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Securities Code: 2281
June 7, 2018

To Our Shareholders:

Tetsuya Matsui
President and Representative Director
Prima Meat Packers, Ltd.
Headquarters: 3-17-4 Higashi-Oi,
Shinagawa-ku, Tokyo
Head office: 4-12-2 Higashi-Shinagawa,
Shinagawa-ku, Tokyo

Notice of the 71st Annual General Meeting of Shareholders

You are cordially invited to attend the 71st Annual General Meeting of Shareholders of Prima Meat Packers, Ltd. (the "Company"), which will be held as indicated below.

If you are unable to attend the Meeting in person, you may exercise your voting rights in writing. Please review the attached Reference Documents for Annual General Meeting of Shareholders, and indicate your approval or disapproval in the enclosed voting card, and then return the card to the Company by postal mail so that your vote is received by 5:00 p.m. on Wednesday, June 27, 2018 (JST).

1. **Date and Time:** Thursday, June 28, 2018, at 10:00 a.m.
2. **Venue:** "Asuka," 13th floor, Azur Takeshiba
1-11-2 Kaigan, Minato-ku, Tokyo
3. **Purpose of the Meeting:**

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 71st fiscal year (from April 1, 2017 to March 31, 2018), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors
2. The Non-consolidated Financial Statements for the 71st fiscal year (from April 1, 2017 to March 31, 2018)

Matters to be resolved

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Consolidation of Shares
Proposal No. 3: Partial Amendments to the Articles of Incorporation
Proposal No. 4: Election of Nine (9) Directors
Proposal No. 5: Payment of Bonuses to Officers
Proposal No. 6: Revision of Remuneration Amount for Directors
Proposal No. 7: Introduction of Performance-linked Share-based Remuneration Plan for Directors

◎ When you attend the meeting, you are kindly requested to present the enclosed voting card at the reception desk at the Meeting.

◎ The Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements are posted on the Company's website (http://www.primaham.co.jp) in accordance with laws and regulations, and the provision of the Company's Articles of Incorporation. Therefore, they are not included in the attached materials of this Notice of the 71st Annual General Meeting of Shareholders.

◎ If any changes are made to the Reference Documents for Annual General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements, such changes will immediately be posted on the Company's website (http://www.primaham.co.jp).

Reference Documents for Annual General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Appropriation of Surplus

The Company aims to form a corporation that can secure stable earnings and distribute profits continuously. Regarding the appropriation of surplus for the year under review, the Company seeks to enhance its internal reserves to strengthen the management base and enable the required investments for the future, while realizing a stable dividend by distributing profits to shareholders. Toward this end, after giving comprehensive consideration to factors such as business results and future business development, the Company has decided to pay a year-end dividend of ¥6 per share.

As the Company has already paid a mid-term dividend of ¥4 per share, the annual dividend will be ¥10 per share for the fiscal year under review.

The Company proposes to pay a year-end dividend for the current fiscal year as follows:

Year-end dividends

i) Type of dividend property

To be paid in cash.

ii) Allotment of dividend property and their aggregate amount

¥6 per common share of the Company

Total dividends: ¥1,510,319,988

iii) Effective date of dividends

The effective date of dividends shall be June 29, 2018.

Proposal No. 2: Consolidation of Shares

(1) Reasons for the consolidation of shares

The Japanese stock exchanges have announced their "Action Plan for Consolidating Trading Units" seeking to standardize the trading units for common shares issued by all listed domestic companies at 100 shares per unit.

In consideration of this background from the viewpoint of the Company's status as an enterprise listed on the Tokyo Stock Exchange Inc., the Company has decided to change the number of shares constituting one unit, which acts as the trading unit for the Company's common shares, from the present number of 1,000 shares to 100 shares. At the same time, along with the change in the share unit, the Company will also consolidate its shares in order to maintain the level of investment units considered desirable for the Company's shares by the Japanese stock exchanges (¥50,000 or more, and less than ¥500,000).

(2) Consolidation ratio

The Company will conduct a consolidation of common shares with a ratio of five shares to one share.

As a result of the consolidation of shares, if there occur fractions of less than one share, the Company shall dispose of all fractional shares together and distribute the revenue from the disposal to shareholders in proportion to their ratio of fractional shares, pursuant to the provisions of the Companies Act.

(3) Effective date of consolidation of shares

October 1, 2018

(4) Total number of authorized shares as of effective date

70,000,000 shares

(5) Others

Implementation of the consolidation of shares as proposed in this proposal will be conditional upon the approval of Proposal No. 3: Partial Amendments to the Articles of Incorporation.

