

**To Our Shareholders with Voting Rights**

Kimikazu Aida  
President and CEO  
AIDA ENGINEERING, LTD.  
2-10 Ohyama-cho, Midori-ku, Sagamihara,  
Kanagawa 252-5181, Japan

**Notice of the 82nd Ordinary General Meeting of Shareholders**

Dear Shareholders:

We would like to take this opportunity to express our sincere appreciation for your support. You are cordially invited to attend the 82nd Ordinary General Meeting of Shareholders of AIDA ENGINEERING, LTD. (hereinafter, the “Company”), to be held as described below.

**If you are unable to attend the meeting, you may exercise your voting rights in writing or by electromagnetic means (the Internet etc.). Please review the Reference Documents for the General Meeting of Shareholders provided in the following pages and exercise your voting rights by no later than 6:00 p.m., Friday, June 16, 2017.**

1. Date: 10:30 a.m., Monday, June 19, 2017
2. Place: The conference room of the Company  
2-10 Ohyama-cho, Midori-ku, Sagamihara, Kanagawa, Japan
3. Objectives of the Meeting:
  1. Report on the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 82nd Fiscal Year (from April 1, 2016 to March 31, 2017)
  2. Audit Reports of the Accounting Auditors and the Board of Statutory Auditors on the Consolidated Financial Statements for the 82nd Fiscal Year (from April 1, 2016 to March 31, 2017)

Agenda:

- |            |   |
|------------|---|
| Proposal 1 | Appropriation of Retained Earnings                                |
| Proposal 2 | Election of Seven (7) Directors                                   |
| Proposal 3 | Election of One (1) Statutory Auditor                             |
| Proposal 4 | The Introduction of a Share-Based Compensation Plan for Directors |

4. Other matters regarding this Notice

- (1) Among the documents to be provided in this Notice, Corporate Systems and Policies in the Business Report, the Consolidated Statements of Changes in Net Assets, the Notes to Consolidated Financial Statements, the Non-Consolidated Statements of Changes in Net Assets, and the Notes to Non-Consolidated Financial Statements are posted on the Company’s website (<http://www.aida.co.jp>) pursuant to applicable laws and regulations and Article 16 of the Articles of Incorporation of the Company. The Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements included in the attached documents in this Notice are parts of the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by the Accounting Auditors or the Statutory Auditors when they prepared the Audit Reports.
- (2) If circumstances occur that may require changes to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements, such changes shall be posted on the Company’s website (<http://www.aida.co.jp>) on the Internet.
- (3) You may exercise your voting rights by proxy by having another shareholder who holds voting rights attend the General Meeting of Shareholders on your behalf. Please note, however, that a document evidencing the authority of proxy must be submitted.

(Information)

- For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting. Also, please bring this Notice with you for resource-saving purposes.
- Proceedings on the day will be in Japanese. Please note that we will not provide an interpreter.

## Reference Documents for the General Meeting of Shareholders

Proposals and references

### Proposal 1-Appropriation of Retained Earnings

The Company strives to increase its corporate value and to ensure continuous growth of earnings per share by strengthening its operation basis, improving Company quality and by carrying out its operation from a global perspective, while recognizing that improvement of profit distribution to shareholders is one of our most important management issues.

Our basic policy on dividends is to maintain stable dividends, targeting 30% or more of the consolidated dividend payout ratio, while taking into account such matters as securing stability of the business base and maintaining internal reserves for growth investment in the future.

For the fiscal year under review, the Company will pay a commemorative dividend of ¥10 in addition to an ordinary dividend of ¥30, as described below, celebrating its 100th anniversary in March 2017.

Matters relating to year-end dividends

- (1) Category of dividend assets  
Cash
- (2) Matters relating to the allocation of dividend assets and the total amount of such allocation  
¥40 per share of the Company's common stock  
(Ordinary dividend: ¥30; commemorative dividend: ¥10)  
Total payment: ¥2,603,049,000
- (3) Date on which the dividend of retained earnings shall take effect  
June 20, 2017

## Proposal 2-Election of Seven (7) Directors

The terms of office of all eight (8) Directors (of which, two (2) are Outside Directors) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is proposed to re-elect seven (7) Directors (of which, two (2) are Outside Directors).

