

(TRANSLATION ONLY)

Securities code: 6592

March 11, 2016

To Those Shareholders with Voting Rights

Hiroo Okoshi
Representative Director and President
MABUCHI MOTOR CO., LTD.
430 Matsuhidai, Matsudo City, Chiba, Japan

NOTICE OF THE 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are informing you of the 75th Ordinary General Meeting of Shareholders (the “Meeting”) of MABUCHI MOTOR CO., LTD. (the “Company”) to be held as follows:

If you are unable to attend the Meeting, you may exercise your voting rights in writing or via electronic means (e.g., the Internet). Please read the attached REFERENCE DOCUMENTS FOR THE 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights before 5 p.m. on Tuesday, March 29, 2016.

1. Date: 10 a.m., Wednesday, March 30, 2016

2. Place: Large Conference Hall at Head Office
MABUCHI MOTOR CO., LTD.
430 Matsuhidai, Matsudo City, Chiba

3. Agenda:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 75th Fiscal Term (from January 1, 2015 to December 31, 2015), 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 75th Fiscal Term (from January 1, 2015 to December 31, 2015)

Matters to be resolved:

- Proposal 1:** Proposed Appropriation of Retained Earnings for the 75th Fiscal Term
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of Four (4) Audit & Supervisory Board Members
Proposal 4: Determination of Amounts and the Content of the Performance-Based Stock Compensation Plan 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 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS” with you.**

***Should any amendments occur in the REFERENCE DOCUMENTS FOR THE 75TH 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 website (http://www.mabuchi-motor.co.jp/ja_JP/).**

***Please be informed that since last year the Company has decided to cease the traditional custom of giving gifts to shareholders in attendance.**

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, 2015 to December 31, 2015)

1. Current Conditions of the Mabuchi Group

(1) Business Development and Results

During the fiscal year ended December 31, 2015 (fiscal 2015), economic slowdown in China and other countries beginning in the second half of the fiscal year resulted in sluggish growth in the world economy as a whole. The U.S. economy continued to expand due to improvement in employment and income conditions, while in Europe the gradual recovery trend continued. In Japan, moderate economic recovery continued as a result of improvement in corporate earnings. On the other hand, growth slowed in emerging market economies because of factors such as the economic slowdown in China and a decline in resource prices.

In the markets in which the Mabuchi Group operates, demand in the Automotive Products Market was healthy as economic expansion in the U.S. and economic recovery in Europe offset sluggish demand growth in emerging countries. In the Consumer and Industrial Products Market, demand remained stable in developed countries.

Under these business conditions, the Mabuchi Group addressed several issues: continued strengthening and expansion of the automotive products business and realization of new activities in the consumer and industrial products businesses, promotion of manufacturing innovation, and establishment of new production bases. Specifically, the Group actively introduced and implemented measures to achieve further progress with sales and market share expansion, and high quality and high efficiency, and achieved results that will lead to future business growth.

These measures included: 1) the commencement of sales of new motors for power window lifters to new customers; 2) strengthening of sales of medium-sized automotive motors by introducing application-specific standard products for each application; 3) full-scale entry into the light electric vehicle (LEV), commercial office equipment, and welfare/nursing care equipment sectors; 4) labor-saving in production processes and man-hour reduction through expanded introduction of facilities to rationalize production; and 5) completion of the construction of a new production plant in Mexico.

As a result, consolidated net sales for fiscal 2015 were 143,143 million yen (a 16.8% increase on a year-on-year basis). Motors sales, which account for the majority of consolidated net sales, were 143,134 million yen (a 16.8% increase on a year-on-year basis).

Operating income for fiscal 2015 was 29,961 million yen (a 36.1% increase on a year-on-year basis) as a result of improvement in the product mix and a decline in raw material costs coupled with a weaker yen compared with the previous fiscal year.

Ordinary income was 27,113 million yen (a 13.3% increase on a year-on-year basis) as a result of the increase in operating income, despite a decrease in non-operating income due to a decrease in foreign exchange gains compared with the previous fiscal year.

The increase in ordinary income more than offset the impact of the worsening of the balance of extraordinary items resulting from factors such as the recording of an impairment loss on fixed assets at some consolidated subsidiaries, despite the recording of a gain on disposal of fixed assets from the sale of unused land held by a consolidated subsidiary. Income before income taxes was 26,593 million yen (a 12.7% increase on a year-on-year basis) and net income was 18,546 million yen (a 2.5% increase on a year-on-year basis).

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 96,369 million yen (a 22.4% increase on a year-on-year basis). New product introductions, the start of sales to new customers, and an increase in market share contributed to continued strong sales of products for all main applications, including sales of motors for power window lifters, power seats, electric parking brakes, engine peripheral equipment, and other applications for medium-sized motors and sales of motors for door mirrors, door lock actuators, air conditioning damper actuators, headlight level adjusters, and other applications for compact motors. The impact of the weak yen also contributed to the overall increase.

2) Consumer and Industrial Products Market

Net sales in this market rose to 46,764 million yen (a 6.9% increase on a year-on-year basis). Sales of motors for beauty-related products, power tools, multifunction printers (MFPs), and laser printers were strong, and the impact of the weak yen also contributed to the overall increase.

At the beginning of fiscal 2015, the previous Home Appliances, Power Tools & Toys Market, Precision & Office Equipment Market, and Audio & Visual Equipment Market have been consolidated, and the name has been changed to Consumer and Industrial Products Market.

<Consolidated sales of motors by application>

Market segment	The 75th fiscal term (the year ended December 31, 2015)	YoY (%)	Segment sales as a percentage of net sales (%)
	Amount (Millions of Yen)		
Automotive Products	96,369	22.4	67.3
Consumer and Industrial Products	46,764	6.9	32.7
Total	143,134	16.8	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. As the Mabuchi Group has sales of several types of motor parts and production equipment in addition to its mainstay motor sales, the amount for consolidated net sales differs from the amount for consolidated sales of motors.
3. Amounts less than a million yen have been truncated.
4. The figures above do not include consumption tax, etc.

(2) Capital Investments

Capital investments for fiscal 2015 amounted to 16,187 million yen, which includes 3,861 million yen for the construction of facilities for MABUCHI MOTOR MEXICO S.A.DE.C.V.; 409 million yen for R&D facilities and equipment; 645 million yen for information technology; and 11,270 million yen for other facilities and equipment to upgrade product lines and reinforce overall productivity.

(3) Issues to be Addressed

In the outlook for 2016, the forecast is for the U.S. economy to remain strong and for gradual recovery in the European economy centered on key countries to continue. Business conditions are expected to continue to gradually recover in Japan as well. Slowing of growth in the Chinese economy is expected to result in an increased sense of uncertainty about emerging countries and continued low economic growth.

Regarding the markets in which the Mabuchi Group operates, although demand in the Automotive Products Market is strong in Europe and North America, growth in China and other emerging countries has softened, and the pace of growth in worldwide automobile production is expected to slow. In the Consumer and Industrial Products Market, while demand for motors for home appliances and power tools is expected to remain stable in developed countries, sluggish demand for motors for precision and office equipment in the personal-use products market is forecast.

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

1) Acceleration of Growth in the Power Window Lifter Motor Business

The Mabuchi Group began sales of new medium-torque power window lifter motors to a third Japanese automaker in fiscal 2015 and will aim to use this mass production track record as a springboard to increase the number of equipped car models. In addition, we will undertake expansion of the product lineup by accelerating development of next-generation new products that take advantage of size and weight reduction technologies, a Mabuchi strength.

We started mass production of a new high-torque product for a major North American automaker in fiscal 2015 and will strengthen the supply structure by commencing mass

production of power window lifter motors at Mexico Mabuchi this summer. We will step up sales activities to ensure adoption by additional North American automakers by emphasizing this initiative to strengthen the supply structure, our mass production track record, and the competitiveness of our products.

2) Expansion of Medium-sized Automotive Motor Sales and New Applications

Motors for power seats, electric parking brakes, engine peripheral equipment, and other medium-sized motor applications constitute a market sector for which continued market expansion can be expected in light of today's emphasis on automobile safety, comfort, and economy, and the Mabuchi Group will work to increase sales to new customers and develop new applications by leveraging highly competitive application-specific standard products.

Sales of power seat motors surpassed the 10.0 billion yen milestone in fiscal 2015, and we will aim for further growth in fiscal 2016 by continuing to seek global sales expansion and winning new orders in Japan and overseas. Electric parking brake motors are an application for which Mabuchi has maintained the top global market share. We intend to retain share leadership by undertaking production capacity expansion to meet a demand increase accompanying the spread of electric parking brakes and aiming to win orders from a major customer in Korea in addition to our current customers in Japan and Europe. In fiscal 2015 we began mass production of engine air intake and exhaust motors, a type of motor engine peripheral equipment, for a major Japanese customer. We will take advantage of this opportunity by working to develop new applications for other engine peripheral equipment in addition to engine air intake and exhaust.

3) Development of New Applications in the Consumer and Industrial Products Sector

In the consumer and industrial products sector, in addition to business activities centered on existing small brush motors, we are reinforcing initiatives to develop and increase sales of brushless motors in order to focus on new applications and create new demand.

With regard to brushless motors for LEVs, we continue to sell motors for electrically assisted bicycles and are expanding sales activities to win orders from new Japanese and European customers. We also began mass production and shipment of motors for assistive equipment for walking in fiscal 2015 and will continue to develop new applications and realize further deployment across multiple applications on the basis of application-specific standard products for LEVs.

