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Stock Exchange Code: 9438
December 3, 2020

To Shareholders with Voting Rights:

Toshihiro Maeta
President and Chief Executive Officer
MTI Ltd.
3-20-2 Nishi-Shinjuku, Shinjuku-ku,
Tokyo, Japan

**NOTICE OF
THE 25TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby inform you that the 25th Annual General Meeting of Shareholders of MTI Ltd. (the “Company”) will be held for the purposes as described below.

To prevent the spread of the novel coronavirus (COVID-19), we would like to ask all our shareholders to refrain from attending the Meeting by all means regardless of their physical condition and exercise their voting rights in advance in writing or via the Internet, etc. by 5:30 p.m. on Friday, December 18, 2020 upon reviewing the attached Reference Documents for the General Meeting of Shareholders.

- 1. Date and Time:** Saturday, December 19, 2020 at 10:00 a.m. Japan time
- 2. Place:** Conference room No. 2 on the seventh floor of Tokyo Opera City Tower
20-2 Nishi-Shinjuku 3-chome, Shinjuku-ku, Tokyo, Japan
Please note that the venue has been changed from last year.
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report, Consolidated Financial Statements for the Company’s 25th Fiscal Year (October 1, 2019 - September 30, 2020), results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements and Non-consolidated Financial Statements for the Company’s 25th Fiscal Year
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of surplus
 - Proposal 2:** Election of nine (9) directors
 - Proposal 3:** Election of one (1) statutory auditor
 - Proposal 4:** Determination of remuneration for granting restricted stock to directors

◎ Notes

(1) Exercise of voting rights by proxy

If you are unable to attend the meeting, you can delegate another shareholder as a proxy, who also owns voting rights of the Company, to attend the General Meeting of Shareholders. In such a case, please have your proxy submit a written power of attorney, as well as the Voting Rights Exercise Form at the reception desk.

(2) Documents provided on the Internet

Based on the provisions stipulated in relevant laws and regulations and Article 15 of the Company's articles of incorporation, the following materials are posted on the Company's website (<https://www.mti.co.jp/eng>) and are therefore not included in the Appendix to this convocation notice.

- 1) "Consolidated statement of changes in equity" and "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
- 2) "Statement of changes in equity" and "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor and the statutory auditors are each item on the Appendix to this Convocation Notice of the General Meeting of Shareholders, Consolidated statement of changes in equity, Notes to the Consolidated Financial Statements, Statement of changes in equity, and Notes to the Non-consolidated Financial Statements in the above 1) and 2).

(3) Method to announce the revisions in the Reference Documents for the General Meeting of Shareholders and Business Report, as well as in Non-consolidated Financial Statements and Consolidated Financial Statements

Should the Reference Documents for the General Meeting of Shareholders and Business Report, as well as Non-consolidated Financial Statements and Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.mti.co.jp/eng>).

(4) The Company's COVID-19 measures

This year, to prevent the spread of COVID-19, we appreciate your cooperation in various measures taken at the Meeting venue (use of alcohol sanitizers and face masks, temperature checks upon arrival, refraining from attendance for shareholders who have a fever or other symptoms).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of surplus

The Company positions the increase of its market capitalization through the creation and enhancement of corporate value and continuous distribution of profits to shareholders as priority management issues.

Dividends are proposed as follows from the standpoint of maintaining stable dividend payment.

As a result, the annual dividend per share for the current fiscal year is 16 yen.

Matters concerning the year-end dividend:

- (1) Matters concerning the allotment of dividend property to shareholders and total amount thereof:
8 yen per share of the Company's common stock, in a total amount of 438,491,728 yen
- (2) The effective date of the dividend of surplus
December 21, 2020

Proposal 2: Election of nine (9) directors

All seven (7) directors will resign at the conclusion of this Annual General Meeting of Shareholders due to the expiration of their terms of office. Accordingly, the election of nine (9) directors is proposed, adding two (2) external directors to further strengthen our management structure.

