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Securities Code: 4674

May 30, 2019

Dear Shareholders,

Hiroyuki Nemoto  
President, Executive Officer  
CRESCO LTD.  
2-15-1 Kounan, Minato-ku, Tokyo

## Notice of the 31st Ordinary General Meeting of Shareholders

You are cordially invited to attend the 31st Ordinary General Meeting of Shareholders of CRESCO LTD. (the “Company”). The meeting will be held as described below.

**If you are unable to attend the meeting in person, you may exercise your voting rights by either of the following means. Please examine the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights.**

### 【Exercising your voting rights in writing】

Please indicate your vote for or against each proposal in the enclosed Voting Form and return it by mail so that your vote is received by no later than 6:00 p.m. on Thursday, June 20, 2019 (JST).

### 【Exercising your voting rights via the Internet】

Please enter your vote of approval or disapproval of each proposal on the voting website designated by the Company by no later than 6:00 p.m. on Thursday, June 20, 2019 (JST).

### Details

1. **Date and Time:** Friday, June 21, 2019, at 10:00 a.m.
2. **Place:** “Ruby 34,” Main Tower 34F, Shinagawa Prince Hotel  
4-10-30 Takanawa, Minato-ku, Tokyo
3. **Purpose of the Meeting**  
**Matters to be reported:**
  1. Business Report and Consolidated Financial Statements for the 31st Fiscal Year (from April 1, 2018 to March 31, 2019), as well as the audit reports of the Accounting Auditors and the Audit and Supervisory Committee for Consolidated Financial Statements
  2. Financial Statements for the 31st Fiscal Year (from April 1, 2018 to March 31, 2019)

### Matters to be resolved:

- Proposal 1:** Election of Seven (7) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal 2:** Election of Three (3) Directors Serving on the Audit and Supervisory Committee
- Proposal 3:** Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee
- Proposal 4:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Outside Directors and Directors Serving on the Audit and Supervisory Committee)

**4. Matters regarding the Exercise of Voting Rights:**

**(1) When you exercise your voting rights in duplicate both in writing and via the Internet**

If you exercise your voting rights in duplicate both in writing and via the Internet, the vote exercised via the Internet shall prevail.

**(2) Multiple Exercises of Voting Rights via the Internet**

If you exercise your voting rights in multiple times via the Internet, the last vote shall prevail.

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Notes:

\* You are kindly requested to present the enclosed Voting Form to the receptionist when you attend the Meeting.

\* If any changes have been made to items in Business Report, Consolidated Financial Statements, Financial Statements or the Reference Documents for the General Meeting of Shareholders, such changes will be posted on the Company's website (<https://www.cresco.co.jp/ir/library/meeting.html>).

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Issues

**Proposal 1:** Election of Seven (7) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The terms of office of all seven (7) Directors (excluding Directors serving on the Audit and Supervisory Committee) will expire at the conclusion of this ordinary general meeting of shareholders. In that regard, the Company requests the election of seven (7) Directors (excluding Directors serving on the Audit and Supervisory Committee).

The candidates for Directors (excluding Directors serving on the Audit and Supervisory Committee) to be elected are as follows.

There were no objections to the proposal upon the deliberation thereof at the Audit and Supervisory Committee.

No.	Name	Position and responsibility in the Company	Attendance at meetings of the Board of Directors
1	Reelection Toshio Iwasaki	Chairman & CEO	100% (14/14)
2	Reelection Hiroyuki Nemoto	President and Executive Officer	100% (14/14)
3	Reelection Takashi Yamamoto	Director and Senior Managing Executive Officer, Service Management Group, Technology Laboratory and General Manager, General Business Solutions Unit	100% (14/14)
4	Reelection Kazuo Sugiyama	Director, Managing Executive Officer, and General Manager, Accounting & Finance Unit	100% (14/14)
5	Reelection Hiroshi Tominaga	Director and Managing Executive Officer, Operation Management Group and General Manager, Business Management Unit	100% (14/14)
6	Reelection Shuuichi Kumazawa	Director	100% (14/14)
7	Reelection Outside Independent Junichi Fukui	Outside Director	100% (11/11)

