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(Stock Exchange Code 6135)
June 1, 2022

To Shareholders with Voting Rights:

Shinichi Inoue
President
Makino Milling Machine Co., Ltd.
3-19 Nakane 2-chome, Meguro-ku, Tokyo

**NOTICE OF
THE 83rd ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

Please be informed that the 83rd Annual General Meeting of Shareholders of Makino Milling Machine Co., Ltd. (the "Company") will be held for the purposes as described below.

You can exercise your voting rights in writing or via electromagnetic means (the Internet, etc.). Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 5:00 p.m. on June 22, 2022, Japan time.

- 1. Date and Time:** Thursday, June 23, 2022 at 10:00 a.m. Japan time (door will open at 9:00 a.m.)
- 2. Place:** 3F, Application Technology Center of the Company located at 10-4 Nakane 2-chome, Meguro-ku, Tokyo, Japan
- 3. Agenda of the General Meeting:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 83rd Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 83rd Fiscal Year (April 1, 2021 - March 31, 2022)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendments to the Articles of Incorporation
 - Proposal 3:** Election of 8 Directors
 - Proposal 4:** Decision of Remuneration for Granting Restricted Stock to Directors (excluding External Directors)

4. Exercise of Voting Rights through a Proxy

If you would like to exercise your voting rights through a proxy, pursuant to provisions of the Articles of Incorporation, it is possible to assign one other shareholder with voting rights as your proxy. However, it is necessary to submit a document to prove the authority of representation.

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

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

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company's basic policy for profit distribution is to endeavor to make returns to shareholders through the continuous and stable payment of dividends.

Based on the above policy, taking into consideration factors including the profit performance and business environment surrounding the Company in the current fiscal year, the year-end dividend for the current fiscal year shall be as follows.

- (1) Type and total amount of dividend property allotted to shareholders
Cash Total amount: 1,196,628,150 yen
- (2) Matters regarding allotment of dividend property to shareholders
50 yen per common share of the Company
- (3) Effective date of dividends of surplus
June 24, 2022

The annual dividend for the current fiscal year will be 60 yen per share including the interim dividend of 10 yen per share.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 16, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically
- (2) The purpose of the proposed Article 16, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 16 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Underlined portions indicate proposed amendments.)

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 16</u> The Company may, when convening a General Meeting of Shareholders, deem that it has provided information stipulated by laws and regulations to shareholders pertaining to matters to be described or indicated in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</p> <p><Newly established></p> <p><Newly established></p>	<p><Deleted></p> <p><u>(Measures for Electronic Provision, Etc.)</u> <u>Article 16</u> The Company shall, when convening a General Meeting of Shareholders, provide information contained in the Reference Documents for the General Meeting of Shareholders, etc. electronically. 2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</p> <p><u>Supplementary provisions</u> 1. The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation before amendments and the new establishment of Article 16 (Measures for Electronic Provision, Etc.) shall come into</p>

effect on September 1, 2022.

2. Notwithstanding the provisions of the preceding paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation before amendments shall remain in force with respect to a General Meeting of Shareholders to be held on a date by the end of February 2023.

3. These supplementary provisions shall be deleted on March 1, 2023 or on a date after the lapse of three months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.

Proposal 3: Election of 8 Directors

The terms of office of all 6 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 8 Directors is proposed.

The candidates are as follows:

