

(TRANSLATION ONLY)

Securities code: 6592

March 11, 2013

**To Those Shareholders with Voting Rights**

Shinji Kamei  
President  
MABUCHI MOTOR CO., LTD.  
430 Matsuhidai, Matsudoshi, Chiba-ken, Japan

**NOTICE OF THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you of the 72nd Ordinary General Meeting of Shareholders to be held as follows:

If you are unable to attend the Meeting, please read the attached REFERENCE DOCUMENTS FOR THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS and return the Exercise Voting Right Form with your selections. Please ensure that it will reach the Company by 5 p.m., Wednesday, March 27, 2013.

- 1. Date:** 10 a.m., Thursday, March 28, 2013
- 2. Place:** Large Conference Hall at Head Office  
MABUCHI MOTOR CO., LTD.  
430 Matsuhidai, Matsudoshi, Chiba-ken

**3. Agenda:**

**Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements for the 72nd Fiscal Term (from January 1, 2012 to December 31, 2012), as well as the Audit Reports of the Independent Certified Public Accountants and the Audit & Supervisory Board for the Consolidated Financial Statements
2. The Financial Statements for the 72nd Fiscal Term (from January 1, 2012 to December 31, 2012)

**Matters to be resolved:**

**Proposal 1:** Proposed Appropriation of Retained Earnings for the 72nd Fiscal Term

**Proposal 2:** Election of Seven (7) Directors

**Proposal 3:** Determination of the Remuneration Amount and Details of Stock-Compensation-Type Stock Options for Directors

**\*For those attending, please present the enclosed Exercise Voting Rights Form at the reception desk on arrival at the Meeting. In addition, please bring this “NOTICE OF THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS” with you.**

**\*Should any amendments occur in the REFERENCE DOCUMENTS FOR THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS, the Business Report, the Financial Statements and/or the Consolidated Financial Statements, such changes will be posted on the Company’s Web site ([http://www.mabuchi-motor.co.jp/ja\\_JP/](http://www.mabuchi-motor.co.jp/ja_JP/)).**

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**Note: This document is a translation of an excerpt 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.**

## **BUSINESS REPORT (From January 1, 2012 to December 31, 2012)**

### **1. Current Conditions of the Mabuchi Group**

#### **(1) Business Development and Results**

During the fiscal year ended December 31, 2012, the debt crisis in Europe had a major impact on the real economy across the entire Europe and was a main cause of the global economic slowdown. Although the U.S. economy showed signs of a recovery trend partly attributable to progress with household debt adjustment, it lacked the dynamism to drive the global economy. The economies of China and other emerging countries slowed further, hindered by sluggish export growth.

In Japan as well, an economic downtrend became clear as the persistently high yen, the energy problem, and other causes for concern remained unresolved, particularly so in the second half of the year as a result of the slowdown in overseas economic activity and contraction of domestic demand.

In the small motor industry, to which the Mabuchi Group belongs, although demand increased for reasons including recovery in the automotive products market, other consumer and industrial products markets were slack due to factors such as the impact of the economic slowdown in developed countries and demand contraction in emerging countries. Another negative factor was sluggish demand leading up to the peak year-end sales season, for which our expectations were high.

Under these business conditions, the Mabuchi Group continued its efforts from the previous year to address several issues: continued strengthening of the automotive products business, enhancing sales performance in China, reorganization of production bases, and plant efficiency improvements.

Specifically, the Mabuchi Group actively devised measures to realize management that reliably ensures sales and market share expansion, stable product supply, and high quality and high efficiency. These measures included 1) the introduction of new motors for power window lifters (two models); 2) accelerated development of products that do not use neodymium; 3) the start of activities to establish a locally self-contained business unit structure in China; 4) the start of operation at MABUCHI MOTOR (JIANGXI) CO., LTD., Mabuchi's second inland production base in China; 5) the start of mass production of new products developed jointly by Mabuchi headquarters and the R&D base in China (Dongguan); and 6) improvement in labor productivity by means including the introduction and expansion of facilities to rationalize production and laborsaving in processes.

As a result, consolidated net sales for the period were 85,254 million yen (an 8.1% increase on a year-on-year basis). Motors sales, which account for the majority of consolidated net sales, were 85,131 million yen (an 8.1% increase). Operating income for the year was 5,052 million yen (a 64.8% increase on a year-on-year basis) due to improvement in the gross profit ratio as a result of stabilization of the steep rise in materials costs that occurred up to previous year and a trend toward improvement in the product mix coupled with the effect from controlling selling, general and administrative expenses to roughly the prior-year level. Ordinary income was 10,510 million yen (a 113.3% increase on a year-on-year basis) on marked improvement in non-operating income mainly due to the recording of foreign exchange gains on further yen depreciation through the end of the year. Income before income taxes was 8,426 million yen (a 159.4% increase on a year-on-year basis) as a result of worsening of the balance of extraordinary items due to increases in loss on sales of investment securities and loss on valuation of investment securities and the recording of restructuring expenses at overseas subsidiaries, despite the non-recurrence of loss on reversal of foreign currency translation adjustments, the main extraordinary loss item in the previous year. Net income was 6,385 million yen (net loss of 466 million yen in the previous year) due to a lower effective tax rate on income before income taxes resulting from the non-recurrence of expenses in connection with the reversal of deferred tax assets recorded in the previous year.

The next section describes market trends and sales conditions categorized into separate markets for motors.

#### **1) Automotive Products Market**

Net sales in this market rose sharply to 49,055 million yen (a 20.7% increase on a year-on-year basis). Mabuchi increased its share of motors for mirrors and air conditioner dampers, major existing applications in this market. Automobile production growth, share expansion, and an increase in the number of models equipped with Mabuchi's motors contributed to a sales increase across all other applications, including power window lifters and power seats, our prioritized

businesses. New applications such as motors for electronic parking brakes and steering column adjusters also contributed to the sales increase.

2) Audio & Visual Equipment Market

Net sales in this market decreased to 9,045 million yen (a 7.0% decrease on a year-on-year basis). Sales of motors for DVD players fell due to market contraction, and sales of motors for CD players in cars declined as a result of economic recession in Europe.

3) Optical & Precision Instruments Market

Net sales in this market decreased to 11,334 million yen (a 10.0% decrease on a year-on-year basis). Sales of motors for inkjet printers were unfavorable in developed countries and emerging countries alike, sales of motors for digital cameras fell in a slack market for compact cameras, and sales of motors for PC drives fell due to adherence to a policy of emphasizing profitability.

