

This document is an unofficial English translation of a part of the Japanese original text of the Notice of the 102nd Annual General Meeting of Shareholders of H₂O RETAILING CORPORATION. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this English translation and the Japanese original, the latter shall prevail.

(Securities Code 8242)

May 31, 2021

Naoya Araki
President and Representative Director
H₂O RETAILING CORPORATION
8-7 Kakuda-cho, Kita-ku, Osaka

Dear shareholders:

Notice of the 102nd Annual General Meeting of Shareholders

You are cordially invited to attend the 102nd Annual General Meeting of Shareholders, the details of which are given below.

Please exercise your voting rights by mail or via the Internet or similar means. You are kindly requested to read the "Information regarding Exercising Voting Rights" (pp. 3-4) and exercise your voting rights by 6:00 p.m. on Monday, June 21, 2021.

Basic Philosophy of the H ₂ O Retailing Group	To remain indispensable to the local communities through our activities of providing a model of lifestyle to local residents
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Details

1. **Date and Time:** Tuesday, June 22, 2021, 10:00 a.m.

2. **Venue:** Main Hall, Umeda Arts Theater

19-1 Chayamachi, Kita-ku, Osaka

* Please see the access map at the end of this document.

3. **Agenda of the Meeting:**

Matters to be Reported

1. Reports on the Business Report, Consolidated Financial Statements, and Financial Statements for the 102nd fiscal term (from April 1, 2020 to March 31, 2021)
2. Report on the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee

Matters to be Resolved

Proposal No. 1: Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 2: Matters to Determine the Amounts and Contents of Stock-compensation-type Stock Options for Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 3: Matters to Determine the Amounts and Contents of Stock-compensation-type Stock Options of Directors who are Audit and Supervisory Committee Members

4. **Notes Regarding How to Exercise Voting Rights:**

Please refer to the "Information regarding Exercising Voting Rights" (pp. 3-4).

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- ◎ When attending the meeting, please submit the enclosed voting card to a receptionist at the venue of the meeting.
 - ◎ "Matters concerning the Company's stock options, etc." in the business report, "notes to consolidated financial statements" in the consolidated financial statements and "notes to financial statements" in the financial statements are posted on the Company's website (<https://www.h2o-retailing.co.jp/ja/ir/stock/meeting.html>) based on the provisions of laws and regulations and Article 16 of the Company's articles of incorporation. Therefore, such information is not included in the documents attached to this convocation notice. The business report, the consolidated financial statements and the financial statements which are audited by the Audit and Supervisory Committee and the accounting auditor include the documents mentioned in those attached to this convocation notice and the matters stated in the Company's website as above.
 - ◎ If necessity arises to amend the reference document for the shareholders meeting, the business report, the consolidated financial statements, or the financial statements by the day prior to the shareholders meeting, any matters amended will be posted on the following website (<https://www.h2o-retailing.co.jp/ja/ir/stock/meeting.html>).
 - ◎ **We already ended the practice of handing out gifts to attendees of the Annual General Meeting of Shareholders. Thank you for your understanding.**

Information regarding Exercising Voting Rights

You can exercise your voting rights by any of the following means.

<p>▶ Exercising voting rights by attending the Annual General Meeting of Shareholders Please submit the enclosed Voting Card to a receptionist at the venue of the Meeting. Please bring this convocation notice with you.</p>
<p>▶ Exercising voting rights by mail Please return the enclosed Voting Card (with approval or disapproval indicated for each proposal) to reach us before the exercise time limit. Any vote without approval or disapproval indicated for a particular proposal will be counted as a vote for approval of the pertinent proposal.</p> <p>Exercise time limit: 6:00 p.m. on Monday, June 21, 2021</p>
<p>▶ Exercising voting rights via the Internet or similar means Please access the voting website which is designated by the Company either by entering the URL (https://evote.tr.mufig.jp/) or by scanning the QR code on the Voting Card with your smartphone and exercise your voting rights before the exercise time limit. If you have any questions, etc., please contact the Help Desk.</p> <p>Exercise time limit: 6:00 p.m. on Monday, June 21, 2021</p>

■ Handling of multiple votes cast by the same shareholder

- (1) If a voting right is exercised both by mail and via the Internet or similar means, the vote cast via the Internet will be considered to be the valid vote.
- (2) If a voting right is exercised via the Internet twice or more, the last vote cast will be considered to be the valid vote. If a voting right is exercised via a personal computer, smartphone, and/or mobile phone, the last vote cast will be considered to be the valid vote.