The candidates for Directors are listed below.

| No. | Name                      |                                       |                    |
|-----|---------------------------|---------------------------------------|--------------------|
| 1   | Candidate for re-election |                                       | Kimikazu Aida      |
| 2   | Candidate for re-election |                                       | Naoyoshi Nakanishi |
| 3   | Candidate for re-election |                                       | Yap Teck Meng      |
| 4   | Candidate for re-election |                                       | Ken Masuda         |
| 5   | Candidate for re-election |                                       | Toshihiko Suzuki   |
| 6   | Candidate for re-election | Outside Director Independent Director | Kimio Oiso         |
| 7   | Candidate for re-election | Outside Director Independent Director | Hirofumi Gomi      |

| No. | Name<br>(Date of birth)  | Brief personal history, position, duties and concurrent holding of important positions   | Number of the Company's shares held |
|-----|--|--|-------------------------------------|
| 1   | Candidate for re-election<br><br>Kimikazu Aida<br>(December 13, 1951)  | December 1976 Joined AIDA ENGINEERING, LTD.<br>June 1982 Director<br>September 1989 Representative Director (current position)<br>April 1992 President (current position)<br>April 2001 Chief Executive Officer (CEO)<br>(current position)<br>October 2011 Division Manager, Research and Development Headquarters (current position)<br><Concurrent holding of important positions><br>Chairman, AIDA AMERICA CORP.<br>Chairman, AIDA S.r.l. | 1,444,141                           |
|     | <p>&lt; Reasons for electing the candidate for Director&gt;</p> <p>Kimikazu Aida has led global strategies and development of new products as Representative Director since 1989, and has been contributing to rapid expansion of business up to the present time. He has abundant experience and knowledge as a manager and we judge that he is the right person for realization of sustainable improvement of corporate value. Based on the above, the Company requests his re-election as Director to make good use of his experience and knowledge for management of the Company and enhancement of the decision-making and supervisory functions of the Board of Directors.</p> |  |                                     |



| No. | Name<br>(Date of birth)   | Brief personal history, position, duties and<br>concurrent holding of important positions   | Number of the<br>Company's<br>shares held |
|-----|---|---|---|
| 3   | Candidate for re-election<br><br>Yap Teck Meng<br>(September 4, 1962)   | June 1996    Joined AIDA MANUFACTURING (MALAYSIA) SDN.BHD. (currently AIDA ENGINEERING (M) SDN. BHD.)<br>November 2007    Operating Officer, AIDA ENGINEERING, LTD.<br>June 2010    Managing Executive Officer<br>June 2013    Director (current position)<br>June 2013    Executive Officer<br>June 2014    Managing Executive Officer (current position)<br><Concurrent holdings of important positions><br>Chairman and Managing Director, AIDA GREATER ASIA PTE. LTD.<br>Chairman and Managing Director, AIDA ENGINEERING (M) SDN. BHD.<br>Chairman, AIDA ENGINEERING CHINA CO., LTD.<br>Chairman, AIDA PRESS MACHINERY SYSTEMS CO., LTD. | 0   |
|     | < Reasons for electing the candidate for Director><br>Yap Teck Meng has assumed management for many years as the top of Asian regional subsidiaries of the Consolidated Group, and currently supervises sales and marketing of the entire Consolidated Group as Managing Executive Officer of the Company. He has abundant experience and knowledge concerning operations in general and management of the Company. To make good use of such experience and knowledge for management of the Company and enhancement of the decision-making and supervisory functions of the Board of Directors, the Company requests his re-election as Director. |   |   |

