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Securities Code: 9543

March 10, 2021

To our shareholders:

Hiroyuki Kishida  
Representative Director  
**SHIZUOKA GAS CO., LTD.**  
1-5-38 Yahata, Suruga-ku, Shizuoka

## NOTICE OF THE 173RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially notified of the 173rd Annual General Meeting of Shareholders of SHIZUOKA GAS CO., LTD. (the “Company”), which will be held as described below.

You may exercise your voting rights by either of the following methods. Please review the Reference Documents for General Meeting of Shareholders (described hereinafter), and cast your vote by Thursday, March 25, 2021, at 5:30 p.m. (JST).

### How to Exercise Your Voting Rights

#### Exercise of voting rights in writing

Please indicate your vote for or against the proposals on the Voting Rights Exercise Form enclosed and return it by Thursday, March 25, 2021, at 5:30 p.m. (JST), one day prior to the meeting.

#### Exercise of voting rights via the Internet

Please visit the Company’s designated website (<https://soukai.mizuho-tb.co.jp/>) (This website is only available in Japanese.) and vote for or against the proposals by Thursday, March 25, 2021, at 5:30 p.m. (JST), one day prior to the meeting. (Please refer to pages 3 and 4.) (Only available in Japanese version)

- 1. Date and Time:** Friday, March 26, 2021, at 10:00 a.m. (JST)
- 2. Venue:** “Sumpu Hall” on the third floor of the Hotel Associa Shizuoka  
56 Kurogane-cho, Aoi-ku, Shizuoka  
(Please see the map on the last page.) (Only available in Japanese version)

### 3. Purpose of the Meeting

#### Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 173rd fiscal year (January 1, 2020 - December 31, 2020), and results of audits by the Financial Auditor and the Board of Auditors of the Consolidated Financial Statements
2. The Non-Consolidated Financial Statements for the 173rd fiscal year (January 1, 2020 - December 31, 2020)

#### Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Eight Directors
- Proposal No. 3:** Election of One Auditor
- Proposal No. 4:** Determination of Remuneration for Allotment of Restricted Stock to Directors  
(Excluding Outside Directors)

1. When attending the meeting in person, please submit the Voting Rights Exercise Form enclosed at the reception desk at the meeting venue on the day of the meeting.
2. Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements have been posted on the Company’s website shown below in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company. We will mail a hard copy of the statements posted on the website to shareholders that request it. Please call the Company’s main line at +81-54-284-4141.
3. The Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by Auditors and the Financial Auditor include Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements posted on the Company’s website, in addition to matters stated in the Appendix of the Notice of the 173rd Annual General Meeting of Shareholders.
4. Any revisions to the Reference Documents for General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-Consolidated Financial Statements will be posted on the Company’s website below.

Company website URL: <https://www.shizuokagas.co.jp/>

## Reference Documents for General Meeting of Shareholders

### Proposals and references

#### Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

1. Year-end dividends

The Company proposes the payment of a year-end dividend as follows in accordance with its basic policy of continuously paying stable dividends while considering the financial condition and business results comprehensively.

- (1) Allotment of dividend property to shareholders and their aggregate amount  
¥8.5 per common share of the Company  
Total payment: ¥629,406,317
- (2) Effective date of dividends  
March 29, 2021

2. Other appropriation of surplus

The Company proposes other appropriation of surplus as follows in order to strengthen the financial standing toward the sound promotion of management while considering the future business environment.

- (1) Item of surplus to be increased and amount of increase  
General reserve: ¥2,000,000,000
- (2) Item of surplus to be decreased and amount of decrease  
Retained earnings brought forward: ¥2,000,000,000

**Proposal No. 2** Election of Eight Directors

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

The candidates for Director are as follows:

Candidate No.	Name	Current positions and responsibilities in the Company		Candidate attribute
1	Hiroshi Tonoya	Representative Director and Chairman		Reelection
2	Hiroyuki Kishida	Representative Director and President		Reelection
3	Masakazu Endo	Representative Director and Deputy Chief Operating Officer	Senior General Manager of Sales Division and General Manager of Strategy Promotion Department, Sales Division	Reelection
4	Mitsunobu Kosugi	Director Senior Operating Officer	General Manager of General Administration & Human Resources Department	Reelection
5	Juichi Nozue	Director		Reelection Outside Independent
6	Katsunori Nakanishi	Director		Reelection Outside Independent
7	Yuriko Kato	Director		Reelection Outside Independent
8	Hajime Hirano	Director		Reelection Outside Independent