■ Information regarding the Electronic Voting Platform

For nominee shareholders (including their standing proxies), such as trust banks or custodian banks, the Electronic Voting Platform is also available if they sign up in advance. The platform is operated by ICJ, Inc., a joint venture company established by Tokyo Stock Exchange, Inc. and other companies.

- ◎ **If you are able to attend the annual general meeting of shareholders, it is not necessary to follow the procedures to exercise voting rights by mail or via the Internet or similar means.**
- ◎ **If you choose to exercise your voting rights by proxy, the proxy will be requested to submit a letter of proxy and a Voting Card to a receptionist at the venue of the Meeting. Only a shareholder who has voting rights at the meeting can serve as a proxy.**

■ Exercising voting rights via the Internet or similar means

Scanning the QR code with your smartphone

- (1) Scan the QR code.
Use your smartphone to scan the login QR code found at the bottom right of the enclosed Voting Card.
- (2) Choose the method you wish to use to exercise your voting rights.

A screen asking you to choose how you wish to vote on proposals will be displayed. Choose your desired method.

- (3) Vote on each proposal.

Follow the instructions on the screen to vote on each proposal to complete the process.

You may only scan the QR code to exercise your voting rights once. If you attempt to log in again, you will need to enter the login ID and temporary password printed on the right-hand side of the Voting Card in order to do so.

Entering your login ID and temporary password

- (1) Access the voting website.

<https://evote.tr.mufg.jp/>

- (2) Enter the login ID and temporary password found on the Voting Card.

- (3) After entering a new password and then reentering the same password to confirm, follow the instructions on the screen to vote for each proposal to complete the process.

*Costs arising from accessing the voting website (e.g., Internet connection fees, packet charges) will be borne by shareholders who access the website.

*The voting website will not be available for use from 2:00 a.m. until 5:00 a.m. daily.

For inquiries about the system etc., please contact:

Securities Business Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation

Tel. (toll-free): 0120-173-027 (available from 9:00 a.m. to 9:00 p.m.)

Reference Document for the Shareholders Meeting

Proposals and reference matters

Matters related to Director nomination and compensation

In nominating the Company's Directors and deciding Directors' compensation and other matters, the Company has established a Nominating and Compensation Advisory Committee. Proposals concerning the nomination of Director candidates and the compensation for Directors are examined and recommended to the Board of Directors by the committee and then decided by the board, in view of the basic principles of corporate governance stipulated by the Company.

The Audit and Supervisory Committee has confirmed the administration method of the Nominating and Compensation Advisory Committee and pertinent matters and found nothing to point out in particular.

In accordance with the basic principles of corporate governance, the nomination standards for Director candidates—the "concept of diversity and balance of the Board of Directors" and "standards of independence of outside directors"—have been defined as described below.

(For your reference)

"Concept of diversity and balance of the Board of Directors"

Internal director candidates will be nominated among the personnel of the Company's Group who have appropriate capabilities, experience, and knowledge of planning and execution of the Group's management strategies, financing and accounting, and compliance matters and are regarded as appropriate human resources to sustainably increase the corporate value of the Group and those who are representatives of main subsidiaries, while outside director candidates will be nominated among persons experienced in the corporate management in any industry, attorneys at law, and persons who have expertise useful for the Company Group's business, etc., so that the Board of Directors will maintain an appropriate size to keep its diversity and balance as well as to enable rapid decision-making. At least one Director who is an Audit and Supervisory Committee member will be nominated among persons who have profound experience and extensive knowledge concerning financing and accounting.

"Standards of independence of outside directors"

The Company's outside directors will be determined to be independent, unless they fall under any of the following items:

1. Any person who conducts transactions with the Company and its subsidiaries (hereinafter the "Company Group") as main clients (see Note 1), its executive director, executive officer or equivalent, manager or any other employee (hereinafter the "Executive Person");
2. Any person who is a main client of the Company Group (see Note 2) or its Executive Person;
3. Any professional, including an attorney at law, certified public accountant, tax accountant, or consultant, who receives money or other property benefits in excess of a certain amount (see Note 3), in addition to the remuneration as director or corporate auditor given by the Company Group;
4. Any person who belongs to the audit corporation which is an accounting auditor of the Company Group and actually performs the audit work;
5. The Company's main shareholder (the person holding 10% or more of the voting rights, including indirect holding) or its Executive Person;
6. Any Executive Person of a company of which the Company Group is a main shareholder;
7. In the case where the Company Group's executive director, director who is a full-time Audit and Supervisory Committee member or full-time corporate auditor concurrently works as outside director or outside corporate auditor of other company, any Executive Person of the Company;
8. Any Executive Person of the Hankyu Hanshin Toho Group (including the Company Group);
9. Any person who is granted donation by the Company Group in excess of a certain amount

