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Securities code: 1882
June 10, 2022

To Shareholders with Voting Rights:

Kyouichi Morishita
Representative Director, President
TOA ROAD CORPORATION
7-3-7 Roppongi, Minato City, Tokyo

**NOTICE OF
THE 116th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

We hereby inform you that the 116th Annual General Meeting of Shareholders of TOA ROAD CORPORATION (the “Company”) will be held as described below.

In order to avoid the risk of COVID-19 infection at this General Meeting of Shareholders, we strongly recommend that shareholders refrain from attending the meeting and instead exercise their voting rights in writing or via the Internet.

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. Japan time on Tuesday, June 28, 2022.

[Exercise of voting rights in writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it by mail so that it arrives by the cutoff time for exercise of voting rights specified above.

[Exercise of voting rights via the Internet]

For the method of exercising voting rights via the Internet, please refer to the “Procedures for Exercising Voting Rights via the Internet” on pages 3 to 4.

If you exercise your voting rights both in writing and via the Internet, voting rights exercised via the Internet shall be treated as valid.

Response to COVID-19

Staff at the meeting venue will wear face masks as a COVID-19 preventive measure.

If you are considering attending the General Meeting of Shareholders, please check the situation regarding the spread of COVID-19 and your health condition on the day of the General Meeting of Shareholders and, if you do attend, you are requested to exercise due care so as to help prevent infection, including by wearing a face mask. Moreover, at the Company’s discretion, the Company may implement necessary measures at the venue of the General Meeting of Shareholders in order to ensure the safety of shareholders and prevent infection. Your cooperation is requested.

Seats at the venue of the General Meeting of Shareholders will be placed further apart than in previous years, which means that fewer seats will be available. Please be advised that you may not be admitted to the venue if all the seats are occupied.

1. Date and Time: Wednesday, June 29, 2022 at 10:00 a.m. Japan time

2. Venue: Company Head Office
Conference Room, 7th floor
7-3-7 Roppongi, Minato City, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 116th Fiscal Year (April 1, 2021 - March 31, 2022) and the results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 116th Fiscal Year (April 1, 2021 - March 31, 2022)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of Seven Directors
Proposal 4: Revision of the Restricted Stock Compensation Plan for Directors

(Request) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.

(Notice) Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements have been posted on the Company's website in accordance with laws and regulations and Article 14 of the Articles of Incorporation of the Company, and therefore are not provided in the documents attached to this Notice. The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and the Board of Corporate Auditors comprise the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements posted on the Company's website in addition to the documents attached to this Notice.

Any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, or the Consolidated Financial Statements will be posted on the Company's website.

[The Company's website (<https://www.toadoro.co.jp>)]

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Regarding appropriation of surplus, we hereby propose as described below.

The Company intends to enhance internal reserves in order to strengthen the corporate constitution and be prepared for future business development. At the same time, for the returning of profits to shareholders, the Company remains committed to maintaining a stable dividend payment level based on a comprehensive consideration of the profit forecast over the medium term, the investment plan, cash flows, and the financial position, among other factors.

The Company intends to utilize the internal reserves for prioritized investment for further strengthening the business foundation and for future business development from a medium- to long-term perspective.

It is proposed that the year-end dividend for the fiscal year ended March 31, 2022 be paid as follows, taking into consideration the Company's performance for the year and future business development:

1. Matters concerning year-end dividend
 - (1) Type of dividend property
Cash
 - (2) Matters related to the allotment of dividend property and the total amount thereof
Per share of common stock of the Company: ¥180
(common dividend of ¥180)
Total amount: ¥857,333,160
 - (3) Effective date of distribution of surplus
June 30, 2022
2. Other matters concerning appropriation of surplus
 - (1) Item and the amount of surplus to be increased
General reserve: ¥1,500,000,000
 - (2) Item and the amount of surplus to be decreased
Retained earnings brought forward: ¥1,500,000,000

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The date of enforcement of the system for electronic provision of materials for general meetings of shareholders stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into effect on September 1, 2022. Accordingly, it is proposed to establish provisions that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically and that the scope of matters to be included in the paper copy to be sent to shareholders who have requested it may be limited.

