

September 8<sup>th</sup>, 2015

To Whom it May Concern

Company name: AIDA ENGINEERING, LTD.  
Name of Representative: Kimikazu Aida  
President and Representative Director  
(Stock listing: First Section, Tokyo Stock  
Exchange, Code number: 6118)  
Contact Person for Inquiries: Ken Masuda  
Director of the Board,  
Managing Executive Officer,  
Division Manager,  
General Administration Headquarters  
Tel: +81-42-772-5231

## **Allotment of Stock Acquisition Rights issued as stock options**

The Board of Directors of AIDA ENGINEERING, LTD, (“the Company”) announced that it has resolved today to decide to offer the Stock Acquisition Rights issued as stock options (the "Stock Acquisition Rights") and also determine the solicitation of those who are to receive the said Stock Acquisition Rights.

### **I . The reason for issuing the Stock Acquisition Rights as stock options**

The Stock Acquisition Rights will be granted to our directors (excluding the external directors) as share-based compensation for the purpose of better aligning their incentives to contribute to the Company’s consolidated operating results and corporate value by sharing not only the merits but also the risks of changes in share price with our shareholders.

The total number of shares for all Stock Acquisition Rights shall be 22,000. If all Stock Acquisition Rights are exercised, the total number of outstanding shares as of the date of the board of directors' resolution regarding the issuance (73,647,321 shares) shall be diluted approximately 0.03%. However, we believe that the issuance of the Stock Acquisition Rights will contribute our consolidated operating results and enterprise value, and consequently be conducive to improvement of the interest of existing stockholders. Accordingly, we consider that the scale of the abovementioned dilution is reasonable.

### **II . The details of issuing the Stock Acquisition Rights**

#### **1. Name of the Stock Acquisition Rights**

the 13<sup>th</sup> AIDA ENGINEERING, LTD. Stock Acquisition Rights

#### **2. Total number of the Stock Acquisition Rights**

## 22 Stock Acquisition Rights

The above is expected number of the allotment. If the total number of the Stock Acquisition Rights to be allotted is less than expected, such as in the case where applications are not made as expected, total number of allotment of Stock Acquisition Rights will be reduced accordingly.

### **3. Type and Number of Shares That Are the Object of Stock Acquisition Rights**

The type of shares that are the object of Stock Acquisition Rights shall be ordinary shares of the Company. The number of shares for each Stock Acquisition Right (“Number of Granted Shares”) shall be 1,000.

However, if a share-split (includes gratis allotment of ordinary shares of the Company, the same shall apply below regarding the descriptions of share-split) or a reverse share-split is conducted for ordinary shares of the Company after the date of allotment of the Stock Acquisition Rights stipulated in Item 13. below (“the Allotment Date”), the Number of Granted Shares shall be adjusted by applying the following formula.

Number of Granted Shares after adjustment

= Number of Granted Shares before adjustment × Ratio of share-split or reverse share-split

The Number of Granted Shares after adjustment shall be applied on or after the day following the record date thereof in case of a share-split, or from the effective date thereof, in the case of a reverse share-split.

However, if a share-split is made under the condition that a proposal to increase capital or capital reserve by reducing surplus shall be approved at a general meeting of shareholders, and if the record date of such share-split is set for a day prior to the close of said general meeting of shareholders, the Number of Granted Shares after adjustment shall be applicable retroactively on the day following the closing of the said general meeting of shareholders and thereafter, to the next day following such record date.

In addition to the above case, if an inevitable need arises after the Allotment Date, the Company shall adjust the Number of Granted Shares as appropriate and to the extent reasonable.

Fractional number less than one share after the adjustment shall be truncated.

If the Number of Granted Shares is to be adjusted, the Company shall notify the holder of each Stock Acquisition Right recorded in the register of the Stock Acquisition Rights (“Holder of Stock Acquisition Right”) of any important matters by the day immediately prior to the date on which the Number of Granted Shares after adjustment is applied. However, if the Company is unable to give such notice by the day immediately prior to the date for such application, such notice shall be given as soon as possible afterwards.

**4. Amount to be paid upon exercise of the Stock Acquisition Rights**

The amount payable to the Company upon exercise of the Stock Acquisition Rights shall be determined by multiplying one (1) yen, the per-share exercise price, by the Number of Granted Shares.