Proposal No. 3: Partial Amendments to the Articles of Incorporation

(1) Reasons for proposal

i) Taking into consideration the purpose of the "Action Plan for Consolidating Trading Units" announced by the Japanese stock exchanges, the Company proposes an amendment to Article 8 (Number of Shares Constituting One Unit) of the current Articles of Incorporation in order to change its number of shares constituting one unit from 1,000 shares to 100 shares, provided that Proposal No. 2 "Consolidation of Shares" is approved and adopted as originally proposed.

Furthermore, provided that Proposal No. 2 is approved and adopted as originally proposed, based on Article 182, Paragraph 2 of the Companies Act, on the effective date of the consolidation of shares, the total number of shares authorized to be issued by the Company as provided by Article 6 of the Articles of Incorporation shall be considered to have been changed from 350,000,000 shares to 70,000,000 shares.

Regarding the above amendments, a supplementary provision stating that the amendments will come into effect on the effective date of the share consolidation, October 1, 2018, will be established, and the supplementary provision shall be deleted from the Articles of Incorporation when these amendments come into effect.

ii) With the enforcement of the "Act for Partial Amendment of the Companies Act" (Act No. 90 of 2014), the paragraph number of the section of the Companies Act relating to the election of substitute Corporate Auditors quoted in the provisions of the Articles of Incorporation (Article 28, Paragraph 3) has been changed, and that change is to be reflected in the Articles of Incorporation.

(2) Details of amendments

The details of the amendments to the Articles of Incorporation are as follows.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
Article 1 – 5 (Omitted)	Article 1 – 5 (Unchanged)
Chapter 2: Shares	Chapter 2: Shares
Article 6: Total Number of Shares Authorized to Be Issued The total number of shares authorized to be issued by the Company shall be <u>350,000,000</u> shares.	Article 6: Total Number of Shares Authorized to Be Issued The total number of shares authorized to be issued by the Company shall be <u>70,000,000</u> shares.
Article 7 (Omitted)	Article 7 (Unchanged)
Article 8: Number of Shares Constituting One Unit The number of common shares constituting one unit of the Company shall be <u>1,000</u> shares.	Article 8: Number of Shares Constituting One Unit The number of common shares constituting one unit of the Company shall be <u>100</u> shares.
Article 9 – 27 (Omitted)	Article 9 – 27 (Unchanged)
Article 28: Election of Corporate Auditors 1. Corporate Auditors shall be elected at a General Meeting of Shareholders. 2. A resolution for the election of Corporate Auditors shall be adopted by a majority of the votes of shareholders present at the General Meeting of Shareholders where the shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present.	Article 28: Election of Corporate Auditors 1. Corporate Auditors shall be elected at a General Meeting of Shareholders. 2. A resolution for the election of Corporate Auditors shall be adopted by a majority of the votes of shareholders present at the General Meeting of Shareholders where the shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present.

Current Articles of Incorporation	Proposed Amendments
3. Pursuant to the provisions of Article 329, paragraph 2 of the Companies Act, a substitute Corporate Auditor may be elected at a General Meeting of Shareholders to be ready to fill a vacant position should the number of corporate auditors fall below the number required by laws and regulations.	3. Pursuant to the provisions of Article 329, paragraph 3 of the Companies Act, a substitute Corporate Auditor may be elected at a General Meeting of Shareholders to be ready to fill a vacant position should the number of corporate auditors fall below the number required by laws and regulations.
4. The period of validity for the resolution relating to the election of a substitute Corporate Auditor provided in the preceding paragraph shall be until the start of the Annual General Meeting of Shareholders relating to the last fiscal year to terminate within four years after the resolution, where not reduced by said resolution.	4. The period of validity for the resolution relating to the election of a substitute Corporate Auditor provided in the preceding paragraph shall be until the start of the Annual General Meeting of Shareholders relating to the last fiscal year to terminate within four years after the resolution, where not reduced by said resolution.
(The rest is omitted)	(The rest is omitted)
(Newly established)	Supplementary Provision Effective Date of the Partial Amendments to the Articles of Incorporation The effective date of amendments to Article 6 and Article 8 of the Articles of Incorporation shall be October 1, 2018, which is the date when the consolidation of shares pursuant to the proposals at the 71st Annual General Meeting of Shareholders held on June 28, 2018, comes in effect. This supplementary provision shall be deleted as of the effective date of said amendments.

