

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 1945

June 7, 2021

To our shareholders:

Tsutomu Kumagai
President
TOKYO ENERGY & SYSTEMS INC.
1-3-1 Nihonbashi Kayabacho, Chuo-ku, Tokyo

Notice of the 74th Annual General Meeting of Shareholders

We are pleased to announce the 74th Annual General Meeting of Shareholders of TOKYO ENERGY & SYSTEMS INC. (the “Company”), which will be held as indicated below.

Apart from attending the meeting on the day, you can exercise your voting rights in one of the methods listed below. We request that you review the following Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:30 p.m. on June 28, 2021 (Monday).

[Exercising your voting rights in writing (by postal mail)]

Indicate your approval or disapproval for each of the proposals on the enclosed Voting Rights Exercise Form and return it to arrive by the deadline noted above.

[Exercising your voting rights via the internet]

Please review the “Guide to Exercising Voting Rights” on pages 68 to 69 (in Japanese only) and enter your approval or disapproval for each of the proposals by the deadline noted above.

- 1. Date and time:** Tuesday, June 29, 2021 at 10:00 a.m. (JST)
- 2. Venue:** Banquet hall “Opal 17” on 17th floor of Main Tower, Shinagawa Prince Hotel
4-10-30 Takanawa, Minato-ku, Tokyo

3. Purposes of the Meeting:

Items to be reported:

1. The Business Report and the Consolidated Financial Statements for the 74th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Non-Consolidated Financial Statements for the 74th fiscal year (from April 1, 2020 to March 31, 2021)

Items to be resolved:

- | | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Amendment to the Articles of Incorporation |
| Proposal No. 3 | Election of Ten Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| Proposal No. 4 | Election of Four Directors Who Are Audit and Supervisory Committee Members |
| Proposal No. 5 | Setting of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| Proposal No. 6 | Setting of Remuneration for Directors Who Are Audit and Supervisory Committee Members |
| Proposal No. 7 | Decision of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members) |

- When attending the meeting in person on the day, you are kindly requested to submit the enclosed Voting Rights Exercise Form to the reception desk at the venue

- Any modifications to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements shall be posted on the Company’s website (<http://www.qtes.co.jp/>)

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company takes a medium to long-term perspective with a basic policy to maintain stable dividends and pays dividends after comprehensive consideration of matters such as performance, the state of internal reserves and preparations for future business developments.

In respect of the year-end dividend for the fiscal year under review, the Company has decided from the perspective of the above policy and to focus on return of profits to our shareholders to pay an ordinary dividend of ¥13.5 per share and an extraordinary dividend of ¥1.5 for a total of ¥15 per share.

Therefore, the dividend for the fiscal year under review, including the interim dividend, shall be ¥28.5 per share.

Matters concerning the year-end dividend

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to shareholders and their aggregate amount
¥15 per common share of the Company
Total amount of dividends: ¥513,240,990
- (3) Effective date of distribution of dividends of surplus
June 30, 2021

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reasons for the proposal

- (1) The Company regards enhancing corporate governance as one of the most important management priorities and has taken steps to increase management transparency and to speed up decision-making. On this occasion, the Company is transitioning to a company with audit and supervisory committee that further increases the soundness and transparency of management, strengthening the oversight of the board of directors with directors who are audit and supervisory committee members having voting rights at the board of directors. Consequently, necessary changes are to be made such as the establishment of new regulations concerning the audit and supervisory committee and audit and supervisory committee members while regulations concerning the audit & supervisory board and audit & supervisory board members are abolished. In addition, as a consequence of the above changes, changes to the article numbers, etc. are required.
- (2) In order to clarify the business details of the Company to be in line with the current state, as well as to respond to future business expansion, the Company proposes to add to and amend the business objectives in Article 2 of the current Articles of Incorporation.

2. Details of amendments

The details of amendments are as follows:

This proposal shall take effect at the conclusion of this General Meeting of Shareholders.

(Amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
Chapter 1 General Provisions	Chapter 1 General Provisions
Articles 1 (Text omitted)	Articles 1 (Unchanged)
(Objective)	(Objective)
Article 2: The Company’s objective shall be to engage in the following businesses.	Article 2: The Company’s objective shall be to engage in the following businesses.
<ol style="list-style-type: none"> 1. Designing and construction of power stations, substations, transmission and distribution facilities, and general electric facilities 2. Designing and construction of telecommunications facilities 3. Designing and construction of chemical machinery, water treatment facilities, and other facilities 4. Planning and execution of civil engineering and construction works 5. <u>Production, distribution, rental, maintenance, and management of machinery, tools, and materials relevant to each of the foregoing</u> 6. Power supply business 7. Worker dispatch business 8. Selling, buying, <u>rental</u>, and management of real estate 9. Making an investment in other businesses and acting as a company promoter 10. Any and all businesses relevant to each of the foregoing 	<ol style="list-style-type: none"> 1. Designing and construction of power stations, substations, transmission and distribution facilities, and general electric facilities 2. Designing and construction of telecommunications facilities 3. Designing and construction of chemical machinery, water treatment facilities, and other facilities 4. Planning and execution of civil engineering and construction works 5. <u>Operation, maintenance, and management of facilities relevant to each of the foregoing</u> 6. <u>Production, distribution, and rental of machinery tools, materials, and fuel</u> 7. Power supply business 8. Worker dispatch business 9. Selling, buying, <u>leasing out</u>, and management of real estate 10. Making an investment in other businesses and acting as a company promoter 11. Any and all businesses relevant to each of the foregoing