In fiscal 2015 we won orders for brushless motors for MFPs from a third major Japanese customer. Manufacturers are mounting a full-scale effort to reduce power consumption, and we will continue sales activities to win orders from a fourth Japanese manufacturer.

With regard to new applications, we newly developed a small gear unit motor to increase ease of use for customers. We will make this the first step toward full-scale entry into medical equipment applications by means of products that offer new added value.

4) Implementation of Laborsaving Measures and Establishment of Next-Generation Manufacturing

The Mabuchi Group is working to mechanize production lines and undertaking laborsaving by introducing facilities in response to a major change in the business environment: namely, sharp increases in labor costs accompanying economic development in countries and regions where production bases are located. Through the phase-two plan, which covers the three fiscal years from 2014 through 2016, the Company is aiming to achieve laborsaving exceeding 30% of direct employees from the 2013 level. In fiscal 2015, the second year of the three-year plan, laborsaving was achieved according to plan, exceeding 10% from the fiscal 2014 level. In fiscal 2016, the final year of the three-year plan, we will once again work to achieve the laborsaving plan target by means including horizontal deployment of model production lines that have achieved substantial laborsaving from conventional production lines.

In fiscal 2016, in addition to these initiatives for laborsaving, we will expand activities to establish next-generation manufacturing, continuously improve productivity and realize highly competitive production processes into the future. Such initiatives include our efforts to raise the level of production-related technologies, quality and personnel utilizing the Manufacturing Training Hall installed within the Mabuchi Group's corporate headquarters. By deploying facilities and personnel upgraded at a trial production line for motors for power window lifters set up within the Manufacturing Training Hall, we are preparing mass production lines at Mabuchi Mexico. In fiscal 2016 a foundation will be laid for the evolution of a series of processes

extending from parts to finished products into next-generation facilities, methods, and processes through expansion of the scope of the Manufacturing Training Hall's activities beyond assembly processes to include parts processes. We intend to further strengthen our manufacturing capabilities by laying a technology foundation at the corporate headquarters and deploying it globally.

(4) Financial Highlights

(Millions of Yen)

	72nd fiscal term (FY2012)	73rd fiscal term (FY2013)	74th fiscal term (FY2014)	75th fiscal term (FY2015)
Net sales	85,254	108,401	122,544	143,143
Ordinary income	10,510	16,672	23,929	27,113
Net income	6,385	10,519	18,090	18,546
Net income per share (Yen)	91.12	150.10	258.02	266.98
ROE (%)	3.6	5.4	8.2	8.0
Total assets	196,702	227,253	256,368	256,196
Net assets	181,372	208,791	233,312	233,245
Shareholders' equity ratio (%)	92.2	91.9	91.0	91.0
Net assets per share (Yen)	2,588.38	2,978.02	3,325.99	3,363.01
Cash dividends per share (Yen)	100	140	214	110
Dividend payout ratio (%)	54.9	46.6	41.5	41.2
Dividend on equity ratio (%)	2.0	2.5	3.4	3.3

(Notes)

1. Net income 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, total assets and net assets are omitted. Amounts of net income 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 75th 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 75th Ordinary General Meeting of Shareholders.
5. As the Company's shares held by the ESOP Trust Utilizing Employee Shareholding Association are treated as treasury stock, the relevant number of shares is excluded from the average number of outstanding shares during the period in the calculation of net income per share and the dividend payout ratio for the 73rd, 74th and 75th fiscal term. Moreover, the relevant number of shares is excluded from the total number of shares outstanding at the end of the period in the calculation of net assets per share and the dividend on equity ratio.
6. As the Company conducted a stock split on January 1, 2015, in which each share of the Company's common stock was split into two shares, the per-share information was calculated as if the stock split had taken place at the beginning of the 72nd fiscal term. Regarding cash dividends per share for the 75th fiscal term, the actual amount after the stock split is presented.

(5) Major Business Conducted by the Mabuchi Group (As of December 31, 2015)

The Mabuchi Group, consisting of the Company and its 21 subsidiaries (of which 20 are consolidated subsidiaries), engages in the manufacture and sales of small motors used for automotive products, consumer and industrial products, etc.

2. Matters Relating to Stocks (As of December 31, 2015)

- (1) Total Number of Shares Authorized: 200,000,000
- (2) Total Number of Shares Issued: 70,927,562
(Including 1,459,206 shares of treasury stock)
- (3) Number of Shareholders: 13,446
(Increased by 4,267 from the end of the previous term)
- (4) Major Shareholders (Top 10)

Shareholders	Number of shares held (shares)	Percentage of shares held (%)
Takaichi Mabuchi	5,000,800	7.2
Japan Trustee Services Bank, Ltd. (Trust Account)	4,238,100	6.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,317,000	4.8
Mabuchi International Scholarship Foundation, Public Interest Incorporated Foundation	3,000,000	4.3
Takashi Mabuchi	2,110,600	3.0
Tamotsu Mabuchi	2,110,414	3.0
Premiere Corporation	2,068,600	3.0
Taka Corporation Co., Ltd.	2,056,000	3.0
TEXAS Inc.	1,856,000	2.7
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,140,400	1.6

(Notes)

1. In addition to the above, Mabuchi Motor Co., Ltd. retains 1,459,206 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. 130,700 shares held by the ESOP Trust Utilizing Employee Shareholding Association are included in the calculation of "Percentage of shares held."

(5) Other Significant Matters Relating to Stocks

1) Stock Split

The Company conducted a stock split on January 1, 2015, for the purpose of increasing the trading liquidity of the Company's stock and expanding the investor base, by lowering the face value of the Company's stock. In the stock split, each share of the Company's common stock was split into two shares. Consequently, the total number of shares authorized to be issued by the Company is 200,000,000 and the total number of shares issued after the stock split is 70,927,562.

2) Purchase of Treasury Stock

Treasury stock purchased in accordance with a resolution at a meeting of the Board of Directors held on February 13, 2015

- Class and total number of shares purchased: 824,200 shares of common stock of the Company
- Total amount of purchase cost: ¥4,999,473,992
- Purchase period: from February 17, 2015 to March 23, 2015

3) Cancellation of Treasury Stock

Treasury stock cancelled in accordance with a resolution at a meeting of the Board of Directors held on February 13, 2015

- Class and total number of shares cancelled: 4,824,200 shares of common stock of the Company
- Date of cancellation: April 15, 2015

4) ESOP Trust Utilizing Employee Shareholding Association

The Company introduced an employee incentive plan called the ESOP Trust Utilizing Employee Shareholding Association (the "ESOP Trust") to further improve welfare programs for employees

who support the Company's growth. The introduction of this plan also aims to enhance the Company's corporate value over the medium to long term by creating greater awareness of the Company's business performance and stock value among its employees.

The Company established a trust with those employee members of Mabuchi Motor Employee Shareholding Association ("Our Shareholding Association") who meet certain requirements as its beneficiaries, and this trust, under the ESOP Trust, will acquire at one time the number of Company shares that Our Shareholding Association is expected to acquire between June 2013 and June 2018. Subsequently, the said trust will sell off the Company's shares to Our Shareholding Association on a predetermined day every month.

The number of shares that the ESOP Trust held as of the fiscal year-end was 130,700 shares.

3. Matters Concerning the Subscription Rights to Shares

(1) Subscription Rights to Shares Held by the Company's Directors as of December 31, 2015.

Subscription rights to shares resolved at a meeting of the Board of Directors held March 28, 2013.

- 1) Designation of the Subscription Rights to Shares
Mabuchi Motor Co., Ltd. 1st Subscription Rights to Shares
- 2) Number of the Subscription Rights to Shares
398 units
- 3) Number of Persons Granted the Subscription Rights to Shares
Four (4) directors of the Company (excluding outside directors)
- 4) Type and Number of Shares Underlying the Subscription Rights to Shares
7,960 shares of the Company's common stock (20 shares per subscription right)
- 5) Subscription Amount for the Subscription Rights to Shares
No subscription required in exchange for the subscription rights to shares
- 6) Value of the Property Invested in Exercising the Subscription Rights to Shares
One (1) yen per share
- 7) Period for Exercising the Subscription Rights to Shares
The period for exercising the subscription rights to shares shall be from May 21, 2013 to May 20, 2033.
- 8) Conditions for the Exercise of the Subscription Rights to Shares
 - i) A person who is allotted the subscription rights to shares (hereafter "Subscription Right Holder") shall be allowed to exercise the subscription rights to shares, solely in a lump sum, only within a period of not later than ten (10) days following the next day after the date when he or she forfeits the director's position of the Company.
 - ii) In the event a Subscription Right Holder dies, his/her heir may exercise the subscription rights to shares, provided, however, that any person who has inherited the subscription rights to shares from the heir of an allotted person is not allowed to exercise the subscription rights to shares.

(Notes)

1. In keeping with the stock split that the Company conducted on January 1, 2015, in which each share of the Company's common stock was split into two shares, "the type and number of shares underlying the subscription rights to shares" have been adjusted.
2. The total number of the subscription rights to shares at December 31, 2015 was 199 fewer than the number as of the allotment date of the subscription rights to shares, the reason for which is as follows.
 - Decrease due to exercise of subscription rights: 199

Subscription rights to shares resolved at a meeting of the Board of Directors held March 28, 2014.