- (see Note 4), or in the case where any organization, including corporation and association, is granted such donation, its Executive Person;
10. Any person who has fallen under any of the above items, 1 through 9, during the past five years (in the case of the Company Group's Executive Person in above item 8, during the past 10 years);
 11. Any person whose spouse or relative within the second degree falls under any of the above items, 1 through 10, (excluding items 3 and 4, limited to the Important Person (see Note 5)); and
 12. Any person for whom it is found that there are specific reasons to cause a conflict of interest between the person and the Company.

Note 1: "Any person who conducts transactions with the Company Group as main clients" means the Company Group's client who provides products or services to the Company Group and the amount of the client's transactions with the Company Group in the latest business year exceeds 100 million yen or 2% of the client's consolidated annual sales, whichever is larger.

Note 2: "Any person as main client of the Company Group" means: (1) a client to whom the Company Group provides products or services and the amount of the Company Group's transactions with the client in the latest business year exceeds 2% of the Company's consolidated annual sales; or (2) a client to whom the Company Group owes debts and who loans more than 2% of the Company Group's consolidated total assets to the Company Group as of the end of the latest business year.

Note 3: "Certain amount" means: (1) in the case where an individual personally provides the Company Group with professional services and receives consideration (excluding remuneration as director or corporate auditor) from the Company Group in the latest business year, 10 million yen a year; or (2) in the case where the individual belongs to the organization, including corporation and association, which provides the Company Group with services and receives consideration from the Company Group in the latest business year, 2% of the organization's annual total revenues.

Note 4: "Certain amount" means 10 million yen a year in the latest business year.

Note 5: The "Important Person" means an executive person who is a director, executive officer of a company with nominating committee, executive officer or general manager or higher-ranking position, or an executive person who has the authority equivalent to that of the foregoing persons.

Nominating and Compensation Advisory Committee

To ensure fairness and transparency in nominating the Company's Directors and deciding Directors' compensation, the Company has established a Nominating and Compensation Advisory Committee as a voluntary advisory committee for the Board of Directors. The Nominating and Compensation Advisory Committee consists of a plural number of independent outside directors, including Audit and Supervisory Committee members and the President. The composition of the members of the Committee after the General Meeting of Shareholders will continue to be as follows:

Committee members	Chair	Naoshi Ban (Director and Audit and Supervisory Committee Member, independent outside)
	Committee member	Kenjiro Nakano (Director and Audit and Supervisory Committee Member, independent outside)
	Committee member	Naoya Araki (President and Representative Director)

Proposal No. 1: Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all five (5) Directors (excluding Directors who are Audit and Supervisory Committee members; hereinafter the same in this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. It is hereby proposed that five (5) Directors will be elected.

The Director candidates are given below.

Candidate No.	Name	Present position in the Company
1	Atsushi Suzuki	Chairman of the Board <input type="checkbox"/> Subject to re-election
2	Naoya Araki	President and Representative Director <input type="checkbox"/> Subject to re-election
3	Katsuhiro Hayashi	Representative Director and Executive Vice President <input type="checkbox"/> Subject to re-election
4	Toshihiko Yamaguchi	Representative Director <input type="checkbox"/> Subject to re-election
5	Kazuo Sumi	Director <input type="checkbox"/> Subject to re-election

