

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 8424)

May 31, 2018

To our shareholders:

Yasunori Tsujita,  
President and Chief Executive Officer  
**Fuyo General Lease Co., Ltd.**  
3-3-23, Kanda-Misaki-cho, Chiyoda-ku,  
Tokyo

## Notice of the 49th Annual General Meeting of Shareholders

You are cordially invited to attend the 49th Annual General Meeting of Shareholders (the “Meeting”) of Fuyo General Lease Co., Ltd. (the “Company”), which will be held as indicated below.

If you are unable to attend the Meeting in person, you can exercise your voting rights in writing (by mail) or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the guidance on page 3.

- 1. Date and Time:** Friday, June 22, 2018, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)
- 2. Venue:** Conference Room, 11th floor, Head office building of the Company  
3-3-23, Kanda-Misaki-cho, Chiyoda-ku, Tokyo

Please note that no gift will be provided for attendees at the meeting.  
We greatly appreciate your understanding.

### 3. Purpose of the Meeting

#### Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 49th fiscal year (from April 1, 2017 to March 31, 2018), and the results of audits of the Consolidated Financial Statements by the Independent Accounting Auditor and the Board of Corporate Auditors
2. The Non-consolidated Financial Statements for the 49th fiscal year (from April 1, 2017 to March 31, 2018)

#### Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Election of Nine (9) Directors  
**Proposal No. 3:** Introduction of Stock-based Remuneration Plan for Directors

#### **4. Matters Prescribed for Convocation**

- (1) If you diversely exercise your voting rights, you are requested to notify the Company in writing of your intention to do so and state the reason for this no later than three days before the meeting.
- (2) If you wish your proxy to attend the Meeting, you are requested to appoint another shareholder of the Company who has voting rights as your proxy, and he/she will be required to present documentary proof of his/her authority to exercise your voting rights in addition to the enclosed Voting Form.

#### **5. Matters relating to the Reference Documents for the General Meeting of Shareholders and the Attached Documents to this Notice**

- (1) The English version of the Reference Documents for the General Meeting of Shareholders to be attached to this Notice contains only the content of pages 5 to 15 of the Japanese Reference Documents (English pages 5 to 17).

Pursuant to the relevant laws and regulations and Article 16 of the Company's Articles of Incorporation, the following items are posted on the Company's website. (<http://www.fgl.co.jp/>) Those documents are in Japanese only.

- (i) Status of Subscription Rights to Shares in the Business Report
- (ii) Consolidated Statements of Shareholders' Equity and Notes to the Consolidated Financial Statements
- (iii) Non-consolidated Statements of Shareholders' Equity and Notes to the Non-consolidated Financial Statements

The Corporate Auditors and the Independent Accounting Auditor have audited target documents including the aforementioned items posted on the Company's website.

- (2) If any changes are made to items in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements, such changes will be posted on the Company's website stated above.

- When you attend the Meeting, you are kindly requested to present the enclosed Voting Form at the reception.

## Exercise of Voting Rights

### **If you are able to attend the meeting**



You are kindly requested to present the enclosed Voting Form at the reception when you attend the meeting in person.

Date and time of the General Meeting of Shareholders	▶▶▶	Friday, June 22, 2018, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)
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### **If you are unable to attend the meeting**

#### ■ Exercise of Voting Rights by mail



Please indicate your approval or disapproval in respect of each proposal on the enclosed Voting Form and send the form back to the Company.

Deadline for exercising voting rights	▶▶▶	Voting Form arrives no later than Thursday, June 21, 2018
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#### ■ Exercise of Voting Rights via the Internet



Please refer to the following “Exercise of Voting Rights via the Internet” (page 4) and indicate your approval or disapproval in respect of each proposal by accessing the Exercise of Voting Rights Website (<https://soukai.mizuho-tb.co.jp/>) designated by the Company.

Deadline for exercising voting rights	▶▶▶	No later than Thursday, June 21, 2018, 5:20 p.m. (JST)
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If you exercise your voting rights both by mail and via the Internet, the one exercised via the Internet will be deemed valid.

## Exercise of Voting Rights via the Internet

### 1. How to Exercise Voting Rights via the Internet

- (1) Instead of voting by mail, you may vote via the Internet by accessing the designated “Exercise of Voting Rights Website (the “Website”)” (refer to the URL below). To use the Website, you need to log in with the “Exercise of Voting Rights Code” and the “Password” printed on the right-hand side of the enclosed Voting Form, and enter information in accordance with the instructions on the screen. For security reasons, you are instructed to change your password when you log in for the first time.

