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Securities identification code: 1973
May 30, 2019

To our shareholders:

Yushi Ushijima
President and Representative Director
NEC Networks & System Integration Corporation
2-6-1, Koraku, Bunkyo-ku, Tokyo, Japan

NOTICE OF THE 87th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 87th Ordinary General Meeting of Shareholders of NEC Networks & System Integration Corporation (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:15 p.m., Thursday, June 20, 2019 (Japan Standard Time).

Meeting Outline

1. Date and Time: Friday, June 21, 2019 at 10:00 a.m. (Japan Standard Time)
(Reception will begin at 9:00 a.m.)

2. Venue: Bellesalle Iidabashi First
B1F, Iidabashi First Tower
2-6-1, Koraku, Bunkyo-ku, Tokyo, Japan

3. Agenda:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 87th Term (from April 1, 2018 to March 31, 2019), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 87th Term (from April 1, 2018 to March 31, 2019)

Items to be resolved:

- Proposal 1:** Election of ten (10) Directors
- Proposal 2:** Election of three (3) Corporate Auditors
- Proposal 3:** Determination of Remuneration for Granting Restricted Shares to Directors

Any revisions that should be made to this document will be posted on the Company’s website.

Company’s website: <https://www.nesic.co.jp>

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of ten (10) Directors

The terms of office of all ten (10) present Directors will expire at the conclusion of this General Meeting of Shareholders. The Company proposes to elect ten (10) Directors.

The candidates for Directors are as follows:

No.	Name	Position and responsibilities at the Company	
1	Masao Wada	Chairman of the Board	[Reelection]
2	Yushi Ushijima	President and Representative Director	[Reelection]
3	Masafumi Gouji	Senior Vice President and Member of the Board Executive General Manager, Engineering & Support Services Business Unit	[Reelection]
4	Osamu Noda	Senior Vice President and Member of the Board Executive General Manager, Business Design Operations Unit Executive General Manager, Digital Solutions Business Unit	[Reelection]
5	Hisayoshi Fuwa	Outside Director	[Reelection] [Candidate for Outside Director] [Independent Director]
6	Michiko Ashizawa	Outside Director	[Reelection] [Candidate for Outside Director] [Independent Director]
7	Junji Ashida	Member of the Board	[Reelection]
8	Morihiko Kudo	Member of the Board	[Reelection]
9	Hiroyuki Sekizawa	Senior Vice President	[New Candidate]
10	Kuniko Muramatsu		[New Candidate] [Candidate for Outside Director] [Independent Director]

Policy in the nomination of candidates for Directors

[Policy]

In nominating candidates for Directors, the Board of Directors of the Company has a basic policy of selecting individuals who have skills and experience to lead management and can contribute to the development of the Company's businesses, while giving consideration to the following and making comprehensive consideration from the standpoint of placing the right person in the right place.

(Aptitude for Directors)

- A person who has a high level of knowledge about management, objective judgment ability, foresight and insight
- A person who has a high level of dignity and high ethical standards
- A person who has ability, knowledge, experience and track records in his/her special fields
- A person who is unbiased and decisive
- A person who understands the overall business activities of the Company