- 1) Designation of the Subscription Rights to Shares
Mabuchi Motor Co., Ltd. 2nd Subscription Rights to Shares
- 2) Number of the Subscription Rights to Shares
266 units
- 3) Number of Persons Granted the Subscription Rights to Shares
Four (4) directors of the Company (excluding outside directors)
- 4) Type and Number of Shares Underlying the Subscription Rights to Shares

5,320 shares of the Company's common stock (20 shares per subscription right)

- 5) Subscription Amount for the Subscription Rights to Shares
No subscription required in exchange for the subscription rights to shares
- 6) Value of the Property Invested in Exercising the Subscription Rights to Shares
One (1) yen per share
- 7) Period for Exercising the Subscription Rights to Shares
The period for exercising the subscription rights to shares shall be from April 22, 2014 to April 21, 2034.
- 8) Conditions for the Exercise of the Subscription Rights to Shares
 - i) A Subscription Right Holder shall be allowed to exercise the subscription rights to shares, solely in a lump sum, only within a period of not later than ten (10) days following the next day after the date when he or she forfeits the director's position of the Company.
 - ii) In the event a Subscription Right Holder dies, his or her heirs may exercise the subscription rights to shares, provided, however, that any person who has inherited the subscription rights to shares from the heir of an allotted person is not allowed to exercise the subscription rights to shares.

(Notes)

1. In line with the stock split that the Company conducted on January 1, 2015, in which each share of the Company's common stock was split into two shares, "the type and number of shares underlying the subscription rights to shares" have been adjusted.
2. The total number of the subscription rights to shares at December 31, 2015, was 133 fewer than the number as of the allotment date of the subscription rights to shares, the reason for which is as follows.
 - Decrease due to exercise of subscription rights: 133

Subscription rights to shares resolved at a meeting of the Board of Directors held March 27, 2015.

- 1) Designation of the Subscription Rights to Shares
Mabuchi Motor Co., Ltd. 3rd Subscription Rights to Shares
- 2) Number of the Subscription Rights to Shares
465 units
- 3) Number of Persons Granted the Subscription Rights to Shares
Six (6) directors of the Company (excluding outside directors)
- 4) Type and Number of Shares Underlying the Subscription Rights to Shares
4,650 shares of the Company's common stock (10 shares per subscription right)
- 5) Subscription Amount for the Subscription Rights to Shares
No subscription required in exchange for the subscription rights to shares
- 6) Value of the Property Invested in Exercising the Subscription Rights to Shares
One (1) yen per share
- 7) Period for Exercising the Subscription Rights to Shares
The period for exercising the subscription rights to shares shall be from April 21, 2015 to April 20, 2035.
- 8) Conditions for the Exercise of the Subscription Rights to Shares
 - i) A Subscription Right Holder shall be allowed to exercise the subscription rights to shares, solely in a lump sum, only within a period of not later than ten (10) days following the next day after the date when he/she forfeits the director's position of the Company.
 - ii) In the event a Subscription Right Holder dies, his/her heir may exercise the subscription rights

to shares, provided, however, that any person who has inherited the subscription rights to shares from the heir of an allotted person is not allowed to exercise the subscription rights to shares.

(2) Subscription Rights to Shares Granted to Employees during the Fiscal Year Under Review

None

4. Directors and Audit & Supervisory Board Members of the Company

(1) Directors and Audit & Supervisory Board Members

(As of December 31, 2015)

Position	Name	Duty and Significant Positions Concurrently Held
Representative Director and Chairman	Shinji Kamei	
Representative Director and President	Hiroo Okoshi	President and CEO
Director	Tadashi Takahashi	Managing Executive Officer and Senior General Manager of Research and Development Headquarters
Director	Masato Itokawa	Executive Officer and General Manager of Quality Assurance Dept., in charge of Quality and Environmental Management
Director	Tadahito Iyoda	Executive Officer and Senior General Manager of Administration Headquarters, in charge of Internal Controls
Director	Hirotarō Katayama	Executive Officer and Senior General Manager of Operations Control Headquarters, in charge of Production Bases Control
Director	Iwao Nakamura	
Director	Ichiro Hashimoto	
Full-time Audit & Supervisory Board Member	Masahiro Gennaka	
Audit & Supervisory Board Member	Keiichi Horii	Attorney, Joint Representative South Toranomom Law Office Outside Auditor of Sanwa Soko Co., Ltd.
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)

- Directors Iwao Nakamura and Ichiro Hashimoto are outside directors. The Company designated these two (2) outside directors as “independent officers” as stipulated by the Tokyo Stock Exchange and registered them there.
- Audit & Supervisory Board Members Keiichi Horii, Nobutaka Motohashi and Toru Masuda are outside audit & supervisory board members. The Company designated these three (3) outside audit & supervisory board members as “independent officers” as stipulated by the Tokyo Stock Exchange and registered them there.
- 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.
- Audit & Supervisory Board Member Keiichi Horii is an attorney. He is familiar with corporate legal affairs and has significant knowledge of finance and accounting.
- Audit & Supervisory Board Member Nobutaka Motohashi is a certified public accountant and has professional knowledge of finance and accounting.

6. Audit & Supervisory Board Member Toru Masuda is an attorney. He is familiar with corporate legal affairs and has significant knowledge of finance and accounting.
7. Changes of Directors and Audit & Supervisory Board Members during the Fiscal Year under Review
 - 1) At the 74th Ordinary General Meeting of Shareholders held on March 27, 2015, Tadahito Iyoda, Hirotaro Katayama and Ichiro Hashimoto were elected as directors for the first time and each assumed the position of director.
 - 2) Takashi Kamei and Akihiko Kitahashi both retired from office due to the expiration of their terms of office at the conclusion of the 74th Ordinary General Meeting of Shareholders held on March 27, 2015.
8. The Company reinforces 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
Tsuyoshi Nakamura	Executive Officer and Senior General Manager of Sales & Marketing Headquarters
Eiji Uenishi	Executive Officer and Deputy Senior General Manager of Research and Development Headquarters
Akihiko Kitahashi	Group Executive Officer in charge of Taiwan Business
Katsuhiko Katayama	Group Executive Officer in charge of China Business

(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 [of whom, Outside Directors]	10 [2]	300 [13]
Audit & Supervisory Board Members [of whom, Outside Audit & Supervisory Board Members]	4 [3]	35 [23]

(Notes)

1. The amount of remuneration paid above includes subscription rights to shares of 25 million yen, which were granted to six (6) directors (excluding outside directors) as stock options pursuant to a resolution at the Board of Directors meeting held on March 27, 2015.
2. The amount of remuneration for directors includes 130 million yen in accrued bonuses due to directors, which was recognized as an expense during the fiscal year under review.
3. The amount of remuneration for directors does not include their salaries for their service as the Company's employees, which is 46 million yen (paid to five [5] directors/employees).

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, outside 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 yen (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 yen. With regard to remuneration for audit & supervisory board members (the ceiling amount of total remuneration),

a fixed monthly remuneration amount within 4 million yen was approved.

A fixed amount of remuneration for each director was determined, taking into account each director's position, assignment, 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 outside directors, because they are independent of business execution, fixed monthly remuneration that is not affected by business results is paid to each outside director.

As audit & supervisory board members are independent of business execution, like outside directors, 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.

Moreover, it was decided at the 72nd Ordinary General Meeting of Shareholders held on March 28, 2013, that stock-compensation-type stock options targeting directors of the Company (excluding outside directors) be implemented as the long-term incentives for directors, and that subscription rights to shares as stock options be allotted to the eligible directors within a cap of 60 million yen annually, separately from the aforementioned amount of remuneration. The decisions of the timing for granting the subscription rights to shares and their distribution to each director were also approved to be left to the resolution of the Board of Directors that is made based on the basic policy described above.

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 Directors and Audit & Supervisory Board Members)

- 1) Representative Positions at Different Companies Concurrently Assumed by the Company's Officers and the Relation between those Companies and MABUCHI MOTOR CO., LTD.
 - i) Audit & Supervisory Board Member Keiichi Horii also serves as an outside auditor at Sanwa Soko Co., Ltd. There has been no trading or other special relationship between Sanwa Soko Co., Ltd. and the Company.
 - ii) Audit & Supervisory Board Member Nobutaka Motohashi also serves as an outside auditor at NAGAWA Co., Ltd. There has been no trading or other special relationship between NAGAWA Co., Ltd. and the Company.
 - iii) Audit & Supervisory Board Member Toru Masuda also serves as a director of Juutaku Loan Servicer Ltd. There has been no trading or other special relationship between Juutaku Loan Servicer Ltd. and the Company.