<https://soukai.mizuho-tb.co.jp/>



- (2) The deadline for voting is 5:20 p.m. (JST) on Thursday, June 21, 2018 and votes must be finished by that time. The Company recommends your early voting.
- (3) If you exercise your voting rights, both by mail and via the Internet, only votes exercised via the Internet shall be deemed valid. If you exercise your voting rights multiple times via the Internet, only your final vote shall be deemed valid.
- (4) Your password (including the password which you have changed) shall be effective only for this General Meeting of Shareholders. A new password will be issued for the next General Meeting of Shareholders.
- (5) Costs incurred when accessing the Internet are to be borne by the shareholders.

(Notes)

- The password is a means to confirm that the person voting is the relevant shareholder. The Company will never ask for your password.
- If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use the Website. Please follow the instructions indicated in the guidance on the screen.
- Operational checks have been carried out for the Website by common Internet connection equipment, however, there are some cases the Website may not work depending on the equipment.

### 2. Inquiries

If you have any inquiries, please contact the Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd., which is the Company’s shareholder register administrator.

- (1) Inquiries regarding operation of the Exercise of Voting Rights Website (the Website):  
Tel: 0120-768-524 (toll free only from Japan) (Business hours: 9:00 a.m. to 9:00 p.m. on weekdays)
- (2) Inquiries regarding share procedures other than the above:  
Tel: 0120-288-324 (toll free only from Japan) (Business hours: 9:00 a.m. to 5:00 p.m. on weekdays)

(Reference)

Institutional investors may use the ICJ platform to electronically exercise the voting rights.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

1. Year-end dividends

Fuyo General Lease Group's basic policy in regard to the allocation of profits is to "both enhance shareholders' equity by strengthening the management base and the financial position and enhance the profit return to shareholders by means of long-term continuation of stable dividends, while taking good consideration of the Company's performance and management indicator targets.

In regard to the year-end dividend for the fiscal year under review, the Company, in line with its basic dividend policy, proposes a year-end dividend of ¥78 per share as detailed below, while comprehensively considering the consolidated financial results for the full fiscal year and other factors.

As the Company has already paid an interim dividend of ¥68 per share, the annual dividend for this term will be ¥146 per share, which is ¥16 higher than for the previous fiscal year.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their aggregate amount

¥78 per common share of the Company

Total dividends: ¥2,357,383,938

(3) Effective date of dividends of surplus

June 25, 2018

2. Other Appropriation of surplus

The Company proposes the following appropriation of other surplus with a view to allocating funds for acquiring quality operating assets and other purposes to strengthen the management base going forward.

(1) Item of surplus to be decreased and amount of decrease

Retained earnings brought forward: ¥6,000,000,000

(2) Item of surplus to be increased and amount of increase

General reserve: ¥6,000,000,000

**Proposal No. 2: Election of Nine (9) Directors**

The terms of office of all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders. In addition, Director Hideki Yamada has retired from office due to his resignation on March 31, 2018.

Accordingly, the Company proposes the election of nine (9) Directors, increasing the number of Outside Directors by one (1) in order to further enhance and strengthen corporate governance.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility in the company	Attendance at Board of Directors meetings	
1	Takashi Sato	Director and Chairman (Representative Director)	100% (10/10)	
2	Yasunori Tsujita	President and Chief Executive Officer (Representative Director)	100% (10/10)	
3	Shozo Kazama	Director and Deputy President (Representative Director) Assistance to overall operations of the Company, Supervising Planning, and Administration Department Supervising Sales Department Supervising Group Governance, Supervising Compliance, Responsible for General Affairs Division	100% (10/10)	
4	Shinya Aizawa	Senior Managing Director Supervising Overseas Department Responsible for International Division, International Strategic Investment Division, International Business Promotion Division, and sales branches in Japan	100% (10/10)	
5	Yoriaki Takebe	Senior Managing Executive Officer Supervising Real Estate Department Responsible for Business Planning and Promotion Division (Real Estate), Real Estate Planning Division, and sales branches in Japan	—	
6	Soichi Hosoi	Managing Director Supervising IR and Information Management Department, Supervising Risk Department, Responsible for Corporate Planning Division, Credit Division, Credit Division II, Credit Administration Division, Financial Planning Division, and Finance Division	100% (10/10)	
7	Nobuya Minami	<u>Outside Director</u> <u>Independent</u>	Director	100% (10/10)
8	Seiichi Isshiki	<u>Outside Director</u> <u>Independent</u>	Director	100% (10/10)
9	Hideo Ichikawa	<u>Outside Director</u> <u>Independent</u>	—	—

