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(Stock Exchange Code 6506)
May 22, 2017

To Shareholders with Voting Rights:

Hiroshi Ogasawara
Representative Director, President
YASKAWA Electric Corporation
2-1 Kurosakishiroishi, Yahatanishi-ku
Kitakyushu, Japan

**NOTICE OF
THE 101ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 101st Annual General Meeting of Shareholders of YASKAWA Electric Corporation (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing, or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders that appears later in this document. If exercising your voting rights in writing, please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:00 p.m. on Wednesday, June 14, 2017, Japan time. If exercising your voting rights via the Internet, please access the website designated by the Company (<http://www.it-soukai.com/>), and exercise your voting rights by 5:00 p.m. on Wednesday, June 14, 2017, Japan time.

- 1. Date and Time:** Thursday, June 15, 2017 at 10:00 a.m. Japan time (Open at 9:00 a.m.)
- 2. Venue:** Head Office of the Company
2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu, Japan
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report and Consolidated Financial Statements for the Company’s 101st Fiscal Year (March 21, 2016 - March 20, 2017), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the Company’s 101st Fiscal Year (March 21, 2016 - March 20, 2017)

Proposals to be resolved:

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of 6 Directors (Excluding Directors who are Members of Audit and Supervisory Committee)
- Proposal 3:** Election of 5 Directors who are Members of Audit and Supervisory Committee
- Proposal 4:** Election of 1 Substitute Director who is Member of Audit and Supervisory Committee
- Proposal 5:** Introduction of a Performance-based Stock Remuneration Plan for Directors (Excluding Directors who are Members of Audit and Supervisory Committee)
- Proposal 6:** Introduction of a Stock Remuneration Plan for Directors who are Members of Audit and Supervisory Committee

4. Matters related to exercise of Voting Rights

- (1) If you exercise your voting rights twice, once by the Voting Rights Exercise Form and once via the Internet, we will treat your Internet vote as the valid exercise of the voting rights, regardless of the time or date of arrival of your vote.
If you exercise your voting rights several times via the Internet, we will treat the most recent vote as the valid exercise of the voting rights.
- (2) If you wish to exercise your voting rights by proxy, please appoint one proxy who is a shareholder of the Company possessing voting rights. The proxy is cordially requested to submit a document certifying the status as proxy at the reception desk upon arrival.

END

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Should the Reference Documents for the General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<http://www.yaskawa.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) Currently the business year of the Company commences on March 21 of each year and ends on March 20 of the following year. However, with the aim of further improving the transparency of management by disclosing the management information in a timely and accurate manner, the entire Group, including the consolidated subsidiaries overseas, will set the last day of February of each year as a uniform closing date henceforward. Accordingly, the Company is to make amendments to Article 13 (Convocation), Article 34 (Business Year), and Article 36 (Record Date for Distribution of Surpluses) of the current Articles of Incorporation.
- (2) As the 102nd Fiscal Year shall be a transitional accounting period for the change of the closing date covering the period from March 21, 2017 to February 28, 2018, the supplementary provisions are to be set as transitional measures for that period.

2. Description of the amendment

Description of the amendment is as follows:

(Amended parts are underlined.)

Current	Proposed amendment
Articles 1. - 12. (Omitted)	Articles 1. - 12. (Unchanged)
(Convocation) Article 13. An annual General Meeting of Shareholders shall be convened every year in <u>June</u> , and the Extraordinary General Meeting of Shareholders shall be convened whenever necessary. 2. (Omitted)	(Convocation) Article 13. An annual General Meeting of Shareholders shall be convened every year in <u>May</u> , and the Extraordinary General Meeting of Shareholders shall be convened whenever necessary. 2. (Unchanged)
Articles 14. - 33. (Omitted)	Articles 14. - 33. (Unchanged)
(Business Year) Article 34. The business year of the Company shall be one year commencing on <u>March 21</u> of each year and ending on <u>March 20</u> of the following year.	(Business Year) Article 34. The business year of the Company shall be one year commencing on <u>March 1</u> of each year and ending on <u>the last day of February</u> of the following year.
Article 35. (Omitted)	Article 35. (Unchanged)
(Record Date for Distribution of Surpluses) Article 36. The Company's record dates for distribution of surpluses shall be <u>March 20</u> and <u>September 20</u> of each year.	(Record Date for Distribution of Surpluses) Article 36. The Company's record dates for distribution of surpluses shall be <u>the last day of February</u> and <u>August 31</u> of each year.
Article 37. (Omitted)	Article 37. (Unchanged)

(Newly established)	<p><u>(Supplementary Provisions)</u> <u>Article 1. Notwithstanding the provisions of Article 34, the 102nd business year shall commence on March 21, 2017 and end on the last day of February, 2018.</u></p>
(Newly established)	<p><u>Article 2. Notwithstanding the provisions of Article 36, the record date for midterm dividends for the 102nd business year shall be September 20, 2017.</u></p>
(Newly established)	<p><u>Article 3. The provisions of Article 1 through this article of these Supplementary Provisions shall remain effective until the last day of February, 2018, and shall be deleted upon elapse of the same day.</u></p>

Proposal 2: Election of 6 Directors (Excluding Directors who are Members of Audit and Supervisory Committee)

The terms of office of all 6 Directors (Excluding Directors who are members of Audit and Supervisory Committee; the same interpretation shall apply hereinafter in this Proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 6 Directors is proposed.

The Audit and Supervisory Committee has expressed an opinion to the effect that each candidate is qualified to serve as a Director of the Company, in light of the nomination procedures applied by the Nomination Advisory Committee and the execution of duties and performance results of each candidate in the current fiscal year.