2) Major Activities during the Fiscal Year under Review

	Activities
Director Iwao Nakamura	Attended all 18 meetings of the Board of Directors held during the fiscal year under review. Based on his ample experience as a company executive over the years 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.
Director Ichiro Hashimoto	Attended all 13 meetings of the Board of Directors held since he had assumed the position of director on March 27, 2015. Based on his ample experience as a company executive over the years 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 Keiichi Horii	Attended all 18 meetings 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 an attorney 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 all 18 meetings 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 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 all 18 meetings 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 an attorney 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 two (2) outside directors and three (3) outside audit & supervisory board members 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, 2015)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)	256,196	(Liabilities)	22,950
Current assets	178,978	Current liabilities	16,892
Cash and bank deposits	106,305	Trade notes and accounts payable	6,434
Trade notes and accounts receivable	25,527	Short-term loans payable	113
Short-term investments	11,014	Accrued income taxes	2,119
Merchandises and finished goods	21,417	Accrued bonuses due to employees	218
Work in process	1,271	Accrued bonuses due to directors	130
Raw materials and supplies	8,316	Deferred tax liabilities-current	16
Deferred tax assets-current	1,637	Other current liabilities	7,860
Other current assets	3,601	Long-term liabilities	6,058
Allowance for doubtful receivables	(113)	Long-term loans payable	170
Fixed assets	77,217	Net defined benefit liability	2,080
Property, plant and equipment	58,763	Asset retirement obligations	15
Buildings and structures	20,542	Deferred tax liabilities-non-current	3,481
Machinery, equipment and vehicles	23,411	Other long-term liabilities-non-current	311
Tools, furniture and fixture	3,876	(Net assets)	233,245
Land	6,238	Shareholders' equity	218,932
Construction in progress	4,694	Common stock	20,704
Intangible assets	1,261	Additional paid-in capital	20,419
Investments and other assets	17,192	Retained earnings	183,853
Investment securities	16,001	Treasury stock	(6,046)
Deferred tax assets-non-current	407	Accumulated other comprehensive income	14,251
Other investments and other assets	817	Net unrealized holding gains on securities	2,441
Allowance for doubtful receivables	(33)	Foreign currency translation adjustment	12,775
		Remeasurements of defined benefit plans	(965)
		Subscription rights to shares	61
Total assets	256,196	Total liabilities and net assets	256,196

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

Consolidated Statement of Income
(For the year ended December 31, 2015)

(Millions of yen)

Item	Amount	
Net sales		143,143
Cost of sales		99,673
Gross profit		43,470
Selling, general and administrative expenses		20,508
Operating income		22,961
Non-operating income		
Interest income	626	
Dividend income	312	
Foreign exchange gains	2,329	
Gain on sales of raw material scrap	983	
Other	457	4,709
Non-operating expenses		
Stock-related expenses	90	
Non-deductible consumption tax	136	
Other	331	558
Ordinary income		27,113
Extraordinary income		
Gain on disposal of fixed assets	1,128	
Gain on sales of investment securities	15	1,143
Extraordinary loss		
Loss on disposal of fixed assets	383	
Impairment loss	906	
Provision for business structure improvement	355	
Loss on sales of investment securities	9	
Loss on valuation of golf club memberships	7	1,662
Income before income taxes		26,593
Current	6,883	
Deferred	1,164	8,047
Income before minority interests		18,546
Net income		18,546

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

Consolidated Statement of Changes in Net Assets

(For the year ended December 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	20,704	20,419	192,606	(20,010)	213,720
Cumulative effects of changes in accounting policies	—	—	(190)	—	(190)
Restated balance	20,704	20,419	192,416	(20,010)	213,530
Changes of items during the period					
Cash dividend (Note: 1)	—	—	(4,603)	—	(4,603)
Cash dividend (Interim dividends)	—	—	(3,612)	—	(3,612)
Net income	—	—	18,546	—	18,546
Purchase of treasury stock	—	—	—	(5,011)	(5,011)
Disposal of treasury stock	—	—	(7)	91	83
Cancellation of treasury stock	—	—	(18,884)	18,884	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	(8,562)	13,964	5,401
Ending balance	20,704	20,419	183,853	(6,046)	218,932

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Net unrealized holding gains (losses) on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	1,968	18,311	(742)	19,537	54	233,312
Cumulative effects of changes in accounting policies	—	—	—	—	—	(190)
Restated balance	1,968	18,311	(742)	19,537	54	233,122
Changes of items during the period						
Cash dividend (Note: 1)	—	—	—	—	—	(4,603)
Cash dividend (Interim dividends)	—	—	—	—	—	(3,612)
Net income	—	—	—	—	—	18,546
Purchase of treasury stock	—	—	—	—	—	(5,011)
Disposal of treasury stock	—	—	—	—	—	83
Cancellation of treasury stock	—	—	—	—	—	—
Net changes of items other than shareholders' equity	472	(5,536)	(222)	(5,286)	7	(5,278)
Total changes of items during the period	472	(5,536)	(222)	(5,286)	7	122
Ending balance	2,441	12,775	(965)	14,251	61	233,245

(Notes)

1. The dividends were paid as appropriations of retained earnings based on a resolution at the 74th ordinary general meeting of shareholders held in March 27, 2015.
2. Amounts less than one million yen have been omitted.

<Reference>

Consolidated Statement of Comprehensive Income

(For the year ended December 31, 2015)

(Millions of yen)

Item	Amount
Income before minority interests	18,546
Other comprehensive income	
Net unrealized holding gains (losses) on securities	472
Foreign currency translation adjustment	(5,536)
Remeasurements of defined benefit plans	(222)
Total other comprehensive income	(5,286)
Comprehensive income	13,259
Comprehensive income attributable to	
Comprehensive income attributable to owners of the parent	13,259
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, 2015)

(Millions of yen)

Item	Amount
Cash flows from operating activities	
Income before income taxes	26,593
Depreciation and amortization	6,580
Impairment loss	906
Increase (Decrease) in net defined benefit liability	427
Interest and dividends income	(938)
Foreign exchange losses (gains)	(157)
Loss (Gain) on sales of short-term investments and investment securities	(5)
Loss (Gain) on disposal of fixed assets	(744)
Decrease (Increase) in trade notes and accounts receivable	(3,341)
Decrease (Increase) in inventories	(3,683)
Increase (Decrease) in trade notes and accounts payable	(758)
Other, net	2,150
Sub total	27,029
Interest and dividends received	953
Interest paid	(0)
Income taxes paid	(7,866)
Net cash provided by operating activities	20,115
Cash flows from investing activities	
Increase of time deposits	(9,978)
Proceeds from withdrawal of time deposits	17,237
Purchase of short-term investments	(5,500)
Proceeds from sales of short-term investments	8,400
Purchase of fixed assets	(15,592)
Proceeds from sales of fixed assets	1,208
Purchase of investment securities	(4)
Proceeds from sales of investment securities	3,064
Other, net	(14)
Net cash used in investing activities	(1,178)
Cash flows from financing activities	
Repayment of long term loans payable	(113)
Cash dividends paid	(8,214)
Purchase of treasury stock	(5,049)
Proceeds from sales of treasury stock	65
Net cash used in financing activities	(13,312)
Effect of exchange rate changes on cash and cash equivalents	(1,888)
Net increase (decrease) in cash and cash equivalents	3,736
Cash and cash equivalents at beginning of period	109,220
Cash and cash equivalents at end of period	112,956

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

Non-Consolidated Balance Sheet

(As of December 31, 2015)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)	164,810	(Liabilities)	12,896
Current assets	97,207	Current liabilities	11,287
Cash and bank deposits	54,427	Accounts payable	7,536
Trade notes receivable	269	Short-term loans payable	113
Accounts receivable	28,281	Accounts payable-other	1,406
Short-term investments	11,014	Accrued expenses	491
Merchandises and finished goods	1,579	Accrued income taxes	963
Work in process	49	Accrued bonuses due to employees	218
Raw materials and supplies	650	Accrued bonuses due to directors	130
Deferred tax assets-current	297	Other current liabilities	427
Other current assets	637	Long-term liabilities	1,609
Fixed assets	67,602	Long-term loans payable	170
Property, plant and equipment	15,708	Allowance for retirement benefits for employees	471
Buildings	8,282	Asset retirement obligations	15
Structures	366	Deferred tax liabilities-non-current	725
Machinery and equipment	432	Other long-term liabilities-non-current	225
Vehicles	11	(Net assets)	151,913
Tools, furniture and fixture	407	Shareholders' equity	149,410
Land	5,996	Common stock	20,704
Construction in progress	210	Additional paid-in capital	20,419
Intangible assets	568	Legal capital surplus	20,419
Software	4	Retained earnings	114,331
Software in progress	557	Legal retained earnings	3,819
Other intangible assets	6	Other legal retained earnings	110,512
Investments and other assets	51,326	Reserve for the reduction of fixed assets	135
Investment securities	15,922	General reserve	170,119
Stocks of subsidiaries and affiliates	13,567	Retained earnings carried forward	(59,742)
Investments in capital of subsidiaries and affiliates	21,804	Treasury stock	(6,046)
Other investments and other assets	65	Revaluation/translation adjustments	2,441
Allowance for doubtful receivables	(33)	Net unrealized holding gains on securities	2,441
		Subscription rights to shares	61
Total assets	164,810	Total liabilities and net assets	164,810

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

Non-Consolidated Statement of Income

(For the year ended December 31, 2015)

(Millions of yen)

Item	Amount	
Net sales		105,036
Cost of sales		83,488
Gross profit		21,548
Selling, general and administrative expenses		13,755
Operating income		7,792
Non-operating income		
Interest income	20	
Interest on short-term investments	270	
Dividend income	7,408	
Foreign exchange gains	929	
Other	206	8,835
Non-operating expenses		
Stock-related expenses	90	
Other	20	111
Ordinary income		16,516
Extraordinary income		
Gain on disposal of fixed assets	1	
Gain on sales of investment securities	12	14
Extraordinary loss		
Loss on disposal of fixed assets	2	
Loss on sales of investment securities	9	
Loss on valuation of golf club memberships	7	19
Income before income taxes		16,512
Current	3,029	
Deferred	(10)	3,018
Net income		13,493

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

Non-Consolidated Statement of Changes in Net Assets

(For the year ended December 31, 2015)

