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Securities Code: 4064

June 9, 2022

To our shareholders:

Takahisa Sugiyama
President and CEO
NIPPON CARBIDE INDUSTRIES CO., INC.
16-2, 2-Chome Konan, Minato-ku, Tokyo, Japan

NOTICE OF THE 123RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified of the 123rd Ordinary General Meeting of Shareholders of NIPPON CARBIDE INDUSTRIES CO., INC. (the “Company”), which will be held as described below.

You are kindly requested to take into consideration the status of the spread of the novel coronavirus disease (COVID-19) as well as your health condition on the day of the meeting, and give maximum care in preventing the spread of COVID-19 at the meeting, which includes exercising your voting rights in writing (by postal mail) or via the Internet prior to the meeting.

Please review the attached Reference Documents for the General Meeting of Shareholders, and indicate your approval or disapproval of the proposals no later than 5:40 p.m., Tuesday, June 28, 2022 (JST).

- 1. Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m. (JST)
- 2. Venue:** Meeting room, NIPPON CARBIDE INDUSTRIES CO., INC.
22nd floor, Taiyo-Seimei Shinagawa Building,
16-2, 2-Chome Konan, Minato-ku, Tokyo, Japan

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 123rd Term (from April 1, 2021 to March 31, 2022), and the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 123rd Term (from April 1, 2021 to March 31, 2022)

Items to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Three (3) Directors
- Proposal 4:** Election of One (1) Substitute Corporate Auditor
- Proposal 5:** Introduction of a Transfer-Restricted Share Compensation System for Directors (Excluding Outside Directors)

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Matters related to year-end dividends

The Company aims to be a company that will develop its business in the future and respond to changes in its management environment. At the same time, it considers that the distribution of profits to shareholders is an important responsibility, and its basic policy is to realize long-term and stable dividend payments.

The Company proposes the year-end dividends for this term as follows, upon taking into account the business results of this term, future business development, retained earnings, and all other matters.

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property to shareholders and total amount thereof
30 yen per common share of the Company
Total amount of dividends: 281,608,440 yen
- (3) Effective date of distribution of dividends of surplus
June 30, 2022

Additionally, if this proposal is approved of as described, the annual dividend per share for this term including the interim dividend will be 55 yen, 15 yen higher than the previous term.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

- (1) The introduction of a system for providing informational materials for general meetings of shareholders in an electronic format
 In accordance with the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) that are to be enforced on September 1, 2022, the Company proposes to make the following amendments to its Articles of Incorporation due to the introduction of the system for providing informational materials for the general meeting of shareholders in an electronic format.
- (i) Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph 1 in the proposed amendments will be newly established because it is mandated that the Articles of Incorporation stipulate that measures be taken for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in an electronic format.
 - (ii) Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph 2 in the proposed amendments will be newly established to allow for limiting the scope of items among those items involving measures for providing information that constitutes the content of reference documents for general meeting of shareholders, etc. in an electronic format that are stated in paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents to within the scope prescribed by the Ministry of Justice Order.
 - (iii) With the introduction of the system for providing informational materials for the general meeting of shareholders, etc. in electronic formats, the provisions of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the current Articles of Incorporation will no longer be required and will be deleted.
 - (iv) Supplementary provisions regarding the effect of provisions for the above establishments and deletions will be established. Additionally, these supplementary provisions shall be deleted after their effective period has elapsed.
- (2) Changing the term of office of Directors
 The term of office of Directors will change from two (2) years to one (1) year in order to clarify the managerial responsibilities of Directors and create a corporate structure that can rapidly respond to changes in the business environment. A supplementary provision shall also be established in order to clarify the term of office of the current Directors.

2. Details of the amendments

The details of the amendments are as follows.