The candidates are as follows:

Candidates for Director

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
1	Junji Tsuda (March 15, 1951)	March 1976 June 2005 June 2009 March 2010 March 2013 March 2016	Joined the Company Director; General Manager, Drives Div., Motion Control Div. Managing Director; General Manager, Robotics Div. President (Representative Director) Representative Director; Chairman of the Board; President Representative Director; Chairman of the Board (to present)	40,000
		[Reasons for nominating him as a candidate for Director] The Company nominates him as a candidate for Director based on his rich experience, insight, etc.		
2	Hiroshi Ogasawara (September 19, 1955)	March 1979 June 2006 March 2007 March 2011 June 2013 March 2015 March 2016 March 2017	Joined the Company Director Director; General Manager, Drives Div. Director; General Manager, Motion Control Div. Director; Corporate Senior Vice President Representative Director; Corporate Executive Vice President Representative Director; President Representative Director; President; In charge of human resources development; Manager, Diversity Management Div. (to present)	21,300
		[Reasons for nominating him as a candidate for Director] The Company nominates him as a candidate for Director based on his rich experience, insight, etc.		
3	Shuji Murakami (April 21, 1959)	March 1982 June 2008 June 2012 March 2014 March 2016 March 2017	Joined the Company Director; Manager, Corporate Planning Div. Director; Corporate Vice President Director; Corporate Senior Vice President Representative Director; Corporate Executive Vice President Representative Director; Corporate Executive Vice President; In charge of CSR & compliance; In charge of administration; General Manager, Corporate Planning Div. (to present)	31,690
		[Reasons for nominating him as a candidate for Director] The Company nominates him as a candidate for Director based on his rich experience, insight, etc., including his experience being in charge of corporate planning and the working experience he garnered while stationed overseas.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Yoshikatsu Minami (October 31, 1959)	December 1983 Joined the Company June 2008 Director June 2012 Corporate Vice President; General Manager, Robotics Div. June 2015 Director; Corporate Senior Vice President March 2017 Director; Corporate Senior Vice President; In charge of ICT strategy; General Manager, Production Management & Operations Div.; General Manager, Export Administration Div. (to present) [Significant concurrent positions] • Outside Director, YASKAWA INFORMATION SYSTEMS Corporation • External Auditor; Seibu Electric & Machinery Co., Ltd.	20,107
		[Reasons for nominating him as a candidate for Director] The Company nominates him as a candidate for Director based on his rich experience, insight, etc., including his experience as supervisor of the Company's local subsidiaries overseas.	
5	Koichi Takamiya (July 12, 1960)	March 1983 Joined the Company June 2010 Director June 2012 Corporate Vice President March 2015 Corporate Vice President; General Manager, Corporate Marketing Div. June 2016 Director; Corporate Senior Vice President March 2017 Director; Corporate Senior Vice President; General Manager, Corporate Marketing Div.; General Manager, Tokyo Office (to present) [Significant concurrent positions] • Chairman; YASKAWA TSUSHO (SHANGHAI) CO., LTD.	13,613
		[Reasons for nominating him as a candidate for Director] The Company nominates him as a candidate for Director based on his rich experience, insight, etc., including his experience as a supervisor of the Company's local subsidiaries overseas.	
6	Yuji Nakayama (May 17, 1960)	March 1983 Joined the Company June 2010 Director June 2012 Corporate Vice President June 2013 Director; Corporate Vice President June 2017 Director; Corporate Vice President; General Manager, Human Resources & General Affairs Div. (to present)	18,900
		[Reasons for nominating him as a candidate for Director] The Company nominates him as a candidate for Director based on his rich experience, insight, etc. including his experience as a supervisor of business plans and the working experience he garnered while stationed overseas.	

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Mr. Yoshikatsu Minami, a candidate for Director, is scheduled to retire as an Outside Director of YASKAWA INFORMATION SYSTEMS Corporation on June 13, 2017 and as an External Auditor of Seibu Electric & Machinery Co., Ltd. on June 29, 2017.

Proposal 3: Election of 5 Directors who are Members of Audit and Supervisory Committee

The terms of office of all 5 Directors who are members of Audit and Supervisory Committee (hereinafter referred to as “Member(s) of Audit and Supervisory Committee” in this Proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 5 Members of Audit and Supervisory Committee is proposed.

Audit and Supervisory Committee has given its consent to this proposal.

The candidates for Member of Audit and Supervisory Committee are as follows:

