

This notice together with its attached documents, in its entirety, was retroactively prepared and presented solely as translated reference for information purpose. Thus, it is not intended to serve as valid alternative to the genuine convocation notice that was actually and dully made available in Japanese language. Therefore, any peripheral document such as “Guidance to the Exercise of Voting Right via the Internet” or any other form or document that is referred to in this translated information is omitted.

(Securities Code 8616)  
June 7, 2017

**To Shareholders with Voting Rights:**

Tateaki Ishida  
President & CEO  
Tokai Tokyo Financial Holdings, Inc.  
6-2 Nihonbashi 3-chome,  
Chuo-ku, Tokyo, Japan

**NOTICE OF CONVOCATION OF  
THE 105TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We hereby inform you that we hold the 105th Ordinary General Meeting of Shareholders of Tokai Tokyo Financial Holdings, Inc. (the “Company”) in accordance with the schedule described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing or by electronic methods (e.g. via the Internet, etc.). Please review the attached “Reference Document for the Ordinary General Meeting of Shareholders” and refer to “Guidance to the Exercise of Voting Right” which is omitted from this English translation, and you are requested to exercise your voting rights by 5:00 p.m. on Tuesday, June 28, 2017 Japan time.

\* Schedule

- 1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. Japan time
- 2. Place:** Sixth floor Conference Room at Nihonbashi Front Building, located at 6-2 Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company’s 105th Business Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company’s 105th Business Year (April 1, 2016 - March 31, 2017)

**Proposals to be resolved:**

- Proposal No. 1:** Distribution of Retained Earnings
- Proposal No. 2:** Election of Five (5) Directors (Excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal No. 3:** Election of One (1) Director Serving on the Audit and Supervisory Committee

**Proposal No. 4:** Payment of Bonuses to Directors

**Proposal No. 5:** The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries

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- Among the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements subject to auditing when the Audit and Supervisory Committee and Accounting Auditor prepared the audit report, the following items are posted on the Company's website via the Internet in accordance with the relevant laws and regulations and Article 20 of the Company's Articles of Incorporation. Therefore, we do not include them in this Notice of Convocation
    - (1) Notes to the Consolidated Financial Statements
    - (2) Notes to the Non-consolidated Financial Statements
  - In case any circumstances require us to revise the Reference Document for the Ordinary General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements will be posted on the Company's Web site.

Company's website <http://www.tokaitokyo-fh.jp/>

Please refer to the translated site for reference, "<http://www.tokaitokyo-fh.jp/en/>"

## **Reference Documents for the Ordinary General Meeting of Shareholders**

### **Proposals and References**

#### **Proposal No. 1: Distribution of Retained Earnings**

The Company's basic policy calls for paying dividends to shareholders in a stable and proper manner while enhancing retained earnings with the aim of increasing corporate value by medium-, long-term growth.

Taking into account the above policy, we, the Company, plan to distribute profits for the business year under review as set out below.

With the interim dividend of ¥12.00 per share already paid, the total dividend for the business year under review will be ¥26.00 yen per share.

The Matter Regarding Year-End Dividend

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and the total allotment amount  
¥14.00 ordinary dividend per share of common stock of the Company  
Total amount: ¥3,663,865,226
- (3) Effective date of distribution of surplus  
June 30, 2017

**Proposal No. 2: Election of Five (5) Directors (Excluding Directors serving on the Audit and Supervisory Committee)**

The five (5) Directors (excluding Directors serving on the Audit and Supervisory Committee; this also applies to the rest of the text of this Proposal) will all retire as their terms of office expire at the conclusion of this General Meeting of Shareholders. Therefore, we ask you to elect five (5) Directors.

This Proposal was determined by the Board of Directors based on a report by the Nomination and Compensation Committee. The Audit and Supervisory Committee has determined that each candidate is eligible as a candidate for the Company's Board of Directors.

