Securities Code: 7988
6th June, 2016

To our shareholders

5-3 Hikarinooka
Yokosuka-shi, Kanagawa
Nifco Inc.
Toshiyuki Yamamoto, President

NOTICE OF THE 64th ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to announce that the 64th Annual General Meeting of Shareholders will be held as stated below and you are cordially invited to attend the meeting.

If you are unable to attend this meeting in person, you can exercise your voting rights using either of the following methods. Please review the attached Reference Documents and exercise your voting rights.

[Exercising Voting Rights by Mail]

Please indicate your vote for or against the resolutions on the enclosed proxy form which should be returned to the company to reach us no later than 5:30 p.m. on 23rd June, 2016.

[Exercising Voting Rights via the Internet]

Please access the Company's designated voting website at http://www.it-soukai.com, use the "Voting Rights Exercise Code" and "Password," displayed on the enclosed proxy form, and input your vote for or against the resolutions by following the on-screen guidance. Please be sure to vote no later than 5:30 p.m. on 23rd June, 2016.

If you exercise your voting rights via the Internet, please confirm "Instructions for voting via the Internet" in page 3.

The proxy will be voted as directed by the shareholders but, if there is no indication of approval or disapproval for particular resolutions, the shareholder will be construed as having approved the resolution in question.

Details of the Meeting

1. Date and Time: 10 a.m., 24th June, 2016 (Friday)

2. Location: 5-2 Hikarinooka, Yokosuka-shi, Kanagawa, Second Floor Auditorium, Nifco Technology Development Centre, Nifco Inc.

3. Agenda:

Reports:

1. The business report (1st April, 2015 ~ 31st March, 2016), and the consolidated accounts together with the report of the Statutory Auditors and the Public Accountants thereon.
2. The accounts (1st April, 2015 ~ 31st March, 2016)

Resolutions:

Resolution 1 Appropriation of Retained Earnings

Resolution 2 Election of four candidates as Director

Resolution 3 Election of one candidate as Statutory Auditor to fill vacancy

Resolution 4 Determining Amount and Details of Performance-Linked Stock-Based Compensation, etc. to Directors, etc.

If you attend the AGM, please present the enclosed voting form to the receptionist at the meeting.

Also, should there be any amendments to the Reference Documents, the business report, the accounts, or the consolidated accounts, they will be published on the Company's web site. (http://www.nifco.co.jp/)

Instructions for voting via the Internet

1. Exercising voting rights via the Internet

(1) In lieu of exercising voting rights in writing, you may exercise your voting rights through the Company's designated "Voting Website" (URL below). If you wish, you may use the "Voting Rights Exercise Code" and "Password" displayed on the right part of the enclosed proxy form to log into the site and input your vote for or against the resolutions by following the on-screen guidance. For security purposes, you are required to change your password when logging in for the first time.

http://www.it-soukai.com

(2) Please vote for or against the resolutions no later than 5:30 p.m. on 23rd June, 2016. Please exercise your rights early.

(3) If you vote both in writing on the proxy form and via the Internet, only your vote placed via the Internet will be valid. In addition, if you submit your vote multiple times via the Internet, only the last vote will be valid.

(4) The password (including your changed password) will be used only for this general meeting. A new password will be issued for the next General Meeting of Shareholders.

(5) Costs incurred when accessing the voting website such as Internet connection charges are borne by shareholders.

(Notes)

- The password is an important means required for confirming that a person who has voted is a shareholder. The Company would never ask you for your password.
- If you input the wrong password more than a certain number of times, your password will be locked out. If your password is locked out, please follow the on-screen guidance to issue a new password.
- Voting Website is verified using general Internet connection devices, but you may not be able to use it depending on the device you use.

2. Contact

If you have any questions, please contact the Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. (below), the Transfer Agent and Registrar.

(1) Dedicated contact on how to operate Voting Website

Toll-free number: 0120-768-524 (Operating hours: 9:00 to 21:00 weekday)

(2) Contact for matters related to stock transfers other than the above

Toll-free number: 0120-288-324 (Operating hours: 9:00 to 17:00 weekday)

Reference Documents for the General Meeting of Shareholders

Resolution 1 Appropriation of Retained Earnings

With respect to the year-end dividend for the 64th fiscal year, the Company hereby proposes the following in consideration of the operating results for the year under review and future business development.

