

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. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 7241)
June 3, 2019

To Shareholders with Voting Rights:

Hiroyoshi Yoshiki
President
Futaba Industrial Co., Ltd.
Ochaya 1, Hashime-cho, Okazaki-shi, Aichi

**NOTICE OF
THE 105TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 105th Annual General Meeting of Shareholders of Futaba Industrial Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or through the Internet. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the guidance below by 4:45 p.m. on Monday, June 17, 2019, Japan time.

1. Date and Time: Tuesday, June 18, 2019 at 10:00 a.m. Japan time

2. Place: Concert Hall, 4F, Okazaki City Civic Center,
15, Kitono, Hane-cho, Okazaki-shi, Aichi, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 105th Fiscal Year (April 1, 2018 - March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 105th Fiscal Year (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

- Proposal 1:** Election of 8 Directors
Proposal 2: Election of 1 Audit & Supervisory Board Member
Proposal 3: Payment of Bonuses to Directors
Proposal 4: Payment of Retirement Benefits to a Retiring Director
Proposal 5: Final Payment of Retirement Benefits to Directors in Association with the Abolition of the Retirement Benefit Plan for Directors
Proposal 6: Decision on Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)

Information disclosed on the Internet

The Company's website: <http://www.futabasangyo.com>

- Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are, in accordance with provisions of laws and regulations as well as the Company's Articles of Incorporation, posted on the Company's website on the Internet, instead of the provision on the Reference Documents for the General Meeting of Shareholders and the Appendix to this Notice. The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board and the Accounting Auditor consist of each document provided in this Notice and the Appendix, as well as Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements that are posted on the website shown above.
- Should the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website.

© When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of 8 Directors

The terms of office of all 8 Directors will expire at the conclusion of this General Meeting. Accordingly, the Company proposes the election of 8 Directors.

This proposal has been determined by the Board of Directors based on recommendations provided by the Nominating Committee, which is a voluntary body mainly comprised of Outside Directors.

The candidates for Directors are as follows:

No.	Name		Current positions	Attendance at meetings of the Board of Directors	Years in Office
1	Reappointment	Hiroyoshi Yoshiki	Representative Director and President, the Company	12/12 (100%)	4
2	Reappointment	Mikio Iwatsuki	Director, Senior Managing Executive Officer, the Company	12/12 (100%)	9
3	Reappointment	Takayuki Yoshida	Director, Senior Managing Executive Officer, the Company	12/12 (100%)	7
4	Reappointment	Tomohiro Takahashi	Director, Senior Managing Executive Officer, the Company	12/12 (100%)	7
5	Reappointment	Fumio Ohashi	Director, Senior Managing Executive Officer, the Company	12/12 (100%)	4
6	Reappointment	Masaki Horie	Outside Independent Director, the Company	12/12 (100%)	3
7	Reappointment	Masayoshi Ichikawa	Outside Independent Director, the Company	10/10 (100%)	1
8	New appointment	Motoko Miyajima	Outside Independent -	-/- (-%)	-

