

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Stock Exchange Code 7966)  
June 4, 2018

**To Our Shareholders**

Hiroyuki Nishio  
Representative Director, President  
LINTEC Corporation  
23-23, Honcho, Itabashi-ku, Tokyo

**NOTICE OF CONVOCATION OF  
THE 124TH 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 124th Annual General Meeting of Shareholders of LINTEC Corporation (the “Company”). The meeting will be held for the purposes as described below.

**If you are unable to attend the meeting on the day, you can exercise your voting rights in writing (submitting the voting rights exercise form) or via electromagnetic methods (via the Internet). If exercising your voting rights in writing or via electromagnetic methods, please review the attached Reference Documents for the General Meeting of Shareholders (pages 3 through 13), and exercise your voting rights by 5:30 p.m. on Wednesday, June 20, 2018.**

- 1. Date and Time:** Thursday, June 21, 2018 at 10:00 a.m. Japan time
- 2. Place:** Conference room (4F) of the 2nd building of the Company’s head office located at 23-23, Honcho, Itabashi-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The business report, consolidated financial statements for the Company’s 124th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditors and the Audit and Supervisory Committee of the consolidated financial statements
    2. Non-consolidated financial statements for the Company’s 124th Fiscal Year (April 1, 2017 - March 31, 2018)
  - Proposals to be resolved:**
    - Proposal 1:** Election of 11 Directors (excluding Directors serving as Audit and Supervisory Committee Members)
    - Proposal 2:** Revision of Compensation Plan for Officers

#### **4. Instructions for exercising voting rights**

##### **Exercising voting rights in writing (submitting the voting rights exercise form)**

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 5:30 p.m., June 20, 2018.

##### **Exercising voting rights via electromagnetic methods (via the Internet)**

Please access the voting rights exercise website (<https://evote.tr.mufg.jp/>) specified by the Company. Enter and complete your vote for or against the proposal by following the instructions on the screen by 5:30 p.m., June 20, 2018 (Japanese version only).

##### **[Priority of voting rights]**

- 1) When voting rights are exercised both in writing (submitting the voting rights exercise form) and via electromagnetic methods (via the Internet), the vote received via electromagnetic methods (via the Internet) shall be deemed effective regardless of their time of receipt.
- 2) When voting rights are exercised via electromagnetic methods (via the Internet) more than once, the last vote shall be deemed effective.

#### **5. Disclosure on the Internet**

- (1) The following items are posted on the Company's website in accordance with relevant law and with Article 15 of the Company's Articles of Incorporation, and therefore not included in the notice of convocation of this Annual General Meeting of Shareholders.

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|--|---|
| 1) Business Report                       | - Major business sites and factories<br>- System to ensure the appropriateness of the execution of business<br>- Matters related to rights to acquire stock of the Company, etc.<br>- Basic policies related to the Company's ownership control |
| 2) Consolidated Financial Statements     | - Notes to Consolidated Financial Statements  |
| 3) Non-Consolidated Financial Statements | - Notes to Non-Consolidated Financial Statements  |

(Notes) 1. The business report that has been audited by Audit and Supervisory Committee and the consolidated financial statements and non-consolidated financial statements that have been audited by Accounting Auditors and Audit and Supervisory Committee include the abovementioned items as well as those listed in the appendix for the notice of convocation of this Annual General Meeting of Shareholders.

2. Should you require the above documents by post or by facsimile, we would be pleased to send them to you. Please contact General Affairs & Legal Dept. of the Company (Phone: +81-3-5248-7711 (main switchboard), 9:00 a.m. to 5:30 p.m. Monday to Friday, excluding national holidays).

- (2) Should the Reference Documents for the General Meeting of Shareholders, the business report, and the consolidated financial statements and non-consolidated financial statements require revisions, the revised versions will be immediately posted and disclosed on the Company's website.

The Company's website: <http://www.lintec.co.jp/ir/stock/meeting.html>

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#### **Attending the meeting**

- When attending the meeting, please submit the enclosed voting rights exercise form at the reception desk to register your attendance.
- Registration will be scheduled to be open and available from 9:00 a.m.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Election of 11 Directors (excluding Directors serving as Audit and Supervisory Committee Members)

The terms of office of all current 12 Directors (excluding Directors serving as Audit and Supervisory Committee Members, hereinafter the same applies throughout this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. As such, the election of 11 Directors is proposed.

