

May 12, 2017

To whom it may concern:

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Notice Concerning the Introduction of Share-Based Compensation Plan

AIDA ENGINEERING, LTD. (the “Company”) hereby announces that, at the Board of Directors’ meeting held on May 12, 2017, the Company resolved to introduce a new share-based compensation plan, a “Board Benefit Trust (BBT)” (the “Plan”), and to submit a proposal for the Plan to the 82nd Ordinary General Meeting of Shareholders that will be held on June 19, 2017 (the “General Shareholders’ Meeting”), as described below.

1. Background to and Objective for Introduction of Plan

The Company’s Board of Directors resolved to introduce the Plan, subject to the approval of the shareholders at the General Shareholders’ Meeting regarding executive compensation, for the purpose of raising awareness of contributing to the improvement of medium- to long-term business results and increasing corporate value by further clarifying the link between the compensation of directors (excluding outside directors; “Directors”) 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. The Company’s Board of Directors will submit a proposal for the Plan to the General Shareholders’ Meeting.

Separate from the amount of compensation for Directors of the Company that was 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 benefits paid to Directors in stock acquisition rights as stock options to be a maximum of 35 million yen per each year after the date of ordinary general shareholder’s meeting for each fiscal year, and also approved the details of the said stock acquisition rights.

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

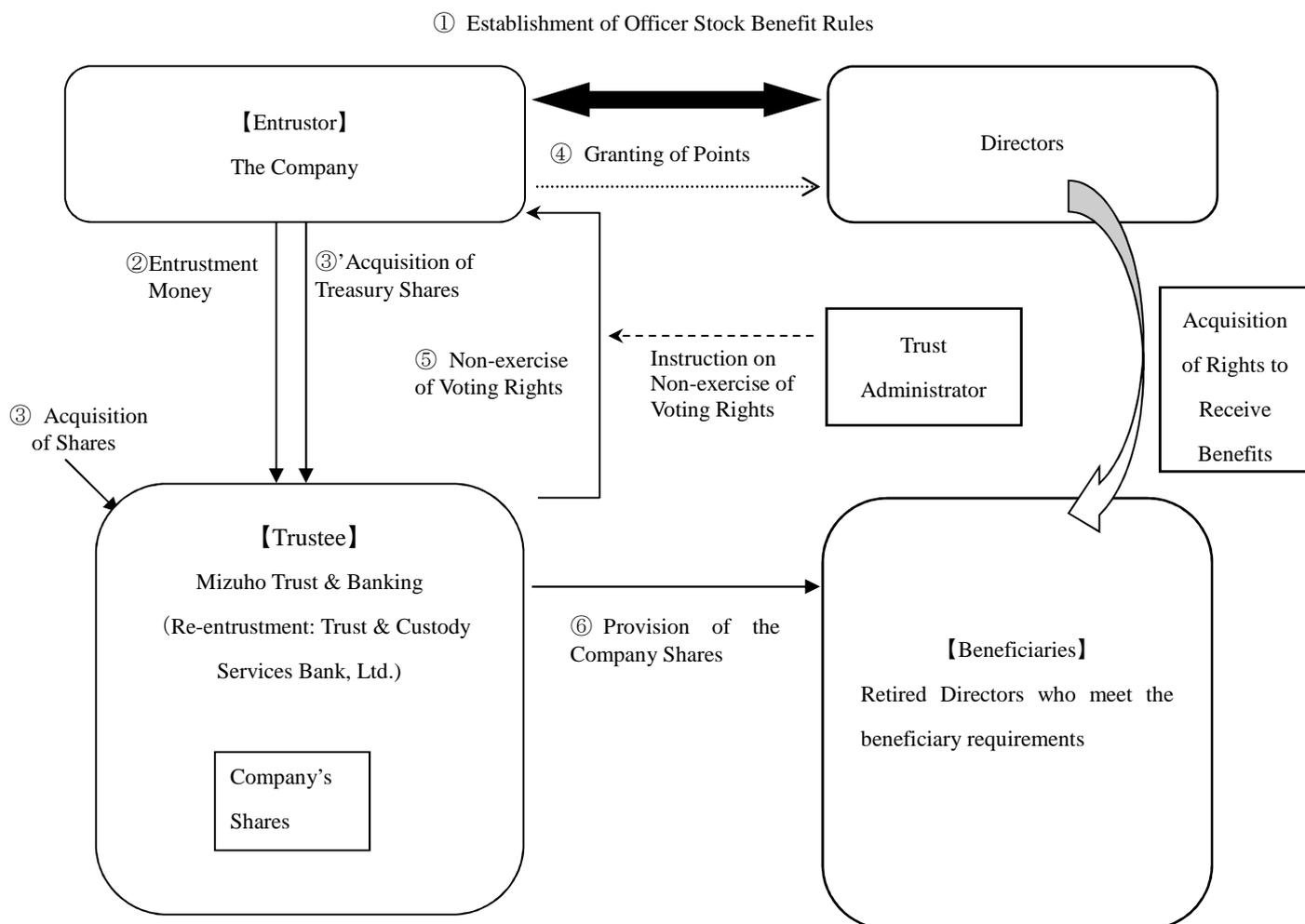
2. Outline of Plan

(1) Outline of 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.

<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 mentioned in ①.
- 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.

(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 the introduction of the Plan by the General Shareholders' Meeting, 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, 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 109,200 shares 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 current 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 resolution for approval by the shareholders at the General Shareholders' Meeting, 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.

[Overview of Trust]

- (1) Name: Board Benefit Trust (BBT)
- (2) Entrustor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd.
(re-entrusted by: Asset Management Trust & Custody Services Bank, Ltd.)
- (4) Beneficiaries: Retired Directors who meet the beneficiary requirements provided in the officer stock benefit rules
- (5) Trust administrator: A third party with no conflict of interests with the Company is to be selected
- (6) Types of trust: Money trust other than cash trusts (third-party benefit trust)
- (7) Date of conclusion of this trust agreement: September, 2017 (tentative)
- (8) Date on which the funds are entrusted: September, 2017 (tentative)
- (9) Period of Trust: From September, 2017 (tentative) until the Trust is terminated (No specific date has been set for the termination of the Trust; the Trust will continue as long as the Plan continues.)

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