The candidates for directorship are as listed below.

| Candidate No. | Name   | Current position at the Company        | Attendance at Board of Directors meetings during the business year |
|---------------|--|--|--|
| 1             | <u>Reelection</u> Tateaki Ishida   | President<br>(Representative Director) | 14/14  |
| 2             | <u>New</u> Hiroshi Maezono   | Deputy President                       | -  |
| 3             | <u>Reelection</u> Toshiyuki Hayakawa   | Director                               | 14/14  |
| 4             | <u>Reelection</u> Ichiro Mizuno <u>Outside Director</u><br><u>Independent Director</u> | Director                               | 14/14  |
| 5             | <u>Reelection</u> Masato Setta <u>Outside Director</u><br><u>Independent Director</u>  | Director                               | 13/14  |

## Candidate number 1 Tateaki Ishida (Born on January 2, 1946)

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### Reelection

- Type and number of the Company's shares held  
358,900 common shares
- Attendance at Board of Directors meetings during the current business year  
He attended all of the 14 meetings held.

- Profile (position and responsibilities at the Company)
  - April 1968      Joined The Tokai Bank, Ltd.
  - April 1992      President & CEO, Tokai Bank Europe plc
  - June 1994      Director, The Tokai Bank, Ltd.
  - June 1996      Managing Director, The Tokai Bank, Ltd.
  - June 1998      President, Tokai Asset Management Co., Ltd.
  - April 2001      Chairman, Tokai Bank Europe plc
  - April 2002      Chairman, UFJ International plc
  - April 2003      CEO, UFJ International plc
  - May 2004      Advisor of the Company
  - June 2004      Deputy President of the Company
  - March 2005      President of the Company
  - June 2006      President & CEO (Representative Director) of the Company (current position)
  - April 2009      Chairman and CEO (Representative Director), Tokai Tokyo Securities Co., Ltd. (current position)

- The candidate also takes the following important posts:
  - Chairman & CEO (Representative Director), Tokai Tokyo Securities Co., Ltd.
  - Member of the Board, Nagoya Stock Exchange

Chairman, Tokai Tokyo Foundation

- The reason for nomination as a candidate for a director:  
Since he became Representative Director & President of the Company in March 2005, Mr. Tateaki Ishida has fulfilled his duties as a director appropriately by taking strong leadership to enhance the corporate value of the Company. We have determined that making the most of his rich experience, record of performance, and knowledge as a business manager will help promote the Company's management strategy and continuously enhance its corporate value. Therefore, we have determined that he is suitable as a director of the Company and continued to choose him as a candidate for directorship.

## Candidate number 2 **Hiroshi Maezono** (Born on April 27, 1960)



**New**

■ Type and number of the Company's shares held  
39,200 common shares

- Profile (position and responsibilities at the Company)
- April 1984      Joined The Tokai Bank, Ltd.
  - April 2007      General Manager, Strategic Planning  
Department of the Company
  - April 2010      Executive Officer, Head of Strategic  
Business Group; General Manager, Strategic  
Planning Department of the Company
  - May 2011      Executive Officer, Deputy Head of Products  
& Marketing Division, Tokai Tokyo  
Securities Co., Ltd.
  - January 2013    Executive Officer, Head of Risk  
Management Unit, Tokai Tokyo Securities  
Co., Ltd.
  - April 2013      Managing Executive Officer, Head of Risk  
Management Unit, Tokai Tokyo Securities  
Co., Ltd.
  - April 2014      Managing Executive Officer, Head of  
Planning & Administration Unit (Internal  
Control Supervisory Manager), Tokai Tokyo  
Securities Co., Ltd.
  - April 2015      Managing Executive Officer, responsible for  
Special Missions of the Company
  - October 2015    Managing Executive Officer, Deputy Head  
of Strategic Planning Group of the Company
  - April 2016      Senior Managing Executive Officer, Head of  
General Planning Group of the Company
  - April 2017      Deputy President, Head of Information and  
Products Strategy Group of the Company
  - May 2017      Deputy President of the Company (current  
position)

■ The candidate also takes the following important posts:  
Not Applicable

■ The reason for nomination as a candidate for a director:  
Mr. Hiroshi Maezono has engaged in a wide range of duties in the corporate planning and business strategy areas in the Company and its group companies. This means he has a wealth of knowledge and experience in all areas of business operations. In addition, he has appropriately carried out his duties such as actively promoting business strategies for the growth of the Group as Deputy President since April 2017. Therefore, we have determined that he is suitable as a Director of the Company and chosen him as a candidate for directorship.

## Candidate number 3 Toshiyuki Hayakawa (Born on April 1, 1956)

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### Reelection

- Type and number of the Company's shares held  
61,600 common shares
- Attendance at Board of Directors meetings during the current business year  
He attended all of the 14 meetings held.