The Audit and Supervisory Committee evaluated the status of each candidate's business execution and business performance of the Company for the fiscal year under review, and their career background and experience, etc. and has judged that each candidate is qualified as a Director of the Company.

The candidates are as follows:

No.	Name	Current titles and responsibilities at the Company	Attendance to the meetings of the Board of Directors
1	[Re-elected] Akihiko Ouchi	Representative Director, Chairman and CEO	100% (14/14 meetings)
2	[Re-elected] Hiroyuki Nishio	Representative Director, President, CEO and COO	100% (14/14 meetings)
3	[Re-elected] Makoto Hattori	Director, Managing Executive Officer, Executive General Manager, Business Administration Div.	100% (14/14 meetings)
4	[Re-elected] Kazuyoshi Ebe	Director, Managing Executive Officer, Deputy Executive General Manager, Business Administration Div., and in charge of Optical Products Operations	100% (14/14 meetings)
5	[Re-elected] Takashi Nakamura	Director, Managing Executive Officer, Deputy Executive General Manager, Business Administration Div.	100% (14/14 meetings)
6	[Re-elected] Gohei Kawamura	Director, Managing Executive Officer, Executive General Manager, Production Div., and in charge of Quality Assurance & Environmental Protection Div.	93% (13/14 meetings)
7	[Re-elected] Tsunetoshi Mochizuki	Director, Managing Executive Officer, Executive General Manager, General Affairs & Human Resources Div.	100% (14/14 meetings)
8	[Re-elected] Shuji Morikawa	Director, Executive Officer, Executive General Manager, Industrial & Material Operations, Business Administration Div.	100% (14/14 meetings)
9	[Re-elected] Junichi Nishikawa	Director, Executive Officer, Deputy Executive General Manager, Production Div., Plant Manager, Kumagaya Plant	100% (10/10 meetings)
10	[Re-elected] Takehiko Wakasa	Director, Executive Officer, Deputy Executive General Manager, Production Div., Plant Manager, Tatsuno Plant	100% (10/10 meetings)
11	[Re-elected] [Outside Director] Kazumori Fukushima	Outside Director	80% (8/10 meetings)

No.	Name (Date of birth)	Brief personal history (Titles, responsibilities, and significant posts concurrently held)	Number of shares of the Company held
1	<p>Akihiko Ouchi (January 2, 1945)</p> <p>[Re-elected]</p> <p>Years served as Director 18</p> <p>Attendance to the meetings of the Board of Directors 14/14 meetings (100%)</p>	<p>March 1967      Joined the Company</p> <p>April 1994      Manager, Nagoya Branch Office</p> <p>March 1998      Plant Manager, Tatsuno Plant, Production Div.</p> <p>June 2000      Director, Plant Manager, Tatsuno Plant, Production Div.</p> <p>May 2002      Director, Executive General Manager, Production Div.</p> <p>June 2002      Managing Director, Executive General Manager, Production Div.</p> <p>June 2004      Representative Director, President</p> <p>June 2011      Representative Director, President, CEO and COO</p> <p>April 2014      Representative Director, Chairman and CEO (current position)</p> <p>[Reasons for proposition]</p> <p>Mr. Akihiko Ouchi has a wealth of experience in business execution in the sales and production division at the Company. He also has 18 years of experience as a Director, 10 years of which as Representative Director, President as well as 4 years of which as Representative Director, Chairman and CEO. He has played a sufficient role in important decision-making at the Company's Board of Directors, supervising business executions and as a chief executive of management. He has been continuously selected as a Director candidate based on his management capabilities and past performance.</p>	38,800
2	<p>Hiroyuki Nishio (October 18, 1954)</p> <p>[Re-elected]</p> <p>Years served as Director 8</p> <p>Attendance to the meetings of the Board of Directors 14/14 meetings (100%)</p>	<p>April 1978      Joined the Company</p> <p>June 2008      Assistant General Manager, Corporate Strategic Office</p> <p>June 2010      Director, General Manager, Corporate Strategic Office</p> <p>June 2011      Director, Managing Executive Officer, General Manager, Corporate Strategic Office and CSR Management Office</p> <p>April 2014      Representative Director, President, CEO and COO (current position)</p> <p>[Reasons for proposition]</p> <p>Mr. Hiroyuki Nishio has a wealth of experience in business execution in the corporate strategic and production facilities division as well as administration of overseas subsidiaries at the Company. He also has 8 years of experience as a Director, 4 years of which as Representative Director, President. He has played a sufficient role in important decision-making at the Company's Board of Directors, supervising business executions and as a chief executive of management and business execution. He has been continuously selected as a Director candidate based on his management capabilities and past performance.</p>	20,000