The candidates for director are as follows:

No.	Name	
1	Reelected	Toshihiro Maeta
2	Reelected	Hiroshi Izumi
3	Reelected	Minoru Takei
4	Reelected	Hiroshi Matsumoto
5	Reelected	Muzhi Zhou External director Independent director
6	Reelected	Hikaru Yamamoto External director Independent director
7	Reelected	Ryosuke Tsuchiya External director Independent director
8	Newly elected	Satoshi Fujita External director Independent director
9	Newly elected	Yoshinori Yokoyama External director Independent director

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
1	<u>Reelected</u> Toshihiro Maeta (January 19, 1965)	<p>April 1987 Joined Japan IBM, Ltd. December 1988 Joined HIKARI TSUSHIN, INC. August 1989 Director of HIKARI TSUSHIN, INC. July 1994 Managing Director of HIKARI TSUSHIN, INC. August 1996 Established the Company President and Chief Executive Officer (current position)</p> <p>(Reason for election as a candidate for director) Since founding the Company in 1996, Mr. Maeta has played a leading role in expanding its business as Representative Director. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company, and his leadership over all the officers, drawing on his knowledge and experience in overall management he has gained to date.</p>	11,856,400
2	<u>Reelected</u> Hiroshi Izumi (February 26, 1965)	<p>April 1987 Joined Japan IBM, Ltd. June 1997 Joined Microsoft Japan Co., Ltd. February 1999 Joined the Company November 1999 Operating Officer and General Manager of IT Business Department of the Company November 2002 Operating Officer and General Manager of Mobile Service Division of the Company December 2002 Director and General Manager of Mobile Service Division of the Company December 2004 Director, Senior Managing Operating Officer and General Manager of Mobile Service Division of the Company January 2007 Director, Operating Vice President and General Manager of Mobile Service Division of the Company December 2009 Executive Vice President and General Manager of Mobile Service Division of the Company February 2010 Executive Vice President of the Company June 2012 Executive Vice President and General Manager of Healthcare Business Division of the Company February 2014 Executive Vice President, General Manager of Mobile Service Division, and General Manager of Healthcare Business Division of the Company July 2014 Executive Vice President and General Manager of Life and Healthcare Business Division of the Company April 2015 Executive Vice President and General Manager of Digital Content Division of the Company February 2016 Executive Vice President, General Manager of Lifestyle Business Division, and General Manager of Digital Content Division of the Company January 2017 Executive Vice President and General Manager of Life and Entertainment Business Division of the Company April 2018 Executive Vice President and General Manager of Life, Entertainment and Sports Business Division of the Company July 2019 Executive Vice President, General Manager of Life, Entertainment and Sports Business Division, and General Manager of Technology Division of the Company December 2019 Executive Vice President, General Manager of Life, Entertainment and Sports Business Division, and General Manager of Technology Division of the Company (current position, in charge of Solution Business Department)</p> <p>(Reason for election as a candidate for director) Mr. Izumi assumed the office of the Company's director in 2002 and of Executive Vice President from 2009. Drawing on his business experience at a major IT vendor, he has held key positions in IT development of the Company, in addition to service planning. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company, due to his broad expertise in overall IT service from planning to development.</p>	326,400

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
3	<p>Reelected</p> <p>Minoru Takei (February 15, 1952)</p>	<p>April 1974 Joined Mitsubishi Corporation</p> <p>April 2000 General Manager, Finance Dept. of Mitsubishi Corporation</p> <p>April 2002 General Manager, Accounting Dept., Kansai Branch of Mitsubishi Corporation</p> <p>April 2004 President of Mitsubishi Corporation Financial & Management Services (Japan) Ltd.</p> <p>April 2006 Senior Vice President of Mitsubishi Corporation</p> <p>March 2010 Executive Vice President of KANRO CO., LTD.</p> <p>December 2017 Standing Statutory Auditor of the Company</p> <p>December 2019 Executive Vice President and General Manager of Corporate Support Division of the Company (current position, in charge of Operation Reform Control Department, Compliance Promotion Office, Business Risk Management Office, +Design Department, Quality Control Center, and Cyber Risk Management Office)</p>	900
<p>(Reason for election as a candidate for director)</p> <p>Mr. Takei assumed the office of standing statutory auditor and Executive Vice President of the Company in 2017 and 2019, respectively. He held key positions mainly in finance and accounting departments at a major general trading company and has experienced corporate management. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company, also due to his considerable insight into the Company's management, business, and organization.</p>			
4	<p>Reelected</p> <p>Hiroshi Matsumoto (August 17, 1969)</p>	<p>April 1992 Joined The Fuji Bank (current Mizuho Financial Group, Inc.)</p> <p>May 1999 Joined CAC Corporation</p> <p>October 2002 Joined USJ Co., Ltd.</p> <p>October 2004 Joined the Company</p> <p>February 2008 Operating Officer, General Manager of Corporate Planning Office and General Manager of Public Relations and IR Office of the Company</p> <p>January 2009 Operating Officer and General Manager of Corporate Planning Division of the Company</p> <p>January 2010 Senior Operating Officer and General Manager of Corporate Planning Division of the Company</p> <p>May 2010 Senior Operating Officer and General Manager of Corporate Support Division of the Company</p> <p>December 2010 Director and General Manager of Corporate Support Division of the Company</p> <p>February 2013 Director of the Company</p> <p>December 2016 Managing Director of the Company</p> <p>December 2018 Senior Managing Director of the Company (current position, in charge of IR Office and business alliance)</p>	117,800
<p>(Reason for election as a candidate for director)</p> <p>Mr. Matsumoto assumed the office of the Company's director in 2010. After joining the Company, he has served as General Manager of Corporate Planning Office and General Manager of Corporate Support Division by drawing on his business experience at a bank. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company by drawing on his expertise in the fields of finance and investor relations, in addition to his experience in overall administrative work.</p>			