The current provisions related to the Internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. will become unnecessary and will therefore be deleted and supplementary provisions related to the effective date, etc. in line with these amendments shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 14 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p>(Measures for Electronic Provision, Etc.)</p> <p><u>Article 14 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

(Newly established)	<p><u>Supplementary provisions</u></p> <ol style="list-style-type: none"> <li data-bbox="810 230 1406 517">1. <u>The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to the amendments and the establishment of Article 15 (Measures for Electronic Provision, Etc.) of the Articles of Incorporation after the amendments shall come into effect on September 1, 2022.</u> <li data-bbox="810 521 1406 808">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to the amendments shall remain in force with respect to a general meeting of shareholders to be held on or before February 28, 2023.</u> <li data-bbox="810 813 1406 999">3. <u>These supplementary provisions shall be automatically deleted on March 1, 2023 or on the date when three months have elapsed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u>
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Proposal 3: Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of seven Directors is proposed.

The candidates for Director are as follows:

No.	Name	Current positions at the Company	Attendance at Board of Directors meetings
1	[Reappointment] Kyouichi Morishita	Representative Director, President	17/17 (100%)
2	[Reappointment] Satoru Horinouchi	Representative Director, Senior Managing Executive Officer	17/17 (100%)
3	[Reappointment] Hiroshi Nakamura	Director, Senior Managing Executive Officer	17/17 (100%)
4	[Reappointment] Shizuo Fukuhara	Director, Managing Executive Officer	12/12 (100%)
5	[Reappointment] Masataka Kusumi	[Independent Director] [Outside Director]	17/17 (100%)
6	[Reappointment] Yuko Tahara	[Independent Director] [Outside Director]	12/12 (100%)
7	[Reappointment] Yohei Takada	[Independent Director] [Outside Director]	12/12 (100%)