- Profile (position and responsibilities at the Company)
  - April 1978      Joined The Tokai Bank, Ltd.
  - January 2006    General Manager, Nagoya-Ekimae Commercial Banking Office, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
  - September 2007   Executive Officer, Tokai Tokyo Securities Co., Ltd.
  - April 2008      Managing Executive Officer, Tokai Tokyo Securities Co., Ltd.
  - April 2009      Managing Executive Officer, Chief of Corporate Solutions Division, Tokai Tokyo Securities Co., Ltd.
  - April 2010      Managing Executive Officer, Deputy Head of Toyota Business Division, Tokai Tokyo Securities Co., Ltd.
  - May 2011      Managing Executive Officer, Head of Head Office Sales Division, Tokai Tokyo Securities Co., Ltd.
  - April 2012      Director and Deputy President, Hamagin Tokai Tokyo Securities Co., Ltd.
  - April 2014      Senior Managing Executive Officer, Chief of Strategic Business Group of the Company
  - April 2015      President and COO, Tokai Tokyo Securities Co., Ltd. (current position)
  - June 2015      Director of the Company (current position)
- The candidate also takes the following important posts:  
President and COO (Representative Director), Tokai Tokyo Securities Co., Ltd.
- The reason for nomination as a candidate for a director:  
Mr. Toshiyuki Hayakawa has discharged his duties as a director of the Company based on the rich experience, record of performance, and knowledge he gained as a business manager of the Company and its group companies. In addition, since April 2015, he has appropriately performed his duties as Representative Director of Tokai Tokyo Securities Co., Ltd., the core subsidiary of the Group, foremost by actively carrying out business strategy for the growth of the Group. Therefore, we have determined that he is suitable as a director of the Company and continued to choose him as a candidate for directorship.

## Candidate number 4 Ichiro Mizuno (Born on March 10, 1944)



### Reelection

### Outside Director

### Independent Director

■ Type and number of the Company's shares held  
None

■ Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders): four (4) years

■ Attendance at Board of Directors meetings during the current business year  
He attended all of the 14 meetings held.

### ■ Profile (position and responsibilities at the Company)

|              |  |
|--------------|--|
| April 1966   | Joined Mitsubishi Corporation  |
| May 1991     | General Manager, Corporate Information Dept., Mitsubishi Corporation               |
| October 1993 | General Manager, Currency Exchange Dept., Mitsubishi Corporation                   |
| May 1995     | President, Mitsubishi Corporation Finance PLC                                      |
| June 1997    | General Manager, Finance Dept., Mitsubishi Corporation                             |
| June 2001    | Executive Officer and CFO of New Business Initiative Group, Mitsubishi Corporation |
| April 2003   | Executive Vice President and CFO, Mitsubishi Corporation                           |
| June 2003    | Member of Board, Executive Vice President, and CFO, Mitsubishi Corporation         |
| April 2006   | Member of Board and Senior Executive Vice President, Mitsubishi Corporation        |
| June 2010    | Director, Tokai Tokyo Securities Co., Ltd  |
| June 2013    | Director of the Company (current position)   |

■ The candidate also takes the following important posts:  
Not Applicable.

■ The reason for nomination as a candidate for an Outside Director:  
Mr. Ichiro Mizuno, who fulfilled his duties as Representative Director of Mitsubishi Corporation, is highly rated for his achievements and knowledge. Since June 2013, he has fully performed his functions as an Outside Director in the decision of important managerial matters and the supervision of business execution. Based on his past achievements, profound knowledge, and job performance, we have determined that he is suitable as an Outside Director and chosen him continuously as a candidate for the post of Outside Director.

### ■ Independence

Mr. Ichiro Mizuno is a candidate for the post of Outside Director. He served as an Outside Director of Tokai Tokyo Securities Co., Ltd., a subsidiary of the Company, from June 2010 to June 2013. Since he satisfies the "Independence Assessment Standard" for outside officers, established by the Company, we have determined that there is no concern about his independence. We have also notified to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent director who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.



