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(Stock Exchange Code 4617)
May 31, 2018

To Shareholders with Voting Rights:

Masataka Uetake
President and CEO
Chugoku Marine Paints, Ltd.
1-7, Meiji-Shinkai, Otake-Shi, Hiroshima

**NOTICE OF
THE 121ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 121st Annual General Meeting of Shareholders of Chugoku Marine Paints, Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, follow the instructions on (2) or (3) of "4. Instructions on Exercising Voting Rights" on the next page, and exercise your voting rights by 5:00 p.m. on Wednesday, June 20, 2018, Japan time.

- 1. Date and Time:** Thursday, June 21, 2018 at 10:00 a.m. Japan time
- 2. Place:** 3F main conference room of the Company's Hiroshima Office located at 1-7, Meiji-Shinkai, Otake-Shi, Hiroshima, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 121st Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 121st Fiscal Year (April 1, 2017 - March 31, 2018)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of 6 Directors
- Proposal 4:** Election of 1 Substitute Corporate Auditor
- Proposal 5:** Matters Concerning Compensation for Granting Restricted Stock to the Directors

4. Instructions on Exercising Voting Rights

- (1) Exercise of Voting Rights via Proxy
You may designate one (1) other shareholder with the Company's voting rights to act as your proxy and exercise the voting rights. Please be advised that the proxy must submit a documentation proving power of attorney (a letter of attorney, etc.) at the reception.
- (2) Exercise of Voting Rights in Writing (Voting Rights Exercise Form)
 - 1) Please indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by the aforementioned exercise deadline.
 - 2) In the event that there is no indication of being for or against each proposal in the Voting Rights Exercise Form, it will be handled as an indication of support.
 - 3) In the event that voting rights are exercised both via the Voting Rights Exercise Form and the Internet, the vote via the Internet, will be deemed valid.

A "Registration Protection Sticker" will be enclosed in order to protect the shareholders' personal information. Please use it when returning the paper for the Voting Rights Exercise Form.

- (3) Exercise of Voting Rights via Electromagnetic Means (the Internet)
 - 1) You may exercise your voting right via the Internet only by accessing the Company's designated voting website (<https://evote.tr.mufg.jp/>) using computers or smartphones (mobile phones are not permitted) (Please note that this service is unavailable every day between 2:00 a.m. and 5:00 a.m.).
 - 2) Depending on their Internet user environments, shareholders may not be able to exercise their voting rights via this dedicated voting site due to Internet firewalls, antivirus software, inability to set TLS-encrypted transfers, proxy servers, etc.
 - 3) Please enter the "login ID" and "temporary password" indicated on the Voting Rights Exercise Form and then enter your vote by following the on-screen instructions. To prevent persons other than shareholders from illegally accessing the website and altering the content of your voting selections, we will ask shareholders who use the website to change their "temporary passwords" on the website.
 - 4) In the event that voting rights are exercised both via the Internet and the Voting Rights Exercise Form, the vote via the Internet will be deemed valid.
 - 5) In the event that voting rights are exercised multiple times via the Internet, the most recent vote will be deemed valid.
 - 6) Expenses related to connecting to the voting website (the Internet connection fee, etc.) will be borne by the shareholder.
 - 7) Votes will be accepted via the Internet by the aforementioned exercise deadline; however, you are cordially requested to exercise your voting rights earlier, and call the Help Desk (as mentioned below) with any inquiries or questions.

For inquiries concerning systems, etc.
Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation (Help Desk)
Telephone: 0120-173-027 (Business hours: 9:00 a.m.- 9:00 p.m., toll free)

- (4) Non-uniform Exercise of Voting Rights
Please notify the Company's shareholder registry administrator in writing to this effect, together with the reason therefor by three days prior to the General Meeting of Shareholders.