Current Articles of Incorporation	Proposed Amendments
<p>Articles 3 (Text omitted)</p> <p>(Organizations)</p> <p>Article 4: The Company shall have the following organizations in addition to shareholders' meeting and directors.</p> <p>(1) Board of directors</p> <p>(2) <u>Audit & supervisory board member</u></p> <p>(3) <u>Audit & supervisory board</u></p> <p>(4) Accounting auditor</p> <p>Articles 5 (Text omitted)</p> <p style="text-align: center;">Chapter 2 Shares</p> <p>Articles 6 – 12 (Text omitted)</p> <p style="text-align: center;">Chapter 3 Shareholders' Meeting</p> <p>Articles 13 – 15 (Text omitted)</p> <p>(Convener and chairperson)</p> <p>Article 16: A shareholder's meeting shall be convened by the president, who acts as chairperson, according to the resolution of the board meeting.</p> <p>If the president has an accident, another director shall, based on an order predetermined by the board of directors, convene the meeting and act as chairperson.</p> <p>If the Company has a board chairman, "the president" in the preceding paragraphs shall be replaced with "the board chairman."</p> <p>Articles 17 – 19 (Text omitted)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>(Number of directors)</p> <p>Article 20: The Company shall have twelve or less directors.</p> <p style="text-align: center;">(Newly established)</p>	<p>Articles 3 (Unchanged)</p> <p>(Organizations)</p> <p>Article 4: The Company shall have the following organizations in addition to shareholders' meeting and directors.</p> <p>(1) Board of directors</p> <p>(2) <u>Audit and supervisory committee</u> (Deleted)</p> <p>(3) Accounting auditor</p> <p>Articles 5 (Unchanged)</p> <p style="text-align: center;">Chapter 2 Shares</p> <p>Articles 6 – 12 (Unchanged)</p> <p style="text-align: center;">Chapter 3 Shareholders' Meeting</p> <p>Articles 13 – 15 (Unchanged)</p> <p>(Person with authority to convene and chairperson)</p> <p>Article 16: A shareholder's meeting shall be convened by the president, who acts as chairperson, according to the resolution of the board meeting.</p> <p>If the president has an accident, another director shall, based on an order predetermined by the board of directors, convene the meeting and act as chairperson.</p> <p>If the Company has a board chairman, "the president" in the preceding paragraphs shall be replaced with "the board chairman."</p> <p>Articles 17 – 19 (Unchanged)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>(Number of directors)</p> <p>Article 20: The Company shall have twelve or less directors <u>(excluding directors who are audit and supervisory committee members)</u>. <u>The Company shall have five or less directors who are audit and supervisory committee members.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Election)</p> <p>Article 21: Directors shall be elected according to the resolution of shareholders' meeting. Directors shall be elected at a shareholders meeting at which shareholders representing at least one-third of all shares with voting rights are in attendance and shall require a vote gaining the majority of voting rights from the shareholders. Directors shall not be elected by cumulative vote.</p>	<p>(Election)</p> <p>Article 21: Directors shall be elected according to the resolution of shareholders' meeting, <u>distinguishing between directors who are audit and supervisory committee members and other directors.</u> Directors shall be elected at a shareholders meeting at which shareholders representing at least one-third of all shares with voting rights are in attendance and shall require a vote gaining the majority of voting rights from the shareholders. Directors shall not be elected by cumulative vote.</p>
<p>(Term of office)</p> <p>Article 22: The term of office of directors, shall be until the end of the annual shareholders' meeting for the final business year ending within one year of the director's election. <u>The term of office of directors elected as increased personnel or replacements shall be the same as the remaining term of office of the incumbent directors.</u></p>	<p>(Term of office)</p> <p>Article 22: The term of office of directors (<u>excluding directors who are audit and supervisory committee members</u>), shall be until the end of the annual shareholders' meeting for the final business year ending within one year of the director's election. <u>The term of office of directors who are audit and supervisory committee members, shall be until the end of the annual shareholders' meeting for the final business year ending within two years of the director's election.</u> <u>The term of office of a director who is an audit and supervisory committee member replacing a director who is an audit and supervisory committee member who resigns his/her post mid-term shall be the remainder of the term for the previous director who was an audit and supervisory committee member.</u> <u>The effective term of the resolution for the election of a director who is a substitute audit and supervisory committee member elected in accordance with Article 329, Clause 3 of the Companies Act shall be, unless shorted by such resolution, until the end of the annual shareholders' meeting for the final business year ending within two years of the director's election.</u></p>
<p>(Representative director and executive directors)</p> <p>Article 23: The representative director of the Company shall be elected according to the resolution of the board of directors. A president, a board chairman, and a certain number of vice-presidents and executive directors may be elected according to the resolution of the board of directors.</p>	<p>(Representative director and executive directors)</p> <p>Article 23: The representative director of the Company shall be elected <u>from among the directors (excluding directors who are audit and supervisory committee members)</u> according to the resolution of the board of directors. A president, a board chairman, and a certain number of vice-presidents and executive directors may be elected <u>from among the directors (excluding directors who are audit and supervisory committee members)</u> according to the resolution of the board of directors.</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Convener and chairperson)</u></p> <p>Article 24: A board meeting may be convened by the president, who shall be appointed as chairperson. If the president has an accident, another director shall, based on an order predetermined by the board of directors, convene the meeting and act as chairperson. If the Company has a board chairman, “the president” in the preceding paragraphs shall be replaced with “the board chairman.”</p> <p>Articles 25 (Text omitted)</p>	<p><u>(Person with authority to convene the board of directors and chairperson)</u></p> <p>Article 24: A board meeting may be convened by the president, who shall be appointed as chairperson. If the president has an accident, another director shall, based on an order predetermined by the board of directors, convene the meeting and act as chairperson. If the Company has a board chairman, “the president” in the preceding paragraphs shall be replaced with “the board chairman.”</p> <p>Articles 25 (Unchanged)</p>
<p><u>(Notification of convocation)</u></p> <p>Article 26: Notices of convocation of the board of directors shall be issued to each director <u>and audit & supervisory board members</u> no later than three days before the date of the meeting. However, this may be shortened in cases requiring urgency. Board of directors may be held without convocation procedures if the consent of all directors <u>and audit & supervisory board members</u> has been obtained.</p> <p>Articles 27 (Text omitted)</p>	<p><u>(Notification of convocation of the board of directors)</u></p> <p>Article 26: Notices of convocation of the board of directors shall be issued to each director no later than three days before the date of the meeting. However, this may be shortened in cases requiring urgency. Board of directors may be held without convocation procedures if the consent of all directors has been obtained.</p> <p>Articles 27 (Unchanged)</p>
<p>(Newly established)</p> <p>Articles 28 (Text omitted)</p>	<p><u>(Delegation to directors)</u></p> <p>Article 28: Under Article 399-13, Clause 6 of the <u>Companies Act, the Company may delegate all or some of decisions concerning the execution of important operations (excluding matters listed in the items under Clause 5 of said article) to directors by resolution of the board of directors.</u></p> <p>Articles 29 (Unchanged)</p>
<p><u>(Remunerations)</u></p> <p>Article 29: Remuneration, bonuses and other financial benefits provided by the Company as consideration for the execution of duties <u>(hereinafter referred to as “remunerations”)</u> shall be paid to directors according to the resolution of the shareholders’ meeting.</p> <p>Articles 30 (Text omitted)</p>	<p><u>(Remunerations)</u></p> <p>Article 30: Remuneration, bonuses and other financial benefits provided by the Company as consideration for the execution of duties shall be paid to directors, <u>distinguishing between directors who are audit and supervisory committee members and other directors,</u> according to the resolution of the shareholders’ meeting.</p> <p>Articles 31 (Unchanged)</p>
<p>Articles 30 (Text omitted)</p>	<p>Articles 31 (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Chapter 5 Audit & Supervisory Board Members and Audit & Supervisory Board</u></p>	(Deleted)
<p><u>(Number)</u></p>	(Deleted)
<p><u>Article 31: The Company shall have four or less audit & supervisory board members.</u></p>	
<p><u>(Election)</u></p>	(Deleted)
<p><u>Article 32: Audit & supervisory board members shall be elected according to the resolution of shareholders' meeting.</u> <u>Audit & supervisory board members shall be elected at a shareholders' meeting at which shareholders representing at least one-third of all shares with voting rights are in attendance and shall require a vote gaining the majority of voting rights from the shareholders.</u></p>	
<p><u>(Term of office)</u></p>	(Deleted)
<p><u>Article 33: The term of office of audit & supervisory board members shall be until the end of the annual shareholders' meeting for the final business year ending within four years of the director's election.</u> <u>The term of office of audit & supervisory board members replacing an auditor that resigns his/her post mid-term shall be the remainder of the term for the previous audit & supervisory board member.</u></p>	
<p><u>(Full-time audit & supervisory board members)</u></p>	(Deleted)
<p><u>Article 34: A full-time audit & supervisory board member shall be elected according to the resolution of meeting of audit & supervisory board.</u></p>	
<p><u>(Convocation)</u></p>	(Deleted)
<p><u>Article 35: Notices of convocation of a meeting of the audit & supervisory board shall be issued to each audit & supervisory board member no later than three days before the date of the meeting. However, this may be shortened in cases requiring urgency.</u> <u>Audit & supervisory board may be held without convocation procedures if the consent of all audit & supervisory board members has been obtained.</u></p>	
<p><u>(Regulations for audit & supervisory board)</u></p>	(Deleted)
<p><u>Article 36: Matters concerning the audit & supervisory board shall be governed by the laws, the articles of incorporation, or the regulations enacted by the audit & supervisory board.</u></p>	