Candidates for Member of Audit and Supervisory Committee

(* indicates a new candidate for Member of Audit and Supervisory Committee.)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
1	Masahiko Oda (December 30, 1954)	March 1977 June 2014 June 2015	Joined the Company Corporate Auditor (Full-time) Director; Member of Audit and Supervisory Committee (Full-time) (to present)	2,000
		[Reasons for nominating him as a candidate for Member of Audit and Supervisory Committee] The Company believes that he is qualified as a Member of Audit and Supervisory Committee to oversee the management of the Company based on the extensive experience and insight he has gained through his career in administrative departments of the Company’s local subsidiaries overseas, etc.		
2	Konosuke Noda (September 1, 1955)	March 1979 June 2012 March 2015 June 2015	Joined the Company Corporate Vice President Corporate Vice President ; In charge of technology, Technology & Development Div. Director; Member of Audit and Supervisory Committee (Full-time) (to present)	3,099
		[Reasons for nominating him as a candidate for Member of Audit and Supervisory Committee] The Company believes that he is qualified as a Member of Audit and Supervisory Committee to oversee the management of the Company based on the experience and insight he has gained through his managerial career as a Corporate Vice President of the Technology & Development Div.		
3	Yoshiki Akita (February 12, 1952)	September 1984 September 2007 June 2012 June 2015	Registered as a Certified Public Accountant Representative Director and Chairman and Executive Director; Layers Consulting Co., Ltd. Outside Director of the Company Outside Director; Member of Audit and Supervisory Committee (to present)	8,300
		[Significant concurrent positions] • Representative Director and Chairman and Executive Director; Layers Consulting Co., Ltd. • Outside Director; Bell-Park Co., Ltd.		
[Reasons for nominating him as a candidate for Member of Audit and Supervisory Committee] The Company believes that the rich expertise, experience, insight, etc. he has gained as a Certified Public Accountant and a representative director of a consulting firm are very useful for the Company and that he is able to oversee the management of the Company from an objective viewpoint as an Outside Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Kazumasa Tatsumi (February 6, 1951)	October 1973 March 1974 March 1976 April 1976 June 2012 June 2015 [Significant concurrent positions] • Attorney and President; Kazumasa Tatsumi Law Office • Outside Director; IZUTSUYA CO., LTD.	0
		[Reasons for nominating him as a candidate for Member of Audit and Supervisory Committee] Although he has never been directly involved in corporate management other than as outside director or outside corporate auditor, the Company believes that the rich expertise, experience, insight, etc. he has gained as an Attorney are very useful for the Company and that he is able to oversee the management of the Company from an objective viewpoint as an Outside Director.	
5	* Junichi Sakane (August 29, 1955)	April 1980 February 2004 June 2008 June 2015 [Significant concurrent positions] • Managing Corporate Officer; In charge of Ceramics Business Division; In charge of Research & Development Division; Delegated General Manager, Technology Management Division; Delegated General Manager, Risk Management Division; KROSAKI HARIMA CORPORATION (to present)	0
		[Reasons for nominating him as a candidate for Member of Audit and Supervisory Committee] The Company believes that his abundant expertise, experience and insight as a management professional derived from his career as an officer of business corporations, etc. will be very useful for the Company and that he will be able to oversee the management of the Company from an objective viewpoint as an Outside Director.	

(Notes)

- The Company has designated Mr. Yoshiki Akita and Mr. Kazumasa Tatsumi as Independent Directors as stipulated by the Tokyo Stock Exchange and has filed them with the Exchange. If the re-election of Mr. Yoshiki Akita and Mr. Kazumasa Tatsumi is approved, the Company will continue to file them with the Exchange as Independent Directors. Mr. Junichi Sakane meets the requirements for Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company will designate him as an Independent Director if his election is approved.
- Mr. Yoshiki Akita, Mr. Kazumasa Tatsumi and Mr. Junichi Sakane, candidates for Outside Directors, do not correspond to any of the following with regard to the independence of Outside Directors, besides the qualifications described in 1 above. Therefore, the Company believes that their independence will be ensured.
 - A person who works for or once worked for organizations that are the Company's major shareholders.
 - A person who works for or once worked for the Company's main bank or other principal lenders of the Company.
 - A person who works for or once worked for the Company's lead managing underwriter.
 - A person who works for or once worked for organizations that are the Company's main business partners.
 - A person who works for or once worked for the Company's audit corporation.
 - A person with whom the Company engages, or has engaged in the past, in a material transaction such as a consulting and advisory contract.

3. Mr. Junichi Sakane, a candidate for Member of Audit and Supervisory Committee, is a Director and Managing Corporate Officer of KROSAKI HARIMA CORPORATION, a corporation with which the Company engages in a business relationship for the purchase of its products, etc. These transactions, however, are very small in scale relative to the scale of the business of the Company and the corporation, accounting for less than 0.1 % of the consolidated net sales of the Company. There are no special interests between the other candidates for Members of Audit and Supervisory Committee and the Company.
4. The Company has, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, entered into a contract with Mr. Masahiko Oda, Mr. Konosuke Noda, Mr. Yoshiki Akita, and Mr. Kazumasa Tatsumi for limitation of the liabilities for damages stipulated in Article 423, Paragraph 1 of the same Act. The maximum amount of liability under the contract shall be the minimum liability amount as provided for in the provisions of Article 425, Paragraph 1 of the same Act. If their re-election is approved, the Company will continue the contracts. If the election of Mr. Junichi Sakane is approved, the Company will enter into a liability limitation contract with him under the same conditions.
5. Mr. Yoshiki Akita and Mr. Kazumasa Tatsumi are currently Outside Directors who are members of Audit and Supervisory Committee and their terms of office will be two years at the conclusion of this General Meeting of Shareholders. They once served as non-executive directors or corporate auditors of the Company.

Proposal 4: Election of 1 Substitute Director who is Member of Audit and Supervisory Committee

In preparation for the event that the number of directors who are members of Audit and Supervisory Committee (hereinafter referred to as “Member(s) of Audit and Supervisory Committee” in this Proposal) falls below the required number provided for in laws and regulations, the election in advance of 1 substitute Member of Audit and Supervisory Committee is proposed.

If Mr. Masaya Honda assumes office as a Member of Audit and Supervisory Committee in place of another Member of Audit and Supervisory Committee, his term of office shall be the remaining term of office of his predecessor, in accordance with the provisions of the Articles of Incorporation of the Company.

This resolution shall remain effective until the commencement of the next Annual General Meeting of Shareholders.

Audit and Supervisory Committee has given its consent to this proposal.