[Information for Institutional Investors]

Institutional shareholders may use the "Electronic Voting Platform for Foreign and Institutional Investors" operated by ICJ, Inc. as a method for exercising voting rights at the General Meeting of Shareholders of the Company.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

End

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- ◎ Of the documents to be included with this Notice of Convocation of the Annual General Meeting of Shareholders, the “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements and the “Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are posted on the Company’s website (<http://www.cmp.co.jp/>) in accordance with laws and regulations and the Company’s Articles of Incorporation, and are not included in the attached documents to this Notice of Convocation of the Annual General Meeting of Shareholders.
 - ◎ The above “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements and the “Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are also subject to audits by the Accounting Auditor and Corporate Auditors, alongside the attached documents to this Notice of Convocation.
 - ◎ Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website.
 - ◎ The contents of the resolutions in this General Meeting of Shareholders will be posted on the Company’s website listed above, after the conclusion of this General Meeting of Shareholders, in substitution of being dispatched in writing.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that surplus to be appropriated as follows.

Matters related to year-end dividends

While placing emphasis on the return of profits to shareholders, the Company's basic policy is to stably distribute results over the long term, comprehensively taking into account factors such as business results and capital efficiency. In the Medium-term Management Plan that began in April 2018, the Company will appropriate dividends with a dividend on equity (DOE) ratio of 3% and a consolidated dividend payout ratio of not less than 30%.

With regard to the year-end dividends for the 121st fiscal year, as the transitional period, the Company proposes an annual dividend of ¥28 per share, and after deduction of the ¥9 per share implemented as an interim dividend on December 1, 2017, the value is proposed to be ¥19 per share.

1	Type of dividend assets	Cash
2	Items relating to the allocation of dividend assets to shareholders and its total amount	¥19 per share of common stock Total: ¥1,244,564,961 (As a result, ¥28 per annum adding paid interim dividend)
3	Effective date of payment of dividend from surplus	June 22, 2018

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

With the intent of improving the dissemination of information and rationalizing procedures for public notice, the Company proposes changing its method of public notice to electronic notice, and in addition, to define measures for when it is unable to issue an electronic notice due to unavoidable reasons.

2. Content of the amendments

The content of the amendments is as follows.

(Underlines indicate amended portions)

Current Articles of Incorporation	Proposed Amendments
(Method of Public Notice) Article 4 Public notices of the Company shall be issued in the Nikkei.	(Method of Public Notice) Article 4 Public notices of the Company shall be <u>made by electronic means; provided, however, that if the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, public notices of the Company shall be</u> issued in the Nikkei.

Proposal 3: Election of 6 Directors

The terms of office of all 6 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 6 Directors is proposed.

The candidates for Directors are as follows. Additionally, matters concerning each candidate for Director are as stated on page 7 to page 9.

No.	Name		Notes
1	Masataka Uetake	<u>Reappointment</u>	
2	Junji Tomochika	<u>Reappointment</u>	
3	Yasuyuki Kiseki	<u>Reappointment</u>	
4	Hideyuki Tanaka	<u>Reappointment</u>	
5	Koji Ueda	<u>Reappointment</u>	<u>Candidate for Outside Director</u> <u>Candidate for Independent Director</u>
6	Motoyoshi Nishikawa	<u>Reappointment</u>	<u>Candidate for Outside Director</u> <u>Candidate for Independent Director</u>

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. Mr. Koji Ueda and Mr. Motoyoshi Nishikawa are candidates for Outside Director prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 3. The term of office of Mr. Koji Ueda as Outside Director of the Company will be three years at the conclusion of this Annual General Meeting of Shareholders, and the term of office of Mr. Motoyoshi Nishikawa as Outside Director of the Company will be two years at the conclusion of this Annual General Meeting of Shareholders.
 4. Pursuant to the Articles of Incorporation, the Company has concluded liability limitation agreements with Mr. Koji Ueda and Mr. Motoyoshi Nishikawa, and an overview of the contents of said agreement are provided in “3-(2) Overview of content of liability limitation agreements” on page 22 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the reelection of both persons is approved, the Company plans to continue with said liability limitation agreements.
 5. Mr. Koji Ueda and Mr. Motoyoshi Nishikawa are candidates for Independent Director required under the rules of Tokyo Stock Exchange.