Current Articles of Incorporation	Proposed Amendments
<p><u>(Remunerations)</u></p> <p><u>Article 37: Remunerations shall be paid to audit & supervisory board members according to the resolutions of the shareholders' meeting.</u></p> <p><u>(Audit & supervisory board members' no liability for the Company)</u></p> <p><u>Article 38: According to the provisions of Article 426, Clause 1 of the Companies Act, the Company may discharge an audit & supervisory board member (including those who used to be an audit & supervisory board member) from liability for damage prescribed by Article 423, Clause 1 of the Companies Act to the full extent of the law after the board of directors adopts a resolution as long as the audit & supervisory board member concerned assumes the duties with good intentions and the damage is not caused by his/her gross negligence.</u></p> <p><u>According to the provisions of Article 427, Clause 1 of the Companies Act, the Company may make an agreement, which limits the liability prescribed by Article 423, Clause 1 of the Companies Act to the full extent of the law, with audit & supervisory board members as long as the audit & supervisory board members concerned assume the duties with good intentions and the damage is not caused by their gross negligence.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>Chapter 5 Audit and Supervisory Committee</u></p>
<p>(Newly established)</p>	<p><u>(Full-time audit and supervisory committee members)</u></p> <p><u>Article 32: A full-time audit and supervisory committee member shall be elected according to the resolution of meeting of the audit and supervisory committee.</u></p>
<p>(Newly established)</p>	<p><u>(Notification of convocation of audit and supervisory committee)</u></p> <p><u>Article 33: Notices of convocation of a meeting of the audit and supervisory committee shall be issued to each audit and supervisory committee member no later than three days before the date of the meeting. However, this may be shortened in cases requiring urgency.</u></p> <p><u>The audit and supervisory committee may be held without convocation procedures if the consent of all audit and supervisory committee members has been obtained.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>Chapter 6 Accounting</p> <p><u>Articles 39 – 42</u> (Text omitted)</p> <p>Revised on <u>February 1, 2017</u></p> <p>(Newly established)</p>	<p><u>(Regulations for audit and supervisory committee)</u></p> <p><u>Article 34: Matters concerning the audit and supervisory committee shall be governed by the laws, the articles of incorporation, or the regulations enacted by the audit and supervisory committee.</u></p> <p>Chapter 6 Accounting</p> <p><u>Articles 35 – 38</u> (Unchanged)</p> <p>Revised on <u>June 29, 2021</u></p> <p><u>Supplementary Provisions</u></p> <p><u>(Transitional Measure concerning Exemption from and Limitation of Liability of Audit & Supervisory Board Members)</u></p> <p><u>1 The Company, by resolution of the board of directors, may discharge audit & supervisory board members (including former audit & supervisory board members) from liability for damages prescribed in Article 423, Clause 1 of the Companies Act to the full extent of the law, for acts before the conclusion of the 74th annual shareholders’ meeting.</u></p> <p><u>2 The agreements entered into with audit & supervisory board members (including former audit & supervisory board members) to limit their liability prescribed in Article 423, Clause 1 of the Companies Act for acts before the conclusion of the 74th annual shareholders’ meeting shall be in accordance with Article 38 of the articles of incorporation before amendment by resolution at this annual shareholders’ meeting.</u></p>

Proposal No. 3 Election of Ten Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all nine Directors will expire at the conclusion of this General Meeting of Shareholders. In addition, subject to the approval of Proposal No. 2 “Amendment to the Articles of Incorporation” as originally proposed, the Company will transition to a company with Audit and Supervisory Committee. Therefore, the Company proposes the election of ten Directors (excluding Directors who are Audit and Supervisory Committee members) after the transition.

