

Securities Code: 6925

June 8, 2016

To Our Shareholders:

1-6-5 Marunouchi, Chiyoda-ku, Tokyo

**USHIO INC.**

Kenji Hamashima, President and Chief Executive Officer

## Notice of the 53<sup>rd</sup> Annual General Meeting of Shareholders

The Company would hereby like to request shareholders to attend the Company's 53<sup>rd</sup> Annual General Meeting of Shareholders as described below.

**If you are unable to attend the meeting on the date, you may also exercise your voting rights in writing or by an electromagnetic method. We kindly request you to read the following Reference Document for the Annual General Meeting of Shareholders and exercise your voting rights by no later than 5:15 p.m., June 28, 2016 (Tuesday).**

Sincerely yours,

1. **Date:** 10:00 a.m., June 29, 2016 (Wednesday) (The reception desk opens at 9:00 a.m.)

2. **Venue:** 11F, *Kujaku* Hall, KKR Hotel Tokyo  
1-4-1 Otemachi, Chiyoda-ku, Tokyo

3. **Purposes:**

**Items to be reported:**

The business report, the consolidated and non-consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Corporate Auditors for the 53<sup>rd</sup> business period (April 1, 2015 to March 31, 2016)

**Items to be resolved:**

**Agenda No. 1:** Appropriation of Surplus

**Agenda No. 2:** Partial Amendment to the Articles of Incorporation

**Agenda No. 3:** Election of Nine (9) Directors (excluding directors who are Audit & Supervisory Committee Members)

**Agenda No. 4:** Election of Three (3) Directors who are Audit & Supervisory Committee Members

**Agenda No. 5:** Decision of Amount of Remunerations for Directors (excluding directors who are Audit & Supervisory Committee Members)

**Agenda No. 6:** Decision of Amount of Remunerations for Directors who are Audit & Supervisory Committee Members

**Agenda No. 7:** Decision of Amount and Contents of Stock Remuneration for Directors and Executive Officers

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- If there are any revisions to the Reference Document for the Annual General Meeting of Shareholders, business report, and/or the consolidated and the non-consolidated financial statements, such revision will be shown on the Company's website (<http://www.ushio.co.jp>).
  - Please be advised that no gifts will be provided to attending shareholders.

# Reference Document for the Annual General Meeting of Shareholders

## Meeting Agenda and Referential Matters

### Agenda No. 1: Appropriation of Surplus

The Company would like to appropriate surplus as follows.

#### Year-end Dividend

Striving to constantly remain cognizant of the fact that returning profits to shareholders is one of the top priorities of corporations, the USHIO Group's basic policy is to provide stable returns of profits to shareholders, while endeavoring to enhance its financial position and business foundations.

Based on this policy, taking the business environment as well as business results into consideration, the Company would like to distribute the year-end dividend to assign an annual dividend of 26 yen per common share, increase of a regular dividend amount 2 yen per common share from the previous fiscal year as indicated below.

- (1) Kind of the dividend property  
Cash
- (2) Matters regarding assignment of the dividend property and the total amount of the dividend property  
An annual dividend: 26 yen per common share  
The total amount of the dividend property: 3,353,507,066 yen.
- (3) The day on which such distribution of dividend of surplus takes effect  
On June 30, 2016

### Agenda No. 2: Partial Amendment to the Articles of Incorporation

#### 1. Reasons to Amend Articles of Incorporation

- (1) As part of its efforts to reinforce corporate governance to ensure the transparency and efficiency of corporate management and realize speedy and resolute decision making, The Company has decided to transition to a company with an Audit & Supervisory Committee, which is newly introduced by the enforcement of the Law for Partial Amendment of the Companies Act (2014 Law No. 90, hereinafter referred to as the "Amendment of the Companies Act"), in order to further strengthen the supervisory function of the Board of Directors. Accordingly, provisions concerning the Directors who are the Audit & Supervisory Committee Members and the Audit & Supervisory Committee will be newly established and amendments such as deletion of provisions concerning Audit & Supervisory Board Members and Audit & Supervisory Board will be made, and article numbers will also be adjusted.
- (2) To enable flexible responses for the operation of the Board of Directors meeting, a convenor and chairperson of the Board of Directors meeting described in Article 23 (Convenor and Chairperson of Board of Directors Meeting) of the current Articles of Incorporation will be changed to a Director who will be predetermined by the Board of Directors.
- (3) In association with a change in the scope of Directors with whom an agreement limiting liabilities may be entered into as a result of the Amendment of the Companies Act, Article 26 (Exemption of Directors' Liabilities), Paragraph 2 of the current Articles of Incorporation will be amended and it will be prescribed that an agreement limiting liabilities may be entered into with Non-Executive Directors so that Non-Executive Directors can fully play their expected role. The consent of each Audit & Supervisory Board Member has been obtained for such amendments.
- (4) The amendment for verbal correction and etc..

#### 2. Details of Amendments

The details of the amendments are as follows.

The amendments to the Articles of Incorporation pertaining to this agenda shall come into effect at the close of this Annual General Meeting of Shareholders.