| No. | Name<br>(Date of birth)  | Brief personal history, position, duties and<br>concurrent holding of important positions |   | Number of the<br>Company's<br>shares held |
|-----|--|---|---|---|
| 4   | Candidate for<br>re-election<br><br>Ken Masuda<br>(October 14, 1960)   | February 1991   | Joined AIDA ENGINEERING, LTD.   | 12,786                                    |
|     |  | June 2010   | General Manager, General Administration<br>Department                 |   |
|     |  | June 2012   | Operating Officer   |   |
|     |  | June 2013   | Director (current position)   |   |
|     |  | June 2013   | Executive Officer   |   |
|     |  | March 2014  | Division Manager, General Administration<br>Headquarters              |   |
|     |  | June 2015   | Managing Executive Officer (current<br>position)                      |   |
|     |  | June 2016   | Division Manager, Customer Service<br>Headquarters (current position) |   |
|     |  | <Concurrent holdings of important positions><br>Not applicable                            |   |   |
|     | < Reasons for electing the candidate for Director><br>Ken Masuda has engaged in the administration division for many years and taken part in administration in general, mainly in the financial and accounting fields. He currently serves as Managing Executive Officer and Division Manager of the Customer Service Headquarters and has abundant experience and knowledge concerning operations in general and management of the Company. To make good use of such experience and knowledge for management of the Company and enhancement of the decision-making and supervisory functions of the Board of Directors, the Company requests his re-election as Director. |   |   |   |
| 5   | Candidate for<br>re-election<br><br>Toshihiko Suzuki<br>(August 28, 1961)  | December 2011   | Joined AIDA ENGINEERING, LTD.   | 4,772                                     |
|     |  | March 2014  | Deputy Division Manager, Sales<br>Headquarters                        |   |
|     |  | June 2014   | Operating Officer   |   |
|     |  | May 2015  | Division Manager, Engineering Headquarters<br>(current position)      |   |
|     |  | June 2015   | Director, Executive Officer (current position)                        |   |
|     |  | <Concurrent holding of important positions><br>Managing Director, ACCESS, LTD.            |   |   |
|     | < Reasons for electing the candidate for Director><br>Toshihiko Suzuki has mainly engaged in the engineering division to date and currently supervises the engineering division of the entire Consolidated Group, while assuming management as the top of an important domestic subsidiary. He has abundant experience and knowledge concerning operations and management of the Company. To make good use of such experience and knowledge for management of the Company and enhancement of the decision-making and supervisory functions of the Board of Directors, the Company requests his re-election as Director.  |   |   |   |

| No. | Name<br>(Date of birth)   | Brief personal history, position, duties and<br>concurrent holding of important positions |  | Number of the<br>Company's<br>shares held   |       |
|-----|---|---|--|---|-------|
| 6   | Candidate for<br>re-election<br>Outside Director<br>Independent Director<br><br>Kimio Oiso<br>(October 8, 1946)<br><br>Board of Directors'<br>meeting attendance<br>during the fiscal year<br>ended March 31,<br>2017 - 100% (all 11<br>meetings)   | July  | 2000   | Statutory Auditor, The Dai-ichi Mutual Life Insurance Company (currently Dai-ichi Life Insurance Company, Ltd.) | 5,810 |
|     | July  | 2007  | Representative Director and Senior Executive Officer, The Dai-ichi Mutual Life Insurance Company |   |       |
|     |   | June  | 2008   | Statutory Auditor, AIDA ENGINEERING, LTD.   |       |
|     |   | July  | 2010   | President, The Cardiovascular Institute   |       |
|     |   | June  | 2012   | Director, AIDA ENGINEERING, LTD.<br>(current position)  |       |
|     |   | <Concurrent holding of important positions><br>Not applicable                             |  |   |       |
|     | < Reasons for electing the candidate for Outside Director ><br>Kimio Oiso has abundant experience and knowledge as a corporate manager and has been providing advice and suggestions useful for management of the Company from an independent and objective point of view. For reasons mentioned above, the Company judges that he is suitable as Outside Director of the Company and requests his re-election as Outside Director. |   |  |   |       |