4) Home Appliances, Power Tools & Toys Market

Net sales in this market were roughly at the prior-year level, decreasing slightly to 15,695 million yen (a 0.6% decrease on a year-on-year basis). Although sales of motors for shavers, hair dryers, and toothbrushes fell due to factors including market stagnation leading up to the peak year-end sales season, higher sales of motors for power tools and other applications compensated for the decrease.

<Consolidated sales of motors by application>

Market Segment	The 72nd fiscal term (The year ended December 31, 2012)	YOY (%)	Segment sales as a percentage of net sales (%)
	Amount (Millions of Yen)		
Automotive Products	49,055	20.7	57.6
Audio & Visual Equipment	9,045	-7.0	10.6
Optical & Precision Instruments	11,334	-10.0	13.3
Home Appliances, Power Tools & Toys	15,695	-0.6	18.5
Total	85,131	8.1	100.0

(Notes)

1. The Mabuchi Group's businesses have been developed within a single business field related to small motors. Given this single business structure, an explanation by segment is omitted.
2. Amounts less than a million yen have been truncated.
3. The figures above don't include consumption tax, etc.

(2) Capital Investments

Capital investments for the current fiscal year amounted to ¥6,825 million, which includes ¥3,164 million for the construction of facilities for MABUCHI MOTOR (JIANGSU) CO., LTD., MABUCHI MOTOR (YINGTAN) CO., LTD., and MABUCHI MOTOR (JIANGXI) CO., LTD.; ¥193 million for R&D facilities and equipment; and ¥3,466 million for other facilities and equipment to upgrade product lines and reinforce overall productivity.

(3) Issues to be Addressed

In the outlook for 2013, in developed countries, the U.S. economy is expected to show gradual recovery, while business conditions in Europe are likely to remain stagnant despite the fact that the outlook of uncertainty is expected to fade, weighed down by drastic austerity measures. In Japan, no reliable signs pointing to economic recovery and growth are discernible. In emerging countries, economic activity is likely to stabilize, and growth should continue, although at a slower pace.

The situation in the markets in which the Mabuchi Group's products are sold is mixed. Markets showing clear signs of a recovery and an underlying growth trend are the Automotive Products Market and the Home Appliances, Power Tools & Toys Market, where demand is expected to increase in developed countries and emerging countries alike. In the Audio & Visual Equipment Market and Optical & Precision Instruments Market, which continue to contract, we expect a further

decrease in demand in 2013.

Under these business conditions, the Mabuchi Group will tackle the following issues.

1) Continued Strengthening of the Automotive Products Business and New Activities in the Consumer and Industrial Products Businesses

There is substantial room for growth from medium-size automotive motors, a market sector that Mabuchi only recently entered, due to factors such as the mainstreaming of low-cost cars, an increase in the option installation rate, and progress made with interchangeable parts development. Mabuchi will continue to position this sector as an important growth driver, focusing the collective strength of the Mabuchi Group to implement a growth strategy.

With regard to motors for power window lifters, we will accelerate growth in sales of medium-torque products and expand our customer base in the European and North American markets for new high-torque products as well. In addition, we will maintain our top market share in China by increasing the number of car models equipped with our products.

Since uncertainties still remain with respect to the supply of neodymium over the medium to long term, we have begun development of new motors for power seats that use neodymium-free magnets and aim to start mass production and shipment at an early date.

Furthermore, we plan to develop the business for motors for electric parking brakes and motors for engine intake and exhaust by leveraging the track record built since the introduction of these products to obtain major projects.

We will then undertake new activities to discover latent needs in the consumer and industrial products businesses sector, where growth has stalled the past few years. As our first initiative, we will begin mass production and shipment of motors for office multifunction printers and motors for office laser printers. In addition, we will boost activities in the home automation, healthcare, and unit motor sectors.

The Mabuchi Group will continue to strengthen the automotive products business, from which growth is expected.

2) Sales Expansion in China

In fiscal 2012, Mabuchi established the China Business Unit to accurately ascertain and promptly respond to market needs in China, taking the first step toward a locally self-contained business by linking the cross-organizational functions of the R&D center, production bases, and sales bases in China and partially transferring authority to the local operation. In fiscal 2013, we will ascertain in an integrated way the overall state of our business in China and begin rebuilding of a management system for centralized management.

3) Reorganization of Production Bases

Approximately twenty years have passed since the start of operation at the factories in Guangdong, Dalian, and Jiangsu, the Mabuchi Group's main production bases in China, and many local employees with skills and expertise have been developed. We will leverage the technological and management capabilities at these coastal production bases in China as strengths to increase the ratio of high value-added operations: the production of technologically difficult products, process innovation through the independent design and production of labor-saving equipment, and local selling of own products. To develop a structure that can generate profits even at low prices, we will transfer in stages to Yingtian Mabuchi and Jianxi Mabuchi in Jianxi Province the production of low-end products for which price competition is intense. Furthermore, since the two production bases in Vietnam have more favorable cost conditions than the production bases in China, we aim to boost profitability by increasing factory capacity utilization and mitigating the fixed cost burden.

4) Manufacturing Process Innovation

The Mabuchi Group considers a manufacturing base that cannot be easily imitated by competitors important for prevailing in global competition and will undertake development of such a manufacturing base. To cope with a dramatic increase in labor costs in countries where Mabuchi maintains production bases, heretofore we have pursued activities to achieve our medium-term target of labor-saving of 30% from the fiscal 2010 level, the equivalent of 10,000 direct employees, by the end of fiscal 2013. We will continue to realize labor-saving measures of 10% or higher in fiscal 2014 and beyond by engaging in activities focused on the reduction of

non-value-added processes, such as the reduction of inspection and correction of man-hours, through the reinforcement of ensuring quality in upstream activities.

At the same time, an increase in the relative importance of automotive applications has resulted in more stringent quality requirements, and the importance of Mabuchi's manufacturing processes and of communicating of the value of those processes to the customers is increasing. In fiscal 2013, Jiangsu Mabuchi, a dedicated medium-size automotive motor factory, will begin full-scale implementation of the smart factory concept for linking factory facilities and core systems. Smart factory is a leading-edge system for the early detection of abnormalities in production processes and minimization of the ramifications of problems by monitoring in real time in an integrated manner abnormality detection information and facility operation status. Mabuchi will develop factories that can stably deliver high quality and high efficiency performance while realizing low-cost production through manufacturing innovation built on three pillars: labor-saving measures, built-in quality of upstream activities, and leading-edge IT.