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p>Masao Wada (August 31, 1953)</p> <p>[Reelection]</p> <p>Years of service as Director: 7 years</p> <p>Attendance at Board of Directors meetings: 13/13 meetings</p>	<p>Apr. 2010 Associate Senior Vice President, Executive General Manager, Social System Operations Unit, NEC Corporation</p> <p>Apr. 2012 Advisor to the Company</p> <p>June 2012 President and Representative Director of the Company</p> <p>June 2017 Chairman of the Board and Representative Director of the Company</p> <p>June 2018 Chairman of the Board of the Company (present position)</p> <p>[Significant concurrent positions outside the Company] President and Representative Director, K&N System Integrations Corporation</p>	3,000
<p>[Reasons for selection as a candidate for Director]</p> <p>Masao Wada possesses an abundance of experience and a track record of accomplishments in business operations through fulfilling his duties in the area of social infrastructure over many years. Since 2012, becoming President of the Company, then Chairman of the Board, as its top executive he has successfully taken the lead in achieving the growth of its infrastructure and service businesses that the Company aimed for. The Company believes he will continue to contribute to decision making and strengthening the effectiveness of supervisory functions of the Board of Directors by making use of his track record of accomplishments and experience. In light of these reasons, the Company proposes his election as Director.</p>			
2	<p>Yushi Ushijima (April 29, 1960)</p> <p>[Reelection]</p> <p>Years of service as Director: 5 years</p> <p>Attendance at Board of Directors meetings: 13/13 meetings</p>	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2013 Associate Senior Vice President, General Manager of Higashinihon Regional Division of Marketing & Sales Development Unit of the Company</p> <p>June 2014 Member of the Board, Associate Senior Vice President of the Company</p> <p>Senior Executive Vice President and Member of the Board, Q&A Corporation</p> <p>Apr. 2015 Member of the Board, Associate Senior Vice President of the Company</p> <p>President and CEO, Q&A Corporation</p> <p>Apr. 2016 Member of the Board of the Company</p> <p>President and CEO, Q&A Corporation</p> <p>June 2017 President and Representative Director of the Company (present position)</p>	3,000
<p>[Reasons for selection as a candidate for Director]</p> <p>Yushi Ushijima has accumulated an abundance of knowledge and experience regarding the business environment and industries of the Company from having served as General Manager of branch divisions and performing other duties. Since 2014, he has served as Senior Executive Vice President and President and CEO of a Group company, and President of the Company. He has acquired considerable knowledge and experience on business management and has contributed to business expansion of the Company. The Company believes he will continue to contribute to further progress and development of the Company's businesses, such as to increasing the Group's corporate value and coping with drastic changes in the environment in Japan and overseas, by making use of his track record of accomplishments and experience. In light of these reasons, the Company proposes his election as Director.</p>			

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p>Masafumi Gouji (September 17, 1959)</p> <p>[Reelection]</p> <p>Years of service as Director: 3 years</p> <p>Attendance at Board of Directors meetings: 13/13 meetings</p>	<p>Apr. 1982 Joined the Company</p> <p>Apr. 2013 General Manager, Office Service Division of SI & Services Operations Unit of the Company</p> <p>Apr. 2014 Associate Senior Vice President, Assistant Executive General Manager, Enterprise Solutions Operations Unit of the Company</p> <p>Apr. 2016 Senior Vice President (present position), Executive General Manager, Technical Services Operations Unit of the Company</p> <p>June 2016 Member of the Board of the Company (present position)</p> <p>Apr. 2019 Executive General Manager, Engineering & Support Services Business Unit of the Company (present position)</p>	1,000
<p>[Reasons for selection as a candidate for Director]</p> <p>Masafumi Gouji possesses an abundance of knowledge about all aspects of IT management, and he has proposed and implemented solutions that have led to improvements in business operations and profitability in the area of IT/network integration for customers in various industrial sectors. Through having served in responsible positions in several business divisions, he has played a part in the Company's business growth in various fields and the establishment of the Company's business foundation. The Company believes he will continue to contribute to increasing the Group's corporate value by making use of this knowledge and experience. In light of these reasons, the Company proposes his election as Director.</p>			
4	<p>Osamu Noda (May 1, 1958)</p> <p>[Reelection]</p> <p>Years of service as Director: 1 year</p> <p>Attendance at Board of Directors meetings: 11/11 meetings</p>	<p>Apr. 2013 General Manager, Enterprise Network Division, NEC Corporation</p> <p>Apr. 2015 Associate Senior Vice President, Assistant Executive General Manager, Enterprise Solutions Operations Unit of the Company</p> <p>Apr. 2016 Senior Vice President (present position), Executive General Manager, Enterprise Solutions Operations Unit of the Company</p> <p>June 2018 Member of the Board of the Company (present position)</p> <p>Apr. 2019 Executive General Manager, Business Design Operations Unit and Executive General Manager, Digital Solutions Business Unit (present position)</p>	1,000
<p>[Reasons for selection as a candidate for Director]</p> <p>Osamu Noda has a track record of establishing a base system for global information sharing in the area of business solutions and leading business expansion in the enterprise telephony market at NEC Corporation. As an executive officer of the Company since 2015, he has contributed to business expansion of the Company, including the growth of the enterprise network business, the track record in profitability improvement and initiatives as an officer responsible for DX*. The Company believes he will continue to contribute to increasing the Group's corporate value by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Director.</p> <p>* DX stands for digital transformation, referring to significantly transforming activities of businesses and industries, as well as city management, by making use of cutting-edge technologies such as AI, IoT, and RPA (Robotic Process Automation).</p>			