**5. Exercise period of the Stock Acquisition Rights**

The exercise period of the Stock Acquisition Rights shall be from September 29, 2015 through September 28, 2045.

**6. Matters concerning the amount of capital and capital reserve increase resulting from the issuance of the shares upon exercise of the Stock Acquisition Rights**

(1) The amount of capital increase resulting from the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by multiplying the maximum limit of capital increase, as calculated in accordance with the provisions of Article 17, paragraph 1 of the Company Accounting Regulation, by 0.5, 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.

(2) The amount of capital reserve increase resulting from the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the capital to be increased, as provided in (1) above, from the maximum limit of capital increase, as also provided in (1) above.

**7. Restriction on transfer of the Stock Acquisition Rights**

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

**8. Conditions regarding the acquisition of the Stock Acquisition Rights**

The Company shall be able to acquire the Stock Acquisition Rights without any consideration on the day which shall be determined by the Board of Directors, if any of the following items (1), (2), (3), (4) or (5) is approved by shareholders in a general meeting of shareholders, or where a shareholder approval in a general meeting of shareholders is not necessary, when approved by the Board of Directors.

- (1) Approval of a merger contract pursuant to which the Company shall be a dissolving company;
- (2) Approval of an agreement or a plan for corporate split pursuant to which the Company shall be a split company;
- (3) Approval of a share exchange agreement or a share transfer plan where the Company shall become a wholly-owned subsidiary of another company;

(TRANSLATION FOR REFERENCE PURPOSES ONLY)

- (4) Approval of an amendment of the Company's Articles of Incorporation so that any acquisition by transfer of shares issued by the Company shall require approval of the Company;  
or
- (5) Approval of an amendment of the Company's Articles of Incorporation that would require an approval of the Company for an acquisition by transfer of shares issued upon exercise of the Stock Acquisition Rights, or that would allow the Company to acquire all such shares with the approval by shareholders in a general meeting of shareholders.

**9. Policy regarding cancellation of the Stock Acquisition Rights in the event of reorganization and issuance of Stock Acquisition Rights of a subject company of reorganization**

If the Company conducts a merger (but only when the Company is the dissolving company), an absorption-type split, an incorporation-type split (but only when the Company is the split company), a share exchange or a share transfer (but only when the Company is the wholly-owned subsidiary of another company) (hereinafter collectively the "corporate reorganization"), the Company shall grant the persons holding the Stock Acquisition Rights existing (hereinafter the "existing Stock Acquisition Rights") immediately before the effective date of the corporate reorganization (which shall be, for an absorption-type merger, the effective date of the absorption merger; for an incorporation-type merger, the incorporation date of the new company; for an absorption-type split, the effective date of the absorption-type company split; for an incorporation-type split, the incorporation date of the newly formed corporation; for a share exchange, the effective date of the share exchange; and for a share transfer, the incorporation date of the parent company) Stock Acquisition Rights of the joint stock company as stipulated in Article 236, paragraph 1, subparagraph 8, items (a) to (e) (hereinafter the "subject company") of the Companies Act.

However, the provision above shall apply only in cases when the issuance of Stock Acquisition Rights provided for in an agreement of absorption-type merger, an agreement of incorporation-type merger, an agreement of absorption-type split, an agreement of incorporation-type split, a share exchange agreement or a plan of share transfer occurs under the following terms and conditions:

- (1) The number of the Stock Acquisition Rights of the subject company to be granted

The number of the Stock Acquisition Rights of the subject company to be granted shall be the same as the number of existing Stock Acquisition Rights.

- (2) The class of shares of the subject company to be issued upon exercise of the Stock Acquisition Rights

Common stock of the subject company

- (3) The number of shares of the subject company to be issued upon exercise of the Stock Acquisition Rights

(TRANSLATION FOR REFERENCE PURPOSES ONLY)

It shall be determined following Item 3. above, considering the terms and conditions of the company reorganization.

(4) Amount to be paid upon exercise of the Stock Acquisition Rights

The amount payable to the Company upon exercise of the Stock Acquisition Rights shall be determined by multiplying one (1) yen, the per-share exercise price of the subject company, by the number of shares of the subject company to be issued upon exercise of such Stock Acquisition Rights as determined in accordance with (3) above.

