

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

Securities code: 2685
May 10, 2016

To Our Shareholders

Michio Fukuda
Representative Director,
Chairman & Chief Executive Officer
Adastria Co., Ltd.
3-1-27 Izumi-cho, Mito-shi, Ibaraki

Notice of the 66th Ordinary General Meeting of Shareholders

Firstly, we would like to offer our deepest sympathies to shareholders who have suffered hardship from the Kumamoto Earthquake.

You are cordially invited to attend the 66th Ordinary General Meeting of Shareholders of Adastria Co., Ltd. (the “Company”) to be held as stated below.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or electronically or magnetically (e.g. via the Internet). After reviewing the attached Reference Documents for the General Meeting of Shareholders, please indicate your approval or disapproval of the proposals on the enclosed voting card and return it to reach us no later than 7:00 p.m. on Wednesday, May 25, 2016 (Japan Standard Time), or vote at the website for the exercise of voting rights specified by the Company (<http://www.evote.jp/>).

Meeting Details

- 1. Date and Time:** Thursday, May 26, 2016 at 3:00 p.m. (doors open at 2:00 p.m.)
- 2. Venue:** “Sea Breeze” at HOTEL TERRACE the GARDEN MITO 3F
1-7 Miya-machi, Mito-shi, Ibaraki
- 3. Purpose of the Meeting:**

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 66th fiscal year (from March 1, 2015 to February 29, 2016), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 66th fiscal year (from March 1, 2015 to February 29, 2016)

Matters to be resolved:

- Proposal 1:** Election of Seven (7) Directors
Proposal 2: Election of Three (3) Audit & Supervisory Board Members
Proposal 3: Determination of Amount and Other Details of Performance-Linked and Share-Based Compensation for Directors

4. Matters Relating to This Notice of the Meeting:

- (1) Of the documents that should be provided with this notice of the Meeting, the following items are posted on the Company's website (<http://www.adastria.co.jp/>) pursuant to relevant laws and regulations and Article 15 of the Company's Articles of Incorporation. These documents are thus not included in this notice of the Meeting.
 - (a) Consolidated Statement of Changes in Equity
 - (b) Notes to the Consolidated Financial Statements
 - (c) Statement of Changes in Equity
 - (d) Notes to the Non-consolidated Financial Statements

Accordingly, the attached documents to this notice are part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing the audit reports.

- (2) If any changes are made to items in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements, please note that such changes will be posted on the Company's website (<http://www.adastria.co.jp/>).
- (3) When you attend the Meeting, you are kindly requested to present the enclosed voting card at the reception. You are also requested to bring this notice to the Meeting.

To Institutional Investors: You may use the "Electronic Voting Platform" as a method of exercising your voting rights.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Election of Seven (7) Directors

The terms of office of all six Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of seven Directors, increasing the number of Directors by one to enhance the management system.

The candidates for Director are as follows:

No.	Name (Date of Birth)	Career Summary, and Positions and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
1	Michio Fukuda (July 10, 1946)	May 1971 Joined the Company Director of the Company Jun. 1982 Senior Managing Director of the Company Apr. 1991 Representative Director, President of Bears Factory Limited (currently Adastria Logistics Co., Ltd.) Mar. 1993 Representative Director, President of the Company Dec. 2002 Representative Director, President of POINT TW INC. May 2004 Representative Director, Chairman of the Company May 2010 Representative Director, Chairman & President of the Company Sep. 2013 Representative Director, Chairman of the Company May 2015 Representative Director, Chairman & Chief Executive Officer of the Company (present)	520,670
2	Masa Matsushita (July 28, 1960)	Apr. 1989 Registered as an attorney at law (Tokyo Bar Association) Joined Tokyo Aoyama Law Office (currently Baker & McKenzie (Gaikokuho Joint Enterprise)) Jan. 1998 Joined GE Yokogawa Medical Systems, Inc. (currently GE Healthcare Japan Corporation) Jan. 1999 Director of GE Yokogawa Medical Systems, Inc. Nov. 2000 Chief Executive Officer of GE Medical Systems Taiwan Mar. 2003 Director, Vice President of Japan General Electric Corporation (currently Japan GE Corporation) Jul. 2005 Joined FAST RETAILING CO., LTD. Sep. 2005 Director of FAST RETAILING CO., LTD. Jul. 2006 Chairman and Chief Executive Officer of FR FRANCE S.A.S. Aug. 2009 Joined Siemens K.K. (currently Siemens Japan K.K.) Jul. 2010 Director of Siemens K.K. Mar. 2011 Director of the Board, Senior Corporate Officer of KOKUYO Co., Ltd. Mar. 2015 Adviser of the Company May 2015 Director, Chief Operating Officer (in charge of Administration and Overseas) of the Company (present) Director of POINT (Shanghai) Co., Ltd. (present) Director of POINT TW INC. (present) Director of Adastria Korea Co., Ltd. (present) Jun. 2015 Director of Adastria Asia Co., Ltd. (present) Sep. 2015 Director of Adastria Logistics Co., Ltd. (present)	5,000

