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Security code：9744

June 1, 2016

MEITEC CORPORATION
2-20-1, Kousei Dori,Nishi-ku, Nagoya, Japan
President and CEO: Hideyo Kokubun

Notice of Convocation of 43rd Annual General Meeting of Shareholders

To Our Shareholders:

MEITEC CORPORATION (the Company) requests your attendance at the 43rd Annual General Meeting of Shareholders, which will be held as follows**:**

If you will not attend the meeting, you may exercise your voting right by method in following page. After reviewing the reference material for the meeting herein, please exercise your voting right by 6:00 pm on June 22, 2016 (Wednesday).

1. Date and time: Thursday, June 23, 2016 at 2:00 p.m.

2. Place: Meitec Tokyo Office,
8-5-26, Akasaka, Akasaka DS Building 7th Floor,
Minato-ku, Tokyo, Japan

3. Purpose of the meeting:

Matters to be reported:

1) Presentation of the Business Report and Consolidated Financial Statements as well as Audit & Supervisory Board's Report from the audit of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board, for the 43rd fiscal period (from April 1, 2015, to March 31, 2016)

2) Presentation of the Non-consolidated Financial Statements, for the 43rd fiscal period (from April 1, 2015, to March 31, 2016)

Matters to be resolved:

Agenda Item 1 Dividend of the retained earnings (year end dividend for the fiscal year ended March 31, 2016)

Agenda Item 2 Reduction of Capital Stock and Legal Capital Surplus

Agenda Item 3 Election of one (1) Alternate Audit & Supervisory Board Member

Agenda Item 4 Revision of Remuneration Amount for Directors and Audit & Supervisory Board Members

4. About Exercising Your Voting Right

1) Exercising your voting right by mail

Please indicate whether you approve or disapprove on the resolution to the enclosed "Card for the Exercise of Voting Rights" and return it to the Company via mail, by 6:00 pm on June 22, 2016 (Wednesday)

2) Instructions for exercising your vote on the internet

If you are to attend the meeting, voting by sending the "Card for the Exercise of Voting Rights" or voting by internet is unnecessary.

3) Treatment of non-indication of vote on the "Card for the Exercise of Voting Rights"

If approval or disapproval is not indicated on the "Card for the Exercise of Voting Rights" in exercising the voting right via mail, it shall be treated as if approval were voted.

4) Treatment of duplicate exercise by the internet

In case that multiple number of vote is exercised on the internet, last vote registered on the internet will be recognized as valid. Furthermore, if you exercise your voting rights in duplicate by accessing the voting website from a personal computer, a smart phone and a mobile phone, the last time that you exercise your voting rights shall be deemed valid.

5) Treatment of duplicate exercise by writing and by the internet

In case that a voting right is exercised both by writing using the "Card for the Exercise of Voting Rights" and on the internet, only the vote registered on the internet will be recognized as valid.

6) About diverse exercise of your vote

If you wishes to make diverse exercise your voting right, please notify the Company in writing by 3 days prior to the Annual General Meeting of Shareholders stating your intention of making the diverse exercise and the reasons.

（Attached Document）

BUSINESS REPORT

(from April 1, 2015 to March 31, 2016)

1. Business Outline

(1) Results of Operations

During the fiscal year under review (from April 1, 2015 to March 31, 2016), the Japanese economy continued to recover at a moderate pace supported by the government's economic and fiscal policies, with growth in capital investment amid an improvement in corporate earnings. However, the outlook remained uncertain due to the slowdowns in the Chinese economy and emerging markets and the appreciation of the yen from the start of this year.

During the fiscal year under review, many leading manufacturers, which are the major clients of the Company, continued investing in technological development looking to the next generation, unaffected by business conditions. Under this environment, companies redoubled their efforts on recruiting, leading to an increase in the number of engineers. The Company proceeded assignment to clients and the number of engineers assigned to clients steadily increased.

As a result, consolidated net sales for the fiscal year under review increased ¥5,752 million from a year earlier to ¥87,888 million. Consolidated cost of sales rose ¥4,180 million from a year earlier to ¥64,661 million, chiefly because of higher labor costs due to an increase of engineers. Consolidated selling, general and administrative expenses rose ¥238 million from a year earlier to ¥12,352 million. As a result, consolidated operating income increased ¥1,334 million from a year earlier to ¥10,874 million, and consolidated ordinary income rose ¥1,202 million from a year earlier to ¥10,845 million.

Furthermore, the Company recorded extraordinary losses of approximately ¥3,600 million in the previous fiscal year, arising from the suspension of use of training facilities and other facility; however, in the fiscal year under review, the sale of all these facilities was completed, yielding extraordinary income of approximately ¥1,000 million.

As a result of the above, profit attributable to owners of parent increased ¥4,423 million from a year earlier to ¥8,083 million.

Effective from the fiscal year under review, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and other accounting standards. As a result, former "net income" is now shown as "profit attributable to owners of parent."

Results by business segment were as follows:

ⅰ.Temporary Staffing Business

Net sales in the Temporary Staffing Business segment for the fiscal year under review increased ¥5,267 million from a year earlier to ¥84,614 million. The main reason for the increase was an increase in the number of engineers assigned to clients in the Temporary Staffing Business, which accounts for more than 90% of consolidated net sales, particularly in the professional staffing business for engineers, the core business

of this segment. Operating income increased ¥1,195 million from a year earlier to ¥10,341 million.

The Company's non-consolidated utilization ratio (overall) maintained a high level of 97.2%, compared with 96.1% in the previous fiscal year, as 299 newly graduated engineers who were hired last year were smoothly assigned to clients, while assignment of existing engineers also progressed smoothly. Moreover, while the order environment continued to be brisk throughout the year, working hours declined to 8.83 hours/day (8.93 hours/day for the previous fiscal year), because of a decline in overtime hours work at some clients and an increase in use of paid leave, etc.

ⅱ. Recruiting & Placement Business

The Recruiting & Placement Business segment operates job placement and information portal site businesses for engineers.

Net sales in the Recruiting & Placement Business increased ¥159 million from a year earlier to ¥1,499 million, and operating income increased ¥79 million to ¥467 million.

Meitec Next achieved sales and profit growth due to a continuing increase in the number of job placements.

ⅲ. Engineering Solutions Business

The Engineering Solutions Business segment provides technology support services for printed-circuit board design.

Net sales in the Engineering Solutions Business for the fiscal year under review rose ¥347 million from a year earlier to ¥2,005 million, and operating income increased ¥57 million to ¥69 million.

Note: 1: All figures are exclusive of consumption taxies.

Note 2: Sales figures for each segment include intersegment transactions and transfers.

(2) Capital Investment for the Meitec Group

During the consolidated fiscal year under review, we have made capital investment mainly to improve our business supporting system, and total amounted to ¥407 million.

And, capital investment by segments were, ¥391 million for the Temporary Staffing Business, ¥8 million for the Recruiting & Placement Business, and ¥7 million for the Engineering Solution Business.

These capital investment amounts include the cost for software and other (software in progress.)

(3) Financing for the Meitec Group

The Company meets its capital requirements with its own funds. The Company did not procure capital through the issuance of new shares or bonds during the consolidated fiscal year under review.

(4) Issues to Be Addressed

Main business of our corporate group is the temporary engineer staffing business. Based on our group management concept “Mutual Growth & Prosperity”, we, the Meitec Group, with cooperation of all the employees, shall improve the five values (Value to Engineers, Value to Employees, Value to Clients, Value to Shareholders, Value to the Society) continuously from the "Value to Engineers" as a starting point.

Future performances of the temporary engineer staffing business depend on higher number of engineers and higher utilization ratio. Therefore we recognize that most important objective is to realize the sustainable growth by continued strengthening the sales effort to obtain new orders, recruitment and increasing the employee and supporting employee carrier advancement in consideration of the environmental changes.

ⅰ.Sales effort to obtain new orders

Main business of our corporate group, temporary engineer staffing business, is also a business of supporting carrier advancement of the engineers. Not limited to obtaining the orders to sustain or increase the number of engineers on job and utilization ratio, it is most important to continue providing the chance and place for expansion of their work segments so that they can widen their selection of carrier advancement. Therefore, we will try to build stronger clients basis where we can obtain orders in any economic conditions regardless of under crisis or not. We will continue to improve our sales system to strengthen our sales ability.

ⅱ.Recruitment and increasing employee

For Meitec Group, as largest “Group of professional engineers” in Japan, hiring more excellent engineers and staffs would be the source of growth. Therefore, we will establish a brand name with reliability and sense of security as the leader of the industry in the human resource market, and reinforce our recruiting ability. We will continue to execute efficient recruiting effort and increase the employee to meet with the changing market condition regardless of under crisis or not.

ⅲ. Supporting employee carrier advancement

It is essential to provide close support to each and every engineer for their carrier advancement in order to sustain and improve the quality of the largest “Group of professional engineers” in Japan. To provide proper and timely support, we have determined that the quality of services which the engineers provide to be “Technological strength multiplied by Human strength equals Total Strength”. We will continue our effort to provide the extended support to the carrier advancement needs initiated from the engineers and strengthen the carrier advancement support led by the company. We will continue our effort in strengthening the efficient support for the carrier advancement by timely catching the changes and expansion of the clients’ needs.