No.	Name		Current positions and responsibilities at the Company
1	Toshiyuki Nagano (Age: 64)		Executive Vice President, Representative Director Executive Manager of Corporate Service Division Office Manager of Energy Control Office Office Manager of Trade Security Control Office, Risk Management Promotion Division
2	Tatsuaki Aiba (Age: 65)		Vice President, Director Executive Manager of Quality/Procurement Division
3	Haruyuki Shiraiishi (Age: 62)	[New appointment]	Executive Officer Executive Manager of Production Division Executive Manager of Fuji Katsuyama Works
4	Shotaro Miyazaki (Age: 60)	[New appointment]	Executive Officer Deputy Executive Manager of Sales Division General Manager of Sales & Application of MAKINO Europe GmbH
5	Shin Yoshidome (Age: 70)	[Independent] [External]	Director
6	Naofumi Masuda (Age: 68)	[Independent] [External]	Director
7	Kodo Yamazaki (Age: 67)	[Independent] [External]	Director
8	Kazumi Nishino (Age: 53)	[New appointment] [Independent] [External]	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Toshiyuki Nagano (April 5, 1958)	<p>May 2004 Joined the Company</p> <p>June 2006 Director of Makino J. Co., Ltd.</p> <p>November 2008 General Manager of Finance Department of the Company</p> <p>June 2009 Director; General Manager of Finance Department; Office Manager of Energy Control Office</p> <p>April 2011 Director; Executive Manager of Corporate Service Division; Office Manager of Trade Security Control Office; Office Manager of Energy Control Office</p> <p>June 2014 Vice President, Director; Executive Manager of Corporate Service Division; Office Manager of Trade Security Control Office; Office Manager of Energy Control Office</p> <p>June 2016 Executive Vice President, Director; Executive Manager of Corporate Service Division; Office Manager of Trade Security Control Office; Office Manager of Energy Control Office</p> <p>April 2017 Executive Vice President, Director; Executive Manager of Corporate Service Division; Office Manager of Corporate Planning Office; Office Manager of Trade Security Control Office; Office Manager of Energy Control Office</p> <p>February 2021 Executive Vice President, Director; Executive Manager of Corporate Service Division; Office Manager of Trade Security Control Office; Office Manager of Energy Control Office</p> <p>June 2021 Executive Vice President, Representative Director; Executive Manager of Corporate Service Division; Office Manager of Energy Control Office; Office Manager of Trade Security Control Office, Risk Management Promotion Division (to present)</p>	3,000
		<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Toshiyuki Nagano has served as responsible personnel in control divisions, centered on finance, and has extensive experience and insight primarily regarding control area. After being appointed as Director in June 2009, Vice President and Director in June 2014, Executive Vice President and Director in June 2016, and Representative Director in June 2021, he has been leading the growth of the Group, utilizing his expertise. Therefore, we deemed that he is qualified to be a Director of the Company who is in charge of management of the entire Group, and propose his reelection as a Director.</p>	
2	Tatsuaki Aiba (May 3, 1957)	<p>April 1980 Joined the Company</p> <p>November 2002 General Manager of Fuji Katsuyama Production Department</p> <p>December 2004 General Manager of Fuji Katsuyama Production Department; General Manager of Procurement Department</p> <p>June 2005 Director; Executive Manager of Production Division</p> <p>October 2012 Director; Executive Manager of Production Division; Executive Manager of Fuji Katsuyama Works</p> <p>June 2014 Vice President, Director; Executive Manager of Production Division; Executive Manager of Fuji Katsuyama Works</p> <p>June 2020 Vice President, Director</p> <p>September 2021 Vice President, Director; Executive Manager of Quality/ Procurement Division (to present)</p>	3,600
		<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Tatsuaki Aiba has served as responsible personnel in production and procurement divisions, and has extensive experience and insight primarily regarding production area. After being appointed as Director in June 2005 and Vice President and Director in June 2014, he has been leading the growth of the Group, utilizing his expertise. Therefore, we deemed that he is qualified to be a Director of the Company who is in charge of management of the entire Group, and propose his reelection as a Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	[New appointment] Haruyuki Shiraishi (November 3, 1959)	<p>April 1985 Joined the Company</p> <p>January 2008 Deputy Executive Manager of Development Division</p> <p>February 2013 Deputy Executive Manager of Production Division</p> <p>January 2016 Director of MAKINO ASIA PTE LTD</p> <p>June 2020 Executive Officer; Executive Manager of Production Division; Executive Manager of Fuji Katsuyama Works of the Company (to present)</p>	0
		<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Haruyuki Shiraishi has served as responsible personnel in development and production divisions, and has extensive experience and insight primarily regarding development and production areas. In January 2016, he assumed the office of Director of the administrative subsidiary of Asian region and has extensive experience and insight regarding management. He has been leading the growth of the Group, utilizing such knowledge. Therefore, we deemed that he is qualified to be a Director of the Company who is in charge of management of the entire Group, and propose his election as a Director.</p>	
4	[New appointment] Shotaro Miyazaki (January 27, 1962)	<p>April 1986 Joined the Company</p> <p>January 1999 Director of Heidenreich&Harbeck Werkzeugmaschinenfabrik GmbH,</p> <p>June 2000 Representative Director of Makino Formenbautechnologie GmbH</p> <p>March 2011 General Manager of Asia Sales Department, Sales Division of the Company</p> <p>September 2016 General Manager of Overseas Sales Department, Sales Division</p> <p>September 2021 Executive Officer; Deputy Executive Manager of Sales Division; General Manager of Sales & Application of MAKINO Europe GmbH (to present)</p>	0
		<p>[Reasons for nomination as candidate for External Director]</p> <p>Mr. Shotaro Miyazaki assumed the office of Director of a European subsidiary in January 1999, and Representative Director thereof in June 2000, and has extensive experience and insight regarding management. He has also served as responsible personnel in Overseas Division of the Company, primarily in charge of Asia and Europe, and has extensive experience and insight regarding international business. He has been leading the growth of the Group, utilizing such insight. Therefore, we deemed that he is qualified to be a Director of the Company who is in charge of management of the entire Group, and propose his election as a Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	<p>[Independent] [External]</p> <p>Shin Yoshidome (September 29, 1951)</p> <p>Attendance at the Board of Directors meetings: 14 out of 14 meetings</p>	<p>June 2001 Executive Officer of Daiwa Securities SMBC Co. Ltd. June 2004 Managing Director of Daiwa Securities SMBC Co. Ltd. April 2006 Representative Director; Senior Managing Director of Daiwa Securities SMBC Co. Ltd. Senior Executive Officer of Daiwa Securities Group Inc. April 2007 President of Daiwa Securities SMBC Co. Ltd. Director; Representative Executive Vice-President of Daiwa Securities Group Inc. January 2010 President & Director of Daiwa Securities Capital Markets Co. Ltd. Director; Representative Executive Vice-President of Daiwa Securities Group Inc. April 2011 Chairman & Director of Daiwa Securities Capital Markets Co. Ltd. Director of Daiwa Securities Group Inc. April 2012 Special Advisor to Daiwa Securities Co. Ltd. Chairman & Director of Daiwa Institute of Research Business Innovation Ltd. June 2013 External Director of Tokyo Financial Exchange Inc. April 2014 Special Advisor to Daiwa Institute of Research Business Innovation Ltd. June 2014 External Director of JAPAN POST INSURANCE Co., Ltd. June 2015 External Director of Nojima Corporation April 2016 Advisor to Daiwa Securities Co. Ltd. (to present) June 2018 Director of the Company (to present)</p> <p>[Significant concurrent positions] Advisor to Daiwa Securities Co. Ltd.</p> <p>[Reasons for nomination as candidate for External Director and expected roles] Mr. Shin Yoshidome has served as an executive of Daiwa Securities Group Inc. and its subsidiaries, and has extensive experience and insight regarding corporate management and the financial market. In addition, since the appointment as Director of the Company, he has utilized his expertise and appropriately fulfilled his roles by providing advice on management and contributing to strengthening of supervisory function. Therefore, we deemed that he is qualified to be a Director of the Company, and propose his reelection as an External Director, expecting him to continue to fulfill such roles. Daiwa Securities Co. Ltd., where he serves as an advisor, is one of several brokerage lead managers of the Company. As the amount of remuneration, etc. received by the said company through transactions with the Company, including the amount of remuneration, etc. regarding underwriting work of the Company's bonds, was a small amount of around 9.4 million yen over the past three years. Therefore, we deemed that there is no risk of a conflict of interest with general shareholders, and he is qualified to fulfill the role of External Director, with whom shareholders entrust responsibility, from an independent standpoint.</p>	1,000