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	<p style="text-align: center;">Takashi Sato (March 18, 1953)</p> <p style="text-align: center;"><span style="border: 1px solid black; padding: 2px;">Reelection</span></p>	<p>Apr. 1977      Joined The Fuji Bank, Limited.</p> <p>Mar. 2006      Managing Executive Officer of Mizuho Corporate Bank, Ltd. (retired in March 2009)</p> <p>May 2009      Deputy President and Executive Officer of the Company</p> <p>June 2009      Director and Deputy President Deputy President and Executive Officer Representative Director (current position)</p> <p>Nov. 2009      President and Chief Executive Officer President and Executive Officer</p> <p>Apr. 2016      Director and Chairman To present</p>	8,500
<p>[Reasons for nomination as a candidate for Director]</p> <p>Takashi Sato acquired abundant operational experience and management experience while at Mizuho Financial Group. Furthermore, in the years 2009 onward, he served as Director and Deputy President, Deputy President and Executive Officer, President and Chief Executive Officer, and President and Executive Officer of the Company. As such, he has developed thorough knowledge of overall operations by supervising overall operations, equipping him with a wealth of management experience. In light of his achievements as a supervisor of operations, and believing that Mr. Sato will utilize the aforementioned experience and insight on the Board of Directors to enhance the effectiveness of its decision-making function and oversight function, the Company once again nominates him as a candidate for Director.</p>			

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	Yasunori Tsujita (June 28, 1956)  <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div>	Apr. 1981      Joined The Fuji Bank, Limited. Apr. 2013      Deputy President-Executive Officer of Mizuho Financial Group, Inc. (until June 2013) Deputy President-Executive Officer of Mizuho Bank, Ltd. (until November 2013) Deputy President-Executive Officer of Mizuho Corporate Bank, Ltd. (until July 2013) Managing Executive Officer of Mizuho Trust & Banking Co., Ltd. (until April 2014) Managing Executive Officer of Mizuho Securities Co., Ltd. (until April 2014) June 2013      Deputy President-Executive Officer, Member of the Board of Directors (Representative Director) of Mizuho Financial Group, Inc. (until June 2014) Nov. 2013      Deputy President-Executive Officer, Member of the Board of Directors of Mizuho Bank, Ltd. (until March 2015) June 2014      Member of the Board of Directors and Deputy President & Executive Officer (Representative Executive Officer) of Mizuho Financial Group, Inc. (until March 2015) Apr. 2015      Member of the Board of Directors (retired in June 2015) May 2015      Deputy President and Executive Officer of the Company June 2015      Director and Deputy President Deputy President and Executive Officer Representative Director (current position) Apr. 2016      President and Chief Executive Officer President and Executive Officer To present	3,100
<p>[Reasons for nomination as a candidate for Director]</p> <p>Yasunori Tsujita acquired management experience at financial institutions while serving in such positions as Deputy President-Executive Officer, Member of the Board of Directors of Mizuho Financial Group and Deputy President-Executive Officer, Member of the Board of Directors of Mizuho Bank. Furthermore, in the years 2015 onward, he has supervised the overall operations of the Company in his positions as Director and Deputy President, Deputy President and Executive Officer, and President and Chief Executive Officer, President and Chief Executive Officer of the Company, equipping him with a wealth of management experience. In light of his achievements as a supervisor of operations, and believing that Mr. Tsujita will utilize the aforementioned experience and insight to enhance the effectiveness of the Board of Directors' decision-making function and oversight function, the Company once again nominates him as a candidate for Director.</p>			



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	Shozo Kazama (April 5, 1956)  <u>Reelection</u>	<p>Apr. 1979      Joined The Fuji Bank, Limited</p> <p>Mar. 2006      Executive Officer, General Manager of Shinbashi Branch of Mizuho Bank, Ltd.</p> <p>Apr. 2009      Managing Executive Officer, General Manager of Business Unit of Mizuho Research Institute Ltd. (retired in April 2010)</p> <p>May 2010      Senior Managing Executive Officer of the Company</p> <p>June 2010      Senior Managing Director and Senior Managing Executive Officer</p> <p>Apr. 2014      Representative Director (current position)</p> <p>Apr. 2018      Director and Deputy President Deputy President and Executive Officer To present</p>	4,300
<p>[Reasons for nomination as a candidate for Director]</p> <p>Shozo Kazama, in the years 2010 onward, has acquired abundant operational experience as the Company's Senior Managing Director and Senior Managing Executive Officer, including not only being in charge of human resources, general administration, finance, and credit processes but also supervising the overall operations of the Corporate Planning and Administration Department. Moreover, since April 2018, he has assisted the President with overall operations as the Company's Director and Deputy President, and Deputy President and Executive Officer. Believing that Mr. Kazama will utilize the aforementioned experience and insight on the Board of Directors to enhance the effectiveness of its decision-making function and oversight function, the Company once again nominates him as a candidate for Director.</p>			
4	Shinya Aizawa (July 10, 1959)  <u>Reelection</u>	<p>Apr. 1982      Joined The Fuji Bank, Limited</p> <p>Apr. 2010      Executive Officer, General Manager of Internal Audit Division of Mizuho Corporate Bank, Ltd. (retired in April 2011)</p> <p>May 2011      Managing Executive Officer of the Company</p> <p>June 2011      Managing Director and Managing Executive Officer</p> <p>Apr. 2018      Senior Managing Director and Senior Managing Executive Officer To present</p> <p>[Significant concurrent positions outside the Company]</p> <p>Chairman &amp; CEO of Fuyo General Lease (USA) Inc.</p> <p>Chairman of Fuyo General Lease (HK) Ltd.</p> <p>Chairman and Representative Director of Fuyo General Lease (China) Co., Ltd.</p> <p>Director of FGL Aircraft Ireland Limited</p> <p>Chairman/Director of Fuyo Aviation Capital Europe Limited</p>	3,800
<p>[Reasons for nomination as a candidate for Director]</p> <p>Shinya Aizawa, in the years since 2011 as Managing Director and Managing Executive Officer of the Company, and since April 2018 as Senior Managing Director and Senior Managing Executive Officer of the Company, has acquired abundant operational experience through being in charge of strategy fields of the medium-term management plans, such as aircraft leasing, and international operations, enabling him to develop knowledge on all operations. Believing that Mr. Aizawa will utilize the aforementioned experience and insight on the Board of Directors to enhance the effectiveness of its decision-making function and oversight function, the Company once again nominates him as a candidate for Director.</p>			