(Underlined texts indicate amended sections.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 14</u> <u>When convening a general meeting of shareholders, it shall be deemed that the Company has provided shareholders with information regarding matters to include or display on Reference Documents for the General Meeting of Shareholders, Business Reports, Non-Consolidated Financial Statements and Consolidated Financial Statements by disclosing such information on the internet in accordance with the methods prescribed by the Ministry of Justice Order.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u> <u>Article 14</u> <u>1. When convening a general meeting of shareholders, the Company shall provide the information contained within the Reference Documents for the General Meeting of Shareholders, etc. in an electronic format.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>(Newly established)</p> <p>(Term of Office of Directors) Article 20</p> <ol style="list-style-type: none"> 1. The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within <u>two years</u> after the election. 2. The term of office of any Director elected as a substitute for a Director who retires before the end of their term of office shall be until the end of the Director for which they are a substitute. <p>(Newly established)</p>	<ol style="list-style-type: none"> 2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company shall not be required to include all or part of any item designated by the Ministry of Justice Order in paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u> <p><u>Supplementary Provisions</u> <u>(Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u></p> <p><u>Article 1</u></p> <ol style="list-style-type: none"> 1. <u>The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 14 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022.</u> 2. <u>Notwithstanding the provision of the preceding paragraph, Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u> 3. <u>The provisions in this Article shall be deleted on the date six months after September 1, 2022 or three months after the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u> <p>(Term of Office of Directors) Article 20</p> <ol style="list-style-type: none"> 1. The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within <u>one</u> year after the election. 2. The term of office of any Director elected as a substitute for a Director who retires before the end of their term of office shall be until the end of the Director for which they are a substitute. <p><u>Supplementary Provision</u> <u>Notwithstanding the provisions of Article 20, the term of office of Directors elected in the Ordinary General Meeting of Shareholders held on June 29, 2021 shall end with the conclusion of the Ordinary General Meeting of Shareholders in 2023. Additionally, this supplementary provision shall be deleted after the said date has elapsed.</u></p>

Proposal 3: Election of Three (3) Directors

The term of office of three (3) Directors, Takahisa Sugiyama, Yukinobu Hasegawa, and Hitoshi Shirai will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of three (3) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Takahisa Sugiyama (November 4, 1959)	<p>Apr. 1982 Joined Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>July 2005 General Manager of Planar Devices Department, Photonics Components Division, Electronics & Energy General Division, Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>July 2006 General Manager of Planar Devices Department, Electronics & Energy General Division, Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>Jan. 2008 General Manager of Photonics Components Division, Electronics & Energy General Division, Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>July 2009 General Manager of Photonics Components Division, Electronics General Division, Electronics Company, Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>Jan. 2015 General Manager of Electronic Materials General Division, Electronics Company, Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>Jan. 2016 Executive Officer and General Manager of Electronic Materials General Division, Electronics Company, Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>Mar. 2020 Counselor of the Company</p> <p>June 2020 President and Chief Executive Officer of the Company (present position)</p>	3,700
<p>[Reasons for his nomination as a candidate for Director]</p> <p>Takahisa Sugiyama served as Executive Officer at AGC Inc., and he has served as President and Chief Executive Officer since June 2020, acquiring a wealth of corporate management experience. He is expected to draw on such experience and expertise and appropriately manage and supervise the entire group as a Director for the sustainable growth of the Company and the increase of corporate value. In consideration of these reasons, the Company proposes his election as Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Yukinobu Hasegawa (March 18, 1962)	<p>Apr. 1985 Joined the Company.</p> <p>June 2010 General Manager, Manufacturing Department of Uozu and Hayatsuki Factory</p> <p>Apr. 2013 General Manager of Specialty Polymers Division, Operational Headquarters of Functional Products</p> <p>Apr. 2016 General Manager of Specialty Polymers Division, Operational Headquarters of Functional Products, and Osaka Branch</p> <p>June 2016 Executive Officer, General Manager of Specialty Polymers Division, Operational Headquarters of Functional Products, and Osaka Branch</p> <p>Apr. 2017 Executive Officer, Deputy Senior General Manager of Operational Headquarters of Functional Products, and General Manager of Specialty Polymers Division</p> <p>Apr. 2018 Executive Officer and Senior General Manager of Films and Sheets Division</p> <p>June 2018 Director and Executive Officer, and Senior General Manager of Films and Sheets Division</p> <p>Apr. 2020 Director and Executive Officer, and Senior General Manager of Electronic and Functional Products Division</p> <p>Apr. 2021 Director and Executive Officer, in charge of Technology, Factory Manager of Uozu and Hayatsuki Factory</p> <p>June 2021 Director and Executive Officer, in charge of Technology, Factory Manager of Uozu and Hayatsuki Factory, General Manager of Research and Development Center</p> <p>Apr. 2022 Director and Managing Executive Officer, in charge of Technology, Factory Manager of Uozu and Hayatsuki Factory, General Manager of Research and Development Center (present position)</p>	3,100
<p>[Reasons for his nomination as a candidate for Director]</p> <p>Yukinobu Hasegawa has overseen manufacturing and business departments of the Company for many years. Currently, he also oversees the technical department of the Company as Director and Managing Executive Officer in charge of Technology, Factory Manager of the Uozu and Hayatsuki Factory, and General Manager of Research and Development Center. Given his wealth of experience and expertise in the businesses of the Company, he is expected to contribute fully as a Director toward realization of the Company's significant group strategies and supervision of business execution. In consideration of these reasons, the Company proposes his election as Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Hitoshi Shirai (May 13, 1956)	<p>Apr. 1979 Joined Hitachi, Ltd.</p> <p>Apr. 1998 Chief Researcher, Hitachi Research Institute</p> <p>Oct. 1999 General Manager of e-Government Project Promotion Management Center, Government & Public Corporation Information Systems Division, Hitachi, Ltd.</p> <p>Apr. 2003 General Manager of Business Development Department, Urban Planning and Development Systems Group, Hitachi, Ltd.</p> <p>June 2005 Vice President, Hitachi Research Institute</p> <p>Oct. 2009 Director and Vice President, Hitachi Asia Ltd.</p> <p>Oct. 2010 Director, Hitachi Global Storage Technologies, Inc.</p> <p>June 2011 Director and President, Hitachi Research Institute</p> <p>Apr. 2013 Representative Director and President, Hitachi Research Institute</p> <p>Apr. 2020 Director, Hitachi Research Institute Senior Strategist, Hitachi, Ltd.</p> <p>June 2020 Director of the Company (present position)</p> <p>Apr. 2021 Director, Incorporated Educational Institution J. F. Oberlin University and Affiliated Schools (present position)</p> <p>(Significant concurrent positions outside the Company) Director, Incorporated Educational Institution J. F. Oberlin University and Affiliated Schools</p>	500
<p>[Reasons for his nomination as a candidate for Outside Director and overview of expected roles]</p> <p>Hitoshi Shirai has overseen the information system divisions of Hitachi, Ltd. for many years, which includes working in countries outside Japan. He also served as Representative Director and President of Hitachi Research Institute, through which he gained a wealth of experience in corporate management. By utilizing his experience and expertise, he is expected to make suggestions regarding the Company's management in general and to contribute to strengthening the Company's corporate governance. In consideration of these reasons, the Company proposes his election as Outside Director. At the conclusion of this Ordinary General Meeting of Shareholders, his tenure as Outside Director will have been two (2) years.</p>			