(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
Cumulative effects of changes in accounting policies	—	—	—	—
Restated balance	20,704	20,419	20,419	3,819
Changes of items during the period				
Cash dividend (Note: 1)	—	—	—	—
Cash dividend (Interim dividends)	—	—	—	—
Net income	—	—	—	—
Purchase of treasury stock	—	—	—	—
Disposal of treasury stock	—	—	—	—
Cancellation of treasury stock	—	—	—	—
Reversal of reserve for the reduction of fixed assets	—	—	—	—
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			
	Other legal retained earnings			Total retained earnings
	Reserve for the reduction of fixed assets	General reserve	Retained earnings carried forward	
Beginning balance	133	170,119	(45,935)	128,137
Cumulative effects of changes in accounting policies	—	—	(190)	(190)
Restated balance	133	170,119	(46,125)	127,946
Changes of items during the period				
Cash dividend (Note: 1)	—	—	(4,603)	(4,603)
Cash dividend (Interim dividends)	—	—	(3,612)	(3,612)
Net income	—	—	13,493	13,493
Purchase of treasury stock	—	—	—	—
Disposal of treasury stock	—	—	(7)	(7)
Cancellation of treasury stock	—	—	(18,884)	(18,884)
Reversal of reserve for the reduction of fixed assets	2	—	(2)	—
Net changes of items other than shareholders' equity	—	—	—	—
Total changes of items during the period	2	—	(13,616)	(13,614)
Ending balance	135	170,119	(59,742)	114,331

(Millions of yen)

	Shareholders' equity		Revaluation/translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains (losses) on securities	Total revaluation/translation adjustments		
Beginning balance	(20,010)	149,251	1,966	1,966	54	151,271
Cumulative effects of changes in accounting policies	—	(190)	—	—	—	(190)
Restated balance	(20,010)	149,060	1,966	1,966	54	151,081
Changes of items during the period						
Cash dividend (Note: 1)	—	(4,603)	—	—	—	(4,603)
Cash dividend (Interim dividends)	—	(3,612)	—	—	—	(3,612)
Net income	—	13,493	—	—	—	13,493
Purchase of treasury stock	(5,011)	(5,011)	—	—	—	(5,011)
Disposal of treasury stock	91	83	—	—	—	83
Cancellation of treasury stock	18,884	—	—	—	—	—
Reversal of reserve for the reduction of fixed assets	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	475	475	7	482
Total changes of items during the period	13,964	349	475	475	7	831
Ending balance	(6,046)	149,410	2,441	2,441	61	151,913

(Notes)

1. The dividends were paid as appropriations of retained earnings based on a resolution at the 74th ordinary general meeting of shareholders held in March 27, 2015.
2. Amounts less than one million yen have been omitted.

REFERENCE DOCUMENTS FOR THE 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Proposal 1: Proposed Appropriation of Retained Earnings for the 75th 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 this policy, the Company makes it a principle to consistently distribute an annual ordinary dividend of 30 yen per share as payment of a long-term stable dividend, plus an additional special dividend equal to 30% (paid out on a per share basis) of the consolidated net income, depending on the performance of the Company.

We plan to pay an annual dividend of 110 yen per share consisting of an amount based on the above calculation standards (an ordinary dividend of 30 yen and a special dividend of 80 yen). Because we paid an interim dividend of 52 yen (an ordinary dividend of 15 yen and a special dividend of 37 yen) per share in September 2015, we propose the year-end dividend for the year as follows:

Matters related to the year-end dividend

- (1) Type of distributable properties
Money
- (2) Matters related to the disbursement of distributable properties and the aggregate amount
58 yen per common share of the Company
(An ordinary dividend of 15 yen and a special dividend of 43 yen)
Aggregate dividend amount: 4,029,164,648 yen
- (3) Effective date of the distribution of retained earnings
March 31, 2016

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

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

In accordance with the enforcement of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) on May 1, 2015, which allows companies to enter into limited liability agreements with directors who do not engage in business execution and audit & supervisory board members who do not serve as outside audit & supervisory board members, the Company will make partial amendments to the provisions of Article 28 (Limited Liability Agreements with Outside Directors) and Article 37 (Limited Liability Agreements with Outside Audit & Supervisory Board Members) of the current Articles of Incorporation so that such directors and audit & supervisory board members can fully perform the roles expected of them.

The consent of each audit & supervisory board member has been obtained to the amendments to Article 28 of the Articles of Incorporation.

2. Details of the amendments

Details of the amendments to the Articles of Incorporation are as follows:

(Amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Limited Liability Agreements with <u>Outside</u> Directors) Article 28. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the <u>Outside</u> Directors to the effect that any liability under Article 423, Paragraph 1 of said Act shall be limited; provided, however, that the limit of liability shall be the prescribed minimum amount set by laws and regulations.</p>	<p>(Limited Liability Agreements with Directors) Article 28. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the Directors (<u>except for persons who are Executive Directors, etc.</u>) to the effect that any liability under Article 423, Paragraph 1 of said Act shall be limited; provided, however, that the limit of liability shall be the prescribed minimum amount set by laws and regulations.</p>
<p>(Limited Liability Agreements with <u>Outside</u> Audit & Supervisory Board Members) Article 37. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the <u>Outside</u> Audit & Supervisory Board Members to the effect that any liability under Article 423, Paragraph 1 of said Act shall be limited; provided, however, that the limit of liability shall be the prescribed minimum amount set by laws and regulations.</p>	<p>(Limited Liability Agreements with Audit & Supervisory Board Members) Article 37. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the Audit & Supervisory Board Members to the effect that any liability under Article 423, Paragraph 1 of said Act shall be limited; provided, however, that the limit of liability shall be the prescribed minimum amount set by laws and regulations.</p>

Proposal 3: Election of Four (4) Audit & Supervisory Board Members

The term of office of all four (4) audit & supervisory board members currently in office will expire at the conclusion of the 75th Ordinary General Meeting of Shareholders. Shareholders are therefore requested to elect four (4) audit & supervisory board members.

The candidates for the position of audit & supervisory board members are as follows.

All members at Audit & Supervisory Board have given their consent to this proposal.

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held
1	Kazuyuki Someya (December 1, 1963)	<p>April 1986 Joined MABUCHI MOTOR CO., LTD.</p> <p>April 2002 Manager, Accounting and Finance Section, Administrative Department, MABUCHI MOTOR CO., LTD.</p> <p>October 2005 General Manager, Accounting and Finance Department, Administration Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>January 2010 General Manager, Administrative Department, Administration Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>March 2013 President, MABUCHI INDUSTRY CO., LTD. (Current position)</p>	4,700
<p>Reasons for being nominated for the position of audit & supervisory board member: Since joining the Company, Kazuyuki Someya has engaged in the administration of the Company for many years. Currently, he also serves in overall management as the President of MABUCHI INDUSTRY CO., LTD., a subsidiary of the Company. He has been nominated for the position of audit & supervisory board member for the first time because we anticipate that he will execute his duties appropriately as an audit & supervisory board member with abundant professional knowledge and experience regarding corporate management.</p>			
2	Nobutaka Motohashi (December 16, 1948) (Candidate for outside audit & supervisory board member) (Candidate for notification as an independent officer to the Tokyo Stock Exchange)	<p>March 1973 Registered as a Certified Public Accountant</p> <p>September 1990 Representative partner of Century Auditor Office (Currently Ernst & Young ShinNihon LLC)</p> <p>June 2008 Retired from Shin Nihon & Co. (Currently Ernst & Young ShinNihon LLC)</p> <p>July 2008 Representative, Motohashi Nobutaka Accounting Office (Current position)</p> <p>March 2012 Outside Audit & Supervisory Board Member, MABUCHI MOTOR CO., LTD. (Current position)</p> <p>June 2012 Outside Auditor of NAGAWA Co., Ltd. (Current position)</p> <p>(Significant Positions Concurrently Held) Outside Auditor, NAGAWA Co., Ltd. Representative, Motohashi Nobutaka Accounting Office</p>	300
<p>Reasons for being nominated for the position of outside audit & supervisory board member: Nobutaka Motohashi has been renominated as a candidate for the position of outside audit & supervisory board member because we have judged that he will be able to conduct his audit from an objective standpoint with abundant professional knowledge and experience regarding corporate accounting as a certified public accountant. He also has considerable insight in corporate governance and is of a noble character. We anticipate, for the aforementioned reasons, that he will execute his duties appropriately as an outside audit & supervisory board member, despite having no previous experience in corporate management.</p>			

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held		Number of the Company's shares held
3	Toru Masuda (November 9, 1951) (Candidate for outside audit & supervisory board member) (Candidate for notification as an independent officer to the Tokyo Stock Exchange)	April 1979	Registered as an attorney	300
		April 1989	Representative, Masuda Toru Law Office (Current position)	
		June 2007	Director, Juutaku Loan Servicer Ltd. (Current position)	
		March 2012	Audit & Supervisory Board Member, MABUCHI MOTOR CO., LTD. (Current position)	
		(Significant Positions Concurrently Held)		
		Director, Juutaku Loan Servicer Ltd.		
		Representative, Masuda Toru Law Office		
Reasons for being nominated for the position of outside audit & supervisory board member: Toru Masuda has been renominated as a candidate for the position of outside audit & supervisory board member because we have judged that he will be able to conduct his audit from an objective standpoint with abundant professional knowledge and experience regarding corporate legal affairs as an attorney (including experience in corporate management as a director of Juutaku Loan Servicer Ltd.). He also has considerable insight in corporate governance and is of a noble character. We anticipate, for the aforementioned reasons, that he will execute his duties appropriately as an outside audit & supervisory board member.				
4	Takashi Asai (March 17, 1961) (Candidate for outside audit & supervisory board member) (Candidate for notification as an independent officer to the Tokyo Stock Exchange)	April 1990	Registered as an attorney	—
		April 1990	Joined DAI-ICHI FUYO LAW OFFICE (Current position)	
		April 2002	Part-time lecturer, Faculty of Law, Keio University	
		April 2005	Part-time lecturer, KEIO UNIVERSITY LAW SCHOOL	
		April 2009	Professor, KEIO UNIVERSITY LAW SCHOOL	
		April 2014	Part-time lecturer, Keio University (Current position)	
Reasons for being nominated for the position of outside audit & supervisory board member: Takashi Asai has been nominated for the position of outside audit & supervisory board member for the first time because we have judged that he will be able to conduct his audit from an objective standpoint with abundant professional knowledge and experience regarding laws and regulations as an attorney. He also has considerable insight in corporate governance and is of a noble character. We anticipate, for the aforementioned reasons, that he will execute his duties appropriately as an outside audit & supervisory board member, despite having no previous experience in corporate management.				

