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(Stock Exchange Code 6651)
June 6, 2018

To Shareholders with Voting Rights:

Takuro Sasaki
President
NITTO KOGYO CORPORATION
2201 Kanihara, Nagakute-shi, Aichi

**NOTICE OF
THE 70TH 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 70th Annual General Meeting of Shareholders of NITTO KOGYO CORPORATION (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it is received by 5:00 p.m. on Wednesday, June 27, 2018, Japan time, or exercise your voting rights via the Internet by the above deadline.

For details, please see the “Guide to Voting Rights Exercise Methods” on page 3.

- 1. Date and Time:** Thursday, June 28, 2018 at 10:00 a.m. Japan time
- 2. Place:** Conference room at the Corporate Headquarters located at
2201 Kanihara, Nagakute-shi, Aichi
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 70th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 70th Fiscal Year (April 1, 2017 - March 31, 2018)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of 6 Directors (excluding Audit & Supervisory Committee Members)
 - Proposal 3:** Election of 3 Directors Concurrently Serving as Audit & Supervisory Committee Members
 - Proposal 4:** Introduction of Performance-Linked Stock Remuneration Plan for Directors

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - The meeting will be held in light attire (“Cool biz”), and we request that shareholders also attend in light attire.
 - Of the documents to be included in this Notice of the Annual General Meeting of Shareholders pursuant to laws and regulations and provisions of Article 16 of the Articles of Incorporation, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are posted on our website (<http://www.nito.co.jp/IR/>). Therefore they are not included in the documents accompanying this Notice. Additionally, the Consolidated Financial Statements and the Non-consolidated Financial Statements in the documents accompanying this Notice are parts of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements when they prepared the accounting audit report and the audit report, respectively.
 - Should the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company’s website (<http://www.nito.co.jp/IR/>)
 - After the conclusion of the meeting, the Company is scheduled to invite shareholders to the “PLAZA NEXTA” product showroom. We would appreciate your kind attendance.

Guide to Voting Rights Exercise Methods

The following three methods are available.

Attending the General Meeting of Shareholders

Date and time of the General Meeting of Shareholders: Thursday, June 28, 2018 at 10:00 a.m. Japan time
<The reception will begin at 9:00 a.m.>

Please bring the enclosed Voting Rights Exercise Form and submit it to the reception desk.

Additionally, the Company requests you to bring this document as reference material.

*Exercise of voting rights via proxy is limited to entrustment to one shareholder who holds voting rights. Furthermore, written documentation will be required to certify proxy rights.

Exercise via postal mail

Exercise deadline: Arrival by Wednesday, June 27, 2018 at 5:00 p.m. Japan time

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it arrives by the exercise deadline.

Exercise via the Internet

Exercise deadline: Exercise by Wednesday, June 27, 2018 at 5:00 p.m. Japan time

Please access the voting rights exercise website and indicate your vote for or against the proposals by the exercise deadline.

[Voting rights exercise website] <https://soukai.mizuho-tb.co.jp/>

*The website may not be used depending on the Internet environment, the Internet access service and the mobile phone model.

To Institutional Investors

The Company participates in the Voting Rights Exercise Platform (for institutional investors) operated by ICJ, Inc.

Please be aware of the following when exercising voting rights.

- If voting rights are exercised both via mailing of the Voting Rights Exercise Form and the Internet, the voting rights exercised via the Internet shall be deemed valid.
- If voting rights are cast multiple times via the Internet, the most recent exercise shall be deemed valid.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company positions the return of profits to shareholders as an important management policy, and while comprehensively considering the consolidated dividend payout ratio and the ratio of the consolidated dividends to net assets with continued stable dividends as a basic principle, implements the distribution of results.

Based on the above policy, the Company proposes year-end dividends of 20 yen per share for the fiscal year under review.

As a result, annual dividends including interim dividends (20 yen per share) will be 40 yen per share.

(1) Type of dividend property

Cash

(2) Matters regarding distribution of dividend property for shareholders and total amount

The Company proposes 20 yen per common share of the Company.

Additionally, in this case, the total dividend amount will be 809,211,320 yen.

