

*This document has been translated from the Japanese original for the convenience of non-Japanese shareholders.
In the event of any discrepancy between this document and the Japanese original, the original shall prevail.*

Securities code: 9058
June 1, 2016

To our shareholders:

Yutaka Tsunekawa
President and COO
TRANCOM CO., LTD.
19-30, 1-chome Aoi, Higashi-ku, Nagoya

NOTICE OF THE 59th ANNUAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 59th Annual Meeting of Shareholders of TRANCOM CO., LTD. (the “Company”) on June 16, 2016, which will be held as described below.

Meeting Details

1. Date and Time: Thursday, June 16, 2016 at 10:00 a.m. (Japan Standard Time)

2. Place: 4F Conference Room, Mazak Art Plaza
19-30, 1-chome Aoi, Higashi-ku, Nagoya

3. Purposes:

Items to be reported:

1. Business Report, Consolidated Financial Statements and Audit Reports of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board for the 59th Fiscal Year (from April 1, 2015 to March 31, 2016)
2. Non-Consolidated Financial Statements for the 59th Fiscal Year (from April 1, 2015 to March 31, 2016)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Partial amendments to the Articles of Incorporation
- Proposal 3:** Election of five (5) Directors other than Directors who are Audit and Supervisory Committee Members
- Proposal 4:** Election of three (3) Directors who are Audit and Supervisory Committee Members
- Proposal 5:** Determination of amounts of remuneration of Directors other than Directors who are Audit and Supervisory Committee Members
- Proposal 6:** Determination of amounts of remuneration of Directors who are Audit and Supervisory Committee Members
- Proposal 7:** Determination of amounts of remunerations, etc. related to stock remuneration system

Reference Document for the Annual Meeting of Shareholders Proposals and Reference Information

Proposal 1: Appropriation of surplus

1. Year-end dividend

To determine the amount of dividends payable at the end of the 59th term, the Company must take account of the continuation of stable dividend with business performance for the 59th term. Accordingly, the Company proposes to pay dividends as follows:

- (1) Type of dividend assets: Cash
- (2) Allocation of dividends to shareholders, and total amount
Per share of common stock: ¥40
Total dividends: ¥389,261,240
Since the interim dividend in the amount of 34 yen has been distributed, the annual dividend for the current term would be 74 yen per share (dividend increase of 8 yen).
- (3) Effective date of dividends of surplus: June 17, 2016

2. Appropriation of surplus

Other matters relating to the appropriation of surplus, the Company proposes the following internal reserves to prepare for investment to promote further business growth and other actions.

- (1) Item to be increased and amount of increase
General reserve: ¥3,000,000,000
- (2) Item to be decreased and amount of decrease
Retained earnings brought forward: ¥3,000,000,000

Proposal 2: Partial amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) Companies with Audit and Supervisory Committee, a new organization option for stock companies, are receiving recognition based on the “Act for Partial Amendment of the Companies Act” (Act No. 90 of 2014; hereinafter referred to as “Amended Companies Act” in this proposal), which came into effect on May 1, 2015.

The Company believes it would be beneficial to transition to a Company with Audit and Supervisory Committee with the aim of further strengthening the supervisory function of the Board of Directors, achieving quick decision-making through the separation of supervision and business execution, enhancing the effectiveness of corporate governance, and raising enterprise value further by establishing an Audit and Supervisory Committee. Accordingly, the Company will establish provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members, and delete provisions concerning Audit & Supervisory Board Members and the Audit & Supervisory Board.

- (2) In line with changes in the scope of the officers eligible to enter into an agreement limiting liability based on the Amended Companies Act, to enable Directors not involved in business execution to adequately fulfill their expected roles based on an agreement limiting liability, the Company will make partial amendment to Article 31, paragraph 2 (Exemption from liability of Directors) in the existing Articles of Incorporation. The consent of each Audit & Supervisory Board Member has been obtained for this amendment.
- (3) In line with the addition, amendment, and deletion of the provisions noted above, the Company will also change the number of articles, revise wording, clarify existing provision details, and make other necessary changes.

2. Details of the proposed amendments

Details of the amendments are as follows.

These amendments to the Articles of Incorporation shall take effect at the conclusion of this Annual Meeting of Shareholders.

(Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
Articles 1 to 3 (Articles Omitted)	Articles 1 to 3 (Not Amended)
(Newly Added)	<u>(Organization)</u> <u>Article 4 The Company has set up the following organizations, other than the General Meeting of Shareholders and Directors:</u> <u>(1) Board of Directors</u> <u>(2) Audit and Supervisory Committee</u> <u>(3) Financial Auditor</u>
Article <u>4</u> (Article Omitted)	Article <u>5</u> (Not Amended)
Chapter II Shares	Chapter II Shares
Articles <u>5</u> to <u>7</u> (Articles Omitted)	Articles <u>6</u> to <u>8</u> (Not Amended)

Existing Articles of Incorporation	Proposed Amendments
<p>(<u>Request for sale</u> by shareholders who own less than one share unit)</p> <p>Article 8 Shareholders <u>who own less than one share unit</u> of the Company may request from the Company that it sells a number of shares that will equal one share unit when added to the number of shares owned less than one share unit (hereinafter referred to as “additional purchase”), based on provisions in the Share Handling Rules.</p> <p>(<u>Rights restrictions for shareholders who own less than one share unit</u>)</p> <p>Article 9 Shareholders <u>who own less than one share unit</u> of the Company are unable to exercise rights other than the rights listed below.</p> <p>(1) Rights listed in items in Article 189, paragraph 2 of the Companies Act</p> <p>(2) Right to <u>request the acquisition of shares with put option</u></p> <p>(3) Right to receive an allotment of shares for subscription <u>or share options for subscription</u></p> <p>(4) Right to <u>request an additional purchase of shares less than one share unit as provided in the previous article</u></p> <p>(Shareholder register administrator)</p> <p>Article 10</p> <p>The Company shall appoint a shareholder register administrator.</p> <p>2. The Company shall <u>select</u> a shareholder register administrator and a location for performing these duties based on a resolution by the Board of Directors, and shall give public notification of this information.</p> <p style="text-align: center;">(Newly Added)</p> <p>(Share Handling Rules)</p> <p>Article 11 <u>Entries and recordings in the shareholder register and share option register, purchases and additional purchases of shares less than one share unit, other procedures related to shares or share options, and procedures when shareholders exercise rights</u> shall be based on the Share Handling Rules established by the Board of Directors, in addition to laws and regulations and the Articles of Incorporation.</p> <p>(Record date)</p> <p>Article 12</p> <p><u>The Company regards shareholders who own voting rights that are entered or recorded in the final shareholder register as of March 31 each year as shareholders who are able to exercise rights at the Annual Meeting of Shareholders for that fiscal year.</u></p>	<p>(<u>Additional purchase</u> by shareholders who own less than one share unit)</p> <p>Article 9 Shareholders of the Company may request from the Company that it sells a number of shares that will equal one share unit when added to the number of shares owned less than one share unit (hereinafter referred to as “additional purchase”), based on provisions in the Share Handling Rules.</p> <p>(<u>Rights for shares less than one share unit</u>)</p> <p>Article 10 Shareholders of the Company are unable to exercise rights other than the rights listed below <u>with respect to shares owned less than one share unit.</u></p> <p>(1) Rights listed in items in Article 189, paragraph 2 of the Companies Act</p> <p>(2) Right to <u>make a request based on provisions in Article 166, paragraph 1 of the Companies Act</u></p> <p>(3) Right to receive an allotment of shares for subscription <u>and an allotment of share options for subscription according to the number of shares owned by the shareholder</u></p> <p>(4) Right to <u>make a request as provided in the previous article</u></p> <p>(Shareholder register administrator)</p> <p>Article 11</p> <p>The Company shall appoint a shareholder register administrator.</p> <p>2. The Company shall <u>provide</u> a shareholder register administrator and a location for performing these duties based on a resolution by the Board of Directors, and shall give public notification of this information.</p> <p><u>3. The preparation and keeping of the Company’s shareholder register and share option register and other matters related to the shareholder register and share option register shall be entrusted to the shareholder register administrator and not handled at the Company.</u></p> <p>(Share Handling Rules)</p> <p>Article 12 <u>Procedures and fees related to the Company’s shares</u> shall be based on the Share Handling Rules established by the Board of Directors, in addition to laws and regulations and <u>these</u> Articles of Incorporation.</p> <p style="text-align: center;">(Deleted)</p>