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	<p>Hisayoshi Fuwa (July 6, 1949)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p> <p>Years of service as Outside Director: 3 years</p> <p>Attendance at Board of Directors meetings: 13/13 meetings</p>	<p>May 2011 President, Representative Director of the Board and Chief Executive Officer (CEO), JVC KENWOOD Holdings, Inc. (currently JVC KENWOOD Corporation)</p> <p>President and Representative Director of the Board, Victor Company of Japan, Limited</p> <p>President, Kenwood Corporation</p> <p>President, J&K Car Electronics Corporation</p> <p>Oct. 2011 President and Representative Director of the Board, JVC KENWOOD Corporation</p> <p>June 2012 Special Adviser, JVC KENWOOD Corporation</p> <p>June 2016 Outside Director of the Company (present position)</p>	0
<p>[Reasons for selection as a candidate for Outside Director] After joining a major electric appliance manufacturer, Hisayoshi Fuwa served in a number of important posts, such as the General Manager of the Corporate Strategic Planning Division, as well as Vice President in overseas subsidiaries. Following these positions, he became President of JVC KENWOOD Holdings, Inc., where he demonstrated his management ability in business rehabilitation and other initiatives. The Company expects him to continue to utilize the abundance of experience that he has acquired from global business operations for the Company's business management. The Company also believes he will continue to be capable of giving appropriate advice and proposals on all matters relating to the business management of the Company from a standpoint independent from that of the Company's executives. In light of these reasons, the Company proposes his election as Outside Director.</p>			
6	<p>Michiko Ashizawa (October 23, 1972)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p> <p>Years of service as Outside Director: 1 year</p> <p>Attendance at Board of Directors meetings: 11/11 meetings</p>	<p>Oct. 1996 Joined Century Audit Corporation (currently KPMG AZSA LLC), International Department (left in May 2001)</p> <p>Sept. 2003 Joined Industrial Revitalization Corporation of Japan</p> <p>Feb. 2006 Joined Advantage Partners LLP (currently Advantage Partners, Inc.)</p> <p>Apr. 2013 Associate Professor, International College of Arts and Science (currently School of Economics and Business Administration), Yokohama City University (present position)</p> <p>Associate Professor, Graduate School of International Management, Yokohama City University (present position)</p> <p>Sept. 2016 Part-time instructor at Graduate School of Business Administration, Keio University (present position)</p> <p>June 2018 Outside Director of the Company (present position)</p> <p>[Significant concurrent positions outside the Company] Outside Director (Audit and Supervisory Committee Member), Netyear Group Corporation</p>	0
<p>[Reasons for selection as a candidate for Outside Director] Michiko Ashizawa has an abundance of experience, including business experience as a certified public accountant at an audit firm and engaging in revitalization projects of major companies at Industrial Revitalization Corporation of Japan. She also possesses expertise in business administration as a whole, mainly researching M&A for corporate restructuring and serving as an instructor at a graduate school. The Company believes she will continue to be capable of giving appropriate advice and providing supervision relating to management of the Company from an objective standpoint by making use of her knowledge and experience. In light of these reasons, the Company proposes her election as Outside Director.</p>			

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	<p>Junji Ashida (March 12, 1969)</p> <p>[Reelection]</p> <p>Years of service as Director: 2 years</p> <p>Attendance at Board of Directors meetings: 13/13 meetings</p>	<p>Apr. 2013 Senior Manager, System Integration & Services Planning Division, NEC Corporation</p> <p>Apr. 2014 General Manager, Corporate Planning Division, NEC Solution Innovators, Ltd.</p> <p>Apr. 2016 Associate Senior Vice President, General Manager, Corporate Planning Division, NEC Solution Innovators, Ltd.</p> <p>Apr. 2017 General Manager, Corporate Strategy Division, NEC Corporation (present position)</p> <p>June 2017 Member of the Board of the Company (present position)</p>	0
<p>[Reasons for selection as a candidate for Director]</p> <p>Junji Ashida is the General Manager of the Corporate Strategy Division of NEC Corporation, a company with a strong business relationship with the Company. He possesses knowledge and experience on corporate governance and internal controls, as well as in corporate strategies and planning as expected of a Director. The Company believes he will continue to contribute to increasing the Group's corporate value by making use of this knowledge and experience. In light of these reasons, the Company proposes his election as Director.</p>			
8	<p>Morihiko Kudo (April 14, 1963)</p> <p>[Reelection]</p> <p>Years of service as Director: 1 year</p> <p>Attendance at Board of Directors meetings: 11/11 meetings</p>	<p>Apr. 2013 Assistant General Manager, Telecom Carrier Business Planning Division, NEC Corporation</p> <p>Apr. 2018 General Manager, Network Services Business Planning Division, NEC Corporation (present position)</p> <p>June 2018 Member of the Board of the Company (present position)</p>	0
<p>[Reasons for selection as a candidate for Director]</p> <p>Morihiko Kudo serves as General Manager of Network Services Business Planning Division of NEC Corporation, a company with a strong business relationship with the Company. He has knowledge and experience on corporate governance and internal controls as expected of a Director. He also possesses expertise in the network solutions business, which is necessary for the expansion of the Company's service and business fields. The Company believes he will continue to contribute to increasing the Group's corporate value by making use of this knowledge and experience. In light of these reasons, the Company proposes his election as Director.</p>			