(3) Effective date for distribution of surplus

June 29, 2018

Proposal 2: Election of 6 Directors (excluding Audit & Supervisory Committee Members)

The terms of office of all six Directors (excluding Audit & Supervisory Committee Members; the same applies within this Proposal) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of six Directors is proposed.

Additionally, the Audit & Supervisory Committee believes that each candidate is adequate to serve as a Director of the Company, because of their personal qualities, and the status of business execution and performance in this fiscal year.

The candidates for Director are as follows:

(Underlines indicate current positions, responsibilities, and significant concurrent positions)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Tokio Kato (June 10, 1953)	<p>April 1982 Joined the Company</p> <p>July 1987 General Manager, Accounting Department of the Company</p> <p>August 1987 Director of the Company</p> <p>March 1992 Deputy General Manager, Production Division of the Company</p> <p>July 1998 Deputy General Manager, Sales Division of the Company</p> <p>June 2003 Managing Director of the Company</p> <p> Deputy General Manager, Business Management Division of the Company</p> <p>June 2005 President of the Company</p> <p>June 2008 <u>Chairman & CEO of the Company</u></p>	7,102
<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his operational experience in areas such as sales, production, and corporate management divisions and a wealth of experience as a manager, Mr. Tokio Kato is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			
2	Takuro Sasaki (May 5, 1956)	<p>April 1979 Joined The Industrial Bank of Japan, Limited</p> <p>April 2004 General Manager, West Japan Financial Corporation Department of Mizuho Corporate Bank, Limited</p> <p>March 2007 Joined the Company</p> <p> General Manager, Sales Management Department of the Company</p> <p>June 2007 General Manager, Corporate Planning Office of the Company</p> <p>March 2008 Branch Manager, Tokyo Branch of the Company</p> <p>June 2008 Executive Officer of the Company</p> <p>March 2009 General Manager, General Affairs Department of the Company</p> <p>June 2009 Director of the Company</p> <p>October 2009 Deputy General Manager, Sales Division of the Company</p> <p>March 2012 Deputy General Manager, Production Division of the Company</p> <p>June 2012 Managing Director of the Company</p> <p> General Manager, Overseas Division of the Company</p> <p>June 2013 Responsible for Business Management Division of the Company</p> <p>June 2014 <u>President and COO of the Company</u></p> <p>October 2015 <u>Responsible for Public Relations Office of the Company</u></p> <p>April 2017 <u>Responsible for Business Planning Office of the Company</u></p> <p> <u>Responsible for EV Infrastructure Business Office</u></p>	15,476
<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his many years of experience in the finance industry, his operational experience in areas such as sales, production, overseas and corporate management divisions at the Company and a wealth of experience as a corporate manager, Mr. Takuro Sasaki is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Toru Kurono (March 2, 1959)	<p>April 1981 Joined the Company</p> <p>March 2002 General Manager, Development Department I of the Company</p> <p>March 2005 General Manager, Device Production Department of the Company</p> <p>June 2008 General Manager responsible for Corporate Planning Office of the Company</p> <p>March 2009 Deputy General Manager, MA Development Division and General Manager, Technical Center of the Company</p> <p>June 2009 Executive Officer of the Company</p> <p>March 2010 General Manager, MA Development Division of the Company</p> <p>June 2011 Director of the Company</p> <p>March 2013 General Manager, International Department of the Company</p> <p>June 2014 <u>Managing Director of the Company</u> <u>Responsible for Overseas Division of the Company</u></p> <p>December 2014 General Manager, Overseas Division and General Manager, International Department of the Company</p> <p>June 2016 <u>Responsible for Development Division of the Company</u> Responsible for Technical Center</p> <p>(Significant concurrent positions) <u>President of Nitto Kogyo (China) Corporation</u></p>	14,022