(Parts to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><b>Chapter I. General Provisions</b> Articles 1 through 3 (Omitted)</p> <p>Article 4 (Organization) The Company shall establish the following organizations, in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) <u>Audit &amp; Supervisory Board Members</u>; (3) <u>Audit &amp; Supervisory Board</u> ; and (4) <u>Financial Auditors</u>.</p> <p>Article 5 (Omitted)</p> <p><b>Chapter II. Shares</b> Articles 6 through 11 (Omitted)</p> <p><b>Chapter III. General Meeting of Shareholders</b> Articles 12 through 17 (Omitted)</p> <p><b>Chapter IV. Directors and Board of Directors</b> Article 18 (Number of Directors) The Company shall have not more than <u>fifteen</u> <u>(15)</u> Directors.  (Newly established)</p> <p>Article 19 (Method of Election) (Newly established)</p> <p>1. The resolution for the election of Directors shall be adopted by a majority of the voting rights represented by the shareholders present at the meeting where the shareholders holding one-third (1/3) or more of voting rights of the shareholders who are entitled to exercise their votes are present.</p> <p>2. Cumulative voting shall not be used for the purpose of election of Directors.</p> <p>Article 20 (Term of Office) The term of office of a Director shall expire at the close of the Annual General Meeting of Shareholders for the last business year ending within one (1) year from his or her election.</p>	<p><b>Chapter I. General Provisions</b> Articles 1 through 3 (Not amended)</p> <p>Article 4 (Organization) The Company shall establish the following organizations, in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) <u>Audit &amp; Supervisory Committee</u>; and (Deleted) (3) <u>Financial Auditors</u>.</p> <p>Article 5 (Not amended)</p> <p><b>Chapter II. Shares</b> Articles 6 through 11 (Not amended)</p> <p><b>Chapter III. General Meeting of Shareholders</b> Articles 12 through 17 (Not amended)</p> <p><b>Chapter IV. Directors and Board of Directors</b> Article 18 (Number of Directors) 1. The Company shall have not more than <u>twelve</u> <u>(12)</u> Directors <u>(excluding those who are Audit &amp; Supervisory Committee Members)</u>. 2. <u>The Company shall have not more than five (5) Directors who are Audit &amp; Supervisory Committee Members</u></p> <p>Article 19 (Method of Election) 1. Directors shall be elected at a General Meeting of Shareholders by separating Directors who are Audit &amp; Supervisory Committee Members and other Directors. 2. (Not amended)</p> <p>3. (Not amended)</p> <p>Article 20 (Term of Office) 1. The term of office of a Director <u>(excluding those who are Audit &amp; Supervisory Committee Members)</u> shall expire at the close of the Annual General Meeting of Shareholders for the last</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>(Newly established)</p>	<p>business year ending within one (1) year from his or her election.</p> <p><u>2. The term of office of a Director who is an Audit &amp; Supervisory Committee Member shall expire at the close of the Annual General Meeting of Shareholders for the last business year ending within two (2) years from his or her election.</u></p> <p><u>3. The term of office of a Director who is an Audit &amp; Supervisory Committee Member and elected to fill a vacancy of a Director who is Audit &amp; Supervisory Committee Member and retired prior to the expiration of the term of office shall be by the time when the term of office of the retired Director who was an Audit &amp; Supervisory Committee Member expires.</u></p>
<p>Article 21 (Omitted)</p>	<p>Article 21 (Not amended)</p>
<p>Article 22 (Convocation of Board of Directors Meeting)</p> <p>1. To convene a Board of Directors meeting, a notice of convocation shall be dispatched to each Director <u>and each Audit &amp; Supervisory Board Members</u> at least three (3) days prior to the date of such meeting; provided, however, that such notice period may be shortened in case of emergency.</p> <p>2. A Board of Directors meeting may be convened without following the procedures for convocation if all Directors <u>and Audit &amp; Supervisory Board Members</u> give their consent.</p>	<p>Article 22 (Convocation of Board of Directors Meeting)</p> <p>1. To convene a Board of Directors meeting, a notice of convocation shall be dispatched to each Director at least three (3) days prior to the date of such meeting; provided, however, that such notice period may be shortened in case of emergency.</p> <p>2. A Board of Directors meeting may be convened without following the procedures for convocation if all Directors give their consent.</p>
<p>Article 23 (Convenor and Chairperson of Board of Directors Meeting)</p> <p>1. Unless otherwise provided for in the laws or regulations, <u>the President of the Board</u> shall convene and preside over the Board of Directors meeting.</p> <p>2. If <u>the President of the Board</u> is unable to preside over any such meeting, another Director shall take his or her place in the order predetermined by the Board of Directors.</p>	<p>Article 23 (Convenor and Chairperson of Board of Directors Meeting)</p> <p>1. Unless otherwise provided for in the laws or regulations, <u>a Director who has been predetermined by the Board of Directors</u> shall convene and preside over the Board of Directors meeting.</p> <p>2. If <u>the Director described in the preceding Paragraph</u> is unable to preside over any such meeting, another Director shall take his or her place in the order predetermined by the Board of Directors.</p>
<p>(Newly established)</p>	<p><u>Article 24 (Delegation of Decisions on Execution of Important Operations)</u></p> <p><u>The Board of Directors may delegate all or part of decisions on the execution of important operations (excluding matters listed in Items of Article 399-13, Paragraph 5 of the Companies Act) to Directors by its resolution, pursuant to the provisions of Article 399-13, Paragraph 6 of the</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Articles <u>24</u> and <u>25</u> (Omitted)</p> <p>Article <u>26</u> (Exemption of Directors' Liabilities)</p> <ol style="list-style-type: none"> <li>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Director (including a former Director) from liabilities for damages as a result of neglect his or her duties to the extent permitted by laws and regulations.</li> <li>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an <u>Outside Director</u> to limit the liabilities for damages as a result of neglect his or her duties; provided, however, that the limit of liability under such agreement shall be the amount prescribed by laws and regulations.</li> </ol>	<p><u>Companies Act.</u></p> <p>Articles <u>25</u> and <u>26</u> (Not amended)</p> <p>Article <u>27</u> (Exemption of Directors' Liabilities)</p> <ol style="list-style-type: none"> <li>(Not amended)</li> <li>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with a <u>Director (excluding a Director who is an Executive Director, etc.)</u> to limit the liabilities for damages as a result of neglect his or her duties; provided, however, that the limit of liability under such agreement shall be the amount prescribed by laws and regulations.</li> </ol>
<p><b><u>Chapter V. Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</u></b></p>	<p>(Deleted)</p>
<p><u>Article 27 (Number of Audit &amp; Supervisory Board Members)</u></p> <p><u>The Company shall have not more than six (6) Audit &amp; Supervisory Board Members.</u></p>	<p>(Deleted)</p>
<p><u>Article 28 (Method of Election)</u></p> <p><u>The resolution for the election of Audit &amp; Supervisory Board Members shall be adopted by a majority of the voting rights represented by the shareholders present at the meeting where the shareholders holding one-third (1/3) or more of voting rights of the shareholders who are entitled to exercise their votes are present</u></p>	<p>(Deleted)</p>
<p><u>Article 29 (Term of Office)</u></p> <ol style="list-style-type: none"> <li><u>The term of office of an Audit &amp; Supervisory Board Member shall expire at the close of the Annual General Meeting of Shareholders for the last business year ending within four (4) years from his or her election.</u></li> <li><u>The term of office of an Audit &amp; Supervisory Board Member elected to fill a vacancy of an Audit &amp; Supervisory Board Member who retired prior to the expiration of the term of office shall be by the time when the term of office of the retired Audit &amp; Supervisory Board Member expires.</u></li> </ol>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 30 (Full-Time Audit &amp; Supervisory Board Member)</u>  <u>The Audit &amp; Supervisory Board shall elect full-time Audit &amp; Supervisory Board Members by its resolution.</u></p>	(Deleted)
<p><u>Article 31 (Convocation of Audit &amp; Supervisory Board Meeting)</u>  1. <u>To convene an Audit &amp; Supervisory Board meeting, a notice of convocation shall be dispatched to each Audit &amp; Supervisory Board member at least three (3) days prior to the date of such meeting; provided, however, such notice period may be shortened in case of emergency.</u>  2. <u>An Audit &amp; Supervisory Board Meeting may be convened without following the procedures for convocation if all Audit &amp; Supervisory Board Members give their consent.</u></p>	(Deleted)
<p><u>Article 32 (Audit &amp; Supervisory Board Rules)</u>  <u>In addition to the laws or regulations or these Articles of Incorporation, matters pertaining to the Audit &amp; Supervisory Board shall be subject to the Audit &amp; Supervisory Board Rules established by the Audit &amp; Supervisory Board.</u></p>	(Deleted)
<p><u>Article 33 (Exemption of Audit &amp; Supervisory Board Members' Liabilities)</u>  1. <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit &amp; Supervisory Board Member (including a former Audit &amp; Supervisory Board Member) from liabilities for damages as a result of neglect his or her duties to the extent permitted by laws and regulations.</u>  2. <u>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an Outside Audit &amp; Supervisory Board Member to limit the liabilities for damages as a result of neglect his or her duties; provided, however, that the limit of liability under such agreement shall be the amount prescribed by laws and regulations.</u></p>	(Deleted)
<p>(Newly established)  (Newly established)</p>	<p><b><u>Chapter V. Audit &amp; Supervisory Committee</u></b>  <b><u>Article 28 (Convocation of Audit &amp; Supervisory Committee Meeting)</u></b>  1. <u>To convene an Audit &amp; Supervisory Committee meeting, a notice of convocation shall be</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p><b>Chapter VI. Accounting</b> Articles <u>34</u> through <u>36</u> (Omitted)</p> <p>(Newly established) (Newly established)</p>	<p><u>dispatched to each Audit &amp; Supervisory Committee Member at least three (3) days prior to the date of such meeting; provided, however, that such notice period may be shortened in case of emergency.</u></p> <p><u>2. An Audit &amp; Supervisory Committee meeting may be convened without following the procedures for convocation if all Audit &amp; Supervisory Committee Members give their consent.</u></p> <p><u>Article 29 (Audit &amp; Supervisory Committee Rules)</u> <u>In addition to the laws or regulations or these Articles of Incorporation, matters pertaining to the Audit &amp; Supervisory Committee shall be subject to the Audit &amp; Supervisory Committee Rules established by the Audit &amp; Supervisory Committee.</u></p> <p><b>Chapter VI. Accounting</b> Articles <u>30</u> through <u>32</u> (Not amended)</p> <p><b><u>Supplementary Provisions</u></b> <u>Article 1 (Transitional Measures for Exemption of Audit &amp; Supervisory Board Members' Liabilities)</u> <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit &amp; Supervisory Board Member (including a former Audit &amp; Supervisory Board Member) from liabilities for damages as a result of neglect his or her duties prior to the close of the 53<sup>rd</sup> Annual General Meeting of Shareholders to the extent permitted by laws and regulations.</u></p>