No. 1	Masataka Uetake	<u>Reappointment</u>
Date of birth: January 12, 1945		
Number of shares of the Company held: 188,400		
Significant concurrent positions: Not applicable.		
Past experience, positions and responsibilities at the Company		
April 1968	Joined the Company	July 2006
April 1997	Counselor; Chief, Marine Coatings Headquarter	January 2007
June 1997	Director; Chief, Marine Coatings Headquarter	April 2010
June 2003	Managing Director; President, Marine Coatings Div.	
Managing Director; Supervisor of Sales Section and overseas subsidiaries Executive Director President and CEO (present)		
[Reasons for selection as a candidate for Director]		
Through a wealth of operational experience at the Company, he is well versed in the Company's overall operations, and as the Company has judged that these achievements, abilities, and wealth of experience will continue to be an integral part of the Company's management, he has been designated a candidate for Director.		

No. 2	Junji Tomochika	<u>Reappointment</u>
Date of birth: January 20, 1956		
Number of shares of the Company held: 13,000		
Significant concurrent positions: Not applicable.		
Past experience, positions and responsibilities at the Company		
September 1980	Joined the Company	July 2012
April 1997	Managing Director, TOA-Chugoku Paints Co., Ltd.	April 2013
April 2002	Manager, Fukuoka Sales Office, Kyushu Branch, Sales Management Dept., Marine Coatings Div.	June 2013
October 2007	Managing Director, Chugoku Marine Paints (Singapore) Pte. Ltd.; and Managing Director, Chugoku Paints (Malaysia) Sdn. Bhd.	April 2015
		April 2016
Executive Officer, the Company; Managing Director, Chugoku Marine Paints (Singapore) Pte. Ltd.; and Managing Director, Chugoku Paints (Malaysia) Sdn. Bhd. Executive Officer; Chief, Sales Headquarter, the Company Director; Chief, Sales Headquarter Director; Chief, Administration Headquarter Managing Director; Chief, Administration Headquarter (present)		
[Reasons for selection as a candidate for Director]		
Through a wealth of operational experience at the Company, he is well versed in the Company's overall operations, and as the Company has judged that these achievements, abilities, and wealth of experience will continue to be an integral part of the Company's management, he has been designated a candidate for Director.		

No. 3	Yasuyuki Kiseki	<u>Reappointment</u>
Date of birth: May 3, 1956		Number of shares of the Company held: 7,500
Significant concurrent positions: Not applicable.		
Past experience, positions and responsibilities at the Company		
April 1981	Joined the Company	July 2013
July 2007	General Manager, Anti Fouling Tech. Dept., Technical Center, Marine Coatings Headquarter	Senior Executive Officer, the Company; Managing Director, Chugoku Marine Paints (Shanghai), Ltd.; and Managing Director, Chugoku Marine Paints (Guang Dong), Ltd.
July 2011	Executive Officer, the Company; Director and Chief, Technical & Production Headquarter, Chugoku Marine Paints (Shanghai), Ltd.	April 2015
April 2013	Executive Officer, the Company; Managing Director, Chugoku Marine Paints (Shanghai), Ltd.; and Managing Director, Chugoku Marine Paints (Guang Dong), Ltd.	June 2015 April 2018
		Senior Executive Officer; Chief, Sales Headquarter; and General Manager, Offshore Project Sales & Marketing Dept.; and Supervisor of Container Coating Sales, the Company Director; Chief, Sales Headquarter Director; Chief, Production Headquarter (present)

[Reasons for selection as a candidate for Director]

Through a wealth of operational experience at the Company, he is well versed in the Company's overall operations, and as the Company has judged that these achievements, abilities, and wealth of experience will continue to be an integral part of the Company's management, he has been designated a candidate for Director.