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>[Independent] [External]</p> <p>Naofumi Masuda (August 22, 1953)</p> <p>Attendance at the Board of Directors meetings: 14 out of 14 meetings</p>	<p>June 2008 Managing Officer of TOYOTA MOTOR CORPORATION (Kinuura Plant General Manger, Myochi Plant General Manager)</p> <p>June 2010 Senior Managing Director of ADVICS CO., LTD.</p> <p>June 2014 Executive Vice President of ADVICS CO., LTD.</p> <p>June 2017 Advisor & Chief Engineer of ADVICS CO., LTD.</p> <p>June 2018 Executive Advisor of ADVICS CO., LTD.</p> <p>June 2019 External Director & Member of the Audit & Supervisory Committee of YASUNAGA CORPORATION (to present)</p> <p>June 2020 Director of the Company (to present)</p> <p>[Significant concurrent positions] External Director & Member of the Audit & Supervisory Committee of YASUNAGA CORPORATION</p> <p>[Reasons for nomination as candidate for External Director and expected roles] Mr. Naofumi Masuda has served as an executive at business companies, and has extensive experience and insight regarding corporate management and the production technology. In addition, since the appointment as Director of the Company, he has utilized his expertise and appropriately fulfilled his roles by providing advice on management and contributing to strengthening of supervisory function. Therefore, we deemed that he is qualified to be a Director of the Company, and propose his reelection as an External Director, expecting him to continue to fulfill such roles.</p>	200
7	<p>[Independent] [External]</p> <p>Kodo Yamazaki (March 11, 1955)</p> <p>Attendance at the Board of Directors meetings: 14 out of 14 meetings</p>	<p>April 1989 Assistant Professor of Takayama Junior College</p> <p>April 1994 Professor of Takayama Junior College</p> <p>April 2001 Professor of Faculty of Law, Kumamoto University</p> <p>June 2003 Managing Director of Japan Tax Jurisprudence Association</p> <p>April 2007 Dean of Faculty of Law, Kumamoto University</p> <p>April 2015 Trustee and Deputy President of Kumamoto University</p> <p>April 2020 Professor of Graduate School, Kumamoto Gakuen University (to present)</p> <p>June 2020 Director of the Company (to present)</p> <p>[Significant concurrent positions] Professor of Graduate School, Kumamoto Gakuen University</p> <p>[Reasons for nomination as candidate for External Director and expected roles] Mr. Kodo Yamazaki has served as Dean of Faculty of Law, Kumamoto University, and has extensive experience and insight regarding law. He also has experience on managing an organization from leading position from his past service as Trustee and Deputy President of Kumamoto University and Managing Director of Japan Tax Jurisprudence Association. Although he has not been directly involved in the management of a company, he has utilized his expertise and appropriately fulfilled his roles by providing advice on management and contributing to strengthening of supervisory function since the appointment as Director of the Company. Therefore, we deemed that he is qualified to be a Director of the Company, and propose his reelection as an External Director, expecting him to continue to fulfill such roles.</p>	200