\*In the Proposed amendments above, the articles of verbal correction without practically amending content are omitted

**Agenda No. 3:** Election of Nine (9) Directors (excluding directors who are Audit & Supervisory Committee Members)

Provided Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as proposed, the Company shall transition to a company with an Audit & Supervisory Committee, and all eleven (11) Directors will retire due to the expiration of their terms of office at the time the amendments to the Articles of Incorporation come into effect. The Company hereby proposes the election of nine (9) Directors (excluding Directors who are Audit & Supervisory Committee Members).

This agenda shall come into effect provided amendments to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Articles of Incorporation” become effective.

The following are candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members).

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
1	Jiro Ushio (February 12, 1931)	Mar. 1964 Established USHIO INC. and served as President and Chief Executive Officer Apr. 1979 Chairman and Chief Executive Officer (incumbent) (Significant concurrent position) Chairman, The USHIO Foundation Chairman, National Institute for Research Advancement	3,136,714
	<Reasons for electing Mr. Jiro Ushio as a candidate for Director> Mr. Jiro Ushio, as founder of the Company, has directed the management of the Company for many years and adequately performed supervisory functions, while making key decisions and executing business. He has also held a number of critical posts at other organizations and gained a wealth of knowledge and insights through extensive management experience, as well as a broad-ranging network. Based on the above, the Company has judged that his continued engagement in the management of the Company is critical. Accordingly, the Company proposes him as a candidate for Director.		



Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held		Number of the Company's shares owned
2	Kenji Hamashima (January 3, 1959)	Apr. 1982	Joined USHIO INC.	8,700
		Apr. 1999	President and Chief Executive Officer, USHIO AMERICA, INC.	
		Nov. 2000	President and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS, INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS USA, INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS CANADA INC.	
		Apr. 2001	Chairman, President and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS, INC. (incumbent)	
		Apr. 2004	Group Senior Executive Officer	
		Apr. 2007	Group Managing Executive Officer	
		Jun. 2010	Director and Senior Managing Executive Officer	
		Apr. 2014	Representative Director and Senior Executive Vice President	
		Oct. 2014	President and Chief Executive Officer (incumbent) General Manager, Light Source Business Division	
			(Significant concurrent position) Chairman, President and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS, INC.	
<Reasons for electing Mr. Kenji Hamashima as a candidate for Director> After having directed the management of North America Group companies for many years, Mr. Kenji Hamashima has served as President and Representative Director of the Company since 2014, undertaking supervisory functions, while making key decisions and executing business. The Company has judged that with such extensive experience and knowledge, he would continue to drive the Group to improve its corporate value and achieve further development. Accordingly, the Company proposes him as a candidate for Director.				

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held		Number of the Company's shares owned
3	Shiro Ushio (April 14, 1958)	Apr. 1991	Joined USHIO U-TECH, INC. (currently, USHIO LIGHTING, INC.)	171,033
		Jun. 1991	Director, USHIO U-TECH, INC.	
		Apr. 1992	Executive Director, USHIO U-TECH, INC.	
		Feb. 1996	President and Chief Operating Officer, USHIO U-TECH, INC.	
		Apr. 2004	Chairman and Chief Executive Officer, USHIO LIGHTING, INC.	
			Group Senior Executive Officer	
		Jun. 2004	Director and Group Senior Executive Officer	
		Mar. 2005	Director and Managing Executive Officer	
		Apr. 2010	Chairman and Chief Executive Officer, USHIO LIGHTING, INC. (incumbent)	
			Director and Group Managing Executive Officer	
		Jun. 2010	Director and Managing Executive Officer (incumbent)	
		(Significant concurrent position) Chairman and Chief Executive Officer, USHIO LIGHTING, INC.		
<Reasons for electing Mr. Shiro Ushio as a candidate for Director> Mr. Shiro Ushio has directed illumination and imaging-related businesses of domestic Group companies for many years, and contributed to the growth and development of businesses by implementing Group strategies. The Company has judged that with such extensive experience and knowledge, he would continue to perform an appropriate role in overall management toward further improving corporate value. Accordingly, the Company proposes him as a candidate for Director.				
4	Hiroaki Banno (October 3, 1954)	Mar. 1978	Joined USHIO INC.	10,600
		Apr. 2002	Executive Officer	
		Apr. 2004	Senior Executive Officer	
		Apr. 2007	Managing Executive Officer	
		Jun. 2007	Director and Managing Executive Officer (incumbent)	
		Apr. 2011	General Manager, Asian Marketing Office and General Manager, Business Division II, Operation Division	
		Apr. 2013	General Manager, Asian Marketing Office and General Manager, Business Division II	
		Apr. 2014	General Manager, SSLS Division and In charge of Business Division III	
		Oct. 2014	General Manager, SSLS Division	
		Apr. 2016	General Manager, SSLS Headquarters (incumbent)	
<Reasons for electing Mr. Hiroaki Banno as a candidate for Director> Mr. Hiroaki Banno has directed the light sources business of domestic and overseas Group companies for many years and contributed to the growth of existing businesses and the creation of new businesses. The Company has judged that with such extensive experience and knowledge, he would continue to perform an appropriate role in overall management toward further improving corporate value. Accordingly, the Company proposes him as a candidate for Director.				

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
5	<div>Outside Director</div> Tadashi Nakamae (December 24, 1938)	Apr. 1962    Joined Daiwa Securities Co., Ltd. Oct. 1985    Chief Economist, Daiwa Research Institute Ltd. (currently Daiwa Institute of Research Ltd.) Jun. 1986    President and Founder, Nakamae International Economic Research (incumbent) Jun. 2012    Outside Director (incumbent) (Significant concurrent position) President, Nakamae International Economic Research	1,000
	<p>&lt;Reasons for electing Mr. Tadashi Nakamae as a candidate for Outside Director&gt;</p> <p>Mr. Tadashi Nakamae has a wealth of knowledge on international economics and global markets, as well as significant insights backed by extensive experience as a business manager. The Company has judged that with such strengths, he would continue to appropriately undertake managerial roles, which include advising the management of the Company and supervising the execution of business. Accordingly, the Company proposes him as a candidate for Outside Director.</p> <p>&lt;Independence&gt;</p> <p>There is no business relationship between the firm Mr. Tadashi Nakamae represents and the Company. There are also no special interests between Mr. Tadashi Nakamae and the Company. Based on the aforementioned background, the Company judged that Mr. Tadashi Nakamae is an Independent Director who has no conflicts of interest with ordinary shareholders, and has registered him as an Independent Director with the Tokyo Stock Exchange, Inc. in conformity with the regulations thereof. Provided Mr. Tadashi Nakamae is appointed to Outside Director as proposed, he will continue to be an Independent Director.</p>		

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
6	<div>Outside Director</div> Yoshinari Hara (April 3, 1943)	Apr. 1967    Joined Daiwa Securities Co., Ltd. Jun. 1991    Director, Daiwa Securities Co., Ltd. Sep. 1995    Managing Director, Daiwa Securities Co., Ltd. Oct. 1997    President and Representative Director, Daiwa Securities Co., Ltd. Apr. 1999    President and Representative Director and CEO, Daiwa Securities Group Inc. President and Representative Director, Daiwa Securities Co., Ltd. Jun. 2004    Chairman of the Board and Director, Daiwa Securities Group Inc. Jun. 2008    Chief Corporate Advisor, Daiwa Securities Group Inc. Jun. 2012    Honorary Advisor, Daiwa Securities Group Inc. (incumbent) Jun. 2014    Outside Director (incumbent) (Significant concurrent position) Honorary Advisor, Daiwa Securities Group Inc.	600
	<p>&lt;Reasons for electing Mr. Yoshinari Hara as a candidate for Outside Director&gt;</p> <p>Mr. Yoshinari Hara has a wealth of experience obtained managing the activities of a securities company, and has in-depth knowledge of capital markets. The Company has judged that with such strengths, he is expected to continue to appropriately perform managerial roles, which include advising the management of the Company and supervising the execution of business. Accordingly, the Company proposes him as a candidate for Outside Director.</p> <p>&lt;Independence&gt;</p> <p>Mr. Yoshinari Hara was formerly the representative director of a securities company with which the Company has business transactions, the percentage of such transactions against net sales of the securities company and of the Company is small in value and there are no transactions that have an impact on the decision-making of the Company. There are also no special interests between Mr. Yoshinari Hara and the Company. Based on the aforementioned background, the Company judged that Mr. Yoshinari Hara is an Independent Director who has no conflicts of interest with ordinary shareholders, and has registered him as an Independent Director with the Tokyo Stock Exchange, Inc. in conformity with the regulations thereof. Provided Mr. Yoshinari Hara is appointed Outside Director as proposed, he will continue to be an Independent Director.</p>		