- Notes:
1. There are no special interests between the candidates and the Company.
 2. Hitoshi Shirai is a candidate for Outside Director.
 3. The Company has submitted notification to the Tokyo Stock Exchange that Hitoshi Shirai has been appointed as an independent officer. If his reelection is approved, the Company plans to continue the notification that he has been appointed as an independent officer.
 4. The Company has concluded with Hitoshi Shirai an agreement to limit his liability for damages under Article 423, paragraph (1) of the Companies Act in accordance with the provisions of Article 427, paragraph (1) of the same act. If his reelection is approved, the Company plans to renew the agreement. The maximum amount of the liability for damages under said agreement will be the minimum amount stipulated by the laws and regulations.
 5. The Company has entered into a directors and officers liability insurance contract that covers Directors. If the election of Takahisa Sugiyama, Yukinobu Hasegawa and Hitoshi Shirai is approved, they will be covered under the said insurance contract. Under the said insurance contract, damages caused as a result of the three insured Directors' assuming liability incurred in the execution of their duties or receiving claims pertaining to the pursuit of such liability shall be covered up to the total indemnity limit per period of insurance (1 billion yen). If the election of them is approved, the insurance contract will be renewed during their term of office.

[Reference] Director and Corporate Auditor Skill Matrix After the Ordinary General Meeting of Shareholders

Name	Corporate management	Finance/ Accounting	Legal/ Compliance	Sales/ Marketing	R&D/ Manufacturing technologies	International business	Risk management
Takahisa Sugiyama	○			○		○	○
Yoshitada Iguchi	○	○	○				
Yukinobu Hasegawa	○			○	○		
Yuichi Yokota	○			○			○
Naoko Endo			○				
Hitoshi Shirai	○					○	○
Hideaki Kubo		○	○				
Fumiaki Hayashi	○						○
Mutsuo Emi		○					○

Proposal 4: Election of One (1) Substitute Corporate Auditor

Since the election of substitute Corporate Auditor Akihiro Ishikura, who was elected at the 122nd Ordinary General Meeting of Shareholders held on June 29, 2021, will cease to be effective at the commencement of this Ordinary General Meeting of Shareholders, the Company proposes that one (1) substitute Corporate Auditor be elected to prepare for a case where the number of Corporate Auditors falls below the number stipulated by laws and regulations.