This proposal shall come into effect when Proposal No. 2 “Amendment to the Articles of Incorporation” comes into effect.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee members) are as follows.

No.	Name	Current position in the Company
1	<u>Reelection</u> Tsutomu Kumagai	President and Chief Executive Officer
2	<u>Reelection</u> Toshiaki Majima	Senior Vice President and Chief Operating Officer Executive General Manager of Corporate Planning Division
3	<u>Reelection</u> Yasushi Suzuki	Director and Managing Executive Officer Executive General Manager of Energy and Industry Division
4	<u>Reelection</u> Soichiro Horikawa	Director and Managing Executive Officer Acting Executive General Manager of Electric Power Division, General Manager of Electric Power Sales Department, and General Manager of Overseas Division
5	<u>Reelection</u> Shinsuke Unno	Director and Managing Executive Officer
6	<u>Reelection</u> Yasuki Ogawa	Director and Managing Executive Officer Executive General Manager of Electric Power Division
7	<u>Reelection</u> Hitoshi Tanaka <u>Outside</u> <u>Independent</u>	Director
8	<u>Reelection</u> Makoto Sugimachi <u>Outside</u> <u>Independent</u>	Director
9	<u>New election</u> Shinji Igarashi	Senior Executive Officer Deputy Executive General Manager of Nuclear Power Division
10	<u>New election</u> Shigeru Nishiyama <u>Outside</u> <u>Independent</u>	—