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
7	<div>Outside Director</div> <p>Yasufumi Kanemaru (March 12, 1954)</p>	<p>Apr. 1979    Joined TKC Corporation  Apr. 1982    Joined Logic Systems International, Inc.  Sep. 1985    Director, NTT PC Communications Incorporated  Nov. 1989    Established Future System Consulting Corp.(currently Future Corporation) and served as President and Chief Executive Officer  Mar. 2006    Chairman, President and Chief Executive Officer, Future System Consulting Corp.  Jan. 2007    Chairman and Chief Executive Officer, Future Architect, Inc. (currently Future Corporation)  Mar. 2011    Chairman, President and Chief Executive Officer, Future Architect, Inc.  Jun. 2015    Outside Director (incumbent)  Jul. 2015    Chairman, Future Architect, Inc.  Apr. 2016    Chairman, President and Group Chief Executive Officer, Future Corporation (incumbent)  Chairman, Future Architect, Inc.(incumbent)  (Significant concurrent position)  Chairman, President and Group Chief Executive Officer, Future Corporation  Chairman, Future Architect, Inc.  Representative Executive Officer &amp; Executive Vice President, National Institute for Research Advancement</p>	1,500
<p>&lt;Reasons for electing Mr. Yasufumi Kanemaru as a candidate for Outside Director&gt;  Mr. Yasufumi Kanemaru has gained extensive experience and knowledge through his career as the founder of a telecommunications and IT consulting firm and as a business manager. The Company has judged that with such strengths, he is expected to continue to appropriately perform managerial roles, which include advising the management of the Company and supervising the execution of business. Accordingly, the Company proposes him as a candidate for Outside Director.</p> <p>&lt;Independence&gt;  The firm for which Mr. Yasufumi Kanemaru serves as the representative and the Company has a business relationship, the percentage of business transactions against net sales of the firm and of the Company is small in value and there are no transactions that have an impact on the decision-making of the Company. There are also no special interests between Mr. Yasufumi Kanemaru and the Company. Based on the aforementioned background, the Company judged that Mr. Yasufumi Kanemaru is an Independent Director who has no conflicts of interest with ordinary shareholders, and has registered him as an Independent Director with the Tokyo Stock Exchange, Inc. in conformity with the regulations thereof. Provided Mr. Yasufumi Kanemaru is appointed Outside Director as proposed, he will continue to be an Independent Director.</p>			

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
8	<div> <div>Newly Elected</div> <div>Outside Director</div> </div> <p>Shuichi Hattori (November 25, 1953)</p>	<p>Apr. 1984 Attorney-at-law (incumbent)</p> <p>Apr. 1990 Legal Adviser of the Company (incumbent)</p> <p>Jun. 2004 Outside Audit &amp; Supervisory Board Member (incumbent)</p> <p>Apr. 2007 Lecturer responsible for Financial Instruments and Exchange Act, Keio University Law School (incumbent)</p> <p>Jun. 2009 Outside Audit &amp; Supervisory Board Member, Look Inc.(incumbent)</p> <p>Jun. 2015 Outside Audit &amp; Supervisory Board Member, Tokyo Tatemono Co., Ltd.(incumbent)</p> <p>(Significant concurrent positions)</p> <p>Attorney-at-law</p> <p>Outside Audit &amp; Supervisory Board Member, Look Inc.</p> <p>Outside Audit &amp; Supervisory Board Member, Tokyo Tatemono Co., Ltd.</p>	3,700
	<p>&lt;Reasons for electing Mr. Shuichi Hattori as a candidate for Outside Director&gt;</p> <p>Mr. Shuichi Hattori, as a lawyer specializing in corporate legal affairs, has in-depth specialized knowledge of laws, considerable insights into corporate management, and supervisory capabilities. The Company has judged that with such strengths, he is expected to appropriately perform managerial roles, which include advising the management of the Company and supervising the execution of business. Accordingly, the Company proposes him as a candidate for Outside Director. Although he has no direct corporate management experience, the Company believes he is capable of appropriately performing the duties of an Outside Director based on the aforementioned reasons.</p> <p>&lt;Independence&gt;</p> <p>Mr. Shuichi Hattori and the Company have concluded an advisory contract, and while the Company pays legal advisory fees to Mr. Shuichi Hattori, the amount of compensation is not large and does not cause the law office to which Mr. Shuichi Hattori belongs to be economically dependent on the Company, and there is no business relationship that may impact the decision-making of the Company. Based on the aforementioned background, the Company judged that Mr. Shuichi Hattori is an Independent Audit &amp; Supervisory Board Member who has no conflicts of interest with ordinary shareholders, and has registered him as an Independent Audit &amp; Supervisory Board Member with the Tokyo Stock Exchange, Inc. in conformity with the regulations thereof. Provided Mr. Shuichi Hattori is appointed Outside Director as proposed, he will continue to be an Independent Director.</p>		