No.	Name (Date of Birth)	Career Summary, and Positions and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
3	Osamu Kimura (September 2, 1969)	Sep. 2011 Representative Director, President of TRINITY ARTS INC. (currently the Company) Apr. 2013 Director of FRIENDS Co., Ltd. Sep. 2013 Director of the Company Director of Adastria Asia Co., Ltd. Feb. 2014 Director of N9&PG Co., Ltd. (currently Adastria Logistics Co., Ltd.) May 2015 Director, Senior Executive Officer of the Company Mar. 2016 Director, Managing Executive Officer (in charge of New Business Development) of the Company (present)	9,338

No.	Name (Date of Birth)	Career Summary, and Positions and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
4	<p data-bbox="304 1037 480 1093"><Candidate for Outside Director></p> <p data-bbox="304 1122 480 1200">Hideki Kurashige (September 11, 1942)</p>	<p data-bbox="504 365 1198 1227"> Apr. 1966 Joined IBM Japan, Ltd. Jan. 1993 Executive Vice President of IBM Japan, Ltd. Nov. 1993 Chairman of Price Waterhouse Consultants Co., Ltd. May 2000 Director and Adviser of Jusco Co., Ltd. (currently AEON Co., Ltd.) Oct. 2002 Managing Director of IBM Business Consulting Services Asia Pacific, and Chairman of IBM Business Consulting Services KK Feb. 2004 Director, President & CEO, Representative Executive Officer of JAPAN TELECOM CO., LTD (currently SoftBank Corp.) Oct. 2006 President and Senior Managing Director of RHJI Industrial Partners Asia, Inc. May 2007 Outside Director of AEON Co., Ltd. Jun. 2007 Outside Director of ASAHI TEC CORPORATION Dec. 2007 Representative Director and Chairman of RHJ International, Japan, Inc. May 2008 CEO, Representative Director of SIGMAXYZ Inc. Apr. 2010 Chairman, Representative Director of SIGMAXYZ Inc. Apr. 2011 Chairman of IT Frontier Corporation (currently Tata Consultancy Services Japan, Ltd.) Apr. 2012 Chairman, Representative Director of IT Frontier Corporation Apr. 2013 Representative Director, Chairman and President of SIGMAXYZ Inc. (present) Sep. 2013 Outside Director of the Company (present) </p> <p data-bbox="504 1238 1361 1861"> <Reasons for nominating the candidate as outside Director and tenure> Hideki Kurashige has been nominated as a candidate for outside Director because the candidate has rich experience and extensive insight accumulated while working at global companies. The Company proposes the candidate's election as outside Director to benefit from the guidance that the candidate would provide in the area of promoting sound and efficient management. The candidate's tenure as Director will be two years and eight months at the conclusion of this General Meeting of Shareholders. <Independence of the candidate> The Company has appointed Hideki Kurashige as an independent officer as provided for by the Tokyo Stock Exchange and notified the exchange to that effect. If the candidate is reelected, the Company will continue to have the candidate as an independent officer. <Agreement limiting liability> In accordance with provisions of Article 427, paragraph 1 of the Companies Act and Article 27, paragraph 2 of the Articles of Incorporation, the Company has entered into an agreement with Hideki Kurashige to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the extent of the minimum liability amount prescribed under Article 425, paragraph 1 of the Companies Act. If the candidate is reelected, the Company will continue the agreement with the candidate. </p>	-