(Notes)

1. No special relationship exists between the Company and the candidates.
2. Nobutaka Motohashi, Toru Masuda and Takashi Asai are candidates for the position of outside auditor & supervisory board member.
3. The office terms of Nobutaka Motohashi and Toru Masuda as audit & supervisory board members of the Company will have reached four years at the conclusion of the 75th Ordinary General Meeting of Shareholders.
4. As per Article 427, Paragraph 1, of the Companies Act and the Company's Articles of Incorporation, the Company entered into agreements with Nobutaka Motohashi and Toru Masuda to limit their liabilities for damages as provided in Article 423, Paragraph 1, of the Companies Act. If their renomination is approved, the Company intends to extend said agreements with them. If Takashi Asai is elected as an outside audit & supervisory board member, the Company also intends to enter into a similar agreement to limit his liability for damages. The limit of liabilities under the agreement shall be the amount set forth by any relevant laws or regulations.
5. The Company registered Nobutaka Motohashi and Toru Masuda as "independent officers," as stipulated by the Tokyo Stock Exchange. If they are renominated, the Company intends to continue to designate them as "independent officers." In addition, as Takashi Asai satisfies the requirements of an "independent officer," as stipulated by the Tokyo Stock Exchange, the Company intends to register him as an "independent officer" at the Exchange if his election as an outside audit & supervisory board member is approved.

Proposal 4: Determination of Amounts and the Content of the Performance-Based Stock Compensation Plan for Directors

The remuneration for the Company's directors (excluding outside directors and those who are non-residents in Japan; the same shall apply in this Proposal) previously consisted of "basic remuneration," "bonuses" and "stock options." The Company proposes that shareholders approve the introduction of a new performance-based stock compensation plan (the "Plan") covering such directors of the Company, which will be linked to the medium-term performance of the Company.

Specifically, in addition to the aforementioned conventional remuneration scheme for directors, the Company proposes that shareholders approve the implementation of the compensation plan for directors, under which remuneration amounts will be granted based on their respective positions and attainment level of performance targets during the trust term.

The number of directors covered by the Plan will be six (6).

1. Reasons for submitting this Proposal and considering the Plan appropriate

In line with its medium-term management plan, which was announced on February 12, 2016, the Company aims to introduce the Plan to directors, which is closely linked to the performance targets presented in the medium-term management plan. The Company is confident that the introduction of the Plan is appropriate as it will make them more aware of the importance of improving operating results over the medium term and increasing corporate value, in addition to making clearer the linkage between the remuneration amounts for directors and the stock value of the Company.

This Proposal is to be submitted for approval at the Meeting once the results of the Remuneration Committee's discussion on the introduction of the Plan have been taken into account.

2. Amounts and types of remuneration in the Plan

(1) Overview of the Plan

The Plan allows for the delivery and payment (the "Delivery, etc." or "delivered, etc.") of the Company's shares acquired through the BIP Trust and money equivalent to the amount obtained by converting the Company's shares into cash (collectively, the "Company Shares, etc.") to directors who are incumbent during the target period (set forth in (2) below), based on their positions and attainment level of performance targets during the trust term. Under the Plan, money to be contributed by the Company for directors' remuneration (as described in (2) below) is the source of trust money to acquire the Company's shares through a trust. The Delivery, etc., of the Company Shares, etc., to directors will take place at a designated time after the target period (set forth in (2) below).

(2) Maximum amount of trust money contributed by the Company

The Company will implement the Plan over the target period of three consecutive fiscal years (the "Target Period"). The Company will provide a maximum of 480 million yen in trust money for the Target Period as remuneration for directors through the establishment of a trust (hereafter the "Trust"). The trust term of the Trust shall cover the three years of the Target Period (including the extension of the trust term below; the same shall apply below), during which directors who satisfy beneficiary requirements shall become beneficiaries. Specifically, with regard to the initially established Trust, the Target Period of the Plan shall be the three fiscal years beginning in the fiscal year ending December 31, 2016, and ending in the fiscal year ending December 31, 2018. To ensure the acquisition of the Company's shares that are subject to the Delivery, etc., for directors, the Company will contribute a maximum of 480 million yen in trust money and award points to directors (refer to (3) below) during the trust term. Through the Trust, the Company will carry out the Delivery, etc., of the Company Shares, etc., around May 2019 based on the number of points accrued by directors over the three fiscal years. The Company will also separately contribute trust money to the Trust to acquire the Company's shares that will be used for the Delivery, etc., to executive officers. Under the Trust, the Company will use one account to manage the Company's shares that are subject to the Delivery, etc., as remuneration for executive officers, and another account to manage the Company's shares to be issued to the aforementioned directors.

Furthermore, the Trust may be extended upon the expiry of the initial trust term if any provisions of the trust agreement are modified or additional contributions are made. Under such circumstances, the trust term of the Trust will be extended for three years, and the Company will make additional

contributions up to a maximum of 480 million yen in trust money as remuneration for directors for each extension of the trust term and continue to award points to directors during any extension of the trust term. The Company will also separately make additional cash contributions as remuneration for executive officers during any extension of the trust term.

However, in the case of such additional contributions, should any of the Company's shares or trust money (the "Remaining Shares, etc.") that are subject to the Delivery, etc., to directors remain within the Trust at the end of the initial trust term, the combined amount of the Remaining Shares, etc., and trust money to be additionally contributed shall be within the scope of ¥480 million.

(3) Calculation method and upper limit of the number of the Company's Stock, etc., to be acquired by directors

The number of the Company Shares, etc., to be issued to directors through the Trust will be determined based on the points that are awarded in response to the attainment level of performance targets and other factors in accordance with the predetermined calculation formulae.

Specifically, the Base Points will be awarded to incumbent directors at specific times during the trust term in accordance with the following calculation formula for the Base Points. The number of the Company Shares, etc., that are subject to the Delivery, etc., will then be determined based on points ("Share Granting Points") which are calculated using a performance-based coefficient multiplied by the number of Base Points accumulated over three years. As for the number of the Company's shares to be issued to directors through the Trust, each Share Granting Point awarded to directors shall equate to one share of the Company. Should the Company's shares that belong to the Trust increase or decrease due to a stock split, a gratis allotment or a reverse stock split, the Company shall reasonably adjust the number of the Company's shares to be awarded per point, reflecting the degree of such change.

(Point calculation formula)

Amount specified according to the position and the level of attainment of the performance targets for each fiscal year / Average price per share acquired by the Trust (fractions after the decimal point to be rounded down).

(Calculation formula for the number of shares to be delivered)

Three-year cumulative Base Points × Performance-based coefficient (fractions after the decimal point to be rounded down)*

*The performance-based coefficient will be determined within the range of 0 through 120%, according to the attainment level of performance targets for the last fiscal year of the Target Period (the fiscal year ending December 31, 2018 in the case of the initial Target Period).

*If a director retires from office, dies or becomes a non-resident of Japan during the Target Period, the performance-based coefficient shall not be applied, and the accumulated Base Points that have been awarded up to such a time shall be regarded as Share Granting Points.

The upper limit of the total number of the Company's shares to be delivered to directors under the Trust shall be 107,200 shares per Target Period. The upper limit of the Company's shares to be delivered is set with reference to such factors as the stock prices in the most recent year and takes into account the maximum amount of trust money contributed by the Company in (2) above.

(4) Method for and timing of the Delivery, etc., of the Company Shares, etc., to Directors

Directors who satisfy the beneficiary requirements shall receive the Delivery, etc., of the Company Shares, etc., based on the amount calculated using the calculation methods described in (3) above, around May of the year immediately following the end of the last fiscal year of the Plan (May 2019 in the case of the initial Target Period). In accordance with the provisions of the trust agreement, directors who meet the beneficiary requirements shall receive 50% of the Company shares corresponding to Share Granting Points (the number of shares less than one unit will be round down), whereas such directors shall receive money equivalent to the amount obtained by converting the remaining number of Company's shares into cash within the Trust.