(5) Changes in Assets and Income

ⅰ.Changes in Assets and Income of the Meitec Group

(unit : million yen)

Item	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016 (current consolidated fiscal year)
Net Sales	70,330	74,906	82,136	87,888
Operating Income	6,354	6,979	9,540	10,874
Ordinary Income	6,427	6,978	9,643	10,845
Profit Attributable to Owners of Parent	5,993	3,973	3,659	8,083
Earnings per Share	186.08	128.30	120.11	269.24
Total Assets	58,002	61,445	65,098	64,468
Net Assets	38,422	36,188	37,565	37,605
Net Assets per Share	1,229.61	1,182.84	1,238.77	1,278.59

ⅱ.Changes in Assets and Income of Meitec

(unit : million yen)

Item	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016 (current fiscal year)
Net Sales	55,822	58,876	64,675	68,878
Operating Income	5,402	5,751	7,925	9,061
Ordinary Income	5,698	6,149	8,438	9,526
Profit	6,056	3,425	3,340	7,391
Net Income per Share	188.04	110.60	109.62	246.18
Total Assets	55,918	58,450	58,483	56,941
Net Assets	36,507	34,991	36,221	35,872
Net Assets per Share	1,170.20	1,145.17	1,195.99	1,221.68

(6)Important Status of Parent Company and Subsidiaries（as of March 31, 2016）

ⅰ.Status of Important Parent Company

Not Applicable.

ⅱ.Status of Important Subsidiaries

Company Name	Location	Capital	Voting rights held by Meitec (%)	Main business
MEITEC FIELDERS INC.	Tokyo	(million yen) 120	100.0	Temporary Staffing Business
MEITEC CAST INC.	Tokyo	(million yen) 100	100.0	Temporary Staffing Business
MEITEC EX CORPORATION	Aichi	(million yen) 50	100.0	Temporary Staffing Business
MEITEC NEXT CORPORATION	Tokyo	(million yen) 30	100.0	Recruiting & Placement Business
All engineer.jp CORPORATION	Tokyo	(million yen) 70	100.0	Recruiting & Placement Business
Meitec Shanghai	China	(US$1,000) 2,728	100.0	Recruiting & Placement Business
Meitec Shanghai Human Resources Co., Ltd.	China	(US$1,000) 300	70.0	Recruiting & Placement Business
APOLLO GIKEN CO.,LTD.	Kanagawa	(million yen) 311	81.2	Engineering Solutions Business

Note1：Voting right ratio held by Meitec include that of indirect ownership interest.

Note2：From the fiscal year ended March 31, 2016, Meitec Xian became unconsolidated subsidiaries. Also, Meitec Chengdu and Shanghai Apomac had completed its liquidation during the fiscal year ended March 31, 2016.

ⅲ.Situation of Specified wholly owned subsidiaries

Not Applicable.

ⅳ.Situation of Important combination of enterprises etc.

Not Applicable.

(7)Primary business of the group(as of March 31, 2016)

Temporary Staffing Business
Recruiting & Placement Business
Engineering Solutions Business

(8)Primary Office of the Group(as of March 31, 2016)

ⅰ.Meitec

Registered Corporate Headquarters	2-20-1 Kosei-tori Nishi-ku Nagoya
Corporate Headquarters	8-5-26 Akasaka DS Building Akasaka, Minato-ku, Tokyo
Engineering Center (EC)	Sendai EC (Miyagi), Utsunomiya EC (Tochigi), Takasaki EC (Gunma), Saitama EC (Saitama), Mito EC (Ibaraki), Tsukuba EC (Ibaraki), Chiba EC (Chiba), Tokyo EC (Tokyo), Tokyo-Kita EC (Tokyo), Tachikawa EC (Tokyo), IT Solution Center (Tokyo), Yokohama EC (Kanagawa), Kawasaki EC (Kanagawa), Atsugi EC (Kanagawa), Shonan EC (Kanagawa), Mishima EC (Shizuoka), Shizuoka EC (Shizuoka), Hamamatsu EC (Shizuoka), Koshinetsu EC (Nagano), Okazaki EC (Aichi), Toyota EC (Aichi), Nagoya EC (Aichi), Nagoya-Minami EC (Aichi), Mie EC (Mie), Gifu EC (Gifu), Solution Center(Aichi), CAE Center(Aichi), Kanazawa EC (Ishikawa), Shiga EC (Shiga), Kyoto EC (Kyoto), Osaka EC (Osaka), Kobe EC (Hyogo), Hiroshima EC (Hiroshima), Fukuoka EC (Fukuoka)
Techno-Center	Atsugi, Nagoya

ⅱ.Subsidiaries and Affiliates

Locations of the subsidiaries are listed in above, "(6)Important Status of Parent Company and Subsidiaries, ⅱ.Status of Important Subsidiaries".

(9) Employees (as of March 31, 2016)

ⅰ.Number of employees of corporate groups

Business segment	Number of employees	Compared to the end of the previous fiscal year
Temporary Staffing Business	8,905	375
Recruiting & Placement Business	86	11
Engineering Solutions Business	114	(6)

ⅱ.Number of employees of Meitec

Business segment	Number of employees	Compared with the end of the previous fiscal year
Temporary Staffing Business	6,972	186

(10) Principal lenders and the amount of loans (as of March 31, 2016)

Not applicable.

(11) Other Significant Matters Relating to the Status of the Corporate Group

Not applicable.

2. Status of Shares

ⅰ.Total Number of shares authorized to be issued 142,854,400 shares

ⅱ.Total Number of issued shares 31,300,000 shares
(Including treasury stock of 1,936,687 shares)

Note: "Total number of issued shares" decreased by 900,000 shares compared to the previous fiscal year due to the retirement of treasury stock executed in March 2016.

ⅲ.Number of shareholders 6,083 persons
(Increased by 142 persons from the end of the previous fiscal year)

ⅳ.Major shareholders (top ten)

Name of shareholder	Number of shares held by the shareholder (thousand shares)	Ratio of shares held (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,339	7.96
The Master Trust Bank of Japan, Ltd. (trust account)	1,878	6.39
Nippon Life Insurance Company	1,591	5.41
Meiji Yasuda Life Insurance Company	1,305	4.44
JP MORGAN CHASE BANK 385632	909	3.09
Meitec Employee Stock Ownership Plan	903	3.07
Japan Trustee Services Bank, Ltd. (trust account 9)	786	2.67
GOLDMAN, SACHS& CO. REG	556	1.89
MSCO CUSTOMER SECURITIES	553	1.88
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	542	1.84

Note: The Company hold 1,936,687 shares as treasury stock. But since there is no voting right to the treasury stock, it is excluded from above list and the ratio of share held is calculated excluding the treasury stock.

3. About Stock Purchase/Subscription Warrant

None

4. Matters concerning Directors and Audit & Supervisory Board Members

(1) Names and other details of Directors and Audit & Supervisory Board Members (as of March 31, 2016)

Title	Name	Position and important positions concurrently held at other companies
Representative Director and President	Hideyo Kokubun	CEO, Meitec Group CEO and COO of MEITEC CORPORATION Executive officer for the Internal Audit Department, the CSR Department Director of MEITEC FIELDERS INC. Director of MEITEC CAST INC. Director of MEITEC NEXT CORPORATION
Director	Hiroshi Yoneda	Executive officer for the Market Development Promotion Office In charge of MEITEC FIELDERS INC., MEITEC CAST INC. Director of MEITEC FIELDERS INC. Director of MEITEC CAST INC. Director of MEITEC NEXT CORPORATION
Director	Kiyomasa Nakajima	In charge of the Career Support Divisions, the Group Recruiting Division In charge of All engineer.jp CORPORATION Director of MEITEC FIELDERS INC. Director of MEITEC NEXT CORPORATION Director of All engineer.jp CORPORATION
Director	Masato Uemura	In charge of the Personnel Division Executive officer for the Accounting Department, the Management Administration Department Director of APOLLO GIKEN CO.,LTD.
Director	Hidenori Nagasaka	Executive officer for the Business Operations Management Division, the Sales Administration Department In charge of APOLLO GIKEN CO.,LTD. General Manager of the Business Process Management Promotion Department, the Information Technology Department, the Sales Administration Department Director of APOLLO GIKEN CO.,LTD.
Director	Akiyoshi Ogasawara	Executive officer for the Business Execution Division In charge of MEITEC EX CORPORATION Director of MEITEC FIELDERS INC. Director of MEITEC CAST INC. Director of MEITEC EX CORPORATION
Director	Hiroyuki Rokugo	In charge of MEITEC NEXT CORPORATION, subsidiaries in China President of MEITEC NEXT CORPORATION President of Meitec Shanghai President of Meitec Shanghai Human Resources Co., Ltd.
Director	Minao Shimizu	Attorney at Law (Minao Shimizu Law Office)
Director	Hiroyuki Kishi	Professor, Graduate School of Media Design, Keio University Director of Avex Music Creative Inc.
Audit & Supervisory Board Member	Makoto Fukai	(Standing)
Audit & Supervisory Board Member	Masatoshi Saito	Tax Accountant (Masatoshi Saito Certified Tax Accountant Office)

Audit & Supervisory Board Member	Hiroshi Watanabe	Certified Public Accountant (Hiroshi Watanabe Public Accountant Office)

Note: 1. Minao Shimizu and Hiroyuki Kishi are outside directors.