Proposal No. 4: Election of Nine (9) Directors

The terms of office of all nine (9) directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of nine (9) directors (including two (2) outside directors).

The candidates for director are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
1	[Reappointment] Tetsuya Matsui (September 20, 1947)	Apr. 1972 Joined ITOCHU Corporation Oct. 1998 President & CEO of ITOCHU Fresh Corporation Inc. Jun. 2001 Executive Officer of ITOCHU Corporation Oct. 2002 Executive Vice President, Food Company and Chief Operating Officer, Fresh Food Marketing & Distribution Division of ITOCHU Corporation Jun. 2003 Adviser of the Company Jun. 2003 Managing Director of the Company May 2004 In charge of Fresh Meats Business Division, Sales Division and Production Division of the Company Jun. 2006 Senior Managing Director of the Company Jun. 2009 President and Representative Director of the Company (current position) **Reasons for nomination as candidate for director** Mr. Tetsuya Matsui has directed the Group's management since his appointment as President and Representative Director in June 2009. He has had significant success in lifting the Company's earnings, and as Chairman of the Board of Directors he has managed the Board of Directors appropriately. The Company therefore deems that his abundant experience and knowledge as a manager can be utilized in the management and growth of the Group, and nominates him to continue as a director.	207,000 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
2	[Reappointment] Naoto Chiba (October 31, 1958)	Apr. 1983 Joined ITOCHU Corporation Apr. 2004 General Manager, Grain & Feed Department of ITOCHU Corporation Apr. 2005 General Manager, Planning & Administration Department, Food Company of ITOCHU Corporation Apr. 2007 Chief Operating Officer, Fresh Food & Food Distribution Division of ITOCHU Corporation Apr. 2008 Chief Responsible for Internal Control, Fresh Food & Food Distribution Division of ITOCHU Corporation Apr. 2013 Chief Operating Officer, Fresh Food Division of ITOCHU Corporation Apr. 2014 Executive Officer of ITOCHU Corporation Apr. 2014 Chief Operating Officer, Food Products Marketing & Distribution Division of ITOCHU Corporation Apr. 2015 Seconded to Dole Asia Holdings Pte. Ltd. (Executive Vice President, Director) (residing in Singapore) Apr. 2016 Managing Executive Officer assigned to Processed Foods Business Division and Fresh Meats Business Division (current position), in charge of Audit Department of the Company Jun. 2016 Managing Director (current position) and General Manager, Processed Foods Business Division (current position) of the Company **Reasons for nomination as candidate for director** Mr. Naoto Chiba has abundant experience in the food industry and sophisticated knowledge of overall management, and since being appointed as General Manager of the Processed Foods Business Division in June 2016, he has made significant contributions to business growth. The Company therefore deems that his performance and knowledge can be utilized in the management and growth of the Group, and nominates him to continue as a director.	34,000 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
3	[Reappointment] Masahiko Yano (March 5,1959)	Jan. 1981 Joined the Company May 1999 General Manager, Daily Department, Sales Division of the Company May 2004 General Manager, Daily Business Department, Sales Division of the Company Apr. 2011 Executive Officer of the Company Apr. 2011 Acting General Manager, Sales Division of the Company Apr. 2011 General Manager, Food Service Department, Sales Division of the Company Apr. 2013 Managing Executive Officer of the Company Apr. 2013 General Manager, Sales Division of the Company Jun. 2014 Director of the Company Jun. 2016 Managing Director of the Company (current position) Apr. 2017 General Manager, Purchasing Department of the Company General Manager, Fresh Meats Business Division of the Company (current position) **Reasons for nomination as candidate for director** Mr. Masahiko Yano has served as General Manager of the Sales Division and General Manager of the Fresh Meats Business Division, among other positions, and has advanced sales capabilities and expert knowledge based on his abundant experience. The Company therefore deems that his performance and experience can contribute to the growth of the Group centered on the fresh meats business, and nominates him to continue as a director.	37,000 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