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
9	<div> <div>Newly Elected</div> <div>Outside Director</div> </div> <p>Sakie T. Fukushima (September 10, 1949)</p>	<p>Jun. 1980    Joined Braxton International  Sep. 1987    Joined Bain &amp; Company, Inc.  Aug. 1991    Joined Korn/Ferry International-Japan  May 1995    Director, Korn/Ferry International  Sep. 2000    Regional Managing Director, Korn/Ferry International-Japan  Jul. 2001    President and Representative Director, Korn/Ferry International-Japan  May 2009    Chairman &amp; Representative Director, Korn/Ferry International-Japan  Mar. 2010    Outside Director, Bridgestone Corporation (incumbent)  Jul. 2010    President &amp; Representative Director, G&amp;S Global Advisors Inc. (incumbent)  Jun. 2011    Outside Director, Ajinomoto Co., Inc. (incumbent)  May 2012    Outside Director, J. Front Retailing Co., Ltd. (incumbent)  Jun. 2013    Outside Director, Mitsubishi Corporation (incumbent)</p> <p>(Significant concurrent positions)  Outside Director, Bridgestone Corporation  President &amp; Representative Director, G&amp;S Global Advisors Inc.  Outside Director, Ajinomoto Co., Inc.  Outside Director, J. Front Retailing Co., Ltd.  Outside Director, Mitsubishi Corporation</p>	0
<p>&lt;Reasons for electing Ms. Sakie T. Fukushima as a candidate for Outside Director&gt;  Ms. Sakie T. Fukushima has considerable global insights, and extensive knowledge and experience of managing a global business. The Company has judged that with such strengths, she is expected to appropriately perform managerial roles, which include advising the management of the Company and supervising the execution of business. Accordingly, the Company proposes her as a candidate for Outside Director.</p> <p>&lt;Independence&gt;  There is no business relationship between the firm Ms. Sakie T. Fukushima represents and the Company. There are also no special interests between Ms. Sakie T. Fukushima and the Company. Based on the aforementioned background, the Company judged that Ms. Sakie T. Fukushima is an Independent Director who has no conflicts of interest with ordinary shareholders. Provided she is appointed Outside Director as proposed, the Company will register her as an Independent Director with the Tokyo Stock Exchange, Inc. in conformity with the regulations thereof.</p>			

Notes:

1. Mr. Jiro Ushio concurrently serves as Chairman of The USHIO Foundation to which the Company makes donations.
2. (i) Mr. Tadashi Nakamae will have served as Outside Director of the Company for four (4) years at the close of this Annual General Meeting of Shareholders.  
(ii) Mr. Yoshinari Hara will have served as Outside Director of the Company for two (2) years at the close of this Annual General Meeting of Shareholders.  
(iii) Mr. Yasufumi Kanemaru will have served as Outside Director of the Company for one (1) year at the close of this Annual General Meeting of Shareholders.  
(iv) Mr. Shuichi Hattori will have served as Outside Audit & Supervisory Board Member of the Company for twelve (12) years at the close of this Annual General Meeting of Shareholders.
3. Ms. Sakie T. Fukushima serves as Outside Director of Mitsubishi Corporation, but will retire from the position of Outside Director at the close of the firm's annual general meeting of shareholders scheduled on June 24, 2016.
4. The Company and each Mr. Tadashi Nakamae, Mr. Yoshinari Hara, Mr. Yasufumi Kanemaru and Mr. Shuichi Hattori have in place between them an agreement that limits the liability of damages provided in Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said Act. Under this agreement, the liabilities are limited to the extent prescribed by law. If the appointment of Mr. Tadashi Nakamae, Mr. Yoshinari Hara, Mr. Yasufumi Kanemaru and Mr. Shuichi Hattori is approved, the Company intends to continue the liability limitation agreement with each of them. If Ms. Sakie T. Fukushima is elected, the Company plans to conclude the liability limitation agreement in the same manner.



**Agenda No. 4:** Election of Three (3) Directors who are Audit & Supervisory Committee Members

Provided Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as proposed, the Company shall transition to a company with an Audit & Supervisory Committee. The Company hereby proposes the election of three (3) Directors who are Audit & Supervisory Committee Members.

This agenda shall come into effect provided amendments to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Articles of Incorporation” become effective.

The following are candidates for Directors who are Audit & Supervisory Committee Members.

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held		Number of the Company's shares owned
1	Nobuyuki Kobayashi (March 19, 1959)	Apr. 1982	Joined USHIO INC.	3,560
		Apr. 2007	Executive Officer	
		Apr. 2011	General Manager, Business Planning Department, Operation Division	
		Jul. 2011	Senior Executive Officer	
		Apr. 2013	General Manager, Corporate Management Division	
			General Manager, Business Planning Department, Corporate Management Division	
		Jun. 2013	Director and Managing Executive Officer (incumbent)	
		Apr. 2014	General Manager, Corporate Management Division	
		Apr. 2016	In charge of Corporate Headquarter (incumbent)	
	<p>&lt;Reasons for electing Mr. Nobuyuki Kobayashi as a candidate for Director&gt;</p> <p>Mr. Nobuyuki Kobayashi has experience working in the Accounting, Finance, and IT Departments of the Company over many years, and has also undertaken management roles as Director in charge of the Administration Department. The Company has judged that with his depth of specialized knowledge and extensive experience, he is expected to fairly and adequately perform audits and supervise the execution of business. Accordingly, the Company proposes him as a candidate for Director who is an Audit &amp; Supervisory Committee Member.</p>			