2. Makoto Fukai, Masatoshi Saito and Hiroshi Watanabe are Outside Audit & Supervisory Board Members.

3. There are no special relationship with other companies which Minao Shimizu and Hiroyuki Kishi, Outside Directors, and Masatoshi Saito and Hiroshi Watanabe, Outside Audit & Supervisory Board Members, hold a concurrent position with.

4. Outside Director Minao Shimizu and Hiroyuki Kishi, and Outside Audit & Supervisory Board Member Makoto Fukai, Masatoshi Saito and Hiroshi Watanabe are independent executives defined by Tokyo Stock Exchange, Inc.

5. Standing Outside Audit & Supervisory Board Member Makoto Fukai have extended knowledge regarding financing and accounting from his long experiences with financial institution.

6. Outside Audit & Supervisory Board Member Masatoshi Saito hold tax accountant license, and possess sufficient knowledge on financing and accounting.

7. Outside Audit & Supervisory Board Member Hiroshi Watanabe hold certified accountant license, and possess sufficient knowledge on financing and accounting.

8. Changes in Director and Audit & Supervisory Board Member during the subject fiscal year were as following;

i. New Appointment

At the 42nd Annual General Shareholders Meeting which was held on June 18, 2015, Hiroyuki Rokugo was elected, and took the position of director.

ii. Resignation

At the 42nd Annual General Shareholders Meeting which was held on June 18, 2015, Kosuke Nishimoto had resigned from director.

9. The Company has introduced the executive officer system from April 1, 2003. Executive officers of the Company (as of March 31, 2016) are as following.

Type of Officer	Name
Representative Director and President CEO and COO	Hideyo Kokubun
Director and Executive Officer	Hiroshi Yoneda, Kiyomasa Nakajima, Masato Uemura, Hidenori Nagasaka, Akiyoshi Ogasawara
Executive Officer	Koichi Nakagawa, Tetsuya Yabe, Hiroshi Yamada, Keisuke Ito, Yuji Hachiya, Toshihiko Suzuki, Yoshikazu Matsui, Shinji Watanabe

(2) Description of Limited Liability Agreement

The Company enters into a liability limitation agreement with each member of the board (excluding executive director, etc.) and audit & supervisory board member pursuant to Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1, of the Companies Act.

(3) Remuneration for Directors and Audit & Supervisory Board Members

Type of Officer	Number of persons	Amount of remuneration (million yen)
Directors （Of which, outside directors）	10 （2）	359 （15）
Audit & Supervisory Board Members （Of which, Outside Audit & Supervisory Board Members）	3 （3）	36 （36）
Total	13	395

Note: Remuneration to a director who had resigned at the end of the 42nd Annual General Meeting of Shareholders held of June 18, 2015 is included.

(4) Matters Concerning the Determination of Remuneration to Directors and Audit & Supervisory Board Members, and Methods of Calculation

ⅰ.Method for Determining the Remuneration Policy

The Company's policies on executive remuneration are determined by the Board of Directors Meeting. Remuneration to individual directors was approved at the 37th Annual General Meeting of Shareholders held on June 24, 2010.

ⅱ.Overview of the Remuneration Policy

a. The Company's policy on executive remuneration is as follows.

- The process of determining executive remuneration will be clarified and disclosed in order to enhance management transparency, and strengthen corporate governance.
- The independence of Audit & Supervisory Board Members will be enhanced in order to strengthen corporate governance.
- The proportion of performance-linked executive compensation will be increased in order to clarify management responsibility, and to enhance the incentive to executives to increase corporate value.

b. Executive remuneration approved at the 37th Annual General Meeting of Shareholders held on June 24, 2010, is as follows.

- Remuneration Amounts to Individual Directors and Audit & Supervisory Board Members

CEO	Monthly payment	¥3,000,000or less
COO	Monthly payment	¥2,500,000or less
Director	Monthly payment	¥2,000,000or less
Outside Director	Monthly payment	¥500,000or less
Standing Audit & Supervisory Board Member	Monthly payment	¥2,000,000or less
Audit & Supervisory Board Member (excluding Standing Audit & Supervisory Board Member)	Monthly payment	¥500,000or less

Note:

1. In cases where the CEO and COO positions are held by the same person, the compensation for CEO applies.
2. The amount of remuneration of individual directors will be determined by the resolution of the Board of Directors Meeting and the amount of remuneration of individual Audit & Supervisory Board Members will be determined by consultation among Audit & Supervisory Board Members.
3. If the amount of consolidated operating income is less than ¥10 billion and consolidated operating margin (as calculated by consolidated operating income divided by consolidated sales) is less than 10% for a given consolidated fiscal year, the amount of remuneration of individual directors as determined pursuant to "2." above shall be uniformly reduced by 10% for the following consolidated fiscal year.
4. Other benefits and allowances, such as commuting and relocation benefits, are paid separately.
5. In cases where a director also serves as an employee, the employee salary is included. (An employee bonus is not paid to directors who also serve as employees.)

- Business Performance-Linked Directors' Compensation

An amount equal to 2% of consolidated net income (not including business performance-linked directors' remuneration), with fractions of ¥1 million and less discarded, shall be the total amount of business performance-linked

directors' compensation. This amount shall be distributed among directors based on the individual business performance of each director (provided, however, that the maximum amount that can be allocated to an outside director shall be limited to ¥6 million).

c. The retirement bonus system for directors and audit & supervisory board members was abolished in the fiscal year ended March 31, 2002.

d. Compensation to directors from subsidiaries in which a director holds a concurrent post is waived in principle.

e. Audit & Supervisory Board Members are not given performance-linked compensation in order to preserve audit & supervisory board member independence.

f. The amount of compensation to individual directors has been disclosed since the 30th Annual General Meeting of Shareholders held on June 24, 2003.

(5) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

ⅰ.Relationship between the Company and Significant Companies Where Outside Directors and Outside Audit & Supervisory Board Members Hold Concurrent Posts

The status and other information on significant concurrent posts are listed in "4. Matters concerning Directors and Audit & Supervisory Board Members; (1) Names and other details of Directors and Audit & Supervisory Board Members."

ⅱ.Status of Main Activities during the Subject Fiscal Year

Name	Attendance (total attended/total held)	Major Activities
Minao Shimizu (Outside Director)	Directors' meetings 16/16	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences.
Hiroyuki Kishi (Outside Director)	Directors' meetings 16/16	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences.
Makoto Fukai (Outside Audit & Supervisory Board Member)	Directors' meetings 16/16 Audit & Supervisory Board 14/14	At the board of directors meetings, he made appropriate questions, advice and proposals as needed. Also at the Audit & Supervisory Board, as standing outside audit & supervisory board member, he made reports and provided opinions to other outside audit & supervisory board members.
Masatoshi Saito (Outside Audit & Supervisory Board Member)	Directors' meetings 15/16 Audit & Supervisory Board 14/14	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences, especially in the field of financing, accounting and tax matter.
Hiroshi Watanabe (Outside Audit & Supervisory Board Member)	Directors' meetings 16/16 Audit & Supervisory Board 14/14	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences, especially in the field of financing and accounting.

5. Status of the Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Compensation to Accounting Auditor for current fiscal year

Description	Amount of compensation (thousands of yen)
1. Total compensation and amounts paid by Meitec	46,800
2. Total amount of cash and other property profits to be paid by Meitec and its subsidiaries to the independent accountant	46,800

Note: In the audit agreement between Meitec and the accounting auditor, the amounts of compensation for conducting auditing services in accordance with the Companies Act and auditing services in accordance with the Financial Instruments and Exchange Law are not separated, and the above amounts contain compensation and other remuneration for auditing services under the Financial Instruments and Exchange Law.

(3) Reason why the Audit & Supervisory Board approved the Accounting Auditor's compensation

The Audit & Supervisory Board verified matters including the content of the accounting auditor's audit plan, the performance of accounting audit duties, and the basis on which the compensation was estimated. Having judged all these matters to be appropriate, the Audit & Supervisory Board approved the accounting auditor's compensation.

(4) Description of Non-auditing Job

The Company does not commission the accounting auditor to provide service which is out side of the scope of the activities defined in the Article 2, Paragraph 1 of the Certified Public accountants Act.

(5) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

If the Audit & Supervisory Board considers that the accounting auditor falls under any of the provisions of Article 340, Paragraph 1 of the Companies Act and judges it necessary to dismiss the accounting auditor immediately, it shall dismiss the accounting auditor, having obtained the approval of all the audit & supervisory board members.