No.	Name (Date of birth)	Brief personal history (Titles, responsibilities, and significant posts concurrently held)	Number of shares of the Company held
3	<p>Makoto Hattori (October 12, 1957)</p> <p>[Re-elected]</p> <p>Years served as Director 3</p> <p>Attendance to the meetings of the Board of Directors 14/14 meetings (100%)</p>	<p>April 1980      Joined the Company</p> <p>October 2005    General Manager, Semiconductor Materials Dept., Advanced Materials Operations, Business Administration Div.</p> <p>October 2009    Executive General Manager, Advanced Materials Operations, Business Administration Div., General Manager, Semiconductor Materials Dept.</p> <p>October 2011    Executive General Manager, Advanced Materials Operations, Business Administration Div.</p> <p>April 2014      Executive Officer, Executive General Manager, Advanced Materials Operations, Business Administration Div.</p> <p>June 2015      Director, Executive Officer, Executive General Manager, Advanced Materials Operations, Business Administration Div.</p> <p>April 2017      Director, Managing Executive Officer, Executive General Manager, Business Administration Div. (current position)</p> <p>[Reasons for proposition] Mr. Makoto Hattori has a wealth of experience in business execution in the sales division at the Company. He also has 3 years of experience as a Director. He has played a sufficient role in important decision-making at the Company's Board of Directors and supervising business execution. He has been continuously selected as a Director candidate based on his past performance.</p>	6,600
4	<p>Kazuyoshi Ebe (January 26, 1953)</p> <p>[Re-elected]</p> <p>Years served as Director 8</p> <p>Attendance to the meetings of the Board of Directors 14/14 meetings (100%)</p>	<p>March 1975      Joined the Company</p> <p>June 2004      General Manager, Research Center, Research &amp; Development Div.</p> <p>June 2008      Director, Deputy Executive General Manager, Research &amp; Development Div., General Manager, Research Center and Intellectual Property Dept.</p> <p>June 2011      Managing Executive Officer, Deputy Executive General Manager, Research &amp; Development Div., General Manager, Research Center</p> <p>April 2013      Managing Executive Officer, Executive General Manager, Optical Products Operations, Business Administration Div., and in charge of Shingu Plant, Production Div.</p> <p>June 2013      Director, Managing Executive Officer, Executive General Manager, Optical Products Operations, Business Administration Div., and in charge of Shingu Plant, Production Div.</p> <p>April 2015      Director, Managing Executive Officer, Deputy Executive General Manager, Business Administration Div., Executive General Manager, Optical Products Operations, and in charge of Shingu Plant, Production Div.</p> <p>April 2016      Director, Managing Executive Officer, Deputy Executive General Manager, Business Administration Div., and in charge of Optical Products Operations (current position)</p> <p>[Reasons for proposition] Mr. Kazuyoshi Ebe has a wealth of experience in business execution in the research and development division as well as the sales division focusing on optical products operations at the Company. He also has a total of 8 years of experience as a Director. He has played a sufficient role in important decision-making at the Company's Board of Directors and supervising business execution. He has been continuously selected as a Director candidate based on his past performance.</p>	17,500