Candidate No.	1	
Atsushi Suzuki (Date of birth: April 5, 1956)		
Subject to re-election	Number of company shares held by the candidate:	26,100
Brief history of positions and duties		
April 1980	Joined Hankyu Department Stores, Inc.	
October 2000	Executive Manager, SC Division, Hankyu Department Stores, Inc.	
April 2003	Representative Director and Senior Managing Executive Officer, Hankyu Shopping Center Development Co., Ltd.	
April 2006	Executive Officer, Hankyu Department Stores, Inc.	
October 2008	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2013	Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.	
March 2014	Director, H ₂ O RETAILING CORPORATION	
April 2014	President and Representative Director, H ₂ O RETAILING CORPORATION	
April 2020	Chairman of the Board, as well as Chair of the Board, H ₂ O RETAILING CORPORATION (present position)	
Reason that he is nominated as Director candidate		
<p>Mr. Atsushi Suzuki has a wide range of work experience, including a career at Hankyu Hanshin Department Stores, Inc., the core of the Company Group, and being involved in the development of shopping centers. During his appointment as President of the Company (from April 2014 to March 2020), he promoted the construction of the food business after the business integration with Izumiya Co., Ltd. In addition, he strengthened governance by shifting to a company that has an audit and supervisory committee. Furthermore, since April 2020, as Chairman of the Company and Chairman of the Board of Directors, he has been working to improve effectiveness by enhancing deliberations at the Board of Directors. He has profound experience and broad knowledge as a management executive, and we have determined that he is appropriate for the sustainable improvement of the Group's corporate value. Therefore, he continues to be nominated as a Director candidate.</p>		

Candidate No.	2	
Naoya Araki (Date of birth: May 14, 1957)		
Subject to re-election	Number of company shares held by the candidate:	13,400
Brief history of positions and duties		
April 1981	Joined Hankyu Department Stores, Inc.	
April 2003	General Manager, Suburban Store Development Office, Hankyu Department Stores, Inc.	
April 2004	Executive Officer, Hankyu Department Stores, Inc.	
October 2008	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
June 2010	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.	
March 2012	President and Representative Director, Hankyu Hanshin Department Stores, Inc.	
June 2012	Representative Director, H ₂ O RETAILING CORPORATION	
April 2020	President and Representative Director, H ₂ O RETAILING CORPORATION (present position)	
April 2020	Chairman and Representative Director, Hankyu Hanshin Department Stores, Inc. (present position)	
Status of concurrent important positions held		
Chairman and Representative Director, Hankyu Hanshin Department Stores, Inc.		
Reason that he is nominated as Director candidate		
<p>After joining Hankyu Department Stores, Inc., Mr. Naoya Araki was mainly involved in developing new stores of Hankyu Hanshin Department Stores, Inc. the core of the Company Group, including the Hakata Hankyu and Nishinomiya Hankyu stores. During his appointment as President of Hankyu Hanshin Department Stores, Inc. (from March 2012 to March 2020), he contributed significantly to the construction of its business foundation by significantly improving the profitability of the department store business, including that of the Hankyu Umeda Main Store. Since April 2020, amid the drastic changes in the business environment due to the COVID-19 pandemic, he formulated a new group vision as the President of H₂O RETAILING CORPORATION and the Chairman of Hankyu Hanshin Department Stores, Inc. We have determined that he is appropriate for the sustainable improvement of the Company Group's corporate value based on his abundant experience, record of accomplishment, and insight, in addition to his exertion of strong leadership in the Group's management strategy as President of H₂O RETAILING CORPORATION. Therefore, he continues to be nominated as a Director candidate.</p>		

Candidate No.	3	
Katsuhiko Hayashi		(Date of birth: January 20, 1958)
Subject to re-election	Number of company shares held by the candidate:	16,900
Brief history of positions and duties		
April 1982	Joined Hankyu Department Stores, Inc.	
April 2002	General Manager, Public Relations Office, Hankyu Department Stores, Inc.	
April 2005	General Manager, Compliance Office, Hankyu Department Stores, Inc.	
June 2009	Director and Executive Officer, H ₂ O RETAILING CORPORATION	
June 2009	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2012	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2014	Director and Managing Executive Officer, H ₂ O RETAILING CORPORATION	
April 2014	Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2015	Representative Director and Senior Managing Executive Officer, H ₂ O RETAILING CORPORATION	
April 2015	In charge of the General Affairs and Human Resources Office (present position) and the Public Relations Office, H ₂ O RETAILING CORPORATION	
April 2015	Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2017	Representative Director and Executive Vice President, H ₂ O RETAILING CORPORATION (present position)	
November 2019	President and Representative Director, H ₂ O Foods Group Co., Ltd. (present position)	
Status of concurrent important positions held		
President and Representative Director, H ₂ O Foods Group Co., Ltd.		
Reason that he is nominated as Director candidate		
<p>Mr. Katsuhiko Hayashi has achieved excellent results in business administration, including those related to human resources, general affairs, public relations, and has good capabilities and knowledge concerning planning and implementation of compliance matters. Since 2019, he has been responsible for the Company Group's food business and serving as President of H₂O Foods Group Co., Ltd., which takes charge of the food business. Furthermore, he has led the structural reform of the food business, including Izumiya's business model conversion into a general merchandise store (GMS) and the organizational restructuring of the overall food business field. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, record of accomplishment, and insight. Therefore, he continues to be nominated as a Director candidate.</p>		