Matters concerning year-end dividend

1) Form of dividend

   Cash

2) Matters concerning allocation of dividend and total amount thereof

   60 yen per ordinary share of the Company (common dividend of 60 yen)

   Total dividend will be 3,053,012,700 yen.

   This will bring the annual dividend to 105 yen per share, including the interim dividend.

3) Effective date of dividends

   27th June, 2016

Resolution 2 Election of four candidates as Director

The terms of office of the current four Directors will expire at the close of this General Meeting of Shareholders. We propose the re-election of Toshiyuki Yamamoto and Toyoo Gyoten, and the election of Fukuo Iwasaki and Masaharu Shibao.

Accordingly, we propose the election of four candidates as Director.

The candidates as Director are as follows.

No.	Name (Date of birth)	Career summary, position and assignment at the Company (Significant concurrent positions)	Number of shares of the Company held	Special interests with the Company
1	Toshiyuki Yamamoto (11th October, 1949)	April 1973 Joined the Company January 1995 General Manager of Sagamihara Plant of the Company June 2002 Executive Officer of the Company April 2008 Executive Officer of the Company President of Nifco America Corp. June 2012 President of the Company (to present)	4,300 shares	None
	Reasons for proposing the candidate as Director	Mr. Yamamoto is proposed as a candidate as Director due to his ability to execute business strategies with strong leadership in a timely and appropriate manner, as well as his broad experience of global management gained as President of the Company from 2012, after obtaining experience as the plant General Manager of major domestic plants and president of the Company's overseas subsidiary.		
2	Fukuo Iwasaki (26th October, 1957)	April 1980 Joined the Company April 2010 Executive Officer, General Manager of Nagoya Plant of the Company April 2013 Executive Officer, Deputy Head of Global Sales & Manufacturing Division of the Company June 2014 Executive Managing Officer, Head of Manufacturing of the Company (to present)	7,200 shares	None
	Reasons for proposing the candidate as Director	Mr. Iwasaki is proposed as a candidate as Director due to his global and diverse experience, insights and expertise cultivated through his long career mainly in manufacturing functions such as in the position of the General Manager of major domestic plants and Deputy Head of Global Sales & Manufacturing Division, under which he is responsible for the production structure across the Group, including overseas bases.		

No.	Name (Date of birth)	Career summary, position and assignment at the Company (Significant concurrent positions)	Number of shares of the Company held	Special interests with the Company
3	Masaharu Shibao (14th December, 1961)	April 1985 Joined the Company April 2010 President of Nifco Deutschland GMBH June 2015 Executive Officer of the Company, President of Nifco America Corp. (to present)	1,700 shares	None
	Reasons for proposing the candidate as Director	Mr. Shibao is proposed as a candidate as Director due to his global and diverse experience, insights and expertise cultivated through his long career in technology and as President of the Company's subsidiaries in Europe and the U.S.		
4	Toyoo Gyoten (2nd January, 1931)	April 1955 Joined the Ministry of Finance ("MOF") June 1984 Director-General, International Finance Bureau of MOF June 1986 Vice-Minister of Finance for International Affairs of MOF June 1992 Director, Chairman of the Bank of Tokyo, Ltd. December 1995 President of Institute for International Monetary Affairs (to present) January 2006 Senior Advisor of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (to present) June 2010 External Director of the Company (to present) (Significant concurrent positions) • President of Institute for International Monetary Affairs • Senior Advisor of the Bank of Tokyo-Mitsubishi UFJ, Ltd.	- shares	Refer to (Note) 2
	Reasons for electing the candidate as External Director	Mr. Gyoten is proposed as a candidate as External Director because the Company expects him to reflect his broad experience and insights pertaining to domestic and overseas economic issues and financial affairs cultivated through his varied career in government and financial institutions in the Company's management as External Director.		