## Candidate number 5 Masato Setta (Born on March 13, 1960)



- Profile (position and responsibilities at the Company)
  - April 1983      Joined Toyota Motor Corporation
  - January 1998      Manager, Accounting Division, Toyota Motor Corporation
  - January 2003      General Manager, Tokyo Secretarial Division, Toyota Motor Corporation
  - January 2004      Director, Toyota Personnel Support Co., Ltd.
  - January 2007      Seconded to Toyota Motor Sales, U.S.A. Inc.
  - January 2011      General Manager, General Administration Group, Toyota Motor Corporation
  - June 2013      Auditor, Toyota Finance Corporation
  - June 2013      Managing Officer, Toyota Financial Services Corporation
  - June 2013      Director of the Company (current position)
  - April 2017      Advisor, Toyota Accounting Service Co. (current position)

### Reelection

### Outside Director

### Independent Director

- Type and number of the Company's shares held  
None
- Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders): four (4) years
- Attendance at Board of Directors meetings during the current business year  
He attended 13 of the 14 meetings held.

- The candidate also takes the following important posts:  
Advisor, Toyota Accounting Service Co.

- The reason for nomination as a candidate for an Outside Director:  
Mr. Masato Setta was long engaged in major operations such as accounting, personnel administration, and secretarial services at Toyota Motor Corporation. He also served as Audit & Supervisory Board Member at the companies affiliated with the Toyota Group. He is highly evaluated for his achievements and knowledge he made and gained through corporate management and business experience in his field of expertise. Furthermore, since June 2013, he has fully performed his functions in the decision of important managerial matters and supervision of business execution as an Outside Director of the Company. Based on his past track record, knowledge, and job performance, we have determined that he is suitable as an Outside Director and chosen him continuously as a candidate for the post of Outside Director.

- Independence  
Mr. Masato Setta is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for outside officers, established by the Company, we have determined that there is no concern about his independence. We have also notified to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent director who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

- (Note)
1. Each candidate for directorship has no special interests with the Company.
  2. In the above lists, “the Company” indicates Tokai Tokyo Securities Co., Ltd. during the period up to March 2009, when its trade name was changed, and Tokai Tokyo Financial Holdings, Inc. after April 2009, when it started operation under the new trade name.
  3. In its Articles of Incorporation, the Company stipulates that it may enter into an agreement with its directors (excluding those who are an Executive Director and the like) to limit their liability for compensation to the Company for damage to a certain extent. Based on this clause, in accordance with the provisions of Article 427 Paragraph 1 of the Companies Act, the Company has concluded an agreement with Messrs. Ichiro Mizuno and Masato Setta to limit liability for compensation for damage as stipulated in Article 423 Paragraph 1 of the Act (“limited liability agreement”). If the election of the two candidates as directors is approved, the Company will continue the limited liability agreement with them. The outline of the agreement is as follows:
    - If the director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused by negligence of his/her duties, he/she shall compensate up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2.
    - Limited liability as referred to the above shall be accepted only if the director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager’s care and does not make a grave mistake when he/she is found liable for compensation.

**Proposal No. 3: Election of One (1) Director Serving on the Audit and Supervisory Committee**

Mr. Shigeo Kashiwagi, Outside Director currently serving on the Audit and Supervisory Committee, will retire at the conclusion of this General Meeting of Shareholders. Therefore, we ask you to elect one (1) new Director serving on the Audit and Supervisory Committee to fill the vacancy.

The term of office of the Director serving on the Audit and Supervisory Committee who is elected as the replacement Director will last until the expiration of the term of office of the retiring Director serving on the Audit and Supervisory Committee as the provisions of the Company's Articles of Incorporation stipulates.

This Proposal has been determined by the Board of Directors upon obtaining a report from the Nomination and Compensation Committee and the consent of the Audit and Supervisory Committee.

The candidate for the post of director who is serving on the Audit and Supervisory Committee is as follows:

| Name |            |  | Current position<br>at the Company | Attendance at Board<br>of Directors<br>meetings | Attendance at Audit &<br>Supervisory Board<br>meetings |
|------|------------|--|------------------------------------|---|--|
| New  | Fumio Inui | Outside Director<br>Independent Director | -                                  | -   | -  |