Candidate No.	4	
Toshihiko Yamaguchi		(Date of birth: August 21, 1963)
Subject to re-election	Number of company shares held by the candidate:	5,600
Brief history of positions and duties		
April 1986	Joined Hankyu Department Stores, Inc.	
April 2009	Store Manager, Kawanishi Hankyu Department Store of Hankyu Hanshin Department Stores, Inc.	
April 2011	Sales Service Executive Manager, Yurakucho Hankyu Department Store of Hankyu Hanshin Department Stores, Inc.	
August 2011	Sales Service Executive Manager, Hankyu Men's Tokyo of Hankyu Hanshin Department Stores, Inc.	
April 2012	Store Manager, Hankyu Men's Tokyo of Hankyu Hanshin Department Stores, Inc.	
April 2014	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2018	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2020	President and Representative Director, Hankyu Hanshin Department Stores, Inc. (present position)	
June 2020	Representative Director, H ₂ O RETAILING CORPORATION (present position)	
Status of concurrent important positions held		
President and Representative Director, Hankyu Hanshin Department Stores, Inc.		
Reason that he is nominated as Director candidate		
<p>After joining Hankyu Department Stores, Inc., Mr. Toshihiko Yamaguchi was in charge of a wide range of fields, including the management of main stores, store planning, marketing, and sales for Hankyu Hanshin Department Stores, Inc., the core of the Company Group. Since April 2020, as President of Hankyu Hanshin Department Stores, Inc., amid the drastic changes in the business environment due to the COVID-19 pandemic, he has been leading the creation of new value for department stores. Furthermore, he has been promoting Online Merges with Offline (OMO) strategies. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, record of accomplishment, and insight. Therefore, he continues to be nominated as a Director candidate.</p>		

Candidate No.	5	
Kazuo Sumi		(Date of birth: April 19, 1949)
Subject to re-election	Number of company shares held by the candidate:	28,700
Brief history of positions and duties		
April 1973	Joined Hankyu Corporation (currently Hankyu Hanshin Holdings, Inc.)	
June 2000	Director, Hankyu Corporation	
June 2002	Managing Director, Hankyu Corporation	
June 2003	President and Representative Director, Hankyu Corporation	
October 2007	Director, H ₂ O RETAILING CORPORATION (present position)	
June 2017	Chairman and Representative Director, Group CEO, Hankyu Hanshin Holdings, Inc. (present position)	
Status of concurrent important positions held		
Chairman and Representative Director, Group CEO, Hankyu Hanshin Holdings, Inc. Chairman and Representative Director, Hankyu Corporation Outside Director, ASICS Corporation		
Reason that he is nominated as Director candidate		
Mr. Kazuo Sumi has profound experience and a record of accomplishment as Chairman and Group CEO of Hankyu Hanshin Holdings, Inc. At Board of Directors meetings, he proactively delivers various opinions, recommendations, etc., from the perspective of management and the perspective of management strategy of the Hankyu Hanshin Toho Group. Therefore, he continues to be nominated as Director (non-executive director) candidate so that his capabilities, experience, etc. will be utilized in the management of the Company Group.		

Notes:

1. Mr.Kazuo Sumi (a candidate to be a Director) holds a concurrent position as the Representative Director and Chairman of Hankyu Corporation. The Company has real estate lease contracts with Hankyu Corporation.
2. The Company has no special interest with other candidates.
3. The Company has a liability insurance contract for all of its directors (including directors who are Audit and Supervisory Committee members). The purpose of this insurance is to compensate for the legal damages and dispute costs incurred by the insured due to claims for damages being made to the insured. If director candidates are elected and take office, they will be insured under the insurance policy. The outline of the contents of the insurance contract is also described on page 32 of the business report (*7. Outline of the Contents of the Liability Insurance Contract for Directors, etc.*). The insurance contract was renewed on May 1, 2021, with the same content.
4. On October 1, 2007, our trade name changed from Hankyu Department Stores, Inc. to H₂O RETAILING CORPORATION in line with the transition to a holding company structure (based on the management integration with The Hanshin Department Store, Ltd.). At the same time, a company split was conducted to have the Department Store Business succeeded to a newly established company (Hankyu Department Stores, Inc.).
On October 1, 2008, Hankyu Department Stores, Inc. acquired The Hanshin Department Store, Ltd. through an absorption-type merger, and the trade name changed to Hankyu Hanshin Department Stores, Inc.