In addition, the Audit & Supervisory Board shall evaluate the overall performance of accounting audit duties by the accounting auditor according to its stipulated evaluation procedures and standards. If the Audit & Supervisory Board considers that the accounting auditor cannot perform its duties appropriately, or otherwise judges that dismissal is required, it shall determine the content of an agenda item for the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders in accordance with Article 344 of the Companies Act.

6. Systems to Ensure Appropriate Business Operations and the Status of its Implementation

(1) Framework to ensure compliance by directors with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties

In its interaction with the rest of society, the Company shall comply with all laws and regulations and its articles of incorporation. The Company shall maintain high ethical standards and management that is sound and highly transparent. Concerning directors' execution of duties, the Company shall clarify the process and results of its decision-making based on the Company's internal rules that are appropriate to the particular characteristics of the business and size of the Company. At the same time, the Company shall establish a framework where directors and audit & supervisory board members can view such process and results as necessary.

In addition, through the establishment of the Meitec Group Helpline System—based on a framework that provides measures to protect whistleblowers in personnel terms—and programs to inform employees about this helpline, the Company shall endeavor to quickly detect and take appropriate action against any malfeasance that may occur relating to the directors' execution of duties.

(Status of implementation)

The scope of authority and decision making procedures for directors are clarified in the Board of Directors rules, the rules of administrative authority, and the rules relating to internal requests for approval; the directors execute their duties in accordance with these rules. Materials and minutes from meetings of the Board of Directors and Executive Board are continually stored on a system that can be viewed by all directors and audit & supervisory board members. The Company has also adopted a system to record the process and results of individual directors' decision making and has established a framework where all directors and audit & supervisory board members can view such process and results as necessary.

Furthermore, the Company has established the Meitec Group Helpline System administered by the CSR Dept., which performs internal checks and balances. Employees are informed about the system via the Company's intranet.

(2) Framework for storing and managing information relating to the directors' execution of duties

In accordance with the stipulations of all laws and regulations, the Company's articles of incorporation and internal rules, the Company shall record, store and manage information regarding the execution of duties by directors in an appropriate and timely manner.

Moreover, the Company shall build an appropriate management system for safekeeping media to ensure there is no loss of trust as a company or fatal damage inflicted on the Meitec Group through conduct involving leakage, alterations, loss, or unauthorized use, or conduct involving unauthorized disclosure, etc.

(Status of implementation)

In accordance with all laws and regulations, the Company's articles of incorporation

and internal rules, the Company prepares documents such as minutes from the General Meeting of Shareholders, and meetings of the Board of Directors and Executive Board, storing and managing such documents in an appropriate manner. In addition, the Company stipulates information to be managed and methods of management in its information management rules, which it implements appropriately.

(3) Rules and other frameworks for management of risk of loss

Based on the risk management rules, the Company shall work to comprehensively and systematically gather information on risk of loss faced by the Company before such risks emerge. Risks trends shall be monitored appropriately, and timely measures shall be taken in response to risks, commensurate with the severity of the risk. By responding quickly to the risks when they materialize, the Company aims to minimize the impact of such risks, develop a system to restore operations as soon as possible. The Company shall continually strive to maintain and enhance the soundness of its management.

(Status of implementation)

The Company stipulates a framework for risk management in its risk management rules, and informs employees via its intranet. It also specifies risks by category and confirms that no risks requiring management have been omitted. In its risk management guidelines the Company specifies in advance the risk items to be monitored and departments responsible for monitoring with the aim of picking up on any signs that risks might materialize in order to prevent them from doing so or, where risks have already materialized, in order to minimize their impact. Related details are regularly reported to the Board of Directors or the Executive Board. In addition, the Company conducts internal audits that include auditing the administration of risk management in each department.

(4) Framework to ensure the efficient execution of duties by directors

The Company shall make the directors appropriately divide up their duties and supervisory responsibilities and delegate authority in accordance with internal rules to speed up decision-making. In addition, the directors shall formulate a business plan stipulating clear targets and goals, and undertake appropriate management of operations and progress based on this plan. Targets and goals shall be revised as necessary.

(Status of implementation)

The Company has adopted an executive officer system to enable prompt and appropriate decision making. Directors appropriately divide up their execution of duties and supervisory responsibilities, while the Company delegates authority to the executive officers in accordance with its rules of administrative authority. Furthermore, the directors formulate a business plan stipulating clear targets and goals, and undertake appropriate management of operations and progress based on this plan. Targets and goals are revised as necessary.

(5) Framework to ensure compliance by employees with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties

The Company shall formulate the Group Management Concept, the Meitec Group Charter of Employee Behavior, the Employee Code of Conduct and other related documents. And with these, the Company shall continuously strive to take initiatives to

raise awareness of the directors and employees to carry out their duties in compliance with all laws and regulations, the Company's articles of incorporation and internal rules in a fair and reasonable manner.

In addition, through the establishment of the Meitec Group Helpline System—based on a framework that provides measures to protect whistleblowers in personnel terms—and programs to inform employees about this helpline, the Company shall endeavor to quickly detect and take appropriate action against any malfeasance that may occur relating to the employees' execution of duties.

(Status of implementation)

The Company formulated the Management Concept, the Meitec Group Charter of Employee Behavior, the Employee Code of Conduct and other related documents, and employees are informed of these via publication on the Company's intranet. Furthermore, the Company has stipulated in its compliance rules that all employees will be responsible for implementing compliance according to their duties and positions, and conducted annual training for all employees based on e-learning.

Details of the Meitec Group Helpline System are as set out under the status of implementation for (1) above.

(6) Framework to ensure sound business operations within the Group comprising the Company and its subsidiaries

The Company shall respect the right of each subsidiary to develop its business operations in an autonomous manner, while sharing the Group Management Concept and the Meitec Group Charter of Employee Behavior. The Company shall design the institution in accordance with the subsidiary's purpose, business characteristics and size, and place its directors and employees in all of its subsidiaries and manage and supervise the subsidiaries' business execution appropriately to maximize the Group's corporate value.

In addition, the Company shall formulate rules on the administration of subsidiaries and establish the department in charge of administrating the Group companies (the "Group Company Administration Department") and develop a framework by which important matters related to the business execution of directors in subsidiaries are reported to the Company regularly.

With regard to the development of rules and other frameworks for loss risk management of subsidiaries, a framework to ensure the efficient execution of duties by directors of subsidiaries and a framework to ensure compliance by directors and employees of subsidiaries with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties, the Company requests each of the subsidiaries to develop a framework that is suitable for their respective business characteristics and size by referring to the above-mentioned (3) to (5) as basic guidelines. The Company shall regularly receive reports on the development status of the framework and request improvements as necessary.

(Status of implementation)

The Company places its directors in all of its subsidiaries to manage and supervise the appropriateness of the subsidiaries' business. In addition, the Company has formulated its rules on the administration of subsidiaries and associates (on April 1,

2016, the name was changed to “rules on the administration of Group companies”), thereby clarifying matters that require prior approval by the Company or reporting to the Company. The relevant departments in the Company and its subsidiaries cooperated to make decisions on matters for which the rules require the Company’s prior approval, while reports were duly received from subsidiaries with regard to the matters to be reported to the Company.

(7) Matters related to employees to be assigned to assist audit & supervisory board members, matters related to such employees’ independence from directors and matters related to ensuring effectiveness of instructions given to such employees

The Company shall establish the Office of Audit & Supervisory Board which consists of employees who exclusively work in the said office and are independent from the execution of business to improve the effectiveness of audit.

In order to reflect the opinion from audit & supervisory members as much as possible, the evaluation and re-assignment of the said exclusively working employees, who are to assist audit & supervisory board members, are carried out with the consent of audit & supervisory board members, and instructions to such employees shall be given by audit & supervisory board members.

(Status of implementation)

The Company has established the Office of Audit & Supervisory Board, to which it has assigned one employee who exclusively works in the said office and is independent from the execution of business. In order to reflect the opinion from audit & supervisory members as much as possible, the evaluation and re-assignment of the said employee are carried out with the consent of audit & supervisory board members, and instructions to such employees are given directly by audit & supervisory board members.

(8) Framework for reporting to the audit & supervisory board members

1. Framework for reporting by directors and employees to the audit & supervisory board members

The Company shall develop a framework for reporting to the audit & supervisory board members, to ensure that proper reports are made by directors and employees. The audit & supervisory board members shall be given the authority to attend the Board of Directors’ meetings and all other internal meetings. Furthermore, the audit & supervisory board members shall have access to all important information relating to decision-making and the execution of business operations.

(Status of implementation)

The Company formulated rules regarding reporting to audit & supervisory board members or the Audit & Supervisory Board, and employees are informed of these via publication on the Company’s intranet. In addition, the audit & supervisory board members are given the authority to attend the Board of Directors’ meetings as well as all other internal meetings and they participate in meetings they deem necessary as appropriate, based on their own judgment. Moreover, the Company gives the audit & supervisory board members appropriate access to all important information relating to decision making and the execution of business operations whenever audit & supervisory board members request such access.