#### (4) Financial Highlights

	(Millions of Yen)			
	69th fiscal term (FY 2009)	70th fiscal term (FY 2010)	71st fiscal term (FY 2011)	72nd fiscal term (FY 2012)
Net sales	70,369	82,752	78,886	85,254
Ordinary income	5,424	7,587	4,926	10,510
Net income (loss)	5,450	5,260	(466)	6,385
Net income (loss) per share (Yen)	155.54	150.14	(13.31)	182.25
ROE (%)	3.0	3.0	-0.3	3.6
Total assets	192,362	185,408	181,351	196,702
Net assets	180,311	174,570	168,538	181,372
Shareholders' equity ratio (%)	93.7	94.2	92.9	92.2
Net assets per share (Yen)	5,146.04	4,982.43	4,810.36	5,176.75
Cash dividends per share (Yen)	100	100	100	100
Dividend payout ratio (%)	64.3	66.6		54.9
Dividend on equity ratio (%)	2.0	2.0	2.0	2.0

(Notes)

1. Net income (loss) per share is calculated using the average number of outstanding shares during the period. Net assets per share are calculated based on the total number of shares outstanding at the end of the period.
2. Amounts less than one million yen for net sales, ordinary income, net income (loss), total assets and net assets are omitted. Amounts of net income (loss) per share and net assets per share are rounded to two decimal places.
3. Percentages for ROE, shareholders' equity ratio, dividend payout ratio and dividend on equity ratio are rounded to one decimal place.
4. Cash dividends per share, dividend payout ratio and dividend on equity ratio for the 72nd fiscal term are projected figures calculated on the assumption that the resolution will be passed on the proposal for appropriation of retained earnings at the 72nd Ordinary General Meeting of Shareholders.

#### (5) Major Businesses Conducted by the Mabuchi Group (As of December 31, 2012)

The Mabuchi Group, consisting of MABUCHI MOTOR CO., LTD. (the "Company"), and its 20 subsidiaries (of which 19 are consolidated subsidiaries), engage in the manufacture and sales of small motors used for automotive products, audio & visual equipment, optical & precision instruments and home appliances, power tools & toys, etc.

## 2. Matters Relating to Stocks

(As of December 31, 2012)

- (1) Total Number of Shares Authorized: 100,000,000
- (2) Number of Shares Issued: 39,875,881  
(Number of treasury stock 4,840,007 is included)
- (3) Number of Shareholders: 12,867  
(Decreased by 360 from the end of the previous term)
- (4) Major Shareholders (Top 10)

Shareholders	Number of shares held (shares)	Percentage of shares held (%)
Takaichi Mabuchi	2,500,400	7.1
Northern Trust Co. (AVFC) Sub-account American Clients	2,428,700	6.9
Mabuchi International Scholarship Foundation, Public Interest Incorporated Foundation	1,500,000	4.3
Japan Trustee Services Bank, Ltd. (Trust Account)	1,151,300	3.3
Takashi Mabuchi	1,130,300	3.2
Tamotsu Mabuchi	1,130,207	3.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,060,500	3.0
Premiere Corporation	1,034,300	3.0
Taka Corporation Co., Ltd.	1,028,000	2.9
TEXAS Inc.	1,028,000	2.9

(Notes)

1. In addition to the above, Mabuchi Motor Co., Ltd. retains 4,840,007 shares of treasury stock.
2. The number of shares of treasury stock is excluded from "Percentage of shares held." The percentages are rounded to one decimal place.

### 3. Directors and Audit & Supervisory Board Members of the Company

#### (1) Directors and Audit & Supervisory Board Members

(As of December 31, 2012)

Position	Name	Duty and Significant Positions Concurrently Held
Representative Director and Chairman	Takaichi Mabuchi	
Representative Director and President	Shinji Kamei	President and CEO
Executive Managing Director	Nobuyo Habuchi	Senior Managing Executive Officer, Chief Factory Management Officer and Chairman of the Board and President, MABUCHI INDUSTRY CO., LTD.
Managing Director	Takashi Kamei	Managing Executive Officer and General Manager of Operations Control Headquarters
Director	Akira Okuma	Executive Officer and General Manager of Research and Development Headquarters
Director	Kaoru Kato	Executive Officer and General Manager of Sales & Marketing Headquarters
Director	Hiroo Okoshi	Executive Officer and General Manager of Administration Headquarters, in charge of Internal Controls
Full-time Audit & Supervisory Board Member	Masahiro Gennaka	
Audit & Supervisory Board Member	Keiichi Horii	Attorney, Joint Representative South Toranomom Law Office
Audit & Supervisory Board Member	Nobutaka Motohashi	CPA, Representative, Motohashi Nobutaka Accounting Office Outside Auditor of NAGAWA Co., Ltd.
Audit & Supervisory Board Member	Toru Masuda	Attorney Representative, Masuda Toru Law Office Director, Juutaku Loan Servicer Ltd.

(Notes)

1. Audit & supervisory board members Keiichi Horii, Nobutaka Motohashi and Toru Masuda are outside audit & supervisory board members. The Company designated these three outside audit & supervisory board members as “independent officers” as stipulated by the Tokyo Stock Exchange and registered them thereat.
2. Audit & supervisory board member Masahiro Gennaka has experience in corporate management as a former Director and President of a subsidiary of the Company and significant knowledge of finance and accounting.
3. Audit & supervisory board member Keiichi Horii is an attorney. He is familiar with corporate legal affairs and has significant knowledge of finance and accounting.
4. Audit & supervisory board member Nobutaka Motohashi is a certified public accountant and has professional knowledge of finance and accounting.
5. Audit & supervisory board member Toru Masuda is an attorney. He is familiar with corporate legal affairs and has significant knowledge of finance and accounting.
6. Changes of Executive Officers
  - 1) Audit & supervisory board members Ichiro Ando and Toyokuni Yazaki retired from the position due to expiry of tenure at the close of the 71st Ordinary General Meeting of Shareholders held

on March 29, 2012.

- 2) Audit & supervisory board members Nobutaka Motohashi and Toru Masuda were newly elected as audit & supervisory board members at the 71st Ordinary General Meeting of Shareholders held on March 29, 2012, and assumed the positions as of the same date.
7. The Company reinforces both business execution and supervision functions by entrusting directors with strategic decision making and supervision and giving Executive Officers the authority of and responsibility for ordinary business execution. The Company also adopts the Executive Officer system to reinforce corporate governance.  
Executive Officers who are not concurrently directors are as follows.

Name	Areas of responsibility
Masato Itokawa	Executive Officer and General Manager of Quality Assurance Dept.
Chin Tai Yen	Executive Officer, Chairman of the Board and President, MABUCHI TAIWAN CO., LTD.