Directors who meet the beneficiary requirements but retire from office (excluding cases of voluntary retirement) shall receive the Delivery, etc., of the Company Shares, etc., from the Trust based on the Base Points they have accrued by the time of retirement. In cases when directors who meet the beneficiary requirements die during their terms in office, money obtainable by converting the

Company's shares into cash, the amount of which will be determined according to the Base Points accumulated by the time of his or her death, shall be granted from the Trust to the heirs of those directors. Directors who become non-residents of Japan during the Target Period shall be treated in the same manner as deceased directors. As a result, such directors shall receive from the Trust money obtainable by converting the Company's shares into cash, the amount of which will be determined according to the Base Points accumulated by the time his or her Japanese residency expires.

(5) Voting rights related to Company's shares in the Trust

To ensure management neutrality, no voting rights related to the Company's shares held by the Trust shall be exercised during the trust term.

(6) Other matters regarding the Plan

Other matters regarding the Plan will be determined by the Board of Directors each time the Trust is established, any provision of the trust agreement is modified or an additional contribution of trust money to the Trust is made.

For details of the Plan, refer to the "Announcement on Introduction of the Performance-based Stock Compensation Plan for Directors and Executive Officers" (Reference below described: "Excerpt from the press release dated February 17, 2016").

(Reference)

A plan with similar content to that described above is scheduled to be implemented for executive officers of the Company.

(Reference: Excerpt from the press release dated February 17, 2016)

1. Purpose of Introduction of the Plan

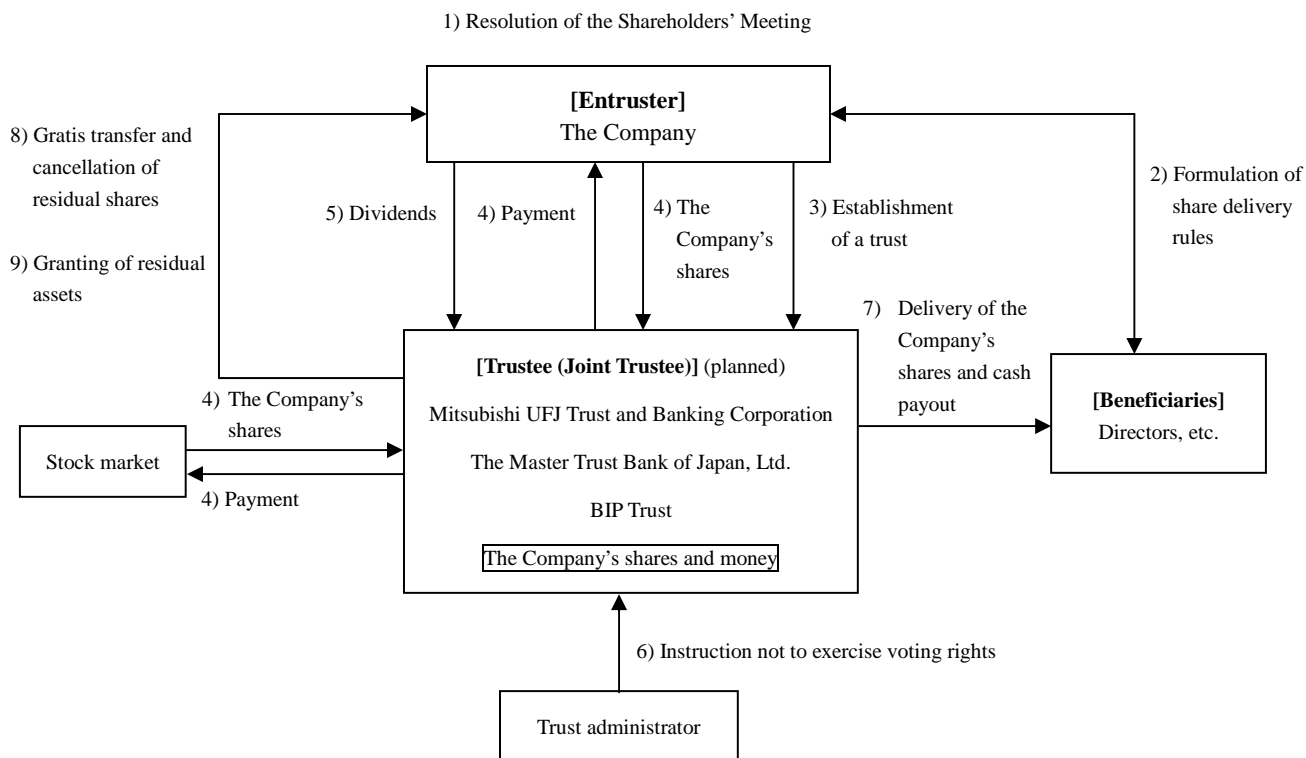
- (1) The Company announced its medium-term management plan on February 12, 2016. In conjunction with this, the Company has decided to introduce the Plan, which is the executive remuneration system closely linked with the achievement of the performance targets as set out in the medium-term management plan, with the purpose of enhancing the motivation of Directors, etc. to contribute to improved business performance and increased corporate value over the medium term.^(*)
- (2) The introduction of the Plan will be subject to the approval of the proposal regarding the introduction of the Plan for directors at the Shareholders' Meeting.
- (3) The Executive Compensation BIP (Board Incentive Plan) Trust (the "BIP Trust") will be adopted in introducing the Plan. Under the Plan, the Company's shares acquired through the BIP Trust and money equivalent to the amount obtained by converting the Company's shares into cash (collectively, the "Company Shares, etc.") will be delivered and paid (the "Delivery, etc." or "delivered, etc.") to those serving as Directors, etc. during the target period (as set forth in 3. 1 below) based on the factors such as the positions and the level of attainment of the performance targets throughout the trust term. Directors, etc. will receive the Delivery, etc. of the Company Shares, etc. during a certain timeframe following the end of the target period.

(*) The Company deliberated the introduction of the Plan at the Remuneration Committee established as an advisory body to the Board of Directors, the majority of whose members are outside directors.

(*) The Company has laid down guidelines that require Directors, etc. to hold a certain number of the Company's shares during their term of office.

(*) After introducing the Plan, remuneration for directors of the Company will consist of "basic remuneration," "bonuses," "stock options" and "performance-based stock compensation." Remuneration for outside directors and audit & supervisory board members, who are independent of the Company's business execution, remains unchanged and consists of "basic remuneration" only.

2. Structure of the BIP Trust



- 1) The Company will receive approval for directors' remuneration at the Shareholders' Meeting in relation to the introduction of the Plan for directors. With respect to the introduction of the Plan for executive officers, necessary matters will be determined by resolution of the Board of Directors.
- 2) The Company will formulate share delivery rules concerning the Plan at a meeting of the Board of Directors.
- 3) The Company will entrust money to Mitsubishi UFJ Trust and Banking Corporation (the Trustee) to fund directors' remuneration to the extent approved at the Shareholders' Meeting in 1) above as well as to fund executive officers' remuneration and establish a trust with Directors, etc. who satisfy the beneficiary requirements as beneficiaries (the "Trust").
- 4) In accordance with instructions of the trust administrator, the Trust will acquire the Company's shares from the Company (disposal of treasury stock) or the stock market using the entrusted money in 3). The number of shares to be acquired by the Trust for the Delivery, etc. to directors will not exceed the upper limit approved at the Shareholders' Meeting in 1). The Company's shares in the Trust will be managed in separate accounts in accordance with the amount of funds allocated for directors' remuneration and for executive officers' remuneration.
- 5) Retained earnings for the Company's shares in the Trust will be distributed in the same way as for other shares.
- 6) The voting rights of the Company's shares in the Trust will not be exercised during the trust term.
- 7) During the trust term, in accordance with the share delivery rules of the Company, Directors, etc. who satisfy the beneficiary requirements (see 3. 3 below) will be granted a certain number of points each year (hereafter the "Base Points"). Subsequently, the Directors, etc. will receive the Delivery, etc. of the Company Shares, etc. from the Trust based on the points calculated by multiplying the cumulative base points earned in three years by a performance-based coefficient (hereafter the "Share Granting Points"). (In accordance with the provisions in the trust agreement, 50% of the Company's shares [the number of shares less than one share unit will be rounded down] corresponding to the Share Granting Points will be delivered to the Directors, etc. and the remaining portion will be paid in cash equivalent to the amount obtained by converting the remaining number of the Company's shares into cash under the Trust.) (See 3. 6 below.)
- 8) If there are residual shares at the expiry of the trust term, due to non-attainment of the performance targets or other reasons during the trust term, the Company may continue to use the Trust for the Plan or a similar

stock compensation plan by revising the trust agreement and making additional entrustment, or a gratis transfer of the residual shares will be made from the Trust to the Company and the Company will cancel these shares by resolution of the Board of Directors.

- 9) At the end of the Trust, residual assets after distribution to beneficiaries are to be attributed to the Company, within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money. The portion exceeding the reserve for trust expenses will be donated to organizations that have no conflict of interest with the Company and the Directors, etc.

However, if the Company has decided to continue to use the Trust, the residual funds will be used for the acquisition of the Company's shares.

(Note) If there are no remaining Company's shares in the Trust following the Delivery, etc. of the Company Shares, etc. to the Directors, etc. of the Company who satisfy the beneficiary requirements, the Trust will be discontinued before the expiry of the trust term.

3. Details of the Plan

(1) Outline of the Plan

The Plan is a system to conduct the Delivery, etc. of the Company Shares, etc. to the Directors, etc. as remuneration for their services over the three-year period from the fiscal year ending December 31, 2016 to the fiscal year ending December 31, 2018 (the "Target Period")^(*) based on the factors such as the positions and the level of attainment of the performance targets during the Target Period. The Delivery, etc. will be conducted during a certain timeframe following the end of the Target Period. Within the Trust, the Company's shares to be delivered, etc. to directors and those to executive officers will be managed in separate accounts.