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	[New appointment] [Independent] [External] Kazumi Nishino (June 9, 1968)	<p>April 1992 Joined Fuji Photo Film Co., Ltd.</p> <p>April 2006 Associate Professor, Department of Management of Science and Technology, Graduate School of Management of Science and Technology of Tokyo University of Science</p> <p>April 2017 Associate Professor, Graduate School of Commerce and Management of Hitotsubashi University</p> <p>June 2019 Outside Director of Orient Corporation (to present)</p> <p>June 2019 Outside Independent Director of FURUKAWA CO, LTD. (to present)</p> <p>December 2019 External Board Director of MiRTeL Co., Ltd.</p> <p>April 2022 Professor of Business Administration, Graduate School of Business Administration of Hitotsubashi University (to present)</p> <p>[Significant concurrent positions]</p> <p>Professor of Business Administration, Graduate School of Business Administration of Hitotsubashi University</p> <p>Outside Director of Orient Corporation</p> <p>Outside Independent Director of FURUKAWA CO, LTD.</p>	0
		[Reasons for nomination as candidate for External Director and expected roles] Ms. Kazumi Nishino has served as Professor of Graduate School of Hitotsubashi University, and has extensive experience and insight regarding theories of management strategy, etc., especially studying the themes of research development management in manufacturing, logic of new business creation, dynamic model of business model and sustainable competitive advantage. Although she has not directly been involved in the management of a company, we deemed that she is qualified to be a Director of the Company who will utilize her expertise and appropriately fulfil her roles by providing her advice on management and contributing to strengthening supervisory function. Therefore, we propose her election as an External Director.	