Candidates for Director

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p style="text-align: center;">[Reappointment]</p> <p style="text-align: center;">Kyouichi Morishita (September 22, 1956)</p> <p style="text-align: center;">Attendance at Board of Directors meetings: 17/17</p> <p style="text-align: center;">No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 9 years</p>	<p>April 1981 Joined the Company</p> <p>June 2013 Director; Executive Officer; General Manager, Construction and Engineering Division, the Company</p> <p>April 2014 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department, the Company</p> <p>April 2015 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department; General Manager, Civil Engineering Department, the Company</p> <p>April 2016 Director; Managing Executive Officer; General Manager, Planning and Sales Division; General Manager, Construction and Engineering Division; General Manager, Construction Department, the Company</p> <p>May 2016 Director; Managing Executive Officer; General Manager, Planning and Sales Division; General Manager, Construction and Engineering Division; General Manager, Construction Department; General Manager, Product Business Division, the Company</p> <p>April 2017 Director; Managing Executive Officer; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company</p> <p>June 2017 Representative Director, President, the Company To present</p> <p>Responsibilities Chairman, Internal Control Committee; Chairman, Compliance Committee; in charge of Audit Office; in charge of Corporate Planning Office</p>	8,149
<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Kyouichi Morishita has been mainly engaged in construction and sales divisions and has a wealth of experience and extensive knowledge. He assumed office as Director and Managing Executive Officer in 2016. Serving as Representative Director and President since 2017, he is demonstrating strong leadership and decisiveness in managing the Company and striving to achieve continuous enhancement of corporate value. Therefore, the Company proposes his reelection as Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>[Reappointment]</p> <p>Satoru Horinouchi (July 5, 1959)</p> <p>Attendance at Board of Directors meetings: 17/17</p> <p>No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 6 years</p>	<p>April 1983 Joined the Company</p> <p>June 2016 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Engineering Department; General Manager, Construction Department, the Company</p> <p>April 2017 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department, the Company</p> <p>June 2017 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department; General Manager, Technology Division, the Company</p> <p>April 2018 Director; Managing Executive Officer; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company</p> <p>June 2018 Representative Director; Managing Executive Officer; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company</p> <p>April 2019 Representative Director; Senior Managing Executive Officer; General Manager, Product Business Division; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company</p> <p>April 2020 Representative Director; Senior Managing Executive Officer; General Manager, Sales Division; General Manager, Affiliated Business Division, the Company</p> <p>April 2021 Representative Director; Senior Managing Executive Officer; General Manager, Construction Division</p> <p style="text-align: right;">To present</p> <p>Responsibilities In charge of Affiliated Business Department; in charge of Safety, Environment and Quality Department; General Manager, Construction Division; Chairman, Workstyle Improvement Committee; responsible for Labor Relations</p>	6,228
<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Satoru Horinouchi has been mainly engaged in construction divisions and has a wealth of experience and extensive knowledge. Currently he is supervising the Company's construction business; affiliated business; and safety, environment and quality divisions as Senior Managing Executive Officer. Since 2016, he has been engaged in management of the Company as Director and has been contributing to continuous enhancement of corporate value. Therefore, the Company proposes his reelection as Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	<p>[Reappointment]</p> <p>Hiroshi Nakamura (December 18, 1957)</p> <p>Attendance at Board of Directors meetings: 17/17</p> <p>No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 2 years</p>	<p>April 1981 Joined the Company</p> <p>April 2006 General Manager, Product Department, Chugoku Branch, the Company</p> <p>April 2009 General Manager, Product Department, Kanto Branch, the Company</p> <p>April 2011 Executive Officer; General Manager, Product Department, Product Business Division, the Company</p> <p>April 2013 Director; Executive Officer; General Manager, Product Department, Product Business Division, the Company</p> <p>April 2015 Director; Managing Executive Officer; General Manager, Hokkaido Branch, the Company</p> <p>June 2015 Managing Executive Officer; General Manager, Hokkaido Branch, the Company</p> <p>April 2017 Managing Executive Officer; General Manager, Sales Division, the Company</p> <p>April 2020 Managing Executive Officer; General Manager, Product Business Division, the Company</p> <p>June 2020 Director, Managing Executive Officer; General Manager, Product Business Division, the Company</p> <p>April 2022 Director, Senior Managing Executive Officer; General Manager, Product Business Division, the Company</p> <p style="text-align: right;">To present</p> <p>Responsibilities In charge of Technology Department; General Manager, Product Business Division; responsible for Labor Relations</p>	5,507
<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Hiroshi Nakamura has been mainly engaged in product business and sales divisions and has a wealth of experience and extensive knowledge. Currently he is supervising the Company's product business division as Senior Managing Executive Officer and General Manager of Product Business Division. Since 2020, he has been engaged in management of the Company as Director and has been contributing to continuous enhancement of corporate value. Therefore, the Company proposes his reelection as Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	<p>[Reappointment]</p> <p>Shizuo Fukuhara (April 15, 1958)</p> <p>Attendance at Board of Directors meetings: 12/12</p> <p>No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 1 year</p>	<p>April 1981 Joined the Company</p> <p>April 2008 General Manager, General Affairs Department, Administration Department, the Company</p> <p>April 2009 General Manager, General Affairs Department, Administration Division, the Company</p> <p>June 2013 General Manager, General Affairs Department, Administration Division; General Manager, Corporate Ethics Promotion Office; General Manager, Corporate Communications Planning Office, the Company</p> <p>April 2015 Affiliated Business Department, the Company</p> <p>April 2018 Executive Officer; General Manager, Corporate Planning Office, the Company</p> <p>April 2020 Managing Executive Officer; General Manager, Administration Division, the Company</p> <p>June 2021 Director, Managing Executive Officer; General Manager, Administration Division, the Company</p> <p>To present</p> <p>Responsibilities In charge of Affiliated Business Department; in charge of CSR Promotion Department; General Manager, Administration Division; responsible for Compliance; responsible for Corporate Planning Office (secondary responsibility); Chairman, Internal Control Committee; responsible for Labor Relations</p>	9,251
	<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Shizuo Fukuhara has been mainly engaged in administration divisions and has a wealth of experience and extensive knowledge. Currently he is supervising the Company's administration divisions as Managing Executive Officer and General Manager of Administration Division. Since 2021, he has been engaged in management of the Company as Director and has been contributing to continuous enhancement of corporate value. Therefore, the Company proposes his reelection as Director.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	<p>[Reappointment] [Independent Director] [Outside Director]</p> <p>Masataka Kusumi (February 17, 1968)</p> <p>Attendance at Board of Directors meetings: 17/17</p> <p>No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 2 years</p>	<p>April 1991 Joined Fujita Corporation</p> <p>September 2001 Joined Masasho Co., Ltd.</p> <p>December 2006 Joined ShinNihon & Co. (currently, Ernst & Young ShinNihon LLC)</p> <p>August 2010 Registered as Certified Public Accountant</p> <p>August 2016 Representative, Masataka Kusumi CPA Office (current position)</p> <p>May 2017 Auditor, Nissan Satio Hirosaki Co., Ltd. (current position)</p> <p>December 2017 Outside Director (Audit and Supervisory Committee Member), E-Guardian Inc. (current position)</p> <p>June 2020 Director, the Company</p> <p style="text-align: right;">To present</p> <p>[Significant concurrent positions] Representative, Masataka Kusumi CPA Office Auditor, Nissan Satio Hirosaki Co., Ltd. Outside Director (Audit and Supervisory Committee Member), E- Guardian Inc.</p>	100
<p>[Reason for nomination as candidate for Outside Director and expected role]</p> <p>Mr. Masataka Kusumi has a specialist perspective based on his insight and experience as a CPA and considerable knowledge of corporate finance, legal affairs, and tax affairs. In order to ensure validity and appropriateness of decision-making by the Board of Directors, the Company wishes him to appropriately oversee the Company's business execution from an independent standpoint with a specialist perspective. In addition, the Company believes that it can receive useful advice and suggestions from him on overall management and therefore proposes his reelection as Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	[Reappointment] [Independent Director] [Outside Director] Yuko Tahara (May 21, 1967) Attendance at Board of Directors meetings: 12/12 No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 1 year	April 1996 Assistant, Graduate School of Arts and Sciences, College of Arts and Sciences, The University of Tokyo April 2002 Assistant Professor, Faculty of Economics, Kokugakuin University April 2008 Professor, Faculty of Economics, Kokugakuin University June 2021 Director, the Company [Significant concurrent positions] Professor, Faculty of Economics, Kokugakuin University	To present 0
	<p>[Reason for nomination as candidate for Outside Director and expected role]</p> <p>Ms. Yuko Tahara has a specialist perspective based on her profound insight and extensive knowledge cultivated over the years as an expert on local community issues, the aging society, and social security. In order to ensure validity and appropriateness of decision-making by the Board of Directors, the Company wishes her to appropriately oversee the Company's business execution from an independent standpoint with a specialist perspective. In addition, the Company believes that it can receive useful advice and suggestions from her on overall management and therefore proposes her reelection as Outside Director.</p> <p>Although she has never been involved in corporate management, the Company believes that she will execute her duties properly as an Outside Director of the Company for the reasons stated above.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	<p>[Reappointment] [Independent Director] [Outside Director]</p> <p>Yohei Takada (March 26, 1976)</p> <p>Attendance at Board of Directors meetings: 12/12</p> <p>No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 1 year</p>	<p>April 1986 Registered as attorney-at-law (member of Dai-Ichi Tokyo Bar Association) Takada Law Office</p> <p>June 2021 Director, the Company</p> <p>To present</p> <p>[Significant concurrent positions] Takada Law Office</p>	0
<p>[Reason for nomination as candidate for Outside Director and expected role]</p> <p>Mr. Yohei Takada has a specialist perspective based on his insight and experience as an attorney-at-law and considerable knowledge of corporate legal affairs. In order to ensure validity and appropriateness of decision-making by the Board of Directors, the Company wishes him to appropriately oversee the Company's business execution from an independent standpoint with a specialist perspective. In addition, the Company believes that it can receive useful advice and suggestions from him on overall management and therefore proposes his reelection as Outside Director.</p> <p>Although he has never been involved in corporate management, the Company believes that he will execute his duties properly as an Outside Director of the Company for the reasons stated above.</p>			