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
1	Toshio Iwasaki (November 30, 1940)  Reelection	Apr. 1988 President, CRESCO LTD. due to its establishment	305,367 shares
		Jun. 1998 Chairman & CEO, CRESCO LTD.	
Mar. 2002 Chairman & CEO and President, CRESCO LTD.			
Apr. 2004 President, CRESCO LTD.			
Jun. 2006 Chairman & CEO, CRESCO LTD.			
Apr. 2011 Chairman & CEO and President, CRESCO LTD.			
Apr. 2014 Chairman & CEO, CRESCO LTD.			
Jun. 2016 Chairman & CEO and Operating Officer, CRESCO LTD.			
Jun. 2017 Chairman & CEO, CRESCO LTD. (current position)			
[Reasons for nomination as candidate for Director] Having long served as Chairman & CEO and President of the Company, he has been in charge of management of the Group overall. As he has sufficiently fulfilled his role in supervising execution of duties by Directors with his ample experience and broad expertise in corporate management, the Company deems that he is the right person to strengthen the monitoring function of the Board of Directors at the Company and the Group, and therefore has nominated him as a candidate for Director.			
2	Hiroyuki Nemoto (February 12, 1960)  Reelection	Apr. 1988 Joined CRESCO LTD. due to its establishment	44,711 shares
		Apr. 1998 Department Manager, System Technology Department, Open System Division, CRESCO LTD.	
Apr. 2002 Division Manager, Financial Solutions Division, Solutions Unit, CRESCO LTD.			
Jun. 2006 Director and Vice General Manager, Solutions Unit, CRESCO LTD.			
Apr. 2008 Managing Director and General Manager, Solutions Unit, CRESCO LTD.			
Apr. 2010 Managing Director and General Manager, Business Solutions Division, CRESCO LTD.			
Apr. 2011 Managing Director and General Manager, Business Solutions Division and Division Manager, Sales Division, CRESCO LTD.			
Oct. 2011 Managing Director and General Manager, Business Solutions Division, CRESCO LTD.			
Apr. 2012 Managing Director and General Manager, Business Solutions Division and Department Manager, Consulting Center, CRESCO LTD.			
Apr. 2013 Managing Director and General Manager, Business Solutions Division, CRESCO LTD.			
Apr. 2014 President, CRESCO LTD.			
Jun. 2016 President and Executive Officer, CRESCO LTD. (current position)			
[Reasons for nomination as candidate for Director] Having served as a person in charge of a broad range of areas in the business of the Company, he is currently in charge of the Company and the Group overall as President and Operating Officer of the Company. As he has sufficiently fulfilled his responsibilities by making appropriate management decisions based on his ample experience and expertise, the Company deems that he is the right person to achieve the sustainable improvement in corporate value of the Company and the Group, and therefore has again nominated him as a candidate for Director.			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held	
3	Takashi Yamamoto (October 11, 1960)  Reelection	Apr. 2013	Joined CRESCO LTD. Vice General Manager, Business Solutions Division, CRESCO LTD.	3,552 shares
		Jun. 2013	Director and Vice General Manager, Business Solutions Division, CRESCO LTD.	
		Apr. 2014	Managing Director and General Manager, General Business Solutions Unit, CRESCO LTD.	
		Apr. 2016	Managing Director, Service Management Group and General Manager, General Business Development Unit, CRESCO LTD.	
		Jun. 2016	Senior Managing Director and Operating Officer, Service Management Group and General Manager, General Business Development Unit, CRESCO LTD.	
		Jun. 2017	Director and Senior Managing Executive Officer, Service Management Group, Technology Laboratory and General Manager, General Business Development Unit, CRESCO LTD.	
		Apr. 2019	Director and Senior Managing Executive Officer, Service Management Group, Technology Laboratory and General Manager, General Business Solutions Unit, CRESCO LTD. (current position)	
[Reasons for nomination as candidate for Director] Having served as a person in charge of solution businesses at operating companies, he is currently responsible for the overall business of the Company with his ample experience and achievements. As he has sufficiently fulfilled his role in the decision-making and supervision on significant business execution of the Company with his superior expertise, the Company deems that he is the right person to achieve the continuous growth of the Company and the Group, and therefore has again nominated him as a candidate for Director.				
4	Kazuo Sugiyama (September 1, 1964)  Reelection	Nov. 1990	Joined CRESCO LTD.	8,424 shares
		Apr. 2010	Department Manager, Finance Department, CRESCO LTD.	
		Jun. 2013	Director and Department Manager, Finance Department, CRESCO LTD.	
		Apr. 2014	Director and Department Manager, Accounting & Finance Department, CRESCO LTD.	
		Apr. 2016	Director and General Manager, Accounting & Finance Unit and Department Manager, Group Accounting Department, CRESCO LTD.	
		Jun. 2016	Director, Operating Officer, and General Manager, Accounting & Finance Unit and Department Manager, Group Accounting Department, CRESCO LTD.	
		Jun. 2017	Director and Managing Executive Officer, and General Manager, Accounting & Finance Unit, CRESCO LTD. (current position)	
[Reasons for nomination as candidate for Director] Having served as a person responsible for the accounting and finance strategies of the Company, he has an ample experience and achievements concerning accounting and finance. As he has sufficiently fulfilled his responsibilities in the enforcement of management of the Company and streamlining of the accounting and finance operation of each of the Group companies, the Company deems that he is the right person to achieve the continuous growth of the Company and the Group, and therefore has again nominated him as a candidate for Director.				