4	[Reappointment] Takahiro Uchiyama (July 20, 1959)	Apr. 1983 Joined The Dai-Ichi Kangyo Bank, Limited Jan. 2008 General Manager, Credit Risk Management Division of Mizuho Financial Group, Inc. Apr. 2010 General Manager, Sales Dept. IV of Mizuho Corporate Bank, Ltd. Apr. 2012 Advisor, Human Resources Department of Mizuho Corporate Bank, Ltd. Oct. 2012 Acting Manager, Corporate Strategy Department of the Company Apr. 2013 Executive Officer of the Company Apr. 2013 General Manager, Human Resources Department, First Administrative Division of the Company Apr. 2014 General Manager, First Administrative Division of the Company Jun. 2014 Director of the Company Apr. 2016 General Manager, Administrative Division and General Manager, Human Resources Department of the Company Jun. 2016 Managing Director of the Company (current position) Apr. 2017 In charge of Human Resources Department, Finance Department, General Affairs/Public Relations Department and Information Systems Department of the Company (current position) [Significant Concurrent Positions outside the Company] President and Representative Director of Prima System Development Co., Ltd. **Reasons for nomination as candidate for director** Mr. Takahiro Uchiyama has abundant experience and broad knowledge from his time in financial institutions. Moreover, utilizing his sophisticated expert insight into management and administration and corporate auditing, he is in charge of the financial operations and others of the Company. The Company therefore deems that his experience and performance can be utilized in the management and growth of the Group, and nominates him to continue as a director.	9,000 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
5	[Reappointment] Hisashi Sasaki (December 17, 1955)	Apr. 1974 Joined the Company Apr. 2001 General Manager, Manufacturing Department, Ibaraki Plant of the Company Oct. 2002 General Manager, Manufacturing Department, Mie Plant of the Company Oct. 2009 General Manager, Mie Plant and General Manager, Production Control Department of the Company Apr. 2011 Executive Officer of the Company Sep. 2012 General Manager, Ibaraki Plant and General Manager, Production Control Department of the Company Apr. 2014 Managing Executive Officer of the Company Apr. 2014 Acting General Manager (in charge of hams and sausages), Production Division and General Manager, Manufacturing Department, Ibaraki Plant of the Company Sep. 2015 General Manager, Manufacturing and Technology Department, Production Division of the Company Apr. 2016 General Manager, Production Division of the Company (current position) Jun. 2016 Director of the Company (current position) Apr. 2018 General Manager, Ibaraki Plant, Production Division, Processed Foods Business Division of the Company (current position) **Reasons for nomination as candidate for director** Mr. Hisashi Sasaki has served as General Manager of the Company's manufacturing plants and as General Manager of the Production Division, among other positions. Based on his abundant experience, he has sophisticated technical capabilities and expert knowledge about food product manufacturing. The Company therefore deems that his performance and experience can contribute to the growth of the Group centered on the manufacturing business, and nominates him to continue as a director.	38,000 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
6	[Reappointment] Yuichi Niimura (May 15, 1957)	Apr. 1981 Joined the Company Apr. 1998 Manager, Strategy Coordination Department, Sales Division of the Company Apr. 2000 General Manager, Sales Strategy Department, Sales Division of the Company Jul. 2002 Acting Manager, Corporate Strategy Department of the Company Apr. 2004 General Manager, Strategy Coordination Department, Sales Division of the Company Feb. 2009 Branch Manager, Chubu Branch Office and General Manager, Tokai Processed Product Sales Department of the Company Apr. 2011 Executive Officer of the Company Apr. 2013 Manager, Corporate Strategy Department of the Company (current position) Apr. 2015 Managing Executive Officer of the Company Jun. 2016 Director of the Company (current position) **Reasons for nomination as candidate for director** Mr. Yuichi Niimura has served as General Manager of the Sales Strategy Department, Branch Manager, and as Manager of the Corporate Strategy Department, among other positions, and he has advanced management and administration capabilities, corporate planning capabilities and expert knowledge based on his abundant experience. The Company therefore deems that his performance and experience can contribute to the further expansion of business fields and sustainable growth of the Group, and nominates him to continue as a director.	31,000 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