(Note) Attendance at meetings of the Board of Directors for Mr. Masayoshi Ichikawa indicates his attendance at the meetings of the Board of Directors held on or after his assumption of office on June 20, 2018.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Hiroyoshi Yoshiki (January 4, 1957) Reappointment	April 1980 Joined Toyota Motor Co., Ltd. January 2001 Vice President, Toyota Motor Manufacturing, Kentucky, Inc. January 2007 General Manager, Plant Administration Div., Kinuura Plant, Toyota Motor Corporation June 2009 Managing Officer June 2010 Plant General Manager, Kinuura Plant April 2011 Deputy Chief Officer, Technical Administration Group January 2012 Chief Officer, Technical Administration Group April 2015 Corporate Adviser, the Company June 2015 Representative Director and Senior Executive Vice President June 2016 Representative Director and President (to the present)	26,600
<p>Reasons for nomination as a candidate for Director: In addition to his experience of serving as Managing Officer at Toyota Motor Corporation, Mr. Hiroyoshi Yoshiki has been involved in the management of the Company, having served as Senior Executive Vice President and President since 2015. The Company nominates him as a candidate for Director in order to bring his wealth of experience and deep insight into the Company's management.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Mikio Iwatsuki (September 10, 1957) Reappointment	April 1981 Joined the Company November 2002 General Manager, Engineering Div., Mutsumi Plant July 2006 Counselor, Information & Environmental Equipment Div., Mutsumi Plant July 2008 Officer, Information & Environmental Equipment Div., Mutsumi Plant June 2010 Director June 2013 Director Managing Executive Officer June 2015 Director Senior Managing Executive Officer (to the present) [Responsibilities at the Company] In charge of Manufacturing and Production Engineering, Chief of Production Center, Health and Safety Control Office, Project Progress Management Office, Production and Logistics Control Div., Production Support Div.	17,900
Reasons for nomination as a candidate for Director: In addition to his experience mainly in the information & environmental equipment division and the production division at the Company, Mr. Mikio Iwatsuki has been involved in the management of the Company as Director since 2010. The Company nominates him as a candidate for Director in order to bring his wealth of experience and deep insight into the Company's management.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Takayuki Yoshida (May 21, 1958)</p> <p>Reappointment</p>	<p>April 1981 Joined the Company November 2008 Chief, Product Planning Office July 2010 Officer, Product Planning Office July 2011 Deputy Chief, Engineering Center, and Officer, Product Planning Office June 2012 Director June 2013 Director Managing Executive Officer June 2016 Director Senior Managing Executive Officer (to the present)</p> <p>[Responsibilities at the Company] In charge of Product Planning Management, in charge of Engineering and Quality Assurance, Chief of Engineering Center, in charge of Global Business Planning, Engineering Integrated Div., Powertrain Equipment Development Div., Exhaust System Development Div., Vehicle Function System Development Div., Performance Assurance Div., Advanced Development Div., BR Global Business Planning Office</p>	17,600
<p>Reasons for nomination as a candidate for Director: In addition to his experience mainly in the product planning division and the engineering division at the Company, Mr. Takayuki Yoshida has been involved in the management of the Company as Director since 2012. The Company nominates him as a candidate for Director in order to bring his wealth of experience and deep insight into the Company's management.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Tomohiro Takahashi (June 1, 1960) Reappointment	<p>April 1984 Joined Toyota Motor Corporation January 2007 General Manager, Purchasing Dept. No. 3, Purchasing Div. No. 2, Global Purchasing Center January 2008 General Manager, Body Parts Dept. No. 2, Body Parts Purchasing Div., Purchasing Group January 2010 General Manager, Purchasing Control Dept. April 2011 Officer, Planning Center, the Company July 2011 Officer, Deputy Chief, Planning Center June 2012 Director June 2013 Director Managing Executive Officer June 2017 Director Senior Managing Executive Officer (to the present)</p> <p>[Responsibilities at the Company] In charge of Planning, Sales and Purchasing, Chief of Planning Center, Chief of Purchasing Center, Management Planning Office, Business Planning Div., Purchasing Planning Office, Parts Purchasing Div., Material, Tooling and Equipment Purchasing Div.</p>	18,700
<p>Reasons for nomination as a candidate for Director: In addition to his experience mainly in the purchasing division at Toyota Motor Corporation and the Company, Mr. Tomohiro Takahashi has been involved in the management of the Company as Director since 2012. The Company nominates him as a candidate for Director in order to bring his wealth of experience and deep insight into the Company's management.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Fumio Ohashi (August 23, 1960) Reappointment	April 1984 Joined Toyota Motor Corporation January 2004 General Manager, Financial Planning Dept., Finance Div. January 2005 General Manager, Funds & Foreign Exchange Management Dept., Finance Div. January 2006 General Manager, Funds Management Dept., Accounting Div. January 2007 General Manager, Accounting Dept., Technical Administration Div. January 2009 Corporate Secretary and Treasurer, Toyota Motor Manufacturing Canada Inc. January 2014 General Manager, Global Audit Dept., Toyota Motor Corporation June 2015 Corporate Adviser, the Company June 2015 Director Managing Executive Officer June 2017 Director Senior Managing Executive Officer (to the present) [Responsibilities at the Company] In charge of General Affairs, Human Resources and Accounting, Chief of Accounting and Finance Center, General Accounting Div., Finance Div., Cost Planning Div.	20,100