No.	Name (Date of Birth)	Career Summary, and Positions and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
5	<p data-bbox="300 1003 480 1059"><Candidate for Outside Director></p> <p data-bbox="300 1093 480 1149">Tadamitsu Matsui (May 13, 1949)</p>	<p data-bbox="504 365 1201 398">Jun. 1973 Joined THE SEIYU Co., Ltd. (currently Seiyu GK)</p> <p data-bbox="504 405 1201 461">May 1993 Director, General Manager of General Affairs and Personnel Division of Ryohin Keikaku Co., Ltd.</p> <p data-bbox="504 468 1201 524">May 1999 Representative Director, President of RK TRUCKS CO., LTD.</p> <p data-bbox="504 530 1201 586">May 2000 President and Representative Director of MUJI.net Co., Ltd. (currently MUJI House Co., Ltd.)</p> <p data-bbox="504 593 1201 649">Jan. 2001 President and Representative Director of Ryohin Keikaku Co., Ltd.</p> <p data-bbox="504 656 1201 712">Apr. 2001 Director of MUJI.net Co., Ltd. (currently MUJI House Co., Ltd.)</p> <p data-bbox="504 719 1201 775">Feb. 2002 President and Representative Director and Executive Officer of Ryohin Keikaku Co., Ltd.</p> <p data-bbox="504 781 1201 837">Feb. 2008 Chairman and Representative Director and Executive Officer of Ryohin Keikaku Co., Ltd.</p> <p data-bbox="504 844 1201 900">May 2009 President and Representative Director of MUJI.net Co., Ltd. (currently MUJI House Co., Ltd.)</p> <p data-bbox="504 907 1201 940">Jun. 2013 Outside Director of Resona Bank, Limited</p> <p data-bbox="504 947 1201 981">Sep. 2013 Outside Director of the Company (present)</p> <p data-bbox="504 987 1201 1070">Jun. 2014 Outside Director of Resona Holdings, Inc. (present) Outside Director of OOTOYA Holdings Co., Ltd. (present)</p> <p data-bbox="504 1077 1201 1111">May 2015 Outside Director of NEXTAGE Co., Ltd. (present)</p> <p data-bbox="504 1126 1359 1780"> <p data-bbox="504 1126 1201 1160"><Reasons for nominating the candidate as outside Director and tenure></p> <p data-bbox="504 1167 1359 1335">Tadamitsu Matsui has been nominated as a candidate for outside Director as the Company believes that the candidate is qualified for the position due to the candidate's experience and insight gained as a business manager for major corporations (retail) and with the expectation that this experience and insight can benefit the management of the Company. Accordingly, the Company proposes the candidate's election as outside Director.</p> <p data-bbox="504 1346 1359 1402">The candidate's tenure as Director will be two years and eight months at the conclusion of this General Meeting of Shareholders.</p> <p data-bbox="504 1413 826 1447"><Independence of the candidate></p> <p data-bbox="504 1458 1359 1559">The Company has appointed Tadamitsu Matsui as an independent officer as provided for by the Tokyo Stock Exchange and notified the exchange to that effect. If the candidate is reelected, the Company will continue to have the candidate as an independent officer.</p> <p data-bbox="504 1570 802 1603"><Agreement limiting liability></p> <p data-bbox="504 1615 1359 1780">In accordance with provisions of Article 427, paragraph 1 of the Companies Act and Article 27, paragraph 2 of the Articles of Incorporation, the Company has entered into an agreement with Tadamitsu Matsui to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the extent of the minimum liability amount prescribed under Article 425, paragraph 1 of the Companies Act. If the candidate is reelected, the Company will continue the agreement with the candidate.</p> </p>	2,000

No.	Name (Date of Birth)	Career Summary, and Positions and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
6	<p data-bbox="304 1021 480 1077"><Candidate for Outside Director></p> <p data-bbox="304 1106 469 1162">Satoshi Akutsu (July 11, 1966)</p>	<p data-bbox="504 365 1201 1122"> May 1998 Ph.D. in Business Administration, University of California, Berkeley Dec. 1998 Assistant Professor, Faculty of Commerce and Management, Hitotsubashi University Apr. 1999 Assistant Professor, the Graduate School of International Corporate Strategy, Hitotsubashi University Jun. 2002 Associate Professor, the Graduate School of International Corporate Strategy, Hitotsubashi University (The Japanese title for Associate Professor was changed from <i>Jokyoju</i> to <i>Junkyoju</i> in 2007) Jun. 2006 Outside Director, NIFTY Corporation (present) Oct. 2008 Visiting Associate Professor of Collaborative Research Sector, National Institute of Informatics, Research Organization of Information and Systems Mar. 2010 Outside Board Director, IDC Otsuka Kagu, Ltd. (present) Apr. 2010 Visiting Professor, Collaborative Research Sector, National Institute of Informatics, Research Organization of Information and Systems Professor, the Graduate School of International Corporate Strategy, Hitotsubashi University (present) Nov. 2012 Director, Japan Marketing Academy (present) Sep. 2013 Outside Director of the Company (present) </p> <p data-bbox="504 1133 1361 1805"> <Reasons for nominating the candidate as outside Director and tenure> Satoshi Akutsu has been nominated as a candidate for outside Director, although the candidate has never participated in the management of companies other than as an outside officer, as the Company believes that the candidate is qualified for the position due to the candidate's many achievements as a marketing specialist and with the expectation that the candidate would provide useful advice and more in relation to the Company's overall marketing business and the management of the Company can benefit from this advice, with a focus on business development strategies. Therefore, the Company proposes the candidate's election as outside Director. The candidate's tenure as Director will be two years and eight months at the conclusion of this General Meeting of Shareholders. <Independence of the candidate> The Company has appointed Satoshi Akutsu as an independent officer as provided for by the Tokyo Stock Exchange and notified the exchange to that effect. If the candidate is reelected, the Company will continue to have the candidate as an independent officer. <Agreement limiting liability> In accordance with provisions of Article 427, paragraph 1 of the Companies Act and Article 27, paragraph 2 of the Articles of Incorporation, the Company has entered into an agreement with Satoshi Akutsu to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the extent of the minimum liability amount prescribed under Article 425, paragraph 1 of the Companies Act. If the candidate is reelected, the Company will continue the agreement with the candidate. </p>	-