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
2	<div>Outside Director</div> Masanori Yoneda (July 24, 1950)	Apr. 1974    Joined The Dowa Fire and Marine Insurance Co., Ltd. (currently, Aioi Nissay Dowa Insurance Co., Ltd.) Jun. 2003    Director, Nissay Dowa General Insurance Co., Ltd. (currently, Aioi Nissay Dowa Insurance Co., Ltd.) Apr. 2010    Director and Vice President Executive Officer, Nissay Dowa General Insurance Co., Ltd. Director and Executive Officer, MS&AD Insurance Group Holdings, Inc. Oct. 2010    Director and Vice President Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd. Jun. 2012    Representative Director and Vice President Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd. Representative Director and Executive Officer, MS&AD Insurance Group Holdings, Inc. Apr. 2014    Corporate Advisor, Aioi Nissay Dowa Insurance Co., Ltd. Jun. 2014    Outside Audit & Supervisory Board Member (incumbent)	600
<p>&lt;Reasons for electing Mr. Masanori Yoneda as a candidate for Outside Director&gt;  Mr. Masanori Yoneda has broad insights and extensive experience obtained managing an insurance company. The Company has judged that with such strengths, he is expected to fairly and adequately perform audits and supervise the execution of business. Accordingly the Company proposes him as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member.</p> <p>&lt;Independence&gt;  Mr. Masanori Yoneda was formerly the representative director of a non-life insurance company with which the Company has a relationship, the percentage of transactions against net sales of the insurance company and of the Company is small in value, and there is no business relationship that may impact the decision-making of the Company. There are also no special interests between Mr. Masanori Yoneda and the Company. Based on the aforementioned background, the Company has judged that Mr. Masanori Yoneda is an Independent Audit &amp; Supervisory Board Member who has no conflicts of interest with ordinary shareholders, and has registered him as an Independent Audit &amp; Supervisory Board Member with the Tokyo Stock Exchange, Inc. in conformity with the regulations thereof. Provided Mr. Masanori Yoneda is appointed Outside Director as proposed, he will continue to be an Independent Director.</p>			

Candidate number	Name (Date of Birth)	Brief profile, position, responsibility at the Company and significant concurrent positions held	Number of the Company's shares owned
	<div>Outside Director</div> Nobuyoshi Yamaguchi (January 20, 1955)	Apr. 1977    Joined The Kyowa Bank, Ltd.(currently Resona Bank, Ltd.) Jun. 2003    Executive Officer, Resona Bank, Ltd. Jun. 2010    Director and Senior Managing Executive Officer, Resona Bank, Ltd. Apr. 2013    Representative Director, Resona Card Co., Ltd. Jun. 2014    Outside Director, NAKABAYASHI CO., LTD. (incumbent) Apr. 2015    Senior Director, TOKYO KANTEI Co., Ltd. Dec. 2015    Outside Director, S・K・I. CORPORATION (incumbent) (Significant concurrent position) Outside Director, NAKABAYASHI CO., LTD. Outside Director, S・K・I. CORPORATION	0
3	<p>&lt;Reasons for electing Mr. Nobuyoshi Yamaguchi as a candidate for Outside Director&gt;</p> <p>Mr. Nobuyoshi Yamaguchi has broad insights and extensive experience obtained managing a financial institution. The Company has judged that with such strengths, he is expected to fairly and adequately perform audits and supervise the execution of business. Accordingly the Company proposes him as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member.</p> <p>&lt;Independence&gt;</p> <p>Mr. Nobuyoshi Yamaguchi comes from a bank with which the Company has a relationship, the percentage of borrowings from the bank against total assets of the Company is small in amount and the Company is essentially under a non-debt status, and there is no business relationship that may impact the decision-making of the Company. There are also no special interests between Mr. Nobuyoshi Yamaguchi and the Company. Based on the aforementioned background, the Company judged that Mr. Nobuyoshi Yamaguchi is an Independent Director who has no conflicts of interest with ordinary shareholders. Provided Mr. Nobuyoshi Yamaguchi is appointed Outside Director as proposed, the Company will register him as an Independent Director with the Tokyo Stock Exchange, Inc. in conformity with the regulations thereof.</p>		

Notes:

1. Mr. Masanori Yoneda will have served as Outside Audit & Supervisory Board Member of the Company for two (2) years at the close of this Annual General Meeting of Shareholders.
2. The Company and Mr. Masanori Yoneda have in place between them an agreement that limits the liability of damages provided in Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said Act. Under this agreement, the liabilities are limited to the extent prescribed by law. If the appointment of Mr. Masanori Yoneda is approved, the Company intends to continue the liability limitation agreement with each of them. If Mr. Nobuyoshi Yamaguchi is elected, the Company plans to conclude the liability limitation agreement in the same manner.

**Agenda No. 5:** Decision of Amount of Remunerations for Directors (excluding directors who are Audit & Supervisory Committee Members)

Pursuant to the resolution passed at the 44th Annual General Meeting of Shareholders held on June 28, 2007, the Company set the remuneration limit for Directors of the Company at 45 million yen per month (excluding salaries paid as the employee portion for Directors who also work as employees). Provided Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as proposed, the Company shall transition to a company with an Audit & Supervisory Committee. Considering various circumstances including economic conditions in recent years, the Company hereby proposes that after the transition to a company with an Audit & Supervisory Committee, the remuneration limit for Directors (excluding Directors who are Audit & Supervisory Committee Members and the same shall apply hereinafter) shall be set at 540 million yen per year (of which the portion for Outside Directors shall be up to 84 million yen), and decisions on specific remuneration for each Director and the timing of payments, etc. shall be made through resolutions passed at meetings of the Board of Directors. The aforementioned remuneration shall exclude salaries paid as the employee portion for Directors who also work as employees.

While the Company has eleven (11) Directors (including three (3) Outside Directors) currently, provided Agenda No. 2, “Partial Amendment to the Articles of Incorporation” and Agenda No. 3, “Election of nine (9) Directors (excluding Directors who are Audit & Supervisory Committee Members)” are approved as proposed, the number of Directors shall become nine (9) (including five (5) Outside Directors).

This agenda shall come into effect provided amendments to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Article of Incorporation” become effective.

**Agenda No. 6:** Decision of Amount of Remunerations for Directors who are Audit & Supervisory Committee Members

Provided Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as proposed, the Company shall transition to a company with an Audit & Supervisory Committee. Considering various circumstances including economic conditions in recent years, the Company hereby proposes that after the transition to a company with an Audit & Supervisory Committee, the remuneration limit for Directors who are Audit & Supervisory Committee Members shall be set at 84 million yen per year, and decisions on specific remuneration for each Director who is an Audit & Supervisory Committee Member and the timing of payments, etc. shall be made through discussions among Directors who are Audit & Supervisory Committee Members.