(Notes)

1. Fukuo Iwasaki and Masaharu Shibao are candidates as new Director.
2. Toyoo Gyoten, a candidate as Director, concurrently serves as Senior Advisor of the Bank of Tokyo-Mitsubishi UFJ, Ltd. with which the Company has banking transactions.
3. Toyoo Gyoten is a candidate as External Director.
4. The Company designated and filed Toyoo Gyoten as an independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc. If this Resolution is passed and his re-election is approved, he will continue to be an independent officer.
5. Toyoo Gyoten will have served as External Director for six years at the close of this Ordinary General Meeting of Shareholders.
6. The Company has concluded an agreement with Toyoo Gyoten to limit his liabilities for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages under this agreement is the greater of either 20 million yen or the minimum total liability stipulated by laws and regulations. The Company plans to extend the aforementioned limited liability agreement if he is reappointed.

Resolution 3 Election of one candidate as Statutory Auditor to fill vacancy

To prepare for a contingency in which the Company does not have the number of Statutory Auditors required by laws and regulations, the Company proposes to elect one candidate as Statutory Auditor to fill vacancy.

The Board of Statutory Auditors' consent has been obtained for this Resolution.

The candidate as Statutory Auditor to fill vacancy is as follows and is proposed to fill vacancy for any one of the Statutory Auditors. The term of office of a Statutory Auditor assumed by Statutory Auditor to fill vacancy shall be the remaining term of office of the retiring Statutory Auditor.

Name (Date of birth)	Career summary (Significant concurrent positions)		Number of shares of the Company held
Masakazu Wakabayashi (30th January, 1963)	October, 1988	Joined Century Audit Corporation	- shares
	December 1997	Partner of Century Audit Corporation	
	April 2007	Joined Yasumori Audit Corporation	
	May 2008	Representative Partner of Yasumori Audit Corporation (to present)	

(Notes)

1. There are no special interests between Masakazu Wakabayashi and the Company.
2. Masakazu Wakabayashi is a candidate as External Statutory Auditor to fill vacancy.
3. Masakazu Wakabayashi is proposed as a candidate as External Statutory Auditor to fill vacancy because he has the extensive insights required to audit the corporate management as a Certified Public Accountant, and the Company expects him to use his broad knowledge and experience for the Company's audit structure. For the above-mentioned reasons, we conclude that he would appropriately carry out his duties as an External Statutory Auditor, even though he has no corporate management experience.
4. The Company has concluded an agreement with External Statutory Auditors to limit their respective liabilities for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages based on this agreement is the greater of either 10 million yen or the minimum total liability stipulated by laws and regulations.
   The Company also plans to conclude a limited liability agreement with Masakazu Wakabayashi as an External Auditor if he is elected as a Statutory Auditor.

Resolution 4 Determining Amount and Details of Performance-Linked Stock-Based Compensation, etc. to Directors, etc.

1. Reasons for this Resolution and reasons for determining this remuneration to be appropriate

   The Company's remuneration for Directors consists of "basic remuneration" and "bonus." We propose to introduce a performance-linked stock-based compensation plan (hereinafter, referred to as the "Plan"), which grants the Company's stocks to Company Directors and Executive Officers (excluding External Directors and those who live abroad; hereinafter, referred to as "Directors, etc.") according to the extent to which they achieve performance targets, etc.

   Introduction of the Plan aims at defining the relationship between the remuneration of Directors, etc. and the Company's stock value, and providing an incentive for increasing mid- and long-term business performance and corporate value, and we believe introduction of the Plan is suitable for achieving these objectives.

   This Resolution shall not be related to the upper limit on remuneration to Directors (no more than 400 million yen; provided, however, it shall not include compensation paid as an employee if a Director serves concurrently as an employee) approved at the 55th Ordinary General Meeting of Shareholders held on 27th June, 2007. This Resolution is to provide additional stock-based compensation to Directors.

   If Resolution 2 "Election of four candidates as Director" is approved in its original form, Directors, etc. eligible under the Plan will be four Directors and twelve Executive Officers.