- Notes: 1. No special interest exists between any of the candidates and the Company.
2. Mr. Masataka Kusumi, Ms. Yuko Tahara, and Mr. Yohei Takada are candidates for Outside Director.
3. Matters concerning the candidates for Outside Director are as follows:
- (1) Mr. Masataka Kusumi, Ms. Yuko Tahara, and Mr. Yohei Takada are independent directors as defined by the Tokyo Stock Exchange.
- (2) Number of years since assumption of office as the Company's Outside Director of each candidate for Outside Director
- Mr. Masataka Kusumi will have been in office as Outside Director for two years at the conclusion of this Annual General Meeting of Shareholders.
- Ms. Yuko Tahara and Mr. Yohei Takada will have been in office as Outside Director for one year at the conclusion of this Annual General Meeting of Shareholders.
- (3) Liability limitation agreements with Outside Directors
- The Company has entered into agreements with Mr. Masataka Kusumi, Ms. Yuko Tahara, and Mr. Yohei Takada to limit their liability for damages pursuant to Article 423 Paragraph 1 of the Companies Act. The amount of liability for damages in accordance with the agreements is limited to the minimum liability amount stipulated by laws and regulations. If reelection of Mr. Masataka Kusumi, Ms. Yuko Tahara, and Mr. Yohei Takada is approved at this General Meeting of Shareholders, the Company intends to renew the said agreements with them.

4. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. The said insurance contract covers litigation expenses related to derivative lawsuits and third-party litigation and incidental expenses to be borne by the insured. The Company's Directors (including Outside Directors) and Corporate Auditors (including Outside Corporate Auditors) are the insured under the said insurance contract. The insurance premiums are fully borne by the Company. However, liability for legal damages arising from illegal acts including criminal acts committed by the insured is outside the scope of coverage under the said insurance contract.

The candidates for reelection nominated in this proposal are already the insured under the said insurance contract and will remain so following their reelection. The new candidates will be the insured following their election.

The Company intends to renew the said insurance contract with the same contents at the next renewal.

[Skills Matrix]

	Outside Director / Auditor	Nomination and Compensation Committee	Major specialty and experience						
			Corporate management / management strategy	Sales / marketing	Technology / quality	Finance / accounting	Legal affairs / compliance	ESG	Diversity / gender
Kyouichi Morishita		○	○	○	○				
Satoru Horinouchi		○	○	○	○				
Hiroshi Nakamura			○	○	○				
Shizuo Fukuhara			○			○	○		
Masataka Kusumi	◎	◎	○			○	○	○ (governance)	
Yuko Tahara	◎	○				○	○	○ (environment / society)	○ (female)
Yohei Takada	◎	○	○				○	○ (governance)	
Shinichi Mori	◎					○	○		
Yoshihiko Takeuchi			○			○	○		
Hiroshi Fujita	◎		○				○	○ (governance)	

- Notes: 1. ◎ in the column under “Outside Director / Auditor” indicates independent director/auditor.
 2. ◎ in the column under “Nomination and Compensation Committee” indicates the chairman.

Proposal 4: Revision of the Restricted Stock Compensation Plan for Directors

At the 114th Annual General Meeting of Shareholders held on June 26, 2020, in order to promote sustainable enhancement of corporate value and further sharing of value with shareholders, it was approved that, separately from the amount of remuneration for Directors, the Company shall set the total amount of monetary claims to be provided to the Company's Directors (excluding Outside Directors; hereinafter referred to as the "Eligible Directors") as compensation for granting shares with restriction on transfer not exceeding ¥30 million per year (not including the portion of employee's salary for Directors who also serve as employees) and the total number of shares of the Company's common stock to be issued or disposed of by the Company not exceeding 12,000 shares per year.

With the aim of further motivating each Eligible Director to contribute to the sustainable enhancement of the Company's corporate value and to share value with shareholders over the long term to the extent possible by holding shares with restriction on transfer until his/her resignation or retirement, it is proposed that the Plan be revised as detailed below, in light of fluctuations in the Company's stock price and other circumstances, and shareholders' approval is requested.

The Company would like to change the period of restriction on transfer of shares with restriction on transfer to be granted to Eligible Directors from "three years from the date of payment" to "from the date of allotment under the Allotment Agreement until the time immediately following resignation or retirement from the position of officer or employee of the Company or a subsidiary of the Company predetermined by the Company's Board of Directors." In line with such change in the transfer restriction period, necessary modifications will also be made to the lifting of transfer restrictions and treatment upon resignation or retirement.

In addition, in light of fluctuations in the Company's stock price and other circumstances, together with the revision of the transfer restriction period, the total number of shares of the Company's common stock to be issued or disposed of under the Plan will be changed from up to 12,000 shares per year to up to 10,000 shares per year and the total amount of monetary claims to be provided for the allocation of shares with restriction on transfer under the Plan will be changed from up to ¥30 million per year to up to ¥50 million per year.

The above revisions will apply to shares with restriction on transfer to be granted in the future, and will not change the transfer restriction period, etc. for shares with restriction on transfer that have already been granted. Currently, the Company has seven Directors (including three Outside Directors). If Proposal 3, "Election of Seven Directors," is approved and resolved as proposed, the Company will have seven Directors (including three Outside Directors).

In addition, Eligible Directors shall pay all monetary claims, which will be provided under this proposal, as property contributed in kind and shares of the Company's common stock shall be issued or disposed of pursuant to the resolution of the Company's Board of Directors. The total number of shares of the Company's common stock to be issued or disposed of thereby shall not exceed 10,000 shares per year (provided, however, if, on or after the date of approval of this proposal, a stock split (including gratis allotment of shares of the Company's common stock) or a reverse stock split of shares of the Company's common stock is conducted or any other circumstance requiring adjustment of the total number of shares of the Company's common stock to be issued or disposed of as shares with restriction on transfer arise, the said total number shall be adjusted within a reasonable range).