No.	Name (Date of birth)	Brief personal history (Titles, responsibilities, and significant posts concurrently held)	Number of shares of the Company held
5	<p>Takashi Nakamura (December 23, 1953)</p> <p>[Re-elected]</p> <p>Years served as Director 5</p> <p>Attendance to the meetings of the Board of Directors 14/14 meetings (100%)</p>	<p>April 1976      Joined the Company</p> <p>October 2004    Manager, Fine &amp; Specialty Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>October 2009    Executive General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div., General Manager, Fine &amp; Specialty Paper Sales Dept.</p> <p>June 2011        Executive Officer, Executive General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div., and in charge of Converted Products Operations</p> <p>April 2013        Managing Executive Officer, Executive General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div., and in charge of Converted Products Operations</p> <p>June 2013        Director, Managing Executive Officer, Executive General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div., and in charge of Converted Products Operations</p> <p>April 2015        Director, Managing Executive Officer, Deputy Executive General Manager, Business Administration Div.</p> <p>April 2016        Director, Managing Executive Officer, Deputy Executive General Manager, Business Administration Div., and in charge of Fine &amp; Specialty Paper Products Operations</p> <p>April 2017        Director, Managing Executive Officer, Deputy Executive General Manager, Business Administration Div. (current position)</p> <p>[Reasons for proposition] Mr. Takashi Nakamura has a wealth of experience in business execution in the sales division as well as the production division at the Company. He also has 5 years of experience as a Director. He has played a sufficient role in important decision-making at the Company's Board of Directors and supervising business execution. He has been continuously selected as a Director candidate based on his past performance.</p>	13,500

No.	Name (Date of birth)	Brief personal history (Titles, responsibilities, and significant posts concurrently held)	Number of shares of the Company held
6	<p>Gohei Kawamura (January 12, 1956)</p> <p>[Re-elected]</p> <p>Years served as Director 3</p> <p>Attendance to the meetings of the Board of Directors 13/14 meetings (93%)</p>	<p>April 1979      Joined the Company</p> <p>October 2005    Manager, Converted Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>June 2006        Manager, Fine &amp; Specialty Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>September 2009   Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)</p> <p>June 2011        Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)</p> <p>April 2014        Managing Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)</p> <p>June 2015        Director, Managing Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)</p> <p>September 2015   Director, Managing Executive Officer, Deputy Executive General Manager, Production Div.</p> <p>April 2016        Director, Managing Executive Officer, Deputy Executive General Manager, Production Div., and in charge of Quality Assurance &amp; Environmental Protection Div.</p> <p>April 2017        Director, Managing Executive Officer, Executive General Manager, Production Div., and in charge of Quality Assurance &amp; Environmental Protection Div. (current position)</p> <p>[Reasons for proposition] Mr. Gohei Kawamura has a wealth of experience in business execution in the production division as well as administration of overseas subsidiaries at the Company. He also has 3 years of experience as a Director. He has played a sufficient role in important decision-making at the Company's Board of Directors and supervising business execution. He has been continuously selected as a Director candidate based on his past performance.</p>	9,700
7	<p>Tsunetoshi Mochizuki (May 12, 1958)</p> <p>[Re-elected]</p> <p>Years served as Director 3</p> <p>Attendance to the meetings of the Board of Directors 14/14 meetings (100%)</p>	<p>January 1983      Joined the Company</p> <p>June 2006        General Manager, General Affairs &amp; Legal Dept. and Human Resources Dept., General Affairs &amp; Human Resources Div.</p> <p>June 2011        Executive Officer, Executive General Manager, General Affairs &amp; Human Resources Div., General Manager, General Affairs &amp; Legal Dept. and Human Resources Dept.</p> <p>April 2014        Managing Executive Officer, Executive General Manager, General Affairs &amp; Human Resources Div., General Manager, Human Resources Dept.</p> <p>October 2014      Managing Executive Officer, Executive General Manager, General Affairs &amp; Human Resources Div.</p> <p>June 2015        Director, Managing Executive Officer, Executive General Manager, General Affairs &amp; Human Resources Div. (current position)</p> <p>[Reasons for proposition] Mr. Tsunetoshi Mochizuki has a wealth of experience in business execution in the general affairs and human resources division at the Company. He also has 3 years of experience as a Director. He has played a sufficient role in important decision- making at the Company's Board of Directors and supervising business execution. He has been continuously selected as a Director candidate based on his past performance.</p>	10,240