2. Amount of remuneration and details of the Plan

   (1) Overview of the Plan

   The Plan is a stock-based compensation plan, under which a trust purchases the Company's stocks using remuneration of Directors, etc. to be contributed by the Company as resources so as to grant and provide (hereinafter, referred to as "Grant, etc.") the Company's stocks and cash corresponding to realization value of the Company's stocks (hereinafter, referred to as "Company's Stocks, etc.") to the Directors, etc. (Details are set forth in (2) onward)

   1) Persons eligible for Grant, etc. of Company's Stocks, etc. subject to this Resolution

      Directors and Executive Officers of the Company (excluding External Directors and those who live abroad)

   2) Potential impact of the Company's stocks subject to this Resolution on the total number of outstanding stocks of the Company

      1. Upper limit of cash to be contributed by the Company (as stated in (2) below)

         A total of 400 million yen over three fiscal years

      2. Upper limit of the total number of the Company's Stocks, etc. to be acquired by Directors, etc. and method of acquiring the Company's stocks (as stated in (2) and (3) below)

      The upper limit of points to be granted to Directors, etc. for each of three fiscal years shall be 101,000 points. The number of stocks obtained by converting at 1 point = 1 share is approximately 0.2% of the total shares outstanding (as of 31st March, 2016, net of treasury stock). The Company's stocks will be purchased on the market or from the Company (sale of treasury stocks).

   3) Details of criteria for achieving performance (as stated in (3) below)

      It shall be changed according to (a) the performance targets achieved in each fiscal year, including consolidated sales and consolidated operating income, and

(b) achievement of medium-term business plan targets (ROIC) in the last fiscal year of the medium-term business plan. The number of points to be granted shall be determined within 80% to 120%, assuming the reference performance target to be 100%.

4) Timing of Grant, etc. of the Company's Stocks, etc. to Directors, etc. (as stated in (4) below)

Upon retirement. If a Director, etc. is deceased, cash equivalent of realization value of Company's stocks shall be paid to his/her heir.

(2) Upper limit of cash to be contributed by the Company

The Plan will cover three consecutive fiscal years (the first period shall be three fiscal years from the fiscal year ending 31st March, 2017 to the fiscal year ending 31st March, 2019, and the following three fiscal years if the trust period is extended as follows; hereinafter, referred to as the "Targeted Period").

For each Targeted Period, the Company shall contribute cash up to a total of 400 million yen as remuneration for Directors, etc. and set up a trust with the three-year trust period (hereinafter, referred to as the "Trust") (including the extension period of the trust stated in the fourth paragraph below; hereinafter, the same shall apply), of which beneficiaries are Directors, etc. who meet beneficiary criteria. The Trust shall, according to the custodian's instructions, purchase Company's stocks on the stock market or from the Company (sale of treasury stock) using trust funds as resources.

During the trust period, the Company shall grant points to Directors, etc. (as stated in (3) below) and the Trust shall provide the Grant, etc. of the Company's Stocks, etc.

Upon the close of the trust period of the Trust, instead of setting up a new Trust, the Trust may be continued by changing the trust agreement and implementing an additional trust. In such case, the trust period of the Trust shall be extended for the same period as the original trust period, and the Targeted Period shall be three fiscal years after the extension of the trust period. For each extended trust period, the Company shall provide an additional contribution up to a total of 400 million yen, and during the extended trust period, it shall continue to issue points to Directors, etc. and the Trust shall continue to provide the Grant, etc. of Company's Stocks, etc. If there are Company's stocks (excluding Company's stocks equivalent to points granted to Directors, etc. and which the Grant, etc. has not been completed) and cash as of the last day of the former trust period (hereinafter, referred to as "Remaining Stocks, etc.") in case of an additional contribution, the total of Remaining Stocks, etc. and trust funds to be additionally contributed shall be up to 400 million yen.

(3) Method of calculating the number of Company's stocks to be acquired by Directors, etc. and upper limit

Every 1st June during the trust period, certain points shall be granted to Directors, etc. according to (a) the performance targets achieved in the fiscal year ended 31st March in the said year (i.e. the previous fiscal year; hereinafter, referred to as "Target Fiscal Year"), (b) achievement of medium-term business plan targets (ROIC) in the last business year of the medium-term business plan, and (c) their positions. At the retirement of each Director, etc., the Grant, etc. of the Company's Stocks, etc. shall be executed according to the accumulated number of points (hereinafter, "Accumulated Points").

