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(Securities Code 6814)  
May 13, 2020

**To Shareholders with Voting Rights:**

Yukio Furuno  
President  
FURUNO ELECTRIC CO., LTD.  
9-52 Ashihara-cho, Nishinomiya City,  
Hyogo, Japan

**NOTICE OF  
THE 69th ANNUAL SHAREHOLDERS' MEETING**

Dear Shareholders:

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

We hereby announce that the 69th Annual Shareholders' Meeting of FURUNO ELECTRIC CO., LTD. (hereinafter the "Company") will be held for the purposes as described below.

To prevent the spread of novel coronavirus infection, you are kindly asked to exercise your voting rights by mail or via the Internet wherever possible. Please review the attached Reference Documents for the Shareholders' Meeting and exercise your voting rights by no later than 5:20 p.m. on Wednesday, May 27, 2020, Japan time.

- 1. Date and Time:** Thursday, May 28, 2020 at 10:00 a.m. JST (Japan Standard Time)
- 2. Place:** Conference room at Headquarters, the Company  
9-52 Ashihara-cho, Nishinomiya City, Hyogo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company's 69th Fiscal Year (March 1, 2019 to February 29, 2020) 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 69th Fiscal Year (March 1, 2019 to February 29, 2020)
  - Proposals to be resolved:**
    - Proposal 1:** Distribution of Surplus
    - Proposal 2:** Election of Ten (10) Directors
    - Proposal 3:** Election of One (1) Substitute Audit & Supervisory Board Member
    - Proposal 4:** Determination of Remuneration for Granting Restricted Stock to Directors

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk to confirm your identity. In addition, we ask that you kindly print out this Notice by yourselves, only when it is considered necessary, to reduce paper consumption.
  - ◎ The following items are posted on the Company's website (<https://www.furuno.co.jp>), in accordance with the provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation, and are therefore not included in the documents accompanying this Notice.
    1. "Systems for Ensuring the Appropriateness of Business Activities" and "Operational Status of Systems for Ensuring the Appropriateness of Business Activities" in the Business Report
    2. "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
    3. "Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial StatementsAccordingly, the documents accompanying this Notice comprise part of the documents audited by Audit & Supervisory Board Members and the Accounting Auditor when preparing their respective audit reports.
  - ◎ Should the Reference Documents for the Shareholders' Meeting, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.furuno.co.jp>).
  - ◎ The results of this meeting will be posted on the Company's website (<https://www.furuno.co.jp>), in place of sending a Notice of Shareholders' Meeting Resolutions.

# Reference Documents for the Shareholders' Meeting

## Proposals and References

### Proposal 1: Distribution of Surplus

The Company considers its dividend policy one of its most important management policies. The Company's basic policy when making decisions about the distribution of profits is to comprehensively take into consideration the Company's financial position, level of profitability, dividend payout ratio, and other factors while keeping in mind continuous and stable dividend. In addition, the Company intends to utilize internal reserves for far-sighted investment and further strengthening of the Company's corporate structure.

The Company proposes a year-end dividend for the fiscal year under review as follows, in order to reward shareholders for their support while taking into consideration the management environment surrounding the Company and business performance in the fiscal year under review.

The Company previously paid out 10 yen per share as an interim dividend and the aggregate amount of annual dividends will therefore amount to 20 yen per share.

#### Items Related to the Year-end Dividend

- (1) Type of dividend property  
Cash
- (2) Items related to the allocation of dividend property to shareholders and its total amount  
10 yen per common share of the Company, for a total of 315,111,850 yen
- (3) Date on which the distribution of surplus comes into effect  
May 29, 2020

**Proposal 2:** Election of Ten (10) Directors

The terms of office of all eleven (11) Directors will expire at the conclusion of this Shareholders' Meeting. Accordingly, the election of ten (10) Directors is proposed, decreasing the number of Directors by one (1) to enable swift decision-making.