Existing Articles of Incorporation	Proposed Amendments
<p><u>2. Notwithstanding the preceding paragraph, when necessary, the Company can, based on a Board of Directors resolution and with advance public notification, regard shareholders or registered pledgees of shares who are entered or recorded in the final shareholder register at a certain date as shareholders or registered pledgees of shares who are able to exercise these rights.</u></p> <p>Chapter III General Meetings of Shareholders</p> <p>(Newly Added)</p> <p>Article <u>13</u> (Article Omitted)</p> <p>(Convener and chairperson)</p> <p>Article <u>14</u> A General Meeting of Shareholders, unless otherwise provided by laws and regulations, shall be convened by the President, <u>based on a resolution by the Board of Directors.</u> If the President is not available, the meeting shall be convened by another Director, based on an order determined in advance by the Board of Directors.</p> <p>2. (Article Omitted)</p> <p>Articles <u>15</u> to <u>16</u> (Articles Omitted)</p> <p>(Method of resolution)</p> <p>Article <u>17</u> A resolution at a General Meeting of Shareholders, unless otherwise provided by laws and regulations or the Articles of Incorporation, shall be adopted by majority vote of present shareholders with exercisable voting rights.</p> <p>2. A resolution based on Article 309, paragraph 2 of the Companies Act, <u>unless otherwise provided by the Articles of Incorporation,</u> requires the presence of shareholders owning a minimum of one-third (1/3) of the voting rights of shareholders with exercisable voting rights, and shall be adopted by a minimum two-thirds (2/3) vote by present shareholders.</p> <p>Article <u>18</u> (Article Omitted)</p> <p>Chapter IV Directors and Board of Directors</p> <p><u>(Establishment of Board of Directors)</u></p> <p><u>Article 19 The Company shall establish a Board of Directors.</u></p> <p>(Number of Directors)</p> <p>Article 20 The number of the Company's Directors shall be up to 10 persons.</p>	<p>Chapter III General Meetings of Shareholders</p> <p><u>(Record date for Annual Meeting of Shareholders)</u></p> <p><u>Article 13 The Company's record date for voting rights for the Annual Meeting of Shareholders shall be March 31 each year.</u></p> <p>Article <u>14</u> (Not Amended)</p> <p>(Convener and chairperson)</p> <p>Article <u>15</u> A General Meeting of Shareholders, unless otherwise provided by laws and regulations, shall be convened by the President. If the President is not available, the meeting shall be convened by another Director, based on an order determined in advance by the Board of Directors.</p> <p>2. (Not Amended)</p> <p>Articles <u>16</u> to <u>17</u> (Not Amended)</p> <p>(Method of resolution)</p> <p>Article <u>18</u> A resolution at a General Meeting of Shareholders, unless otherwise provided by laws and regulations or <u>these</u> Articles of Incorporation, shall be adopted by majority vote of present shareholders with exercisable voting rights.</p> <p>2. A resolution based on Article 309, paragraph 2 of the Companies Act requires the presence of shareholders owning a minimum of one-third (1/3) of the voting rights of shareholders with exercisable voting rights, and shall be adopted by a minimum two-thirds (2/3) vote by present shareholders.</p> <p>Article <u>19</u> (Not Amended)</p> <p>Chapter IV Directors and Board of Directors</p> <p>(Deleted)</p> <p>(Number of Directors)</p> <p>Article 20 The number of the Company's Directors <u>(excluding Audit and Supervisory Committee Members)</u> shall be up to 10 persons.</p>

Existing Articles of Incorporation	Proposed Amendments
<p>(Newly Added)</p>	<p><u>2. The number of the Company's Directors who are Audit and Supervisory Committee Members shall be up to four (4) persons.</u></p>
<p>(Method of election of Directors) Article 21 Directors shall be elected at the General Meeting of Shareholders.</p>	<p>(Method of election of Directors) Article 21 Directors shall be elected at the General Meeting of Shareholders, <u>distinguishing between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p>
<p>2. to 3. (Articles Omitted)</p>	<p>2. to 3. (Not Amended)</p>
<p>(Newly Added)</p>	<p><u>4. The election of a substitute for a Director who is an Audit and Supervisory Committee Member shall be in effect until the start of the Annual Meeting of Shareholders pertaining to the final year of the fiscal years ending within two (2) years from said resolution.</u></p>
<p>(Term of office of Directors) Article 22 The term of office of Directors shall expire at the conclusion of the Annual Meeting of Shareholders pertaining to the final year of the fiscal years ending within one (1) year after their appointment.</p>	<p>(Term of office of Directors) Article 22 The term of office of Directors <u>(excluding Audit and Supervisory Committee Members)</u> shall expire at the conclusion of the Annual Meeting of Shareholders pertaining to the final year of the fiscal years ending within one (1) year after their appointment.</p>
<p>(Newly Added)</p>	<p><u>2. The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the Annual Meeting of Shareholders pertaining to the final year of the fiscal years ending within two (2) years after their appointment.</u></p>
<p>(Newly Added)</p>	<p><u>3. The term of office of a Director who is an Audit and Supervisory Committee Member elected to fill a vacancy for an Audit and Supervisory Committee Member who retired during his or her tenure shall be the same as the remaining term of office of the retiring Audit and Supervisory Committee Member.</u></p>
<p>(Representative Directors and Directors with titles) Article 23 Representative Directors shall be appointed by resolution of the Board of Directors.</p>	<p>(Representative Directors and Directors with titles) Article 23 Representative Directors shall be appointed <u>from among Directors (excluding Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors.</p>
<p><u>2. Representative Directors shall represent the Company and execute the business of the Company.</u></p>	<p>(Deleted)</p>
<p><u>3.</u> The Board of Directors, based on its resolution, shall <u>appoint</u> one (1) President, and when necessary, may appoint one (1) Chairman, and one or more Senior Executive Vice Presidents, Executive Vice Presidents, Executive Directors, and Executive Advisors.</p>	<p><u>2.</u> The Board of Directors, based on its resolution, shall <u>appoint from among Directors (excluding Audit and Supervisory Committee Members)</u> one (1) President, and when necessary, may <u>appoint</u> one (1) Chairman, and one or more Senior Executive Vice Presidents, Executive Vice Presidents, Executive Directors, and Executive Advisors.</p>
<p>(Convener and chairperson of Board of Directors' meetings) Article 24 A meeting of the Board of Directors, unless otherwise provided by laws and regulations, shall be convened and chaired by <u>the President</u>. If <u>the President</u> is not available, the meeting shall be convened and chaired by another Director, based on an order determined in advance by the Board of Directors.</p>	<p>(Convener and chairperson of Board of Directors' meetings) Article 24 A meeting of the Board of Directors, unless otherwise provided by laws and regulations, shall be convened and chaired by <u>a Director determined in advance by the Board of Directors</u>. If <u>said Director</u> is not available, the meeting shall be convened and chaired by another Director, based on an order determined in advance by the Board of Directors.</p>