Reelection: Candidate for Director to be reelected

Outside: Candidate for outside Director

Independent: Candidate for independent officer as provided for by the Tokyo Stock Exchange

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company		Number of the Company's shares owned
1	Hiroshi Tonoya (August 11, 1953)  Reelection  Tenure as Director 20 years  Attendance to meetings of the Board of Directors 8/8 (100%)	Apr. 1976 Apr. 1997 Mar. 2001 Jan. 2007 Apr. 2010 Jan. 2011 Jan. 2018	Joined the Company Group Leader of General Administration Director Director, Senior Operating Officer, and General Manager of Corporate Planning Department Director and Deputy Chief Operating Officer Representative Director and President Representative Director and Chairman (current position)	57,400 shares
	<p>Reasons for nomination as candidate for Director</p> <p>He has mainly been engaged in general administration and personnel operations, served as Director and President for seven years from January 2011 until December 2017, and has served as Chair of the Board of Directors since January 2018. Accordingly, the Company proposes him as a candidate to continue serving as a Director due to his wealth of business experience in the Company in addition to his excellent insight.</p>			
2	Hiroyuki Kishida (December 12, 1958)  Reelection  Tenure as Director 7 years  Attendance to meetings of the Board of Directors 8/8 (100%)	Apr. 1981 Apr. 2012 Mar. 2013 Jan. 2014 Mar. 2014 Apr. 2015 Jan. 2016 Jan. 2018 Jan. 2019	Joined the Company Operating Officer and General Manager of Corporate Planning Department President and Representative Director of Minamifuji Pipeline Co., Ltd. Senior Operating Officer and General Manager in charge of Planning, Materials and General Energy Business Promotion of the Company Director, Senior Operating Officer, and General Manager in charge of Planning, Materials and General Energy Business Promotion Director, Senior Operating Officer, and General Manager of Lifestyle Creation Business Department Director, Deputy Chief Operating Officer, and Senior General Manager of Lifestyle Creation Business Division Representative Director and President, and Senior General Manager of Lifestyle Creation Business Division Representative Director and President (current position)	3,800 shares
	<p>Reasons for nomination as candidate for Director</p> <p>He has mainly been engaged in planning operations and currently serves as President. Accordingly, the Company proposes him as a candidate to continue serving as a Director due to his wealth of business experience in the Company in addition to his excellent insight.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company	Number of the Company's shares owned
3	<p>Masakazu Endo (June 28, 1953)</p> <p>Reelection</p> <p>Tenure as Director 11 years</p> <p>Attendance to meetings of the Board of Directors 8/8 (100%)</p>	<p>Apr. 1976    Joined the Company</p> <p>Mar. 2011    Director, Senior Operating Officer, and General Manager of Non-residential Sales Department</p> <p>Mar. 2014    Representative Director and President of Shizuoka Gas Energy Co., Ltd. Representative Director and President of Shizuoka Gas Service Co., Ltd.</p> <p>Jan. 2016    Deputy Chief Operating Officer, Senior General Manager of Multi-Energy Business Division, and General Manager of Industrial Energy Department of the Company</p> <p>Mar. 2016    Director, Deputy Chief Operating Officer, Senior General Manager of Multi-Energy Business Division, and General Manager of Industrial Energy Department</p> <p>Jan. 2019    Representative Director, Deputy Chief Operating Officer, Senior General Manager of Lifestyle Creation Business Division, and Senior General Manager of Multi-Energy Business Division</p> <p>Jan. 2021    Representative Director, Deputy Chief Operating Officer, Senior General Manager of Sales Division and General Manager of Strategy Promotion Department, Sales Division (current position)</p>	26,200 shares
		<p>Reasons for nomination as candidate for Director</p> <p>He has mainly been engaged in industrial energy operations and currently serves as Deputy Chief Operating Officer. Accordingly, the Company proposes him as a candidate to continue serving as a Director due to his wealth of business experience in the Company in addition to his excellent insight.</p>	
4	<p>Mitsunobu Kosugi (November 28, 1961)</p> <p>Reelection</p> <p>Tenure as Director 5 years</p> <p>Attendance to meetings of the Board of Directors 8/8 (100%)</p>	<p>Apr. 1985    Joined the Company</p> <p>July 2006    Group Leader of Public Relations</p> <p>Jan. 2007    Manager in charge of Public Relations/IR of Corporate Services Department</p> <p>Apr. 2010    Manager in charge of Management Planning of Corporate Planning Department</p> <p>Apr. 2012    Deputy General Manager of Corporate Planning Department and Manager in charge of Corporate Planning Operating Officer, General Manager of Corporate Planning Department, and Manager in charge of Corporate Planning</p> <p>Jan. 2014    President and Representative Director of Minamifuji Pipeline Co., Ltd.</p> <p>Mar. 2014    Operating Officer and General Manager of Corporate Planning Department of the Company</p> <p>Jan. 2016    Senior Operating Officer and General Manager of Corporate Planning Department</p> <p>Mar. 2016    Director, Senior Operating Officer, and General Manager of Corporate Planning Department</p> <p>Jan. 2017    Director, Senior Operating Officer, General Manager of Management Control Department, and General Manager of Business Strategy Department</p> <p>Mar. 2017    Director, Senior Operating Officer, and General Manager of Management Control Department</p> <p>Jan. 2020    Director, Senior Operating Officer, and General Manager of General Administration &amp; Human Resources Department (current position)</p>	16,000 shares
		<p>Reasons for nomination as candidate for Director</p> <p>He has mainly been engaged in planning operations and currently serves as Senior Operating Officer. Accordingly, the Company proposes him as a candidate to continue serving as a Director due to his wealth of business experience in the Company in addition to his excellent insight.</p>	