No.	Name (Date of Birth)	Career Summary, and Positions and Responsibility in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
7	<New candidate> <Candidate for Outside Director> Hiromi Horie (June 19, 1956)	Apr. 1981 Joined Nara Machinery Co., Ltd. May 1988 Joined Levi Strauss Japan KK Dec. 1999 Marketing Senior Manager of Levi Strauss Japan KK Mar. 2005 Public Affairs Division Manager of Starbucks Coffee Japan, Ltd. Dec. 2006 Marketing Division Manager of Starbucks Coffee Japan, Ltd. Aug. 2010 Marketing Officer of Starbucks Coffee Japan, Ltd. (present)	-
		<Reasons for nominating the candidate as outside Director> Hiromi Horie has been nominated as a candidate for outside Director as the Company believes that the candidate is qualified for the position due to the candidate's many achievements as a manager of public affairs and marketing division for major corporations (retail and restaurant) and with the expectation that these assets can benefit the management of the Company. Accordingly, the Company proposes the candidate's election as outside Director. <Independence of the candidate> Hiromi Horie satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange. If the candidate is elected, the Company will appoint the candidate as an independent officer and notify the exchange to that effect. <Agreement limiting liability> If Hiromi Horie is elected, in accordance with provisions of Article 427, paragraph 1 of the Companies Act and Article 27, paragraph 2 of the Articles of Incorporation, the Company will enter into an agreement with the candidate to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the extent of the minimum liability amount prescribed under Article 425, paragraph 1 of the Companies Act.	

Notes: 1. Each of the candidates has no special interest in the Company.

2. "Number of the Company's Shares Owned" indicates the number of shares owned as of February 29, 2016.

Proposal 2: Election of Three (3) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Shigeru Hirota and Tetsuro Yokoyama will expire and Audit & Supervisory Board Member Naoki Iwasaki will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of three Audit & Supervisory Board Members.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

No.	Name (Date of Birth)	Career Summary and Positions in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
1	<New candidate> Tsuyoshi Matsuda (February 5, 1953)	<p>Apr. 1976 Joined The Mitsubishi Bank, Limited (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Jan. 2006 Joined POINT INC. (currently the Company) Advisor of the Company</p> <p>Mar. 2006 Corporate Officer and General Manager of Administration Division and Accounting Department of the Company</p> <p>May 2008 Director, Corporate Officer and General Manager of Administration Division of the Company</p> <p>May 2010 Director, Managing Corporate Officer and General Manager of Administration Division of the Company</p> <p>Jun. 2013 Corporate Auditor of NATURAL NINE HOLDINGS CO., LTD. (currently Adastria Logistics Co., Ltd.) (present)</p> <p>Mar. 2015 Advisor to the Office of the Chairman of the Company</p>	1,030
		<p><Agreement limiting liability></p> <p>If Tsuyoshi Matsuda is elected, in accordance with provisions of Article 427, paragraph 1 of the Companies Act and Article 34, paragraph 2 of the Articles of Incorporation, the Company will enter into an agreement with the candidate to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the extent of the minimum liability amount prescribed under Article 425, paragraph 1 of the Companies Act.</p>	