Reasons for nomination as a candidate for Director: In addition to his experience mainly in the accounting and finance division at Toyota Motor Corporation, Mr. Fumio Ohashi has been involved in the management of the Company as Director since 2015. The Company nominates him as a candidate for Director in order to bring his wealth of experience and deep insight into the Company's management.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>Masaki Horie (November 25, 1949)</p> <p>Reappointment Outside Director Independent Director</p>	<p>April 1973 Joined Price Waterhouse Japan November 1980 Joined Itoh Audit Corporation July 1997 Representative Partner January 2001 Representative Partner, Chuo Aoyama Audit Corporation September 2006 Representative Partner, PricewaterhouseCoopers Aarata June 2010 Retired from PricewaterhouseCoopers Aarata July 2010 Established Certified Public Accountant Masaki Horie Accounting Office (to the present) June 2011 Outside Audit & Supervisory Board Member, TOKAI RIKA CO., LTD. June 2015 Audit & Supervisory Board Member, the Company June 2016 Outside Audit & Supervisory Board Member, IBIDEN CO., LTD. June 2016 Director, the Company (to the present) June 2017 Outside Director who is an Audit & Supervisory Committee Member, IBIDEN CO., LTD. (to the present)</p>	0
<p>Reasons for nomination as a candidate for Outside Director: In addition to his expertise and experience acquired over many years as a certified public accountant, Mr. Masaki Horie has served as Outside Audit & Supervisory Board Member and Outside Director of the Company since 2015, and provided advice to the management of the Company. The Company nominates him as a candidate for Director in order to bring his wealth of experience and deep insight into the Company's management.</p> <p>Matters concerning independence: The Company has designated Mr. Masaki Horie as Independent Director based on the provisions set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange, and has registered him as such with both Exchanges. If his reappointment is approved, the Company intends to maintain the registration.</p> <p>Limited liability agreement: The Company has entered into a limited liability agreement with Mr. Masaki Horie to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount as stipulated under Article 425, Paragraph 1 of the same Act, and if his reappointment is approved, the Company plans to maintain this agreement.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	Masayoshi Ichikawa (January 10, 1953) Reappointment Outside Director Independent Director	April 1977 Joined Toyoda Gosei Co., Ltd. June 2004 Deputy General Manager, Optoelectronics Business Unit June 2005 Director June 2008 General Manager, Optoelectronics Business Unit June 2010 Managing Director January 2011 Chairman, TE Opto Corporation June 2012 Director, Senior Managing Officer, Toyoda Gosei Co., Ltd. June 2012 Chairman, Toyoda Gosei North America Corporation June 2015 Executive Vice President, Toyoda Gosei Co., Ltd. June 2017 Advisor (to the present) June 2018 Director, the Company (to the present)	2,000
7	<p>Reasons for nomination as a candidate for Outside Director: In addition to many years of experience as corporate manager at Toyoda Gosei Co., Ltd., Mr. Masayoshi Ichikawa has served as Outside Director of the Company since 2018 and provided advice to the management of the Company. The Company nominates him as a candidate for Director in order to bring his wealth of experience and deep insight into the Company's management.</p> <p>Special note concerning the candidate for Outside Director: Mr. Masayoshi Ichikawa held a position as Director of Toyoda Gosei Co., Ltd. from June 2012 to June 2017. The company was investigated for allegations that the sale of certain automobile components conducted from 2003 to 2010 violated the U.S. Antitrust Laws. In September 2014, while Mr. Masayoshi Ichikawa was in office, the Company agreed on a plea bargain with the U.S. Department of Justice. At the time, Mr. Masayoshi Ichikawa cooperated with the investigation conducted by the U.S. Department of Justice as Director (Senior Managing Officer) of the company, and contributed to efforts for solving the case and for the prevention of recurrence.</p> <p>Matters concerning independence: The Company has designated Mr. Masayoshi Ichikawa as Independent Director based on the provisions set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange, and has registered him as such with both Exchanges. If his reappointment is approved, the Company intends to maintain the registration.</p> <p>Limited liability agreement: The Company has entered into a limited liability agreement with Mr. Masayoshi Ichikawa to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount as stipulated under Article 425, Paragraph 1 of the same Act, and if his reappointment is approved, the Company plans to maintain this agreement.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	Motoko Miyajima (January 1, 1957) New appointment Outside Director Independent Director	April 1990 Registered as Attorney at Law April 1993 Joined Toyota Industries Corporation June 1997 Adjunct Lecturer, Faculty of Law, Nanzan University April 2002 Adjunct Lecturer, School of Law, Nagoya University April 2004 Professor, Law School, Meijo University (to the present) January 2006 Visiting Attorney, Iriya Law Office (to the present) June 2016 Outside Director, Canox Corporation (to the present)	1,000
8	<p>Reasons for nomination as a candidate for Outside Director: Ms. Motoko Miyajima has expertise and experience acquired over many years as an attorney at law. The Company nominates her as a candidate for Director in order to bring her wealth of experience and deep insight into the Company's management.</p> <p>Matters concerning independence: If Ms. Motoko Miyajima's appointment is approved, the Company will designate her as Independent Director based on the provisions set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange, and register her as such with both Exchanges.</p> <p>Limited liability agreement: If Ms. Motoko Miyajima is elected, the Company will enter into a limited liability agreement with Ms. Motoko Miyajima to limit her liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount as stipulated under Article 425, Paragraph 1 of the same Act.</p>		