<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his wealth of operational experience in areas such as production, development and overseas divisions, Mr. Toru Kurono is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			
4	Yukihiro Koide (October 10, 1958)	<p>April 1981 Joined the Company</p> <p>March 2002 General Manager, Technology Planning Office of the Company</p> <p>March 2005 General Manager, Sales Planning Office of the Company</p> <p>March 2007 General Manager, Development Department I of the Company</p> <p>March 2009 General Manager, Production Planning Department of the Company</p> <p>June 2010 Executive Officer of the Company</p> <p>March 2012 General Manager, Solution Integration Department of the Company</p> <p>June 2012 Director of the Company</p> <p>April 2013 Deputy General Manager, Sales Division of the Company</p> <p>April 2013 President and Chief Executive Officer of SunTelephone Co., Ltd.</p> <p>June 2015 <u>Managing Director of the Company</u> <u>Responsible for Sales Division of the Company</u></p> <p>March 2016 Responsible for New Business Planning Office of the Company</p> <p>April 2017 <u>General Manager, Sales Division of the Company</u></p>	10,026
<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his wealth of operational experience in areas such as development and sales divisions and experience as a corporate manager at subsidiaries of the Company, Mr. Yukihiro Koide is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Masahiro Nakajima (October 7, 1956)	<p>April 1979 Joined The Tokai Bank, Ltd. March 2007 General Manager, Joshin Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. March 2010 Joined the Company General Manager, General Affairs Department of the Company June 2012 Executive Officer of the Company April 2013 <u>General Manager, Business Management Division of the Company</u> June 2014 Director of the Company <u>Responsible for Business Management Division of the Company</u> <u>Responsible for Corporate Planning Office</u> <u>Responsible for Internal Control Office</u> <u>Responsible for Information Systems Department</u> April 2018 <u>Managing Director of the Company</u> <u>Responsible for Quality Management Department of the Company</u></p>	4,677
<p>[Reasons for selection as a candidate for Director] Based on his many years of experience in the finance industry and his operational experience in areas such as business management divisions at the Company, Mr. Masahiro Nakajima is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			
6	Motoo Ochiai (January 1, 1959)	<p>April 1981 Joined the Company March 2006 General Manager, Development Department II of the Company March 2010 General Manager, Machinery & Materials Division of the Company June 2011 Executive Officer of the Company June 2012 Plant Manager, Kikugawa Plant of the Company June 2013 General Manager, Development Division of the Company June 2014 <u>Director of the Company</u> Responsible for Development Division of the Company Responsible for Technical Center June 2016 <u>Responsible for Production Division of the Company</u> Responsible for Quality Assurance Office Responsible for Environment Equipment Office April 2017 Responsible for Equipment Department of the Company <u>General Manager, Production Division of the Company</u> April 2018 <u>Responsible for Equipment Environment Office of the Company</u></p>	6,577
<p>[Reasons for selection as a candidate for Director] Based on his wealth of operational experience in areas such as production and development divisions, Mr. Motoo Ochiai is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			