No. 4	Hideyuki Tanaka	<u>Reappointment</u>
Date of birth: August 7, 1965		Number of shares of the Company held: 2,600
Significant concurrent positions: Not applicable.		
Past experience, positions and responsibilities at the Company		
April 1988	Joined the Company	July 2015
April 2008	Leader, Marine Specialty Coating Products Group, Anti Fouling Tech. Dept., Technical Center, Marine Coatings Headquarter; and Leader, Group-3, R&D Center, R&D Headquarter	April 2017
April 2011	Leader, R&D Group-2, R&D Dept., Technical Headquarter	June 2017 April 2018
		Executive Officer; Deputy Chief, Technical & Production Headquarter; and General Manager, R&D No. 2 Dept. Executive Officer; Chief, Technical & Production Headquarter; and General Manager, R&D No. 2 Dept. Director; Chief, Technical & Production Headquarter Director; Chief, Technical Headquarter (present)

[Reasons for selection as a candidate for Director]

Through a wealth of operational experience at the Company, he is well versed in the Company's overall operations, and as the Company has judged that these achievements, abilities, and wealth of experience will continue to be an integral part of the Company's management, he has been designated a candidate for Director.

No. 5	Koji Ueda	Reappointment	Candidate for Outside Director Candidate for Independent Director
Date of birth: March 8, 1962		Number of shares of the Company held: 1,100	
Significant concurrent positions: Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University; Representative Partner, Nexus Audit Corporation			
Past experience, positions and responsibilities at the Company			
April 1996	Registered as Certified Public Accountant	April 2005	Associate Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University
December 1996	Registered as Tax Accountant		Representative Partner, Nexus Audit Corporation (present)
October 2004	Established CPA and Tax Accountant Office (present)	July 2006	Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University (present)
		April 2010	Outside Director, the Company (present)
		June 2015	
[Reasons for selection as a candidate for Outside Director]			
He possesses a wealth of experience and advanced insights as a university professor and certified public accountant, and as the Company has judged that he can continue to provide effective advice from an independent standpoint, he has been designated a candidate for Outside Director.			
Additionally, there are no transactional relationships between the Group and him or his place of employment, and the Company has judged that there are no conflicts of interest with ordinary shareholders.			

No. 6	Motoyoshi Nishikawa	Reappointment	Candidate for Outside Director Candidate for Independent Director
Date of birth: January 1, 1946		Number of shares of the Company held: 2,300	
Significant concurrent positions: Visiting Counsel, Nomura & Partners			
Past experience, positions and responsibilities at the Company			
April 1968	Joined Yawata Iron & Steel Co., Ltd. (currently NIPPON STEEL & SUMITOMO METAL CORPORATION)	April 2010	Outside Audit & Supervisory Board Member, NKSJ Holdings, Inc. (currently Sampo Holdings, Inc.)
June 1997	Director, NIPPON STEEL CORPORATION (currently NIPPON STEEL & SUMITOMO METAL CORPORATION)	July 2011	Admitted to the bar Visiting Counsel, Nomura & Partners (present)
April 2001	Managing Director, the above company	April 2012	Outside Director, OLYMPUS CORPORATION
June 2003	Senior Advisor (Chief Legal Counsel), the above company	June 2016	Outside Director, the Company (present)
July 2007	Advisor, the above company		
June 2009	Audit & Supervisory Board Member, NITTETSU ELEX Co., Ltd. (currently NIPPON STEEL & SUMIKIN TEXENG. CO., LTD.)		
[Reasons for selection as a candidate for Outside Director]			
He possesses a wealth of experience and advanced insights as an attorney, corporate manager, and Outside Director, and as the Company has judged that he can continue to provide effective advice from an independent standpoint, he has been designated a candidate for Outside Director.			
Additionally, there are no transactional relationships between the Group and him or his place of employment, and the Company has judged that there are no conflicts of interest with ordinary shareholders.			

Proposal 4: Election of 1 Substitute Corporate Auditor

The effectiveness of the current Substitute Corporate Auditor's appointment will expire at the opening of this Annual General Meeting of Shareholders. In order to prepare for the contingency of the number of Corporate Auditors falling below the current number, the election of 1 Substitute Corporate Auditor is proposed.

The candidate for Substitute Corporate Auditor is as follows.