(Notes)

1. There are no special interests between any of the candidates for Director and the Company.
2. If Messrs. Shin Yoshidome, Naofumi Masuda, Kodo Yamazaki and Ms. Kazumi Nishino are elected, the Company plans to conclude or continue an agreement with them to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act, to the minimum amount of liability stipulated in Article 425, Paragraph 1 of the same Act.
3. Matters regarding the candidates for External Directors are as follows.
 - (1) Messrs. Shin Yoshidome, Naofumi Masuda, Kodo Yamazaki and Ms. Kazumi Nishino are candidates for External Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has submitted independent director notification forms to Tokyo Stock Exchange, Inc. to appoint both candidates as Independent Directors.
 - (2) As of the conclusion of this General Meeting of Shareholders, Mr. Shin Yoshidome will have served as External Director of the Company for four years.
 - (3) As of the conclusion of this General Meeting of Shareholders, Messrs. Naofumi Masuda and Kodo Yamazaki will have served as External Director of the Company for two years.
4. The Company has concluded a directors and officers liability insurance contract with an insurance company, which will cover damages that the insured may be held liable for as a result of assuming responsibilities for the execution of their duties or receiving claims related to the pursuit of such responsibilities. All of the candidates for Director will be designated as the insured under such contract. The Company plans to renew the contract with the same contents at the time of the next renewal.

For reference: Skills matrix for Board of Directors and Audit and Supervisory Board (if approved as proposed)

Organ	Name	Management	Internationality	R&D / Production	Sales / Marketing	Finance / Accounting	Legal / Risk Management
Board of Directors	Toshiyuki Nagano	○	○			○	○
	Tatsuaki Aiba	○		○	○		
	Haruyuki Shiraishi	○	○	○			
	Shotaro Miyazaki	○	○		○	○	
	Shin Yoshidome	○			○	○	○
	Naofumi Masuda	○		○			○
	Kodo Yamazaki	○				○	○
	Kazumi Nishino	○				○	○
Audit and Supervisory Board	Akio Komura	○		○	○		
	Jinei Yamaguchi	○	○			○	○
	Jiro Nakashima	○				○	○

Proposal 4: Decision of Remuneration for Granting Restricted Stock to Directors (excluding External Directors)

The present remuneration amount for the Directors of the Company is within 450 million yen per year as approved by the Annual General Meeting of Shareholders held on June 20, 2006.

For the purpose of granting to the Directors of the Company an incentive to enhance corporate value of the Company's Group in a sustainable way and promote further value sharing by the Directors and Shareholders, we request the approval on the introduction of a remuneration plan for granting Restricted Stock to the Directors (excluding External Directors; hereinafter "eligible Directors") of the Company.

The number of eligible Directors of the Company is three at present and will be four if Proposal 3 is approved as proposed.

1. Outline of Restricted Stock Compensation Plan

Under the Restricted Stock Compensation Plan, monetary remuneration claims shall be granted to the eligible Directors according to the resolution of the Board of Directors of the Company, and the shares of the common stock of the Company shall be issued or disposed of for the eligible Directors who pay all monetary remuneration claims as in-kind contribution.

The total amount of monetary remuneration provided to the eligible Directors for granting Restricted Stock, which shall be within the present scope of monetary remuneration for Directors and fair in consideration of the above purpose, shall be within 95 million yen per year.