Provided Agenda No. 2, “Partial Amendment to the Articles of Incorporation” and Agenda No. 4, “Election of three (3) Directors who are Audit & Supervisory Committee Members” are approved as proposed, the number of Directors who are Audit & Supervisory Committee Members shall become three (3).

This agenda shall come into effect provided amendments to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Article of Incorporation” become effective.

**Agenda No. 7: Decision of Amount and Contents of Stock Remuneration for Directors and Executive Officers**

1. Reasons for the proposal and reasons justifying such remuneration

Pursuant to the resolution of the 52nd Annual General Meeting of Shareholders held on June 26, 2015, the Company has adopted a stock remuneration plan (“Plan”) for Directors and Executive Officers. Provided Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as proposed, the Company shall transition to a company with an Audit & Supervisory Committee, and in conjunction with transition, the Company proposes to abolish the remuneration limit of the existing Plan applied to existing Directors and Executive Officers, and establish a new remuneration limit for stock remuneration, which shall be granted based on his or her position and the degree of accomplishment of business performance for each business year in line with the Plan for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and Executive Officers (excluding overseas residents, and hereinafter collectively “Directors, etc.”).

This remuneration limit, like the remuneration limit of the existing Plan, shall be established separately from the remuneration limit of the proposed Agenda No. 5, “Decision of Amount of Remunerations for Directors (excluding directors who are Audit & Supervisory Committee Members).”

This agenda is proposed due to a procedural reason that arises in conjunction with the transition to a company with an Audit & Supervisory Committee, and the contents of substantive remuneration are deemed appropriate because they are the same as those approved upon passage of the resolution of the 52nd Annual General Meeting of Shareholders held on June 26, 2015.

There are currently eight (8) Directors and ten (10) Executive Officers who are subject to the Plan. Provided Agenda No. 3, “Election of Nine (9) Directors (excluding directors who are Audit & Supervisory Committee Members)” is approved as proposed, the number of eligible Directors and Executive Officers will be four (4) and eleven (11), respectively.

This agenda shall come into effect provided amendments to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Articles of Incorporation” become effective.

2. The amount and contents of remuneration under the Plan

(i) Outline of the Plan

The Plan is a stock remuneration plan in which Company’s shares will be acquired through the trust using the money, which is equivalent to the remuneration for Directors etc., contributed by the Company, and delivery and payment (“Delivery, etc”) of the Company shares and the cash equivalent of the conversion value of said shares (“Company Shares, etc”) to Directors, etc will be conducted based on his or her position and the degree of accomplishment of business performance (consolidated operating profit/ROE). Notwithstanding the foregoing, Delivery, etc of the Company shares, etc will be conducted, in principle, after retiring the director position (or in the case where it has been decided that the Directors, etc are to become overseas residents due to overseas assignment, hereinafter collectively referred to as “Time of Delivery”).

(ii) Upper Limit to Money to be Contributed by the Company

The Plan is aimed for three (3) consecutive business years (Initially, the three (3) business years starting from the business year that ended on 31 March 2016 up to the end of 31 March 2018, if the trust period set forth below is extended, each of the following three (3) business years. The same applies throughout. “Relevant Period”).

The Company will contribute no more than a total of 620 million yen as Directors, etc remuneration for each Relevant Period, and set up a trust having a three-year trust term (“Trust”) (including extending such trust), beneficiaries of which are Directors, etc who meet the beneficiary requirements. The Trust will acquire the Company’s shares from the Company (disposal of own shares) or the stock market using the money contributed by the Company, in accordance with the direction of the trust administrator.

Continuation of the Trust at the expiration of the Trust Period is possible by revising the trust contract and by implementing an additional trust by resolution of the Board of Directors meeting. In such a case, the contract period of the Trust will be extended by only the same period as the initial trust period, and the Company will in each extended trust period make additional contribution to the Trust within no more than a total of 620 million yen, and during the extended trust period will continue to award points set forth below to Directors, etc. When an additional contribution is made and there are remaining Company shares (excluding Company shares corresponding to points awarded to Directors, etc, and with respect to which the Delivery, etc have not yet been

conducted, hereinafter referred to as “Remaining Shares”) and cash (together with the Remaining Shares hereinafter referred to as “Remaining Shares, etc”) as Trust assets on the last day of the trust period before being extended, the total value of the Remaining Shares, etc and the additional contribution of trust money shall be no more than a total of 620 million yen.

Pursuant to the resolution of the 52nd Annual General Meeting of Shareholders held on June 26, 2015, the Company established the Trust with the initial Relevant Period set, and the Trust purchased Company stock from the stock market using funds in the Trust to which the Company contributed monies at the maximum of 620 million yen.

(iii) Calculation and Upper Limit of Company shares to be Received by Directors, etc

Directors, etc will be awarded a set number of points on the last day of May each year in the trust period based on his or her position and the degree of accomplishment of business performance in that business year ending 31 March (namely the previous fiscal year, hereinafter “Target Fiscal Year”). One point equals one Company share. If, during the trust period, there is an event, considering which a point adjustment is deemed to be fair, including a stock split or reverse split, adjustment of the ratio shall be conducted corresponding to the split/reverse split ratio.

Awarding of points will be carried out each year in the trust period (hereinafter cumulative value of the number of points awarded each year to be referred to as “Cumulative Points”). The points to be awarded will be calculated by multiplying the base points for each position by a payment factor corresponding to the degree of accomplishment of business performance in the Target Fiscal Year. The Delivery, etc of the Company Shares, etc to the Directors, etc will be conducted based on the number of Cumulative Points at the Time of Delivery.

The upper limit of total points that Directors, etc may be awarded in one year is 110,000 points.

(iv) Time Period of Company Shares, etc to Directors, etc

Directors, etc who fulfill the beneficiary requirements may, upon carrying out prescribed beneficiary defined procedures, receive Company shares from the Trust corresponding to the prescribed ratio of the number of Cumulative Points awarded until the Time of Delivery, and the remaining Company shares will be converted within the Trust to an equivalent cash value, and paid to the Directors, etc.