(Note) There are no special interests between each candidate and the Company.

Proposal 3: Election of 3 Directors Concurrently Serving as Audit & Supervisory Committee Members

The terms of office of three Directors concurrently serving as Audit & Supervisory Committee Members Yuji Shinkai, Norine Ninomiya, and Hidefumi Iwasa will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of three Directors concurrently serving as Audit & Supervisory Committee Members is proposed.

Submission of this proposal has received the approval of the Audit & Supervisory Committee.

The candidates for Director concurrently serving as Audit & Supervisory Committee Member are as follows:

(Underlines indicate current positions, responsibilities, and significant concurrent positions)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Yuji Shinkai (July 28, 1949)	<p>April 1973 Joined Toyota Tsusho Corporation</p> <p>June 1993 Director and President of TOYOTA TSUSHO MINING (AUSTRALIA) PTY LTD.</p> <p>April 2000 General Manager, Secretariat Office of Toyota Tsusho Corporation</p> <p>October 2004 Director and Vice President of TOYOTA TSUSHO U.K. LTD.</p> <p>June 2008 Full-time Corporate Auditor of TOYOTA CHEMICAL ENGINEERING CO., LTD.</p> <p>June 2012 Outside Auditor of the Company</p> <p>June 2016 <u>Outside Director of the Company (Concurrently Serving as Audit & Supervisory Committee Member)</u></p>	1,942
		<p>[Reasons for selection as a candidate for Director concurrently serving as Audit & Supervisory Committee Member]</p> <p>From his many years of overseas operational experience and viewpoint as a corporate manager, the Company receives appropriate advice and recommendations regarding the Company's management from Mr. Yuji Shinkai, and as this is expected to provide for securing further soundness and appropriateness of management decision-making at the Company alongside improved transparency, the Company requests his continuous election as Outside Director concurrently serving as Audit & Supervisory Committee Member.</p> <p>Furthermore, the term of office of Mr. Yuji Shinkai as Outside Auditor of the Company will be 4 years and as Outside Director concurrently serving as Audit & Supervisory Committee Member of the Company will be 2 years as of the conclusion of this meeting.</p>	
2	Norine Ninomiya (February 23, 1954)	<p>April 1977 Joined TOYOTA AUTO BODY Co., Ltd.</p> <p>February 2000 General Manager, Body Design Office III, Body Design Div. of TOYOTA AUTO BODY Co., Ltd.</p> <p>February 2006 General Manager, Special Equipment and Welfare Design Div. of TOYOTA AUTO BODY Co., Ltd.</p> <p>June 2008 Executive Member of TOYOTA AUTO BODY Co., Ltd. Responsible for Special Equipment and Welfare Design Div.</p> <p>June 2011 Advisor of TOYOTA AUTO BODY Co., Ltd.</p> <p>September 2011 Technological Advisor of Daifuku Co., Ltd.</p> <p>June 2014 Outside Director of the Company</p> <p>June 2016 <u>Outside Director of the Company (Concurrently Serving as Audit & Supervisory Committee Member)</u></p>	1,237
		<p>[Reasons for selection as a candidate for Director concurrently serving as Audit & Supervisory Committee Member and reasons why the Company considers the office of substitute Director concurrently serving as Audit & Supervisory Committee Member shall be performed appropriately]</p> <p>From his specialized knowledge and wealth of experience from many years as a technician, the Company receives valuable opinions and recommendations regarding the Company's management from Mr. Norine Ninomiya, and as this is expected to provide for securing further soundness and appropriateness of management decision-making at the Company alongside improved transparency, the Company requests his continuous election as Outside Director concurrently serving as Audit & Supervisory Committee Member.</p> <p>Furthermore, the term of office of Mr. Norine Ninomiya as Outside Director of the Company will be 4 years, of which the term of office as Outside Director concurrently serving as Audit & Supervisory Committee Member of the Company will be 2 years as of the conclusion of this meeting.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Hidefumi Iwasa (December 19, 1951)	<p>April 1975 Joined Kirin Brewery Company, Limited</p> <p>September 2004 General Manager, Marketing Department of Kirin Brewery Company, Limited</p> <p>March 2008 Executive Officer of Kirin Brewery Company, Limited</p> <p>March 2010 General Manager, Central Japan Supervisory Division</p> <p>March 2011 Managing Director of Kirin Brewery Company, Limited</p> <p>March 2011 General Manager, Supply Chain Management (SCM) Division</p> <p> Representative Director and Vice President of Kirin Brewery Company, Limited</p> <p> General Manager, Sales Division and General Manager, SCM Division</p> <p>April 2013 Lecturer, Graduate School of Global Business of Meiji University</p> <p>July 2015 Advisor of the Company</p> <p>June 2016 <u>Outside Director of the Company (Concurrently Serving as Audit & Supervisory Committee Member)</u></p>	0
		<p>[Reasons for selection as a candidate for Director concurrently serving as Audit & Supervisory Committee Member]</p> <p>From his specialized knowledge and wealth of experience from many years in marketing and advertising, the Company plans to receive appropriate advice and recommendations regarding management of the Company from Mr. Hidefumi Iwasa from a viewpoint as an experienced corporate manager, and as this is expected to provide for securing further soundness and appropriateness of management decision-making at the Company alongside improved transparency, the Company requests his continuous election as Outside Director concurrently serving as Audit & Supervisory Committee Member.</p> <p>Furthermore, the term of office of Mr. Hidefumi Iwasa as Outside Director concurrently serving as Audit & Supervisory Committee Member of the Company will be 2 years as of the conclusion of this meeting.</p>	