No.	Name (Date of Birth)	Career Summary and Positions in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
2	<p data-bbox="300 801 480 902"><Candidate for Outside Audit & Supervisory Board Member></p> <p data-bbox="300 936 480 1003">Tetsuro Yokoyama (August 28, 1946)</p>	<p data-bbox="504 365 1201 409">Oct. 1970 Joined Tokyo Branch, Arthur Andersen Accounting Office</p> <p data-bbox="504 432 1201 477">Nov. 1975 Joined Tokuyoshi Tsuboi Certified Public Accountant Office</p> <p data-bbox="504 499 1201 544">Jul. 1976 Joined Asahi Accounting Company (currently KPMG AZSA LLC)</p> <p data-bbox="504 566 1201 633">Nov. 1980 Established and assumed the position of Director of Tetsuro Yokoyama Certified Public Accountant and Certified Public Tax Accountant Office (present)</p> <p data-bbox="504 656 1201 701">May 1992 Outside Audit & Supervisory Board Member of POINT INC. (currently the Company) (present)</p> <p data-bbox="504 723 1201 745">Dec. 2014 Representative Partner of Hibari Audit LLC (present)</p>	18,000
		<p data-bbox="504 757 1358 813"><Reasons for nominating the candidate as outside Audit & Supervisory Board Member and tenure></p> <p data-bbox="504 824 1358 992">Although Tetsuro Yokoyama has never participated in the management of companies other than as an outside officer, the Company proposes the candidate's election as outside Audit & Supervisory Board Member. Tetsuro Yokoyama has been nominated as a candidate for outside Audit & Supervisory Board Member to reflect, in the audits of the Company, the candidate's professional view as well as rich experience and insight of finance and accounting as a certified public accountant.</p> <p data-bbox="504 1003 1358 1059">The candidate's tenure as Audit & Supervisory Board Member will be 24 years at the conclusion of this General Meeting of Shareholders.</p> <p data-bbox="504 1070 826 1093"><Independence of the candidate></p> <p data-bbox="504 1104 1358 1216">The Company has appointed Tetsuro Yokoyama as an independent officer as provided for by the Tokyo Stock Exchange and notified the exchange to that effect. If the candidate is reelected, the Company will continue to have the candidate as an independent officer.</p> <p data-bbox="504 1227 802 1249"><Agreement limiting liability></p> <p data-bbox="504 1261 1358 1429">In accordance with provisions of Article 427, paragraph 1 of the Companies Act and Article 34, paragraph 2 of the Articles of Incorporation, the Company has entered into an agreement with Tetsuro Yokoyama to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the extent of the minimum liability amount prescribed under Article 425, paragraph 1 of the Companies Act. If the candidate is reelected, the Company will continue the agreement with the candidate.</p>	

No.	Name (Date of Birth)	Career Summary and Positions in the Company (Significant Concurrent Positions outside the Company)	Number of the Company's Shares Owned
3	<New candidate> <Candidate for Outside Audit & Supervisory Board Member> Kazuhiko Ebihara (March 5, 1958)	Jul. 1983 Joined The Boston Consulting Group K.K. Jun. 1986 Joined Goldman, Sachs & Co. Oct. 1988 Joined Goldman Sachs (Japan) Corp. Sep. 2002 Joined J.P. Morgan Securities Asia Pte. Ltd. Dec. 2006 Board Director of Synergy Inc. Jun. 2007 Lecturer of Graduate School of Finance, Accounting and Law, Waseda University Dec. 2013 Instructor of Japan Vietnam EPA Program (Sponsored by Ministry of Foreign Affairs), ARC Academy	-
		<Reasons for nominating the candidate as outside Audit & Supervisory Board Member> Kazuhiko Ebihara has been nominated as a candidate for outside Audit & Supervisory Board Member because the candidate has rich experience and specialist knowledge accumulated while working at companies that conduct investment banking activities. The Company proposes the candidate's election as outside Audit & Supervisory Board Member to reflect these assets in the audits of the Company. <Independence of the candidate> Kazuhiko Ebihara satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange. If the candidate is elected, the Company will appoint the candidate as an independent officer and notify the exchange to that effect. <Agreement limiting liability> If Kazuhiko Ebihara is elected, in accordance with provisions of Article 427, paragraph 1 of the Companies Act and Article 34, paragraph 2 of the Articles of Incorporation, the Company will enter into an agreement with the candidate to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the extent of the minimum liability amount prescribed under Article 425, paragraph 1 of the Companies Act.	

Notes: 1. Each of the candidates has no special interest in the Company.

2. "Number of the Company's Shares Owned" indicates the number of shares owned as of February 29, 2016.

Proposal 3: Determination of Amount and Other Details of Performance-Linked and Share-Based Compensation for Directors

Compensation for Directors of the Company (excluding outside Directors and Directors that are non-residents of Japan; the same applies hereinafter in this proposal) consists of a base compensation and performance-linked compensation. The Company asks for approval to introduce a performance-linked and share-based compensation plan (hereinafter, the “Plan”) for Directors.