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	Yoriaki Takebe (November 22, 1955)  <u>New election</u>	<p>Apr. 1978      Joined The Yasuda Trust &amp; Banking Co., Ltd.</p> <p>Apr. 2005      Executive Officer, General Manager of Real Estate Planning Division of Mizuho Trust &amp; Banking Co., Ltd.</p> <p>June 2009      Executive Managing Director (retired in April 2011)</p> <p>Apr. 2011      Executive Officer, General Manager of Business Promotion Division I of the Company</p> <p>Apr. 2013      Managing Executive Officer</p> <p>Apr. 2018      Senior Managing Executive Officer To present</p>	600
<p>[Reasons for nomination as a candidate for Director]</p> <p>Yoriaki Takebe, in the years since 2011 as Executive Officer of the Company in charge of the Sales Department, and further as Managing Executive Officer and Senior Managing Executive Officer of the Company, has acquired abundant operational experience through supervising the overall operations of the Real Estate Department, enabling him to develop knowledge on all operations. Believing that Mr. Takebe will utilize the aforementioned experience and insight on the Board of Directors to enhance the effectiveness of its decision-making function and oversight function, the Company nominates him as a candidate for Director.</p>			
6	Soichi Hosoi (February 21, 1960)  <u>Reelection</u>	<p>Apr. 1983      Joined The Fuji Bank, Limited</p> <p>Apr. 2013      Executive Officer, General Manager of Financial Planning Division of Mizuho Financial Group, Inc. (retired in April 2014)</p> <p>Executive Officer, General Manager of Financial Planning Division of Mizuho Bank, Ltd. (retired in April 2014)</p> <p>Executive Officer, General Manager of Financial Planning Division of Mizuho Corporate Bank, Ltd. (until July 2013)</p> <p>Apr. 2014      Managing Executive Officer of the Company</p> <p>June 2014      Managing Director and Managing Executive Officer To present</p>	1,700
<p>[Reasons for nomination as a candidate for Director]</p> <p>Soichi Hosoi acquired abundant operational experience such as in financial and accounting operations at Mizuho Financial Group. Furthermore, in the years since 2014, as Managing Director and Managing Executive Officer of the Company, he has developed knowledge on overall operations through being in charge of finance, accounting, IR and systems in addition to being in charge of the Corporate Planning Division since 2017. Believing that Mr. Hosoi will utilize the aforementioned experience and insight on the Board of Directors to enhance the effectiveness of its decision-making function and oversight function, the Company once again nominates him as a candidate for Director.</p>			