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Tsutomu Kumagai (February 21, 1961)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1985 Joined Tokyo Electric Power Co., Inc.</p> <p>June 2012 General Manager of Electrical Engineering Dept., Power System Division</p> <p>June 2014 General Manager of Saitama Branch Office</p> <p>July 2015 Executive Officer, President of Saitama Branch, Power Grid Company</p> <p>Apr. 2016 President of Saitama Branch, TEPCO Power Grid, Incorporated (treated as equivalent to Managing Director)</p> <p>June 2016 President of the Company</p> <p>June 2017 President and Chief Executive Officer (current position)</p>	17,900 shares
<p><Reasons for nomination as candidate for Director></p> <p>Mr. Tsutomu Kumagai has implemented various measures under his strong leadership as President. The Company asks shareholders to elect Mr. Kumagai so that he may continue to serve as a Director in order to promote the 2021 Mid-term Management Plan and drive the further growth and development of the Group.</p>			
2	<p style="text-align: center;">Toshiaki Majima (October 20, 1963)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1988 Joined Tokyo Electric Power Co., Inc.</p> <p>July 2011 General Manager of Narita Service Center, Chiba Branch Office</p> <p>July 2014 Technology Integration Dept., Head Office (in charge of Technological Innovations)</p> <p>July 2016 Business Management Office, Corporate Planning Unit Group (in charge of Technology and Operational Innovation Promotion)</p> <p>June 2017 Executive Managing Director of TEPCO Fuel & Power, Incorporated</p> <p>Apr. 2019 Associate Director of Tokyo Electric Power Company Holdings, Incorporated</p> <p>June 2019 Senior Vice President and Chief Operating Officer in charge of New Business Development of the Company</p> <p>Oct. 2020 Senior Vice President, Chief Operating Officer and Executive General Manager of Corporate Planning Division (current position)</p>	6,000 shares
<p><Reasons for nomination as candidate for Director></p> <p>Mr. Toshiaki Majima has been involved in the electric power industry for many years and has abundant experience and knowledge in the thermal power and energy solution businesses, and a character appropriate to assume the management of the Company. Based on these achievements, the Company believes that Mr. Majima will be able to appropriately perform his duties as a Director. Accordingly, the Company asks shareholders to elect Mr. Majima so that he may continue in the role of Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p data-bbox="343 524 531 584">Yasushi Suzuki (October 21, 1959)</p> <p data-bbox="384 616 489 645">Reelection</p>	<p data-bbox="612 264 975 293">Apr. 1982 Joined the Company</p> <p data-bbox="612 300 1177 360">June 2015 General Manager of Sales Administration Department, Sales Division</p> <p data-bbox="612 367 1209 427">June 2016 Executive Officer, General Manager of Sales Administration Department, Sales Division</p> <p data-bbox="612 434 1193 517">June 2017 Senior Executive Officer, Acting Executive General Manager of Energy and Industry Division</p> <p data-bbox="612 524 1219 651">June 2019 Director and Managing Executive Officer, Executive General Manager of Sales Division and Acting Executive General Manager of Energy and Industry Division</p> <p data-bbox="612 658 1225 808">Dec. 2019 Director and Managing Executive Officer, Executive General Manager of Sales Division, Acting Executive General Manager of Energy and Industry Division, and Supervising Manager of Energy and Industry Division</p> <p data-bbox="612 815 1187 898">Oct. 2020 Director and Managing Executive Officer, Executive General Manager of Energy and Industry Division (current position)</p>	5,400 shares
<p data-bbox="277 920 783 949"><Reasons for nomination as candidate for Director></p> <p data-bbox="277 956 1433 1055">Mr. Yasushi Suzuki has abundant experience and knowledge in sales departments, energy and industrial sectors, and a character appropriate to assume the management of the Company. Based on these achievements, the Company believes that Mr. Suzuki will be able to appropriately perform his duties as a Director. Accordingly, the Company asks shareholders to elect Mr. Suzuki so that he may continue in the role of Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	Soichiro Horikawa (December 16, 1963) <u>Reelection</u>	Jan. 1989 Joined the Company June 2015 General Manager of Renewable Energy Project Department, Energy and Industry Division Feb. 2017 Executive Officer, General Manager of Renewable Energy Project Department and International Department, Energy and Industry Division June 2018 Senior Executive Officer, Deputy Executive General Manager of Energy and Industry Division (in charge of Architecture), General Manager of Project I Department, General Manager of International Department and Deputy Executive General Manager of Sales Division June 2019 Director and Managing Executive Officer, Deputy Executive General Manager of Energy and Industry Division (in charge of Architecture), General Manager of International Department and Deputy Executive General Manager of Sales Division Apr. 2020 Director and President of Tokyo Enesys (Thailand) Co., Ltd. Oct. 2020 Director and Managing Executive Officer, Acting Executive General Manager of Electric Power Division, General Manager of Electric Power Sales Department, and General Manager of Overseas Division of the Company (current position)	5,500 shares
<p><Reasons for nomination as candidate for Director> Mr. Soichiro Horikawa has abundant experience and knowledge of construction work for renewable energy, thermal power generation facilities and overseas construction work, and a character appropriate to assume the management of the Company. Based on these achievements, the Company believes that Mr. Horikawa will be able to appropriately perform his duties as a Director. Accordingly, the Company asks shareholders to elect Mr. Horikawa so that he may continue in the role of Director.</p>			
5	Shinsuke Unno (February 11, 1960) <u>Reelection</u>	Apr. 1985 Joined Tokyo Electric Power Co., Inc. July 2012 General Manager of Sagami-hara Service Center, Kanagawa Branch Office June 2014 General Manager of Secretariat Department June 2017 Auditor of Tokyo Power Technology Ltd. June 2018 Senior Executive Officer in charge of Personnel & Organizational Reform of the Company June 2019 Managing Executive Officer in charge of Personnel & Organizational Reform June 2020 Director and Managing Executive Officer (current position)	1,700 shares
<p><Reasons for nomination as candidate for Director> Mr. Shinsuke Unno has a wealth of experience and expertise in general affairs and accounting over many years, and a character appropriate to assume the management of the Company. Based on these achievements, the Company believes that Mr. Unno will be able to appropriately perform his duties as a Director. Accordingly, the Company asks shareholders to elect Mr. Unno so that he may continue in the role of Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<p style="text-align: center;">Yasuki Ogawa (February 16, 1961)</p> <p style="text-align: center;">[Reelection]</p>	<p>Apr. 1985 Joined Tokyo Electric Power Co., Inc.</p> <p>Oct. 2012 General Manager of Minami Yokohama Thermal Power Plant, West Thermal Power Generation Office</p> <p>June 2014 General Manager of Sodegaura Thermal Power Plant, East Thermal Power Generation Office</p> <p>June 2016 Representative Director and President of Hitachinaka Generation Corporation, seconded from Corporate Planning Office of TEPCO Fuel & Power, Incorporated</p> <p>June 2019 Senior Executive Officer and Deputy Executive General Manager of Energy and Industry Division of the Company</p> <p>June 2020 Director and Managing Executive Officer, Deputy Executive General Manager of Energy and Industry Division and Manager of SAKAIMINATO Biomass Power Station Project</p> <p>Oct. 2020 Director and Managing Executive Officer, Executive General Manager of Electric Power Division (current position)</p>	2,600 shares
<p><Reasons for nomination as candidate for Director> Mr. Yasuki Ogawa has been involved in the electric power industry for many years and has abundant experience and knowledge in the thermal power business, and a character appropriate to assume the management of the Company. Based on these achievements, the Company believes that Mr. Ogawa will be able to appropriately perform his duties as a Director. Accordingly, the Company asks shareholders to elect Mr. Ogawa so that he may continue in the role of Director.</p>			
7	<p style="text-align: center;">Hitoshi Tanaka (July 28, 1950)</p> <p style="text-align: center;">[Reelection]</p> <p style="text-align: center;">[Outside]</p> <p style="text-align: center;">[Independent]</p>	<p>Apr. 1976 Registered as an attorney-at law</p> <p>Apr. 1976 Joined Naritomi Sogo Law Office (currently Marunouchi Minami Law Office)</p> <p>Oct. 2003 Representative (current position)</p> <p>June 2014 Outside Director of the Company (current position)</p> <p><Significant concurrent positions outside the Company> Attorney at law (Marunouchi Minami Law Office) Outside Director (Audit and Supervisory Committee Member) of SUMCO CORPORATION</p>	2,100 shares
<p><Reasons for nomination as candidate for outside Director and overview of expected roles> Although Mr. Hitoshi Tanaka has no direct experience of being involved in corporate management, he brings abundant experience and knowledge as a lawyer. Consequently, Mr. Tanaka has fulfilled his role in supervising business execution from an objective and professional perspective based on his experience and knowledge. Based on these achievements, the Company judges that he can appropriately perform his duties as an Outside Director. Accordingly, the Company asks shareholders to elect Mr. Tanaka so that he may continue in the role of Outside Director. Mr. Tanaka's term of office as an Outside Director of the Company will be seven years at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
8	<p>Makoto Sugimachi (August 14, 1956)</p> <p><u>Reelection</u></p> <p><u>Outside</u></p> <p><u>Independent</u></p>	<p>Apr. 1980 Joined Tokio Marine Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)</p> <p>June 2007 General Manager of Yokohama Chuo Branch</p> <p>July 2009 Administrative Officer and General Manager of Nagoya Sales Department III</p> <p>June 2010 Executive Officer</p> <p>June 2011 Managing Executive Officer</p> <p>Apr. 2014 Managing Director</p> <p>Apr. 2015 Managing Executive Officer</p> <p>Apr. 2016 Senior Managing Executive Officer</p> <p>June 2016 Director and President of Japan Earthquake Reinsurance Co., Ltd.</p> <p>June 2020 Outside Director of the Company (current position)</p> <p><Significant concurrent positions outside the Company> Outside Director (Audit and Supervisory Committee Member) of ipet Insurance Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of ipet Holdings, Inc.</p>	0 shares
<p><Reasons for nomination as candidate for outside Director and overview of expected roles> Mr. Makoto Sugimachi has a wealth of experience and expertise as an officer of a general insurance company, and based on this experience and expertise he has fulfilled the role of supervising the execution of business from an objective and professional perspective. Based on these achievements, the Company believes that Mr. Sugimachi will be able to appropriately perform his duties as an Outside Director. Accordingly, the Company asks shareholders to elect Mr. Sugimachi so that he may continue in the role of Outside Director. Mr. Sugimachi's term of office as an Outside Director of the Company will be one year at the conclusion of this General Meeting of Shareholders.</p>			
9	<p>Shinji Igarashi (July 4, 1958)</p> <p><u>New election</u></p>	<p>Apr. 1981 Joined Tokyo Electric Power Co., Inc.</p> <p>July 2009 Unit Manager (Unit 5-7) of Kashiwazaki- Kariwa Nuclear Power Plant</p> <p>June 2013 General Manager of Nuclear Operation Management Department, Nuclear Location Division, Head Office</p> <p>Apr. 2016 General Manager of Nuclear Operation Management Department, Nuclear Location Division, Tokyo Electric Power Company Holdings, Incorporated</p> <p>June 2017 Director and General Manager of Design Development Department, Nuclear Fuel Transport Company, Ltd.</p> <p>June 2019 Managing Director and General Manager of Rokkasho Transport Operations Office, in charge of Aomori District</p> <p>June 2020 Senior Executive Officer and Deputy Executive General Manager of Nuclear Power Division of the Company (current position)</p>	200 shares
<p><Reasons for nomination as candidate for Director> Mr. Shinji Igarashi has been involved in the electric power industry for many years and has abundant experience and knowledge of the nuclear power business and a character appropriate to assume the management of the Company. Based on these achievements, the Company believes that Mr. Igarashi will be able to appropriately perform his duties as a Director. Accordingly, the Company asks shareholders to elect Mr. Igarashi so that he be newly appointed as Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
10	Shigeru Nishiyama (October 27, 1961) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New election</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent</div>	Apr. 1984 Joined Sanwa & Co. (currently Deloitte Touche Tohmatsu LLC) Mar. 1987 Registered as a certified public accountant (Japan) Apr. 2002 Associate Professor, Waseda Business School Apr. 2006 Professor, Waseda Business School (current position) <Significant concurrent positions outside the Company> Professor, Waseda Business School Outside Director (Audit and Supervisory Committee Member), UNIPRES CORPORATION Outside Director (Audit Committee Member, Remuneration Committee Member), Macromill, Inc. External Audit & Supervisory Board Member, Marubeni Corporation	0 shares
<Reasons for nomination as candidate for outside Director and overview of expected roles> Mr. Shigeru Nishiyama has expertise, experience and knowledge in accounting and finance, as well as a wealth of experience in outside officer and other roles at various companies. Thus, the Company believes that he will fulfill the role of supervising the execution of business from an objective and professional perspective based on such knowledge and experience. Accordingly, the Company asks shareholders to elect Mr. Nishiyama so that he be newly appointed as Outside Director.			