2. Framework for reporting by subsidiaries' directors, audit & supervisory board members, employees or those who received reports from them to the audit & supervisory board members of the Company

The Company shall develop a framework by which any matters that took place at subsidiaries are reported to the Company's audit & supervisory board members from subsidiaries' directors and employees through the Group Company Administration Department. In the case where the Company's audit & supervisory board members request that subsidiaries' directors and employees directly report, etc. concerning matters that have been deemed necessary in order to ensure appropriateness of the Group's operation, the subsidiaries' directors and employees are obliged to meet the aforesaid request.

In addition, subsidiaries' audit & supervisory board members hold meetings regularly with the Company's audit & supervisory board members to report the situation of subsidiaries in a timely way.

(Status of implementation)

Any matters that took place at subsidiaries are reported to the Company's audit & supervisory board members as appropriate through the Group Company Administration Department. In addition, subsidiaries' audit & supervisory board members report the situation of subsidiaries to the Company's audit & supervisory board members in a timely way. To that end, they hold meetings with the Company's audit & supervisory board members as appropriate after attending their subsidiary's Board of Directors meetings, or when they have received a report regarding an event or incident relating to their subsidiary.

(9) Framework to ensure that a person who made report to audit & supervisory board members does not receive disadvantageous treatment for making such report

The Company prohibits any disadvantageous treatment being given to directors, audit & supervisory board members and employees of the Company and subsidiaries who made a report to the Company's audit & supervisory board members. The Company shall disseminate this policy throughout the Group.

(Status of implementation)

The Company clearly prohibits any disadvantageous treatment in its rules regarding reporting to audit & supervisory board members or the Audit & Supervisory Board, and it has informed employees to that effect. There have been no instances of disadvantageous treatment as a result of making a report to the Company's audit & supervisory board members.

(10) Matters related to the policy on the prepayment or repayment procedure of costs that accrue as a result of execution of duties by audit & supervisory board members, or settlement of other liabilities

The Company shall, in principle, be liable to pay the costs or liabilities that accrue as a result of execution of duties by audit & supervisory board members. The Company shall settle such costs or liabilities as appropriate each time audit & supervisory board members submit such request to the Company, with the exception of cases where the Company has proven that such costs or liabilities were not necessary in the execution of

duties by audit & supervisory board members. costs or liabilities were not necessary in the execution of duties by audit & supervisory board members.

(Status of implementation)

The Company paid to settle costs or liabilities as appropriate each time audit & supervisory board members submitted such request to the Company.

(11) Framework to ensure auditing activities by the audit & supervisory board members are carried out effectively

The Company shall develop a framework to deepen the mutual cooperation among internal auditors, audit & supervisory board members and accounting auditors in their audit by exchanging their opinions regularly or as necessary.

The Company shall also strive to improve, on an ongoing basis, the effectiveness of audit function performed by audit & supervisory board members by making directors and employees cooperate with inspections or hearing request submitted by audit & supervisory board members.

(Status of implementation)

Internal auditors, accounting auditors and audit & supervisory board members exchange their opinions regularly, ensuring mutual cooperation in their audits. Moreover, directors and employees are cooperating appropriately with inspections or hearing requests submitted by audit & supervisory board members.

(12) Basic policy toward removal of anti-social forces

The Company shall interdict any and all relationship with anti-social forces and groups which threaten the order and safety of the civil society. And against such anti-social forces, the entire Meitec Group, from the CEO down, shall respond in uncompromising manner.

(Status of implementation)

The Company has prescribed that employees do not have any relationship with anti-social forces in the Employee Code of Conduct and in the purchasing policy. At the same time, the Company has established the principle of the “3 No’s” (“No fear,” “No payments,” “No business”) in dealing with organized violence by anti-social forces. It has also stipulated that in the event of any approach from anti-social forces, employees should not handle the matter individually, but should consult the department in charge to deal with it as an organization.

7. Basic Policy Regarding Profit Distribution

The Company's objective is to maximize the shareholders return in mid to long term through realizing the sustainable growth of the company. The basic policy of the Company is to distribute profit in accordance with operating results. In view of maximizing shareholder's return in mid to long term, unless major investment demands are expected, total return ratio to be within 100% for the total shareholders return by dividend and acquisition of treasury shares.

Payout ratio for the dividend to be equal or more than 50%, and the interim dividend and the year-end dividend are to be paid. Minimum level of payout ratio is to be consolidated Dividend on Equity ratio (DOE) 5%. The amount of working capital required to continue our business has been set at the equivalent of three (3) months of consolidated net sales in our group cash management plan. Therefore acquisition of treasury shares will be executed with consideration of our total return ratio if the consolidated cash position at the end of previous fiscal year exceeds the three (3) month net sales and there are no major investment demands expected.

Treasury shares will be continued to be held by the company up to two million (2,000,000) shares. Treasury shares in excess of two million (2,000,000) shares will be retired by the end of the fiscal year.

(Note)

- Total Return Ratio = Total shareholders return for the year / Profit attributable to owners of parent
  Total Shareholders Return for Year = Total dividend paid (interim and year end) + Amount used to acquire the treasury shares during the fiscal year
- Payout Ratio = Total dividend paid (interim and year end) / Profit attributable to owners of parent
- Dividend on Equity Ratio (DOE) = Dividend / consolidated shareholder's equity
- Three Month Net Sales = Working capital*: Consolidated two month net sales + Fund for strengthening the financial base (a fund to sustain the business operation in the event of a crisis equivalent to that of fiscal year ended March 2010): Consolidated one month net sales

* Working capital is determined according to such factors as account receivables.

To realize the flexible financial position, for the implementation of future growth strategies and response to the risk associated in achieving the goals of the management plan, treasury shares will be held by the company.

Figures for monetary amount and number of shares within this report are rounded off to displayed decimal.

Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2016
Assets	
Current assets	
Cash and deposits	35,413,980
Notes and accounts receivable-trade	13,823,668
Work in process	253,121
Deferred tax assets	2,442,144
Other	1,172,592
Allowance for doubtful accounts	(659)
Total current assets	53,104,848
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	3,932,414
Tools, furniture and fixtures, net	267,406
Land	1,487,374
Other, net	34,020
Total property, plant and equipment	5,721,215
Intangible assets	
Software	453,808
Other	291,065
Total intangible assets	744,873
Investments and other assets	
Investment securities	70,621
Net defined benefit asset	14,234
Deferred tax assets	4,174,510
Other	664,059
Allowance for doubtful accounts	(26,116)
Total investments and other assets	4,897,309
Total non-current assets	11,363,398
Total assets	64,468,247

(Thousands of Yen)

	Fiscal year ended March 31, 2016
Liabilities	
Current liabilities	
Accounts payable-trade	236,270
Accrued expenses	3,009,652
Income taxes payable	1,262,313
Accrued consumption taxes	1,412,475
Provision for directors' bonuses	168,466
Provision for bonuses	6,446,314
Other	1,114,810
Total current liabilities	13,650,303
Non-current liabilities	
Net defined benefit liability	13,195,915
Other	16,603
Total non-current liabilities	13,212,519
Total liabilities	26,862,822
Net assets	
Shareholders' equity	
Capital stock	16,825,881
Capital surplus	4,491,970
Retained earnings	24,645,186
Treasury shares	(5,989,693)
Total shareholders' equity	39,973,345
Accumulated other comprehensive income	
Revaluation reserve for land	(662,440)
Foreign currency translation adjustment	8,833
Remeasurements of defined benefit plans	(1,776,060)
Total accumulated other comprehensive income	(2,429,668)
Non-controlling interests	61,747
Total net assets	37,605,424
Total liabilities and net assets	64,468,247

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Consolidated Statements of Income

(Thousands of Yen)

	Fiscal year ended March 31, 2016
Net sales	87,888,926
Cost of sales	64,661,865
Gross profit	23,227,060
Selling, general and administrative expenses	12,352,273
Operating income	10,874,786
Non-operating income	
Interest income	10,486
Dividend income	75
Rent income	4,088
Other	14,891
Total non-operating income	29,540
Non-operating expenses	
Loss on investments in partnership	10,032
Commitment fee	3,444
Commission fee	5,351
Taxes and dues	26,135
Other	13,894
Total non-operating expenses	58,858
Ordinary income	10,845,468
Extraordinary income	
Gain on sales of non-current assets	1,084,965
Total extraordinary income	1,084,965
Extraordinary losses	
Loss on sales of non-current assets	9,505
Loss on retirement of non-current assets	3,838
Impairment loss	32,815
Loss on liquidation of subsidiaries and associates	18,910
Total extraordinary losses	65,069
Profit before income taxes	11,865,364
Income taxes-current	2,891,197
Income taxes-deferred	877,567
Total income taxes	3,768,764
Profit	8,096,600
Profit attributable to non-controlling interests	12,838
Profit attributable to owners of parent	8,083,761