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	Nobuya Minami (November 15, 1935)  [Reelection]  [Outside Director]  [Independent]	Apr. 1958      Joined Tokyo Electric Power Company, Incorporated June 1999      Director and President Oct. 2002      Adviser (retired in March 2012) June 2005      Director of the Company To present  [Significant concurrent positions outside the Company] President of Global Industrial and Social Progress Research Institute Outside Audit & Supervisory Board Member of Fuji Media Holdings, Inc.	0
[Reasons for nomination as a candidate for Outside Director] Nobuya Minami, in addition to being President of Tokyo Electric Power Company, Incorporated (retired in 2002), has held numerous important positions in his career including outside corporate officer positions at listed companies and chairman positions at other incorporated organizations. Judging that the Company can utilize Mr. Minami's abundant experience and extensive insight, and that he can contribute to enhancing the effectiveness of the decision-making function and oversight function of the Board of Directors from a position that is independent from the Company's management, the Company once again nominates him as a candidate for Outside Director.			
8	Seiichi Isshiki (September 8, 1948)  [Reelection]  [Outside Director]  [Independent]	Apr. 1972      Joined Nippon Oil Corporation June 2012      Representative Director, President of JX Nippon Oil & Energy Corporation Director of JX Holdings, Inc. June 2014      Advisor of JX Nippon Oil & Energy Corporation (currently JXTG Nippon Oil & Energy Corporation) (retired in June 2016) June 2015      Director of the Company To present	0
[Reasons for nomination as a candidate for Outside Director] Seiichi Isshiki, in addition to being Representative Director and President of JX Nippon Oil & Energy Corporation, has held the positions of Director of JX Holdings, Inc. and President of ENEOS Celltech Co., Ltd. Judging that the Company can utilize Mr. Isshiki's abundant experience and extensive insight, and that he can contribute to enhancing the effectiveness of the decision-making function and oversight function of the Board of Directors from a position that is independent from the Company's management, the Company once again nominates him as a candidate for Outside Director.			
9	Hideo Ichikawa (March 18, 1952)  [New election]  [Outside Director]  [Independent]	Apr. 1975      Joined Showa Denko K.K. Jan. 2011      Representative Director, President, Corporate Officer and Chief Executive Officer (CEO) Jan. 2017      Representative Director, Chairman of the Board (current position) To present  [Significant concurrent positions outside the Company] Representative Director, Chairman of the Board of Showa Denko K.K.	0
[Reasons for nomination as a candidate for Outside Director] Hideo Ichikawa has been involved in corporate management for many years as the Representative Director, President and Corporate Officer, and the Representative Director, Chairman of the Board of Showa Denko K.K. Judging that the Company can utilize Mr. Ichikawa's abundant experience and extensive insight, and that he can contribute to enhancing the effectiveness of the decision-making function and oversight function of the Board of Directors from a position that is independent from the Company's management, the Company nominates him as a candidate for Outside Director.			

- Notes: 1. There is no special interest between each of the candidates and the Company.  
2. Nobuya Minami, Seiichi Isshiki and Hideo Ichikawa are candidates for Outside Director.  
3. Nobuya Minami and Seiichi Isshiki are currently Outside Directors of the Company. At the conclusion of this meeting, their terms of office as Outside Directors will have been 13 years and three (3) years, respectively.

4. The Company has concluded an agreement, with Nobuya Minami and Seiichi Isshiki, respectively, which limits the liability for damages provided for under Article 423, paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations. The Company plans to renew this agreement with them, respectively, assuming their respective reelection is approved. In addition, the Company plans to conclude the same agreement to limit the liability with Hideo Ichikawa, assuming his election is approved.
5. The Company has submitted notification to the Tokyo Stock Exchange that Nobuya Minami and Seiichi Isshiki have been appointed as independent officers as provided for by the aforementioned exchange. Mr. Minami is a former President of Tokyo Electric Power Company, Incorporated (currently Tokyo Electric Power Company Holdings, Incorporated). Although the Company conducts ordinary lease transactions with the said company, the amount of these transactions is less than 1% of the Company's total revenues. Mr. Isshiki is a former President of JX Nippon Oil & Energy Corporation (currently JXTG Nippon Oil & Energy Corporation). Although the Company conducts ordinary lease transactions with the said company, the amount of these transactions is less than 1% of the Company's total revenues.

In addition, Hideo Ichikawa meets to requirements for independent officers under the provisions of the Tokyo Stock Exchange, and the Company plans to submit notification to the aforementioned exchange of his appointment as an independent officer. Mr. Ichikawa is Representative Director, Chairman of the Board of Showa Denko K.K. Although the Company conducts ordinary lease transactions with the said company, the amount of these transactions is less than 1% of the Company's total revenues.

6. The responsibilities at the Company of candidates who are currently Directors of the Company are as provided in "2. Status of the Company (3) Status of Officers (i) Status of Directors and Corporate Auditors" on pages 29-32 of the Business Report (in Japanese only).

\* Please refer to page 17 for the Company's independence standards for outside officers.

## **Proposal No. 3: Introduction of Stock-based Remuneration Plan for Directors**

### **1. Reasons for Proposal**

Remuneration for the Company's directors comprises "basic remuneration," "performance-linked remuneration (annual bonus)" and "stock-based remuneration-type stock options." The Company would now like to discontinue new grant of subscription rights to shares as "stock-based remuneration-type stock options" and introduce a new stock-based remuneration plan or Board Benefit Trust (BBT) (the "Plan") for the Company's directors excluding outside directors (the "Eligible Directors") and executive officers who do not concurrently serve as Directors (the "Executive Officers," The Company's Eligible Directors and Executive Officers are hereinafter collectively referred to as the "Directors, etc.>").