No.	Name (Date of birth)	Brief personal history (Titles, responsibilities, and significant posts concurrently held)	Number of shares of the Company held
8	<p>Shuji Morikawa (December 30, 1955)</p> <p>[Re-elected]</p> <p>Years served as Director 3</p> <p>Attendance to the meetings of the Board of Directors 14/14 meetings (100%)</p>	<p>April 1979      Joined the Company</p> <p>October 2006    General Manager, Industrial Products Sales Dept., Industrial &amp; Material Operations, Business Administration Div.</p> <p>October 2009    Executive General Manager, Industrial &amp; Material Operations, Business Administration Div.</p> <p>April 2013      Executive Officer, Executive General Manager, Industrial &amp; Material Operations, Business Administration Div.</p> <p>June 2015      Director, Executive Officer, Executive General Manager, Industrial &amp; Material Operations, Business Administration Div. (current position)</p> <p>[Reasons for proposition]</p> <p>Mr. Shuji Morikawa has a wealth of experience in business execution in the sales division focusing on industrial &amp; material operations at the Company. He also has 3 years of experience as a Director. He has played a sufficient role in important decision-making at the Company's Board of Directors and supervising business execution.</p> <p>He has been continuously selected as a Director candidate based on his past performance.</p>	13,600
9	<p>Junichi Nishikawa (September 12, 1955)</p> <p>[Re-elected]</p> <p>Years served as Director 1</p> <p>Attendance to the meetings of the Board of Directors 10/10 meetings (100%)</p>	<p>April 1978      Joined the Company</p> <p>July 2005        Manager, Fine &amp; Specialty Paper Production Dept., Mishima Plant, Production Div.</p> <p>March 2009     Manager, Fine &amp; Specialty Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>October 2009   Assistant Plant Manager and Manager, Fine &amp; Specialty Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>April 2013      Executive Officer, Plant Manager and Manager, Fine &amp; Specialty Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>September 2015 Executive Officer, Plant Manager, Kumagaya Plant, Production Div.</p> <p>April 2017      Executive Officer, Deputy Executive General Manager, Production Div., Plant Manager, Kumagaya Plant</p> <p>June 2017      Director, Executive Officer, Deputy Executive General Manager, Production Div., Plant Manager, Kumagaya Plant (current position)</p> <p>[Reasons for proposition]</p> <p>Mr. Junichi Nishikawa has a wealth of experience in business execution in the production division at the Company. He also has 1 year of experience as a Director. He has played a sufficient role in important decision-making at the Company's Board of Directors and supervising business execution.</p> <p>He has been continuously selected as a Director candidate based on his past performance.</p>	8,700