The candidate for substitute Member of Audit and Supervisory Committee is as follows:

Candidate for substitute Member of Audit and Supervisory Committee

Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
Masaya Honda (January 13, 1960)	April 1982 Joined KUROSAKI REFRACTORIES CO., LTD. (currently KROSAKI HARIMA CORPORATION) April 2014 Corporate Officer; General Manager, Finance Division; KROSAKI HARIMA CORPORATION April 2017 Managing Corporate Officer; General Manager, Administration & Personnel Division; In charge of Corporate Division (Administration, Risk Management); In charge of Centennial Commemoration Project; KROSAKI HARIMA CORPORATION (to present) [Significant concurrent positions] • Managing Corporate Officer; General Manager, Administration & Personnel Division; In charge of Corporate Division (Administration, Risk Management); In charge of Centennial Commemoration Project Promotion; KROSAKI HARIMA CORPORATION	0
[Reasons for nominating him as a candidate for substitute Member of Audit and Supervisory Committee] The Company believes that his rich expertise, experience, insight, etc. as a management professional derived from his career as a corporate officer in the finance and administration & personnel divisions of a business corporation, etc. will be very useful for the Company and that he will be able to oversee the management of the Company from an objective viewpoint as an Outside Director.		

(Notes)

1. The Company proposes that Mr. Masaya Honda, a candidate for a substitute Member of Audit and Supervisory Committee, be elected as a substitute Outside Director who is Member of Audit and Supervisory Committee. The Company believes that he meets the requirements for Independent Directors as stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange. If he assumes office as a Director who is Member of Audit and Supervisory Committee, the Company will file him with the Tokyo Stock Exchange as an Independent Outside Director.
2. Mr. Masaya Honda, a candidate for a substitute Member of Audit and Supervisory Committee, does not correspond to any of the following with regard to the independence of Outside Directors, besides the qualifications described in 1 above. Therefore, the Company believes that his independence will be ensured.
 - A person who works for or once worked for organizations that are the Company’s major shareholders.
 - A person who works for or once worked for the Company’s main bank or other principal lenders of the Company.
 - A person who works for or once worked for the Company’s lead managing underwriter.
 - A person who works for or once worked for organizations that are the Company’s main business partners.
 - A person who works for or once worked for the Company’s audit corporation.
 - A person with whom the Company engages, or has engaged in the past, in a material transaction such as a consulting and advisory contract.
3. Mr. Masaya Honda, a candidate for a substitute Member of Audit and Supervisory Committee, is a Corporate Officer of KROSAKI HARIMA CORPORATION, a corporation with which the Company engages in a business relationship for the purchase of its products, etc. These transactions, however, are very small in scale relative to the scale of the business of the Company and the corporation, accounting for less than 0.1 % of the consolidated net sales of the Company.

4. If Mr. Masaya Honda assumes office as a Director who is Member of Audit and Supervisory Committee, the Company will, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, enter into a contract with him for limitation of the liabilities for damages stipulated in Article 423, Paragraph 1 of the same Act. The maximum amount of liability under the contract shall be the amount as provided for in the provisions of Article 425, Paragraph 1 of the same Act.

Proposal 5: Introduction of a Performance-based Stock Remuneration Plan for Directors (Excluding Directors who are Members of Audit and Supervisory Committee)

1. Reasons for Proposal

The Company proposes the introduction of a new performance-based stock remuneration plan called the “Board Benefit Trust (BBT)” (hereinafter referred to as the “Remuneration Plan”) for the Company’s directors (excluding directors who are members of Audit and Supervisory Committee; hereinafter the same shall apply in this proposal) and corporate vice presidents (hereinafter collectively referred to as the “Directors”), and wishes to obtain the approval of the shareholders for this proposal.

The Remuneration Plan is to pay stock remuneration to the Directors on the assumption that the medium-term business plan is achieved, for the purpose of assuring the links between the achievement level of the medium-term business plan as an index of the Company’s performance, the stock value of the Company, and the Directors’ remuneration. Under this Remuneration Plan, the Company intends to raise the Directors’ motivation to achieve the Company’s medium-term business plan and encourage their contribution to the improvement of the Company’s medium- to long-term performance and to the enhancement of the Company’s corporate value, by having the Directors share not only the benefit of high stock prices, but also the downside price risk, together with the Company’s shareholders.

In light of these purposes, the Company considers the contents of this Proposal appropriate.

The amount of remunerations for directors was approved at the 99th Annual General Meeting of Shareholders held on June 18, 2015 as follows: the total amount of (i) fixed remuneration, ¥430 million or less per year, and (ii) profit-based remuneration, 1.0% or less of consolidated net income for the fiscal year prior to the fiscal year in which they were elected or reelected (excluding salary paid as employee remuneration to persons who serve as both employees and directors concurrently). Separately from these remunerations, the Company wishes to establish a new framework under which stock remuneration is to be paid to the directors of the Company. Accordingly, shareholders are requested to approve the amounts of remuneration, etc. under the Remuneration Plan. Shareholders are also requested to delegate decisions on the details of the Remuneration Plan to the Board of Directors, within the scope set out in 2. below.

If Proposal 2 is approved as proposed, the number of directors to whom the Remuneration Plan applies shall be 6.

The Audit and Supervisory Committee expressed its opinion that, in consideration of the purpose and contents of the Remuneration Plan and the results of deliberation of the Remuneration Advisory Committee, the introduction of the Remuneration Plan is appropriate.

2. Amount of Remuneration, etc. Under the Remuneration Plan and Reference Information

(1) Overview of the Remuneration Plan

The Remuneration Plan is a performance-based stock remuneration plan whereby shares of the Company are acquired through a trust using funds contributed by the Company (hereinafter, the trust established pursuant to the Remuneration Plan shall be referred to as the “Trust”), and shares of the Company and cash equivalents of the shares at their market value (hereinafter collectively referred to as the “Company Shares”) are awarded or paid through the Trust to the Directors in accordance with the Rules on Directors’ Stock Remuneration established by the Company.