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

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Akihiro Ishikura (September 14, 1955)	Apr. 1979 Joined the Company.	6,000
	Apr. 2007 General Manager of Corporate Planning Department and Manager of Internal Auditing Section	
	June 2007 Director, responsible for General Affairs Department, Legal Affairs Section, Finance and Accounting Department and Purchasing Department, General Manager of Corporate Planning Department, and Manager of Internal Auditing Section	
	June 2012 Managing Director, in charge of Administrative Department, and General Manager of Corporate Planning Department	
	June 2013 Representative Director and President, VINYFRAME INDUSTRY CO., LTD.	
	Apr. 2019 Representative Director and Chairman, VINYFRAME INDUSTRY CO., LTD.	
	Apr. 2020 Counselor, VINYFRAME INDUSTRY CO., LTD.	
	July 2020 Full-time Corporate Auditor of the Company June 2021 Retired as Full-time Corporate Auditor of the Company	
<p>[Reasons for his nomination as a candidate for substitute Corporate Auditor] Akihiro Ishikura has overseen the administrative divisions in the Company for many years and has served as Managing Director and Full-time Corporate Auditor, acquiring a wealth of managerial experience. The Company proposes his election as substitute Corporate Auditor, as he is expected to utilize his experience and knowledge and apply them in executing the role of Corporate Auditor.</p>		

- Notes:
1. There are no special interests between the candidate and the Company.
 2. If Akihiro Ishikura assumes the office of Corporate Auditor, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company will conclude with him an agreement to limit his liability for damages under Article 423, paragraph (1) of the same act. The maximum amount of the liability for damages under said agreement will be the minimum amount stipulated by the laws and regulations.
 3. The Company has entered into a directors and officers liability insurance contract that covers Corporate Auditors and this contract will cover Akihiro Ishikura if he assumes the office of Corporate Auditor. Under said insurance contract, damages caused as a result of the insured Corporate Auditor assuming liability incurred in the execution of his duties or receiving claims pertaining to the pursuit of such liability shall be covered up to the total indemnity limit per period of insurance (1 billion yen). If he assumes the office of Corporate Auditor, the insurance contract will be renewed during his term of office.

Proposal 5: Introduction of a Transfer-Restricted Share Compensation System for Directors (Excluding Outside Directors)

The Company proposes to introduce the following compensation system (hereinafter referred to as the “System”) to distribute the Company’s common shares with provisions such as for temporary transfer restrictions, reasons for free acquisition by the Company, etc. (hereinafter referred to as “Transfer-Restricted Shares”) for the purpose of providing the Company’s Directors (excluding Outside Directors, hereinafter referred to as “Eligible Directors”) with an incentive to continuously increase corporate value of the Company while promoting further value sharing between Directors and shareholders.

For the amount of compensation for the Company’s Directors, the limit on the amount of compensation for the Company’s Directors was resolved at the 117th Ordinary General Meeting of Shareholders held on June 29, 2016 to be within 240 million yen per year (within 30 million yen per year for Outside Directors). This proposal would seek full consensus to newly introduce the System and establish the total amount of monetary compensation claims to be provided to within 30 million yen per year as compensation for Transfer-Restricted Shares to Eligible Directors within the range of conventional Director compensation.

Also, there are currently six (6) Directors (two (2) of which are Outside Directors), and if Proposal 3 is approved of as described, the number of Directors will be six (6) (two (2) of which are Outside Directors).

1. Allocation and Payment of Transfer-Restricted Shares

The System will provide Eligible Directors with monetary compensation claims within the range of the annual amount prescribed above as compensation for Transfer-Restricted Shares, with the Eligible Directors being allocated their Transfer-Restricted Shares through payments of the full amount of such monetary compensation claims via in-kind contributions.

Additionally, the payment amount per share for Transfer-Restricted Shares will be the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution from the Board of Directors of the Company (if the transaction does not finalize on the same day, then the closing price on the most recent trading day). The above monetary compensation claims shall be provided on the condition that Eligible Directors have agreed to consenting to the above in-kind contributions and have signed a Transfer-Restricted Share Allocation Agreement that includes the items prescribed in 3. below.