The candidates for Director are as follows:

No.	Name	Position	Responsibilities	Attendance at meetings of the Board of Directors	Candidate attributes
1	Yukio Furuno	President	General Manager, Security Assurance & Export Control Committee Chief AEO (Authorized Economic Operator) Control Officer	100% (13 out of 13 meetings)	Reappointment
2	Muneyuki Koike	Senior Managing Director	Head of Marine Electronic Products Divisional General Manager, Marine Electronic Products Division	100% (13 out of 13 meetings)	Reappointment
3	Shinji Ishihara	Managing Director	Integration Chief Manager, Product Designing, Development & Value-engineering Headoffice, Marine Electronic Products Division	100% (13 out of 13 meetings)	Reappointment
4	Kazuma Waimatsu	Director	General Manager, Products Planning & Marketing Department, Marine Electronic Products Division	92% (12 out of 13 meetings)	Reappointment
5	Yasushi Nishimori	Director	Head of Research and Innovation Center, R&D Planning & Management Center, and Company-wide Technology General Manager, Research and Innovation Center	100% (13 out of 13 meetings)	Reappointment
6	Satoshi Ohya	Director	Head of Personnel & General Affairs Department and Legal Office General Manager, Personnel & General Affairs Department	100% (13 out of 13 meetings)	Reappointment
7	Naosumi Fujita	Director	Factory General Manager, MIKI Factory, Marine Electronic Products Division	100% (13 out of 13 meetings)	Reappointment
8	Hidenori Yamamiya	Director	Head of System Products, and Avionics and Defense Electronics, Quality Commanding & Supervisory Office, Management Planning & Intelligence Department, Information Technology Department, Accounting & Financing Department, and Environment General Manager, Management Planning & Intelligence Department Energy Management Control Officer	100% (13 out of 13 meetings)	Reappointment
9	Hideo Higuchi	Director		100% (13 out of 13 meetings)	Reappointment External Independent
10	Shingo Kagawa	-		-	New appointment External Independent

Reappointment    Candidate for reappointment as Director   
 New appointment    Candidate for new appointment as Director   
 External    Candidate for appointment as External Director   
 Independent    Independent Director pursuant to the rules of the Tokyo Stock Exchange