| No.   | Name<br>(Date of birth)   | Brief personal history, position, duties and<br>concurrent holding of important positions   |   | Number of the<br>Company's<br>shares held   |   |
|---|---|---|---|---|---|
| 7   | <p>Candidate for re-election<br/>Outside Director<br/>Independent Director</p> <p>Hirofumi Gomi<br/>(May 13, 1949)</p> <p>Board of Directors' meeting attendance during the fiscal year ended March 31, 2017 - 100% (all 11 meetings)</p> | <p>April 1972</p> <p>July 1996</p> <p>June 1998</p> <p>July 2000</p> <p>July 2001</p> <p>July 2002</p> <p>July 2004</p> <p>July 2007</p> <p>November 2009</p> <p>June 2011</p> <p>January 2014</p> <p>February 2015</p> <p>June 2015</p> <p>June 2016</p> | <p>1972</p> <p>1996</p> <p>1998</p> <p>2000</p> <p>2001</p> <p>2002</p> <p>2004</p> <p>2007</p> <p>2009</p> <p>2011</p> <p>2014</p> <p>2015</p> <p>2015</p> <p>2016</p> | <p>Joined the Ministry of Finance</p> <p>Director of the Research Division, Banking Bureau, Ministry of Finance</p> <p>Director-General, Inspection Department, Financial Supervisory Agency (currently Financial Services Agency)</p> <p>Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission, Financial Services Agency</p> <p>Director-General, Inspection Bureau, Financial Services Agency</p> <p>Director-General, Supervisory Bureau, Financial Services Agency</p> <p>Commissioner, Financial Services Agency</p> <p>Resigned Financial Services Agency</p> <p>Visiting Professor, Aoyama Gakuin University (current position)</p> <p>Auditor, MIROKU JYOHO SERVICE CO., LTD.</p> <p>Advisor, NISHIMURA &amp; ASAHI (current position)</p> <p>Senior Advisor, THE BOSTON CONSULTING GROUP (current position)</p> <p>Director, AIDA ENGINEERING, LTD. (current position)</p> <p>Director, Infoteria Corporation (current position)<br/>Director, MIROKU JYOHO SERVICE CO., LTD. (current position)</p> <p>&lt;Concurrent holding of important positions&gt;<br/>Not applicable</p> | 0 |
| <p>&lt; Reasons for electing the candidate for Outside Director &gt;<br/>Hirofumi Gomi has abundant experience and advanced expertise acquired through his participation in the financial administration of the country as Commissioner of the Financial Services Agency, etc. and has been providing advice and suggestions useful for management of the Company from an independent and objective point of view. Although he has not been involved in corporate management other than as outside director or outside auditor, the Company judges that he is suitable as Outside Director of the Company for the reasons mentioned above and requests his re-election as Outside Director.</p> |   |   |   |   |   |

- (Note)
1. There is no special interest between the above candidates and the Company.
  2. The number of the Company's shares each candidate holds is shown including shares of stock in Officer's Shareholding Association.
  3. Kimio Oiso and Hirofumi Gomi are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
  4. The Company designated Kimio Oiso and Hirofumi Gomi as Independent Directors as defined by Tokyo Stock Exchange, Inc., and registered them with the Tokyo Stock Exchange as Independent Directors. If the re-election of both Kimio Oiso and Hirofumi Gomi is approved at this General Meeting of Shareholders, the Company will re-designate them as Independent Directors.

5. The term of office of Kimio Oiso as the Outside Director is five (5) years at the closing of this General Meeting of Shareholders.  
The term of office of Hirofumi Gomi as the Outside Director is two (2) years at the closing of this General Meeting of Shareholders.
6. Pursuant to the Articles of Incorporation, the Company has entered into contracts with Kimio Oiso and Hirofumi Gomi, which provide that the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act shall be up to the minimum liability amount specified in each item of Article 425, Paragraph 1 of the same law. If the re-election of both Kimio Oiso and Hirofumi Gomi is approved at this General Meeting of Shareholders, the Company will continue the aforementioned liability limitation contracts with them.