(5) Exercise period of the Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights shall begin on the date of commencement of the exercise period stipulated in Item 5. above or the effective date of the corporate reorganization, whichever is later, and end on the closing date of the exercise period stipulated in Item 5. above.

(6) Matters concerning the amount of capital and capital reserve increase resulting from the issuance of the shares upon exercise of the Stock Acquisition Rights

Shall be determined in accordance with Item 6. above.

(7) Restriction on the transfer of the Stock Acquisition Rights

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

(8) Conditions regarding the acquisition of the Stock Acquisition Rights

Shall be determined in accordance with Item 8. above.

(9) Additional conditions for the exercise of the Stock Acquisition Rights

Shall be determined in accordance with Item 11. below.

**10. Treatment of fractional shares upon exercise of the Stock Acquisition Rights**

If fractional portions of shares are to be allotted upon exercise of the Stock Acquisition Rights, they shall be disregarded.

**11. Additional conditions for the exercise of the Stock Acquisition Rights**

- (1) A holder of Stock Acquisition Rights may only exercise Stock Acquisition Rights within a maximum of 10 days, within the period from the next day when such a holder no longer holds a position as a Director (“Exercise Commencement Date”).
- (2) Regardless of the preceding paragraph (1), in case the following 1) or 2) applies (however when 2) applies, excluding the case which Stock Acquisition Rights of the subject company are issued to the Holder of Stock Acquisition Rights in accordance with Item 9. above, the Holder of Stock Acquisition Rights may exercise the Stock Acquisition Rights pursuant to the Agreement as long as it is within the period prescribed respectively.

- 1) In case the Exercise Commencement Date for the Holder of Stock Acquisition Rights does not arrive on or before September 28, 2044:

From September 29, 2044 to September 28, 2045

- 2) In case a proposal for authorizing a merger agreement under which the Company is the dissolved company, or that for authorizing a statutory share exchange agreement or a statutory share transfer agreement under which the Company is a wholly owned subsidiary, is approved at the general meeting of shareholders of the Company (if a resolution at the general meeting of shareholders is unnecessary, in case the decision is made at the meeting of the Board of Directors of the Company):

15 days from the date immediately following the approved date

- (3) The Holder may not exercise any of the Stock Acquisition Rights that he/she has abandoned.

## 12. Calculation of the amount to be paid for allotment of the Stock Acquisition Rights

The amount to be paid for allotment of the Stock Acquisition Rights shall be the option price per share calculated based on the following Black-Scholes formula and basic numerical values in paragraphs (2) through (7), multiplied by the number of granted share (Any fraction of less than one yen shall be round off to the nearest yen).

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

In this formula,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) C = option price per share

- (2) S = share price: the closing price of the regular trading of Company's common stock on the Tokyo Stock Exchange on September 28, 2015 (or the standard price on the following trading day if there is no closing price on the date)

- (3) X = exercise price: 1 yen

- (4) T = expected duration: 5 years

- (5)  $\sigma$  = volatility: rate of variability, which is calculated based on the closing price of the regular trading on each trading day of the Company's common stock for 5 years from September 29, 2010 to September 28, 2015.

- (6) r = risk-free interest rate: the interest rate on Japanese government bonds with remaining period

corresponding to the expected duration

(7)  $q$  = stock dividend yield: dividend per share (the average value of actual dividend paid for the financial year ended March 31, 2015 and March 31, 2014) divided by the stock price provided in paragraph (2) above.

(8)  $N(.)$  = cumulative distribution function of the standard normal distribution

Note 1: The allotment of the Stock Acquisition Rights is not an issuance of shares with favorable terms to the Holder of Stock Acquisition Rights.

Note 2: The person's right to request the Company to pay such remuneration and the obligation to pay the paid-in value of Stock Acquisition Rights shall be offset.

### **13. The Allotment Date**

The Allotment Date shall be September 28, 2015.

### **14. Date of payment of consideration in exchange of the Stock Acquisition Rights**

Date of payment of consideration in exchange of the Stock Acquisition Rights shall be September 28 2015.

### **15. Persons that will be allotted with the Stock Acquisition Rights**

6 directors (excluding external directors) are to be allotted 22 Stock Acquisition Rights.

End of Document