(Notes)

1. There are no special interests between the candidate and the Company.
2. Matters concerning candidates for Outside Director are as follows.
 - (1) The Company has entered into an agreement with each of Mr. Yuji Shinkai, Mr. Norine Ninomiya, and Mr. Hidefumi Iwasa to limit their liability pursuant to Article 423, Paragraph 1 of the Company Law, based on Article 427, Paragraph 1 of said Act. The limit of liability for damages under said agreement is the amount stipulated by laws and regulations. In the case that the election of the three persons is approved as originally proposed at this meeting, the Company intends to continue the above-mentioned agreement with each of them.
 - (2) The Company has submitted Mr. Yuji Shinkai, Mr. Norine Ninomiya, and Mr. Hidefumi Iwasa as Independent Directors/Auditors to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. (hereinafter collectively the "Exchanges"). In the case that the election of these three persons is approved as originally proposed, they are scheduled to continue to be Independent Directors/Auditors.

Furthermore, the three persons also satisfy the conditions of the "Standards for Determining Independence of Independent Outside Directors and Nature" (details are contained below) as defined by the Company.

Standards for Determining Independence of Independent Outside Directors and Nature

In addition to criteria for Outside Directors stipulated by the Companies Act and independence standards stipulated by the Exchanges, the Company appoints candidates for Independent Outside Director based on the Company's unique standards for determining independence shown below.

The content is as follows.

- ① The person is not an executor of business (*) at a major transaction partner at which the annual amount of transactions between it and the Company composes more than 2% of the consolidated net sales of that company (primarily sales contacts).
- ② The person is not an executor of business at a major transaction partner at which the annual amount of transactions between it and the Company composes more than 2% of the consolidated net sales of the Company (primarily suppliers).
- ③ The person does not receive cash in excess of 10.00 million yen per annum, excluding executive remuneration, from the Company (for organizations, an amount greater than or equal to 2% of the total revenue of said organization), and is not a person providing specialist services that receive other property,

including consultants, accounting specialists, or legal specialists. (For organizations, the person is not an executor of business at said organization.)

- ④ The person is not a major shareholder that holds over 10% of the total voting rights of the Company, or if said shareholder is a corporation, not an executor of business at said corporation.
- ⑤ None of the items in ① to ④ above applied to the person within the past five years.
- ⑥ The term of office as Outside Director and Outside Auditor has not exceeded 8 years in total.

Furthermore, even in a case where any of ① to ⑥ above apply, if it is judged that said person possesses independence due to other reasons, such reasons will be explained at the time the person is selected as a candidate for Outside Director.

*Business executors are Directors involved in the execution of business, Executives, Executive Officers, and employees that are General Managers or in higher levels of management.

Proposal 4: Introduction of Performance-Linked Stock Remuneration Plan for Directors

1. Reasons for proposal

In this Proposal, the introduction of a new Performance-Linked Stock Remuneration Plan “Board Benefit Trust” (hereinafter the “Plan”) for Directors of the Company (excluding Audit & Supervisory Committee Members and Outside Directors from among the other Directors; hereinafter the same shall apply in this Proposal) is proposed.

In this Proposal, the Company seeks to introduce a Plan that purports to clearly link Directors’ remuneration to the Company’s results of operations and its share value, and thereby increase the Directors’ motivation to make contributions to increase the Company’s mid- to long-term performance and corporate value by sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices. The Company deems that the introduction of this Plan is appropriate in light of such purposes.

In this Proposal, the Company would like to provide new stock remuneration to the Company’s Directors apart from the amount of remuneration etc., for Directors (not more than 400 million yen per year. This does not include employment compensation for employees concurrently serving as Directors) that was approved at the Annual General Meeting of Shareholders on June 29, 2016. The Company proposes that details of the Plan be determined by the Board of Directors within the framework outlined in 2. below.

If Proposal 2 is approved as originally proposed, there will be six Directors who will be subject to the Plan.