## Candidate number 1 **Fumio Inui** (Born on October 7, 1947)



New

Outside Director

Independent Director

- Type and number of the Company's shares held  
None

- Profile (position and responsibilities at the Company)
  - April 1970      Joined the Ministry of Finance
  - January 1987    Counselor, Embassy of Japan in Canada
  - June 1991      Director, Budget Bureau of the Ministry of Finance
  - July 1994      Director, Planning and Administration Division, Financial Bureau of the Ministry of Finance
  - May 1995      Executive Secretary to the Prime Minister
  - January 1996    Regional Commissioner, Kantoshinetsu Regional Taxation Bureau of the National Tax Agency
  - July 1997      Deputy Commissioner, Taxation Department, National Tax Agency
  - June 1998      Director-General of the Supervisory Department, Financial Supervisory Agency
  - January 2001    Director General, Planning and Coordination Bureau, Financial Services Agency
  - July 2001      Director, Development Bank of Japan Inc.
  - June 2008      Vice Chairman, The Investment Trusts Association, Japan
  - June 2015      Chairman, Kinzai Institute for Financial Affairs, Inc. (current position)
  - July 2015      Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)

- The candidate also takes the following important posts:  
Chairman, Kinzai Institute for Financial Affairs, Inc.  
Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.

- The reason for nomination as a candidate for Outside Director serving on the Audit and Supervisory Committee:  
Mr. Fumio Inui has previously been appointed Deputy Commissioner of the Taxation Department in the National Tax Agency and Director General of the Planning and Coordination Bureau in the Financial Services Agency among other posts. He now serves as the Chairman of the Kinzai Institute for Financial Affairs, Inc. and as Advisor to Tokio Marine & Nichido Fire Insurance Co., Ltd. His achievements and insight are highly appreciated. Although he has never been involved in the management of a company other than as an advisor in the past, we have determined that he will be able to appropriately execute his duties as a Director serving on the Audit and Supervisory Committee of the Company for the aforementioned reasons and chosen him as a candidate for the post of Outside Director.

- Independence  
Mr. Fumio Inui is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for outside officers established by the Company, we have determined that there is no concern about his independence. We also plan to notify the Tokyo Stock Exchange and the Nagoya

Stock Exchange that he is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

- (Note) 1. Above candidate for directorship has no special interests with the Company.
2. If the nomination of Mr. Fumio Inui is approved, the Company plans to conclude a limited liability agreement with him. The outline of the agreement is as follows.
- If the director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused by negligence of his/her duties, he/she shall compensate up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2 of the Companies Act
  - Limited liability as referred to above shall be accepted only if the director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager's care and does not make a grave mistake when he/she is found liable for compensation.

**Proposal No. 4: Payment of Bonuses to Directors**

We, the Company, seek the Shareholders' approval on the proposal to the effect that bonuses amounting to ¥46.16 million be paid to the two (2) Executive Directors at the end of the current business year, based on the Company's earnings results.

**Proposal No. 5: The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries**

We, the Company, seek the Shareholders' approval for the Board of Directors to issue stock acquisition rights, without consideration, as stock options (hereinafter referred to as the "Stock Acquisition Rights") to be granted to the Executive Directors and employees of the Company and its subsidiaries, and to be empowered to determine the matters relating to the subscription offer of such stock acquisition rights, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act of Japan.

The total amount of remuneration as stock options granted to Executive Directors of the Company will be the amount equal to the total number of the subject stock acquisition rights allocated multiplied by the fair value per stock acquisition right calculated at the date of allocation of the subject stock acquisition rights. Currently, the said total amount is included within the ¥300,000,000 per year (including an amount of not more than ¥100,000,000 for Outside Directors) approved by a resolution of the 104th Ordinary General Meeting of Shareholders as the amount of remuneration for Directors (excluding the Directors serving on the Audit and Supervisory Committee).

If the proposal No. 2 "Election of Five (5) Directors (Excluding the Directors serving on the Audit and Supervisory Committee)" is approved as originally proposed, it will apply to two (2) Executive Directors of the Company and one Non-executive Director of the Company who concurrently serves as Executive Director of a subsidiary.

- (1) Reasons necessitating the subscription offer of the Stock Acquisition Rights with preferential conditions

The issuance of the Stock Acquisition Rights without consideration to the above stated parties is aimed at improving consolidated performance by providing them with the common incentive of improving the performance of the Group, as a whole, while pursuing harmonization of such parties' interests with those of shareholders.