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Consolidated Statements of Changes in Equity

(Fiscal Ended March 31, 2016)

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,825,881	7,275,447	20,488,993	(4,970,365)	39,619,957
Changes of items during period					
Dividends of surplus			(3,937,063)		(3,937,063)
Profit attributable to owners of parent			8,083,761		8,083,761
Reversal of revaluation reserve for land			16,394		16,394
Purchase of treasury shares				(3,802,804)	(3,802,804)
Retirement of treasury shares		(2,783,477)		2,783,477	—
Change of scope of consolidation			(6,899)		(6,899)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(2,783,477)	4,156,192	(1,019,327)	353,388
Balance at end of current period	16,825,881	4,491,970	24,645,186	(5,989,693)	39,973,345

(Thousands of Yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(646,046)	(579)	(1,456,612)	(2,103,238)	48,938	37,565,657
Changes of items during period						
Dividends of surplus						(3,937,063)
Profit attributable to owners of parent						8,083,761
Reversal of revaluation reserve for land						16,394
Purchase of treasury shares						(3,802,804)
Retirement of treasury shares						—
Change of scope of consolidation						(6,899)
Net changes of items other than shareholders' equity	(16,394)	9,412	(319,447)	(326,429)	12,808	(313,621)
Total changes of items during period	(16,394)	9,412	(319,447)	(326,429)	12,808	39,766
Balance at end of current period	(662,440)	8,833	(1,776,060)	(2,429,668)	61,747	37,605,424

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Non-Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2016
Assets	
Current assets	
Cash and deposits	30,700,279
Notes receivable-trade	641,769
Accounts receivable-trade	10,235,091
Work in process	129,460
Prepaid expenses	448,316
Deferred tax assets	1,895,388
Other	655,150
Total current assets	44,705,457
Non-current assets	
Property, plant and equipment	
Buildings, net	3,903,579
Structures, net	20,530
Tools, furniture and fixtures, net	263,285
Land	1,487,374
Construction in progress	28,974
Total property, plant and equipment	5,703,744
Intangible assets	
Software	417,310
Other	280,520
Total intangible assets	697,831
Investments and other assets	
Investment securities	70,621
Shares of subsidiaries and associates	1,359,325
Investments in capital of subsidiaries and associates	150,489
Long-term loans receivable from subsidiaries and associates	283,000
Deferred tax assets	3,367,123
Guarantee deposits	563,774
Other	50,404
Allowance for doubtful accounts	(9,957)
Total investments and other assets	5,834,781
Total non-current assets	12,236,357
Total assets	56,941,814

(Thousands of Yen)

	Fiscal year ended March 31, 2016
Liabilities	
Current liabilities	
Accounts payable-other	643,056
Accrued expenses	2,312,511
Income taxes payable	912,046
Accrued consumption taxes	1,090,875
Provision for directors' bonuses	165,000
Provision for bonuses	4,965,129
Other	305,747
Total current liabilities	10,394,365
Non-current liabilities	
Provision for retirement benefits	10,589,741
Allowance for investment loss	84,977
Total non-current liabilities	10,674,718
Total liabilities	21,069,084
Net assets	
Shareholders' equity	
Capital stock	16,825,881
Capital surplus	
Legal capital surplus	4,210,000
Other capital surplus	281,970
Total capital surplus	4,491,970
Retained earnings	
Other retained earnings	
Retained earnings brought forward	21,207,011
Total retained earnings	21,207,011
Treasury shares	(5,989,693)
Total shareholders' equity	36,535,170
Valuation and translation adjustments	
Revaluation reserve for land	(662,440)
Total valuation and translation adjustments	(662,440)
Total net assets	35,872,729
Total liabilities and net assets	56,941,814

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Non-Consolidated Statements of Operations

(Thousands of Yen)

	Fiscal year ended March 31, 2016
Net sales	68,878,517
Cost of sales	50,884,409
Gross profit	17,994,107
Selling, general and administrative expenses	8,932,517
Operating income	9,061,590
Non-operating income	
Interest income	11,652
Dividend income	475,316
Other	30,274
Total non-operating income	517,243
Non-operating expenses	
Loss on investments in partnership	10,032
Commitment fee	3,444
Commission fee	5,351
Taxes and dues	26,135
Other	7,858
Total non-operating expenses	52,822
Ordinary income	9,526,011
Extraordinary income	
Gain on sales of non-current assets	1,084,965
Other	3,191
Total extraordinary income	1,088,157
Extraordinary losses	
Loss on sales of non-current assets	9,456
Impairment loss	25,655
Provision of allowance for investment loss	12,033
Other	3,838
Total extraordinary losses	50,984
Profit before income taxes	10,563,184
Income taxes-current	2,255,647
Income taxes-deferred	915,942
Total income taxes	3,171,589
Profit	7,391,595

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Non-Consolidated Statements of Changes in Equity

(Fiscal Ended March 31, 2016)

(Thousands of Yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance at beginning of current period	16,825,881	4,210,000	3,065,447	7,275,447
Changes of items during period				
Dividends of surplus				
Profit				
Reversal of revaluation reserve for land				
Purchase of treasury shares				
Retirement of treasury shares			(2,783,477)	(2,783,477)
Net changes of items other than shareholders' equity				
Total changes of items during period	—	—	(2,783,477)	(2,783,477)
Balance at end of current period	16,825,881	4,210,000	281,970	4,491,970

(Thousands of Yen)

	Shareholders' equity		
	Retained earnings	Treasury shares	Total shareholders' equity
	Other retained earnings		
	Retained earnings brought forward		
Balance at beginning of current period	17,736,085	(4,970,365)	36,867,048
Changes of items during period			
Dividends of surplus	(3,937,063)		(3,937,063)
Profit	7,391,595		7,391,595
Reversal of revaluation reserve for land	16,394		16,394
Purchase of treasury shares		(3,802,804)	(3,802,804)
Retirement of treasury shares		2,783,477	—
Net changes of items other than shareholders' equity			
Total changes of items during period	3,470,926	(1,019,327)	(331,878)
Balance at end of current period	21,207,011	(5,989,693)	36,535,170

Non-Consolidated Statements of Changes in Equity

(Fiscal Ended March 31, 2016)

(Thousands of Yen)

	Valuation and translation adjustments		Total net assets
	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	(646,046)	(646,046)	36,221,002
Changes of items during period			
Dividends of surplus			(3,937,063)
Profit			7,391,595
Reversal of revaluation reserve for land			16,394
Purchase of treasury shares			(3,802,804)
Retirement of treasury shares			—
Net changes of items other than shareholders' equity	(16,394)	(16,394)	(16,394)
Total changes of items during period	(16,394)	(16,394)	(348,273)
Balance at end of current period	(662,440)	(662,440)	35,872,729

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

[English Translation of Audit & Supervisory Board's Report Originally issued in the Japanese language.]

To Directors of MEITEC CORPORATION

Audit & Supervisory Board's Report (Certified Copy)

We, the Audit & Supervisory Board Members of the Company, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties by the Directors during the 43rd business year from April 1, 2015, to March 31, 2016, prepared this audit report upon deliberation and hereby report, by unanimous show of hands, as follows:

1. Audit Methods by Audit & Supervisory Board Members and Audit & Supervisory Board and its Details

(1) The Audit & Supervisory Board established audit policy and assigned business, etc., and received reports from each Audit & Supervisory Board Members regarding the state of implementation of his or her audits and results thereof, as well as received reports from the Directors, etc., and Accounting Auditors regarding performance of their duties, and sought explanations whenever necessity arose.

(2) Each Audit & Supervisory Board Members complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, in accordance with the audit policy of this term, planning of audits, etc., communicated with the Directors, the Internal Audit Dept., other employees, etc., and made efforts to collect information and improve audit environment, and perform the audit in accordance with the following procedures.

1) Each Audit & Supervisory Board Member attended meeting of the Board of Directors and other important meetings, received reports from the Directors, employees, etc., regarding the state of performance of their duties, sought explanations whenever necessity arose, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and other main business offices of the Company. With respect to subsidiaries, we communicated and exchanged information with directors, audit & supervisory board members, etc., of the subsidiaries, and received reports on business from them, as need.

2) Each Audit & Supervisory Board Member verified the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that the Directors' duties, as stated in the business report, are executed in conformity of laws and regulations, and the articles of incorporation of the Company, and the establishment of a system necessary to ensure proper business operations of the whole business group consisting of a stock company and its subsidiaries set forth in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act. It also received reports from Directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, and requested explanations as necessary and expressed his/her opinions.

3) Audit & Supervisory Board Members monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate

audits, and we received reports from Accounting Auditors regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Accounting Auditors the "The systems for ensuring the proper performance of duties" (matters set forth in each Item of Article 131 of the Ordinance on Accounting of Companies) is organized in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose. The Audit & Supervisory Board established audit policy and assigned business, etc., and received reports from each Audit & Supervisory Board Members regarding the state of implementation of his or her audits and results thereof, as well as received reports from the Directors, etc., and Accounting Auditors regarding performance of their duties, and sought explanations whenever necessity arose.