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions
1	<p style="text-align: center;">Yukio Furuno (February 2, 1948)</p> <div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Reappointment</div>	<p>March 1987 Deputy General Manager, Administration Division, the Company  May 1987 Director and Deputy General Manager, Administration Division  March 1990 Director and General Manager, Administration Division  May 1990 Managing Director and General Manager, Administration Division  March 1997 Managing Director and Divisional General Manager, SI Division  May 1999 Senior Managing Director and General Manager, TOKYO Regional Head Office  March 2007 President (present)  [Responsibilities at the Company]  General Manager, Security Assurance &amp; Export Control Committee and Chief AEO (Authorized Economic Operator) Control Officer</p>
	<p>[Number of shares of the Company held] 319,600  [Term of office as Director] 33 years (at the conclusion of this Shareholder's Meeting)  [Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director]  Mr. Yukio Furuno has driven the management of the Group with leadership based on his abundant experience and achievements as a manager, and contributed to the further development of the Group. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>
2	<p style="text-align: center;">Muneyuki Koike (March 7, 1957)</p> <div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Reappointment</div>	<p>March 2002 General Manager, International Marketing Department, Marine Electronic Products Division, the Company  May 2005 Director and General Manager, International Marketing Department, Marine Electronic Products Division  March 2009 Director and Deputy Divisional General Manager, Marine Electronic Products Division  May 2009 Managing Director and Deputy Divisional General Manager, Marine Electronic Products Division  March 2012 Managing Director and Divisional General Manager, Marine Electronic Products Division  May 2016 Senior Managing Director and Divisional General Manager, Marine Electronic Products Division (present)  [Responsibilities at the Company]  Head of Marine Electronic Products</p>
	<p>[Number of shares of the Company held] 44,500  [Term of office as Director] 15 years (at the conclusion of this Shareholder's Meeting)  [Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director]  Mr. Muneyuki Koike has abundant experience as a manager as well as knowledge of all aspects of operations in the marine business, and has contributed to the enhancement of the Company's corporate value as Director of the Company. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions
	<p style="text-align: center;">Shinji Ishihara (January 30, 1961)</p> <div style="border: 1px solid black; padding: 2px; margin: 10px auto; width: fit-content;">Reappointment</div>	<p>February 2006 General Manager, Research &amp; Development Department, Marine Electronic Products Division, the Company</p> <p>May 2007 Director and General Manager, Research &amp; Development Department, Marine Electronic Products Division</p> <p>May 2016 Managing Director and General Manager, Research &amp; Development Department, Marine Electronic Products Division</p> <p>March 2018 Managing Director and Integration Chief Manager, Product Designing, Development &amp; Value-engineering Headoffice, Marine Electronic Products Division (present)</p>
3	<p>[Number of shares of the Company held] 27,500</p> <p>[Term of office as Director] 13 years (at the conclusion of this Shareholder's Meeting)</p> <p>[Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director] Mr. Shinji Ishihara has abundant experience as a manager as well as knowledge of all aspects of operations concerning development and technology, and has contributed to the enhancement of the Company's corporate value as Director of the Company. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>
	<p style="text-align: center;">Kazuma Waimatsu (January 6, 1960)</p> <div style="border: 1px solid black; padding: 2px; margin: 10px auto; width: fit-content;">Reappointment</div>	<p>September 2003 General Manager, Products Planning &amp; Marketing Office, Marine Electronic Products Division, the Company</p> <p>March 2006 General Manager, Products Planning &amp; Marketing Department, Marine Electronic Products Division</p> <p>May 2009 Director and General Manager, Products Planning &amp; Marketing Department, Marine Electronic Products Division</p> <p>April 2012 Director; General Manager, Products Planning &amp; Marketing Department, Marine Electronic Products Division and General Manager, Satellite Communication Business Department</p> <p>March 2017 Director and General Manager, Products Planning &amp; Marketing Department, Marine Electronic Products Division (present)</p>
4	<p>[Number of shares of the Company held] 22,200</p> <p>[Term of office as Director] 11 years (at the conclusion of this Shareholder's Meeting)</p> <p>[Attendance at meetings of the Board of Directors] 12 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director] Mr. Kazuma Waimatsu has leadership qualities based on abundant experience centered on products planning and marketing departments as well as his wide-ranging knowledge, and has contributed to the enhancement of the Company's corporate value as Director of the Company. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions
5	<p>Yasushi Nishimori (November 1, 1958)</p> <p>Reappointment</p>	<p>March 2006    General Manager, Research Department, Research and Innovation Center, the Company</p> <p>March 2012    General Manager, Research and Innovation Center</p> <p>May 2012      Director and General Manager, Research and Innovation Center (present)</p> <p>[Responsibilities at the Company] Head of Research and Innovation Center, R&amp;D Planning &amp; Management Center, and Company-wide Technology</p>
	<p>[Number of shares of the Company held] 12,600</p> <p>[Term of office as Director] 8 years (at the conclusion of this Shareholder's Meeting)</p> <p>[Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director] Mr. Yasushi Nishimori has leadership qualities based on abundant experience centered on research and development departments as well as his wide-ranging knowledge, and has contributed to the enhancement of the Company's corporate value as Director of the Company. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>
6	<p>Satoshi Ohya (January 29, 1962)</p> <p>Reappointment</p>	<p>May 2007      General Manager, Personnel &amp; General Affairs Department, the Company</p> <p>May 2012      Director and General Manager, Personnel &amp; General Affairs Department (present)</p> <p>[Responsibilities at the Company] Head of Personnel &amp; General Affairs Department and Legal Office</p>
	<p>[Number of shares of the Company held] 14,900</p> <p>[Term of office as Director] 8 years (at the conclusion of this Shareholder's Meeting)</p> <p>[Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director] Mr. Satoshi Ohya has leadership qualities based on abundant experience centered on personnel and general affairs departments as well as his wide-ranging knowledge, and has contributed to the enhancement of the Company's corporate value as Director of the Company. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions
7	<p style="text-align: center;">Naosumi Fujita (July 20, 1952)</p> <div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Reappointment</div>	<p>November 1999 President, Panasonic AVC Networks Taiwan Co., Ltd. February 2004 General Manager, Product Center, IT Products Business Division, AVC Network Company, Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) April 2007 General Counselor Responsible for Avionics Business Unit, AVC Network Company July 2011 Counselor Responsible for Special Projects, Avionics Business Unit, AVC Network Company February 2012 Assistant to Factory General Manager, MIKI Factory, Marine Electronic Products Division, the Company September 2015 Factory General Manager, MIKI Factory, Marine Electronic Products Division May 2016 Director and Factory General Manager, MIKI Factory, Marine Electronic Products Division April 2018 Director; Factory General Manager, MIKI Factory, Marine Electronic Products Division and General Manager, Production &amp; Factory Management Department, MIKI Factory, Marine Electronic Products Division September 2018 Director and Factory General Manager, MIKI Factory, Marine Electronic Products Division (present)</p>
	<p>[Number of shares of the Company held] 5,200 [Term of office as Director] 4 years (at the conclusion of this Shareholder's Meeting) [Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director] Mr. Naosumi Fujita has abundant experience related to manufacturing developed over many years in the manufacturing industry as well as knowledge of all aspects of operations in manufacturing departments, and has contributed to the enhancement of the Company's corporate value as Director of the Company. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>
8	<p style="text-align: center;">Hidenori Yamamiya (October 29, 1963)</p> <div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Reappointment</div>	<p>February 2011 Branch Manager, Dojima Branch, Mizuho Bank, Ltd. September 2015 General Manager, Administration Department, Avionics and Defense Electronics Division, the Company March 2018 General Manager Responsible for Management Planning &amp; Intelligence Department May 2018 Director; General Manager, Management Planning &amp; Intelligence Department and Energy Management Control Officer (present) [Responsibilities at the Company] Head of System Products, and Avionics and Defense Electronics, Quality Commanding &amp; Supervisory Office, Management Planning &amp; Intelligence Department, Information Technology Department, Accounting &amp; Financing Department, and Environment</p>
	<p>[Number of shares of the Company held] 2,600 [Term of office as Director] 2 years (at the conclusion of this Shareholder's Meeting) [Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for Director] Mr. Hidenori Yamamiya has expertise as someone who previously served at a financial institution as well as knowledge of all aspects of operations, mainly in management planning and other administrative departments, and has contributed to the enhancement of the Company's corporate value as Director of the Company. We propose his election as Director with an expectation that he will continue contributing to the Company's management.</p>