Existing Articles of Incorporation	Proposed Amendments
<p>(Newly Added)</p> <p>(Notice to convene a meeting of the Board of Directors) Article 25 A notice to convene a meeting of the Board of Directors shall be issued to each Director <u>and each Audit & Supervisory Board Member</u> at least three (3) days before the meeting date. However, this timeframe may be shortened in the event of urgency.</p> <p>2. The notice to convene a meeting in the preceding paragraph may be omitted with the agreement of all Directors <u>and Audit & Supervisory Board Members</u>.</p> <p>(Method of resolution by the Board of Directors) Article 26 A resolution by the Board of Directors requires the presence of a majority of Directors, and shall be adopted by a majority vote of <u>present Directors</u>.</p>	<p><u>2. Notwithstanding the preceding paragraph, a meeting of the Board of Directors may be convened by an Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee.</u></p> <p>(Notice to convene a meeting of the Board of Directors) Article 25 A notice to convene a meeting of the Board of Directors shall be issued to each Director at least three (3) days before the meeting date. However, this timeframe may be shortened in the event of urgency.</p> <p>2. The notice to convene a meeting in the preceding paragraph may be omitted with the agreement of all Directors.</p> <p>(Method of resolution by the Board of Directors) Article 26 A resolution by the Board of Directors requires the presence of a majority of Directors <u>who are able to vote</u>, and shall be adopted by a majority vote <u>thereof</u>.</p>
<p>(Newly Added)</p> <p>(Omission of resolutions of the Board of Directors) Article 27 <u>In cases where all Directors agree to a matter to be resolved at the Board of Directors in writing or by means of electromagnetic records, the Company shall deem that the resolution to approve such matter to be resolved at the Board of Directors meeting has been made, except for the case where an Audit & Supervisory Board Member states his or her objections to such matter.</u></p>	<p><u>2. Directors with special interests related to a resolution in the preceding paragraph are not able to vote.</u></p> <p>(Omission of resolutions of the Board of Directors) Article 27 In cases where Directors <u>submit</u> a proposal with respect to a matter which is the <u>purpose</u> of the resolution of the Board of Directors, if <u>all Directors (who are entitled to participate in votes with respect to such matter) manifest their intention to agree to such proposal</u> in writing or by means of electromagnetic records, the Company shall deem that the resolution to approve such <u>proposal</u> at the Board of Directors meeting has been made.</p>
<p>(Newly Added)</p>	<p><u>(Delegation to Directors of decisions for execution of important business)</u> <u>Article 28 The Company can, based on Article 399-13, paragraph 6 of the Companies Act, delegate to Directors all or part of decisions for the execution of important business (excluding matters listed in items in Article 399-13, paragraph 5 of the Companies Act), based on a resolution by the Board of Directors.</u></p>
<p>(Board of Directors meeting minutes) Article 28 An outline of the proceedings of a Board of Directors meeting, the final outcome, and other matters prescribed by laws and regulations shall be entered or recorded in the meeting minutes, and the Directors <u>and Audit & Supervisory Board Members</u> present shall affix their name and seal or electronic signature to these minutes.</p>	<p>(Board of Directors meeting minutes) Article 29 An outline of the proceedings of a Board of Directors meeting, the final outcome, and other matters prescribed by laws and regulations shall be entered or recorded in the meeting minutes, and the Directors present shall affix their name and seal or electronic signature to these minutes.</p>
<p>(Rules of the Board of Directors) Article 29 Matters related to the Board of Directors shall be governed by the Rules of the Board of Directors as established by the Board of Directors, in addition to laws and regulations and the Articles of Incorporation.</p>	<p>(Rules of the Board of Directors) Article 30 Matters related to the Board of Directors shall be governed by the Rules of the Board of Directors as established by the Board of Directors, in addition to laws and regulations and these Articles of Incorporation.</p>

Existing Articles of Incorporation	Proposed Amendments
<p>(Remuneration, etc. for Directors) Article <u>30</u> Remuneration, bonus and other financial rewards paid by the Company to Directors as compensation for their execution of duties (hereinafter referred to as “remuneration, etc.”) shall be decided by resolution of the General Meeting of Shareholders.</p>	<p>(Remuneration, etc. for Directors) Article <u>31</u> Remuneration, bonus and other financial rewards paid by the Company to Directors as compensation for their execution of duties (hereinafter referred to as “remuneration, etc.”) shall be decided by resolution of the General Meeting of Shareholders, <u>distinguishing between remuneration, etc. for Directors who are Audit and Supervisory Committee Members and remuneration, etc. for other Directors.</u></p>
<p>(Exemption from liability of Directors) Article <u>31</u> (Article Omitted) 2. The Company may conclude with <u>an Outside</u> Director an agreement to limit their liability for damage under Article 423, paragraph 1 of the Companies Act, if they meet the requirements prescribed by laws and regulations; provided, however, that the maximum amount of liability based on said agreement is the greater of a predetermined amount, which shall be ¥2 million or higher, or the minimum amount of liability prescribed by laws and regulations.</p>	<p>(Exemption from liability of Directors) Article <u>32</u> (Not Amended) 2. The Company may conclude with a Director (<u>excluding executive Directors, etc.</u>) an agreement to limit their liability for damage under Article 423, paragraph 1 of the Companies Act, if they meet the requirements prescribed by laws and regulations; provided, however, that the maximum amount of liability based on said agreement is the greater of a predetermined amount, which shall be ¥2 million or higher, or the minimum amount of liability prescribed by laws and regulations.</p>
<p><u>Chapter V Audit & Supervisory Board Members and the Audit & Supervisory Board</u></p>	<p>(Deleted)</p>
<p><u>(Election of Audit & Supervisory Board Members and establishment of the Audit & Supervisory Board)</u></p>	<p>(Deleted)</p>
<p><u>Article 32 The Company shall have Audit & Supervisory Board Members and establish the Audit & Supervisory Board.</u></p>	
<p><u>(Number of Audit & Supervisory Board Members)</u> <u>Article 33 The number of the Company’s Audit & Supervisory Board Members shall be up to four (4) persons.</u></p>	<p>(Deleted)</p>
<p><u>(Method of election of Audit & Supervisory Board Members)</u> <u>Article 34</u> <u>Audit & Supervisory Board Members shall be elected at the General Meeting of Shareholders.</u> <u>2. The resolution for electing Audit & Supervisory Board Members requires the presence of shareholders owning a minimum of one-third (1/3) of the voting rights of shareholders with exercisable voting rights, and shall be adopted by the majority of the voting rights of the present shareholders.</u></p>	<p>(Deleted)</p>
<p><u>(Term of office of Audit & Supervisory Board Members)</u> <u>Article 35</u> <u>The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the Annual Meeting of Shareholders pertaining to the final year of the fiscal years ending within four (4) years after their appointment.</u></p>	<p>(Deleted)</p>