## (2) Remuneration Paid to Directors and Audit & Supervisory Board Members

### 1) Remuneration Paid

Category	Number of persons remunerated	Total amount of remuneration paid (Millions of Yen)
Directors	7	204
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	6 [5]	36 [24]

(Notes)

1. The numbers above include two audit & supervisory board members who retired at the 71st Ordinary General Meeting of Shareholders held on March 29, 2012.
2. The amount of remuneration for directors does not include their salaries for their service as the Company's employees, which is ¥46 million (paid to three directors/employees).
3. In addition, retirement benefits amounting to ¥29 million were paid to two outside audit & supervisory board members who retired from office during the period under review. The corresponding amount of provision for directors' retirement benefits stated in a prior-period business report was deducted.

### 2) Policy for Decision Making on Remuneration, etc.

As a basic policy for determining remuneration for directors and audit & supervisory board members, the Company set the amount at an appropriate level to clarify the area of responsibility of each director or audit & supervisory board member in the group management, enhance the transparency of management, give them incentives for raising business performance and corporate value, and secure and maintain highly capable human resources.

At the 66th Ordinary General Meeting of Shareholders of the Company held on March 29, 2007, it was approved that the remuneration of directors (the ceiling amount of total remuneration) shall consist of monthly fixed payments within ¥15 million (excluding salaries for service as the Company's employees) and variable payments within 0.7% of consolidated net income for each business year (which does not include consolidated business results-based remuneration for directors) with a ceiling amount of ¥200 million. With regard to remuneration for audit & supervisory board members (the ceiling amount of total remuneration), a fixed monthly remuneration amount within ¥4 million was approved.

A fixed amount of remuneration for each director was determined, taking into account each director's position, other companies' standards and changes in the management environment, etc. The variable amounts are determined by each individual's business performance assessed using certain evaluation indices.

With regard to remuneration for audit & supervisory board members, because they are independent of business execution, fixed monthly remuneration that is not affected by business results is paid to each audit & supervisory board member and the amount for each audit & supervisory board member is determined by negotiation among the audit & supervisory board

members.

The retirement allowance system for directors and audit & supervisory board members was abolished at the closing of the 67th Ordinary General Meeting of Shareholders of the Company held on March 28, 2008.

(3) Matters Concerning Outside Officers (Outside Audit & Supervisory Board Members)

1) Representative Positions at Different Corporations Concurrently Assumed by the Company's Officers and the Relation between those Corporations and MABUCHI MOTOR CO., LTD.  
Audit & supervisory board member Nobutaka Motohashi also serves as an outside auditor at NAGAWA Co., Ltd. Audit & supervisory board member Toru Masuda also serves as a director of Jutaku Loan Servicer Ltd. There has been no trading or other special relationship between these two corporations and the Company.

2) Major Activities during the Fiscal Year under Review

	Activities
Audit & Supervisory Board Member Keiichi Horii	Attended 16 of the 17 meetings (attendance percentage 94%) of the Board of Directors and all 9 meetings of the Audit & Supervisory Board held during the fiscal year under review. Based on his ample experience and professional viewpoints on corporate legal affairs as a lawyer and from a position independent of the Company's management, he provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution.
Audit & Supervisory Board Member Nobutaka Motohashi	Attended 12 of the 13 meetings (attendance percentage 92%) of the Board of Directors and all 6 meetings of the Audit & Supervisory Board held since he had assumed the position of audit & supervisory board member on March 29, 2012. Based on his ample experience and professional viewpoints in corporate accounting audits as a Certified Public Accountant and from a position independent of the Company's management, he provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution.
Audit & Supervisory Board Member Toru Masuda	Attended 12 of the 13 meetings (attendance percentage 92%) of the Board of Directors and all 6 meetings of the Audit & Supervisory Board held since he had assumed the position of audit & supervisory board member on March 29, 2012. Based on his ample experience and professional viewpoints on corporate legal affairs as a lawyer and from a position independent of the Company's management, he provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution.

3) Outline of Limited Liability Agreements

As per Article 427, Paragraph 1, of the Companies Act and the Company's Articles of Incorporation, the Company entered into an agreement with each outside audit & supervisory board member to limit their liabilities for damages as provided in Article 423, Paragraph 1, of the Companies Act. The limit of liabilities under the agreement shall be the amount set forth in the relevant laws and regulations.

## Consolidated Balance Sheet

(As of December 31, 2012)

(Millions of Yen)

Item	Amount	Item	Amount
<b>(Assets)</b>	<b>196,702</b>	<b>(Liabilities)</b>	<b>15,330</b>
<b>Current assets</b>	<b>130,390</b>	<b>Current liabilities</b>	<b>13,017</b>
Cash and bank deposits	79,071	Trade notes and accounts payable	4,028
Trade notes and accounts receivable	14,381	Accrued income taxes	1,040
Short-term investments	12,675	Accrued bonuses due to employees	209
Merchandise and finished goods	14,030	Accrued bonuses due to directors	44
Work in process	1,055	Provision for business structure improvement	1,126
Raw materials and supplies	5,391	Deferred tax liabilities - current	15
Deferred tax assets - current	751	Other current liabilities	6,551
Other current assets	3,111		
Allowance for doubtful receivables	(79)	<b>Long-term liabilities</b>	<b>2,312</b>
<b>Fixed assets</b>	<b>66,311</b>	Allowance for retirement benefits for employees	440
<b>Property, plant and equipment</b>	<b>39,874</b>	Asset retirement obligations	15
Buildings and structures	16,055	Deferred tax liabilities - non-current	1,586
Machinery, equipment and vehicles	11,343	Other long-term liabilities - non-current	270
Tools, furniture and fixture	2,134		
Land	6,023	<b>(Net assets)</b>	<b>181,372</b>
Construction in progress	4,316	<b>Shareholders' equity</b>	<b>194,551</b>
<b>Intangible assets</b>	<b>731</b>	<b>Common stock</b>	<b>20,704</b>
<b>Investments and other assets</b>	<b>25,705</b>	<b>Additional paid-in capital</b>	<b>20,419</b>
Investment securities	24,349	<b>Retained earnings</b>	<b>188,175</b>
Long-term loans receivable	30	<b>Treasury stock</b>	<b>(34,749)</b>
Deferred tax assets - non-current	357	<b>Accumulated other comprehensive income</b>	<b>(13,179)</b>
Other investments and other assets	1,002	<b>Net unrealized holding gains (losses) on securities</b>	<b>(158)</b>
Allowance for doubtful receivables	(33)	<b>Foreign currency translation adjustments</b>	<b>(13,020)</b>
<b>Total assets</b>	<b>196,702</b>	<b>Total liabilities and net assets</b>	<b>196,702</b>

(Note) Amounts less than one million yen have been omitted.