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company	Number of the Company's shares owned
5	Juichi Nozue (August 15, 1960)  Reelection Outside Independent  Tenure as Director 6 years  Attendance to meetings of the Board of Directors 8/8 (100%)	<p>Apr. 1987 Registered as an attorney at law</p> <p>Dec. 1990 Joined Kato Law and Patent Office (now Shizuoka Nozomi Law and Patent Office) (current position)</p> <p>Mar. 1996 Obtained license to practice law in New York State, USA</p> <p>Oct. 1996 Registered as patent attorney</p> <p>Mar. 2003 Outside Auditor of the Company</p> <p>Apr. 2005 Outside Auditor of MISUMI Group Inc. (current position)</p> <p>Mar. 2015 Outside Director of the Company (current position)</p> <p>June 2015 Outside Director (member of Audit and Supervisory Committee) of LEC, Inc. (current position)</p> <p>June 2018 Outside Director of Akasaka Diesels Limited (current position)</p> <p>[Significant concurrent positions outside the Company]          Attorney at law of Shizuoka Nozomi Law and Patent Office          Outside Auditor of MISUMI Group Inc.          Outside Director (member of Audit and Supervisory Committee) of LEC, Inc.          Outside Director of Akasaka Diesels Limited</p>	5,000 shares
<p>Reasons for nomination as candidate for outside Director</p> <p>He currently provides appropriate advice to the general management as an outside Director of the Company, based on the high level of legal expertise, broad outlook and excellent insight he has fostered through his experience in corporate legal affairs as an attorney at law. The Company determines that he will continue to provide appropriate advice to the general management. Accordingly, the Company proposes him as a candidate for outside Director. At the conclusion of this meeting, his tenure as outside Director or Auditor of the Company will have been 18 years. He has never been directly involved in the management. However, the Company determines he will appropriately fulfill his duties as an outside Director based on the above reasons.</p> <p>The Company has designated him as an independent officer unlikely to cause conflicts of interest with general shareholders and filed this designation with Tokyo Stock Exchange, Inc.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company	Number of the Company's shares owned
6	<p>Katsunori Nakanishi (June 15, 1953)</p> <p>Reelection Outside Independent</p> <p>Tenure as Director 4 years</p> <p>Attendance to meetings of the Board of Directors 7/8 (88%)</p>	<p>Apr. 1976      Joined The Shizuoka Bank, Ltd.</p> <p>Dec. 1998      Deputy General Manager of Personnel Department and Manager of Personnel Section</p> <p>Apr. 1999      Senior General Manager of Personnel Department</p> <p>June 1999      Senior General Manager of Corporate Administration Department</p> <p>June 2001      Director, Executive Officer, and General Manager of Corporate Planning Department</p> <p>June 2003      Director and Senior Executive Officer</p> <p>Apr. 2005      Director, Senior Executive Officer, and Deputy General Manager of Corporate Center in charge of planning and administration</p> <p>June 2005      President and CEO</p> <p>Mar. 2017      Outside Director of the Company (current position)</p> <p>June 2017      Chairman and CEO of The Shizuoka Bank, Ltd. (current position) Outside Director of Shizuoka Railway Co., LTD. (current position)</p> <p>[Significant concurrent positions outside the Company] Chairman and CEO of The Shizuoka Bank, Ltd. Outside Director of Shizuoka Railway Co., LTD.</p>	- shares
<p>Reasons for nomination as candidate for outside Director</p> <p>He currently provides appropriate advice to the general management as an outside Director of the Company, based on the wealth of experience and high level of insight he has fostered as a manager of a financial institution. The Company determines that he will continue to provide appropriate advice to the general management including overseas expansion by taking advantage of the cosmopolitan and broad outlook and experience he has fostered through support for the overseas deployment of enterprises. Accordingly, the Company proposes him as a candidate for outside Director. At the conclusion of this meeting, his tenure as outside Director of the Company will have been four years.</p> <p>The Company has designated him as an independent officer unlikely to cause conflicts of interest with general shareholders and file this designation with Tokyo Stock Exchange, Inc.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company	Number of the Company's shares owned
7	<p>Yuriko Kato (June 19, 1974)</p> <p>Reelection Outside Independent</p> <p>Tenure as Director 3 years</p> <p>Attendance to meetings of the Board of Directors 8/8 (100%)</p>	<p>Apr. 2000    Joined Canon Inc.</p> <p>Apr. 2001    Joined Sankyo Seisakusho Co.</p> <p>Oct. 2009    Representative Director of M2 Labo. Inc. (current position)</p> <p>Oct. 2012    Director of CSN ChihouSouseiNetwork Co., Ltd.</p> <p>June 2013    Outside of Director of Toclas Corporation</p> <p>Mar. 2017    Representative Director of VegiBus Inc. (current position)</p> <p>Mar. 2018    Outside Director of the Company (current position)</p> <p>July 2018    Representative Director of Glocal Design School Inc. (current position)</p> <p>June 2020    Outside Director of Suzuki Motor Corporation (current position)</p> <p>[Significant concurrent positions outside the Company] Representative Director of M2 Labo. Inc. Representative Director of VegiBus Inc. Representative Director of Glocal Design School Inc. Outside Director of Suzuki Motor Corporation</p>	- shares
<p>Reasons for nomination as candidate for outside Director</p> <p>She currently provides appropriate advice to the general management as an outside Director of the Company, based on the wealth of experience and high level of insight she has fostered as a manager of agriculture support business. The Company determines that she will continue to provide appropriate advice to the general management including issues concerning the Company's lifestyle creation business and new business development by taking advantage of her experience in launching new businesses. Accordingly, the Company proposes her as a candidate for outside Director. At the conclusion of this meeting, her tenure as outside Director of the Company will have been three years. The Company has designated her as an independent officer unlikely to cause conflicts of interest with general shareholders and filed this designation with Tokyo Stock Exchange, Inc.</p>			



Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company	Number of the Company's shares owned
8	Hajime Hirano (November 16, 1955)  Reelection Outside Independent  Tenure as Director 2 years  Attendance to meetings of the Board of Directors 8/8 (100%)	<p>Apr. 1979    Joined Mitsubishi Corporation</p> <p>Apr. 2010    Senior Vice President and Division COO of Petroleum Business Division</p> <p>Apr. 2013    Senior Vice President and Deputy Division COO of Natural Gas Business Division</p> <p>Apr. 2014    Executive Vice President and Division COO of Natural Gas Business Division</p> <p>Apr. 2015    Group COO, Energy Business Group (oil and gas exploration and development business, and natural gas business) and Division COO of Natural Gas Business Division</p> <p>Apr. 2016    Group CEO, Energy Business Group</p> <p>Apr. 2018    Advisor</p> <p>Mar. 2019    Outside Director of the Company (current position)</p> <p>June 2019    Full-time Audit &amp; Supervisory Board Member of Mitsubishi Corporation (current position)</p> <p>[Significant concurrent positions outside the Company] Full-time Audit &amp; Supervisory Board Member of Mitsubishi Corporation</p>	- shares
<p>Reasons for nomination as candidate for outside Director</p> <p>He currently provides appropriate advice to the general management as an outside Director of the Company, based on the wealth of experience he has fostered as a manager of a leading trading company and his high level of insight into the energy business. The Company determines that he will continue to provide appropriate advice to the general management including issues concerning the Company's procurement of resources and overseas business expansion. Accordingly, the Company proposes him as a candidate for outside Director.</p> <p>At the conclusion of this meeting, his tenure as outside Director of the Company will have been two years. The Company has designated him as an independent officer unlikely to cause conflicts of interest with general shareholders and filed this designation with Tokyo Stock Exchange, Inc.</p>			