1. Reasons for the proposal and reasons for justifying such compensation

The introduction of the Plan aims to further heighten the awareness of Directors toward contributing to improving the Company’s operating performance over the medium and long term and increasing corporate value, and the Company believes it reasonable to adopt this Plan.

Specifically, we ask for approval to newly pay share-based compensation to the Directors according to the degree of achievement of performance targets, separately from the payment of Directors’ remuneration within the maximum amount (¥400 million per year) that was approved at the 57th Ordinary General Meeting of Shareholders held on May 30, 2007.

In connection with the introduction of the Plan, the Company presents this proposal in consideration of the results of deliberation of the Nomination and Compensation Advisory Committee, in which outside Directors account for half of its membership.

The number of Directors eligible for the Plan is three provided that Proposal 1: Election of Seven (7) Directors is approved as proposed.

2. Amount and other details of compensation, etc., of the Plan

(1) Overview of the Plan

The Plan is based on a share-based compensation scheme where the shares of the Company are acquired through a trust using the amount of remuneration of Directors contributed by the Company, and the shares of the Company and the amount of money equivalent to the portion of shares of the Company converted into cash (hereinafter, “the Company’s Shares, etc.”) are delivered and granted (hereinafter, “Delivery, etc.”) to Directors through the trust according to the position and the degree of operating performance achieved in a period of three consecutive fiscal years (initially the three-year period from the fiscal year ending February 28, 2017 to the fiscal year ending February 28, 2019, and if the applicable period in (2) below is extended, each three-year period thereafter; hereinafter referred to as the “Applicable Period,” and each fiscal year within the Applicable Period is referred to as “Fiscal Year Applicable for Assessment”).

(Details are as provided in (2) below and thereafter)

(i) Persons eligible for the Delivery, etc., of the Company's Shares, etc., under this proposal	<ul style="list-style-type: none"> • Directors of the Company (excluding outside Directors and Directors that are non-residents of Japan)
(ii) Impact of the Company's shares subject to this proposal on the total number of shares outstanding	
Maximum amount of money contributed by the Company and the method of acquisition of shares of the Company (as provided in (2) below)	<ul style="list-style-type: none"> • A total of ¥470 million in the applicable period of three fiscal years • Shares of the Company are purchased on the stock market or from the Company (disposition of treasury shares).
Maximum number of the Company's Shares, etc., acquired by Directors (as provided in (3) below)	<ul style="list-style-type: none"> • No more than a total of 156,000 shares during a three-year period (52,000 shares per year), which accounts for approximately 0.3% of the total number of issued shares (after deducting treasury shares as of February 28, 2016) (approximately 0.1% of the total number of shares outstanding per year)
(iii) Contents of the terms of achieving performance targets (as provided in (3) below)	<ul style="list-style-type: none"> • Terms vary in accordance with the degree of achievement for the targets in terms of year-on-year change in net sales and operating income and operating margin. • The number of shares is determined within the range of 0 to 200%.
(iv) Timing of Delivery, etc., of the Company's Shares, etc., to Directors (as provided in (4) below)	<ul style="list-style-type: none"> • After three years have passed from the start of each Fiscal Year Applicable for Assessment

(2) Maximum amount of money contributed by the Company

The Company contributes, as compensation of Directors, money up to a total of ¥470 million for every Applicable Period and sets a trust with a trust period of five years and with Directors that fulfill the requirements for eligible beneficiaries as beneficiaries of the trust (hereinafter, the “Trust”) (the trust period may be extended as follows; the same applies hereinafter in this proposal). The Trust purchases the shares of the Company on the stock market or from the Company (disposition of treasury shares) using the trusted money in accordance with the instructions of the trust administrator.

Specifically, the Applicable Period shall initially be the three-year period from the fiscal year ending on February 28, 2017 to the fiscal year ending on February 28, 2019, and the Company will contribute money of up to a total of ¥470 million to the Trust originally set, grant points (as provided in (3) below) to the Directors during the Applicable Period, and make Delivery, etc., of the Company’s Shares, etc., during the trust period.

If at the expiry of the Applicable Period an extension of the Applicable Period is decided by resolution of the Board of Directors, the Trust may be continued by changing the trust contract or placing an additional trust as an alternative to newly setting the Trust. In this case, the Applicable Period shall be extended by a period equal to the initial Applicable Period and the trust period of the Trust shall also be extended by three years. The Company will provide an additional contribution up to a total of ¥470 million for every Applicable Period extended, continue to grant points to the Directors during the Applicable Period extended, and continue the Delivery, etc., of the Company’s Shares, etc., during the trust period extended; provided, however, that, if, in the case of providing the aforesaid additional contribution, there are residual shares of the Company (excluding shares of the Company corresponding to the points granted to Directors for which Delivery, etc., are incomplete) and money (hereinafter, collectively, “Residual Shares, etc.”) in the trust property as of the end of the Applicable Period prior to the extension, the total of the amount of Residual Shares, etc., and the trust money for additional contribution shall not be more than ¥470 million.