(*) At the expiry of the trust term, if the Company extends the trust term by revising the trust agreement and making additional entrustment, the three fiscal years succeeding the previous period will be set as the new Target Period.

(2) Resolution of the General Meeting of Shareholders for the Introduction of the Plan

The Shareholders' Meeting shall resolve the upper limit of money to be contributed to the Trust for the acquisition of the Company's shares, the maximum number of the Company's shares to be acquired, and other necessary matters for the Delivery, etc. to the directors. Subsequently, the Company will implement the Plan to the extent approved at the Shareholders' Meeting. In addition, if the trust term is extended (as set forth in (4) below), for remuneration for directors, the Board of Directors will resolve to revise the trust agreement and make additional entrustment to the Trust at the expiry of the trust term, to the extent approved at the Shareholders' Meeting.

With respect to remuneration for executive officers under the Trust, necessary matters will be determined by resolution of the Board of Directors.

(3) Eligibility under the Plan (Beneficiary Requirements)

Directors, etc. will receive the Delivery, etc. of the Company Shares, etc. corresponding to the Share Granting Points (as set forth in (5) below) from the Trust if they have fulfilled the following beneficiary requirements.

- i) A person who is in office as the director, etc. as of the end of December of each year during the Target Period^{(*)1)(*)2)(*)3)}
- ii) A person whose Share Granting Points have been determined
- iii) A person who does not fall under those who left office due to dismissal or committed certain illegal acts during their time in office
- iv) A person who satisfies other requirements deemed necessary to attain the purpose of the stock compensation plan

(*1) If an eligible Director, etc. resigns (including cases where the person resigns as executive officer and assumes the office of director or vice versa, but excluding cases of resignation for personal reasons), the Director, etc. will receive from the Trust the Delivery, etc. of the Company Shares, etc. in the number corresponding to the cumulative Base Points as of his or her resignation.

(*2) If an eligible Director, etc. passes away during his/her time in office as the Director, etc., the heir of the Director, etc. will receive payouts from the Trust with regard to money in the amount obtained by converting into cash the Company's shares in the number corresponding to the cumulative Base Points as of the death of the Director, etc.

- (*3) If an eligible Director, etc. becomes a non-resident in Japan during the Target Period, the same treatment as in the case of death will apply and the Director, etc. will receive payouts from the Trust with regard to money in the amount obtained by converting into cash the Company's shares in the number corresponding to the cumulative Base Points as of the time he or she becomes a non-resident.

(4) Trust Term

The trust term will be about three years from June 3, 2016 (planned) to the end of June 2019 (planned).

The Company may continue the Trust by revising the trust agreement and making additional entrustment at the expiry of the trust term. In such case, the term of the Trust will be extended by three years, and the Company will make additional entrustment as per each extended trust term and continue to grant Share Granting Points to the Directors, etc. during the extended trust term.

(5) Number of Company Shares, etc. to be Delivered, etc. to the Directors, etc.

Base Points calculated using the following Base Point calculation formula will be granted to the Directors, etc. at a specified time during the trust term. The number of Company Shares, etc. to be delivered, etc. will be determined based on the number of points calculated by multiplying the cumulative Base Points earned in three years by a performance-based coefficient^(*4) (the "Share Granting Points"). One Share Granting Point is equal to one share of the Company's shares to be delivered to the Directors, etc.^(*5)

(Base Point calculation formula)

Amount specified according to the position and the level of attainment of the performance targets for each fiscal year / Average price per share acquired by the Trust (fractions after the decimal point to be rounded down).

(Share Granting Point calculation formula)

Three-year cumulative Base Points × Performance-based coefficient (fractions after the decimal point to be rounded down)^(*6)

- (*4) The performance-based coefficient will be determined within a range of 0% to 120% in accordance with the level of attainment of the targets for the final fiscal year of the Plan (the fiscal year ending December 31, 2018).
- (*5) During the trust term, if there is a share split, reverse share split or any other event in which it is considered to be appropriate to adjust the number of points, such adjustments will be made in accordance with the relevant ratio of the share split, reverse share split, etc.
- (*6) During the Target Period, if an eligible Director, etc. resigns, passes away, or becomes a non-resident in Japan, the cumulative Base Points granted up to such time will be regarded as Share Granting Points, without applying the performance-based coefficient.

(6) Method and Timing of the Delivery, etc. of the Company Shares, etc. to the Directors, etc.

The Delivery, etc. of Company Shares, etc. based on the Share Granting Points will be conducted for the Directors, etc. who satisfy the beneficiary requirements around May following the end of the final fiscal year of the Plan (in May 2019 for the initial Target Period). In accordance with the provisions in the trust agreement, the Directors, etc. will receive the delivery of 50% of the Company's shares (the number of shares less than one share unit will be rounded down) corresponding to the Share Granting Points and the remaining portion will be paid in cash equivalent to the amount obtained by converting the remaining number of the Company's shares into cash under the Trust.^(*7)

- (*7) If an eligible Director, etc. resigns, passes away or becomes a non-resident in Japan, conditions as defined in (*1) (*2) (*3) of (3) above will be applied.

(7) Amount of money to be contributed to the Trust and the number of the Company's shares to be delivered, etc. from the Trust

The Company plans to propose for approval at the Shareholders' Meeting that the upper limit of money contributed to the Trust for the acquisition of the Company's shares to be delivered, etc. to directors be set at 480 million yen and the maximum number of the Company's shares to be delivered, etc. to directors According to (5) above be set at 107,200 Shares in total.^(*8)

- (*8) The maximum number of the Company's shares to be delivered is determined mainly with reference to the Company's share price over the last 12 months, after due consideration of the upper limit of trust money mentioned above. In addition, the Company will entrust money to the Trust for the acquisition of the Company's shares to be delivered, etc. to executive officers, which will be managed in an account separately from the above trust money.

(8) Method of Acquiring the Company's Shares by the Trust

The Company's shares will be acquired by the Trust from either the Company (disposal of treasury stock) or the stock market. The Company will determine the details of acquisition method after the resolution is made at the Shareholders' Meeting and announce them accordingly.

(9) Exercise of Voting Rights related to the Company's Shares in the Trust

To ensure the neutrality of the Company's management, the voting rights of the Company's shares in the Trust will not be exercised during the trust term.

(10) Handling of Dividends retained earnings for the Company's Shares in the Trust

Dividends retained earnings for the Company's shares in the Trust will be received by the Trust and used for trust fees and trust expenses. Any residual assets at the end of the Trust after being applied to trust fees and trust expenses will be donated to organizations that have no conflict of interest with the Company and the Directors, etc. However, if the Company has decided to continue to use the Trust, the residual assets will be used for the acquisition of the Company's shares.

(11) Handling of Residual Shares at the Expiry of the Trust Term

If there are residual shares at the expiry of the trust term, due to non-attainment of the performance targets or other reasons during the Target Period, the Company may continue to use the Trust by revising the trust agreement and making additional entrustment. If the Trust is to be terminated at the expiry of the trust term, a gratis transfer of the residual shares will be made from the Trust to the Company, as a measure to return the shares to shareholders, and the Company will cancel these shares by resolution of the Board of Directors.

(Reference)

[Outline of Trust Agreement]

- | | |
|------------------------------------|---|
| 1) Type of trust | Monetary trust other than a specified solely-administered monetary trust (third-party beneficiary trust) |
| 2) Purpose of trust | To provide incentives to Directors, etc. |
| 3) Entruster | The Company |
| 4) Trustee | Mitsubishi UFJ Trust and Banking Corporation (planned)
(Joint Trustee: The Master Trust Bank of Japan, Ltd. (planned)) |
| 5) Beneficiaries | Directors, etc. who satisfy the beneficiary requirements |
| 6) Trust administrator | Third party having no conflict of interest with the Company
(certified public accountant) |
| 7) Date of trust agreement | June 3, 2016 (planned) |
| 8) Trust term | June 3, 2016 (planned) to the end of June 2019 (planned) |
| 9) Commencement of the Plan | July 1, 2016 (planned) |
| 10) Exercise of voting rights | Voting rights will not be exercised |
| 11) Class of shares to be acquired | Common stock of the Company |
| 12) Upper limit of trust money | 480 million yen for directors' remuneration (planned)
(including trust fees and trust expenses)
The amount for executive officers' remuneration is yet to be determined. |
| 13) Rights holder | The Company |
| 14) Residual assets | The Company, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money. |

(Note) The scheduled dates mentioned above are subject to change appropriately in light of

applicable laws and regulations.

[Details of Administration relating to the Trust and Shares]

- 1) Trust-related administration Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. are to be the trustees of the Trust and will conduct trust-related administration.
- 2) Share-related administration Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will conduct administration related to the delivery of the Company's shares to beneficiaries based on the administration service contract.

<Reference> Nomination Committee and Remuneration Committee

The Company has established the Nomination Committee and the Remuneration Committee, both of which are advisory bodies to the Board of Directors, to ensure the transparency and objectivity of the deliberative processes regarding executive appointments and compensation systems. The majority of each committee consists of outside directors.

All the candidates in Proposal 3 have undergone deliberations at the Nomination Committee, while the content of the compensation system in Proposal 4 has undergone deliberations at the Remuneration Committee.