### Proposal 3-Election of One (1) Statutory Auditor

The term of office of one (1) Statutory Auditor, Shigeru Makinouchi will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is proposed to re-elect one (1) Statutory Auditor.

The Company has already obtained the consent of the Board of Statutory Auditors with respect to the submission of this proposal.

The candidate for Statutory Auditor is listed below.

| No.  | Name<br>(Date of birth)  | Brief personal history, position, duties and concurrent holding of important positions   | Number of the Company's shares held |
|--|--|--|-------------------------------------|
| 1  | <p>Candidate for re-election<br/>Outside Auditor<br/>Independent Auditor</p> <p>Shigeru Makinouchi<br/>(June 30, 1949)</p> <p>Board of Directors' meeting attendance during the fiscal year ended March 31, 2017 - 100%<br/>(all 11 meetings)</p> <p>Board of Statutory Auditors' meeting attendance during the fiscal year ended March 31, 2017 - 100%<br/>(all 9 meetings)</p> | <p>April 1979 Attorney-at-law (current position)</p> <p>March 2001 Practicing-Attorney-Professor for Civil Advocacy, Legal Training and Research Institute, Supreme Court of Japan (up to January 2004)</p> <p>June 2013 Statutory Auditor, AIDA ENGINEERING, LTD. (current position)</p> <p>&lt;Concurrent holding of important positions&gt;<br/>Head of Makinouchi Ageishi Law Office</p> | 0                                   |
| <p>&lt; Reasons for electing the candidate for Outside Statutory Auditor &gt;<br/>Although Shigeru Makinouchi has never been involved directly in corporate management, he has abundant experience and advanced expertise as an attorney and has been supervising the execution of duties by directors and executors of business from an independent and objective point of view. For reasons mentioned above, the Company judges that he will properly perform duties as Outside Statutory Auditor and requests his re-election as Outside Statutory Auditor.</p> |  |  |                                     |

- (Note)
1. There is no special interest between the above candidate and the Company.
  2. Shigeru Makinouchi is a candidate for Outside Statutory Auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
  3. The Company designated Shigeru Makinouchi as an Independent Statutory Auditor as defined by Tokyo Stock Exchange, Inc., and registered him with the Tokyo Stock Exchange as an Independent Auditor. If the re-election of Shigeru Makinouchi is approved at this General Meeting of Shareholders, the Company will re-designate him as an Independent Auditor.
  4. The term of office of Shigeru Makinouchi as Outside Statutory Auditor will be four (4) years upon the conclusion of this General Meeting of Shareholders.
  5. Pursuant to the Articles of Incorporation, the Company has entered into a contract with Shigeru Makinouchi, which provides that the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act shall be up to the minimum liability amount specified in each item of Article 425, Paragraph 1 of the same law. If the re-election of Shigeru Makinouchi is approved at this General

Meeting of Shareholders, the Company will continue the aforementioned liability limitation contract with him.

(Reference) Independence Criteria for Outside Officers

The Company has stipulated the criteria for the independence of Outside Officers as follows for the determination of their independence.

In principle, a person who does not fall under any of the following items at present or within the past one year

- (1) A party whose major business partner is the Company, or an executor of business thereof if the party is a corporation, etc.
- (2) A major business partner of the Company, or an executor of business thereof if the party is a corporation, etc.
- (3) A consultant, accounting specialist or legal specialist who receives a significant amount of money or other property from the Company other than the compensation from the Company as an Outside Officer.
- (4) An employee, etc. of the consulting firm, accounting office or law firm, etc. whose major business partner is the Company
- (5) A party who receives a significant amount of donation, etc. from the Company, or an executor of business thereof if the party is a corporation, etc.
- (6) A major shareholder of the Company, or an executor of business thereof if the party is a corporation, etc.
- (7) A close relative of the following (excluding insignificant person)
  - A. A person who falls under (1) to (6) described above
  - B. A Director, Statutory Auditor, Operating Officer or important employee of the Company or its subsidiary

## **Proposal 4-The Introduction of a Share-Based Compensation Plan for Directors**

### **1. Reasons for Proposal and Its Appropriateness**

This proposal is to seek the approval of the introduction of a new share-based compensation plan, a “Board Benefit Trust (BBT)” (the “Plan”), for its directors (excluding outside directors; hereinafter, the same applies in this proposal, unless otherwise specified).