(Notes)

1. There are no special interests between each candidate and the Company.
2. Of the above candidates, Mr. Masaki Horie, Mr. Masayoshi Ichikawa and Ms. Motoko Miyajima are candidates for Outside Directors.

Proposal 2: Election of 1 Audit & Supervisory Board Member

The term of office of Mr. Yoshihiro Yoshimura, Audit & Supervisory Board Member, will expire at the conclusion of this General Meeting. Accordingly, the Company proposes the election of 1 Audit & Supervisory Board Member.

This proposal has been determined by the Board of Directors with the approval of the Audit & Supervisory Board. The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions		Number of shares of the Company held
Ryusuke Itakura (November 17, 1955)	April 1979	Joined Mitsui Bank, Ltd.	0
New appointment Outside Audit & Supervisory Board Member Independent Auditor	June 2000	General Manager, Oizumi Branch, The Sakura Bank, Limited	
	April 2001	General Manager, Nerima Block, Sumitomo Mitsui Banking Corporation	
	April 2006	Executive Officer	
	June 2009	Representative Director and President, SMBC Guarantee Co., Ltd.	
	June 2013	Representative Director and President, Muromachi Building Services Co., Ltd.	
Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member:			
Mr. Ryusuke Itakura has knowledge on finance and experience as a corporate manager acquired over many years of his service at Sumitomo Mitsui Banking Corporation. To bring his extensive experience and deep insight into the Company's audit, the Company nominates him as a candidate for Audit & Supervisory Board Member.			
Matters concerning independence:			
If Mr. Ryusuke Itakura's appointment is approved, the Company will designate him as Independent Auditor based on the provisions set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange, and register him as such with both Exchanges.			
Limited liability agreement:			
If Mr. Ryusuke Itakura is elected, the Company will enter into a limited liability agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount as stipulated under Article 425, Paragraph 1 of the same Act.			

(Notes)

There are no special interests between the candidate and the Company.

Proposal 3: Payment of Bonuses to Directors

In consideration of the business results of the fiscal year under review, the Company requests approval for payment of ¥32,753,000 in total as bonuses to Directors for six (6) Directors excluding Outside Directors as of the end of the fiscal year under review.

This proposal has been determined by the Board of Directors based on recommendations provided by the Compensation Committee, which is a voluntary body mainly comprised of Outside Directors.

The Company also requests that the specific amount to be paid to each Director be decided by the Board of Directors.

Proposal 4: Payment of Retirement Benefits to a Retiring Director

In accordance with certain standards within the Company, we propose to pay retirement benefits within a reasonable range of amounts to Mr. Keita Asakawa, Director and Managing Executive Officer, who is retiring at the conclusion of this General Meeting of Shareholders as his term of office expires, in order to reward the distinguished service during his tenure.