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
5	Hiroshi Tominaga (January 9, 1967)  Reelection	<p>Apr. 1990 Joined CRESCO LTD.</p> <p>Apr. 2006 Department Manager, Department 3, Infrastructure Systems Division, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2007 Vice Division Manager, Infrastructure Systems Division, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2009 Division Manager, Infrastructure Systems Division, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2013 Vice General Manager, Business Solutions Division, CRESCO LTD.</p> <p>Jun. 2013 Director and Vice General Manager, Business Solutions Division, CRESCO LTD.</p> <p>Apr. 2014 Director and Vice General Manager, General Business Solutions Unit, CRESCO LTD.</p> <p>Apr. 2016 Director and General Manager, Business Management Unit and Division Manager, Business Management Strategy Division, CRESCO LTD.</p> <p>Jun. 2016 Director, Operating Officer, and General Manager, Business Management Unit and Division Manager, Business Management Strategy Division, CRESCO LTD.</p> <p>Jun. 2017 Director and Managing Executive Officer, and General Manager, Business Management Unit and Division Manager, Business Management Strategy Division, CRESCO LTD.</p> <p>Apr. 2018 Director and Managing Executive Officer, Operation Management Group and General Manager, Business Management Unit, CRESCO LTD. (current position)</p>	5,852 shares
<p>[Reasons for nomination as candidate for Director] Having served as a person in charge of a broad range of areas in the business solutions of the Company, he has sufficiently fulfilled his responsibilities in the execution of management strategies and initiatives geared to work-style reform. As he has sufficiently fulfilled his responsibilities in the execution of corporate strategy and strengthening of the back-office, with an eye on the Group, the Company deems that he is the right person to plan and promote improved operational efficiency of the Company and the Group, and therefore has again nominated him as a candidate for Director.</p>			
6	Shuuichi Kumazawa (September 30, 1956)  Reelection	<p>Apr. 1990 Joined CRESCO LTD.</p> <p>Jun. 2003 Director and Vice General Manager, Solutions Unit, CRESCO LTD.</p> <p>Oct. 2003 Director and Vice General Manager, Solutions Unit and Department Manager, Wireless Solution Center, CRESCO LTD.</p> <p>Apr. 2004 Director and General Manager, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2005 Managing Director and General Manager, Solutions Unit, CRESCO LTD.</p> <p>Jun. 2006 President, CRESCO LTD.</p> <p>Jan. 2008 President and General Manager, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2008 President, CRESCO LTD.</p> <p>Apr. 2011 Vice Chairman, CRESCO LTD.</p> <p>Apr. 2012 Senior Managing Director, CRESCO LTD.</p> <p>Apr. 2014 Director, CRESCO LTD. (current position)</p> <p>(Significant Position Concurrently Held) President and Representative Director, CREATIVE JAPAN, LTD.</p>	20,229 shares
<p>[Reasons for nomination as candidate for Director] Having served as Vice Chairman and President of the Company, he has an ample experience and achievements including his current position of a representative of the Company's subsidiary. As he has sufficiently fulfilled his responsibilities from a broad perspective based on his superior expertise, the Company deems that he is the right person to strengthen the function of the Board of Directors, and therefore has nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
7	Junichi Fukui (November 5, 1953)  Reelection  Outside  Independent	Apr. 1977 Joined The Nippon Fudosan Bank, Limited (current Aozora Bank, Ltd.) Feb. 1999 General Manager, Public Relations Division, The Nippon Fudosan Bank, Limited Jun. 2000 Department Manager, Secretary's Office and Department Manager, Public Relations Office, The Nippon Fudosan Bank, Limited Apr. 2001 General Manager, Head Office Corporate Business Division III, Aozora Bank, Ltd. Oct. 2005 Director, STAFF SERVICE HOLDINGS CO., LTD. Mar. 2014 Advisor, STAFF SERVICE HOLDINGS CO., LTD. Oct. 2014 Advisor, Corporate Planning Office, Kyodo News Jun. 2015 Director in charge of business, K.K. Kyodo News Jun. 2016 Managing Director, K.K. Kyodo News (current position) Jun. 2018 Outside Director, CRESCO LTD. (current position) (Significant Positions Concurrently Held) Managing Director, K.K. Kyodo News	0 shares
[Reasons for nomination as candidate for Outside Director] He has extensive knowledge and insights on corporate management as well as ample experience and achievements concerning corporate planning, public relations, etc. As he has evaluated the status of the Company from an objective perspective as Outside Director and sufficiently fulfilled his responsibilities by providing a plenty of advice, support, etc. on the brand and public relations strategies of the Company, the Company deems that he is the right person to achieve the continuous growth of the Company and the Group, and therefore has again nominated him as a candidate for Outside Director.			