The total number of shares to be issued or disposed of under this Plan shall be within 38,000 shares per year. However, in case of share split (including gratis allocation of the common stock of the Company) or share consolidation to be conducted for the common stock of the Company or in any other case necessitating adjustment of total number of shares of the common stock of the Company issued or disposed of as Restricted Stock on or after the date of approval of this proposal, the total number of shares shall be adjusted within a reasonable scope.

Specific allocation to each eligible Director shall be decided by the Board of Directors.

Paid-in amount for a share of common stock of the Company which is issued or disposed of for eligible Directors shall be decided by the Board of Directors based on the closing price at the Tokyo Stock Exchange on the business day preceding the resolution date of each meeting of the Board of Directors (if the deal is not done on that day, closing price on a dealing day immediately before it), within a scope that will not be especially advantageous to eligible Directors.

For issuing or disposing of the shares of common stock of the Company under this Plan, the Company will conclude an allocation agreement of Restricted Stock with the eligible Directors including the following contents (hereinafter "Allocation Agreement").

2. Outline of Allocation Agreement of Restricted Stock

(1) Eligible Directors must not transfer, mortgage or otherwise dispose of the common stock allocated according to the Allocation Agreement (hereinafter "Allocated Stock") during the period from the issuance date of the Restricted Stock to the date on which such Directors lose their position as Director of the Company or any other position determined by the Board of Directors of the Company (or, if the position is lost within three months after the lapse of the fiscal year in which the allocated stock is issued, to a date separately determined by the Board of Directors of the Company within six months after the lapse of the said fiscal year,) (hereinafter "Transfer Restriction Period") (hereinafter "Transfer Restriction").

(2) In the event that eligible Directors lose any position of the above (1) before the expiration of the period determined separately by the Board of Directors of the Company (hereinafter "Service Provision Period"), the Company will naturally acquire for free the Allocated Stock unless the Board of Directors deems that there is a justifiable reason.

(3) The Company will lift the Transfer Restriction of all Allocated Stock upon the expiration of the Transfer Restriction Period, provided that the eligible Directors have continuously been in the position of Director of the Company or any other position determined by the Board of Directors of the Company during the Service Provision Period. However, in the event eligible Directors lose any position determined in the above (1) before the expiration of the Service Provision Period by the reason determined in the above (2) that the

Board of Directors deems justifiable, the number of shares of the Allocated Stock for which the Transfer Restriction is to be lifted and the time of the lift shall be reasonably adjusted as necessary.

(4) The Company will naturally acquire for free the Allocated Stock for which the Transfer Restriction is not lifted according to the provisions of the above (3) at the time of expiration of the Transfer Restriction Period.

(5) If, during the Transfer Restriction Period, a merger agreement in which the Company becomes a non-surviving company, a shares exchange agreement or a share transfer plan in which the Company becomes a wholly-owned company, or any other proposal related to organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company (provided that, in the case approval at a General Meeting of Shareholders is not required for the organizational restructuring, etc., it will be approved at the meeting of the Board of Directors), the Transfer Restriction of the Allocated Stock for which the number of shares shall be reasonably determined shall be lifted prior to the effective date of the organizational restructuring, etc. by the resolution of the Board of Directors.

(6) In the case the above (5) is provided, the Company will naturally acquire for free the Allocated Stock for which the Transfer Restriction is not yet lifted at the time immediately after the Transfer Restriction is lifted according to the provision of above (5).

(7) Method for indication of intention and notification in the Allocation Agreement, method for revising the Allocation Agreement and other matters determined by the Board of Directors shall be the contents thereof.

3. Fair reason for granting the Restricted Stock

The Company has established the policy for deciding the contents of remuneration, etc. for individual Directors, outline of which is described in the Business Report (page 27 of the Japanese version of this Notice). On the condition that this proposal is approved, the Company plans to revise the contents of the policy to meet this proposal. As mentioned above, paid-in amount for the Allocated Stock will be within a scope that will not be especially advantageous and the dilution ratio is minimal. Therefore, the Company considers that granting of the Allocated Stock is fair.

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