The introduction of the Plan aims further raising the incentives for the Directors, etc. to contribute to improving medium and long term performance and enhancing corporate value, by making the linkage between the remuneration for the Directors, etc. and the Company's equity value even clearer, in other words, by making that the Directors, etc. not only share the benefits of the share price rising but also share the risks of the share price declining with the shareholders. The Company believes that the introduction of the Plan is appropriate in view of this objective. The Company is requesting the details of the Plan shall be determined upon the discretion of the Board of Directors within the framework set out in 2. below.

This Proposal requests approval for an amount of remuneration, etc. of the Eligible Directors since the new stock-based remuneration is to be paid to them, which is separate to the upper limit of the cash remuneration for the Company's directors (up to ¥500 million per annum, comprising up to ¥360 million per annum in "basic remuneration" for the Company's directors and up to ¥140 million per annum in "performance-linked remuneration (annual bonus)" for the Company's directors excluding outside directors) approved at the 39th Annual General Meeting of Shareholders held on June 25, 2008.

At the 39th Annual General Meeting of Shareholders held on June 25, 2008, the Company also received approval for the amount up to ¥120 million per annum for "stock-based remuneration-type stock options" for the Eligible Directors, which is separate to the aforementioned upper limit on cash remuneration, and has been in place to the present day. However, subject to the approval and adoption of this Proposal, the Company will discontinue the upper limit on remuneration for "stock-based remuneration-type stock options."

If Proposal No. 2 "Election of Nine (9) Directors" is approved and adopted as proposed, the Plan will be applied to six (6) Eligible Directors.

Upon the resolution of the Board of Directors on the introduction of the Plan, the Nomination and Remuneration Advisory Committee of which independent outside directors consist the majority of the members held deliberations and submitted a report stating that the introduction of the Plan is appropriate.

### **2. Remuneration Amount and Other Details of the Plan**

#### **(1) Overview of the Plan**

The Plan is a stock-based remuneration plan, under which the Company's shares will be acquired by a trust (the trust to be established under the Plan is referred to hereinafter as the "Trust") using money that the Company will contribute, and the Company's shares and cash equivalent to the market price of the Company's shares (the "Company's share, etc.") will be provided to the Directors, etc. from the Trust in accordance with the Regulations for Provision of Shares to Officers established by the Company. In principle, the Company's shares, etc. will be provided to the Company's Directors, etc. when they retire from office.

#### **(2) Persons eligible for the Plan**

Directors of the Company excluding outside directors and Executive Officers of the Company who do not concurrently serve as Directors

#### **(3) Trust period**

From August 2018 (planned) until the expiration of the Trust (With regard to the trust period for the Trust, no specific expiration date will be set, and the Trust will continue as long as the Plan continues. The Plan will terminate due to reasons that include the delisting of the Company's shares and the abolition of the Regulations for Provision of Shares to Officers.)

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

Subject to the approval of this Proposal, the Company will introduce the Plan for the three fiscal years starting from the fiscal year ending March 31, 2019 until the fiscal year ending March 31, 2021 (the relevant period of three fiscal years is referred to hereinafter as the "Initial Plan Period" with the Initial Plan Period and each period of three fiscal years commencing after the expiration of the Initial Plan Period being referred to respectively as the "Plan Period") and for each subsequent Plan Period. In order to provide, under the Plan, the Company's shares, etc. to the Directors, etc., the Company will contribute money as outlined below to the Trust as funds for the acquisition of the Company's shares by the Trust.

Firstly, at the commencement of the Trust Period as in (3) above, the Company will contribute money up to ¥950 million (which includes ¥360 million as the portion for the Eligible Directors) as the funds required for the Initial Plan Period.

In addition, even after the expiration of the Initial Plan Period, the Company will make additional contributions to the Trust up to ¥950 million (which includes ¥360 million as the portion for the Eligible Directors) for each Plan Period, in principle, until the termination of the Plan. However, in the case of making additional contributions, if the Company's shares (excluding the Company's shares corresponding to the points granted to the Directors, etc. for each immediately preceding Plan Period and provision of the Company's shares to the Directors, etc. is not completed) and money remain in the Trust (such shares and money are collectively referred to as the "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (the amount for the Company's shares shall be the book value on the final day of the immediately preceding Plan Period) and additionally contributed money shall not exceed ¥950 million (which includes ¥360 million as the portion for the Eligible Directors).

The Company will provide timely and appropriate disclosure when it decides to make additional contributions. In addition, the Board of Directors will make the necessary arrangements in the event that the necessary funds (trust amount) which are the portion for the Executive Officers for each Plan Period the Company will contribute to the Trust exceed the upper limit (the Board of Directors will do likewise regarding the upper limit for the portion of the points granted to the Executive Officers in (6) below).

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

The acquisition of the Company's shares by the Trust will be implemented through the stock market on which the Company's shares are listed or by subscribing for treasury shares disposed of by the Company with the money contributed as in (4) above as the funds.