In principle, the Directors shall receive the award of Company Shares at the times the Directors retire.

(2) Persons to Whom the Remuneration Plan Applies

Directors

(3) Trust Period

The trust period is from August 2017 (tentative) until the Trust terminates. (The Trust shall continue without an established ending date for as long as the Remuneration Plan exists. The Remuneration Plan shall terminate when the Company’s shares are delisted or when the Rules on Directors’ Stock Remuneration is abolished.)

(4) Amount of Trust Money (Amount of Remuneration, etc.)

The Company shall, subject to the approval of this Proposal, introduce the Remuneration Plan applicable to a two-fiscal year period from the 102nd Fiscal Year to the 103rd Fiscal Year (hereinafter, the two-fiscal year period shall be referred to as the “Initial Applicable Period,” and the respective period counted in fiscal years (2 fiscal years at minimum and 4 fiscal years at maximum) after the Initial Applicable Period has passed, as predetermined by the Board of Directors each time, shall be referred to

as the “Subsequent Applicable Period”) and each Subsequent Applicable Period thereafter (hereinafter, the “Initial Applicable Period” and “Subsequent Applicable Period” shall collectively be referred to as the “Applicable Period”). To that end, the Company shall contribute certain amount in cash to establish the Trust, and the Trust shall use the funds to acquire the Company’s shares in order to award the Company Shares to the Directors.

The maximum amount of contribution the Company may make to the Trust for each Applicable Period shall be an amount calculated by multiplying ¥255 million (including ¥150 million for Directors) by the number of fiscal years in the Applicable Period. Therefore, the maximum amount of contribution for the Initial Applicable Period shall be ¥510 million (including ¥300 million for directors).

However, if the Trust’s assets still include shares of the Company (excluding the shares equivalent to the number of points granted to the Directors and not yet awarded to the Directors) and cash (hereinafter collectively referred to as the “Remaining Shares”) when the Company makes an additional contribution to the Trust in any Subsequent Applicable Period, the maximum amount of additional contribution that the Company may make in the Subsequent Applicable Period shall be an amount calculated by deducting the value of the Remaining Shares (in the case of the Company’s shares, a book value on the last date of the applicable period immediately before the period) from the aforementioned maximum amount.

When the Company resolves to make any additional contributions, it shall disclose the fact in an appropriate and timely manner.

(5) Method for Acquiring Shares of the Company and Number of Shares Acquired

The Trust shall use the funds contributed as mentioned in (4) above to acquire the Company’s shares through the trading markets or by way of disposals of the Company’s treasury shares. During the Initial Applicable Period, a maximum of 320,000 shares shall be acquired without delay after the establishment of the Trust. Combined with the maximum number of shares to be acquired under Proposal 6 (25,000 shares), the maximum number of shares to be acquired in total is 345,000.

Notice of the details of the acquisition of shares of the Company by the Trust shall be issued in an appropriate and timely manner.

(6) Method for Calculating the Amount of Company Shares Awarded to the Directors

Points shall be granted to the Directors for each fiscal year in an amount determined in consideration of the Directors’ positions, degree of achievement of performance, and other factors based on the Rules on Directors’ Stock Remuneration.

Upon the award of the Company Shares mentioned in (7) below, the points granted to the Directors shall be exchanged into ordinary shares at a rate of one share per point (when, however, a share split, gratis allotment, or share consolidation takes place concerning such shares after this Proposal has been approved, the Company shall perform a reasonable adjustment of the already granted points and exchange ratio to reflect the change).

The number of points belonging to the Directors on which the award of Company Shares mentioned in (7) below is based shall be fixed by totaling the number of points granted to the Directors up until the time of retirement (hereinafter, points calculated in such a way shall be referred to as the “Fixed Points”), in principle.

(7) Awarding of Company Shares

If the Directors have retired from their positions and met the beneficiary requirements set forth in the Rules on Directors’ Stock Remuneration, the Directors may, upon completion of the prescribed procedures for determining beneficiaries, be awarded shares of the Company from the Trust after retirement according to the number of “Fixed Points” they are granted as mentioned in (6) above, in principle. When, however, the requirements set forth in the Rules on Directors’ Stock Remuneration are fulfilled, the Directors shall, in place of such award of shares of the Company, receive a cash award equivalent to the market value of such shares, for a certain percentage of the points granted to them. The Trust may sell shares of the Company in order to make such cash awards.

(8) Exercise of Voting Rights

The Trust shall uniformly refrain from exercising the voting rights for the shares of the Company held in the Trust’s account, in accordance with instructions of the trust administrator. In such a way, the Trust aims to ensure its neutrality towards the Company’s management with regard to the voting rights for the shares of the Company held in the Trust’s account.