No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions
9	<p style="text-align: center;">Hideo Higuchi (March 5, 1950)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Reappointment</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">External</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Independent</div>	<p>June 2004 Executive Officer and Senior General Manager, Operational Reform HQ, OMRON Corporation</p> <p>June 2007 Managing Executive Officer and Senior General Manager, Business Process Innovation HQ</p> <p>December 2008 Managing Executive Officer; Senior General Manager, Business Process Innovation HQ and Senior General Manager, Corporate Strategic Planning HQ</p> <p>March 2009 Managing Executive Officer and Senior General Manager, Corporate Strategic Planning HQ</p> <p>November 2011 Outside Director, SOLOEL Co., Ltd.</p> <p>March 2012 Director</p> <p>June 2012 Outside Audit &amp; Supervisory Board Member, Toyo Business Engineering Corporation (currently Business Engineering Corporation)</p> <p>May 2016 External Director, the Company (present)</p> <p>June 2016 Outside Director, Toyo Business Engineering Corporation (currently Business Engineering Corporation) (present)</p> <p>[Significant concurrent positions] Outside Director, Business Engineering Corporation</p>
	<p>[Number of shares of the Company held] —</p> <p>[Term of office as External Director] 4 years (at the conclusion of this Shareholder's Meeting)</p> <p>[Attendance at meetings of the Board of Directors] 13 out of 13 meetings</p>	<p>[Reason for nomination as candidate for External Director] Mr. Hideo Higuchi has provided appropriate advice and views, mainly from a manager's viewpoint based on his abundant experience as a corporate manager in the manufacturing industry and an external officer as well as his advanced knowledge. We propose his election as External Director based on the judgment that he will contribute to strengthening the supervisory function of the Board of Directors of the Company.</p>