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
5	<p>Reelected</p> <p>Muzhi Zhou (July 2, 1963)</p> <p>External director Independent director</p>	<p>June 1995 Principal Researcher of International Development Center of Japan</p> <p>April 2002 Associate Professor, Faculty of Economics, Tokyo Keizai University</p> <p>January 2005 Guest Researcher of Policy Research Institute, Ministry of Finance</p> <p>April 2007 Professor, Faculty of Economics, Tokyo Keizai University (current position)</p> <p>April 2007 Visiting Professor of Massachusetts Institute of Technology</p> <p>May 2008 Guest Researcher of Harvard University</p> <p>April 2010 Visiting Professor of University of International Business and Economics</p> <p>April 2012 Specially-appointed Professor of The Chinese Academy of Sciences</p> <p>December 2015 External Director of the Company (current position)</p> <p>(Significant concurrent positions) Professor, Faculty of Economics, Tokyo Keizai University</p> <p>(Reason for election as a candidate for external director) Mr. Zhou is engaged in the research on economies of East Asia and market economy at universities. The Company reelected him as a candidate for external director, based on the judgment that he is capable of giving advice on the Company's management policies based on his insight, and is also capable of supervising the execution of operation from an independent standpoint.</p>	—
6	<p>Reelected</p> <p>Hikaru Yamamoto (October 2, 1973)</p> <p>External director Independent director</p>	<p>April 2004 Assistant at Graduate School of Economics, Faculty of Economics, The University of Tokyo</p> <p>April 2005 Lecturer, Faculty of Economics, Seikei University</p> <p>April 2008 Associate Professor, Faculty of Economics, Seikei University</p> <p>April 2014 Associate Professor, Graduate School of Business Administration, Keio University (current position)</p> <p>December 2015 External Director of the Company (current position)</p> <p>April 2019 Vice President, Japan Marketing Academy (current position)</p> <p>March 2020 Outside Director of POLA ORBIS HOLDINGS INC. (current position)</p> <p>(Significant concurrent positions) Associate Professor, Graduate School of Business Administration, Keio University Vice President, Japan Marketing Academy Outside Director of POLA ORBIS HOLDINGS INC.</p> <p>(Reason for election as a candidate for external director) Ms. Yamamoto is engaged in the research on marketing and consumer behavior at universities. The Company reelected her as a candidate for external director, based on the judgment that she is capable of giving advice on the Company's management policies based on her insight, and is also capable of supervising the execution of operation from an independent standpoint.</p>	—