- (2) Maximum number of Stock Acquisition Rights that may be determined under the power delegation by the resolution at the Shareholders' Meeting

The resolution at the Shareholders' Meeting provides that the maximum allocatable number of the Stock Acquisition Rights will be one thousand four hundred (1,400). In addition, the maximum issuable number of common stocks of Tokai Tokyo Financial Holdings through the exercise of the Stock Acquisition Rights shall be one million four hundred thousand (1,400,000) shares (approximately 0.50% of outstanding shares).

However, if adjustment is made to the Number of Shares Granted in accordance with Paragraph (4) 1) below, such maximum issuable number of shares shall be the number by multiplying the Number of Shares Granted after adjustment by the above specified maximum number of allocatable stock acquisition rights.

- (3) No payment shall be required for the Stock Acquisition Rights discussed here.

- (4) Details of the Stock Acquisition Rights

- 1) Number of shares to be issued upon exercise of the Stock Acquisition Rights

The number of shares to be issued upon exercise of each of the Stock Acquisition Rights (hereinafter the "Number of Shares Granted") shall be one thousand (1,000) shares of common stock of the Company.

In the event the Company splits its common stock (including the gratis allotment of the Company's common stock, the same being applied hereinafter) or consolidates its common stock after the allocation of the Stock Acquisition Rights, the number of shares granted under the Stock Acquisition Rights which have remained unexercised at the time of the stock split or stock consolidation will be adjusted in accordance with the following formula. Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

$$\text{Adjusted Number of Shares Granted} = \frac{\text{Number of Shares Granted before adjustment}}{\text{Ratio of split or consolidation}}$$

In addition to the above, in the event of the Company's merger with another company, a company split, a capital reduction of the Company, or any other event in which adjustment of the Number of Shares Granted is similarly required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the number of shares granted to the extent the Company considers reasonable.

- 2) The value of assets to be paid-in to the Company's capital at the time of exercising the subject Stock Acquisition Rights, or the method of calculating such a value

The value of assets to be paid-in at the time of exercising the Stock Acquisition Rights shall be the amount paid per share to be issued by the exercise of the Stock Acquisition Rights (hereinafter "the Exercise Price") multiplied by the Number of Shares Granted. The Exercise Price shall be equal to the product of (\*) the price determined by the following rule  $\times$  (multiplied by) 1.05. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest yen.

(\*) The price determination rule: The higher price of either the average of the daily closing prices of the common stocks of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on each of the trading days (excluding days on which no trading is made) in the calendar month immediately prior to the month in which the Stock Acquisition Rights are allocated, or the closing price of the common stocks of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on the allocation date (if there is no closing price on the allocation date, the most recent closing price prior to the allocation date shall apply).

If the Company splits or consolidates its common stock after the allocation date, the exercise price is adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment}}{\text{Ratio of split or consolidation}}$$

If the Company issues new shares of common stock or disposes of its treasury stocks at less than the current market price (except in the case of responding to either exercise of stock acquisition rights or request for the additional purchase of shares constituting less than one unit), then the Exercise Price shall be adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \left( \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount paid-in per share}}{\text{Current market price per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}} \right)}{1}$$

In the formula above, "Number of shares already issued" is the remaining number when the total number of treasury stock of the Company is subtracted from the total number of outstanding shares of the Company. Further, if the Company disposes of its treasury stocks, "Number of shares newly issued" in the formula above shall read "Number of treasury stock disposed of," and "Amount paid-in per share" shall read "Disposal value per share" respectively.



In addition to the foregoing, in the event of a merger of the Company with another company, a company split, a capital reduction of the Company, or any similar case in which adjustment of the Exercise Price is required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the Exercise Price to the extent the Company considers reasonable.

3) Exercise period for the Stock Acquisition Rights

Five (5) years from the first day of the month following the month that is two (2) years after the Stock Acquisition Rights are allocated.

4) Matters concerning the capital and capital reserve increased by the issuance of shares upon the exercise of the Stock Acquisition Rights.

- (i) The amount of capital to be increased by the issuance of shares upon the exercise of the Stock Acquisition Rights shall be the half of the maximum limit of capital increase, as calculated in accordance with the provisions of Paragraph 1, Article 17 of the Company Accounting Regulation, and any fraction of less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.
- (ii) The amount of capital reserve to be increased upon the issuance of shares through the exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the capital to be increased, as provided in (i) above, from the maximum limit of capital increase, as also provided in (i) above.