7	[Reappointment] Hidefumi Suzuki (November 18, 1957)	Apr. 1980 Joined ITOCHU Corporation Feb. 1988 Registration as an attorney in New York State, the United States Apr. 2011 Executive Officer and General Manager, Legal Division of ITOCHU Corporation Apr. 2013 Managing Director of Dole International Holdings Inc. Apr. 2014 Senior Vice President of Dole Asia Holdings Pte. Ltd. Sep. 2015 Senior Vice President, General Counsel of ITOCHU International Inc. Apr. 2017 Managing Executive Officer of the Company Apr. 2017 In charge of Legal Division and Environmental Management Division of the Company (current position) Jun. 2017 Director of the Company (current position) **Reasons for nomination as candidate for director** Mr. Hidefumi Suzuki has abundant experience and broad knowledge at general trading companies and has utilized his sophisticated expert knowledge of management and administration and corporate legal operations in his responsibilities for the Company's corporate legal operations. The Company therefore deems that his experience and performance can be utilized in the management and growth of the Group, and nominates him to continue as a director.	2,000 shares
8	[Reappointment] Takeshi Yamashita (January 31, 1946)	Apr. 1985 Professor at Hiroshima University Apr. 1997 Professor at Tokai University Jul. 1997 Registration as an attorney Apr. 1999 Part-time Lecturer of International Corporate Strategy at Graduate School of Hitotsubashi University Jun. 2003 Corporate Auditor of the Company Jun. 2012 Director of the Company (current position) [Significant Concurrent Positions outside the Company] Attorney (Hibiya Park Law Offices) **Reasons for nomination as candidate for outside director** Mr. Takeshi Yamashita has abundant experience and sophisticated expert knowledge as a university professor and attorney. Based on this experience and knowledge, the Company deems that he will be able to provide oversight and supervision of the Company's management from an independent standpoint, and nominates him to continue as an outside director. He has never in the past been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an outside director based on the above reasons.	0 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
9	[Reappointment] Yasushi Nojiri (October 20, 1954)	Apr. 1977 Joined Sumitomo Rubber Industries, Ltd. Jan. 2000 Manager, Construction Work Department of Sumitomo Rubber Industries, Ltd. Jan. 2003 Manager, General Planning Department of Sumitomo Rubber Industries, Ltd. Mar. 2003 Executive Officer of Sumitomo Rubber Industries, Ltd. Jul. 2003 Executive Officer and Manager, Management Planning Department of Sumitomo Rubber Industries, Ltd. Mar. 2004 Executive Officer, Manager, Management Planning Department and Manager, NP and NB Business Department of Sumitomo Rubber Industries, Ltd. Jul. 2004 Executive Officer of Sumitomo Rubber Industries, Ltd. President and CEO, General Manager, NP and NB Business Department of SRI Engineering Ltd. Mar. 2006 Executive Officer of Sumitomo Rubber Industries, Ltd. President of Sumitomo Rubber (Changshu) Co., Ltd. President of Sumitomo Rubber (Suzhou) Co., Ltd. Mar. 2007 Senior Executive Officer of Sumitomo Rubber Industries, Ltd. Mar. 2008 Director and Senior Executive Officer of Sumitomo Rubber Industries, Ltd. Chairman and President of Sumitomo Rubber (Changshu) Co., Ltd. Chairman and President of Sumitomo Rubber (Suzhou) Co., Ltd. Mar. 2011 President and Representative Director of Dunlop Sports Co. Ltd. Mar. 2015 Counselor of Dunlop Sports Co. Ltd. Jun. 2016 Director of the Company (current position) [Significant Concurrent Positions outside the Company] Counselor of Sumitomo Rubber Industries, Ltd. Director of NISSEI TECHNOLOGY CORPORATION Director of Tigers Polymer Corporation (scheduled to assume office on June 22, 2018) **Reasons for nomination as candidate for outside director** Mr. Yasushi Nojiri has served as President and Representative Director of Dunlop Sports Co. Ltd, among other positions, and has abundant experience and broad knowledge. The Company therefore deems that he will be able to reflect the experience and knowledge in management, and to provide oversight and supervision of the management from an independent standpoint, and nominates him to continue as an outside director.	3,000 shares