- Notes:
1. No special interest exists between any of the above candidates and the Company.
  2. Mr. Junichi Fukui is a candidate for Outside Director.
  3. At the conclusion of this meeting, Mr. Junichi Fukui's tenure as Outside Director of the Company will have been one (1) year.
  4. The Company has notified the Tokyo Stock Exchange of Mr. Junichi Fukui as an Independent Director, as he satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations.
  5. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Junichi Fukui to limit his liability for damages under Article 423, paragraph 1 of the same Act. If his reelection is approved at this meeting, the Company intends to renew the same agreement with him.  
The limit of Mr. Junichi Fukui's liability for damages under the agreement is the minimum liability amount provided for under the related laws and regulations.
  6. The number of Company's shares held is the effective number of shares held, including shares held through the Company stockholding association.

**Proposal 2:** Election of Three (3) Directors Serving on the Audit and Supervisory Committee

The terms of office of all three (3) Directors serving on the Audit and Supervisory Committee will expire at the conclusion of this ordinary general meeting of shareholders. Accordingly, the Company requests the election of three (3) Directors serving on the Audit and Supervisory Committee.

The Audit and Supervisory Committee has already given its consent to this proposal.

The candidates for Directors serving on the Audit and Supervisory Committee to be elected are as follows:

No.	Name	Position and responsibility in the Company	Attendance at meetings of the Board of Directors
1	Reelection Kurao Niwa	Director (Full-time Member of the Audit and Supervisory Committee)	100% (14/14)
2	Reelection Outside Independent Yoshimasa Usui	Outside Director (Audit and Supervisory Committee Member)	100% (14/14)
3	Reelection Outside Independent Haruo Sato	Outside Director (Audit and Supervisory Committee Member)	100% (14/14)