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
9	Hiroyuki Sekizawa (July 6, 1960) [New Candidate]	July 2011 General Manager, Corporate Controller Division, NEC Corporation	2,000
		May 2015 General Manager, Corporate Controller Division, NEC Corporation (change in Japanese only; English title unchanged)	
June 2017 Associate Senior Vice President of the Company			
Apr. 2019 Senior Vice President of the Company (present position)			
[Reasons for selection as a candidate for Director] Hiroyuki Sekizawa has accumulated an abundance of knowledge and experience regarding accounting and finance, having served in responsible positions in the accounting divisions at NEC Corporation, as well as a track record in the administrative division at an overseas associated company. He was also appointed as Associate Senior Vice President of the Company in 2017 and has been overseeing accounting and finance strategies. He has been actively facilitating a dialogue with the capital market as an officer responsible for IR, and enhancing the Group's CSR initiatives and the corporate brand. The Company believes he will contribute to increasing the Group's corporate value by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Director.			
10	Kuniko Muramatsu (September 1, 1958) [New Candidate] [Candidate for Outside Director] [Independent Director]	Nov. 2003 Officer, Ethics Office, Texas Instruments Japan Limited	0
		Oct. 2009 Chief Researcher, Business Ethics Research Center	
Jan. 2010 Representative Director, Wellness Systems Institute (present position)			
Apr. 2016 Chair of the board, NPO GEWEL			
June 2016 Outside Director, C'BON COSMETICS Co., Ltd.			
Apr. 2018 Senior Researcher, Business Ethics Research Center (present position) Councilor, Japan Professional Football League (present position)			
[Significant concurrent positions outside the Company] Outside Director, YOKOWO CO., LTD.			
[Reasons for selection as a candidate for Outside Director] Kuniko Muramatsu joined a foreign-affiliated semiconductor manufacturer and served in positions including Officer of Ethics Office as well as a responsible role for promoting diversity. She subsequently established Wellness Systems Institute with the aim of laying a foundation for sustainable society, and has been acting as an advisor to improve corporate ethics and promote CSR and diversity while managing the business. She also has experienced various positions such as a chair of the board of a non-profit organization and a university lecturer. The Company believes she will be capable of giving appropriate advice and providing supervision relating to management of the Company from an objective standpoint by making use of her global mindset and deep insight on compliance matters and CSR. In light of these reasons, the Company proposes her election as Outside Director.			

Notes: 1. There is no special interest between the Company and any of above candidates.

2. Liability limitation agreement with candidates for Directors

The Company has entered into a liability limitation agreement with Hisayoshi Fuwa, Michiko Ashizawa, Junji Ashida, and Morihiko Kudo that shall limit the maximum amount of his/her liability to compensate for damages due to a failure to perform his/her duties as set forth in the provisions of Article 423, Paragraph 1 of the Companies Act. The limit of liability under this agreement is 1,200,000 yen or the minimum liability amount prescribed in the laws and regulations, whichever is the higher.

If their reelections are approved at this General Meeting of Shareholders, the Company will continue to enter into this agreement with each of them.

If the election of Kuniko Muramatsu is approved at this General Meeting of Shareholders, the Company will enter into the same liability limitation agreement with her.