Additionally, the Audit & Supervisory Committee believes that the introduction of this Plan is appropriate from the perspective of increasing the Company’s mid- to long-term performance and corporate value.

2. Amount and reference information of remuneration, etc. under the Plan

(1) Outline of the Plan

The Plan is a Performance-Linked Stock Remuneration Plan under which the Company’s shares will be acquired through a trust (hereinafter the trust established based on the Plan is referred to as the “Trust”) using cash contributed by the Company as the source, and the Company’s shares and the cash equivalent to the market value of the Company’s shares (hereinafter the “Company Stock, etc.”) will be delivered to Directors through the Trust in accordance with the Officer Stock Benefit Regulations established by the Company. Directors will receive the Company Stock, etc., in principle, upon their retirement from office.

(2) Individuals subject to the Plan

Directors (excluding Audit & Supervisory Committee Members and Outside Directors from among the other Directors)

(3) Period of the Trust

The period from August 2018 (planned) until the end of the Trust. (The Trust shall continue without determining a specific timeline as long as the Plan exists. The Plan shall be terminated when the Company’s stock is delisted or the Officer Stock Benefit Regulations are abolished, etc.)

(4) Amount of the Trust (Amount of Remuneration)

Subject to the approval of this Proposal, the Company will introduce the Plan to cover the three fiscal years from the fiscal year ending March 31, 2019 to that ending March 31, 2021 (hereinafter, the covered three-fiscal-year period shall be referred to as the “Initial Applicable Period,” and the Initial Applicable Period and each three-fiscal year period that starts following the Initial Applicable Period shall be referred to as the “Applicable Period”), and for each following Applicable Period. The Company will contribute the following cash to the Trust as funds to acquire the Company’s shares by the Trust for delivering the Company Stock, etc. to Directors.

First, the Company will contribute 300 million yen as the upper limit for the funds with regard to the Initial Applicable Period in the establishment of the Trust to ensure the delivery of the Company Stock, etc. to the Directors.

Further, after the Initial Applicable Period, the Company will make additional contributions to the Trust every Applicable Period, with 300 million yen as the upper limit for each Applicable Period, until the Plan ends. Provided, however, that in cases where such additional contribution is made and the Company’s shares (excluding any undelivered portion of the Company’s shares corresponding to the

number of points granted to Directors regarding each Applicable Period until immediately before) and cash (hereinafter the “Remaining Shares”) remain within the trust assets, the total amounts of the Remaining Shares (For the Company shares, this amount of the Remaining Shares shall be the book value thereof as of the last day of the preceding Applicable Period.) and the additional contribution to the Trust should be 300 million yen as the upper limit. Further, the Company shall disclose said decision in a timely and appropriate manner in the case that the Company decides to make additional contribution.

(5) Method of acquiring the Company’s shares by the Trust and Number of shares

The Trust will acquire the Company’s shares through the trading market or disposal of treasury stock by using the funds contributed in (4) above as resources.

Further, during the Initial Applicable Period, the number of shares to be acquired should be 120,000 shares as the upper limit without delay after the establishment of the Trust. With respect to the acquisition of the Company’s shares by the Trust, details will be disclosed in a timely and appropriate manner.

(6) Calculation method of the Company Stock, etc. to be delivered to Directors

In each fiscal year, each Director will be granted points which will be calculated according to his/her existing title and performance-linked portion in accordance with the Officer Stock Benefit Regulations established by the Company. The total number of points per three-fiscal-year period granted to Directors should be 120,000 points as the upper limit which has been determined by comprehensive judgment considering the current level of payment of executive remuneration, trends and future prospects for the number of Directors, and therefore, it is deemed as appropriate.

One point awarded to Directors, as described in (7) below, equates to one share of the Company’s common stock in the delivery of Company Stock, etc. (Note that after this proposal is approved, if stock split, gratis allotment or reserve stock split is conducted for Company Stock, the Company shall reasonably adjust the upper limit of points and granted number of the points or the exchange ratio, reflecting the change.)

In principle, the number of points awarded to Directors, as a reference for delivery of the Company Stock, etc. described in (7) below, should be the number of points granted to said Directors by the time of their retirement (hereinafter the “Fixed Points”).