Based on the above methods, we examined business reports and supporting schedules, the financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of change in equity, and foot notes) and supporting schedules related to the relevant business term, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of change in equity, and foot notes).

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1) In our opinion, the business report and supporting schedules fairly presents the state of the Company in accordance with the laws, regulations and Articles of Incorporation.
2) In connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws, regulations, or the Articles of Incorporation exists.
3) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found nothing to be pointed out in relation to the performance of duties by the Directors regarding the internal control system.

(2) Results of Audit of non-consolidated financial statements and supporting schedules

In our opinion, the methods and results of audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC are proper.

(3) Results of Audit of consolidated financial statements

In our opinion, the methods and results of audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC are proper.

May 10, 2016

MEITEC CORPORARION
the Audit & Supervisory Board

Standing Outside Audit & Supervisory Board Member
Makoto Fukai

Outside Audit & Supervisory Board Member
Masatoshi Saito

Outside Audit & Supervisory Board Member
Hiroshi Watanabe

REFERENCE FOR EXERCISE OF VOTING RIGHTS

Matters to be resolved:

Agenda Item 1: Dividend of the retained earnings (year end dividend for the fiscal year ended March 31, 2016)

The Company's basic policy for distribution of profits is to provide our shareholders with dividend payments proportionate to the fiscal period's profits.

The dividend payout ratio will be equal to or more than 50% of net income. The dividend payout ratio should be at least 5% of the consolidated dividend on equity ratio (DOE).

Based on the above mentioned basic policy, with consideration of performance, the Company proposes the year-end dividend as following.

(1) Type of dividends: Cash

(2) Allotment of property for dividends and total amount thereof:

¥81 per share of the Company's common stock, for a total of ¥2,378,428,353.

These dividends would result in annual dividends, including the interim dividend of ¥63 per share, of ¥144 per share.

(3) Effective date of dividends of the retained earnings: June 24, 2016

Agenda Item 2: Reduction of Capital Stock and Legal Capital Surplus

Following approval by shareholders as Agenda Item No. 3 at the 34th Annual General Meeting of Shareholders held on June 21, 2007, the Company reduced legal capital surplus by ¥11,270,579,943 and allocated the amount to other capital surplus with the primary aim of securing financial resources for retirement of stock. Subsequently, the Company used a cumulative total of approximately ¥11 billion of other capital surplus to retire treasury shares acquired in accordance with its basic policy for distribution of profits. As a result, the balance of other capital surplus as of March 31, 2016, had decreased to ¥281 million.

The Company intends to maintain its basic policy for distribution of profits, continuing to pay dividends using retained earnings, and continuing to use capital surplus to return capital to shareholders by acquiring and retiring treasury shares in the same manner as before, while clearly distinguishing between the financial resources used. With this in mind, the Company wishes to reduce capital stock and legal capital surplus, allocating the full amounts of the reductions to other capital surplus in accordance with the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act. In doing so, its primary aim is to secure financial resources for the retirement of treasury shares that it plans to acquire in future.

This proposal will reduce only capital stock and legal capital surplus and will not result in any change in the number of shares issued; it will not therefore have any effect on the number of shares owned by shareholders. Moreover, the combined reductions in capital stock and legal capital surplus are equivalent to the addition to other capital surplus. The total amount of shareholders' equity will therefore remain unchanged and the financial soundness of the Company will not be affected.

1. Amount of reduction in capital stock
   The Company proposes to make a reduction of ¥11,825,881,911 in the ¥16,825,881,911 of capital stock held as of March 31, 2016, and to allocate the full amount of the capital stock reduction to other capital surplus. The remaining capital stock will amount to ¥5,000,000,000.

2. Amount of reduction in legal capital surplus
   The Company proposes to make a reduction of ¥2,960,000,000 in the ¥4,210,000,000 of legal capital surplus held as of March 31, 2016, and to allocate the full amount of the legal capital surplus reduction to other capital surplus. The remaining legal capital surplus will amount to ¥1,250,000,000.

3. Effective date of reduction of capital stock and legal capital surplus : June 23, 2016

Agenda Item 3: Election of one (1) Alternate Audit & Supervisory Board Member

The company is seeking approval of election of one alternate audit & supervisory board member which is to prepare against the event of the number of audit & supervisory board falling below legal stipulations.

Shareholders are advised that the effectiveness of appointment of the alternate audit & supervisory board member may be cancelled before the alternate audit & supervisory board member assumes an audit & supervisory board member position by a resolution of the Board of Directors with Audit & Supervisory Board approval.

This proposal has the approval of the Audit & Supervisory Board.

The names and particulars of the candidates proposed for the position of alternate audit & supervisory board member is as follows.

Name (Date of birth)	Career Summary and other Current Positions
Outside Independent Toru Kunibe (December 9, 1960)	Mar. 1985 Graduated from the Faculty of Law, University of Tokyo Apr. 1990 Entered the Legal Training and Research Institute of the Supreme Court of Japan Apr. 1992 Registered as attorney at law (Tokyo Bar Association) Joined Arai Law Office Apr. 1998 Established Kunibe Law Office (current) ・Important Concurrent Positions Attorney at Law (Kunibe Law Office) ・Number of shares held in the Company 0
Reason for selection as candidate for alternate outside audit & supervisory board member	Mr. Toru Kunibe has wide knowledge as an attorney at law and the Company expect that he will contribute to over sighting the management and strengthening the function of the board of directors of the Company as a independent outside audit & supervisory board member. Although he had not participated in the management of company by the method other than being an outside director nor an outside audit & supervisory board member, the Company judge that he can carry out the duty as an outside audit & supervisory board member properly because of above reasons.
Matters relating to independency	The Company judges that Mr. Toru Kunibe meets the "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members," and therefore has independency.
Limited liability agreement	In the event that Mr. Toru Kunibe's election is approved and he is appointed as an outside audit & supervisory board member, the Company plans to enter into a limited liability agreement with him pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Notes:

1. No special interests exist between the candidate and the Company.
2. Mr. Toru Kunibe is a candidate for alternate outside audit & supervisory board member.
3. The MEITEC Group "Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management" and the "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members" are as set out on pages 39 and 41.

<Reference-1>

MEITEC Group Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management

1. All directors and audit & supervisory board members
   - Person who has integrity and high ethical standards and can act with a sense of fiduciary responsibility
2. All independent outside directors/audit & supervisory board members
   - Person who meets "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members" provided separately
   - Person who can be expected to act from an objective and neutral position in view of protecting interest of general shareholders
   - Person who has knowledge of accounting, finance, taxation, human resources, IT, legal affairs and other fields of specialty; person with experience in corporate management; and person who has a wealth of experience related to the Company's business and professional insights
   - MEITEC Group shall endeavor to ensure a balance and diversity by commanding an extended view of outside directors/audit & supervisory board members so as not to cause uneven distribution of professional insights.
3. Directors

(1) <Internal> directors
   - Person who can act in a fair and honest manner in the best interest of the Company
   - Person who has a wealth of experience, extensive knowledge and superior expertise in temporary staffing business and employment placement business solely for engineers on indefinite employment contracts, and in other departments relating to functions supporting those businesses

(2) <Independent> outside directors
   - Person who has sufficient understanding on various businesses
   - Person who is expected to candidly ask questions or express opinions with independence of mind, and exercise voting rights appropriately

4. Audit & supervisory board members
   1) Person who is expected to always maintain a fair and unbiased attitude at all times while striving to maintain an independent position and act based on their own beliefs
   2) At least one person in principle shall have an appropriate level of insight in finance and accounting.

(1) Standing audit & supervisory board members
   - Person who as a dedicated member has a capability of collecting information necessary in performing audit and can be expected to actively take actions in an effort to establish environment for audit

(2) Outside audit & supervisory board members
   - In addition to 4.1) 2) provided above, person who can candidly ask questions or express opinions from an even higher level of independence and neutrality

5. Top management

(1) Executive officers
   - Person who as the highest position among the employees is eligible to assume "responsibilities and roles" for executing operations of the scope under their

respective supervision in line with business policies and the like

- Person who can be expected to appropriately perform operations set forth in "Officers' Credos" which reflect a field-oriented spirit and other

(2) Representative director and president of the group company

- Person who is eligible to and can be expected to assume "responsibilities and roles" for executing operations in line with business policies and the like of such group company

<Reference-2>

Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members

In electing outside directors or outside audit & supervisory board members, the Company deems that persons who meet all of the standards provided below have independency from the Company:

1. Such person is not an executive of the Company or its subsidiary (Note 1) presently or in the last ten years (in addition, for outside audit & supervisory board members, such person must not be non-executive director of the Company or its subsidiary in the last ten years)

   Note 1: "Executive" refers to an executive director, executive officer, or employee.

2. Presently, such person is not a close relative (Note 2) of the Company's important executive (Note 3)

   Note 2: "Close relative" refers to a spouse or a relative within a second degree.