References

Matters common to Proposals No. 2 and No. 3

■ Decision policy on the content of individual remuneration for directors

The Company resolved a decision policy on the content of individual remuneration for directors at the Board of Directors meeting held on February 25, 2021. The outline of the resolution is described on pages 33 to 36 of the business report.

■ Proposals No. 2 and No. 3

The revised Companies Act, which came into effect on March 1, 2021, clarified the matters to be resolved regarding stock-compensation-type stock options. In this connection, regarding the amount and content of compensation for stock-compensation-type stock options of the Company's directors approved at the 100th Ordinary General Meeting of Shareholders on June 20, 2019, we would like to add a *Clause for Acquisition of Share Options* and ask for your approval.

In both proposals, the amount and content of compensation for stock-compensation-type stock options (excluding (7) *Provisions for the acquisition of share options*) are the same as those approved at the 100th Ordinary General Meeting of Shareholders. Furthermore, the contents of (7) Provisions for the acquisition of share options are the same as those stipulated in the subscription requirements for stock acquisition rights for current stock-compensation-type stock options.

In addition to the above, the stock-compensation-type stock options will be granted under the basic policy of compensation for directors, etc. stipulated in the Company's basic principles of corporate governance. We consider that both proposals are appropriate.

(Reference)

Share options as stock-compensation-type stock options will be issued to the directors of the Company, subject to your approval for Proposals No. 2 and 3. The same options will also be issued *mutatis mutandis* to the executive officers not concurrently serving as directors of the Company and the directors, corporate auditors (corresponding to Audit and Supervisory Committee members), and executive officers of Hankyu Hanshin Department Stores, Inc., a subsidiary to the Company. All these options are subject to a resolution of the Board of Directors of the Company under the Companies Act.

Proposal No. 2: Matters to Determine the Amounts and Contents of Stock-compensation-type Stock Options for Directors (excluding Directors who are Audit and Supervisory Committee Members)

We wish to set the annual compensation for stock-compensation-type stock options of our directors (excluding directors who are Audit and Supervisory Committee members) to a maximum of 129 million yen (nine million yen for outside directors), separately from the basic compensation. Within this frame, we would like to set the annual compensation for stock-compensation-type stock options with service conditions to a maximum of 93 million yen (nine million yen for outside directors) and the annual compensation amount for stock-compensation-type stock options with performance-linked conditions to a maximum of 36 million yen. No outside directors (excluding directors who are Audit and Supervisory Committee members) have been currently elected. However, in anticipation of the possibility of future appointment, we request your approval to the same amount of remuneration approved at the 100th Ordinary General Meeting of Shareholders.

At the time of the allocation of share options as stock-compensation-type stock options, we plan to grant the compensation claims to the target directors of the same amounts to be paid in set on the fair value and to offset the claims against the debts to pay the amounts.

The number of directors of the Company (excluding directors who are Audit and Supervisory Committee members) shall be five (with no outside directors) if Proposal No. 1 is approved as it is.

■ Details of stock-compensation-type stock options with service conditions

The details of the share options issued to directors (excluding directors who are Audit and Supervisory Committee members) as stock-compensation-type stock options with service conditions will be as follows:

(1) Total number of share options

The total number of share options issued within each business year will be limited to 310.

(2) Type and number of shares as the object of the share options

The type of shares for which the share options are intended will be common shares, and the number of shares for each share option (hereinafter referred to as the "number of shares granted") will be 100. However, if it is necessary to adjust the number of shares to be granted, the Company will make necessary adjustments. Such conditions include cases where the Company conducts a merger, company split, share exchange, or share transfer, a stock split of the Company's common stock (e.g., a gratis allotment of the Company's common stock), and a reverse stock split. The maximum number of shares delivered by exercising share options issued within each business year will be 31,000. If the number of shares to be granted is adjusted, the upper limit will be the number of shares granted after adjustment multiplied by the total number of share options in (1) above.

(3) Value of property to be invested when exercising share options

The value of the property to be invested when exercising each share option will be 1 yen per share that can be delivered by exercising each share option. The amount will be calculated by multiplying this value by the number of shares granted.

(4) Period during which share options can be exercised

The period will be within 30 years from the day following the allotment date of the share options and determined by the Board of Directors of the Company.