2. Total Number of Transfer-Restricted Shares

The number of Transfer-Restricted Shares for allocation each business year shall be limited to 25,000 Transfer-Restricted Shares allocated to Eligible Directors. Provided, however, that if it is necessary to adjust the total number of Transfer-Restricted Shares allocated in accordance with splits or reverse splits of the Company’s common share or other such action after the date that this proposal is resolved, the Company shall be able to rationally adjust the total number of such Transfer-Restricted Shares.

3. Content of the Transfer-Restricted Share Allocation Agreement

The Transfer-Restricted Share Allocation Agreement to be concluded between the Company and Eligible Directors who receive allocations of Transfer-Restricted Shares shall contain as follows.

(1) Details of Transfer Restrictions

Eligible Directors allocated with Transfer-Restricted Shares may in no way transfer, create a right of pledge, establish a transfer of security interest, inter vivos gift, legacy gift, or engage in other such acts of disposal to a third party for the Company’s common shares allocated under the Transfer-Restricted Shares Allocation Agreement (hereinafter referred to as the “Allocated Shares”) for the period between the date the allocation is received and the Eligible Director’s retirement from their position as either a Director or Executive Officer of the Company (hereinafter referred to as the “Transfer Restriction Period”).

(2) Dissolution of Transfer Restrictions

As a condition of the continued service of an Eligible Director allocated with Transfer-Restricted Shares in the position specified in (1) above during the period determined by the Company Board of Directors (hereinafter referred to as the “Services Rendered Period”), the Company shall remove the transfer restrictions on all Allocated Shares at the point in time the Transfer Restriction Period ends. Provided, however, that if an Eligible Director leaves their position in (1) above during the Services Rendered

Period for a reason approved by the Company Board of Directors, the number of Allocated Shares and period of time for which transfer restrictions shall be dissolved shall be adjusted rationally as needed.

(3) Free Acquisition of Transfer-Restricted Shares

Based on the provision of reasons for dissolving the transfer restrictions in (2) above at the time that the Transfer Restriction Period in (1) above for Allocated Shares ends, any shares for which transfer restrictions were not dissolved shall be naturally acquired by the Company at no cost.

(4) Handling of Organizational Restructuring, Etc.

If, during the Transfer Restriction Period, a Company general meeting of shareholders (or the Company Board of Directors if the organizational restructuring, etc. does not require consent from the Company general meeting of shareholders) agrees to a merger agreement in which the Company is to become the absorbed company, a stock exchange agreement or a stock transfer plan in which the Company is to become a wholly owned subsidiary, or other such matter involving organizational restructuring, etc., then the transfer restrictions on a number of rationally determined Allocated Shares based on the period from the date the Services Rendered Period began to the date the organizational restructure, etc. was approved shall be dissolved by a resolution of the Company Board of Directors before the effective date of the organizational restructure, etc. In the case of the above provision, the Company shall, at the point immediately following the dissolution of transfer restrictions, naturally and at no cost acquire all Allocated Shares whose transfer restrictions were not dissolved.

(5) Other Matters

Other matters involving this Allocation Agreement shall be determined by the Company Board of Directors.

4. Reasons to Consider Granting Transfer-Restricted Shares

Directors shall be granted Transfer-Restricted Shares with the purpose of providing incentive to continuously increase corporate value of the Company while promoting further value sharing between Directors and shareholders.

The Company has specified the determination policies for the content of compensation, etc. for individual Directors in a Board of Directors meeting, with a summary of such policies stated on page 22 of the Business Report (in Japanese only). If this proposal is approved, however, the content of those policies shall be revised to be consistent with the content approved. Plans are in place to stipulate the details, calculation methods, payment periods, etc. of stock compensation. The amount valued for the price of Transfer-Restricted Shares using the market price on the date of a Board of Directors meeting involving allocation shall be limited to within the annual amount listed in 1. above and the percentage of Transfer-Restricted Shares shall account for 0.26% of the total number of issued Company shares issued (2.66% of the total number of issued Company shares when Transfer-Restricted Shares are issued to the maximum number of shares over a ten-year period). Because the dilution of shares is minimal, this granting of Transfer-Restricted Shares is deemed reasonable.

(References)

If these proposals are approved in this Ordinary General Meeting of Shareholders, there are plans to allocate Transfer-Restricted Shares to Company Executive Officers through methods similar to the System.