(3) Calculation method and maximum number of the Company’s Shares, etc., acquired by Directors

The number of the Company’s Shares subject to the Delivery, etc., to Directors is determined at a certain time each year based on the points granted according to the position and the degree of achievement of operating results of the Company (year-on-year change in net sales and operating income and operating margin of each fiscal year assessed) for the targets for each fiscal year. One share will be delivered for every one point. If the shares of the Company belonging to the Trust increase or decrease as a result of a share split, gratuitous allotment of shares, consolidation of shares, etc., the Company will adjust the number of shares of the Company at which Delivery, etc., is made for every one point in accordance with the ratio of increase or decrease.

The total number of the Company’s Shares, etc., of which Delivery, etc., are made to the Directors through the Trust shall be no more than 52,000 shares per year. This maximum number of shares delivered is set by taking into account the maximum amount of trust money provided in (2) above and by referencing the latest share price and other factors.

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

Directors that fulfill the requirements for eligible beneficiaries shall receive Delivery, etc., of the number of the Company's Shares, etc., based on the points relating to the Fiscal Year Applicable for Assessment calculated based on (3) above after three years have passed from the start of each Fiscal Year Applicable for Assessment. In this case, the Directors shall receive delivery of shares of the Company equivalent to 50% of the points (shares less than one unit are omitted). Residual shares shall be converted into cash within the Trust, and the Directors shall receive money equivalent to the amount of cash converted.

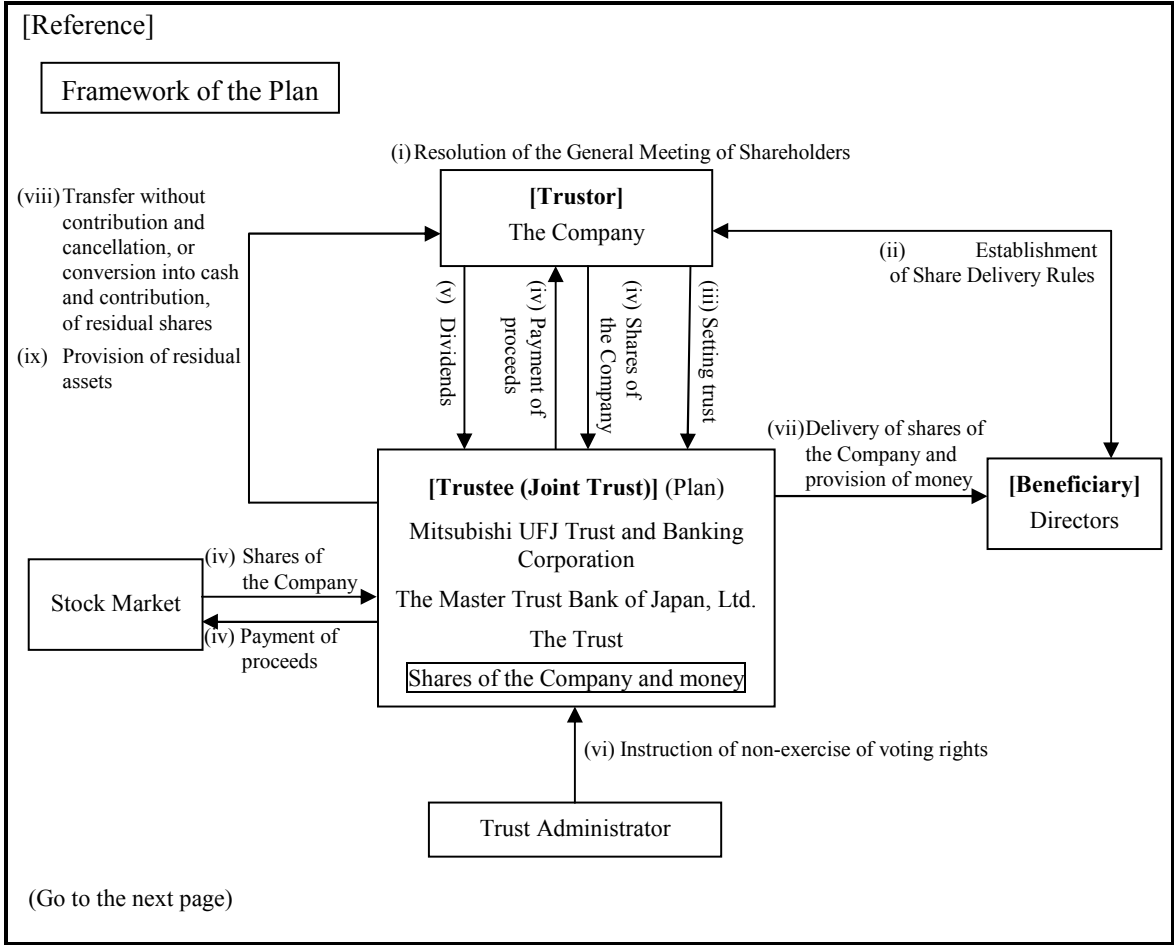
If a Director is to retire from office during the trust period (excluding voluntary resignation and dismissal), the Director shall, as a general rule, receive the Delivery, etc., of the Company's Shares, etc., corresponding to the points accumulated as of that time, at the time after a grace period of one year. If a Director passes away during the trust period, as a general rule, the shares of the Company corresponding to the points accumulated as of that time shall be converted into cash within the Trust, and the Director's heir shall receive money equivalent to the amount of cash converted. If during the trust period a Director becomes a non-resident of Japan, as a general rule, the shares of the Company corresponding to the points accumulated at that time shall be converted into cash within the Trust, and the Director shall receive money equivalent to the amount of cash converted.