Existing Articles of Incorporation	Proposed Amendments
<p><u>2. The term of office of an Audit & Supervisory Board Member elected to fill a vacancy for an Audit & Supervisory Board Member shall be the same as the remaining term of office of the retiring Audit & Supervisory Board Member.</u></p>	
<p><u>(Full-time Audit & Supervisory Board Members)</u> <u>Article 36 Full-time Audit & Supervisory Board Members shall be appointed among Audit & Supervisory Board Members by the Audit & Supervisory Board.</u></p>	(Deleted)
<p><u>(Notice to convene a meeting of the Audit & Supervisory Board)</u> <u>Article 37 A notice to convene a meeting of the Audit & Supervisory Board shall be issued to each Audit & Supervisory Board Member at least three (3) days before the meeting date. However, this timeframe may be shortened in the event of urgency.</u></p>	(Deleted)
<p><u>(Method of resolution by the Audit & Supervisory Board)</u> <u>Article 38 A resolution by the Audit & Supervisory Board shall be adopted by a majority vote of Audit & Supervisory Board Members, unless otherwise provided by laws and regulations.</u></p>	(Deleted)
<p><u>(Audit & Supervisory Board minutes)</u> <u>Article 39 An outline of the proceedings of a meeting of the Audit & Supervisory Board, the final outcome, and other matters prescribed by laws and regulations shall be entered or recorded in the meeting minutes, and the Audit & Supervisory Board Members present shall affix their name and seal or electronic signature to these minutes.</u></p>	(Deleted)
<p><u>(Rules of the Audit & Supervisory Board)</u> <u>Article 40 Matters related to the Audit & Supervisory Board shall be governed by the Rules of the Audit & Supervisory Board, as established by the Audit & Supervisory Board, in addition to laws and regulations and the Articles of Incorporation.</u></p>	(Deleted)
<p><u>(Remuneration, etc. for Audit & Supervisory Board Members)</u> <u>Article 41 Remuneration, etc. for Audit & Supervisory Board Members shall be decided by resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>(Exemption from liability of Audit & Supervisory Board Members)</u> <u>Article 42</u> <u>The Company may, by resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability for damage under Article 423, paragraph 1 of the Companies Act, up to an amount obtained by deducting the statutory minimum amount of liability from the amount of their liability, if they meet the requirements prescribed by laws and regulations.</u></p>	(Deleted)

Existing Articles of Incorporation	Proposed Amendments
<p><u>2. The Company may conclude with an Outside Audit & Supervisory Board Member an agreement to limit their liability for damage under Article 423, paragraph 1 of the Companies Act, if they meet the requirements prescribed by laws and regulations; provided, however, that the maximum amount of liability based on said agreement is the greater of a predetermined amount, which shall be ¥2 million or higher, or the minimum amount of liability prescribed by laws and regulations.</u></p>	
<p>(Newly Added)</p>	<p><u>Chapter V Audit and Supervisory Committee</u></p>
<p>(Newly Added)</p>	<p><u>(Full-time Audit and Supervisory Committee Members)</u></p>
<p>(Newly Added)</p>	<p><u>Article 33 The Audit and Supervisory Committee may, by its resolution, appoint full-time members from among the committee members.</u></p>
<p>(Newly Added)</p>	<p><u>(Notice to convene a meeting of the Audit and Supervisory Committee)</u></p> <p><u>Article 34</u> <u>A notice to convene a meeting of the Audit and Supervisory Committee shall be issued to each Audit and Supervisory Committee Member at least three (3) days before the meeting date. However, this timeframe may be shortened in the event of urgency.</u></p> <p><u>2. The notice to convene a meeting in the preceding paragraph may be omitted with the agreement of all Audit and Supervisory Committee Members.</u></p>
<p>(Newly Added)</p>	<p><u>(Method of resolution by the Audit and Supervisory Committee)</u></p> <p><u>Article 35</u> <u>A resolution by the Audit and Supervisory Committee requires the presence of a majority of committee members who are able to vote, and shall be adopted by a majority vote thereof.</u></p> <p><u>2. Audit and Supervisory Committee Members with special interests related to a resolution in the preceding paragraph are not able to vote.</u></p>
<p>(Newly Added)</p>	<p><u>(Audit and Supervisory Committee minutes)</u></p> <p><u>Article 36 An outline of the proceedings of a meeting of the Audit and Supervisory Committee, the final outcome, and other matters prescribed by laws and regulations shall be entered or recorded in the meeting minutes, and the committee members present shall affix their name and seal or electronic signature to these minutes.</u></p>
<p>(Newly Added)</p>	<p><u>(Rules of the Audit and Supervisory Committee)</u></p> <p><u>Article 37 Matters related to the Audit and Supervisory Committee shall be governed by the Rules of the Audit and Supervisory Committee, as established by the Audit and Supervisory Committee, in addition to laws and regulations and these Articles of Incorporation.</u></p>

Existing Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter VI Financial Auditor</p> <p><u>(Appointment of Financial Auditor)</u> <u>Article 43</u> The Company shall appoint a Financial Auditor.</p> <p>Articles <u>44</u> to <u>45</u> (Articles Omitted)</p> <p>(Remuneration, etc. of Financial Auditor) Article <u>46</u> Remuneration, etc. of the Financial Auditor shall be determined by the <u>Representative Director</u>, subject to approval by the <u>Audit & Supervisory Board</u>.</p> <p style="text-align: center;">Chapter VII Accounts</p> <p>Article <u>47</u> (Article Omitted)</p> <p>(Year-end dividends) Article <u>48</u> The Company, based on a resolution by the General Meeting of Shareholders, <u>shall pay</u> cash dividends of surplus to shareholders or registered pledgees of shares who are entered or recorded in the final shareholder register as of March 31 each year (hereinafter referred to as “year-end dividends”).</p> <p>(Interim dividends) Article <u>49</u> The Company, based on a resolution by the Board of Directors, may provide dividends of surplus pursuant to Article 454, paragraph 5 of the Companies Act to shareholders or registered pledgees of shares who are entered or recorded in the final shareholder register as of September 30 each year (hereinafter referred to as “interim dividends”).</p> <p>(Limitation on claim for <u>year-end dividends, etc.</u>) Article <u>50</u> The Company shall be released from the obligation to pay year-end dividends and interim dividends if said dividends are left unclaimed for a period of three (3) years from the date that payment starts.</p> <p>2. Unpaid <u>year-end dividends and interim dividends</u> shall not accrue interest.</p> <p style="text-align: center;"><u>Chapter VII Other</u></p> <p><u>(Enactment and amendment or repeal)</u> <u>Article 51</u> The enactment and amendment or repeal of these Articles of Incorporation shall be proposed by the Board of Directors and adopted by resolution by the General Meeting of Shareholders.</p>	<p style="text-align: center;">Chapter VI Financial Auditor</p> <p style="text-align: center;">(Deleted)</p> <p>Articles <u>38</u> to <u>39</u> (Not Amended)</p> <p>(Remuneration, etc. of Financial Auditor) Article <u>40</u> Remuneration, etc. of the Financial Auditor shall be determined by the <u>President</u>, subject to approval by the <u>Audit and Supervisory Committee</u>.</p> <p style="text-align: center;">Chapter VII Accounts</p> <p>Article <u>41</u> (Not Amended)</p> <p>(Year-end dividends) Article <u>42</u> The Company, based on a resolution by the General Meeting of Shareholders, <u>may provide</u> cash dividends of surplus to shareholders or registered pledgees of shares who are entered or recorded in the final shareholder register as of March 31 each year (hereinafter referred to as “year-end dividends”).</p> <p>(Interim dividends) Article <u>43</u> The Company, based on a resolution by the Board of Directors, may provide dividends of surplus pursuant to Article 454, paragraph 5 of the Companies Act to shareholders or registered pledgees of shares who are entered or recorded in the final shareholder register as of September 30 each year (hereinafter referred to as “interim dividends”).</p> <p>(Limitation on claim, <u>etc.</u> for dividends) Article <u>44</u> The Company shall be released from the obligation to pay <u>cash for year-end dividends and interim dividends</u> (hereinafter referred to as “dividends”) if said dividends are left unclaimed for a period of three (3) years from <u>the</u> date that payment starts.</p> <p>2. Unpaid dividends shall not accrue interest.</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p>