No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
1	Kurao Niwa (November 13, 1955)  Reelection	Apr. 1988 Joined CRESCO LTD. due to its establishment Jun. 2003 Director and Department Manager, Human Resources and General Affairs Department, CRESCO LTD. Oct. 2005 Director, General Manager and Department Manager, Human Resources and General Affairs Department, CRESCO LTD. Jun. 2006 Managing Director, General Manager and Department Manager, Human Resources and General Affairs Department, CRESCO LTD. Apr. 2007 Managing Director and General Manager, Corporate Administration Division and Department Manager, Office of the President, CRESCO LTD. Oct. 2009 Managing Director and General Manager, Corporate Administration Division, CRESCO LTD. Apr. 2016 Managing Director, Operation Management Group, CRESCO LTD. Jun. 2016 Managing Director and Operating Officer, Operation Management Group, CRESCO LTD. Jun. 2017 Director serving on the Audit and Supervisory Committee, CRESCO LTD. (current position)	30,804 shares
[Reasons for nomination as candidate for Director] Having served in successive posts of responsibility in the administrative divisions of the Company, his many years of work experience and expertise in human resources, general affairs and compliance will be of value in performing responsibilities of the Audit and Supervisory Committee, and therefore the Company deems that he is well qualified as a candidate for Director serving on the Audit and Supervisory Committee.			
2	Yoshimasa Usui (February 11, 1949)  Reelection  Outside  Independent	Apr. 1978 Registered with the Dai-Ichi Tokyo Bar Association Jan. 1984 Registered as Attorney in New York State, USA Oct. 1985 Established Usui Law Office Jun. 1992 Audit & Supervisory Board Member, CRESCO LTD. Aug. 1994 Established Atsumi & Usui Law Office May 2003 Established Usui & Partners Law Office (current position) Jun. 2015 Outside Director serving on the Audit and Supervisory Committee, CRESCO LTD. (current position)	0 shares
[Reasons for nomination as candidate for Outside Director] Equipped with a legal perspective and broad knowledge as a lawyer, he has abundant business experience regarding law, risk management, etc., primarily in the area of corporate legal affairs. Although he has no experience of direct involvement in corporate management other than by way of serving as an outside director or auditor, he is well qualified to perform management monitoring and will contribute to the reinforcement of the monitoring function of the Board of Directors. Therefore, the Company deems that he is well qualified as a candidate for Outside Director serving on the Audit and Supervisory Committee.			
3	Haruo Sato (November 27, 1956)  Reelection  Outside  Independent	Apr. 1979 Joined Nomura Computer Systems Co., Ltd. (current Nomura Research Institute, Ltd.) July 2003 Director, STAFF SERVICE HOLDINGS CO., LTD. Apr. 2009 Executive Officer, Nissay Information Technology Co., Ltd. Apr. 2015 Independent as a consultant Representative, LAOBOTANG (current position) Jun. 2017 Outside Director serving on the Audit and Supervisory Committee, CRESCO LTD. (current position)	0 shares
[Reasons for nomination as candidate for Outside Director] The Company expects that he will appropriately perform, from an independent and neutral position, his duties including supervision of Directors, based on his extensive knowledge and insights on corporate management as well as his ample experience and expertise concerning consulting on and planning, design and development of information systems, and therefore deems that he is well qualified as a candidate for Outside Director serving on the Audit and Supervisory Committee.			

- Notes: 1. No special interest exists between any of the above candidates and the Company.
2. Mr. Yoshimasa Usui and Mr. Haruo Sato are candidates for Outside Directors.
3. Mr. Yoshimasa Usui has assumed office as Outside Director serving on the Audit and Supervisory Committee after his tenure of 23 years as Outside Auditor of the Company from 1992, and will have been in office of Outside Director serving on the Audit and Supervisory Committee for four (4) years at the close of this general meeting of shareholders. Mr. Haruo Sato will likewise have been in office of Outside Director for two (2) years at that point.
4. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Kurao Niwa, Mr. Yoshimasa Usui and Mr. Haruo Sato to limit their liabilities for damages. If their reelection is approved at this meeting and they assume office as Director serving on the Audit and Supervisory

Committee, the Company intends to renew the same agreement. Based on this agreement, the liability of each of them as Directors serving on the Audit and Supervisory Committee would be limited to the minimum liability amount as specified by laws and regulations.