(5) Conditions for exercising share options

Within the period stated in (4) above, those to whom share options are allotted will be able to exercise their share options after resigning from any position of director (including Audit and Supervisory Committee members), corporate auditor, or executive officer of the

Company and its subsidiaries. The preceding will apply only if the resignation is due to the expiration of the term of office or any other justifiable reason that the Company approves. The Board of Directors of the Company will determine other conditions for exercising the share options.

(6) Restrictions on acquisition of transferred share options

The acquisition of transferred share options will require the approval of the Board of Directors of the Company.

(7) Provisions for the acquisition of share options

If any of the following proposals (1) to (7) are approved at the General Meeting of Shareholders of the Company (or approved by a resolution of the Board of Directors of the Company in the case the resolution of the General Meeting of Shareholders is not required), the Company will be able to acquire share options free of charge on a date separately determined by the Board of Directors.

1) Proposal to approve a merger agreement in which the Company becomes an extinguished company

2) Proposal to approve a split company agreement or split plan in which the Company becomes a split company

3) Proposal to approve a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary

4) Proposal to approve the amendment of the Articles of Incorporation, which stipulates that the acquisition of transferred shares shall require the Company's approval for all the shares issued by the Company

5) Proposal to approve the amendment of the Articles of Incorporation, which stipulates that the acquisition of transferred shares shall require the Company's approval for the same kind of share as the object of the share options, or that the Company may acquire all the shares of such kind subject to the General Meeting of Shareholders' resolution

6) Proposal to approve the consolidation of shares of the same kind as the object of the share options (limited to the case that fractional shares less than 1 share will be generated as the result of multiplying the number of shares constituting a share unit by the consolidation ratio)

7) Proposal to approve the demand for cash out by special controlling shareholders

(8) Details of the contents of share options and conditions other than the above

Other details regarding share options will be determined by the Board of Directors of the Company.

■ **Details of stock-compensation-type stock options with performance-linked conditions**

The details of the share options issued to executive directors as stock-compensation-type stock options with performance-linked conditions will be as follows:

(1) Total number of share options

The total number of share options issued within each business year will be limited to 120.

(2) Type and number of shares for which share options are intended

The type of shares for which share options are intended will be common stock, and the number of shares for the purpose of each share option (hereinafter referred to as the "number of shares granted") will be 100 shares. However, if it is necessary to adjust the number of shares to be granted, the Company will make necessary adjustments. Such conditions include cases where the Company conducts a merger, company split, share exchange, or share transfer, a stock split of the Company's common stock (e.g., a gratis allotment of the Company's common stock), and a reverse stock split. The maximum number of shares delivered by exercising share options issued within each business year will be 12,000. If the number of shares to be granted is adjusted, the upper limit will be the

number of shares granted after adjustment multiplied by the total number of share options in (1) above.

(3) Value of property to be invested when exercising share options

The value of the property to be invested when exercising each share option will be 1 yen per share that can be delivered by exercising each share option. The amount will be calculated by multiplying this value by the number of shares granted.

(4) Period during which share options can be exercised

The period will be within 30 years from the day following the allotment date of the share options and determined by the Board of Directors of the Company.

(5) Conditions for exercising share options

Share options that can be exercised will be determined within a range of 0 to 100% of the allotted share options. The number of executable share options will depend on the degree of achievement of the management indicators listed in the medium-term plan and other indicators predetermined by the Board of Directors of the Company in the final year of the medium-term plan. Within the period stated in (4) above, those to whom share options are allotted will be able to exercise their share options after resigning from any position of director (including Audit and Supervisory Committee members), corporate auditor, or executive officer of the Company and its subsidiaries. The preceding will apply only if the resignation is due to the expiration of the term of office or any other justifiable reason that the Company approves. The Board of Directors of the Company will determine other conditions for exercising the share options.

(6) Restrictions on acquisition of transferred share options

The acquisition of transferred share options will require the approval of the Board of Directors of the Company.

(7) Provisions for the acquisition of share options

If the following proposals (1) to (7) are approved at the General Meeting of Shareholders of the Company (or approved by a resolution of the Board of Directors of the Company in the case the General Meeting of Shareholders is not required), the Company will be able to acquire share options free of charge on a date separately determined by the Board of Directors.