(Notes) 1. There is no special interest between any of the candidates and the Company.

2. Messrs. Takeshi Yamashita and Yasushi Nojiri are candidates for outside director as specified in Article 2, Item 15 of the Companies Act.

3. At the conclusion of this Annual General Meeting of Shareholders, Mr. Takeshi Yamashita's tenure since assuming office as outside director of the Company will have been six years.

4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Takeshi Yamashita to limit the liability for damages under Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under such agreement is the minimum liability amount provided for under Article 425, Paragraph 1 of the Companies Act. If the reappointment of Mr. Takeshi Yamashita is approved, the Company plans to continue the aforementioned agreement with him.

5. The Company has submitted a notification to the Tokyo Stock Exchange Inc. that Mr. Takeshi Yamashita has been designated as an independent officer as provided for by the aforementioned exchange. If his reappointment is approved, the Company plans to submit a notification of its designation of his continued position as an independent officer.
6. At the conclusion of this Annual General Meeting of Shareholders, Mr. Yasushi Nojiri's tenure since assuming office as outside director of the Company will have been two years.
7. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Yasushi Nojiri to limit the liability for damages under Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under such agreement is the minimum liability amount provided for under Article 425, Paragraph 1 of the Companies Act. If the reappointment of Mr. Yasushi Nojiri is approved, the Company plans to continue the aforementioned agreement with him.
8. The Company has submitted a notification to the Tokyo Stock Exchange Inc. that Mr. Yasushi Nojiri has been designated as an independent officer as provided for by the aforementioned exchange. If his reappointment is approved, the Company plans to submit a notification of its designation of his continued position as an independent officer.

Proposal No. 5: Payment of Bonuses to Officers

It is proposed that bonuses of ¥21,825,000 in total be paid to seven (7) directors (excluding outside directors) and two (2) corporate auditors (excluding part-time corporate auditors) who were in service as of the end of the fiscal year under review (¥18,825,000 for directors and ¥3,000,000 for corporate auditors), in view of the operating results of the fiscal year under review, and other circumstances.

In addition, it is proposed that specific monetary amounts provided to each director and corporate auditor be determined by the Board of Directors with respect to directors, and through discussions among corporate auditors with respect to corporate auditors.

Proposal No. 6: Revision of Remuneration Amount for Directors

Regarding the remuneration amount for directors of the Company, at the 68th Annual General Meeting of Shareholders held on June 26, 2015, a remuneration amount for directors of up to ¥300 million annually (including up to ¥30 million for outside directors) was approved, and the amount remains until this day. However, in consideration of various factors including subsequent changes in economic conditions, we would like to revise the remuneration amount in question to up to ¥400 million annually (including up to ¥50 million for outside directors). In addition, as in the previous years, the amount of remunerations for directors does not include the portion of employee salaries for directors concurrently serving as employees.

Furthermore, there are currently nine (9) directors (including two (2) outside directors), and provided that Proposal No. 4 “Election of Nine (9) Directors” is approved and adopted as originally proposed, there will be no change in the number of Directors, with nine (9) directors (including two (2) outside directors). It is proposed that matters, including timing of payment and allocation, be determined by the Board of Directors.

Proposal No. 7: Introduction of Performance-linked Share-based Remuneration Plan for Directors

1. Reasons for proposal

This proposal requests the approval of the introduction of a new performance-linked share-based remuneration plan "BBT (Board Benefit Trust)" (hereinafter, the "Plan") for directors of the Company (excluding outside directors. Hereinafter, unless otherwise specified, same in this proposal).

The purpose of this proposal is to further clarify the linkage between remuneration for directors and the corporate performance and share value of the Company, and to ensure that not only the benefit of the increase in the share prices, but also the risk of the decrease in the share prices are shared between the directors and the shareholders, thereby further motivating the directors to contribute to the medium- to long-term improvement in the business performance and corporate value. In light of such purpose, the Company believes this proposal is appropriate.

This proposal requests the approval of the amount of remuneration, etc. to provide directors of the Company with a new form of share-based remuneration separately from the amount of remuneration for directors approved at the 68th Annual General Meeting of Shareholders held on June 26, 2015 (a fixed remuneration amount of up to ¥300 million annually [including up to ¥30 million for outside directors]. However, this does not include the portion of employee salaries for directors concurrently serving as employees.). The details of the Plan shall be decided by the Board of Directors within the framework of Section 2 "Amount of remuneration, etc. and reference information" below.

The number of directors eligible to benefit from the Plan is currently seven, and the number will not be changed if Proposal No. 4 is approved and adopted as originally proposed.

2. Amount of remuneration, etc. and reference information

(1) Outline of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company's shares are acquired through a trust using money contributed by the Company as the source of funds (hereinafter the trust that is established based on the Plan is referred to as the "Trust"), and the directors are provided with the Company's shares and cash equivalent to the market value of the Company' shares (hereinafter referred to as the "Company's Shares, etc.") through the Trust in accordance with the Regulations for Delivery of Shares to Officers established by the Company. The directors shall receive the Company's Shares, etc. upon their retirement, in principle.

(2) Persons eligible to benefit from the Plan

Directors (outside directors are not covered by the Plan)

(3) Trust period

From August 2018 (planned) until the termination of the Trust. (No date of termination of the trust period of the Trust is set, and the Trust will remain in place as long as the Plan is maintained. The Plan will be terminated for reasons such as the delisting of the Company's shares and abolition of the Regulations for Delivery of Shares to Officers, etc.)