**Consolidated Statement of Income**  
(For the year ended December 31, 2012)

(Millions of Yen)

Item	Amount	
<b>Net sales</b>		<b>85,254</b>
<b>Cost of sales</b>		<b>64,214</b>
<b>Gross profit</b>		<b>21,039</b>
<b>Selling, general and administrative expenses</b>		<b>15,987</b>
<b>Operating income</b>		<b>5,052</b>
<b>Non-operating income</b>		
Interest income	518	
Dividend income	98	
Foreign exchange gains	3,647	
Gain on sales of raw material scrap	1,045	
Other	436	5,747
<b>Non-operating expenses</b>		
Stock-related expenses	49	
Soil improvement-related expenses	8	
Non-deductible consumption tax	65	
Other	166	289
<b>Ordinary income</b>		<b>10,510</b>
<b>Extraordinary income</b>		
Gain on disposal of fixed assets	12	12
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	88	
Retirement allowance	142	
Loss on sales of investment securities	806	
Loss on valuation of investment securities	11	
Expenses related to business structure improvement	1,046	2,095
<b>Income before income taxes</b>		<b>8,426</b>
Current	2,422	
Deferred	(381)	2,041
<b>Income (Loss) before minority interests</b>		<b>6,385</b>
<b>Net income (loss)</b>		<b>6,385</b>

(Note) Amounts less than one million yen have been omitted.

### Consolidated Statement of Changes in Net Assets

(For the year ended December 31, 2012)

(Millions of Yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Beginning balance	20,704	20,419	185,294	(34,747)	191,671
Changes of items during the period:					
Cash dividend (Note: 1)	—	—	(1,751)	—	(1,751)
Cash dividend (Interim dividends)	—	—	(1,751)	—	(1,751)
Net income (loss)	—	—	6,385	—	6,385
Purchase of treasury stock	—	—	?	(2)	(2)
Net changes of items other than shareholders' equity	—	—	?	—	—
Total changes of items during the period	—	—	2,881	(2)	2,879
Ending balance	20,704	20,419	188,175	(34,749)	194,551

(Millions of Yen)

	Other accumulated comprehensive income			Total net assets
	Net unrealized holding gains (losses) on securities	Foreign currency translation adjustments	Total other accumulated comprehensive income	
Beginning balance	(1,457)	(21,676)	(23,133)	168,538
Changes of items during the period:				
Cash dividend (Note: 1)	—	—	—	(1,751)
Cash dividend (Interim dividends)	—	—	—	(1,751)
Net income (loss)	—	—	—	6,385
Purchase of treasury stock	—	—	—	(2)
Net changes of items other than shareholders' equity	1,298	8,656	9,954	9,954
Total changes of items during the period	1,298	8,656	9,954	12,833
Ending balance	(158)	(13,020)	(13,179)	181,372

(Notes)

1. The dividends were paid as appropriations of retained earnings based on a resolution at the ordinary general meeting of shareholders held in March 2012.
2. Amounts less than one million yen have been omitted.

<Reference>

### Consolidated Statements of Comprehensive Income

(For the year ended December 31, 2012)

(Millions of yen)

Item	Amount
<b>Income (Loss) before minority interests</b>	<b>6,385</b>
<b>Other comprehensive income</b>	
Valuation difference on available-for-sale securities	1,298
Foreign currency translation adjustments	8,656
Total other comprehensive income	9,954
<b>Comprehensive income</b>	<b>16,339</b>
Comprehensive income attributable to	
Comprehensive income attributable to owners of the parent	16,339
Comprehensive income attributable to minority interests	—

(Note) Amounts less than one million yen have been omitted.

<Reference>

### Consolidated Statement of Cash Flows

(For the year ended December 31, 2012)

(Millions of Yen)

Item	Amount
<b>Cash flows from operating activities:</b>	
Income before income taxes	8,426
Depreciation and amortization	3,579
Increase (Decrease) in allowance for retirement benefits, net payments	5
Interest and dividends income	(617)
Foreign exchange losses (gains)	(1,164)
Loss (Gain) on sales of short-term investments and investment securities	806
Loss (Gain) on disposal of fixed assets	71
Loss (Gain) on valuation of investment securities	11
Increase (Decrease) in provision for business structure improvement	1,034
Decrease (Increase) in trade notes and accounts receivable	(968)
Decrease (Increase) in inventories	508
Increase (Decrease) in trade notes and accounts payable	(516)
Other, net	(741)
Sub total	10,435
Interest and dividends received	645
Interest paid	(0)
Income taxes paid	(1,988)
<b>Net cash provided by operating activities</b>	<b>9,091</b>
<b>Cash flows from investing activities:</b>	
Increase of time deposits	(7,511)
Proceeds from withdrawal of time deposits	8,541
Purchase of short-term investments	(5,599)
Proceeds from sales of short-term investments	16,999
Purchase of property, plant and equipment	(6,763)
Proceeds from sales of property, plant and equipment	24
Proceeds from sales of investment securities	2,702
Other, net	(161)
<b>Net cash provided by investing activities</b>	<b>8,230</b>
<b>Cash flows from financing activities:</b>	
Cash dividends paid	(3,507)
Purchase of treasury stock	(2)
<b>Net cash used in financing activities</b>	<b>(3,509)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>4,824</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>18,637</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>61,266</b>
<b>Cash and cash equivalents at end of period</b>	<b>79,904</b>

(Note) Amounts less than one million yen have been omitted.