- (Notes)
1. Mr. Makoto Sugimachi, candidate for Outside Director, was an executive of Tokio Marine & Nichido Fire Insurance Co. until June 2016. The value of transactions with that company for the fiscal year ended March 31, 2021 was less than 1% of consolidated net sales.
 2. There are no special interests between the candidates and the Company.
 3. Mr. Hitoshi Tanaka, Mr. Makoto Sugimachi, and Mr. Shigeru Nishiyama are candidates for Outside Director.
 4. Mr. Hitoshi Tanaka and Mr. Makoto Sugimachi are registered as independent directors in accordance with the regulations of Tokyo Stock Exchange, Inc. If the election of both candidates is approved, they will continue to serve as independent directors. In addition, Mr. Shigeru Nishiyama satisfies the requirements to serve as an independent director as stipulated by the Tokyo Stock Exchange, Inc. and, if appointed, will be reported as an independent director.
 5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Hitoshi Tanaka and Mr. Makoto Sugimachi to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. Under these agreements, the maximum amount of liability for damages is the minimum total liability provided for under laws and regulations. If the election of both Mr. Hitoshi Tanaka and Mr. Makoto Sugimachi is approved, the Company plans to continue the said agreements with both of them. In addition, if the election of Mr. Shigeru Nishiyama is approved, the Company plans to enter into a similar agreement to limit his liability for damages as a Director.
 6. The Company has entered into a liability insurance contract with an insurance company for directors and corporate officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The aforementioned insurance agreement covers the insured directors' and corporate officers' damages against claims for damages arising from the execution of their duties (excluding compensation for damages arising from acts committed with the knowledge that such acts violate laws and regulations). All candidates will be included as insured persons in the aforementioned insurance agreement. In addition, the Company intends to renew the agreement with the same details at the time of the next renewal.

Proposal No. 4 Election of Four Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal No. 2 “Amendment to the Articles of Incorporation,” as originally proposed, the Company will transition to a company with Audit and Supervisory Committee, and the Company proposes the election of four Directors who will serve as Audit and Supervisory Committee members after the transition.

The Company has obtained the consent of the Audit & Supervisory Board for this proposal.

This proposal shall come into effect when Proposal No. 2 “Amendment to the Articles of Incorporation” comes into effect.

The nominees for the positions of Directors Who Are Audit and Supervisory Committee members are as follows.

No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company’s shares owned	
1	Shinji Shiina (November 8, 1958) <u>New election</u>	Apr. 1981 Feb. 2008 June 2013 June 2017 June 2018	Joined the Company General Manager of Administration Department Executive Officer, General Manager of Administration Department Executive Officer in charge of Administration Department and Procurement Center Full-time Audit & Supervisory Board Member (current position)	8,500 shares
		<p><Reasons for nomination as candidate for Director who is Audit and Supervisory Committee Member> Mr. Shinji Shiina has served in roles such as General Manager of the Administration Department of the Company and has extensive experience and knowledge in corporate legal affairs. Mr. Shiina has expressed his opinions from a fair and objective standpoint and has fulfilled the role of auditing business execution as an audit & supervisory board member. Based on these achievements, the Company believes that he will be able to appropriately perform his duties as an Audit and Supervisory Committee member. Accordingly, the Company asks shareholders to elect Mr. Shiina so that he be newly appointed as a Director and Audit and Supervisory Committee member.</p>		
2	Yoshiaki Inagaki (March 17, 1958) <u>New election</u> <u>Outside</u> <u>Independent</u>	Apr. 1982 July 2004 June 2007 June 2012 Feb. 2014 June 2017 June 2020	Joined Tokyo Electric Power Co., Inc. General Manager of General Affairs Department, Saitama Branch Office General Manager of Utsunomiya Service Center, Tochigi Branch Office General Manager of Office of Audit Committee Executive Officer, Nuclear Damage Compensation Facilitation Corporation (currently Nuclear Damage Compensation and Decommissioning Facilitation Corporation) Corporate Auditor, TEPCO LAND MANAGEMENT CORPORATION Full-time Audit & Supervisory Board Member of the Company (current position)	400 shares
		<p><Reasons for nomination as candidate for outside Director who is Audit and Supervisory Committee Member and overview of expected roles> Mr. Yoshiaki Inagaki has been involved in the electric power industry for many years and has extensive experience and knowledge in general affairs and auditing. He expresses his opinions from a fair and objective standpoint and fulfills the role of auditing business execution as an audit & supervisory board member. Based on these achievements, the Company believes that Mr. Inagaki will be able to appropriately perform his duties as an Outside Director on the Audit Committee. Accordingly, the Company asks shareholders to elect Mr. Inagaki so that he be newly appointed as a Director and Audit and Supervisory Committee member. Mr. Inagaki is currently an outside company auditor of the Company, but his term of office as an outside company auditor shall be one year at the conclusion of this General Meeting of Shareholders.</p>		