The amount to be paid in per share shall be determined by the Board of Directors within a range that will not be a particularly advantageous amount for the Eligible Director who will receive shares of the common stock, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day before the date of each resolution by the Board of Directors (if there are no trades on that day, the closing price on the most recent preceding trading day). Furthermore, for issuance or disposal

of shares of the Company's common stock and the provision of monetary claims as property contributed in kind for such purpose, a restricted stock allotment agreement (hereinafter the "Allotment Agreement") containing the content indicated below shall be entered into between the Company and Eligible Directors. The maximum amount of compensation, the total number of shares of the Company's common stock to be issued or disposed of, and other terms and conditions for the granting of shares with restriction on transfer to Eligible Directors under this proposal have been determined by taking into account the above-mentioned purpose, the Company's business conditions, and the Company's policy regarding the determination of remuneration, etc. for individual Directors. (For details of the said policy, please refer to page 28 of the Company's Business Report for the 116th Term.) The Company, therefore, believes that the terms and conditions are reasonable.

If this proposal is approved and resolved as proposed, the outline of the Company's restricted stock compensation plan will be as follows.

[Summary of the Allotment Agreement]

(1) Transfer restriction period

An Eligible Director may not transfer, create security interest over, or otherwise dispose of (hereinafter referred to as the "Transfer Restriction") the shares of the Company's common stock allotted to him or her under the Allotment Agreement (hereinafter referred to as the "Allotted Shares") during the period from the date of allotment of the shares to him or her under the Allotment Agreement to the time immediately following resignation or retirement of the Eligible Director from the position of officer or employee of the Company or a subsidiary of the Company predetermined by the Company's Board of Directors (hereinafter referred to as the "Transfer Restriction Period"). However, if the time immediately following such resignation or retirement is before the date when three months have elapsed since the end of the fiscal year that includes the date on which the allotment of the Allotted Shares is to be received, the end of the transfer restriction period may be adjusted within a reasonable range.

(2) Treatment upon resignation or retirement

If an Eligible Director resigns or retires from the position of officer or employee of the Company or a subsidiary of the Company predetermined by the Company's Board of Directors before the expiration of the period predetermined by the Company's Board of Directors (hereinafter referred to as the "Service Period"), the Company shall automatically acquire the Allotted Shares without consideration, unless such resignation or retirement is due to the expiration of his/her term of office, death, or other justifiable reason.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restriction for all Allotted Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Director has continuously held a position of officer or employee of the Company or a subsidiary of the Company predetermined by the Company's Board of Directors during the Service Period. However, if 1) the Eligible Director resigns or retires from the position of an officer or employee of the Company or a subsidiary of the Company predetermined by the Company's Board of Directors before the expiration of the Service Period owing to a justifiable reason, or 2) the Eligible Director resigns or retires from the position of officer or employee of the Company or a subsidiary of the Company predetermined by the Company's Board of Directors for a reason other than a justifiable reason before the expiration of the Transfer Restriction Period, even after the expiration of the Service Period, the Company may reasonably adjust the number of Allotted Shares from which Transfer Restrictions are to be lifted and the timing of the lifting of the Transfer Restrictions, as necessary. In addition, the Company shall automatically acquire Allotted Shares whose Transfer Restrictions have not been lifted without consideration, immediately after the lifting of Transfer Restrictions pursuant to the above provisions.

(4) Treatment upon reorganization, etc.

Notwithstanding the provision in (1) above, if during the Transfer Restriction Period, a merger agreement under which the Company will become a dissolving company, share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary or any other matter concerning a reorganization is approved at the General Meeting of Shareholders of the Company (or by the Company's Board of Directors if no approval of the General Meeting of Shareholders of the Company is required for the reorganization), the Company will, prior to the effective date of the said reorganization, etc., lift, by the resolution of the Company's Board of Directors, the Transfer Restrictions for the Allotted Shares in the number reasonably determined, in light of the period from the commencement date of the Transfer Restriction Period to the date of approval of the said reorganization, etc. In addition, in the case provided for above, the Company shall automatically acquire the Allotted Shares whose Transfer Restrictions have not been lifted without consideration, at the time immediately following the lifting of the Transfer Restrictions.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Company's Board of Directors.