   Note 3: "Important executive" refers to a director (excluding outside director) or an executive officer.

3. Such person does not fall under any of the following:

   (1) Executive of a party whose major client or supplier is the Company (Note 4)

   Note 4: "A party whose major client or supplier is the Company" refers to a counterparty which received payment of an amount exceeding 1 % of its annual consolidated net sales from the Company in the previous fiscal year.

   (2) Executive of any of the Company's major client or supplier (Note 5)

   Note 5: "The Company's major client or supplier" refers to a counterparty which paid an amount exceeding 1 % of the Company's annual consolidated net sales to the Company in the previous fiscal year.

   (3) Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property (Note 6) from the Company besides compensation as a director/audit & supervisory board member (in case that a person who receives the property is an organization such as legal entity or association, a person who belongs to such organization)

   Note 6: "A large amount of monetary consideration or other property" refers to the case of having received payment of over 10 million yen from the Company besides compensation as a director/audit & supervisory board member in the previous fiscal year.

   (4) The Company's major shareholder (Note 7) (in case that the major shareholder is a legal entity, its executive)

   Note 7: "Major shareholder" refers to a person who owns shares with 10% or more of the total voting rights of the Company based on the latest shareholder's list.

   (5) A person who falls under any of (1) through (4) above in the last five years

   (6) A close relative of a person who falls under (i) or (ii) below (excluding non-important persons)

   (i) A person who falls under any of (1) through (5) above

   (ii) A person who was an executive of the Company or its subsidiary in the last five years (for outside audit & supervisory board members, a person who was a non-executive director is included)

Agenda Item 4: Revision of Remuneration Amount for Directors and Audit & Supervisory Board Members

Remuneration for the Company's directors and audit & supervisory board members currently remains unchanged from the amount adopted at the 37th Annual General Meeting of Shareholders held on June 24, 2010. However, the Company now proposes to make the revisions shown below, which include changing the remuneration for directors and audit & supervisory board members from monthly to annual and setting a new maximum remuneration amount. The purpose of the revisions is to increase the ratio of performance-linked directors' remuneration excluding outside directors, thereby facilitating a flexible remuneration policy responsive to future changes in the responsibilities entrusted to executives. For directors other than the CEO the Company proposes an increase from the former ratio of approximately 40% to approximately 50%, and for the CEO it proposes an increase from the former ratio of approximately 50% to approximately 60%.

Indicated in yearly amount	Fixed remuneration	Performance-linked remuneration	Total remuneration
Directors	Up to 220 million yen	2.5% of consolidated profit*, and up to 250 million yen	Up to 470 million yen
Portion for outside directors of above	Up to 30 million yen	(excluded from payment)	Up to 30 million yen
Audit & supervisory board members	Up to 50 million yen	(excluded from payment)	Up to 50 million yen
Total	Up to 270 million yen	Up to 250 million yen	Up to 520 million yen

*"Profit attributable to owners of parent" of "Consolidated Statements of Income and Comprehensive Income"

First, the Company proposes to revise total remuneration for directors to up to ¥470 million annually. This will include fixed remuneration for directors up to ¥220 million annually, of which fixed remuneration for outside directors will be up to ¥30 million annually. At the same time, the Company proposes to revise the total amount of remuneration for audit & supervisory board members up to ¥50 million annually, comprising fixed remuneration only.

The Company proposes to apply the above payments of fixed remuneration for directors and audit & supervisory board members retroactively, starting with the remuneration to be paid for the 44th fiscal period (from April 1, 2016, to March 31, 2017).

Next, the Company proposes to revise performance-linked remuneration to 2.5% of profit attributable to owners of parent before deductible expenses accounting, up to ¥250 million annually. At the same time, eligibility for payment of performance-linked remuneration would be limited to internal directors, thereby excluding outside directors and audit & supervisory board members. The aim of these revisions is to increase the incentive for directors to improve the Company's performance and to enhance sharing

the mid- and long-term interest with shareholders. The individual allocation amounts of performance-linked remuneration for individual directors will be determined at Board of Directors' meetings after consultation at the Officer Appointment Advisory Committee, as stated in the supplementary explanation below.

The Company proposes to apply the above payments of performance-linked remuneration starting with the remuneration linked to results for the 44th fiscal period (from April 1, 2016, to March 31, 2017).

As in the past, in cases where a director also serves as an employee, the employee salary is included and an employee bonus is not paid.

The Company currently has 9 directors (including 2 outside directors) and 3 audit & supervisory board members.

〈For Reference：Supplementary Explanation〉

The meeting of the Company's Board of Directors on May 10, 2016, resolved that, subject to adoption of Agenda Item No. 4, "Revision of Remuneration Amount for Directors and Audit & Supervisory Board Members" at this shareholders' meeting, the "Policy on Calculation Methods and Determination on Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members" would be changed as indicated below.

1. Method of Determination

The total amount of remuneration of directors and audit & supervisory board members shall be within the total amount of remuneration adopted at the 43rd Annual General Meeting of Shareholders held in June 2016, and individual amounts of remuneration will be determined in accordance with the policy amended or abolished by resolutions of the Board of Directors.

<Overview of the Resolution for the General Meeting of Shareholders：Amounts of remuneration for directors and audit & supervisory board members>

Indicated in yearly amount	Fixed remuneration	Performance-linked remuneration	Total remuneration
Directors	Up to 220 million yen	2.5% of consolidated profit*, and up to 250 million yen	Up to 470 million yen
Portion for outside directors of above	Up to 30 million yen	(excluded from payment)	Up to 30 million yen
Audit & supervisory board members	Up to 50 million yen	(excluded from payment)	Up to 50 million yen
Total	Up to 270 million yen	Up to 250 million yen	Up to 520 million yen

*"Profit attributable to owners of parent" of "Consolidated Statements of Income and Comprehensive Income"

2. Policy about executive remuneration

- Executive remuneration shall be reviewed in a timely and appropriate manner based on the basic policy of the remuneration system adopted at the 30th Annual General Meeting of Shareholders held in June 2003.
- By maintaining the stance of clarifying and disclosing methods of calculation and the process of determinations of remuneration in the same manner as before, the Group will enhance management transparency and strengthen corporate governance, and thus further improving corporate value.
- The rate of performance-linked executive remuneration for executive directors will be increased to enhance sharing the mid and long-term interest with shareholders.
- In order to preserve the independence of outside directors and audit & supervisory board members, they will not be compensated with performance-linked remuneration.

・The retirement bonus system for directors and audit & supervisory members, which was abolished in the fiscal year ended March 31, 2002, will not be adopted.

3. Specific executive remuneration amount

Total amount of executive remuneration = (1) Fixed remuneration +
(2) performance-linked remuneration <(3) appropriation of the amount equivalent to 20%>

(1) Individual fixed remuneration

Representative Director and President, Group CEO, CEO/COO	yearly	28,800 thousand yen	(2,400 thousand yen monthly)
Directors	yearly	19,200 thousand yen	(1,600 thousand yen monthly)
Outside directors	yearly	9,000 thousand yen	(750 thousand yen monthly)
Standing audit & supervisory board members	yearly	24,000 thousand yen	(2,000 thousand yen monthly)
Audit & supervisory board members (excluding standing audit & supervisory board member)	yearly	7,800 thousand yen	(650 thousand yen monthly)

(2) Performance-linked remuneration

・The total amount shall be an amount equivalent to 2.5% of profit attributable to owners of parent before deductible expenses accounting of performance-linked remuneration, with fractions of 1 million yen and less discarded, and up to 250 million yen annually.

・Performance-linked remuneration will be limited to be paid to directors, except for outside directors and audit & supervisory board members.

・Individual allocation amount for individual directors will be determined at Board of Directors' meetings after the consultation at the Officer Appointment Advisory Committee

(3) Appropriation of the amount equivalent to 20% of performance-linked remuneration (after deduction of tax)

・The amount equivalent to 20% of performance-linked remuneration (after deduction of tax) for each director will, with approval from each director, be contributed to the Officers Shareholding Group (the relevant amount will be divided into twelve (12) equally, and the same amount will be contributed each month for the 12 months from July each year) and utilized to acquire own shares.

・Acquired own shares are prohibited to be transferred during the period in office and until one year passes from resignation in principle, in accordance with the Shareholding Group Rules and other internal rules.

・When a person subject to payment of the relevant remuneration resigns, in accordance with the Officers Shareholding Group Rules of the Company, this

handling shall not be applied.

4. Additional Rules

- For remuneration for audit & supervisory board members, determination upon consultation by audit & supervisory board members is required in accordance with the provisions of the law.
- In cases where a director also serves as an employee, the employee salary is included.

  An employee bonus is not paid to directors who also serve as employees.
- Remuneration to directors and audit & supervisory board members from subsidiaries in which a director or an audit & supervisory board member holds a concurrent post is waived in principle.
- Allowances for commutation, job transfer unattended by family, or job relocation as well as a daily allowance for business trip expenses will be paid separately.
- The insurance premiums borne by individuals for directors and officers liability insurance (D&O insurance) will be separately added.