No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Teruoki Ninomiya (June 3, 1960) <input type="checkbox"/> New election <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Apr. 1989 Registered as an attorney-at law Apr. 1992 Established Maruichi Law Firm (currently Maruichi Sogo Law Firm) (current position) June 2019 Outside Audit & Supervisory Board Member of the Company (current position) Apr. 2021 Vice President, Dai-Ichi Tokyo Bar Association (current position) <Significant concurrent positions outside the Company> Attorney-at law (Maruichi Sogo Law Firm)	0 shares
	<Reasons for nomination as candidate for outside Director who is Audit and Supervisory Committee Member and overview of expected roles> Although Mr. Teruoki Ninomiya has no direct experience in management, he has abundant experience and knowledge as a lawyer and based on this experience fulfills the role of auditing business execution as an audit & supervisory board member from a neutral and objective standpoint. Based on these achievements, the Company judges that Mr. Ninomiya will be able to appropriately perform his duties as an Outside Director and Audit and Supervisory Committee member. Accordingly, the Company asks shareholders to elect Mr. Ninomiya so that he be newly appointed as an Outside Director and Audit and Supervisory Committee member. Mr. Ninomiya is currently an outside company auditor of the Company, and his term of office as an outside company auditor will be two years at the conclusion of this General Meeting of Shareholders.		

No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	Hidefumi Mori (January 18, 1953) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	Apr. 1971 Joined Tokyo Regional Taxation Bureau July 2001 District Director of Mobara Tax Office July 2009 Director of Corporation Taxation Division, Taxation Department, National Tax Agency July 2011 Director-General of Takamatsu Regional Taxation Bureau Aug. 2013 Senior Partner, Hidefumi Mori Certified Public Tax Accountant Office (current position) June 2020 Outside Audit & Supervisory Board Member of the Company (current position) <Significant concurrent positions outside the Company> Certified public tax accountant (Hidefumi Mori Certified Public Tax Accountant Office) Outside Corporate Auditor, NAKANO REFRIGERATORS CO., LTD	0 shares
<p><Reasons for nomination as candidate for outside Director who is Audit and Supervisory Committee Member and overview of expected roles></p> <p>Although Mr. Hidefumi Mori has no experience of direct involvement in management, he has held important positions in administrative agencies and has abundant experience and knowledge as a Certified Public Tax Accountant. Based on this experience, Mr. Mori has fulfilled the role of auditing business execution as an audit & supervisory board member from a neutral and objective standpoint. Based on these achievements, the Company judges that he will be able to appropriately perform the duties of an Outside Director and Audit and Supervisory Committee member. Accordingly, the Company asks shareholders to elect Mr. Mori so that he be newly appointed as an Outside Director and Audit and Supervisory Committee member.</p> <p>Mr. Mori is currently an outside company auditor of the Company, but his term of office as an outside company auditor will be one year at the conclusion of this General Meeting of Shareholders.</p>			

- (Notes)
1. There are no special interests between the candidates and the Company.
 2. Mr. Yoshiaki Inagaki, a candidate for Outside Director and Audit and Supervisory Committee member, was a business executor of Tokyo Electric Power Holdings Company, Inc. (TEPCO), a related party of the Company until February 2014. There is a business relationship between the Company and TEPCO that includes construction contracting.
 3. Mr. Yoshiaki Inagaki, Mr. Teruoki Ninomiya and Mr. Hidefumi Mori are candidates for Outside Director.
 4. Mr. Teruoki Ninomiya and Mr. Hidefumi Mori are registered as independent directors in accordance with the regulations of Tokyo Stock Exchange, Inc. If the election of these candidates is approved, they will continue to serve as independent directors. In addition, since seven years have passed since Note 2, Mr. Yoshiaki Inagaki satisfies the requirements for independent directors as stipulated by the Tokyo Stock Exchange, Inc. and will be reported as an independent director.
 5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Yoshiaki Inagaki, Mr. Teruoki Ninomiya and Mr. Hidefumi Mori to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. Under these agreements, the maximum amount of liability for damages is the minimum total liability provided for under laws and regulations. If the election of Mr. Yoshiaki Inagaki, Mr. Teruoki Ninomiya and Mr. Hidefumi Mori is approved, the Company plans to continue the said agreements with the three of them.
 6. The Company has entered into a liability insurance contract with an insurance company for directors and corporate officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The aforementioned insurance agreement covers the insured directors' and corporate officers' damages against claims for damages arising from the execution of their duties (excluding compensation for damages arising from acts committed with the knowledge that such acts violate laws and regulations). All candidates will be included as insured persons in the aforementioned insurance agreement. In addition, the Company intends to renew the agreement with the same details at the time of the next renewal.

Proposal No. 5: Setting of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of remuneration for the Directors of the Company was approved at the 69th General Meeting of Shareholders held on June 29, 2016 as an annual amount of ¥320 million or less (of which ¥30 million or less is for Outside Directors) and has been approved to date. Subject to the approval of Proposal No. 2 “Amendment to the Articles of Incorporation” as originally proposed, the Company will transition to a company with Audit and Supervisory Committees, and the Company proposes abolishing this provision and setting the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) at ¥330 million or less per year (including ¥40 million or less for Outside Directors). The amount of remuneration has been set by comprehensively taking into consideration the scale of the Company’s business, the composition of the Board of Directors, and factors such as future business development, and the Company believes that it is appropriate.

The amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) shall not include the employee salary of Directors who concurrently serve as employees.

The current number of directors is nine (including two Outside Directors). However, if Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 3 “Election of Ten Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) will increase to ten (including three Outside Directors). In addition, this proposal will come into effect when Proposal No. 2 “Amendment to the Articles of Incorporation” comes into effect.

Proposal No. 6: Setting of Remuneration for Directors Who Are Audit and Supervisory Committee Members

On the condition that Proposal No. 2 “Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a company with Audit and Supervisory Committee, and the Company proposes setting the amount of remuneration for Directors who are Audit and Supervisory Committee members at ¥80 million or less per year. The amount of remuneration has been set by comprehensively taking into consideration the scale of the Company’s business, the composition of the Board of Directors, and factors such as future business development, and the Company believes that it is appropriate.

If Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 4 “Election of Four Directors Who Are Audit and Supervisory Committee Members” are approved as proposed, the number of Directors who are Audit and Supervisory Committee members will be four. In addition, this proposal will come into effect when Proposal No. 2 “Amendment to the Articles of Incorporation” comes into effect.

Proposal No. 7: Decision of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members)

With the objective of offering incentives to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members; hereinafter, “Eligible Directors”) to achieve sustained improvement of the corporate value of the Company and to further promote sharing value with shareholders, the Company proposes remuneration in the form of granting restricted shares in a separate framework from the amount of remuneration set forth in Proposal No. 5 “Setting of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members).”

The total amount of remuneration to be paid to the Eligible Directors for the grant of the Restricted Shares shall be a monetary claim, the total amount of which shall be ¥50 million or less per year (not including the salary for employees of Directors who concurrently serve as employees). The Board of Directors shall determine the specific timing and distribution of the remuneration to each Eligible Director.

The current number of directors is nine (including two Outside Directors). However, if Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 3 “Election of Ten Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) will increase to ten (including three Outside Directors).

The Eligible Directors shall pay all of the monetary remuneration claims arising from this proposal in accordance with resolution of the Board of Directors of the Company in the form of property contributed in kind, and shall have the common stock of the Company issued or disposed of. The total number of the ordinary shares of the Company to be issued or disposed of thereby shall be 50,000 shares or less per year, (however, if, on or after the date of approval and resolution of this proposal, the Company conducts share splits of ordinary shares of the Company (including allotment of ordinary shares of the Company without contribution), consolidation of such shares, or any other event in which the total number of ordinary shares of the Company to be issued or disposed of as restricted shares requires adjustment, said total number shall be adjusted within a reasonable range). Note that the amount to be paid in per share shall be determined by the Board of Directors, based on the closing price of the ordinary shares of the Company on the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution by the Board of Directors (if no transactions were completed on that day, the closing price on the most recent transaction date preceding that day), and within a range not particularly advantageous to Eligible Directors who are to subscribe to said ordinary shares. The issuance or disposal of ordinary shares of the Company through this process and the provision of monetary remuneration claims as property contributed in kind shall be subject to the execution of an agreement between the Company and the Eligible Directors for allotment of restricted shares (hereinafter, the “Allotment Agreement”) that includes the following provisions.

The maximum amount of remuneration, total number of shares of the Company’s ordinary shares to be issued or disposed of and other conditions for the allotment of restricted shares to the Eligible Directors under this proposal have been determined in consideration of the aforementioned purposes, the business conditions of the Company, and other various circumstances, and the Company believes that they are appropriate. If this proposal is approved, the Company plans to revise the policy related to the details of individual remuneration, etc. for Directors as stated on page 32 of the Business Report (in Japanese only) in accordance with this proposal by adding new details concerning non-monetary remuneration, etc.

This proposal shall come into effect when Proposal No. 2 “Amendment to the Articles of Incorporation” comes into effect.

[Outline of the details of the Allotment Agreement]

(1) Transfer Restriction Period

Eligible Directors shall not transfer, create security interests, or otherwise dispose of the ordinary shares of the Company (hereinafter, the “Allotted Shares”) allotted under the Allotment Agreement (hereinafter, the “Restriction on Transfer”) during the period from the day on which shares are allotted under the Allotment Agreement until resignation or immediately after the time of retirement from any position as an officer or employee of the Company or its subsidiaries (hereinafter, the “Transfer Restriction Period”).

(2) Lifting of Transfer Restrictions

Notwithstanding the provisions of (1) above, the Company shall lift Transfer Restrictions for all of the Allotted Shares upon expiration of the Restriction Period, provided that the Eligible Director has continuously held any position as an officer or employee of the Company or any of its subsidiaries for a period of time predetermined by the Board of Directors of the Company. However, in the event that an Eligible Director resigns or retires from any position as an officer or employee of the Company or any of its subsidiaries before the expiration of the predetermined period for a justifiable reason, the number of Allotted Shares subject to the lifting of Transfer Restrictions and the timing of lifting thereof shall be reasonably adjusted as necessary. In addition, the Company shall automatically acquire without consideration the Allotted Shares for which the Transfer Restrictions have not yet been lifted at the time immediately after the Transfer Restrictions are lifted in accordance with the above provisions.

(3) Treatment of resignation or retirement for reasons other than justifiable reasons

Notwithstanding the provisions of (2) above, the Company shall automatically acquire without consideration all of the Allotted Shares in the event that an Eligible Director resigns or retires from any position as an officer or employee of the Company or any of its subsidiaries for reasons other than justifiable reasons.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, during the Transfer Restriction Period, if matters regarding merger agreements under which the Company becomes the disappearing company, share exchange agreements under which the Company becomes a wholly owned subsidiary, share transfer plans or other organizational restructuring, etc., are approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company if approval of a General Meeting of Shareholders of the Company is not required for said organizational restructuring etc.), following a resolution of the Board of Directors of the Company, the Company shall, in advance of the effective date of the said organizational restructuring, etc., lift Transfer Restrictions for the number of Allotted Shares that is reasonably determined based on the period from the beginning date of the Transfer Restriction Period to said approval date. Furthermore, for the above case, the Company shall rightfully acquire, without contribution, the Allotted Shares for which Transfer Restrictions have not been lifted at the time immediately after the above lifting.

(5) Other matters

Other matters regarding the Allotment Agreement shall be determined by the Board of Directors of the Company.