The purpose of this proposal is to raise awareness of contributing to the improvement of medium- to long-term business results and increase corporate value by further clarifying the link between directors’ compensation and the Company’s share value, and by directors sharing with shareholders not only the merits of share price rises, but also the risks of share price declines. In light of this purpose and the details below, we believe this proposal to be reasonable.

Aside from the amount of compensation for directors of the Company approved at the 66th Ordinary General Meeting of Shareholders held on June 28, 2001, at the 72nd Ordinary General Meeting of Shareholders held on June 28, 2007, the shareholders authorized the amount of compensation and other benefits to be provided to directors in stock acquisition rights for stock options to be a maximum annual amount of 35 million yen.

The Plan transitions away from a stock option compensation plan, with the maximum amount of annual compensation remaining unchanged at 35 million yen. Further, relative to the stock option compensation plan, the Plan excels at incentivizing directors, providing flexibility, and reducing administrative burden.

Consequently, the Company will discontinue authorized compensation for directors concerning the share acquisition rights on the condition that introduction of the Plan is approved at that General Shareholders’ Meeting.

The Company proposes that the Plan’s details be determined by the Board of Directors within the limit mentioned in 2 below.

At present, the number of directors that would be subject to the Plan is five. If proposal 2 is approved as proposed, the number of directors that would be subject to the Plan would be four.

### **2. Amount of Compensation and other Benefits (Upper Limit) and Details and Reference Information of the Plan**

#### **(1) Outline of the Plan**

The Plan is a share-based compensation plan under which the Company’s shares are acquired through a trust (the trust established in accordance with the Plan, the “Trust”) by using the funds contributed by the Company. Directors will receive the Company’s shares as well as the amount of money equivalent to the market value of the Company’s shares as at the date of the retirement of directors (together with the Company’s shares, the “Company Shares”) through the Trust in accordance with the officer stock benefit rules formulated by the Company. In principle, directors will receive benefits such as the Company Shares on their retirement.

#### **(2) Individuals Subject to Plan Directors**

#### **(3) Trust Period**

From September 2017 (tentative) until the termination of the Trust. No specific date has been set for the termination of the Trust, and the Trust will continue as long as the Plan continues. The Plan will terminate if the shares of the Company are delisted, or if the officer stock benefit rules are repealed or otherwise discontinued.

#### **(4) Amount of Trust (Amount of Compensation and Other Benefits)**

Subject to the approval of this proposal, the Company will introduce the Plan targeting the three fiscal years from the fiscal year ending March 2018 to the fiscal year ending March 2020 (the “Initial Target Period”) as well as each three-year fiscal period after the Initial Target Period (together with the Initial Target Period, the “Target Period”), and contribute the following money to the Trust as the funds to acquire the Company’s shares for the purpose of provision of the Company Shares to directors.

First, upon commencement of the Trust Period mentioned in (3), the Company will make contributions of funds to the Trust, with an upper limit of 105 million yen (the equivalent of the sum of three years of the maximum annual amount of 35 million yen) as the necessary funds for the Initial Target Period.

After the Initial Target Period has elapsed, in principle, the Company will make additional contributions to the Trust, with an upper limit of 105 million yen, in every Target Period until the termination of the Plan.

However, if, at the time such additional contributions are made, there remain Company's shares (excluding the Company's shares that correspond to the points granted to directors and that have not yet provided to directors) and money (collectively, the "Remaining Shares") in the trust assets, the Remaining Shares will be allocated to the funds for the provision based on the Plan during the Target Period. In such cases, the upper limit of the monetary amount that the Company may additionally contribute during the said Target Period will be an amount of 105 million yen less the monetary amount of the Remaining Shares (for the Company's shares, the monetary amount of the market value as of the final day of the immediately previous Target Period).