(5) Voting rights concerning the shares of the Company in the Trust

In order to ensure neutrality toward management, voting rights of shares of the Company in the Trust shall not be exercised during the trust period.

(6) Other matters of the Plan

Other matters regarding the Plan shall be defined by the Board of Directors each time the Trust is set, the Applicable Period is extended, a change is made to the trust contract, and additional contribution is made to the Trust.



- (i) In regard to the introduction of the Plan, the Company will receive approval on compensation of corporate officers by resolution of the General Meeting of Shareholders.
 - (ii) The Company's Board of Directors will establish Share Delivery Rules regarding the Plan.
 - (iii) The Company will contribute money within the range approved by resolution of the General Meeting of Shareholders as in (i) and set a trust with Directors that satisfy the requirements for eligible beneficiaries as beneficiaries.
 - (iv) The Trust will purchase shares of the Company from the stock market or the Company (disposition of treasury shares) using the money placed in trust in (iii) in accordance with the instructions of the trust administrator. The number of shares to be acquired by the Trust shall be within the range approved by resolution of the General Meeting of Shareholders as in (i).
 - (v) Distribution of surplus for the shares of the Company in the Trust shall be made in the same manner as done for other shares.
 - (vi) Voting rights for the shares of the Company in the Trust shall not be exercised throughout the trust period.
 - (vii) Points will be granted to Directors according to the position and the degree of achievement of operating performance in the Fiscal Year Applicable for Assessment. Shares of the Company corresponding to a certain ratio of the number of the points will be delivered from the Trust to the Directors that satisfy the prescribed requirements for eligible beneficiaries after three years have passed from the start of each Fiscal Year Applicable for Assessment (provided, however, that, if a Director is to retire from office before the elapse of the aforesaid period, the provision in 2. (4) shall be followed), and in regard to the shares of the Company corresponding to the residual points, such shares will be converted into cash within the Trust, and money equivalent to the amount of cash converted will be provided, in accordance with the provisions of the trust contract.
 - (viii) If there are residual shares at the time of expiry of the Applicable Period due to the nonattainment of performance targets or other reasons during the Fiscal Year Applicable for Assessment, the Trust will continue to be used under the Plan or a share-based compensation plan of the same type by amending the trust contract or placing additional trust with the Trust; the residual shares will transferred without contribution from the Trust to the Company so that the Company may cancel the shares by resolution of its Board of Directors; or the residual shares will be converted into cash within the Trust, and money equivalent to the amount of cash converted will be contributed to an organization that has no conflicts of interest with the Company and its Directors.
 - (ix) Residual assets after distribution are made to beneficiaries at the time of termination of the Trust shall belong to the Company within the range of the reserve for trust expenses derived by deducting the funds for purchasing shares from the trust money.
- (Note) If as a result of the Delivery etc. of the Company's Shares, etc. to Directors that satisfy the requirements for eligible beneficiaries, no shares of the Company remain in the trust, the Trust will be terminated prior to the expiry of the trust period. However, it is possible that the Company may place additional money in the Trust as funds to purchase shares of the Company within the range approved by resolution of this General Meeting of Shareholders and additionally acquire shares of the Company through the Trust.