## Non-Consolidated Balance Sheet

(As of December 31, 2012)

(Millions of Yen)

Item	Amount	Item	Amount
<b>(Assets)</b>	<b>145,218</b>	<b>(Liabilities)</b>	<b>8,895</b>
<b>Current assets</b>	<b>72,967</b>	<b>Current liabilities</b>	<b>8,157</b>
Cash and bank deposits	42,419	Accounts payable	5,474
Trade notes receivable	95	Accounts payable-other	1,354
Accounts receivable	15,769	Accrued expenses	539
Short-term investments	12,675	Accrued income taxes	368
Merchandise and finished goods	1,060	Accrued bonuses due to employees	209
Work in process	29	Accrued bonuses due to directors	44
Raw materials and supplies	448	Deferred tax liabilities - current	0
Other current assets	485	Other current liabilities	165
Allowance for doubtful receivables	(16)	<b>Long-term liabilities</b>	<b>738</b>
<b>Fixed assets</b>	<b>72,250</b>	Allowance for retirement benefits for employees	160
<b>Property, plant and equipment</b>	<b>16,458</b>	Asset retirement obligations	15
Buildings	9,376	Deferred tax liabilities - non-current	306
Structures	507	Other long-term liabilities - non-current	256
Machinery and equipment	255		
Vehicles	3	<b>(Net assets)</b>	<b>136,323</b>
Tools, furniture and fixture	305	<b>Shareholders' equity</b>	<b>136,483</b>
Land	5,996	<b>Common stock</b>	<b>20,704</b>
Construction in progress	14	<b>Additional paid-in capital</b>	<b>20,419</b>
<b>Intangible assets</b>	<b>7</b>	Legal capital surplus	20,419
<b>Investments and other assets</b>	<b>55,784</b>	<b>Retained earnings</b>	<b>130,108</b>
Investment securities	24,270	Legal retained earnings	3,819
Stocks of subsidiaries and affiliates	13,567	Other legal retained earnings	126,289
Investments in capital of subsidiaries and affiliates	17,821	Reserve for the reduction of fixed assets	143
Other investments and other assets	159	General reserve	170,119
Allowance for doubtful receivables	(33)	Retained earnings carried forward	(43,974)
		<b>Treasury stock</b>	<b>(34,749)</b>
		<b>Revaluation/translation adjustments</b>	<b>(159)</b>
		<b>Net unrealized holding gains (losses) on securities</b>	<b>(159)</b>
<b>Total assets</b>	<b>145,218</b>	<b>Total liabilities and net assets</b>	<b>145,218</b>

Note: Amounts less than one million yen have been omitted.

## Non-Consolidated Statement of Income

(For the year ended December 31, 2012)

(Millions of Yen)

Item	Amount	
<b>Net sales</b>		<b>63,757</b>
<b>Cost of sales</b>		<b>54,894</b>
<b>Gross profit</b>		<b>8,862</b>
<b>Selling, general and administrative expenses</b>		<b>10,780</b>
<b>Operating income (loss)</b>		<b>1,917</b>
<b>Non-operating income</b>		
Interest income	16	
Interest on short-term investments	182	
Dividend income	4,301	
Foreign exchange gains	3,762	
Other	425	8,689
<b>Non-operating expenses</b>		
Stock-related expenses	49	
Soil improvement-related expenses	8	
Disposal-related expenses for facilities of subsidiaries and affiliates	6	
Other	66	130
<b>Ordinary income</b>		<b>6,641</b>
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	5	
Loss on sales of investment securities	806	
Loss on valuation of investment securities	11	823
<b>Income before income taxes</b>		<b>5,817</b>
Current	702	
Deferred	(2)	699
<b>Net income (loss)</b>		<b>5,118</b>

(Note) Amounts less than one million yen have been omitted.

### Non-Consolidated Statement of Changes in Net Assets

(For the year ended December 31, 2012)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital		Retained earnings
		Legal capital surplus	Total additional paid-in capital	Legal retained earnings
Beginning balance	20,704	20,419	20,419	3,819
Changes of items during the period:				
Reversal of reserve for the reduction of fixed assets	—	—	—	—
Cash dividend (Note: 1)	—	—	—	—
Cash dividend (Interim dividends)	—	—	—	—
Net income (loss)	—	—	—	—
Purchase of treasury stock	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—
Total changes of items during the period	—	—	—	—
Ending balance	20,704	20,419	20,419	3,819

(Millions of Yen)

	Shareholders' equity			
	Retained earnings			Total retained earnings
	Other legal retained earnings			
	Reserve for the reduction of fixed assets	General reserve	Retained earnings carried forward	
Beginning balance	148	170,119	(45,593)	128,493
Changes of items during the period:				
Reversal of reserve for the reduction of fixed assets	(5)	—	5	—
Cash dividend (Note: 1)	—	—	(1,751)	(1,751)
Cash dividend (Interim dividends)	—	—	(1,751)	(1,751)
Net income (loss)	—	—	5,118	5,118
Purchase of treasury stock	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—
Total changes of items during the period	(5)	—	1,619	1,614
Ending balance	143	170,119	(43,974)	130,108

(Millions of Yen)

	Shareholders' equity		Revaluation/translation adjustments		Total net assets
	Treasury stock, at cost	Total shareholders' equity	Unrealized holding gains (losses) on securities	Total revaluation/translation adjustments	
Beginning balance	(34,747)	134,871	(1,457)	(1,457)	133,413
Changes of items during the period:					
Reversal of reserve for the reduction of fixed assets	—	—	—	—	—
Cash dividend (Note: 1)	—	(1,751)	—	—	(1,751)
Cash dividend (Interim dividends)	—	(1,751)	—	—	(1,751)
Net income (loss)	—	5,118	—	—	5,118
Purchase of treasury stock	(2)	(2)	—	—	(2)
Net changes of items other than shareholders' equity	—	—	1,297	1,297	1,297
Total changes of items during the period	(2)	1,612	1,297	1,297	2,910
Ending balance	(34,749)	136,483	(159)	(159)	136,323

(Notes)

1. The dividends were paid as appropriations of retained earnings based on a resolution at the ordinary general meeting of shareholders held in March 2012.
2. Amounts less than one million yen have been omitted.

## **REFERENCE DOCUMENTS FOR THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

### **Proposal 1:** Proposed Appropriation of Retained Earnings for the 72nd Fiscal Term

Our basic policy on the appropriation of retained earnings is to retain necessary earnings for sound business activities, to maintain healthy financial strength and to ensure adequate dividends to our shareholders based on performance for the year. Based on the above policy, the Company makes it a principle to consistently distribute an ordinary dividend of ¥60 per share on an annual basis plus a special dividend equivalent to 20% (paid out on a per share basis) of the annual consolidated net income. In addition, the actual full-year dividend amount shall be based in principle on the above calculation standards and calculated in consideration of dividend payout ratio, dividend levels prior to the previous period, internal reserves, cash flows and other situations. The amount shall not be less than the expected full-year dividend amount announced during the full-year period.