- (Notes)
1. Katsunori Nakanishi is Chairman and CEO of The Shizuoka Bank, Ltd., and the Company has a business relationship with the bank, including the borrowing of funds. Yuriko Kato is the Representative Director of VegiBus Inc., and the Company has a business relationship with that company in leasing and using of land.
  2. There is no special interest between any other candidates and the Company.
  3. Limited liability agreements with outside Directors  
The Company has concluded an agreement with Juichi Nozue, Katsunori Nakanishi, Yuriko Kato and Hajime Hirano to limit their liability for damages set forth in Article 423, paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement shall be an amount set forth in laws and regulations. Upon approval of their reelection as outside Directors, the Company will continue the agreement with them to limit their liability for damages.
  4. The Company has concluded a directors and officers liability insurance contract with an insurance firm, whereby any damage to be incurred by an insured person due to claims for damages as a result of duties performed as an officer shall be covered by the said insurance contract. Each candidate shall be included as an insured person under the said insurance contract. In addition, the Company plans to renew the contract under the same terms and conditions at the time of its next renewal.

**Proposal No. 3** Election of One Auditor

At the conclusion of this meeting, the term of office of Auditor Hajime Nakai will expire. Therefore, the Company proposes the election of one Auditor. In addition, the consent of the Board of Auditors has been obtained for this proposal.

The candidate for Auditor is as follows:

Name (Date of birth)	Career summary and positions in the Company	Number of the Company's shares owned
<p>Hidefumi Kobayashi (September 27, 1957)</p> <p>New election Outside Independent</p> <p>Tenure as Auditor - years</p> <p>Attendance to meetings of the Board of Directors - / - ( - %)</p> <p>Attendance to meetings of the Board of Auditors - / - ( - %)</p>	<p>Apr. 1981      Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2010      Executive Officer and General Manager of Portfolio Management Division, Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2012      Managing Executive Officer, Mizuho Securities Co., Ltd.</p> <p>Apr. 2013      Managing Executive Officer, Mizuho Financial Group, Inc. and Managing Executive Officer, Mizuho Securities Co., Ltd.</p> <p>Apr. 2014      Managing Executive Officer, Mizuho Financial Group, Inc. and Executive Managing Director and Managing Executive Officer, Mizuho Securities Co., Ltd.</p> <p>June 2017      Full-time Corporate Auditor of Dowa Holdings Co., Ltd. (current position)</p> <p>June 2020      Part-time Auditor of Kyowa Marine Transportation Co., Ltd. (current position)</p> <p>[Significant concurrent positions outside the Company] Full-time Corporate Auditor of Dowa Holdings Co., Ltd. Part-time Auditor of Kyowa Marine Transportation Co., Ltd.</p>	<p>- shares</p>
<p>Reasons for nomination as candidate for outside Auditor</p> <p>In addition to the wealth of experience and high level of insight he has fostered as a manager of a financial institution, he also possesses experience and high level of insight in the international financial sector as well as expertise in finance and accounting. The Company determines that he has the ability to properly perform the duties required of an auditor. Accordingly, the Company proposes him as a candidate for outside Auditor.</p> <p>The Company intends to designate him as an independent officer unlikely to cause conflicts of interest with general shareholders and file this designation with Tokyo Stock Exchange, Inc.</p>		