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions
10	<p style="text-align: center;">Shingo Kagawa (March 8, 1958)</p> <div style="text-align: center; border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New appointment</div> <div style="text-align: center; border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">External</div> <div style="text-align: center; border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent</div>	<p>April 2012 Corporate Executive Officer; Group President, Network Service Business Unit; Head of Image Internet Service Business Division, FUJITSU LIMITED</p> <p>June 2012 Corporate Executive Officer; Group President, Outsourcing Business Unit; Head of Image Internet Service Business Division</p> <p>April 2015 Corporate Executive Officer; Vice President, Integration Services Business; Group President, Network Service Business Unit</p> <p>April 2016 Corporate Executive Officer; Chief Technology Officer; Head of Digital Services Business</p> <p>April 2018 President and Representative Director, FUJITSU RESEARCH INSTITUTE</p> <p>April 2020 Special Adviser, APAMAN Co., Ltd. (present)</p> <p>[Significant concurrent positions] Special Adviser, APAMAN Co., Ltd.</p>
	<p>[Number of shares of the Company held] —</p> <p>[Term of office as External Director] — years</p> <p>[Attendance at meetings of the Board of Directors] —</p>	<p>[Reason for nomination as candidate for External Director] Mr. Shingo Kagawa has abundant experience and advanced knowledge as a corporate manager of an ICT (information and communication technology) company. Therefore, we propose his election based on the judgment that he will sufficiently fulfill his role as External Director.</p>

- (Notes)
1. There are no special conflict of interest between each candidate and the Company.
  2. Mr. Hideo Higuchi and Mr. Shingo Kagawa are candidates for External Director. Furthermore, the Company has designated Mr. Hideo Higuchi as Independent Director as defined by the Tokyo Stock Exchange, and if the candidate is reelected, the Company intends for him to continue acting as Independent Director. If Mr. Shingo Kagawa is elected as Director of the Company, the Company intends for him to act as Independent Director as defined by the Tokyo Stock Exchange.
  3. The Company has entered into a liability limitation agreement with Mr. Hideo Higuchi, who is a candidate for External Director, and the maximum amount of liability based on this agreement is the minimum amount of liability provided for in Article 425, Paragraph 1 of the Companies Act. If the candidate is elected, the Company intends to continue the agreement. If Mr. Shingo Kagawa is elected, the Company intends to enter into the same liability limitation agreement with him.

**Proposal 3:** Election of One (1) Substitute Audit & Supervisory Board Member

In order to prepare for cases where there is a shortfall in the number of Audit & Supervisory Board Members prescribed by laws and regulations, the election of one (1) Substitute Audit & Supervisory Board Member is proposed.

Furthermore, the effectiveness of the election of this candidate may be canceled by a resolution of the Board of Directors, with the consent of the Audit & Supervisory Board, provided it is before his appointment.