During a Target Period, the Company may make multiple contributions of funds up until the accumulated amount of the contribution for the said Target Period reaches each upper limit mentioned above. When the Company decides to make additional contributions, the Company will make an appropriate disclosure in a timely manner.

(5) Methods of Acquisition and Number of Company's Shares

The Trust will acquire the Company's shares, using the funds contributed through (4) above, either through the stock market or by underwriting the disposition of the Company's treasury shares.

During the Initial Target Period, the Company will acquire the upper limit of the number of shares equivalent to 105 million yen, without delay upon the establishment of the Trust. The details concerning such acquisition will be timely and appropriately disclosed.

(6) Calculation Method for Number of the Company Shares to be Granted to directors

For each fiscal year, directors are granted points in consideration of matters such as their position in accordance with the officer stock benefit rules. The total number of points granted to directors for one fiscal year is a maximum of 54,600 points. This number of points was decided on comprehensively considering matters such as the levels of officers' compensation, trends in the number of directors of the Company, and their estimate in the future, and the Company believes such number to be reasonable. Each point awarded to directors is equivalent to one share of the Company's common share in providing the Company Shares as described in (7) below. However, if, in regard to the Company's shares, a share split, an allotment of shares without contribution, or a consolidation of the Company's shares is carried out after the approval of this proposal, the Company will reasonably adjust the maximum number of points and the number of points already granted or their conversion ratio, both in accordance with matters such as those ratios.

The directors' points that form the basis for the provision of the Company Shares in (7) below are, in principle, the total number of points granted to such directors until their retirement (the points computed in this manner, "Defined Number of Points")

(7) Provision of Company Shares

Directors who have met the beneficiary requirements provided in the officer stock benefit rules when retire will, in principle, receive, after their retirement, from the Trust the Company's shares that correspond to the number of their "Defined Number of Points" granted under (6) above by carrying out specified procedures for Beneficiaries.

In such case, the Director may instead receive, for a certain percentage of the Company's shares that such Director is entitled to receive, the amount of money equivalent to such Company's shares at market value as of the date of the retirement of the Director in accordance with conditions provided in the officer stock benefit rules. In such cases, the Trust may sell the Company's shares in order to make such monetary provisions.

(8) Exercise of Voting Rights

In accordance with instructions from the trust administrator, the voting rights in connection with the Company's Shares in the Trust's account will not be exercised.

By adopting this approach, the aim is to ensure neutrality in the management of the Company concerning the exercise of voting rights in connection with the Company's shares in the Trust's account.

(9) Treatment of Dividends

The Trust will receive dividends from the Company's shares held in the Trust's account, and allot them to the payment of the costs for acquiring the Company's shares or to the trust fees for the entrustor of the Trust.

If the Trust is terminated, remaining funds in the Trust at that time, including dividends, will be provided to incumbent directors in proportion to the number of points each of them holds in accordance with the officer stock benefit rules.