One point shall equal one Company stock. In the event that Company's stocks increase or decrease due to a stock split or a consolidation of stock and an adjustment of points is determined to be fair, the Company shall adjust the number of Company's stocks per point according to the ratio of the stock split or the consolidation of stock.

Points to be granted to Directors, etc. for each Targeted Period shall be up to 101,000 points.

(4) Method and Timing of Grant, etc. of Company's Stocks, etc. to Directors, etc.

Directors, etc. who meet beneficiary criteria shall be eligible for the Grant, etc. of the number of Company's Stocks, etc. calculated based on (3) above based on specified procedures to determine the beneficiary upon retirement. At this time, the Director, etc. shall be eligible for the Grant, etc. of Company's stocks equivalent to 70% of Accumulated Points (fractional shares are rounded down), and remaining points shall be realized in the Trust to pay the Director, etc. in the form of cash equivalent to realization value.

If a Director, etc. dies during his/her service, all Company stocks corresponding to Accumulated Points granted as of that date shall be realized in the Trust and paid to the heir of the said Director, etc. in the form of cash equivalent to realization value.

(5) Voting rights of Company's stocks held in the Trust

The Company's stocks held in the Trust shall not include the right to exercise voting rights during the trust period, in order to ensure the neutrality of the management.

(6) Treatment of dividend of retained earnings of the Company's stocks held in the Trust

Dividend of retained earnings of Company's stocks held in the Trust shall be received by the Trust to be appropriated for its trust fee and expenses. If there is any dividend remaining at the close of the Trust after using dividends for trust fee and expenses, such dividend shall be paid to Directors, etc. who meet given beneficiary criteria and become beneficiaries of the Trust based on the trust agreement at the close of the Trust.

(7) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors each time the Trust is set up, a trust agreement is changed, and an additional contribution is made to the Trust.

(Reference)

For details of the Plan, please refer to the reference below, "Announcement of the introduction of performance-linked stock-based compensation plan for officers" (abstract of press release dated on 23rd May, 2016).

[Reference]

"Announcement of the introduction of performance-linked stock-based compensation plan for officers" (abstract of press release dated on 23rd May, 2016)

1. Introduction of the Plan

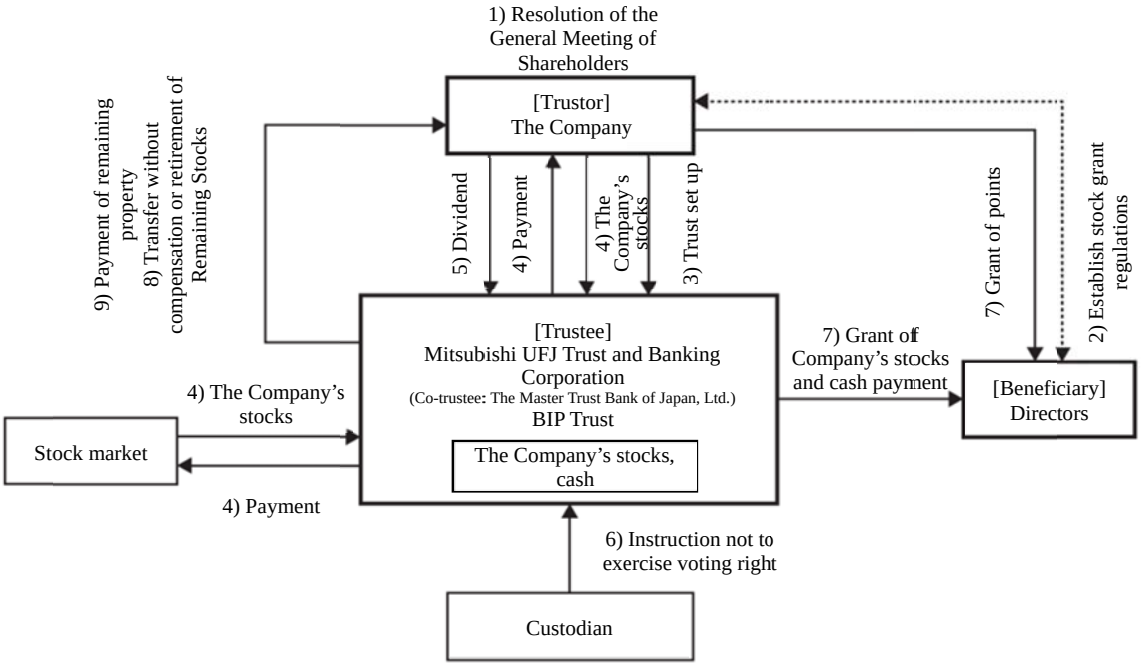
   (1) The Company will introduce the Plan for Directors, etc. with the aim of defining the relationship between remuneration of Directors, etc. and the Company's stock value, and providing an incentive for increasing mid- and long-term business performance and corporate value.