The consent of the Audit & Supervisory Board has been obtained in regard to this Proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions
Toshifumi Kurahashi (February 18, 1954)  <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">External</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent</div>	September 1980 Registered as certified public accountant September 1996 Employee, Asahi Audit Corp. (currently KPMG AZSA LLC) August 2008 Representative Partner, Ernst & Young Shinnihon Tax July 2010 Representative, Kurahashi General Accounting Office (present) September 2010 Representative Director, The Strategic M&A Institute Co., Ltd. (present) February 2013 Audit & Supervisory Board Member, Hayashi Pure Chemical Ind., Ltd. (present) [Significant concurrent positions] Representative, Kurahashi General Accounting Office; Representative Director, The Strategic M&A Institute Co., Ltd.; and Audit & Supervisory Board Member, Hayashi Pure Chemical Ind., Ltd.
[Number of shares of the Company held] —	[Reason for nomination as candidate for Substitute External Audit & Supervisory Board Member] Mr. Toshifumi Kurahashi has advanced knowledge as a certified public accountant. Therefore, we propose his election as Substitute External Audit & Supervisory Board Member based on the judgment that he will sufficiently fulfill his role as Audit & Supervisory Board Member.

- (Notes)
1. There are no special conflict of interest between the candidate and the Company.
  2. Mr. Toshifumi Kurahashi is a candidate for Substitute External Audit & Supervisory Board Member. Furthermore, if Mr. Toshifumi Kurahashi is appointed External Audit & Supervisory Board Member, the Company intends to designate him as an Independent Auditor as defined by the Tokyo Stock Exchange.
  3. If Mr. Toshifumi Kurahashi, who is a candidate for Substitute External Audit & Supervisory Board Member, is appointed External Audit & Supervisory Board Member, the Company intends to enter into a liability limitation agreement with him to limit his liability to the minimum amount provided for in Article 425, Paragraph 1 of the Companies Act.

#### **Proposal 4:** Determination of Remuneration for Granting Restricted Stock to Directors

The amount of remuneration for Directors of the Company was approved by the resolution of the 56th Annual Shareholders' Meeting held on May 24, 2007 to be within the annual amount of ¥480 million (however, excluding the amount of employee salary and bonuses paid to Directors who serve concurrently as employees). In this Proposal, the Company proposes to allot common shares of the Company with a certain transfer restriction period and bound by provisions such as grounds for acquisition without consideration by the Company (the "Restricted Stock") to Directors of the Company (excluding External Directors, hereinafter the "Eligible Directors") with the details as shown below, for the purpose of having Eligible Directors share with shareholders the benefits and risks arising from the fluctuation of the share price and for further raising their motivation to contribute to improvement in the corporate value.

The Company, upon comprehensively taking into consideration various circumstances including the degree of contribution made by Eligible Directors of the Company, proposes to set the total amount of monetary remuneration receivables to be used for granting Restricted Stock to Eligible Directors as remuneration, etc. at within the annual amount of ¥100 million, separate from the above-stated amount of annual remuneration for Directors.

The allotment of the Restricted Stock has been determined upon comprehensively taking into consideration various circumstances including the degree of contribution made by Eligible Directors of the Company and thus the Company deems the content of this allotment to be reasonable.

Currently, the number of Eligible Directors of the Company is nine (9). If Proposal 2 is approved, the number of Eligible Directors will be eight (8).

#### Specific Details of Restricted Stock for Eligible Directors and the Maximum Number of Stock

##### 1. Allotment and payment of Restricted Stock

The Company, based on the resolution of the Board of Directors of the Company, shall pay the Eligible Directors monetary remuneration receivables within the above-stated annual amount as remuneration relating to Restricted Stock, and each one of the Eligible Director will make an in-kind contribution of the entire amount of the said monetary remuneration receivables, and receive allotment of the Restricted Stock.

The payment amount of the Restricted Stock will be determined at the Board of Directors based on the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day before each resolution by the Board of Directors for its issue or disposal (if no transactions are made on that day, the closing price on the most recent trading date), and within a scope which is not a particularly advantageous price for the Eligible Directors receiving the allotment of the Restricted Stock.