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

Yorito Kubota		Reappointment	
Date of birth: February 14, 1953		Number of shares of the Company held: —	
Significant concurrent positions: Licensed tax accountant			
Past experience and positions at the Company			
April 1971	Joined Hiroshima Regional Taxation Bureau	July 2013	Resigned from Hiroshima-higashi Taxation Office
July 2006	Director of Iwakuni Taxation Office	August 2013	Opened the business as Tax Accountant (present)
July 2009	Chief Internal Inspector, Hiroshima Detached Internal Inspector Office, Director-General's Secretariat, National Tax Agency	October 2013	Partner, Hiroshima Branch Office, HONGO TSUJI TAX & CONSULTING
July 2012	Director of Hiroshima-higashi Taxation Office	June 2016	Substitute Corporate Auditor, the Company (present)

- (Notes)
1. There are no special interests between the candidate and the Company.
 2. Mr. Yorito Kubota is a candidate for Substitute Corporate Auditor who is an Outside Corporate Auditor prescribed in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act, and meets the requirements for Independent Auditor stipulated by the Tokyo Stock Exchange. He does not have any previous experience of participation in corporate management, but he possesses a wide range of knowledge and business experience in finance and accounting. Therefore, the Company believes that he is capable of auditing the execution of Directors' duties from an objective and fair standpoint, and thus nominates him as a candidate.
 3. If Mr. Yorito Kubota assumes the office of Corporate Auditor, the Company is scheduled to enter into an agreement with him that limits the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act.

Proposal 5: Matters Concerning Compensation for Granting Restricted Stock to the Directors

At the 110th Annual General Meeting of Shareholders held on June 28, 2007, approval was received for an amount of basic remuneration, etc. for the Directors of the Company of ¥450 million or less per year (however, not including employee salaries for employees concurrently serving as Directors).

This time, as part of the revision of Director and Executive Officer Compensation Plan, with the objectives of offering incentives to the Company's Directors (excluding the Outside Directors; hereinafter the "Directors Covered by the Plan") to achieve sustained improvement of the corporate value of the Company and sharing more of that value with our shareholders, the Company proposes that, within the said existing limit of compensation for the Directors of the Company, the Company create a compensation plan that will newly grant restricted stock to the Directors Covered by the Plan.

The Restricted Stock Compensation Plan (hereinafter the "Plan") shall be comprised of "Term-dependent Restricted Stock," dependent on having continuously served at the Company for a certain length of time as a condition for the lifting of restrictions, and "Performance-dependent Restricted Stock," dependent on achievement of performance targets, such as ROE and others, set in advance by the Company's Board of Directors as conditions for the lifting of restrictions.

Based on this proposal, the compensation paid in order to grant restricted stock to the Directors Covered by the Plan shall be a monetary claim (hereinafter the "Monetary Compensation Claim"), and its total amount shall be ¥100 million or less per year for "Term-dependent Restricted Stock" and "Performance-dependent Restricted Stock" combined, the amount deemed to be appropriate based on the above objectives. Furthermore, the specific payment timing and allocation for each of the Directors Covered by the Plan shall be decided in a meeting of the Board of Directors. However, compensation in order to grant restricted stock shall not be paid to Outside Directors.

Furthermore, the above compensation amounts shall not include employee salaries for employees concurrently serving as Directors.

Currently there are 6 Directors (including 2 Outside Directors), but if Proposal 3 "Election of 6 Directors" is approved and passed as proposed, there will be 6 Directors (including 2 Outside Directors).

Furthermore, based on a resolution of the Board of Directors of the Company, the Directors Covered by the Plan shall make in-kind contribution of all Monetary Compensation Claim paid under this proposal and shall, in return, receive the issuance or disposal of the common shares of the Company, and the total number of common shares of the Company to be issued or disposed of through this process shall be 100,000 shares or less per year for "Term-dependent Restricted Stock" and "Performance-dependent Restricted Stock" combined. (However, in case that the Company conducts stock splits (including free allocations of its common shares) or reverse stock splits of its common shares which are effective on or after the date of the approval of this proposal or for other reasons requiring adjustment of the total number of the Company's common stock to be issued or disposed of as restricted stock, the total number of shares shall be adjusted to a reasonable extent as necessary.)