No.	Name (Date of birth)	Brief personal history (Titles, responsibilities, and significant posts concurrently held)	Number of shares of the Company held
10	<p>Takehiko Wakasa (June 23, 1956)</p> <p>[Re-elected]</p> <p>Years served as Director 1</p> <p>Attendance to the meetings of the Board of Directors 10/10 meetings (100%)</p>	<p>April 1980      Joined the Company</p> <p>January 2005    Assistant Plant Manager, Tatsuno Plant, Production Div.</p> <p>October 2005    Assistant Plant Manager and Manager, Production Dept., Tatsuno Plant, Production Div.</p> <p>June 2008        Plant Manager, Chiba Plant, Production Div.</p> <p>April 2013        Executive Officer, Plant Manager, Chiba Plant, Production Div.</p> <p>April 2017        Executive Officer, Deputy Executive General Manager, Production Div., Plant Manager, Tatsuno Plant</p> <p>June 2017        Director, Executive Officer, Deputy Executive General Manager, Production Div., Plant Manager, Tatsuno Plant (current position)</p> <p>[Reasons for proposition] Mr. Takehiko Wakasa has a wealth of experience in business execution in the research and development division as well as the production division at the Company. He also has 1 year of experience as a Director. He has played a sufficient role in important decision-making at the Company's Board of Directors and supervising business execution. He has been continuously selected as a Director candidate based on his past performance.</p>	6,700
11	<p>Kazumori Fukushima (February 12, 1958)</p> <p>[Re-elected]</p> <p>[Outside Director]</p> <p>Years served as Outside Director 1</p> <p>Attendance to the meetings of the Board of Directors 8/10 meetings (80%)</p>	<p>April 1980      Joined Sanyo-Kokusaku Pulp Co., Ltd.</p> <p>February 2003    General Manager, Paper Production Dept. I, Ishinomaki Mill, Nippon Paper Industries Co., Ltd.</p> <p>July 2005        General Manager, Paper Production Dept. II, Ishinomaki Mill, Nippon Paper Industries Co., Ltd.</p> <p>April 2006        General Manager, Paper Production Dept., Shiraoi Mill, Nippon Paper Industries Co., Ltd.</p> <p>June 2007        Deputy General Manager, Shiraoi Mill, General Manager, Paper Production Dept., Nippon Paper Industries Co., Ltd.</p> <p>July 2009        Deputy General Manager, Asahikawa Mill, General Manager, Plant Engineering Dept., Deputy General Manager, Shiraoi Mill, Nippon Paper Industries Co., Ltd.</p> <p>April 2010        Deputy General Manager, Hokkaido Mill, General Manager, Safety &amp; Environmental Control Dept. and Hokkaido Mill – Asahikawa, Nippon Paper Industries Co., Ltd.</p> <p>April 2011        Deputy General Manager, Ishinomaki Mill and Iwanuma Mill, Nippon Paper Industries Co., Ltd.</p> <p>April 2013        Executive Officer, General Manager, Kushiro Mill, Nippon Paper Industries Co., Ltd.</p> <p>June 2016        Executive Officer, General Manager, Business Communication &amp; Industrial Paper Sales Div., Nippon Paper Industries Co., Ltd.</p> <p>June 2017        Managing Executive Officer, General Manager, Business Communication &amp; Industrial Paper Sales Div., Nippon Paper Industries Co., Ltd. (current position) Outside Director of the Company (current position)</p> <p>[Reasons for proposition] Mr. Kazumori Fukushima has utilized his experience as an officer at Nippon Paper Industries Co., Ltd. as well as his knowledge and experience obtained through many years of work in the production and sales division at Nippon Paper Industries Co., Ltd. for strengthening the supervisory functions of the Board of Directors of the Company. He has been continuously selected as a candidate for Outside Director.</p>	200

(Notes)

1. As Mr. Junichi Nishikawa, Mr. Takehiko Wakasa, and Mr. Kazumori Fukushima were newly elected at the 123rd Annual General Meeting of Shareholders held on June 22, 2017, their attendance to the meetings of the Board of Directors refers to the times at which the meetings were held after they assumed office.
2. The Company purchases raw materials from and sells products to Nippon Paper Industries Co., Ltd., where Mr. Kazumori Fukushima serves as Managing Executive Officer. There is no special conflict of interests between the Company and each of the other candidates for directors.
3. Mr. Kazumori Fukushima has executed operations in the capacity of Executive Officer since April 2013 and Managing Executive Officer since June 2017 for Nippon Paper Industries Co., Ltd., with which the Company has important business relationship.
4. Mr. Kazumori Fukushima is a candidate for Outside Director.
5. To ensure appointing competent personnel as outside directors, the Company stipulates in its Articles of Incorporation that the Company may enter into contracts for limitation of liability with non-executive directors, etc. pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, and the Company has entered into such contracts with Outside Directors who are non-executive directors, etc. The Company is scheduled to renew such a contract for limitation of liability with Mr. Kazumori Fukushima if he is elected.  
The limit of the liability under this contract shall be 10 million yen or the minimum amount set by laws and regulations, whichever is the greater.

## **Proposal 2: Revision of Compensation Plan for Officers**

At the 121st Annual General Meeting of Shareholders held on June 24, 2015, the amount of compensation for Directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members) was approved at a basic yearly compensation amount of up to 450 million yen (of which up to a yearly amount of 20 million yen for Outside Directors), bonuses of up to a yearly amount of 150 million yen, and stock-based compensation stock options of up to a yearly amount of 30 million yen.