This proposal has been determined by the Board of Directors based on recommendations provided by the Compensation Committee, which is a voluntary body mainly comprised of Outside Directors.

The Company also proposes that the specific amount, time and method of the payment be left to the discretion of the Board of Directors.

The past experience of the retiring Director is as follows;

Name	Past experience
Keita Asakawa	June 2015 Director Managing Executive Officer, the Company (to the present)

Proposal 5: Final Payment of Retirement Benefits to Directors in Association with the Abolition of the Retirement Benefit Plan for Directors

The Company resolved at the meeting of the Board of Directors held on April 25, 2019 to abolish the retirement benefit plan for directors at the conclusion of this General Meeting of Shareholders, and has decided to renew the compensation plan for directors so that it will be more strongly linked to the business performance and shareholder value.

In association with the abolishment of the retirement benefit plan for directors, the Company proposes to pay final retirement benefits applicable to the terms of office until the conclusion of this General Meeting of Shareholders within a reasonable range of amounts according to certain standards of the Company to the following five Directors: Mr. Hiroyoshi Yoshiki, Mr. Mikio Iwatsuki, Mr. Takayuki Yoshida, Mr. Tomohiro Takahashi, and Mr. Fumio Ohashi, who will be reelected subject to the approval of Proposal 1, in order to reward the distinguished services during their terms of office.

This proposal has been determined by the Board of Directors based on recommendations provided by the Compensation Committee, which is a voluntary body mainly comprised of Outside Directors.

The Company also proposes that the benefits be paid to each Director at the time of their retirement as Director, and the specific amount and the method of the payment be decided by the Board of Directors.

The past experience of the Directors eligible for the final payment of retirement benefits is as follows:

Name	Past experience
Hiroyoshi Yoshiki	June 2015 Representative Director and Senior Executive Vice President, the Company
	June 2016 Representative Director and President, the Company (to the present)
Mikio Iwatsuki	June 2010 Director, the Company
	June 2013 Director Managing Executive Officer, the Company
	June 2015 Director Senior Managing Executive Officer, the Company (to the present)
Takayuki Yoshida	June 2012 Director, the Company
	June 2013 Director Managing Executive Officer, the Company
	June 2016 Director Senior Managing Executive Officer, the Company (to the present)
Tomohiro Takahashi	June 2012 Director, the Company
	June 2013 Director Managing Executive Officer, the Company
	June 2017 Director Senior Managing Executive Officer, the Company (to the present)
Fumio Ohashi	June 2015 Director Managing Executive Officer, the Company
	June 2017 Director Senior Managing Executive Officer, the Company (to the present)

Proposal 6: Decision on Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)

It was approved at the 79th Annual General Meeting of Shareholders held on June 28, 1993 that the amount of compensation for Directors of the Company shall be 30 million yen or less per month (excluding a portion of the compensation given to a Director who also serves as an employee).

As part of a review of the compensation plan for directors, in order to give the Directors of the Company (excluding the Outside Directors, hereinafter the “eligible Directors”) an incentive to pursue a sustainable improvement of the corporate value of the Company and to further promote value sharing with the shareholders, the Company proposes to provide the eligible Directors with new compensation for granting restricted stock in addition to the compensation mentioned above.

Please note that the Company will abolish the retirement benefit plan for directors provided that this Proposal is approved at this General Meeting.

Based on this Proposal, the compensation given in order to grant restricted stock to the eligible Directors shall be monetary claims (hereinafter “monetary compensation claims”), and the total amount shall be 33 million yen or less per year, which is an amount deemed appropriate for the objectives stated above. The specific time and allocation of the compensation to each of the eligible Directors shall be determined by the Board of Directors. However, the compensation for granting restricted stock shall not be offered to Outside Directors.

The amount specified above shall exclude a portion of the compensation given to a Director who also serves as an employee.

Currently, the Company has 8 Directors (including 2 Outside Directors). If Proposal 1 “Election of 8 Directors” is approved as originally proposed, the Company will have 8 Directors (including 3 Outside Directors).