- (Notes)
1. There is no special interest between the candidate and the Company.
  2. Limited liability agreements with outside Auditor  
To enable the Company to welcome talented personnel as candidates for outside Auditor, the current Articles of Incorporation prescribes that the Company may conclude agreements with outside Auditors to limit their liability for damages set forth under Article 423, paragraph 1 of the Companies Act to an amount as set forth by laws and regulations. If the election of Hidefumi Kobayashi is approved, the Company plans to conclude the aforementioned limited liability agreement with him.
  3. The Company has concluded a directors and officers liability insurance contract with an insurance firm, whereby any damage to be incurred by an insured person due to claims for damages as a result of duties performed as an officer shall be covered by the said insurance contract. The candidate shall be included as an insured person under the said insurance contract. In addition, the Company plans to renew the contract under the same terms and conditions at the time of its next renewal.

**Proposal No. 4** Determination of Remuneration for Allotment of Restricted Stock to Directors (Excluding Outside Directors)

At its 159th Annual General Meeting of Shareholders held on March 29, 2007, the Company obtained approval with respect to remuneration for its Directors amounting to no more than ¥300,000,000 annually, and at its 166th Annual General Meeting of Shareholders held on March 27, 2014, the Company obtained approval with respect to allotting stock acquisition rights as share remuneration-type stock options to its Directors (excluding outside Directors) within the scope of the aforementioned annual remuneration.

On this occasion, the Company proposes to allot its common stock to its Directors (excluding outside Directors) subject to a certain transfer restriction period and subject to provisions with respect to matters such as grounds for acquisition by the Company without compensation (the “Restricted Stock”), as described below, for the purpose of allowing the Company’s Directors (excluding outside Directors) to share benefits and risks inherent in changes in the share price with shareholders and further enhancing their motivation to bring about a higher share price and improve corporate value.

Upon having comprehensively taken into account the extent to which the Directors have contributed to the Company and other such matters accordingly, the Company proposes setting the total amount of monetary remuneration claims to be granted to its Directors (excluding outside Directors) as remuneration related to the Restricted Stock at no more than ¥60,000,000 annually, within the scope of the aforementioned annual remuneration. The Company deems that the details of the allotment of the Restricted Stock is appropriate given that the decisions thereof have comprehensively taken into account the extent to which the Directors have contributed to the Company and other such matters.

On the condition that this proposal is approved, the Company shall discontinue its existing share remuneration-type stock option plan and going forward will no longer allot new stock acquisition rights as stock options under the said plan.

Meanwhile, the Company has nine Directors currently (of which, four are outside Directors), and will have eight Directors (of which, four are outside Directors), upon approval of Proposal No. 2.

Specific details regarding the Restricted Stock to be allotted to the Company’s Directors (excluding outside Directors) and the maximum number of shares thereof

1. Allotment and payment of the Restricted Stock

Pursuant to resolution of its Board of Directors, the Company will grant its Directors (excluding outside Directors) monetary remuneration claims whose value is within the scope of the aforementioned annual amount as remuneration related to the Restricted Stock. Meanwhile, the respective Directors are entitled to the allotment of the Restricted Stock upon having paid such monetary remuneration claims in full by means of contribution in kind.

The Board of Directors of the Company will determine the amount to be paid in for the Restricted Stock, such that the paid-in amount is to be within a range that is not especially advantageous to the Directors receiving the Restricted Stock and is to be based on the closing price of the Company’s common stock on the Tokyo Stock Exchange as of the business day immediately preceding the date on which the relevant resolution has been made by the Board of Directors relating to issuance or disposal of such shares (otherwise, if no trade is concluded on the business day immediately preceding such resolution date, the closing price as of the most recent trading day immediately preceding that date will be used).

Moreover, the aforementioned monetary remuneration claims will be granted on the condition that a Director (excluding outside Director) of the Company has consented to the aforementioned in-kind contribution and has concluded a restricted stock allotment agreement encompassing details set forth in section 3, below.

2. Total number of shares of the Restricted Stock

The total number of shares of the Restricted Stock to be allotted to the Company’s Directors (excluding outside Directors) shall be 150,000 shares, which constitutes the maximum number of shares of the Restricted Stock to be allotted each fiscal year.