(4) Amount of the Trust (amount of remuneration, etc.)

Subject to the approval of this proposal, the Company shall adopt the Plan for three fiscal years from the fiscal year ending March 31, 2019 until the fiscal year ending March 31, 2021 (hereinafter, such three-fiscal-year period is referred to as the "Initial Plan Period," and the Initial Plan Period and each of the three-fiscal-year periods following the Initial Plan Period are referred to respectively as the "Plan Period") and each Plan Period subsequent thereto, and shall contribute the following amount of money to the Trust as the source of funds used for acquisition of shares of the Company by the Trust in order to provide the directors with the Company's Shares, etc.

First the Company shall contribute to the Trust, funds of up to ¥390 million as necessary funds for the Initial Plan Period at the beginning of the trust period described in (3) above.

Even after the expiration of the Initial Plan Period, the Company shall make additional contributions to the Trust, of up to ¥390 million in every Plan Period in principle until the termination of the Plan. However, when these additional contributions are made, where there are any shares of the Company (excluding the Company's shares corresponding to the points granted to the directors during the Plan Periods before that time and where the provision of such shares to the directors has not yet been completed) and money remaining in the trust assets (hereinafter, "Remaining Shares, etc."), the sum of the amount of the Remaining Shares, etc. (for the Company's shares, the book value of the shares as of the final day of the immediately preceding Plan Period) and the money to be additionally contributed shall be up to ¥390 million.

When the Company decides to make additional contributions, it shall make a disclosure in a timely and appropriate manner.

(5) Method of acquisition of the Company's shares and number of shares to be acquired

The Trust shall acquire the Company's shares through the stock market or by subscribing to the disposition of treasury shares by the Company, using the funds contributed in accordance with (4) above as the source of funds.

During the Initial Plan Period, the Trust shall acquire not more than 390,000 shares without delay after the establishment of the Trust.

The details of the acquisition of the Company's shares by the Trust shall be disclosed in a timely and appropriate manner.

(6) Calculation method of the number of the Company's Shares, etc. to be provided to the directors

The directors will be granted points determined each fiscal year, in accordance with the Regulations for Delivery of Shares to Officers, in consideration of the position, the level of performance achievement and other factors. The upper limit of the total points granted to the directors for each fiscal year shall be 130,000 points. This has been determined by comprehensively taking into account the current level of remuneration provided to officers, the trend and expectation regarding the number of the directors, and the Company judges it is appropriate.

Each point granted to the directors shall be converted into one common share of the Company at the time of the provision of the Company's Shares, etc. as explained in (7) below (provided, however, that, if, in regard to the Company's shares, a share split, allotment of shares without contribution or consolidation of shares, etc., is carried out after the approval of this proposal, the upper limit of the number of points and accumulated number of points or conversion ratio shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc. for the share split, allotment of shares without contribution or consolidation of shares, etc. Furthermore, as explained in (3) above, the Trust is planned to be established in August 2018. Provided that Proposal No. 2 "Consolidation of Shares" is approved and adopted as originally proposed, its planned effective date is October 1, 2018, and at that point reasonable adjustments shall be made in relation to the relevant consolidation of shares).

The points for the directors used as the bases for the provision of the Company's Shares, etc. in (7) below shall be defined, in principle, as the number of points granted to the directors and accumulated until the time of their retirement (hereinafter, points calculated in such manner are referred to as the "Defined Number of Points").

(7) Provision of the Company's Shares, etc.

When the directors retire, and meet the beneficiary requirements stipulated in the Regulations for Delivery of Shares to Officers, said directors may receive the number of the Company's shares from the Trust, in principle, in accordance with the "Defined Number of Points" as explained in (6) above after their retirement by following the stipulated procedures to become a beneficiary. However, if the requirements stipulated in the Regulations for Delivery of Shares to Officers are fulfilled, said

directors receive, in respect of a certain portion of the points, the provision of an amount of cash equivalent to the market price of the Company's shares in lieu of the provision of the Company's shares. The Trust may sell the Company's shares in order to make the cash provision.

(8) Exercise of voting rights

None of the voting rights with respect to the Company's shares in the Trust account shall, in accordance with the instruction of the trust administrator, be exercised. This is intended to ensure the neutrality in the management of the Company, with regard to the exercise of voting rights with respect to the Company's shares held by the Trust account.