With the aim of increasing incentive of Directors of the Company (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members) (“Eligible Directors”) to contribute to higher share prices and the greater enhancement of corporate value by further promoting the holding of shares in the Company by them and making them share the risks and benefits of share price fluctuations with all the shareholders, the Company proposes to allocate common shares in the Company to Eligible Directors, subject to provisions including a fixed period of restriction on transfer and grounds for acquisition by the Company at no cost (“Restricted Stock”), as described hereunder in I, replacing the current long-term incentive compensation for Eligible Directors (the “stock acquisition rights as stock-based compensation stock options” referred to above and the “contributions to the director shareholding association” included in basic compensation).

In line with this, the Company proposes to abolish the provisions for compensation amounts in relation to the stock acquisition rights as stock-based compensation stock options referred to above, and comprehensively considering an increase in the rate of stock compensation included in compensation of the Company’s Directors and other matters, it proposes to set a yearly amount of up to 60 million yen as the total amount of monetary compensation claims to be paid to Eligible Directors as compensation, etc. in relation to Restricted Stock separately from the provisions for the amounts of compensation in relation to the basic compensation and bonuses referred to above.

In addition, since the Company determines particulars of allotment of Restricted Stock after comprehensively considering the Eligible Directors’ rank in the Company, the level of their contributions, and other matters, we believe the particulars are appropriate. The specific payment periods and allocations to each Eligible Director will be determined by the Company’s Board of Directors. There will be 10 Eligible Directors who are eligible for payments in the Company’s 125th fiscal year if Proposal 1 is approved.

Furthermore, to improve the rate of stock compensation included in Directors’ compensation, the compensation amount in relation to the basic compensation referred to above will be reduced by 30 million yen per year to a yearly amount of up to 420 million yen (of which up to 20 million yen for Outside Directors). Due to this reduction of basic compensation amount per year and the abolition of the compensation amount provisions in relation to the stock acquisition rights as stock-based compensation stock options referred to above (up to a yearly amount of 30 million yen), the rate of stock compensation will be improved without changing the overall framework of the compensation for Eligible Directors.

Likewise, it is proposed to change the conditions for exercising the stock acquisition rights issued to Directors of the Company to date as stock-based compensation stock options that are held by incumbent Directors, as described hereunder in II. This change is to allow such Directors to exercise their stock acquisition rights as stock-based compensation stock options only within 10 days from the day after the date of loss of their positions as a Director and an Executive Officer of the Company.

### **I. Details and Maximum Number of Restricted Stock for Eligible Directors**

#### **1. Allotment and Payment of Restricted Stock**

Pursuant to the resolutions of the Company’s Board of Directors, the Company shall grant to Eligible Directors monetary compensation claims within the scope of the yearly amount referred to above as compensation in relation to Restricted Stock. Each Eligible Director shall receive an allotment of Restricted Stock by being provided with that whole of the monetary compensation claims as an in-kind contribution.

Payment amounts for the Restricted Stock shall be determined by the Company’s Board of Directors within the scope of amounts that are not particularly advantageous to the Eligible Directors receiving the Restricted Stock. They shall be based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Company’s Board of Directors pertaining to the issuance or disposal of the shares (or, the closing price on the transaction day immediately prior thereto if no transaction is made on the business day).

In addition, the monetary compensation claims referred to above shall be paid on condition that Eligible Directors consent to the above in-kind contribution and enter into an agreement for the allotment of Restricted Stock which includes the items specified hereunder in 3.

## 2. Total Number of Restricted Stock

A total number of 30,000 Restricted Stock to be allotted to Eligible Directors shall be the maximum number of Restricted Stock allotted in each fiscal year.

However, in the event that it becomes necessary to adjust the total number of Restricted Stock to be allotted due to a share split of the Company's common shares (including gratis allotment of the Company's common shares), consolidation of the shares, or other such event occurring after the date of the resolution of this proposal, a reasonable adjustment may be made to the total number of Restricted Stock.

## 3. Details of Agreement for Allotment of Restricted Stock

When allotting Restricted Stock, based on resolutions of the Company's Board of Directors, the agreement for allotment of Restricted Stock entered into between the Company and the Eligible Directors receiving the allotment of Restricted Stock shall include the following contents.