However, the Company may make reasonable adjustments to the total number of shares of such Restricted Stock if, on or after the date on which this proposal has been resolved, a stock split (including allotment of shares of the Company’s common stock without contribution) or a reverse stock split of the Company’s common stock has been carried out, or in other similar cases where it becomes necessary for the Company to adjust the total number of shares of the Restricted Stock subject to allotment.

3. Details of the restricted stock allotment agreement

When allotting the Restricted Stock, a restricted stock allotment agreement to be entered into by and between the Company and a Director to whom the Restricted Stock is to be allotted pursuant to the resolution of the Company's Board of Directors shall include the following details.

(1) Details of the Transfer Restrictions

During the period extending from the issuance date of the Restricted Stock up to the date on which a Director to whom the Restricted Stock has been allotted has resigned from all of his or her position as the Company's Director and/or Operating Officer (the "Transfer Restriction Period"), such Director may not dispose of such Restricted Stock that has been allotted to the Director (the "Allotted Shares") to a third party in any manner whatsoever, including transfer, creation of pledge, creation of mortgage, inter vivos gift, or testamentary gift (the "Transfer Restrictions").

(2) Acquisition of Restricted Stock without contribution

Unless there are legitimate reasons deemed otherwise justifiable by the Company's Board of Directors, the Company shall automatically acquire the Allotted Shares without contribution in the event that a Director to whom the Restricted Stock has been allotted has resigned from all of his or her position as the Company's Director and/or Operating Officer up to the day prior to the date of the Company's Annual General Meeting of Shareholders to be held for the first time on and after the commencement date of the Transfer Restriction Period.

In addition, the Company shall automatically acquire without contribution those Allotted Shares with respect to which the Transfer Restrictions have not been lifted pursuant to grounds stipulated for lifting the Transfer Restrictions stated in section (3) below, at the point in time when the Transfer Restriction Period stated in section (1) above has expired.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions imposed on all of the Allotted Shares upon expiration of the Transfer Restriction Period, on the condition that a Director to whom the Restricted Stock has been allotted has continued to remain in his or her position either as the Company's Director or Operating Officer up to the date of the Company's Annual General Meeting of Shareholders to be held for the first time on or after the commencement date of the Transfer Restriction Period.

However, the Company shall make reasonable adjustments, as necessary, with respect to the number of Allotted Shares of which the Transfer Restrictions are to be lifted and with respect to the timing for lifting the Transfer Restrictions, in the event that such Director, for legitimate reasons deemed justifiable by the Company's Board of Directors, has resigned from all of his or her position as the Company's Director and/or Operating Officer up to the day prior to the date of the Company's Annual General Meeting of Shareholders to be held for the first time on or after the commencement date of the Transfer Restriction Period.

(4) Procedures with respect to organizational restructuring and other such events

In the case where, during the Transfer Restriction Period, a proposal regarding a merger agreement under which the Company becomes the non-surviving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other proposal regarding organizational restructuring, etc. has been approved at the Company's General Meeting of Shareholders (or at a meeting of the Company's Board of Directors in the event that approval by the Company's General Meeting of Shareholders is not required for such organizational restructuring, etc.) (provided, however, that this applies only when such organizational restructuring, etc. takes effect prior to the expiration of the Transfer Restriction Period; the "Approval of Organizational Restructuring") and a Director to whom the Restricted Stock has been allotted is to resign from all of his or her position as the Company's Director and/or Operating Officer as a result of such organizational restructuring, etc., the Company shall, in advance of the date on which such organizational restructuring, etc. takes effect, lift the Transfer Restrictions with respect to the number of the Allotted Shares to be reasonably determined by taking into account the period extending from the commencement date of the Transfer Restriction Period up to the day on which such organizational restructuring, etc. is approved, by resolution of its Board of Directors.

In addition, upon Approval of Organizational Restructuring, the Company shall automatically acquire without contribution the Allotted Shares whose Transfer Restrictions have not been lifted on the same date as that of the business day prior to the effective date of such organizational restructuring, etc.

(Reference)

The Company plans to make allotment to its Operating Officers of the same Restricted Stock as the aforementioned Restricted Stock after the conclusion of this General Meeting of Shareholders.