(7) Delivery of the Company Stock, etc.

If a Director who has retired from office meets the beneficiary requirements prescribed in the Officer Stock Benefit Regulations, he/she will be able to receive the Company’s shares from the Trust after his/her retirement in proportion to the number of the Fixed Points, as described in (6) above, by taking the prescribed procedures to confirm the beneficiary. Provided, however, that if a Director meets certain requirements set under the Officer Stock Benefit Regulations, as for a certain percentage of the Company’s shares which are supposed to be delivered, the Company may pay him/her cash equivalent to the market value of such shares, instead of delivering them.

Please note that the Trust may sell the Company’s shares to pay such cash.

(8) Exercise of voting rights

Voting rights related to the Company’s shares held by the Trust shall not be exercised uniformly pursuant to the instructions of the trust administrator. In this way, the Trust will be able to ensure its neutrality in the Company’s management.

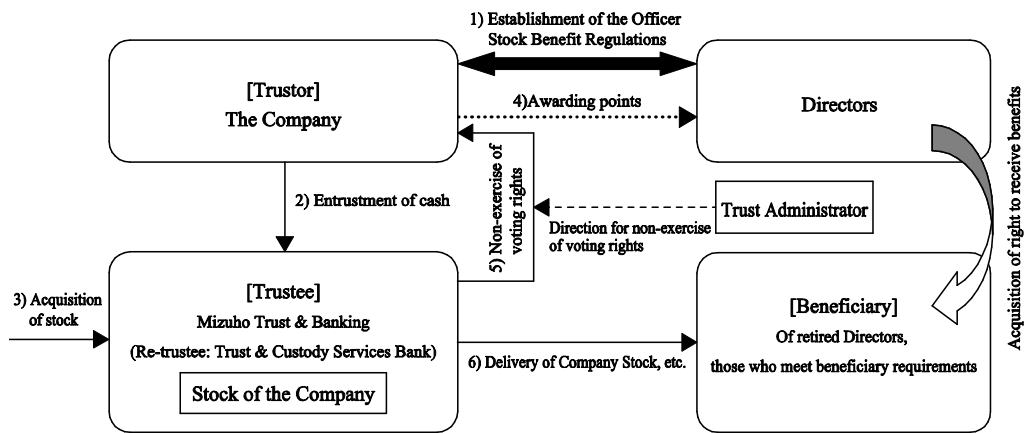
(9) Dividends

Dividends related to the Company’s shares held by the Trust shall be received by the Trust to acquire the Company’s shares or pay for the trustee’s remuneration, etc. Any remaining dividends upon termination of the Trust will be donated to organizations that have no interests with the Company and the Officers of the Company or will be paid proportionately to the then incumbent Directors depending on the number of points held by them.

(10) Termination of the Trust

The Trust shall be terminated when the Company’s stock is delisted or the Officer Stock Benefit Regulations are abolished, etc.

Of the residual assets in the Trust upon its termination, the Company’s shares will be entirely acquired by the Company with no charge and be canceled pursuant to the resolution of the Board of Directors; and cash excluding the portion donated to organizations or paid to Directors as described in (9) above will be received by the Company.



- 1) The Company shall establish the Officer Stock Benefit Regulations within the framework of the approval for this Proposal.
- 2) The Company entrusts funds in the range of the amount approved for this Proposal.
- 3) The Trust uses the funded amount outlined in 2) above as funds to acquire the Company's shares through the trading market or disposals of treasury stock.
- 4) The Company awards points to Directors based on the Officer Stock Benefit Regulations.
- 5) Voting rights for the Company's shares held by the Trust account will not be exercised based on direction from the trust administrator who is independent from the Company.
- 6) The Trust delivers the Company's shares to retired Directors who also meet the beneficiary requirements set under the Officer Stock Benefit Regulations (the "Beneficiaries") based on the number of points they have been awarded. If a Director meets certain requirements set under the Officer Stock Benefit Regulations, the Company will pay, to a certain percentage of the points awarded, him/her cash equivalent to the market value of such shares.