Based on a resolution of the Board of Directors of the Company, the eligible Directors shall pay out all the monetary compensation claims given under this proposal as property contributed in kind and get ordinary shares in the Company issued or disposed of. The total number of the ordinary shares in the Company to be issued or disposed of for the plan shall be 50,000 shares or less per year. (However, if a case arises when an adjustment of the total number of the ordinary shares in the Company to be issued or disposed of as restricted stock becomes necessary on or after the day this proposal is approved, such as a stock split (including an allotment of ordinary shares in the Company without contribution) and a reverse stock split of the ordinary shares of the Company, the total number shall be adjusted within a reasonable range.)

The payment amount per share shall be determined by the Board of Directors based on the closing price of the ordinary shares in the Company on the Tokyo Stock Exchange on the business day prior to the date of each resolution of the Board of Directors (if no transaction was made on that day, the closing price on the most recent trading day before that day), within a range of amounts not particularly advantageous to the eligible Directors who will receive the ordinary shares. When issuing or disposing of ordinary shares in the Company for the plan, a contract for allotment of restricted stock (hereinafter an “allotment contract”) shall be concluded between the Company and the eligible Directors, which prescribes the following:

(1) Period of restriction on transfer

The eligible Directors must not transfer, put up as collateral, or dispose of in any other way the ordinary shares in the Company allotted under the allotment contract (hereinafter “allotted shares”) during the period (hereinafter the “period of restriction on transfer”) from the date of allotment under the allotment contract until the timing immediately after retirement or resignation from the Company (hereinafter the “restriction on transfer”).

(2) Handling at the time of retirement or resignation

If an eligible Director retires from both the position of Director or Executive Officer who does not serve as Director before the expiration of the period from the commencement date of the period of restriction on transfer until the timing immediately before the conclusion of the first Annual General Meeting of Shareholders held after the date (hereinafter the “period of service”), the Company shall acquire the allotted shares naturally at no cost unless there is a legitimate reason for his/her retirement or resignation including expiration of his/her term of office and his/her death.

(3) Cancellation of the restriction on transfer

The Company shall cancel the restriction on transfer on all the allotted shares at the time when the period of restriction on transfer expires, provided that the eligible Director continued to be in the position of either Director or Executive Officer who does not serve as the Director during the period

of service. In either of the following cases, however, the Company shall adjust the number of allotted shares whose restriction on transfer is to be cancelled and the timing of the cancellation of the restriction on transfer reasonably and as necessary:

- i) In case the eligible Director retires from all the positions specified in (2) before the period of service expires for legitimate reasons including expiration of his/her term of office and his/her death
- ii) In case the eligible Director retires from all the positions specified in (2) for reasons other than legitimate reasons including expiration of his/her term of office and his/her death before the period of restriction on transfer expires even after the expiration of the period of service

The Company shall acquire the allotted shares naturally at no cost whose restriction on transfer has not been cancelled yet even at the time immediately after the cancellation of the restriction on transfer was made in accordance with the provisions above.

(4) Handling at the time of organizational restructuring

Notwithstanding the provision under (1) above, if, during the period of restriction on transfer, a merger contract in which the Company becomes an absorbed company, a share exchange contract in which the Company becomes a wholly-owned subsidiary, a share transfer plan, or other matters associated with an organizational restructuring is approved at a General Meeting of Shareholders of the Company (or by the Board of Director of the Company in case an approval at a General Meeting of Shareholders of the Company is not required for the organizational restructuring), the Company shall, by a resolution by the Board of Directors of the Company, cancel the restriction on transfer with respect to a certain number of allotted shares which is reasonably determined in consideration of the period from the commencement date of the period of restriction on transfer until the date of approval of the organizational restructuring, in advance of the effective date of the organizational restructuring. In case of the above, the Company shall acquire the allotted shares naturally at no cost whose restriction on transfer has not been cancelled at the time immediately after the cancellation of the restriction on transfer was made.

(5) Other matters

Other matters associated with the allotment contract shall be determined by the Board of Directors of the Company.

This proposal has been determined by the Board of Directors based on recommendations provided by the Compensation Committee, which is a voluntary body mainly comprised of Outside Directors.