   (2) Introduction of the Plan is subject to the approval of a resolution of directors' remuneration at this General Meeting of Shareholders.

   (3) The Plan will adopt a scheme called the Board Incentive Plan (hereinafter, referred to as "BIP Trust"). BIP Trust refers to an incentive plan for officers with reference to the performance share plan and restricted stock plan in the U.S., under which the BIP Trust purchases Company's stocks and then grants and provides (hereinafter, referred to as "Grant, etc.") such stocks, as well as cash corresponding to realization value of Company's stocks (hereinafter, referred to as "the Company's Stocks, etc.") to Directors, etc. according to the performance achieved upon their retirement.

   (4) After introduction of the Plan, the Company's remuneration to Directors, etc. will consist of "basic remuneration," "bonus," and "stock-based compensation." Remuneration of external directors who are independent of the execution of operations shall consist of "basic remuneration" and "bonus."

2. Plan overview



   1) The Company will propose a resolution for the remuneration of officers at the General Meeting of Shareholders with regard to introducing the Plan.

   2) The Company will establish stock grant regulations in the Plan at the Board of Directors.

   3) The Company will, within the range of approval resolved at the General Meeting of Shareholders in 1), set up a trust that is entrusted with cash by the Company as a

resource for remunerating the Company's Directors, etc., and whose beneficiaries are Directors, etc. who meet beneficiary criteria.

4) The Trust will follow instructions of the custodian and purchase Company's stocks on the stock market or from the Company (sale of treasury stocks) using funds contributed in 3) as resources. The number of stocks to be purchased by the Trust shall be within the range approved by this General Meeting of Shareholders in 1).

5) Dividend shall be paid for Company's stocks held in the Trust as with Company's other stocks.

6) During the trust period, Company's stocks held in the Trust shall not include the right to exercise voting rights.

7) During the trust period, each year, certain points shall be granted to Directors, etc. according to (1) the performance targets achieved in each fiscal year, including consolidated sales and consolidated operating income, (2) achievement of medium-term business plan targets (ROIC) in the last fiscal year of the medium-term business plan, and (3) their positions. The Grant, etc. of Company's Stocks, etc. shall be executed for Directors, etc. who satisfy certain beneficiary criteria according to Accumulated Points (defined in (5) below; hereinafter, the same shall apply) upon their retirement.

8) In the event that there are stocks remaining at the close of the trust period because performance targets cannot be achieved during the trust period, the Trust may be continued by changing the trust agreement and additional trust, or the Trust may transfer such remaining stocks to the Company without compensation and the Company may obtain those stocks without charge, so as to retire them according to a resolution of the Board of Directors.

9) Upon termination of the Trust, any property remaining after distribution to beneficiaries will be attributable to the Company within the range of the trust expense reserve which deducts stock acquisition cost from trust funds.

* In the event that the Trust has no Company's stock as a result of the Grant, etc. of Company's Stocks, etc. to Directors, etc. who meet beneficiary criteria, the Trust shall terminate before the close of the trust period. The Company may entrust additional cash to the Trust as funds to purchase the Company's stocks to the extent approved at this General Meeting of Shareholders.