A maximum of 300,000 shares (which include 114,000 shares as the portion for the Eligible Directors) shall be acquired in the Initial Plan Period. The Company will provide timely and appropriate disclosure concerning the details of the acquisition of the Company's shares by the Trust.

(6) Calculation method for the number of the Company's shares, etc. to be provided to the Directors, etc.

Each fiscal year, the number of points determined as per the Regulations for Provision of Shares to Officers will be granted to the Directors, etc. The maximum total number of points per fiscal year to be granted to the Directors, etc. shall be 100,000 points (which include 38,000 points as the portion for the Eligible Directors).

The points granted to the Directors, etc. shall be converted to one common share of the Company for one point upon the provision of the Company's shares, etc. as in (7) below. (However, if there is a share split, allotment of shares without contribution, an integration of shares, etc., with regard to the Company's shares, after the approval of this Proposal, the upper limit on the number of

points, the number of points granted, and the conversion ratio shall be adjusted in a reasonable manner proportional to the relevant ratio, etc.)

These calculations and the trust amount were determined taking into consideration a comprehensive view of the current level of remuneration for officers and the trend in the number of the Directors, etc. as well as the future prospects thereof and other factors.

The number of points of a Director, etc. which will be used as the basis for the provision of the Company's shares, etc. described in (7) below shall, in principle, be the number of points granted to the Director, etc. until the time of his/her retirement from office (points calculated in this manner are hereinafter referred to as the "Confirmed Number of Points").

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

If a retired Director, etc. fulfills the beneficiary requirements as prescribed in the Regulations for Provision of Shares to Officers, in principle, the Director, etc. will be provided from the Trust with the number of the Company's shares that corresponds to the Confirmed Number of Points stipulated in accordance with (6) above after his/her retirement from office by following the prescribed beneficiary vesting procedures. However, if the Director, etc. satisfies the requirements as prescribed in the Regulations for Provision of Shares to Officers, the Trust will provide him/her with cash equivalent to the market price of the Company's shares instead of the Company's shares for a certain proportion of the points. The Trust may sell the Company's shares in order to make the monetary provisions.

(8) Exercise of voting rights

Based on instructions from the trust administrator, none of the voting rights of the shares of the Company within the Trust account shall be exercised. By using this method, the Company intends to ensure neutrality toward management of the Company with regard to the exercise of the voting rights of the shares of the Company within the Trust account.

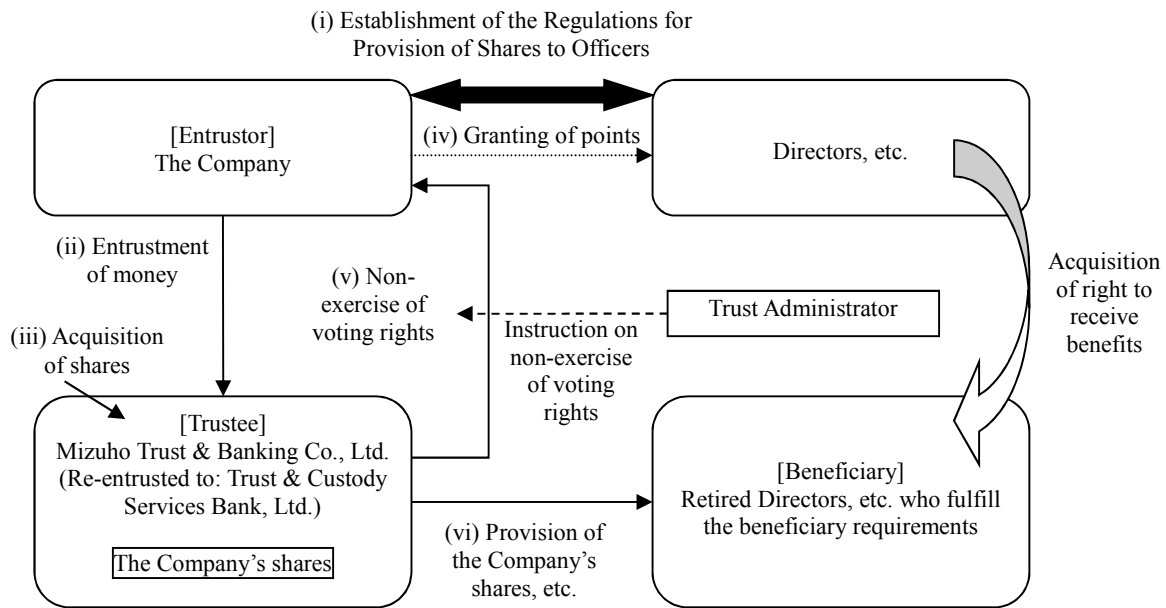
(9) Treatment of dividends

The Trust will receive the dividends for the shares of the Company within the Trust account, and the dividends will be used for the acquisition of shares of the Company or the trust fees for the trustees relating to the Trust. In the case of the termination of the Trust, dividends, etc. remaining within the Trust shall be granted to the Directors, etc. in office at that time in proportion to the number of points that each of them possesses.