1) Proposal to approve a merger agreement in which the Company becomes an extinguished company

2) Proposal to approve a split company agreement or split plan in which the Company becomes a split company

3) Proposal to approve a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary

4) Proposal to approve revise the Articles of Incorporation, which stipulates that the acquisition of transferred shares will require the Company's approval for all the shares issued by the Company

5) Proposal to approve the revision of the Articles of Incorporation, which stipulates that the Company's approval is required to acquire the type of shares as the object of the transferred share options, or the Company will acquire all the shares of the type subject to the General Meeting of Shareholders' resolution

6) Proposal to approve the consolidation of shares of the type as the object of the share options (limited to those obtained by multiplying the number of shares constituting a single unit by the consolidation ratio of any fractional share less than 1)

7) Proposal to approve share sale requests by special controlling shareholders

(8) Details of the contents of share options and conditions other than the above

Other details regarding share options will be determined by the Board of Directors of the Company.

Proposal No. 3: Matters to Determine the Amounts and Contents of Stock-compensation-type Stock Options of Directors who are Audit and Supervisory Committee Members

We wish to set the annual compensation for stock-compensation-type stock options of our directors who are Audit and Supervisory Committee members to a maximum of 22.5 million yen, separately from the basic compensation.

At the time of the allocation of share options as stock-compensation-type stock options, we plan to grant the compensation claims to the target directors of the same amount to be paid in set on the fair value and to offset the claims against the debts to pay the amounts. The number of directors who are Audit and Supervisory Committee members will be five.

■ Details of stock-compensation-type stock options with service conditions

The details of the share options issued to directors who are Audit and Supervisory Committee members as stock-compensation-type stock options with service conditions will be as follows:

(1) Total number of share options

The total number of share options issued within each business year will be limited to 75.

(2) Type and number of shares as the object of the share options

The type of shares for which the share options are intended will be common shares, and the number of shares for each share option (hereinafter referred to as the "number of shares granted") will be 100. However, if it is necessary to adjust the number of shares to be granted, the Company will make necessary adjustments. Such conditions include cases where the Company conducts a merger, company split, share exchange, or share transfer, a stock split of the Company's common stock (e.g., a gratis allotment of the Company's common stock), and a reverse stock split. The maximum number of shares delivered by exercising share options issued within each business year will be 7,500. If the number of shares to be granted is adjusted, the upper limit will be the number of shares granted after adjustment multiplied by the total number of share options in (1) above.

(3) Value of property to be invested when exercising share options

The value of the property to be invested when exercising each share option will be 1 yen per share that can be delivered by exercising each share option. The amount will be calculated by multiplying this value by the number of shares granted.

(4) Period during which share options can be exercised

The period will be within 30 years from the day following the allotment date of the share options and determined by the Board of Directors of the Company.

(5) Conditions for exercising share options

Within the period stated in (4) above, those to whom share options are allotted will be able to exercise their share options after resigning from any position of director (including Audit and Supervisory Committee members), corporate auditor, or executive officer of the Company and its subsidiaries. The preceding will apply only if the resignation is due to the expiration of the term of office or any other justifiable reason that the Company approves. The Board of Directors of the Company will determine other conditions for exercising the share options.

(6) Restrictions on acquisition of transferred share options

The acquisition of transferred share options will require the approval of the Board of Directors of the Company.

(7) Provisions for the acquisition of share options

If the following proposals (1) to (7) are approved at the General Meeting of Shareholders of the Company (or approved by a resolution of the Board of Directors of the Company in the case the General Meeting of Shareholders is not required), the Company will be able to

acquire share options free of charge on a date separately determined by the Board of Directors.

- 1) Proposal to approve a merger agreement in which the Company becomes an extinguished company
 - 2) Proposal to approve a split company agreement or split plan in which the Company becomes a split company
 - 3) Proposal to approve a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary
 - 4) Proposal to approve revise the Articles of Incorporation, which stipulates that the acquisition of transferred shares will require the Company's approval for all the shares issued by the Company
 - 5) Proposal to approve the revision of the Articles of Incorporation, which stipulates that the Company's approval is required to acquire the type of shares as the object of the transferred share options, or the Company will acquire all the shares of the type subject to the General Meeting of Shareholders' resolution
 - 6) Proposal to approve the consolidation of shares of the type as the object of the share options (limited to those obtained by multiplying the number of shares constituting a single unit by the consolidation ratio of any fractional share less than 1)
 - 7) Proposal to approve share sale requests by special controlling shareholders
- (8) Details of the contents of share options and conditions other than the above
Other details regarding share options will be determined by the Board of Directors of the Company.