5. The Company has notified the Tokyo Stock Exchange of Mr. Yoshimasa Usui and Mr. Haruo Sato as Independent Directors/Auditors, as they satisfy the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations.

**Proposal 3:** Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

The Company requests the election of one (1) Substitute Director serving on the Audit and Supervisory Committee, as a substitute for all the Directors serving on the Audit and Supervisory Committee, to prepare for a situation where the number of Directors serving on the Audit and Supervisory Committee does not satisfy the number specified by laws and regulations.

The Audit and Supervisory Committee has already given its consent to this proposal.

The candidate for Substitute Director serving on the Audit and Supervisory Committee to be elected is as follows:

Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
<p>Harukuni Yoshida (October 29, 1940)</p> <p>Outside</p> <p>Independent</p>	<p>Apr. 1965 Joined Mitsubishi Corporation</p> <p>Nov. 1997 Associate Director, Machinery Group, Mitsubishi Corporation</p> <p>Jun. 2000 Audit and Supervisory Board Member (Full-time), AUTOBACS SEVEN CO., LTD.</p> <p>Jun. 2006 Corporate Auditor, AB System Solutions Limited</p> <p>Jun. 2008 Full-time Corporate Auditor, Saito Mogami Industries Co., Ltd.</p> <p>Jun. 2010 Corporate Auditor, Tosai APO Corporation (current position)</p>	<p>0 shares</p>
<p>[Reasons for nomination as candidate for Outside Director] Although he has no experience of being directly involved in management other than having served as an outside director or outside auditor in the past, he has long served as Full-time Audit and Supervisory Board Member of AUTOBACS SEVEN CO., LTD. and corporate auditor of other AUTOBACS group companies. As such, the Company deems that he is well qualified for the management monitoring and supervision, and therefore has nominated him as a candidate for Substitute Outside Director serving on the Audit and Supervisory Committee.</p>		

- Notes:
1. No special interest exists between the above candidate and the Company.
  2. Mr. Harukuni Yoshida is a candidate for Substitute Outside Director serving on the Audit and Supervisory Committee. If he assumes office as an Outside Director serving on the Audit and Supervisory Committee, the Company plans to notify the Tokyo Stock Exchange of Mr. Harukuni Yoshida as an Independent Director, as he satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations.
  3. If Mr. Harukuni Yoshida assumes office as an Outside Director serving on the Audit and Supervisory Committee, the Company will conclude a limited liability agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act. Based on this agreement, Mr. Harukuni Yoshida's liability as an Outside Director serving on the Audit and Supervisory Committee would be limited to the minimum liability amount as specified by laws and regulations.

**Proposal 4:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Outside Directors and Directors Serving on the Audit and Supervisory Committee)

The maximum amounts of remuneration, etc. to Directors (excluding Directors Serving on the Audit and Supervisory Committee) of the Company approved at the 27th Ordinary General Meeting of Shareholders held on June 19, 2015 is ¥300 million or less per year which excludes employee salaries of Directors concurrently serving as employees.

As a part of revisions to the officer remuneration system, the Company now intends to pay remuneration newly in order to grant shares with restriction on transfer to Directors (excluding Outside Directors and Directors serving on the Audit and Supervisory Committee, hereinafter referred to as “Eligible Directors”) within the said limit of remuneration for the purpose of providing Eligible Directors of the Company with incentives for achieving sustained improvement in the corporate value of the Company and further promoting value sharing with shareholders.

In accordance with this proposal, remuneration to be paid to Eligible Directors for the purpose of granting them shares with restriction on transfer shall be monetary claim (hereinafter referred to as “monetary remuneration claim”), and its total amount deemed appropriate in light of the above purpose shall be ¥60 million or less per year.

The specific periods of payment to individual Eligible Directors and the specific allocation shall be determined at the Board of Directors. Remuneration for the purpose of granting shares with restriction on transfer, however, shall not be paid to Outside Directors.