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
7	<p><u>Reelected</u></p> <p>Ryosuke Tsuchiya (January 16, 1946)</p> <p><u>External director</u></p> <p><u>Independent director</u></p>	<p>April 2006 Head of the Central Hospital of the National Cancer Center (current National Cancer Center Hospital)</p> <p>February 2011 Director of the Japan Research Promotion Society for Cardiovascular Diseases (current position)</p> <p>April 2011 Director of the Japanese Foundation for Cancer Research</p> <p>April 2014 Chief Director of Kanagawa Prefectural Hospital Organization</p> <p>June 2014 Director of the Japan Health Sciences Foundation (current position)</p> <p>December 2018 External Director of the Company (current position)</p> <p>(Significant concurrent positions)</p> <p>Director of the Japan Research Promotion Society for Cardiovascular Diseases</p> <p>Director of the Japan Health Sciences Foundation</p> <p>(Reason for election as a candidate for external director)</p> <p>Mr. Tsuchiya is engaged in medical research at various institutions, and also has experience in organizational management. The Company reelected him as a candidate for external director, based on the judgment that he is capable of giving advice on the Company's management policies based on his insight, and is also capable of supervising the execution of operation from an independent standpoint.</p>	—
8	<p><u>Newly elected</u></p> <p>Satoshi Fujita (March 3, 1944)</p> <p><u>External director</u></p> <p><u>Independent director</u></p>	<p>July 1969 Nippon Telegraph and Telephone Public Corporation</p> <p>October 1997 President of NTT International Network Company</p> <p>June 2002 Executive Vice President and General Manager of Global Service Business, NTT Communications Corporation</p> <p>June 2003 Full-time Audit & Supervisory Board Member of NTT DOCOMO, INC.</p> <p>April 2006 President and CEO of Alcatel-Lucent Japan Ltd.</p> <p>June 2008 Director of IT-it CO., LTD. (current position)</p> <p>March 2009 President of Infinera Japan K.K.</p> <p>September 2011 Advisor of the Company (current position)</p> <p>April 2016 Executive Advisor of Juniper Networks, Inc. (current position)</p> <p>(Significant concurrent positions)</p> <p>Director of IT-it CO., LTD.</p> <p>Executive Advisor of Juniper Networks, Inc.</p> <p>(Reason for election as a candidate for external director)</p> <p>Mr. Fujita has a wealth of experience and deep insight as a manager. The Company elected him as a candidate for external director, based on the judgment that he is capable of giving advice on the Company's management policies based on his insight, and is also capable of supervising the execution of operation from an independent standpoint.</p>	2,000

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
9	Yoshinori Yokoyama (September 16, 1942)	<p>September 1986 Senior Partner, McKinsey & Company</p> <p>September 1988 Managing Partner Japan, McKinsey & Company</p> <p>July 2002 Representative Director of I Grec SSDI Co., Ltd. (current position)</p> <p>April 2008 Chief Event Promotor, The University of Tokyo Executive Management Program</p> <p>July 2016 Dean, Hiroshima Business and Management School, Prefectural University of Hiroshima (current position)</p> <p>July 2017 External Director of airweave inc. (current position)</p> <p>March 2018 Advisor to the Office of the President, The University of Tokyo (current position)</p> <p>September 2019 Supervisor of Hiroshima Innovation Network Inc. (current position)</p> <p>October 2020 Special Research Advisor, Institute of Industrial Science, The University of Tokyo (current position)</p> <p>(Significant concurrent positions)</p> <p>Representative Director of I Grec SSDI Co., Ltd.</p> <p>Dean, Hiroshima Business and Management School, Prefectural University of Hiroshima</p> <p>External Director of airweave inc.</p> <p>Special Research Advisor, Institute of Industrial Science, The University of Tokyo</p>	—
	<p><u>Newly elected</u></p> <p><u>External director</u></p> <p><u>Independent director</u></p>	<p>(Reason for election as a candidate for external director)</p> <p>Mr. Yokoyama has a wealth of experience and deep insight as a manager. The Company elected him as a candidate for external director, based on the judgment that he is capable of giving advice on the Company's management policies based on his insight, and is also capable of supervising the execution of operation from an independent standpoint.</p>	

(Notes)

1. There are no special interests between each candidate and the Company.
2. Mr. Muzhi Zhou, Ms. Hikaru Yamamoto, Mr. Ryosuke Tsuchiya, Mr. Satoshi Fujita and Mr. Yoshinori Yokoyama are candidates for external director. The reasons for election as candidates for external director are described in the columns below the past experiences of each candidate for external director. In addition, concerning Mr. Muzhi Zhou, Ms. Hikaru Yamamoto and Mr. Ryosuke Tsuchiya, although they have never been involved in corporate management other than as external director or external auditor, the Company believes that they are capable of adequately executing their duties as external director as mentioned in the "Reason for election as a candidate for external director."
3. The candidates Mr. Muzhi Zhou and Ms. Hikaru Yamamoto will have held the position of external director of the Company for five (5) years as at the conclusion of this Annual General Meeting of Shareholders. The candidate Mr. Ryosuke Tsuchiya will have held the position of external director of the Company for two (2) years as at the conclusion of this Annual General Meeting of Shareholders. In addition, the Company has filed a notice to the Tokyo Stock Exchange for appointing all of the candidates for external director as independent directors. If their election is approved as originally proposed, they will continue to serve as independent directors. Furthermore, if the election of Mr. Satoshi Fujita and Mr. Yoshinori Yokoyama are approved as originally proposed, the Company will file a notice to the Tokyo Stock Exchange for newly appointing both candidates as independent directors.
4. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements Mr. Muzhi Zhou, Ms. Hikaru Yamamoto, and Mr. Ryosuke Tsuchiya to limit their liability for compensation of damages due to the failure to perform their duties, to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act. If their election is approved as originally proposed, the Company intends to continue the agreements with them. Furthermore, if the election of Mr. Satoshi Fujita and Mr. Yoshinori Yokoyama are approved as originally proposed, the Company intends to enter into similar agreements with them.