(1) Overview of the Plan

Subject to three fiscal years from the fiscal year ending 31st March, 2017 until the fiscal year ending 31st March, 2019 (hereinafter, referred to as the "Targeted Period") (*), the Plan will provide the Grant, etc. of Company's Stocks, etc. as officers' remuneration when Directors, etc. retire, according to (1) the performance targets achieved in each fiscal year, including consolidated sales and consolidated operating income, (2) achievement of medium-term business plan targets (ROIC) in the last fiscal year of the medium-term business plan, and (3) their positions.

(*) If the trust period is extended as stated in the second paragraph in (4) below, the respective three fiscal years onward shall become the "Targeted Period."

(2) Procedures for introducing the Plan

At this General Meeting of Shareholders, we propose to limit cash to be contributed to the Trust, the upper limit of points to be granted to Directors, etc. for each Targeted Period (defined in (5) below), and other necessary matters.

If the trust period is extended as stated in the second paragraph in (4) below, the extension shall be determined by a resolution of the Board of Directors to the extent approved at this General Meeting of Shareholders.

(3) Eligible persons under the Plan (Beneficiary criteria)

Subject to meeting the following beneficiary criteria, Directors, etc. are eligible for the Grant, etc. for the number of the Company's Stocks, etc. according to Accumulated Points (defined in (5) below) by taking the procedures to determine beneficiaries upon their retirement.

Beneficiary criteria are as follows:

1) Remaining Company's Directors, etc. during the Targeted Period (including those who become new Directors, etc. during the Targeted Period),
2) Retiring Directors, etc. (*),
3) Not involved in non-compliance issues during his/her service,
4) Accumulated Points are determined as defined in (5) below, and
5) Other requirements that are necessary for achieving the purpose of stock-based compensation.

(*) In the event that the trust period is extended as stated in the second paragraph in (4) below and if there is any person who serves as Director, etc. under the Plan at the end of the extended trust period, the Trust shall be terminated at that time. The Grant, etc. of the Company's Stocks, etc. shall be executed for such Directors, etc., even though they do not retire.

(4) Trust period

Approximately three years from 22nd August, 2016 (scheduled) to 31st August, 2019 (scheduled)

With a change in the trust agreement and additional trust at the end of the trust period, the trust period of the Trust shall be extended for the same period as the original trust period (three years). If there are Company's stocks (excluding Company's stocks equivalent to points granted to Directors, etc., and which the Grant, etc. has not been completed) and cash as of the last day of the former trust period (hereinafter, referred to as "Remaining Stocks, etc.") in case of additional contribution, the total of Remaining Stocks, etc. and trust funds to be additionally contributed shall be within the upper limit of trust funds to be approved at this General Meeting of Shareholders.

If the trust agreement is not changed and additional trust is not executed at the end of the trust period, points shall not be granted to Directors, etc. subsequently. However, if there are any Directors, etc. who may meet beneficiary criteria at that time, the trust period of the Trust may be extended up to ten years until such Directors, etc. retire and the Grant, etc. of the Company's Stocks, etc. is completed.

(5) The number of Company's stocks subject to the Grant, etc. to Directors, etc.

Every June during the trust period, points shall be granted to Directors, etc. according to (1) the performance targets achieved in the fiscal year ended 31st March in that year (i.e. the previous fiscal year; hereinafter, referred to as "Target Fiscal Year"), (2) achievement of medium-term business plan targets (ROIC) in the last fiscal year of the medium-term business plan, and (3) their positions. The number of points to be granted shall be determined within 80% to 120%, assuming the level of the reference performance target to be 100%.

One point shall equal one Company stock. In the event that Company's stocks increase or decrease due to a stock split or a consolidation of stock, and an adjustment of points is determined to be fair, the Company shall adjust the number of Company's stocks per point according to ratio of the stock split or the consolidation of stock.

The accumulated number of points (hereinafter, "Accumulated Points") are calculated upon the retirement of Directors, etc. and the Grant, etc. of the Company's Stocks, etc. shall be executed according to Accumulated Points.