(9) Treatment of dividends

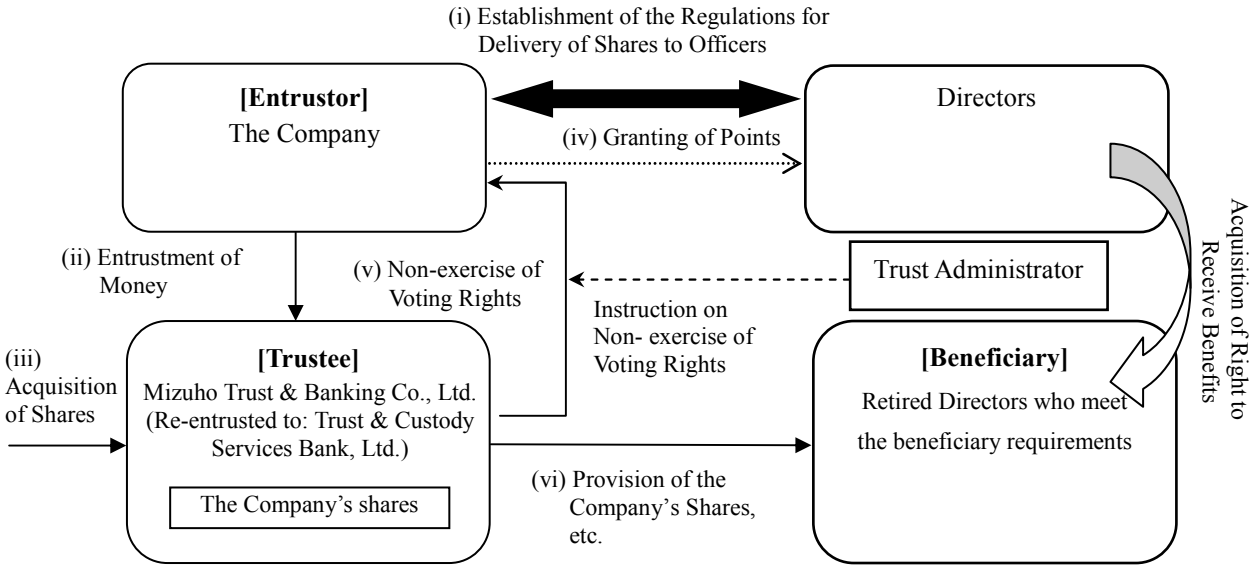
Dividends with respect to the Company's shares in the Trust account will be received by the Trust, and mainly used for the acquisition of the Company's shares and fees payable to the trustee of the Trust. If the Trust is terminated, assets remaining in the Trust such as dividends shall be contributed to organizations that have no interests in the Company and/or its officers, or shall be provided to the directors then in office in proportion to the number of points that each of them holds.

(10) Treatment upon termination of the Trust

The Trust shall be terminated for reasons such as the delisting of the Company's shares and abolition of the Regulations for Delivery of Shares to Officers.

Of the residual assets in the Trust at the time of the termination of the Trust, all the Company's shares will be acquired by the Company without compensation and cancelled by resolution of the Board of Directors. Of the residual assets in the Trust at the time of the termination of the Trust, money shall, in accordance with (9) above, be contributed to the organizations or provided to the directors, and the balance of money after such contribution or provision shall be paid to the Company.

<Reference: Structure of the Plan>



(i) The Company shall establish the "Regulations for Delivery of Shares to Officers" within the framework approved concerning this proposal.

(ii) The Company shall entrust money within the range approved concerning this proposal.

(iii) The Trust shall acquire the Company's shares through the stock market or by subscribing to the disposition of treasury shares by the Company, using the money entrusted in the manner set forth in (ii) as the source of funds.

(iv) The Company shall grant points to the directors in accordance with the "Regulations for Delivery of Shares to Officers."

(v) In accordance with the instructions of the trust administrator independent of the Company, the Trust shall not exercise the voting rights with respect to the Company's shares in the Trust account.

(vi) The Trust shall provide the Company's shares to the retired Directors who meet the beneficiary requirements stipulated in the "Regulations for Delivery of Shares to Officers" (hereinafter referred to as the "Beneficiaries"), according to the number of points granted to the Beneficiaries. However, if the Directors meet the requirements stipulated in the Regulations for Delivery of Shares to Officers, they will receive, in respect of a certain portion of the points, an amount of cash equivalent to the market price of the Company's shares.