(10) Handling of the termination of trust

The Trust will terminate for reasons such as the delisting of the Company's shares or the abolition of the Regulations for Provision of Shares to Officers. Of the residual assets in the Trust on its termination, it is planned that the Company will acquire all of the Company's shares without consideration, which will then be cancelled by resolution of the Board of Directors. Of the residual assets in the Trust on its termination, cash, excluding the cash provided to the Directors, etc. in accordance with (9) above, will be paid to the Company.

<Reference: Structure of the Plan>



- (i) The Company will obtain approval for remuneration for officers at this General Meeting of Shareholders and will establish the Regulations for Provision of Shares to Officers within the scope of the framework approved at this General Meeting of Shareholders.
- (ii) The Company will entrust money within the limit for which approval was received at this General Meeting of Shareholders described in (i).
- (iii) The Trust will acquire shares of the Company through the stock market on which the Company's shares are listed or by subscribing for treasury shares disposed of by the Company using the money entrusted as described in (ii) as the funds.
- (iv) The Company will grant points to the Directors, etc. in accordance with the Regulations for Provision of Shares to Officers.
- (v) In accordance with the instruction of the trust administrator, which is independent of the Company, the Trust shall not exercise the voting rights of the shares of the Company within the Trust account.
- (vi) The Trust will provide the persons who have retired from office of Directors, etc. and fulfill the beneficiary requirements as prescribed in the Regulations for Provision of Shares to Officers (the "Beneficiaries") with the Company's shares in proportion to the number of points that have been granted to the Beneficiaries. However, if the Directors, etc. satisfy the requirements as prescribed in the Regulations for Provision of Shares to Officers, the Trust will provide them with cash equivalent to the market price of the Company's shares instead of the Company's shares for a certain proportion of the points.



[Independence Standards for Outside Officers]

The Company's Board of Directors considers that an Outside Director or Outside Corporate Auditor (collectively "outside officer") of the Company who falls under any of the following items does not satisfy the independence requirements for outside officers.

1. A person who execute business ("executive") of the Company or its consolidated subsidiaries (together collectively, the "Group")
2. A person whose major business partner is the Group or an executive thereof (if such person is an organization)
3. A major business partner of the Group or an executive thereof (if such person is an organization)
4. A consultant, accounting professional, or legal professional receiving a significant amount of money or other assets from the Group other than officer remuneration (if the entity receiving such assets is a corporation, association or other form of organization, this refers to an individual belonging to such organization)
5. A major shareholder of the Company or an executive thereof (if such shareholder is an organization)
6. A person who receives a significant amount of donations from the Group or an executive thereof (if such person is an organization)
7. An executive of another company with a mutual appointment relationship of outside officers
8. A person whose close relative ("close relative" means a relative within the second degree of kinship) falls under any of items 1 to 7 above (limited to a person in an important position except for items 4 and 5)
9. A person who has fallen under any of items 2 to 8 above during the past three years
10. The criteria to determine independence in items 1 to 7 above at the discretion of the Company shall be as follows.

Even if independence is formally compromised, if it is determined after comprehensive consideration of factors including other sound reasons that there is substantive independence, the Company may recognize independence by making clear the reasons.

  - (1) The Company recognizes the independence of persons who in the past have fallen under item 1 above if they satisfy the eligibility requirements for outside officers stipulated in Article 2 of the Companies Act.
  - (2) With regard to the interpretation of "major business partner" in items 2 and 3 above, the Company deems a person is a major business partner in cases where there are continuing (including cases where continuation is expected) transactions amounting to 1% or more of annual consolidated total revenues in the most recent fiscal year related to the offer or receipt of money or other assets in connection with the provision of services, etc.
  - (3) With regard to the criterion for "receiving a significant amount of money or other assets" in item 4 above, the Company determines independence according to whether or not a person has obtained money and other economic benefits of 10 million yen or more per year on average over the past three years.
  - (4) "Major shareholder" in item 5 above refers to a shareholder whose percentage of voting rights exceeds 10%.
  - (5) With regard to "a person who receives a significant amount of donations from the Group or an executive thereof (if such person is an organization)" in 6 above, if the Group has made donations exceeding 10 million yen per year on average over the last three years, there is deemed to be doubt about independence.
  - (6) If it is found that there is a close relationship with a "company with a mutual appointment relationship" in item 7 above, such as if both companies reciprocally appoint officers on a continuing basis and the other company does not have multiple outside officers other than those from the Company, there is deemed to be doubt about independence.