5) Restriction on the transfer of Stock Acquisition Rights

Any transfer of Stock Acquisition Rights requires the approval of the Board of Directors of the Company.

6) Measures to be taken in the event of reorganization such as merger or company split

In the event of the Company engaging in absorption-type merger (limited to cases where the Company does not survive after the merger), consolidation-type merger, company split and other reorganizations (hereinafter collectively referred to as the “Reorganization Actions;” excluding stock transfer and stock exchange), the Company shall issue the stock acquisition rights of the company as described in provisions (a) through (e) of Item 8 of Paragraph 1 of Article 236 of the Companies Act of Japan (hereinafter the “Reorganized Company”) to each holder of the Stock Acquisition Rights remaining at the time the Reorganization Actions become effective (hereinafter the “Remaining Stock Acquisition Rights”), based on the conditions described below. The above stated issuance is, however, effected only when statements of the issuance of the stock acquisition rights of the Reorganized Company have been made in absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, or incorporation-type company split plan in accordance with the conditions given below.

- (i) Number of new stock acquisition rights of the Reorganized Company to be issued  
Same as the number of stock acquisition rights that are held by the holder of Remaining Stock Acquisition Rights shall be issued.
- (ii) Type of shares of the Reorganized Company to be issued upon the exercise of the stock acquisition rights;  
Common stocks of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights;  
The number shall be determined after reasonable adjustment is made by taking into account the conditions of Reorganization Actions and other factors (hereinafter “the Number of Shares after the succession”). Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

- (iv) Exercise period for the stock acquisition rights  
The exercise period shall be from either the commencement date of the exercise period for the Stock Acquisition Rights as described in 3) above, or the effective date of the Reorganization Actions, whichever is later, to the final day of the exercise period for the Stock Acquisition Rights as described in 3) above.
- (v) Matters concerning the capital reserve increased by the issuance of shares through exercise of stock acquisition rights  
Decisions shall be made in accordance with 4) above.
- (vi) Value of assets to be paid-in at the time of exercising stock acquisition rights  
The value shall be the Exercise Price, as described in 2) above, that has been adjusted in a reasonable manner by taking into account the conditions of the Reorganization Actions and other factors, multiplied by the number of shares after the succession.
- (vii) Other conditions of exercise of stock acquisition rights and reasons for acquisition of stock acquisition rights  
Decisions shall be made in accordance with 7) and 9) below.
- (viii) Restriction on the transfer of stock acquisition rights  
Any transfer of stock acquisition rights requires approval of the Board of Directors of the Reorganized Company.

7) Reasons for acquisition of the Stock Acquisition Rights

In the event that the Stock Acquisition Rights are not transferred to the new company in accordance with the provisions of an agreement concerning an absorption-type merger (limited to cases where the Company does not survive after merger), consolidation-type merger, company split, stock transfer or stock exchange, etc. (includes company split agreement, stock transfer plan, etc.) or the resolution so made by the Shareholders' Meeting, the Company shall be able to acquire the Stock Acquisition Rights free of payment on a date to be determined separately by its Board of Directors.

8) Any fractions of less than one (1) share of the number of shares to be issued to the holder of the Stock Acquisition Rights who has exercised the Stock Acquisition Rights shall be disregarded.

9) Other conditions for the exercise of the Stock Acquisition Rights

- (i) Holders of the Stock Acquisition Rights shall be in the position of directors or employees (including those who are seconded to the Company or its subsidiaries) of the Company or its subsidiaries at the time of exercising the Stock Acquisition Rights, excluding cases where such positions are relinquished due to proper reasons including retirement after the full term service completion, mandatory retirement, and resignation or retirement at the request of the Company or any of its subsidiaries.
- (ii) If any one of the cases below applies, the holder of the Stock Acquisition Rights shall be ineligible to exercise any unexercised Stock Acquisition Rights:
  - (a) When a holder is dismissed by the resolution of the shareholders' meeting of the Company or any one of its subsidiaries, or dismissed on disciplinary grounds, or when they resign or retire for personal reasons;
  - (b) When a holder is given a court sentence of imprisonment or greater severity;
  - (c) When a holder files a petition for bankruptcy or civil rehabilitation proceedings, or when a holder is subject to petition for seizure, provisional seizure, preservation, or provisional disposition, or is subject to coercive collection.