Existing Articles of Incorporation	Proposed Amendments
(Newly Added)	<u>Supplementary Provisions</u> <u>(Transitional measures related to the exemption from liability of Audit & Supervisory Board Members)</u> <u>Article 1 The Company may, by resolution of the Board of Directors, exempt former Audit & Supervisory Board Members from liability for damage under Article 423, paragraph 1 of the Companies Act, up to an amount obtained by deducting the statutory minimum amount of liability from the amount of their liability, if they meet the requirements prescribed by laws and regulations.</u>

Proposal 3: Election of five (5) Directors other than Directors who are Audit and Supervisory Committee Members

The Company will transition to a Company with Audit and Supervisory Committee, subject to the approval of Proposal 2, “Partial amendments to the Articles of Incorporation.” In accordance with the provision of Article 332, paragraph 7, item 1 of the Companies Act, all of six (6) Directors’ term of office will expire at the conclusion of this Annual Meeting of Shareholders. Therefore, the Company proposes the election of five (5) Directors other than Directors who are Audit and Supervisory Committee Members.

A resolution for this proposal shall only take effect on condition that Proposal 2, “Partial amendments to the Articles of Incorporation,” is approved as originally proposed, and that the amendments to the Articles of Incorporation take effect based on the resolution for Proposal 2.

The candidates for Directors other than Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company’s shares held
1	Masahisa Shimizu (Jun. 23, 1950)	<p>Jul. 1976 Joined Aichi Kogata Unyu Co., Ltd. (currently RANET CO., LTD.)</p> <p>Jun. 1989 Board Director of the Company</p> <p>Jun. 1994 Executive Director</p> <p>Apr. 2000 Executive Vice President</p> <p>Jun. 2005 President and CEO</p> <p>Apr. 2016 Chairman and CEO (current position)</p> <p>Reasons for Nomination as Director Masahisa Shimizu has led the Company by demonstrating excellent foresight and strong leadership and grown it into a unique logistics firm. On the basis of his track record, the Company appointed him Chairman and CEO in April 2016 to continue his management leadership. The Company has selected him as a candidate for Director, because he can be expected to perform the duties of top management such as decision-making in management policy and corporate strategy and oversight of business operations.</p>	30,300
2	Yutaka Tsunekawa (Apr. 29, 1961)	<p>Jan. 2008 Joined the Company</p> <p>Aug. 2009 Executive Officer, Manager of Corporate Planning Group and in charge of General & Human Resources Group</p> <p>Jun. 2010 Executive Officer in charge of Administration Group</p> <p>Jun. 2011 Board Director and Executive Officer in charge of Administration Group</p> <p>Apr. 2012 Board Director and Managing Executive Officer in charge of Administration Group</p> <p>Mar. 2015 Board Director and Managing Executive Officer in charge of Administration & System Group</p> <p>Apr. 2016 President and COO (current position)</p> <p>Reasons for Nomination as Director Since joining the Company, Yutaka Tsunekawa has acquired broad experience in the Corporate Planning Group, Administration Group and System Group, contributing toward the Company’s growth and spearheading qualitative management reforms. Appointed President and COO in April 2016, he has led the effort to realize the medium-term business plan “TRANCOM VISION 2020”. The Company has selected him as a candidate for Director, because he can be expected to continue performing his duties as President and COO.</p>	2,900

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
3	Takashi Osawa (Jul. 23, 1972)	<p>Jul. 1997 Joined the Company</p> <p>Jun. 2005 Executive Officer, General Manager of Logistics Information Service Group</p> <p>Jun. 2011 Board Director and Executive Officer, General Manager of Logistics Information Service Group</p> <p>Dec. 2011 President of MSK CO., LTD. (currently TRANCOM ITS CO., LTD.) (current position)</p> <p>Apr. 2012 Board Director and Managing Executive Officer in charge of Logistics Information Service Group</p> <p>Apr. 2016 Board Director and Senior Managing Executive Officer, controlling operations (current position)</p> <p>[Important Concurrent Positions] President of TRANCOM ITS CO., LTD.</p> <p>Reasons for Nomination as Director Since joining the Company, Takashi Osawa has demonstrated strong leadership to grow the logistics information service business into a core business of the Company. He was appointed Board Director and Senior Managing Executive Officer, controlling operations in April 2016 on the basis of his track record and has been progressing management reforms to expand the Group's overall business further. The Company has selected him as a candidate for Director, because he can be expected to continue performing his duties of optimal execution and oversight of the Company's overall business.</p>	4,000
4	Yasuhiro Jinno (Mar. 8, 1971)	<p>Mar. 1995 Joined the Company</p> <p>Jun. 2005 Executive Officer, General Manager of Transportation Group</p> <p>Feb. 2012 Executive Officer, controlling operation of Logistics Management Group</p> <p>Jan. 2014 Executive Officer in charge of Logistics Management Group</p> <p>Jun. 2014 Board Director and Executive Officer in charge of Logistics Management Group</p> <p>Apr. 2016 Board Director and Senior Executive Officer in charge of Logistics Management Group I and Logistics Information Service Group (current position)</p> <p>Reasons for Nomination as Director Yasuhiro Jinno has engaged in the Transportation business and Logistics Management business since joining the Company and held positions of responsibility in diverse business areas. He was appointed Board Director and Senior Executive Officer in April 2016 on the basis of his extensive business experience and track record to lead the initiative to grow the Logistics Management business further and expand the scope of the business by greater collaboration with the Logistics Information Service business. The Company has selected him as a candidate for Director, because he can be expected to continue to promoting the Company's business.</p>	1,300

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
5	Atsunori Takebe (Jul. 30, 1974) New candidate	<p>Jul. 1999 Joined the Company</p> <p>Feb. 2003 Block Manager of Block I of Logistics Management Group</p> <p>Feb. 2010 Manager of Corporate Planning Group</p> <p>Apr. 2014 Seconded to Transfreight China Logistics Ltd. as Vice President</p> <p>Nov. 2015 General Manager of Overseas Business Group</p> <p>Apr. 2016 Executive Officer in charge of Overseas Business Group and President of Transfreight China Logistics Ltd. (current position)</p>	76,600
		<p>[Important Concurrent Positions] President of Transfreight China Logistics Ltd.</p>	
		<p>Reasons for Nomination as Director Since joining the Company, Atsunori Takebe has gained extensive experience in the Logistics Management business, Corporate Planning, and business expansion in overseas. On the basis of his track record, he has been in head of the overseas business as Executive Officer since April 2016. The Company has selected him as a candidate for Director, because he can be expected to utilize his broad business experience and knowledge for management.</p>	

(Note) There is no special interest between the candidates and the Company.