Note that the amount paid in per share shall be the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day). Furthermore, when issuing or disposing of the common shares of the Company through this process, a contract for allocation of restricted stock (hereinafter the "Allocation Contract") containing the following contents shall be concluded between the Company and the Directors Covered by the Plan.

(1) Transfer Restriction Period

The Directors Covered by the Plan must not transfer the common shares of the Company for which allocation is received under the Allocation Contract (hereinafter the "Allocated Shares"), create a security interest on the Allocated Shares, nor dispose of the Allocated Shares in any other way (hereinafter the "Transfer Restrictions") for Term-dependent Restricted Stock, during the period stipulated in advance by the Board of Directors of the Company that is between three and five years after receiving allotment via the Allocation Contract and for Performance-dependent Restricted Stock, during the period stipulated in advance by the Board of Directors of the Company that is between one and five years after receiving allotment via the Allocation Contract (hereinafter the "Transfer Restriction Period").

(2) Treatment in the Event that a Director Leaves His/Her Post or Retires

1) Term-dependent Restricted Stock

In the case that Directors Covered by the Plan leave their posts as Directors before the end of the Transfer Restriction Period, the Company shall acquire the Allocated Shares at no cost except in the case

of expiration of term of office, death, or any other legitimate reason.

2) Performance-dependent Restricted Stock

In the case that Directors Covered by the Plan leave their posts as Directors, Executive Officers not concurrently serving as Directors, or any other position equivalent to the above, before the end of the Transfer Restriction Period, the Company shall acquire the Allocated Shares at no cost.

(3) Cancellation of the Transfer Restrictions

1) Term-dependent Restricted Stock

The Company shall cancel the Transfer Restrictions for all of the Allocated Shares as of the time when the Transfer Restriction Period expires, on the condition that the Directors Covered by the Plan have maintained their status of Director continuously during the Transfer Restriction Period. However, in the case that said Directors Covered by the Plan leave the posts stipulated in (2) above because of expiration of term of office, death, or any other legitimate reason stipulated in (2) above before the Transfer Restriction Period expires, the number of the Allocated Shares for which the Transfer Restrictions are cancelled and the timing of the cancellation of the Transfer Restrictions shall be reasonably adjusted as necessary. Additionally, as of the time immediately after restrictions are canceled in line with the above stipulations, the Company shall acquire at no cost Allocated Shares that have not had transfer restrictions canceled.

2) Performance-dependent Restricted Stock

The Company shall cancel the Transfer Restrictions for all of the Allocated Shares as of the time when the Transfer Restriction Period expires, on the condition that performance targets such as ROE and others established by the Board of Directors of the Company in advance have been achieved, and in addition, the Directors Covered by the Plan have maintained their status of Director, Executive Officers not concurrently serving as Directors, or other positions equivalent to the above continuously during the period between receiving allotment via the Allocation Contract and the time that determination is made on whether or not the above performance targets have been achieved. Furthermore, the Company shall acquire at no cost the Allocated Shares for which the Transfer Restrictions have not been cancelled, at the time immediately after the Transfer Restriction Period expires.

(4) Treatment in the Event of Organizational Restructuring, etc.

In the case that matters regarding merger contracts under which the Company becomes the disappearing company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors of the Company in the case that approval by the General Meeting of Shareholders of the Company is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall cancel, based on the resolution of the Board of Directors of the Company, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. as necessary with regard to the number of Allocated Shares deemed reasonable in view of the period between the beginning of the Transfer Restriction Period and the approval of the date of said organizational restructuring, etc. Furthermore, in the case provided for above, the Company shall acquire at no cost the Allocated Shares for which the Transfer Restrictions have not been cancelled, at the time immediately after the cancellation of Transfer Restrictions.

(5) Other Matters Determined by the Board of Directors

In addition to the above, the method of manifestation of intention and notification in the Allocation Contract, the method of revision of the Allocation Contract, and any other matters determined by the Board of Directors shall be included in the contents of the Allocation Contract.