Proposal 3: Election of one (1) statutory auditor

Statutory auditor Mr. Yoshinobu Nakamura will resign at the conclusion of this Annual General Meeting of Shareholders due to the expiration of his term of office. Accordingly, the election of one (1) statutory auditor is proposed.

The Board of Statutory Auditors has previously given its approval to this proposal.

The candidate for statutory auditor is as follows:

Name (Date of birth)	Past experience, significant concurrent positions and positions at the Company	Number of shares of the Company held
<p data-bbox="145 712 288 741">Newly elected</p> <p data-bbox="156 779 384 835">Chie Kasahara (September 15, 1968)</p> <p data-bbox="145 869 395 898">External statutory auditor</p> <p data-bbox="145 902 368 958">Independent statutory auditor</p>	<p data-bbox="416 524 1257 819"> April 2000 Admitted to the bar Hayabusa Kokusai Law Offices November 2006 Greenberg Traurig LLP, New York December 2007 Partner, Hayabusa Asuka Law Offices January 2009 Atsumi & Partners January 2010 Partner, Atsumi & Sakai (current position) June 2015 Outside Audit and Supervisory Board Member of Credit Saison Co., Ltd. (current position) June 2019 External Audit & Supervisory Board Member of Achilles Corporation (current position) </p> <p data-bbox="416 853 1166 965"> (Significant concurrent positions) Partner, Atsumi & Sakai Outside Audit and Supervisory Board Member of Credit Saison Co., Ltd. External Audit & Supervisory Board Member of Achilles Corporation </p>	<p data-bbox="1358 712 1385 741">—</p>
	<p data-bbox="416 972 1449 1115"> (Reason for election as a candidate for external statutory auditor) Ms. Kasahara has a wealth of experience and deep insight regarding corporate legal affairs in general as an attorney-at-law. The Company elected her as a candidate for external statutory auditor, based on the judgment that she is capable of performing her duties in monitoring and giving advice on management in general as an expert. </p>	

(Notes)

1. There are no special interests between the candidate for statutory auditor and the Company.
2. The candidate for statutory auditor, Ms. Chie Kasahara is a candidate for external statutory auditor. Although her involvement in corporate management has been limited to that as an external director or external auditor, the Company believes that she is capable of adequately executing her duties as an external statutory auditor as mentioned in the reason for election as a candidate for external statutory auditor.
3. Furthermore, if the election of Ms. Chie Kasahara is approved as originally proposed, the Company will file a notice to the Tokyo Stock Exchange for newly appointing the candidate as an independent statutory auditor.
4. If the election of Ms. Chie Kasahara is approved as originally proposed, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with her to limit her liability for compensation of damages due to the failure to perform her duties, to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act.

Proposal 4: Determination of remuneration for granting restricted stock to directors

It has been approved at the 20th Annual General Meeting of Shareholders held on December 23, 2015 that the amount of remuneration, etc. for the Company's directors shall be 600 million yen or less per year (of which, 60 million yen or less per year for external directors, excluding the employee portion of salary for those concurrently serving as employees). In addition, it has been approved that the amount of stock option remuneration for the Company's directors (excluding external directors, hereinafter referred to as "Eligible Directors") shall be 100 million yen or less per year, separately from the remuneration for directors.

The Company believes it is important to clarify the linkage between the remuneration for Eligible Directors and the value of the Company's stock to have Eligible Directors share both the benefits and risks of fluctuation in stock price, and thereby raise their motivation to contribute to expanding business performance and corporate value over the medium to long term. To this end, the Company proposes to deliver remuneration for granting restricted stock to Eligible Directors, to replace the stock option remuneration stated above, separately from the remuneration framework above.