(9) Dividends

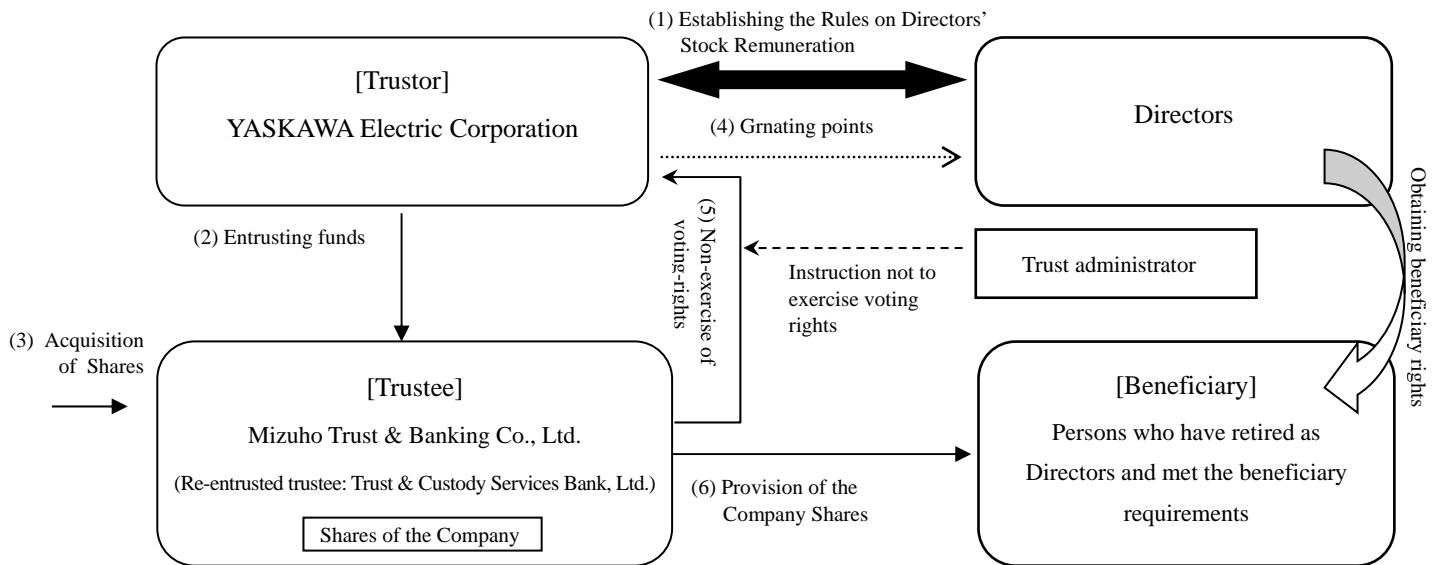
Dividends for the shares of the Company held in the Trust's account shall be received by the Trust and applied to payment for acquiring shares of the Company or to payment of the trustee's remuneration in relation to the Trust.

(10) Procedures Upon Termination of the Trust

The Trust shall terminate in certain circumstances, such as when the Company's shares are delisted or when the Rules on Directors' Stock Remuneration is abolished.

Any shares of the Company remaining in the Trust's assets upon termination of the Trust shall be acquired by the Company without charge and cancelled by a resolution of the Board of Directors. Any cash remaining in the Trust's assets upon termination of the Trust shall be paid to the Company after deducting any amount to be paid to the Directors.

<Reference: Structure of the Remuneration Plan>



- (1) The Company shall establish the Rules on Directors' Stock Remuneration within the framework approved under this Proposal.
- (2) The Company shall entrust funds within the scope approved under this Proposal.
- (3) The Trust shall use the funds entrusted as mentioned in (2) above to acquire shares of the Company through the trading markets or by way of disposals of the Company's treasury shares.
- (4) The Company shall grant points to the Directors based on the Rules on Directors' Stock Remuneration.
- (5) The Trust shall refrain from exercising the voting rights for the shares of the Company held in the Trust's account, in accordance with the instruction of a trust administrator who is independent of the Company.
- (6) The Trust shall award shares of the Company to those who have retired as Directors and met the beneficiary requirements set forth in the Rules on Directors' Stock Remuneration (hereinafter, each shall be referred to as a "Beneficiary") in proportion to the number of points each Beneficiary has been granted. When, however, the Directors fulfill the requirements set forth in the Rules on Directors' Stock Remuneration, the Directors shall receive a cash award equivalent to the market value of such shares, for a certain percentage of the points granted to them.

Proposal 6: Introduction of a Stock Remuneration Plan for Directors who are Members of Audit and Supervisory Committee

1. Reasons for Proposal

The Company proposes the introduction of a new stock remuneration plan called the “Board Benefit Trust (BBT)” (hereinafter referred to as the “Remuneration Plan”) for the Company’s directors who are members of Audit and Supervisory Committee (including outside directors; hereinafter referred to as the “Audit and Supervisory Committee Members”), and wishes to obtain the approval of the shareholders for this proposal.

The Company transitioned to a company with the Audit and Supervisory Committee effective in FY 2015 (the fiscal year ended March 20, 2016) and has been working to increase its corporate value under supervision of the Company’s management by the Audit and Supervisory Committee Members.

The Company will introduce the Remuneration Plan with the aim of further increasing the corporate value by achieving the medium-term business plan.

The Remuneration Plan is to pay remuneration to the Audit and Supervisory Committee Members on the assumption that the medium-term business plan is achieved, in consideration of the recent development whereby the Audit and Supervisory Committee newly bears the monitoring function over management performance in order to further ensure the achievement of the medium-term business plan and other business plans of the Company, in addition to the supervisory function over the execution of business operations, the function the Audit and Supervisory Committee Members have borne so far. The abovementioned remuneration shall be set as a stock remuneration in order to promote shared value with shareholders.

The number of shares of the Company awarded to the Audit and Supervisory Committee Members under the Remuneration Plan will not be linked to performance. The value as remuneration will only be linked to the stock price of the Company’s shares. By adopting this scheme, the Company will eliminate impact on the supervisory functions of the Audit and Supervisory Committee Members over business execution. In addition, the shares of the Company will actually be awarded to the Audit and Supervisory Committee Members not during their terms of office, but at the times they retire. In this manner, the Company has designed a plan whereby the awarding of Company’s shares will not serve as a factor affecting the stock prices of the Company’s shares over a short term but will enhance the awareness of the Audit and Supervisory Committee Members on the importance of increasing corporate value over the medium-to-long term.

In light of these purposes, the Company considers the contents of this Proposal appropriate.