Because we announced the annual dividend of ¥100 per share (ordinary dividend: ¥60 special dividend: ¥40) during 2012 and paid an interim dividend of ¥50 (ordinary dividend: ¥30 special dividend: ¥20) per share in September 2012, we hereby propose the year-end dividend for the year as follows:

Matters related to the year-end dividend

- (1) The type of distributable properties  
Money
- (2) Matters related to the disbursement of distributable properties and the aggregate amount  
¥50 per common share of the Company  
(ordinary dividend: ¥30 special dividend: ¥20)  
Aggregate dividend amount: ¥1,751,793,700
- (3) Effective date of the distribution of retained earnings  
March 29, 2013

Remaining surplus will be used for measures aimed at further strengthening our existing businesses and investing in areas of future growth, with a view of further increasing corporate value.

**Proposal 2: Election of Seven (7) Directors**

The term of office of all seven (7) directors currently in office will expire at the conclusion of the 72nd Ordinary General Meeting of Shareholders. Shareholders are therefore requested to elect seven (7) directors, including one (1) outside director to ensure the reinforcement of our corporate governance structure.

The candidates for the position of director are as follows:

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held
1	Shinji Kamei (July 28, 1945)	<p>March 1964      Joined MABUCHI MOTOR CO., LTD.</p> <p>November 1988      Manager, Computer System Section, Administrative Department, MABUCHI MOTOR CO., LTD.</p> <p>October 1992      Manager, Corporate Planning Section, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>April 1993      Deputy Division Manager, Business Reform Innovation Headquarters; and concurrently General Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>March 1997      Director, and General Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>April 2000      Managing Director, Chief Administration Officer, MABUCHI MOTOR CO., LTD.</p> <p>March 2001      Representative Director and Executive Managing Director, MABUCHI MOTOR CO., LTD.</p> <p>May 2003      Representative Director and President, MABUCHI MOTOR CO., LTD. (Current position)</p> <p>November 2009      President and CEO, MABUCHI MOTOR CO., LTD. (Current position)</p>	3,233
2	Hiroo Okoshi (July 9, 1961)	<p>April 1984      Joined MABUCHI MOTOR CO., LTD.</p> <p>June 1990      Manager, Procurement Section, MABUCHI INDUSTRY CO., LTD.</p> <p>August 1996      President, MABUCHI INDUSTRY CO., LTD.</p> <p>May 2002      Director, General Manager of General Affairs Department, Human Resources Department, MABUCHI INDUSTRY CO., LTD.</p> <p>October 2002      Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>March 2003      Deputy General Manager, Business Platform Innovation Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>January 2004      General Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>November 2009      Executive Officer and General Manager, Administration Headquarters, MABUCHI MOTOR CO., LTD. (Current position)</p> <p>March 2011      Director, MABUCHI MOTOR CO., LTD. (Current position)</p>	3,000

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held
3	Takashi Kamei (January 25, 1949)	<p>March 1971      Joined MABUCHI MOTOR CO., LTD.</p> <p>June 1995      Manager, New Manufacturing Base Establishment Preparation Section, MABUCHI MOTOR CO., LTD.</p> <p>January 1997    President, MABUCHI MOTOR VIETNAM LTD.</p> <p>May 2006        President, MABUCHI MOTOR DANANG LTD.</p> <p>March 2007      Director and General Manger, Operations Control Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>November 2009   Executive Officer, MABUCHI MOTOR CO., LTD.</p> <p>March 2011      Managing Director, Managing Executive Officer and General Manager, Operations Control Headquarters (Current position)</p>	2,000
4	* Tadashi Takahashi (January 2, 1960)	<p>April 1982        Joined MABUCHI MOTOR CO., LTD.</p> <p>November 1992   Deputy Plant Manager, Guangdong Plant NO. 2, MABUCHI INDUSTRY CO., LTD.</p> <p>February 1997    General Manager, Production Engineering Department, Guangdong Plant NO. 5, MABUCHI INDUSTRY CO., LTD.</p> <p>March 2002        Manager, Process Design Section, Production Engineering Office, Technology Department, MABUCHI MOTOR CO., LTD.</p> <p>March 2005        General Manager, Production Engineering Department, Research and Development Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>July 2008         General Manager, Production Engineering Innovation Center, Research and Development Headquarters, MABUCHI MOTOR CO., LTD. (Current position)</p>	1,000
5	*Akihiko Kitahashi (January 21, 1963)	<p>April 1985        Joined MABUCHI MOTOR CO., LTD.</p> <p>March 1994        Manager, Planning Section, MABUCHI INDUSTRY CO., LTD.</p> <p>August 1996      Manager, Procurement Section, MABUCHI INDUSTRY CO., LTD.</p> <p>August 2000      Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>February 2003    President, MABUCHI INDUSTRY CO., LTD.</p> <p>April 2006        President, MABUCHI MOTOR VIETNAM LTD.</p> <p>May 2012         General Manager, Sales Dept. 1, Sales &amp; Marketing Headquarters, MABUCHI MOTOR CO., LTD. (Current position)</p>	1,000

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held
6	*Masato Itokawa (January 29, 1960)	<p>April 1984      Joined MABUCHI MOTOR CO., LTD.</p> <p>January 1985    Seconded to MABUCHI MOTOR TAIWAN LTD. (Production Engineering Section, MABUCHI MOTOR TAIWAN LTD.)</p> <p>September 1991    Process Design Section, Production Engineering Department, Research and Development Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>March 2002      Manager, Manufacturing Technology Section, Production Engineering Office, Technology Department, MABUCHI MOTOR CO., LTD.</p> <p>March 2005      General Manager, Quality Assurance Dept., MABUCHI MOTOR CO., LTD. (Current position)</p> <p>November 2009    Executive Officer, MABUCHI MOTOR CO., LTD. (Current position)</p>	17,000
7	*Iwao Nakamura (July 28, 1942) (Candidate for outside director) (Candidate for notification as an independent director to the Tokyo Stock Exchange)	<p>April 1966      Joined NISSAN MOTOR CO., LTD.</p> <p>June 1995      Director, Nissan Motor Co., Ltd.</p> <p>May 1999      Director and Executive Management Officer, Nissan Motor Co., Ltd.</p> <p>April 2000      Managing Director, Nissan Motor Co., Ltd.</p> <p>March 2002      Retired from Nissan Motor Co., Ltd.</p> <p>April 2002      Corporate Advisory, Nissan Diesel Motor Co., Ltd. (currently UD Trucks Corporation)</p> <p>June 2002      Representative Director and President, Nissan Diesel Motor Co., Ltd.</p> <p>June 2007      Senior Corporate, Nissan Diesel Motor Co., Ltd.</p> <p>June 2009      Retired from Nissan Diesel Motor Co., Ltd.</p> <p>June 2009      Outside Director, Nagase &amp; Co., Ltd. (Current position)</p> <p>(Significant Positions Concurrently Held)</p> <p>Outside Director, Nagase &amp; Co., Ltd.</p>	—