### (1) Restriction on Transfer

Eligible Directors who have received an allotment of Restricted Stock shall not be allowed to dispose of the Restricted Stock on Transfer by transfer to a third party, creation of a pledge or mortgage, inter vivos gift, bequest, or any other method within the period of 30 years from the date of receipt of the allotment (the "Restriction on Transfer Period").

### (2) Acquisition of Restricted Stock at no cost

In the event that an Eligible Director who has received an allotment of Restricted Stock retires from both positions as a Director and an Executive Officer of the Company between the date of commencement of the Restriction on Transfer Period and the date prior to the day on which the first subsequent Annual General Meeting of Shareholders of the Company is held, the Restricted Stock allotted to that Eligible Director (the "Allotted Shares") shall be as a matter of course acquired by the Company at no cost, except in cases where the Company's Board of Directors considers that there are justifiable reasons for not doing so. In addition, the Company shall as a matter of course acquire at no cost those Allotted Shares whose transfer restriction has not been removed at the time of expiration of the Restriction of Transfer Period referred to in item (1) above, pursuant to the provisions in item (3) below regarding circumstances for removal of restriction on transfer.

### (3) Removal of Restriction on Transfer

At the time of expiration of the Restriction on Transfer Period, the Company shall remove the restriction on transfer with respect to all the Allotted Shares on condition that an Eligible Director who has received the allotment of Restricted Stock has continued to hold any position as a Director or an Executive Officer of the Company from the date of commencement of the Restriction on Transfer Period to the day on which the first subsequent Annual General Meeting of Shareholders of the Company is held.

However, in the event that the Eligible Director has retired from both positions as a Director and an Executive Officer of the Company prior to the expiration of the Restriction on Transfer Period on grounds considered by the Company's Board of Directors to be reasonable, the number of Allotted Shares for which the restriction on transfer is to be removed and the time for removing the restriction on transfer shall be adjusted reasonably, as necessary.

### (4) Handling in Organizational Restructuring, etc.

In the event that, during the Restriction on Transfer Period, a proposal in relation to a merger agreement in which the Company is the absorbed company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary company, or other organizational restructuring, etc. is approved by a General Meeting of Shareholders of the Company (or, by the Board of Directors of the Company in the case of an organizational restructuring, etc. that is not required to be approved by a General Meeting of Shareholders of the Company), the Company shall, by the resolution of the Company's Board of Directors, prior to the effective date of such organizational restructuring, etc., remove the restriction on transfer of the Allotted Shares, the number of which shall be determined to be reasonable based on the period from the date of commencement of the Restriction on Transfer Period to the date of approval of such organizational restructuring, etc.

In such case, the Allotted Shares for which the restriction on transfer has still not been removed at the time

immediately after the removal of the restriction on transfer pursuant to the above provisions shall be as a matter of course acquired by the Company at no cost.

(Reference)

After the conclusion of this General Meeting of Shareholders, the Company plans to allot to Executive Officers of the Company shares with transfer restriction similar to the Restricted Stock referred to above from the next fiscal year.

## II. Change in the Conditions for Exercising Stock-Based Compensation Stock Options

The following change shall be made to the conditions for exercising the stock acquisition rights “held by incumbent Directors (a total of 673 rights)” included in all the stock acquisition rights issued by the Company as stock-based compensation stock options during the period between the 112th Annual General Meeting of Shareholders of the Company held on June 29, 2006, on which the stock-based compensation stock options system for Directors of the Company was introduced, and the date on which this Annual General Meeting of Shareholders is held.

<Before the change> Those who have lost their position as a Director, Company Auditor, Executive Officer or Corporate Adviser\* at the Company may exercise their stock acquisition rights, limited to the period of five years from the day after the date of loss of the position.

\* In the case of stock acquisition rights issued prior to June 26, 2012, “their position as a Director.”

<After the change> Those who have lost their positions as a Director and an Executive Officer of the Company may exercise their stock acquisition rights within 10 days from the day after the date of loss of the positions.

End