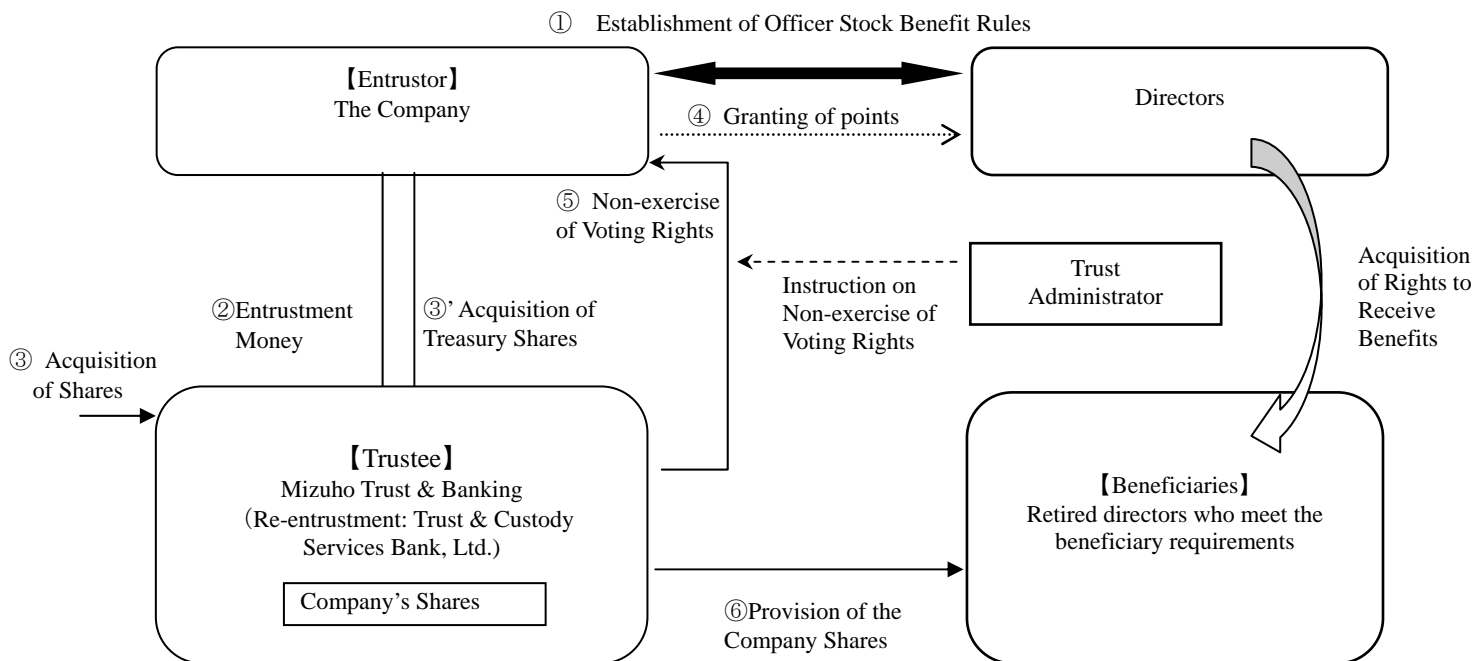
(10) Treatment on Termination of Trust

The Trust will terminate upon the occurrence of events such as a delisting of the Company's shares or the repeal or otherwise discontinuance of the officer stock benefit rules. Regarding the Company's shares among the Trust's residual assets at the time of termination of the Trust, the Company plans to acquire all such shares without consideration, and cancel them by resolution of the Board of Directors.

Of the residual assets of the Trust at the time of termination of the Trust, the balance of money, after distribution to directors in accordance with (9) above, will be distributed to the Company.



Reference: Structure of the Plan



- ① The Company will formulate the officer stock benefit rules within the framework approved by the General Shareholders' Meeting, after passing the resolution on the compensation of directors regarding the Plan at the General Shareholders' Meeting.
- ② The Company will entrust money within the limit approved by the General Shareholders' Meeting.
- ③ The Trust will acquire the Company's shares by using the funds entrusted in accordance with ② through the stock market or by the method in ③' of underwriting the disposition of the Company's treasury shares.
- ④ The Company will grant points to the directors in accordance with the officer stock benefit rules.
- ⑤ In accordance with instructions from an independent trust administrator from the Company, the Trust will not exercise voting rights concerning the Company's shares in the Trust's account.
- ⑥ The Trust will provide the Company's shares to retired directors who meet the beneficiary requirements provided in the officer stock benefit rules (the "Beneficiaries") correspondent to the number of points granted to the said Beneficiaries. In such case, the Beneficiaries may instead receive, for a certain percentage of the Company's shares that such Beneficiaries are entitled to receive, an amount of money equivalent to such Company's shares at market value as of the date of the retirement of the directors in accordance with conditions provided in the officer stock benefit rules.

End of document