The amounts of remuneration for Audit and Supervisory Committee Members (¥100 million or less per year) were approved at the 99th Annual General Meeting of Shareholders held on June 18, 2015. Separately from these remunerations, the Company wishes to establish a new framework under which stock remuneration is to be paid to the Audit and Supervisory Committee Members. Accordingly, shareholders are requested to approve the amounts of remuneration, etc. under the Remuneration Plan. Shareholders are also requested to delegate decisions on the details of the Remuneration Plan to the discussion among the Audit and Supervisory Committee Members, within the scope set out in 2. below.

If Proposal 3 is approved as proposed, the number of Audit and Supervisory Committee Members to whom the Remuneration Plan applies shall be 5.

The Members of the Audit and Supervisory Committee have discussed the introduction of the Remuneration Plan and have reached the conclusion that, in consideration of the purpose and contents of the Remuneration Plan and the results of deliberation of the Remuneration Advisory Committee, there were no matters to be specially mentioned at the Annual General Meeting of Shareholders pursuant to the provisions of the Companies Act.

2. Amount of Remuneration, etc. Under the Remuneration Plan and Reference Information

(1) Overview of the Remuneration Plan

The Remuneration Plan is a stock remuneration plan whereby shares of the Company are acquired through a trust using funds contributed by the Company (hereinafter, the trust established pursuant to the Remuneration Plan shall be referred to as the “Trust”), and shares of the Company and cash equivalents of the shares at their market value (hereinafter collectively referred to as the “Company Shares”) are awarded or paid through the Trust to the Audit and Supervisory Committee Members in accordance with the Rules on Directors’ Stock Remuneration established by the Company (provided that the establishment, revision, and abolition of the Rules shall become effective subject to the consent obtained through discussion among the Audit and Supervisory Committee Members). In principle, the Audit and Supervisory

Committee Members shall receive the award of Company Shares at the times the Audit and Supervisory Committee Members retire.

(2) Persons to Whom the Remuneration Plan Applies
Audit and Supervisory Committee Members

(3) Trust Period

The trust period is from August 2017 (tentative) until the Trust terminates. (The Trust shall continue without an established ending date for as long as the Remuneration Plan exists. The Remuneration Plan shall terminate when the Company's shares are delisted or when the Rules on Directors' Stock Remuneration is abolished.)

(4) Amount of Trust Money (Amount of Remuneration, etc.)

The Company shall, subject to the approval of this Proposal, introduce the Remuneration Plan applicable to a two-fiscal year period from the 102nd Fiscal Year to the 103rd Fiscal Year (hereinafter, the two-fiscal year period shall be referred to as the "Initial Applicable Period," and the respective period counted in fiscal years (2 fiscal years at minimum and 4 fiscal years at maximum) after the Initial Applicable Period has passed, as predetermined by the Board of Directors each time, shall be referred to as the "Subsequent Applicable Period") and each Subsequent Applicable Period thereafter (hereinafter, the "Initial Applicable Period" and "Subsequent Applicable Period" shall collectively be referred to as the "Applicable Period"). To that end, the Company shall contribute certain amount in cash to establish the Trust, and the Trust shall use the funds to acquire the Company's shares in order to award the Company Shares to the Audit and Supervisory Committee Members.

The maximum amount of contribution the Company may make to the Trust for each Applicable Period shall be an amount calculated by multiplying ¥20 million by the number of fiscal years in the Applicable Period. Therefore, the maximum amount of contribution for the Initial Applicable Period shall be ¥40 million.

However, if the Trust's assets still include shares of the Company (excluding the shares equivalent to the number of points granted to the Audit and Supervisory Committee Members and not yet awarded to the Audit and Supervisory Committee Members) and cash (hereinafter collectively referred to as the "Remaining Shares") when the Company makes an additional contribution to the Trust in any Subsequent Applicable Period, the maximum amount of additional contribution that the Company may make in the Subsequent Applicable Period shall be an amount calculated by deducting the value of the Remaining Shares (in the case of the Company's shares, a book value on the last date of the applicable period immediately before the period) from the aforementioned maximum amount.

When the Company resolves to make any additional contributions, it shall disclose the fact in an appropriate and timely manner.

(5) Method for Acquiring Shares of the Company and Number of Shares Acquired

The Trust shall use the funds contributed as mentioned in (4) above to acquire the Company's shares through the trading markets or by way of disposals of the Company's treasury shares. During the Initial Applicable Period, a maximum of 25,000 shares shall be acquired without delay after the establishment of the Trust. Combined with the maximum number of shares to be acquired under Proposal 5 (320,000 shares), the maximum number of shares to be acquired in total is 345,000.

Notice of the details of the acquisition of shares of the Company by the Trust shall be issued in an appropriate and timely manner.

(6) Method for Calculating the Amount of Company Shares Awarded to the Audit and Supervisory Committee Members

Points shall be granted to the Audit and Supervisory Committee Members for each fiscal year in an amount determined pursuant to the Rules on Directors' Stock Remuneration.

Upon the award of the Company Shares mentioned in (7) below, the points granted to the Audit and Supervisory Committee Members shall be exchanged into ordinary shares at a rate of one share per point (when, however, a share split, gratis allotment, or share consolidation takes place concerning such shares after this Proposal has been approved, the Company shall perform a reasonable adjustment of the already granted points and exchange ratio to reflect the change).

The number of points belonging to the Audit and Supervisory Committee Members on which the award of Company Shares mentioned in (7) below is based shall be fixed by totaling the number of points granted to the Audit and Supervisory Committee Members up until the time of retirement (hereinafter,

points calculated in such a way shall be referred to as the “Fixed Points”), in principle.