Subject to the approval of this proposal as originally proposed, the stock option system will be abolished, except for the stock options already granted. Subsequently, the Company will no longer issue stock acquisition rights as stock options.

Remuneration for Eligible Directors currently consists of basic remuneration, bonuses and stock options. If this proposal is approved as originally proposed, the stock option system will be abolished, and remuneration will comprise basic remuneration, bonuses and stock remuneration.

The total amount of cash remuneration to be delivered to Eligible Directors for granting restricted stock based on this proposal shall be 100 million yen or less per year (excluding the employee portion of salary for those concurrently serving as employees), which is deemed to be an appropriate amount in light of the purpose mentioned above. It is also proposed that the specific timing of payment and allocation to each Eligible Director be decided at Board of Directors meetings.

The number of Eligible Directors concerning this proposal will be four (4), if Proposal 2 is approved as originally proposed.

Based on the resolution of the Board of Directors, Eligible Directors shall pay all cash remuneration receivables arising from this proposal as contribution in kind to receive issuance or disposal of the Company's common stock. The total number of shares of the Company's common stock to be issued or disposed of accordingly shall be 125 thousand shares or less per year. However, in the event of a stock split (including gratis allotment of the Company's common stock) or reverse stock split of the Company's common stock, or any other event that necessitates the adjustment of the total number of shares of the Company's common stock to be issued or disposed of as restricted stock on or after the approval date of this proposal, the Company shall adjust the total number within a reasonable range. In addition, amount to be paid in per share for such issuance or disposal shall be decided at a Board of Directors meeting based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the respective resolution date of the Board of Directors meetings (the closing price of a trading date immediately preceding the date if there was no trading on such date) within a range not particularly favorable for the Eligible Directors.

Furthermore, the relevant issuance or disposal of the Company's common stock shall require that the Company and the Eligible Directors enter into a restricted stock allotment agreement (hereinafter referred to as the "Allotment Agreement") that basically covers the following:

- (1) Within the period between three (3) to five (5) years as provided by the Company's Board of Directors (hereinafter referred to as "Transfer Restriction Period"), the Eligible Directors shall not be allowed to transfer, attach security interest or otherwise dispose of the Company's common stock that have been allotted under the Allotment Agreement (hereinafter referred to as "Allotted Stock," and such restriction shall be referred to as "Transfer Restriction").
- (2) In case an Eligible Director loses a position as the Company's director or any other position provided by the Company's Board of Directors before the Transfer Restriction Period expires, the Allotted Stock shall be acquired by the Company without consideration as a matter of course except for cases due to reasons deemed justifiable by the Company's Board of Directors.
- (3) Provided the Eligible Director continuously held the position as the Company's director or any other position provided by the Company's Board of Directors during the Transfer Restriction Period, the Company shall lift the Transfer Restriction for all the Allotted Stock at the time the Transfer Restriction Period expires. However, in case an Eligible Director loses a position as the Company's director or any

other position provided by the Company's Board of Directors before the Transfer Restriction Period expires due to reasons deemed justifiable by the Company's Board of Directors, the Company shall reasonably adjust the timing and for how many of the Allotted Stock to lift the Transfer Restriction as necessary.

- (4) The Allotted Stock for which Transfer Restriction has not been lifted at the expiration of the Transfer Restriction Period pursuant to the provisions in (3) above shall be acquired by the Company without consideration as a matter of course.
- (5) Regardless of the provisions in (1) above, upon the approval of a merger agreement that makes the Company a non-surviving company, a stock exchange agreement or a stock transfer plan that make the Company a wholly-owned subsidiary, or any other matters in relation to organizational restructuring, etc. at the Company's general meeting of shareholders (at the Company's Board of Directors meeting if such organizational restructuring, etc. does not require the approval of the Company's general meeting of shareholders) during the Transfer Restriction Period, the Company's Board of Directors may resolve to reasonably adjust the timing and for how many of the Allotted Stock to lift the Transfer Restriction as necessary.
- (6) In cases stipulated in (5) above, the Allotted Stock for which Transfer Restriction has not been lifted immediately after the lifting of the Transfer Restriction pursuant to the provisions in (5) above shall be acquired by the Company without consideration shall as a matter of course.
- (7) Methods of conveying intentions and notices under the Allotment Agreement, and amending the Allotment Agreement shall be stipulated in the Allotment Agreement.