3. Junji Ashida and Morihiko Kudo serve as executives of NEC Corporation, the parent company of the Company.

4. The Company has filed declarations naming Hisayoshi Fuwa and Michiko Ashizawa as independent directors, as prescribed by the Tokyo Stock Exchange. If their reelections are approved at this General Meeting of Shareholders,

the Company will continue to designate both of them as independent directors. Kuniko Muramatsu meets the requirements for independence set forth in the listing rules of the Tokyo Stock Exchange. If her election is approved at this General Meeting of Shareholders, the Company will file a declaration naming her as an independent director with the Tokyo Stock Exchange.

[About Independence Standards]

In selecting candidates for Independent Outside Directors and Independent Outside Corporate Auditors, the Company considers the requirements for Outside Directors and Outside Corporate Auditors stipulated in laws and regulations, the Independence Standards set by the Tokyo Stock Exchange and other criteria.

Proposal 2: Election of three (3) Corporate Auditors

The terms of office of Corporate Auditors Shoichi Fukaya and Masayuki Horie will expire at the conclusion of this General Meeting of Shareholders. Corporate Auditor Tokuo Yamamoto will resign his position at the conclusion of this General Meeting of Shareholders. The Company proposes to elect three (3) Corporate Auditors.

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

The candidates for Corporate Auditors are as follows:

No.	Name (Date of birth/other notes)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Komei Sakanashi (June 24, 1957) [New Candidate]	Oct. 2011 Department Manager, Human Resources Development Carrier Network Business Planning Division, NEC Corporation Apr. 2013 Associate Senior Vice President of the Company Apr. 2017 Senior Vice President of the Company (present position)	0
[Reasons for selection as a candidate for Corporate Auditor] Komei Sakanashi has accumulated an abundance of knowledge and experience regarding human resources management, labor affairs, and talent development, having experienced administrative positions at NEC Corporation including at human resources divisions and domestic affiliates. He was also appointed as Associate Senior Vice President of the Company in 2013 and has made significant contribution to the enhancement of risk management as an officer in charge of compliance and legal affairs. He has been responsible for the corporate staff divisions as Senior Vice President since 2017, working to improve the Group's corporate value and strengthen the management foundation. The Company believes he will be capable of auditing the legitimacy of its business operations from a fair and objective standpoint by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Corporate Auditor.			
2	Naoki Iwasaki (December 5, 1959) [New Candidate]	Apr. 1983 Joined the Company July 2008 General Manager, Corporate Finance & Controller Division of the Company Apr. 2013 General Manager, Business Planning Office, SI & Services Operations Unit of the Company Apr. 2014 Associate Senior Vice President and member of the Board, Toyo Networks & System Integration Co., Ltd. (currently NEC Magnus Communications, Ltd.) Apr. 2015 Associate Senior Vice President, NEC Magnus Communications, Ltd. Oct. 2015 General Manager, Business Planning Office, Technical Services Operations Unit of the Company Apr. 2018 General Manager, Corporate Auditing Division of the Company Apr. 2019 Associate Senior Vice President of the Company (present position)	1,048
[Reasons for selection as a candidate for Corporate Auditor] Naoki Iwasaki has accumulated an abundance of knowledge and experience regarding corporate management, corporate accounting, and business strategy planning, having experienced positions including in the accounting division, administrative division at the Company's domestic branch, business planning divisions within operation units, and officer of affiliate. He has also contributed to accomplishments of highly effective business audits in a wide range of fields as a head of the Corporate Auditing Division. The Company believes he will be capable of auditing the legitimacy of its business operations from a fair and objective standpoint, by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Corporate Auditor.			

No.	Name (Date of birth/other notes)	Career summary and position (Significant concurrent positions outside the Company)		Number of the Company's shares owned
3	Masayuki Horie (September 28, 1958)	Apr. 1996	Professor, College of Commerce, Nihon University (present position)	0
	[Reelection] [Candidate for Outside Corporate Auditor] [Independent Auditor]	June 2015	Outside Corporate Auditor of the Company (present position)	
	Years of service as Outside Corporate Auditor: 4 years	Oct. 2016	Executive Director, Japan Internal Control Research Association (present position)	
	Attendance at Board of Directors meetings: 12/13 meetings	June 2017	Executive Director, Japan Society for Systems Audits (present position)	
	Attendance at Board of Corporate Auditors meetings: 14/15 meetings	Sept. 2018	President, Japan Auditing Association (present position)	
	[Reasons for selection as a candidate for Outside Corporate Auditor] Masayuki Horie possesses deep insight mainly on internal control and IT risk management in corporate management as a university professor. He also has an abundance of experience, such as serving as President of the Japan Auditing Association. Although he has not been directly involved in business management, the Company believes he will continue to audit the legitimacy of its business operations from a fair and objective standpoint, by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Outside Corporate Auditor.			