(6) The upper limit of trust funds to be contributed to the Trust and the upper limit of points to be granted to Directors, etc.

Trust funds to be contributed by the Company to the Trust during the trust period shall be up to 400 million yen (*).

At this General Meeting of Shareholders, we plan to propose approval of the upper limit of points to be granted to Directors, etc. for each Targeted Period as 101,000 points. If the resolution is passed, the number of stocks Directors, etc. are eligible to receive as the Grant, etc. from the Trust (hereinafter, referred to as "Number of Stocks Obtained") shall be up to the number of stocks equivalent to such points (101,000 shares).

* It is the sum of funds to purchase stocks by the Trust and trust fee and expenses during the trust period.

(7) Method of purchasing the Company's stocks by the Trust

The Trust plans to purchase the Company's stocks initially on the stock market or from the Company (sale of treasury stocks) to the extent of trust funds and within the range of the Number of Stocks Obtained in the (6) above.

In the event that the number of stocks in the Trust is not sufficient for the number of stocks corresponding to Accumulated Points established for each Director, etc., the Company may contribute additional funds to the Trust to purchase additional stocks of the Company, up to the trust funds approved by this General Meeting of Shareholders and within the range of the Number of Stocks Obtained in (6) above.

(8) Method and Timing of the Grant, etc. of Company's Stocks, etc. to Directors, etc.

Upon retirement, Directors, etc. who meet the beneficiary criteria in (3) above shall be eligible for the Grant, etc. of Company's Stocks, etc. that are equivalent to 70% of Accumulated Points (fractional shares are rounded down), and receive cash equivalent to realization value of Company's stocks remaining that are realized by the Trust. If a Director, etc. dies during the trust period, all Company stocks corresponding to Accumulated Points granted as of that date shall be realized in the Trust and paid to the heir of the Director, etc. in the form of cash equivalent to realization value.

(9) Exercise of voting rights on the Company's stocks in the Trust

The Company's stocks held in the Trust shall not include the right to exercise voting rights during the trust period, in order to ensure the neutrality of the management.

(10) Treatment of dividend of retained earnings of Company's stocks held in the Trust

Dividend of retained earnings of Company's stocks held in the Trust shall be received by the Trust to be appropriated for its trust fee and expenses. If there is any dividend remaining at the close of the Trust after using dividends for trust fee and expenses, such dividend shall be paid to Directors, etc. who meet given beneficiary criteria and become beneficiaries of the Trust based on the trust agreement at the close of the Trust.

(11) Treatment at the close of the trust

In the event that there are stocks remaining at the close of the trust period because performance targets cannot be achieved, the Trust may transfer such remaining stocks to the Company without compensation as shareholder returns, and the Company plans to retire these stocks according to a resolution of the Board of Directors.

(Reference)

[Details of trust agreement]

1)	Type of trust	Money held in trust other than specified individually managed money in trust (third-party-benefit trust)
2)	Objectives of trust	Granting of incentives to Company's Directors, etc.
3)	Trustor	The Company
4)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
5)	Beneficiary	Any Directors, etc. who meet beneficiary criteria
6)	Custodian	Third party who has no interest in the Company (certified public accountant)
7)	Trust agreement date	22nd August, 2016 (scheduled)
8)	Trust period	From 22nd August, 2016 (scheduled) to 31st August, 2019 (scheduled)
9)	Start date of the Plan	22nd August, 2016 (scheduled)
10)	Exercise of voting right	Voting right shall not be exercised.
11)	Class of stock to be acquired	The Company's common stock
12)	The upper limit of trust funds	400 million yen (scheduled) (including trust fee and expenses)
13)	Holder of a vested right	The Company
14)	Remaining property	Remaining property for which the Company is eligible to receive as a holder of a vested right shall be within the range of the trust expense reserve derived by deducting stock acquisition cost from trust funds.

[Details of trust and shareholder affairs]

1)	Trust affairs	Mitsubishi UFJ Trust and Banking Corporation will act as trustee of BIP Trust to handle trust affairs.
2)	Shareholder affairs	Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd. will deliver the Company's stocks to beneficiaries under a transfer agency agreement.