(Notes)

1. The asterisk (\*) denotes the newly nominated candidate for director.
2. No special relationship exists between the Company and the candidates.
3. Iwao Nakamura is a candidate for the position of outside director.
4. Iwao Nakamura had been involved in the company management of NISSAN MOTOR CO., LTD., and Nissan Diesel Motor Co., Ltd. (currently UD Trucks Corporation), for many years as a management executive of both corporations and has engaged in the company management of Nagase & Co., Ltd., as an outside director. Therefore, he has abundant experience and considerable insight in company management and corporate governance, as well as adequate character. Iwao Nakamura is proposed as a candidate for the position of outside director because we anticipate, for the aforementioned reasons, that he will provide the Company with useful and appropriate advice and recommendations regarding overall management and would strengthen the oversight function on overall management of the Company.
5. Iwao Nakamura falls under none of the matters regarding a relationship with any of the Company's specific related entities as stipulated in Article 74, Paragraph 4, Item 6, of the Ordinance for Enforcement of the Companies Act. In addition, there has never been any interest past or present? human relationships (including kinship), capital relationships (including the relationship with major shareholders), business relationships and so forth? nor is there expected to be in the future (excluding the reception of remuneration, etc., as an outside director of the Company) between the Company and Iwao Nakamura or any organizations such as corporations with which he is affiliated (including those with which he has been affiliated in the past).
6. The Company has designated Iwao Nakamura as a candidate for independent director as stipulated by the Tokyo Stock Exchange and has so notified said Exchange. If he is elected as originally proposed, he will be an independent director. He satisfies the requirements of "independent officers" as

stipulated by the Tokyo Stock Exchange and falls under none of the disclosure requirements (additional disclosure requirements and the attribute information to be mentioned) that would be necessary to determine the independence of an independent officer.

The Company has designated all the outside directors and outside audit & supervisory board members including Iwao Nakamura, who satisfy the requirements of “independent officers,” as such.

7. Outline of Limited Liability Agreement

If Iwao Nakamura is elected as originally proposed, the Company intends to enter into an agreement to limit his liability for damages as provided in Article 423, Paragraph 1, of Companies Act, in accordance with the provisions of Article 427, Paragraph 1, of the said Act and the Company’s Articles of Incorporation. The limit of liability under the agreement shall be the amount set forth in the relevant laws and regulations.

### **Proposal 3: Determination of the Remuneration Amount and Details of Stock-Compensation-Type Stock Options for Directors**

The Company abolished the retirement allowance system for directors and audit & supervisory board members of the Company as of the conclusion of the 67th Ordinary General Meeting of Shareholders held on March 28, 2008, and has subsequently studied enhancing the long-term incentives for directors.

Consequently, shareholders are requested to approve that stock-compensation-type stock options targeting directors of the Company (excluding outside directors) be implemented as part of its reform on the allowance system for directors and audit & supervisory board members for the purpose of increasing their willingness to serve and motivation toward improved corporate value and raised share prices. This reform measure shall be closely linked to the Company's business performance and share price by establishing a scheme through which directors of the Company will share not only the benefits that may be enjoyed due to increased share prices but also the risk of a decline in share prices along with shareholders.

The total amount of the remuneration for directors of the Company has been previously determined to be within ¥15 million (excluding salaries for service as the Company's employees) as monthly fixed payments, and within 0.7% of consolidated net income for each business year (computed without including consolidated business results-based remuneration for directors) as variable payments of which the amount is capped at ¥200 million. The Company intends to allot subscription rights to shares as stock-compensation-type stock options to eligible directors within a cap of ¥60 million annually, separately from the aforementioned total amount.

The remuneration amount as stock options shall be the product of the fair price per subscription right to shares, which is calculated for the subscription rights to shares as of the allotment date, multiplied by the number of subscription rights to shares to be allotted.

The number of incumbent directors is seven (7). If Proposal 2 is approved and passes as originally proposed, the number of eligible directors subject to the Proposal on and after the conclusion of the 72nd Ordinary General Meeting of Shareholders will be six (6), excluding one (1) outside director. Shareholders are also requested to leave decisions on the timing for granting the subscription rights to shares and their distribution to each director to the discretion of the Board of Directors.

Details of the subscription right to shares to be allotted as remuneration for directors are as follows:

1. Total number of the subscription rights to shares, as well as the type and number of shares under the subscription rights to shares  
Total number of the subscription rights to shares: Shall be capped at 2,500 units for one year.  
Type of shares under the subscription rights to shares: Shall be the Company's common shares to be capped at 25,000 shares for one year.  
The number of shares for each subscription right to shares (hereinafter the "Number of Granted Shares") shall be ten (10).  
In case the Company considers it appropriate to change the Number of Granted Shares through such measures as mergers, demergers, gratis allotments of shares, stock splits or reverse stock splits, the Company shall adjust the Number of Granted Shares that it deems necessary.
2. Subscription amount for the subscription rights to shares  
The subscription amount for the subscription rights to shares shall be the fair price, which is calculated using the Black-Scholes value calculation model as of the allotment date of the subscription rights to shares. Persons to whom the subscription rights to shares have been allotted shall offset the claim for compensation held thereby toward the Company instead of payment of said subscription amount.
3. Value of the property invested in exercising the subscription rights to shares  
The value of the property invested in exercising each subscription right to shares shall be the product of the subscription amount per share, which is assumed to be one (1) yen, for shares to be issued and delivered by the exercise of said subscription right to shares, multiplied by the Number of Granted Shares.
4. Period during which the subscription rights to shares may be exercised  
The period during which the subscription rights to shares may be exercised shall be within twenty (20) years from the next day of the allotment date of the subscription rights to shares and such period

shall be determined by the Board of Directors of the Company.

5. Major conditions for the exercise of the subscription rights to shares  
A person to whom the subscription rights to shares have been allotted shall be allowed to exercise the subscription rights to shares in a lump sum only within a period of not later than ten (10) days having elapsed after the next day of the date when the person forfeits the director's position of the Company, such period being within the period in item 4 above.
6. Restriction on the acquisition of the subscription rights to shares by assignment  
Approval of the Board of Directors of the Company via resolution thereat shall be required for the acquisition of the subscription rights to shares by assignment.
7. Details of other matters related to the subscription rights to shares  
The details of aforementioned items 1 through 6 and other matters regarding the subscription rights to shares shall be determined by the Board of Directors of the Company.