- Notes:
1. There is no special interest between the Company and any of above candidates.
 2. Liability limitation agreement with a candidate for Corporate Auditor
The Company has entered into a liability limitation agreement with Masayuki Horie that shall limit the maximum amount of his liability to compensate for damages due to a failure to perform his duties as set forth in the provisions of Article 423, Paragraph 1 of the Companies Act. The limit of liability under this agreement is 1,200,000 yen or the minimum liability amount prescribed in the laws and regulations, whichever is the higher.
If his reelection is approved at this General Meeting of Shareholders, the Company will continue to enter into this agreement with him.
 3. The Company has filed declarations naming Masayuki Horie as independent auditor, as prescribed by the Tokyo Stock Exchange. If his reelection is approved at this General Meeting of Shareholders, the Company will continue to designate him as an independent auditor.

Proposal 3: Determination of Remuneration for Granting Restricted Shares to Directors

The Company requests your approval for the new provision of restricted shares remuneration to Directors (excluding those who are not involved in business execution) of the Company (“Eligible Directors”) for the purpose of providing them an incentive to sustainably increase the Company’s corporate value and further promoting shared value between shareholders and them, as part of the revision to the Company’s remuneration package for Directors.

Based on this proposal, the total amount of monetary remuneration to be paid to Eligible Directors of the Company for the purpose of granting them restricted shares shall be not more than 30 million yen per year as deemed reasonable in light of the aforementioned purposes. The specific allocation to each Eligible Director shall be determined by the Board of Directors.

The 83rd Ordinary General Meeting of Shareholders held on June 23, 2015 approved that the amount of remuneration for Directors of the Company shall be not more than 300 million yen per year (of which, 30 million yen for Outside Directors). Monetary Remuneration Claims for the purpose of granting restricted shares shall be provided within that limit, and the total amount of remuneration shall not be changed.

There are currently ten (10) Directors (of which, five (5), including three (3) Outside Directors, are not involved in business execution), including five (5) Eligible Directors. In the event that Proposal 1 is approved and adopted in its original form, there shall be no change in the number of Eligible Directors who are eligible to receive the said remuneration.

Furthermore, Eligible Directors shall pay all Monetary Remuneration Claims to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company, and the total number of common shares of the Company to be issued or disposed of thereby shall be not more than 20,000 shares per year, (however, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of common shares of the Company to be issued or disposed of as restricted shares, the relevant total number shall be reasonably adjusted). The amount to be paid in per allotted share shall be determined by the Board of Directors based on the closing price of the common shares of the Company on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) and within the extent that would not be particularly advantageous to Eligible Directors. For such issuance or disposal of the common shares of the Company, an agreement on allotment of restricted shares (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director, which shall include the provisions as summarized below:

- (1) An Eligible Director shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) during the period from the issue date of the Allotted Shares to the date on which he/she loses his/her Director or other positions defined by the Board of Directors of the Company (the “Restriction Period”) (the “Transfer Restrictions”).
- (2) In the event that an Eligible Director loses his/her Director or other positions defined by the Board of Directors of the Company before the expiration of the period specified by the Board of Directors (the “Service Provision Period”), the Company shall automatically acquire the Allotted Shares without contribution, unless there is a reason that the Board of Directors deems justifiable.
- (3) The Company shall lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position of Director or other positions defined by the Board of Directors of the Company continuously throughout the Service Provision Period specified by the Board of Directors of the Company.

However, if the Eligible Director loses his/her position as set forth in (2) above before the expiration of the Service Provision Period, for the reason that the Board of Directors deems justifiable as set forth in (2) above, the Company shall rationally adjust the number of the Allotted Shares and the timing of lifting the Transfer Restrictions as necessary.

- (4) The Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted at the expiration of the Restriction Period in accordance with the provision of (3) above.
- (5) Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to 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 other reorganization, etc. are 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 in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the payment date to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.
- (6) In cases specified in (5) above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted in accordance with the provision of (5) above.
- (7) The method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.

