immediately after the Transfer Restriction is removed pursuant to the above-mentioned provision shall be acquired by the Company automatically without consideration.

4. Procedures at the time of organizational restructuring

(1) Consecutive service-based restricted shares

If, during a Transfer Restriction Period, a General Meeting of Shareholders of the Company (or, if approval by the meeting is not required for organizational restructuring, etc. the Board of Directors of the Company) approves a merger agreement under which the Company will become the disappearing company, a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary, or any other matter relating to organizational restructuring, etc. the Company shall, by resolution of the Board of Directors of the Company, remove the Transfer Restriction prior to the effective date of the organizational restructuring on the number of Allotted Shares that will be reasonably specified in light of the period from the start date of the Transfer Restriction Period to the date of approval for the organizational restructuring. In addition, in cases specified above, any of the Allotted Shares for which Transfer Restriction has yet to be removed as of the time immediately after the Transfer Restriction is removed shall be acquired by the Company automatically without consideration.

(2) Business performance target commitment-based restricted shares

If, during a Transfer Restriction Period, a General Meeting of Shareholders of the Company (or, if approval by the meeting is not required for organizational restructuring, etc. the Board of Directors of the Company) approves a merger agreement under which the Company will become the disappearing company, a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary, or any other matter relating to organizational restructuring, etc. the Company shall automatically acquire the Allotted Shares without consideration.

5. Other matters

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