Please note that the above amount of remuneration does not include employee salaries of Directors concurrently serving as employees.

While there are seven (7) Directors (excluding Directors serving on the Audit and Supervisory Committee and including one (1) Outside Director) at present, there will be seven (7) Directors (excluding Directors serving on the Audit and Supervisory Committee and including one (1) Outside Director) if Proposal 1, “Election of Seven (7) Directors (excluding Directors serving on the Audit and Supervisory Committee)” is approved as originally proposed.

Pursuant to a resolution of the Board of Directors of the Company, Eligible Directors may make contributions in-kind of all of the monetary remuneration claim received in accordance with this proposal to have common shares of the Company issued or disposed of, and the total number of common shares thereby issued or disposed of shall be 30,000 shares or less per year (provided that, if a split or consolidation of common shares of the Company (including allotment without contribution of common shares of the Company) is conducted on or after the day on which this proposal is approved or if any other necessity arises to adjust the total number of common shares of the Company issued or disposed of as shares with restriction on transfer, 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 based on the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately before the date of each resolution by the Board of Directors (the closing price on the closest preceding trading day, if there is no closing price on that date) within the range in which the price may not be particularly advantageous to Eligible Directors who subscribe for the said common shares of the Company. In thereby issuing or disposing of common shares of the Company, the Agreement on the Allotment of Shares with Restriction on Transfer (hereinafter referred to as the “Allotment Agreement”), which includes provisions to the following effect, shall be concluded between the Company and Eligible Directors.

(1) Restriction Period

Eligible Directors may not transfer, hypothecate or otherwise dispose of common shares of the Company allotted per the Allotment Agreement (hereinafter referred to as “Allotted Shares”) during a certain period of 20 to 30 years from the day on which under Allotment Agreement, they are Allotted Shares (hereinafter referred to as the “Restriction Period”) specified in advance by the Board of Directors of the Company (hereinafter referred to as the “Transfer Restriction”).

(2) Treatment on Retirement from Office

If an Eligible Director retires from the position of Director of the Company before the expiration of the Restriction Period, the Company will necessarily acquire his or her Allotted Shares without contribution, unless there is any justifiable reason for the retirement including the expiration of his or her term of office and death (however, this does not apply when an Eligible Director is reelected as and assumes the office of Director following the expiration of the terms of the office, or when an Eligible Director retires from the position of Director not serving on the Audit and Supervisory Committee, and is reappointed to and assumes the office of Director serving on the Audit and Supervisory Committee immediately after the retirement).

(3) Lifting of Transfer Restriction

Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restriction of all of Allotted Shares upon expiration of the Restriction Periods, on the condition that Eligible Directors have remained in the position of Director of the Company throughout the Restriction Periods. If, however, an Eligible Director retires from the position specified in (2) above before the Restriction Period expires due to the expiration of the term of office or death, or any other justifiable reason, the Company shall reasonably adjust, as required, the number of his or her Allotted Shares and the time at which the Transfer Restriction will be lifted (however, this does not apply when an Eligible Director is reelected as and assumes the office of Director following the expiration of the terms of office, or when an Eligible Director retires from the position of Director not serving on the Audit and Supervisory Committee and is reappointed to and assumes the office of Director serving on the Audit and Supervisory Committee immediately after the retirement). In cases specified above, the Company shall necessarily acquire without contribution such Allotted Shares whose Transfer Restrictions have not been lifted, as of the time immediately after Transfer Restriction is lifted.

(4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, if, during the Restriction Period, a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter relating to reorganization, etc. is approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required regarding the reorganization, etc.), the Company shall lift, prior to the date on which the reorganization, etc. becomes effective, Transfer Restriction on Allotted Shares at the number that is reasonably determined by a resolution of the Board of Directors of the Company in light of the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. In cases specified above, the Company shall necessarily acquire without contribution such Allotted Shares whose Transfer Restrictions have not been lifted, as of the time immediately after Transfer Restriction is lifted.

(5) Other matters

Any other matters pertaining to the Allotment Agreement shall be decided at meetings of the Board of Directors of the Company.