Proposal 4: Election of three (3) Directors who are Audit and Supervisory Committee Members

The Company will transition to a Company with Audit and Supervisory Committee, subject to the approval of Proposal 2, “Partial amendments to the Articles of Incorporation.” Accordingly, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

A resolution for this proposal shall only take effect on condition that Proposal 2, “Partial amendments to the Articles of Incorporation,” is approved as originally proposed, and that the amendments to the Articles of Incorporation take effect based on the resolution for Proposal 2.

Additionally, the submission of this proposal has been approved by the Audit & Supervisory Board.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company’s shares held
1	Hisatoshi Nagamine (Mar. 30, 1948) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New candidate</div>	<p>Jan. 1967 Joined Aichi Kogata Unyu Co., Ltd. (currently RANET CO., LTD.)</p> <p>Jun. 1994 Board Director and Manager of Business Division of the Company</p> <p>Oct. 2006 Board Director and Executive Officer controlling Sales and in charge of Public Relations</p> <p>Jun. 2009 Board Director and Executive Officer, stationed in Tokyo</p> <p>Jun. 2012 Standing Audit & Supervisory Board Member (current position)</p> <p>Reasons for Nomination as Director Hisatoshi Nagamine has mainly gained experience in the Business Division. He has also involved in management for many years as Director of the Company, contributing to the Company’s growth as a member of the management team. He was appointed Standing Audit & Supervisory Board Member in June 2012 and has been helping to improve management governance by actively offering comments and advice on the management. The Company has selected him as a candidate for Director and Audit & Supervisory Board Member, because he can be expected to utilize his experience etc. in the oversight of management after the Company transitions to a Company with Audit and Other Required Committees.</p>	3,300

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
2	<p>Kazuo Kawamura (Feb. 13, 1953)</p> <p><input type="text" value="New candidate"/></p> <p><input type="text" value="Outside Director"/></p>	<p>Apr. 1978 Registered as a lawyer (Nagoya Bar Association)</p> <p>Apr. 1983 President of Kawamura Law Office (current position)</p> <p>Jun. 2012 Outside Audit & Supervisory Board Member of the Company (current position)</p> <p>[Important Concurrent Positions] President of Kawamura Law Office</p> <p>Reasons for Nomination as Outside Director Kazuo Kawamura has professional knowledge and abundant experience as a lawyer. He was appointed Outside Audit & Supervisory Board Member of the Company in June 2012 and has been helping to improve management governance by actively offering comments and advice from a legal perspective. The Company has selected him as a candidate for Director and Audit & Supervisory Board Member, because he can be expected to utilize his experience etc. in management audits, etc., after the Company transitions to a Company with Audit and Other Required Committees. Although he has no experience in corporate management other than as Outside Audit & Supervisory Board Member, he can be expected to perform the duties of Outside Director and Audit & Supervisory Board Member for the reasons stated above, and also because he has contributed to ensuring sound management of the Company as Outside Audit & Supervisory Board Member of the Company in the past four years.</p>	-
3	<p>Yasuhisa Hayakawa (Feb. 10, 1951)</p> <p><input type="text" value="New candidate"/></p> <p><input type="text" value="Outside Director"/></p>	<p>Apr. 1969 Joined Nagoya Regional Taxation Bureau</p> <p>Jul. 2004 District Director of Tosu Tax Office (Fukuoka Regional Taxation Bureau)</p> <p>Jul. 2006 Chief Internal Inspector dispatched to Nagoya, Commissioner's Secretariat of National Tax Agency</p> <p>Jul. 2009 Deputy Commissioner of Taxation Department No.2, Nagoya Regional Taxation Bureau</p> <p>Aug. 2011 Registered as a certified public tax accountant (Nagoya Certified Tax Accountants' Association Gifu Kita Branch)</p> <p>Sep. 2011 President of Hayakawa Tax Accountant Office (current position)</p> <p>Jun. 2012 Outside Audit & Supervisory Board Member of the Company (current position)</p> <p>[Important Concurrent Positions] President of Hayakawa Tax Accountant Office</p> <p>Reasons for Nomination as Outside Director Yasuhisa Hayakawa has professional knowledge and abundant experience as a tax accountant. Since his appointment as Outside Audit & Supervisory Board Member of the Company in June 2012, he has been helping to improve management governance by actively offering comments and advice to the management team from tax and accounting perspectives. The Company has selected him as a candidate for Director and Audit & Supervisory Board Member, because he can be expected to utilize his experience etc. in management audits, etc., after the Company transitions to a Company with Audit and Other Required Committees. Although he has no experience in corporate management other than as Outside Audit & Supervisory Board Member, he can be expected to perform the duties of Outside Director and Audit & Supervisory Board Member for the reasons stated above, and also because he has contributed to ensuring sound management of the Company as Outside Audit & Supervisory Board Member in the past four years.</p>	-

- (Notes)
- 1 There is no special interest between the candidates and the Company.
 - 2 Kazuo Kawamura and Yasuhisa Hayakawa are candidates for Outside Director.
 - 3 Matters to be noted in relation to the candidates for Outside Director are as follows:
 - (1) Limited Liability Agreements
The Company has entered into an agreement with Kazuo Kawamura and Yasuhisa Hayakawa to limit their liability for damages as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the same law. The limited amount of liabilities for damages under the Agreement was set as the higher of either two million yen or the minimum amount calculated based on the provision of Article 425, Paragraph 1. Upon the approval of appointment of Kazuo Kawamura and Yasuhisa Hayakawa as Outside Director and Supervisory Board Member, the Company plans to enter into such agreements to limit their liability again.
 - (2) Registration as Independent Director
The Company has no special relationship with Kawamura Law Office, of which Kazuo Kawamura is Director, or with Hayakawa Tax Accountant Office, of which Yasuhisa Hayakawa is Director.
The Company has registered Mr. Kawamura and Mr. Hayakawa as Independent Directors, pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange, with the said exchanges. If Mr. Kawamura and Mr. Hayakawa are elected, the Company will continue to register them as Independent Directors.
 - 4 The Company has established “Independence Criteria for Outside Directors” as follows to ensure the independence of candidates when selecting candidates for Outside Director.

(Independence Criteria for Outside Directors)

<Criteria for judging independence>

The Company judges that a person serving as an Outside Director or an Outside Audit & Supervisory Board Member has independence when none of the conditions listed below apply now or within the previous three (3) years (or the directly preceding three (3) fiscal years), in addition to satisfying the requirements for an Outside Director or an Outside Audit & Supervisory Board Member prescribed in the Companies Act and the independence criteria prescribed by the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc.