(7) Awarding of Company Shares

If the Audit and Supervisory Committee Members have retired from their positions and met the beneficiary requirements set forth in the Rules on Directors’ Stock Remuneration, the Audit and Supervisory Committee Members may, upon completion of the prescribed procedures for determining beneficiaries, be awarded shares of the Company from the Trust after retirement according to the number of “Fixed Points” they are granted as mentioned in (6) above, in principle. When, however, the requirements set forth in the Rules on Directors’ Stock Remuneration are fulfilled, the Audit and Supervisory Committee Members shall, in place of such award of shares of the Company, receive a cash award equivalent to the market value of such shares, for a certain percentage of the points granted to them. The Trust may sell shares of the Company in order to make such cash awards.

(8) Exercise of Voting Rights

The Trust shall uniformly refrain from exercising the voting rights for the shares of the Company held in the Trust’s account, in accordance with instructions of the trust administrator. In such a way, the Trust aims to ensure its neutrality towards the Company’s management with regard to the voting rights for the shares of the Company held in the Trust’s account.

(9) Dividends

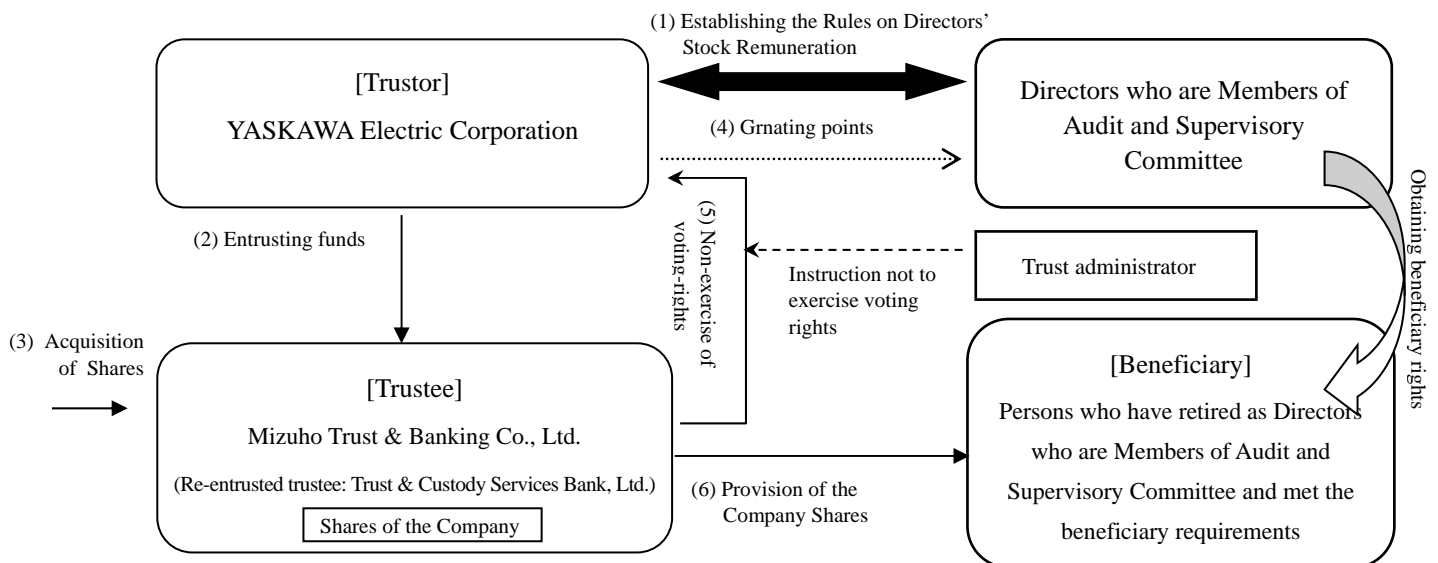
Dividends for the shares of the Company held in the Trust’s account shall be received by the Trust and applied to payment for acquiring shares of the Company or to payment of the trustee's remuneration in relation to the Trust.

(10) Procedures Upon Termination of the Trust

The Trust shall terminate in certain circumstances, such as when the Company’s shares are delisted or when the Rules on Directors’ Stock Remuneration is abolished.

Any shares of the Company remaining in the Trust's assets upon termination of the Trust shall be acquired by the Company without charge and cancelled by a resolution of the Board of Directors. Any cash remaining in the Trust's assets upon termination of the Trust shall be paid to the Company after deducting any amount to be paid to the Audit and Supervisory Committee Members.

<Reference: Structure of the Remuneration Plan>



- (1) The Company shall establish the Rules on Directors' Stock Remuneration within the framework approved under this Proposal.
- (2) The Company shall entrust funds within the scope approved under this Proposal.
- (3) The Trust shall use the funds entrusted as mentioned in (2) above to acquire shares of the Company through the trading markets or by way of disposals of the Company's treasury shares.
- (4) The Company shall grant points to the Audit and Supervisory Committee Members based on the Rules on Directors' Stock Remuneration.
- (5) The Trust shall refrain from exercising the voting rights for the shares of the Company held in the Trust's account, in accordance with the instruction of a trust administrator who is independent of the Company.
- (6) The Trust shall award shares of the Company to those who have retired as Audit and Supervisory Committee Members and met the beneficiary requirements set forth in the Rules on Directors' Stock Remuneration (hereinafter, each shall be referred to as a "Beneficiary") in proportion to the number of points each Beneficiary has been granted. When, however, the Audit and Supervisory Committee Members fulfill the requirements set forth in the Rules on Directors' Stock Remuneration, the Audit and Supervisory Committee Members shall receive a cash award equivalent to the market value of such shares, for a certain percentage of the points granted to them.