Additionally, the monetary remuneration receivables above will be paid on the condition that the Eligible Directors have agreed to the above contribution in kind and have executed the Restricted Stock Allotment Agreement which contains the details set forth in paragraph 3 below.

##### 2. Total number of Restricted Stock

The total number of the Restricted Stock of 50,000 shares which may be allotted to the Eligible Directors, shall be the maximum number of the Restricted Stock which may be allotted each fiscal year.

However, in the case of a share split (including gratis allocation of the common shares of the Company), or the consolidation of shares, or in other similar cases when adjustments are necessary, the total number of the Restricted Stock can be adjusted within a reasonable scope.

##### 3. Details of the Restricted Stock Allotment Agreement

The Restricted Stock Allotment Agreement to be executed between the Company and the Eligible Directors to receive the allotment of the Restricted Stock, based on the resolution of the Board of Directors of the Company, in the allotment of Restricted Stock shall include the following.

###### (1) Details of the restrictions on transfer

During the period from the allotment date of the Restricted Stock until the day of retirement as Directors of the Company (the "Transfer Restriction Period"), the Eligible Directors allotted the Restricted Stock are not to transfer to a third party, create a pledge or transfer security interest on, use as inter vivos gift, bequest or otherwise dispose of the said Restricted Stock allotted to the Eligible Directors (the "Allotted Shares") (the "Transfer Restriction").

(2) Acquisition of Restricted Stock without consideration

In the case that the Eligible Director allotted the Restricted Stock retires from the position of Director of the Company during the period from the date of commencement of the Transfer Restriction Period until the day prior to the holding of the first Annual Shareholders' Meeting after such date, the Company, as a matter of course, shall acquire without consideration the "Allotted Shares," except where there is a justifiable reason approved by the Board of Directors of the Company.

Additionally, the Company, as a matter of course, is to acquire without consideration the Allotted Shares for which restrictions on transfer have not been canceled based on the provisions listed in (3) below at the point at which the Transfer Restriction Period in (1) above expires.

(3) Cancellation of restrictions on transfer

On the condition that the Eligible Director allotted the Restricted Stock continues to hold the position of Director of the Company during the period from the date of commencement of the Transfer Restriction Period until the holding day of the first Annual Shareholders' Meeting after such date, the Company shall cancel the restrictions on transfer on all Allotted Shares at the point at which the Transfer Restriction Period expires.

However, if the Eligible Director retires from the position of Director of the Company during the period from the date of commencement of the Transfer Restriction Period until the day prior to the holding of the first Annual Shareholders' Meeting after such date due to a justifiable reason, as approved by the Board of Directors of the Company, the number of Allotted Shares, for which the restrictions on transfer are to be canceled, and the timing thereof are to be reasonably adjusted, as necessary.

(4) Treatment in the case of organizational restructuring

During the Transfer Restriction Period, if a proposal relating to a merger agreement under which the Company will become the dissolving company, a share exchange agreement or a share transfer plan under which the Company will become a wholly-owned subsidiary or any other organizational restructuring is approved at a Shareholders' Meeting of the Company (or, if an approval at a Shareholders' Meeting of the Company is not required regarding the above-mentioned organizational restructuring, then the approval by the Board of Directors of the Company), pursuant to the resolution of the Board of Directors of the Company, the restrictions on transfer, at the time prior to the effective date of such organizational restructuring, shall be canceled in respect of a certain number of Allotted Shares, which has been reasonably determined, taking into consideration the period from the date of commencement of the Transfer Restriction Period until the date of the approval regarding the above-mentioned organizational restructuring. In such cases, the Company, as a matter of course, shall acquire without consideration the Allotted Shares for which restrictions on transfer were not canceled at the point directly after restrictions on transfer were canceled based on the above provision.