1. Major business partners or related parties
 - (1) An executive at a company at which an executive of the Company or the Company's Group serves as an officer
 - (2) A person or an executive of a company or organization for which the Company or the Company's Group are a major business partner (Note 1)
(Note 1) A person for which the Company or the Company's group companies are a major business partner, and for which total sales to the Company or the Company's group companies accounted for more than 20% of the said person's consolidated sales in any of the most recent three (3) fiscal years.
 - (3) A major business partner (Note 2) or an executive of a company or organization that is a major business partner for the Company or the Company's Group
(Note 2) Business partner for which sales to said partner accounted for more than 10% of the Company's consolidated sales in any of the most recent three (3) fiscal years.
 - (4) An executive of a major lender to the Company (lender of an amount in excess of 2% of total consolidated assets)
2. Professionals
 - (1) A certified public accountant or a partner or employee of an auditing firm (however, excluding ancillary staff) that serves as the Company's Financial Auditor
 - (2) An attorney, certified public accountant, tax accountant, or other consultant that belongs to a law firm, auditing firm, tax accountant firm, consulting firm, or other professional advisory firm (however, excluding persons cited in (1) and ancillary staff) who has received monies or other financial benefits of ¥10 million or more within the previous three (3) years other than officers' compensation from the Company or the Company's Group
3. Donations
A person or an executive of a company or organization that has received a donation of ¥10 million or more within the previous three (3) years from the Company or the Company's Group
4. Major shareholders
 - (1) A major shareholder of the Company (a shareholder or an executive of a company or organization who owns voting rights directly or indirectly at 10% or higher)
 - (2) A major shareholder or an executive thereof at the present time or during the directly preceding three (3) fiscal years
5. A person who has served as an Outside Director or an Outside Audit & Supervisory Board Member at the Company in excess of eight (8) years in total
6. Close relatives
A close relative (spouse or relative within the second degree of kinship) or cohabitant of a person for which one of the following applies
 - (1) A person for which one of the above 1.-5. applies.
 - (2) A director, audit & supervisory board member, executive officer, advisor, or important employee (manager level or higher) of the Company or the Company's Group
7. Other
A person for which one of the above 1.-6. applies now or within the previous three (3) years

The rational basis for judging independence shall be specifically disclosed if the Board of Directors deems independence despite not satisfying the above-stated requirements.

Proposal 5: Determination of amounts of remuneration for Directors other than Directors who are Audit and Supervisory Committee Members

Remuneration paid to the Company's Directors in the amount of no more than ¥400 million annually was approved by the 50th Annual Meeting of Shareholders held on June 15, 2007 and has remained at that amount to the present. However, subject to the approval of Proposal 2, "Partial amendments to the Articles of Incorporation," the Company will make the transition to a Company with Audit and Supervisory Committee.

The Company proposes that the current amount of remuneration for Directors be revoked, and that amount of remuneration for Directors other than Directors who are Audit and Supervisory Committee Members be set at no more than ¥400 million annually taking into consideration economic conditions and other factors in accordance with the provisions of Article 361, paragraph 1 and paragraph 2 of the Companies Act.

The amount of remuneration for Directors other than Directors who are Audit and Supervisory Committee Members does not include the portion for salaries paid to those Directors who also serve as employees.

The Company currently has six (6) Directors (including one (1) Outside Director), and if Proposal 2 and Proposal 3 are approved as originally proposed, the number of Directors who are not Audit and Supervisory Committee Members will be five (5) (including zero (0) Outside Directors) .

The resolution related to this proposal may only take effect on the condition that Proposal 2 "Partial amendments to the Articles of Incorporation" are approved as originally proposed and the amendments become effective.

Proposal 6: Determination of amounts of remuneration for Directors who are Audit and Supervisory Committee Members

Provided Proposal 2 "Partial amendments to the Articles of Incorporation" is approved, the Company plans to make the transition to a Company with Audit and Supervisory Committee.

Accordingly, the Company proposes that the amount of remuneration for Directors who are Audit and Supervisory Committee Members be set at no more than ¥40 million annually taking into consideration the economic conditions and other factors in accordance with the provisions of Article 361, paragraph 1 and paragraph 2 of the Companies Act.

If Proposal 2 and Proposal 4 are approved as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be three (3).

The resolution related to this proposal may only take effect on the condition that Proposal 2 "Partial amendments to the Articles of Incorporation" are approved as originally proposed and the amendments become effective.

Proposal 7: Determination of amounts of remunerations, etc. related to stock remuneration system

1. Reasons for the proposal

The Company will transition to a Company with Audit and Supervisory Committee, subject to the approval of Proposal 2, “Partial amendments to the Articles of Incorporation.” Concerning the remuneration of the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and Executive Officers (hereinafter referred to as “Directors, etc.”), the Company proposes to introduce a Board Benefit Trust (BBT) as a new stock remuneration system (hereinafter referred to as “System”), and requests approval of the amounts of remuneration for Directors.

The introduction of this System is intended to increase awareness about improving earnings over the medium to long term and contributing to raising enterprise value by more clearly linking the remuneration of Directors, etc. with the Company’s stock price and having Directors, etc. share with shareholders not only the benefits of a higher stock price, but also the risk of a lower stock price.

This proposal is separate from the requested approval of Proposal 5, “Determination of amounts of remuneration of Directors other than Directors who are Audit and Supervisory Committee Members,” and approval of the amounts of remuneration is requested in order to pay new stock remuneration to the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors). The details of this System shall be left to the discretion of the Company’s Board of Directors, within the framework provided below in 2.

A resolution for this proposal shall only take effect on condition that Proposal 2, “Partial amendments to the Articles of Incorporation,” is approved as originally proposed, and that the amendments to the Articles of Incorporation take effect based on the resolution for Proposal 2.

Additionally, if Proposal 2, “Partial amendments to the Articles of Incorporation,” and Proposal 3, “Election of five (5) Directors other than Directors who are Audit and Supervisory Committee Members,” are approved as originally proposed, then the number of the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) eligible for this System shall be five (5).

The 56th Annual Meeting of Shareholders held in June 21, 2013 approved of a stock option remuneration framework for Directors that was separate from the remuneration limit for Directors (annual amount within ¥400 million) approved at the 50th Annual Meeting of Shareholders held in June 15, 2007, and established an annual limit of ¥90 million. However, this stock option remuneration framework for Directors shall be a repealed with the introduction of this System.

2. Remuneration amounts in this System and reference information

(1) Outline of this System

This System is a stock remuneration system that will acquire Company stock funded by funds contributed by the Company through a trust (the trust established based on this System will hereinafter be referred to as “Trust”), and deliver Company stock through the trust to Directors, etc., according to the Rules for Delivering Stock to Officers prescribed by the Company.

Directors, etc. shall receive Company stock, in principle, at the time of their retirement as a Director, etc.

(2) Persons eligible in this System

Directors (excluding Outside Directors) who are not Audit and Supervisory Committee

Members, and Executive Officers of the Company

- (3) Calculation and limit of the number of shares of Company stock to be delivered to Directors, etc.

Directors, etc. shall be awarded points at a number determined by the procedure set forth in the Rules for Delivering Stock to Officers in each fiscal year.

The total number of points that can be awarded to Directors, etc. in one fiscal year shall have an upper limit of 30,000 points for Directors (excluding Outside Directors) who are not Audit and Supervisory Committee Members, and 7,500 points for Executive Officers. The Company believes these limits are reasonable, as they were determined while taking full account of the current level of officer remuneration, trends in the number of Directors, etc., future outlook, and other considerations. Points will be awarded to Directors starting with those for the fiscal year that ended on March 31, 2016.

The points awarded to Directors, etc. shall be converted to Company stock at one (1) common share per one (1) point at the time Company stock is delivered as prescribed below in (6) (however, in the event of a stock split, gratis allotment of stock, or reverse stock split after approval of this proposal, the conversion ratio shall be reasonably adjusted according to the relevant ratio).

The number of points for Directors, etc. that will serve as the basis for delivering Company stock as prescribed below in (6) shall be determined based on the total number of points that have been awarded to Directors, etc. by the time of their retirement (hereinafter referred to as “Final Number of Points”).

- (4) Method for acquiring Company stock

The Trust shall acquire Company stock via the stock market or by receipt in a disposal of treasury stock by the Company, funded by funds contributed as prescribed below in (5).

For the Initial Applicable Period (defined below in (5)), up to 37,500 shares shall be currently acquired without delay after the Trust is established (scheduled for August, 2016) in order to deliver stock to Directors, etc. After such an acquisition, in the event that additional contributions are made as prescribed below in (5), the Trust may acquire Company stock. Details about the Trust’s method of acquiring Company stock and other matters shall be disclosed on all such occasions in a timely and appropriate manner.

- (5) Amount of trust funds (remuneration amount)

On condition that this proposal is approved, the Company shall establish the Trust and contribute the funds required for the Trust to acquire the number of shares of Company stock that can be reasonably expected to be needed to deliver Company stock as prescribed above in (3) and below in (6). The Trust, as prescribed above in (4), shall acquire Company stock funded by funds contributed by the Company.

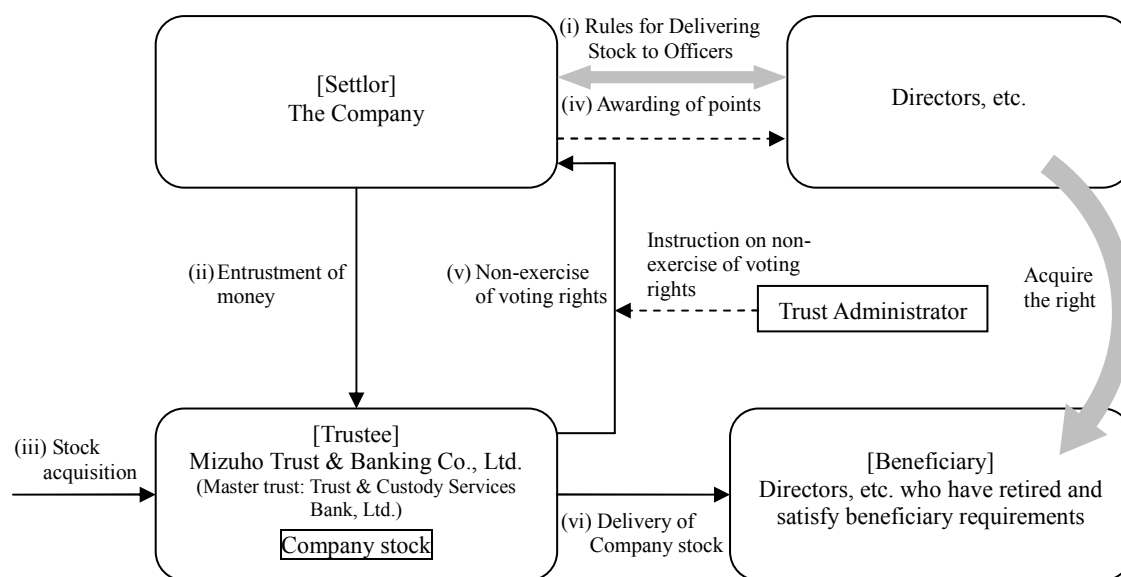
Specifically, the Company shall currently establish the Trust and contribute funds up to a maximum of ¥150 million (of which, ¥120 million for Directors (excluding Outside Directors) who are not Audit and Supervisory Committee Members, and ¥30 million for Executive Officers) as the funds needed for three (3) fiscal years, from the fiscal year ended on March 31, 2016, to the fiscal year ending on March 31, 2018, (hereinafter referred to as “Initial Applicable Period”). When the Trust is established (scheduled for August 2016), the Company shall contribute funds up to ¥150 million as stated above. Thereafter, the Company can make additional contributions of up to ¥300 million (of which ¥240 million is for Directors (excluding Outside Directors) who are not Audit & Supervisory Committee Members and ¥60 million is for Executive Officers) as required,

depending on its financial condition, points awarded, and other matters during the Initial Applicable Period.

Furthermore, after the Initial Applicable Period, the Company shall, in principle, make additional contributions to the Trust, up to a maximum of ¥450 million (of which, ¥360 million for Directors (excluding Outside Directors) who are not Audit and Supervisory Committee Members, and ¥90 million for Executive Officers), for the next three (3) fiscal years (hereinafter referred to as “Next Applicable Period”), in every three (3) fiscal years until the termination of this System. However, in making an additional contribution, if the trust assets have any remaining Company stock (excluding Company stock equal to the number of points awarded to Directors, etc. but not yet delivered to Directors, etc.) and monies (hereinafter referred to as “Remaining Stock, etc.”) on the date just prior to the start of the Next Applicable Period for which said additional contribution is to be made, then the Remaining Stock, etc. shall be allocated to the funds for delivering stock based on this System for the Next Applicable Period, and the maximum amount that the Company can additionally contribute for the Next Applicable Period shall be calculated by subtracting the monetary amount of the Remaining Stock, etc. (stock is converted to a monetary amount based on its market value on the date just prior to the start of the Next Applicable Period) from ¥450 million (of which, ¥360 million for Directors (excluding Outside Directors) who are not Audit and Supervisory Committee Members, and ¥90 million for Executive Officers). The Company shall make timely and appropriate disclosure after deciding to make an additional contribution.

- (6) Timing for delivering Company stock
Directors, etc. of the Company who retire and satisfy the beneficiary requirements prescribed in the Rules for Delivering Stock to Officers are eligible, based on prescribed beneficiary confirmation procedures, to receive Company stock from the Trust after their retirement in a number based on their Final Number of Points.

<Structure of the System>



- (i) The Company shall prepare Rules for Delivering Stock to Officers within a framework to be approved in this proposal.
- (ii) The Company shall entrust monies within the scope to be approved in this proposal.
- (iii) The Trust shall acquire Company stock funded by monies entrusted under (ii) via the stock market or by receipt in a disposal of treasury stock by the Company.
- (iv) The company shall award points to Directors, etc. based on the Rules for Delivering Stock to Officers
- (v) The Trust shall not exercise voting rights for Company stock held in the Trust account in accordance with instructions by a trust administrator that is independent from the Company.
- (vi) For Directors, etc. who have retired and satisfy the beneficiary requirements prescribed in the Rules for Delivering Stock to Officers (hereinafter referred to as “Beneficiaries”), the Trust shall deliver Company stock based on the number of points awarded to said Beneficiaries.