



April 18, 2017

To Whom It May Concern:

Fujimi Incorporated
Representative: Keishi Seki, President
Listings: Tokyo and Nagoya Stock Exchanges
(Stock code: 5384)
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Notice of Introduction of Performance-Based Stock Compensation Plan for Directors

This is to notify you that Fujimi Incorporated (hereafter referred to as “the Company”) has resolved at the board meeting today, to introduce the Board Benefit Trust (BBT: hereinafter referred to as “the plan”), which is a new performance-based stock compensation plan for the Company’s directors (excluding outside directors; the same applies unless specially noted) and to discuss the plan at the 65th General Shareholders’ Meeting to be held on June 23, 2017 (hereinafter referred to as “the General Shareholders’ Meeting”) as below:

Furthermore, the Company has, at the board meeting today, resolved to introduce a new performance-based stock benefit plan entitled the Stock Benefit Trust (J-ESOP) (hereinafter referred to as “J-ESOP”) for the company’s employees. Please refer to the Notice of Introduction of New Performance-Based Stock Benefit Plan dated today for details on the J-ESOP.

1. Background and Purpose of Introduction

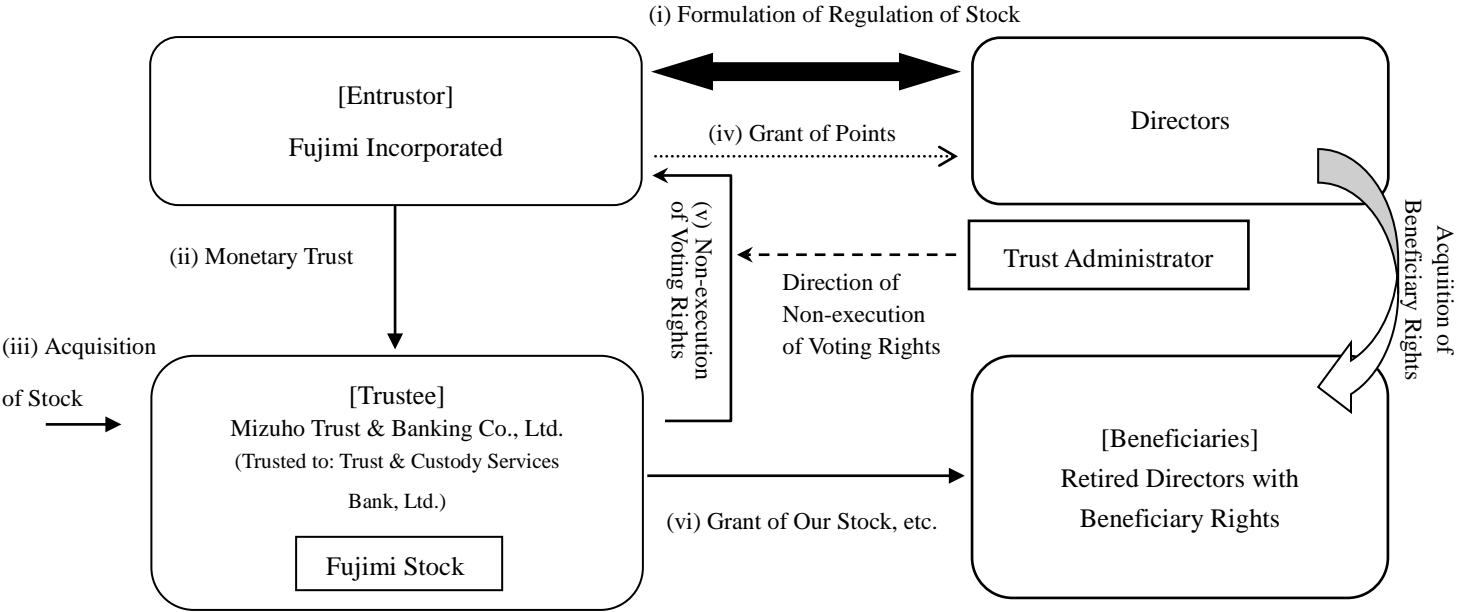
The Company’s board of directors decided to introduce the plan, provided that the Company’s shareholders approve the compensation plan for directors at the General Shareholders’ Meeting, for the purpose of further clarifying the relativity of the compensation for directors, the Company’s business performance, and the stock value and enhancing their motivation to contribute to the improvement of the Company’s business performance in the mid and long term and to boosting corporate value by sharing not only the benefit of the rising stock value but also the risks of a decline in stock prices with the Company’s shareholders. Therefore, the Company has resolved to discuss the plan at the General Shareholders’ Meeting.

2. Outline of the Plan

(1) Briefing of the Plan

The plan is a stock compensation plan directly linked to the Company’s business performance by acquiring the Company’s stock through the trust using the funds that the Company contribute (hereinafter referred to as “the trust”) and providing compensation for directors, through the trust, in accordance with the Regulations on Stock Compensation for Officers. The compensation is the Company’s stock and monies equivalent to the amount obtained by converting the Company’s shares at the market price (hereinafter referred to as “the Company’s stocks, etc.”). As a general rule, the Company’s stocks, etc., are provided for directors upon retirement.

< Plan Flow >



- (i) The Company formulates the regulations on stock compensation within the scope of approval at the General Shareholders’ Meeting after a resolution for officers’ compensation in the plan adopted at the General Shareholders’ Meeting.
- (ii) The Company entrusts the money within the scope of the resolution adopted at the General Shareholders’ Meeting mentioned in (i).
- (iii) The money entrusted as mentioned in (ii) is used by the trust for acquisition of our stock through the transaction market or by way of taking up the disposition of the Company’s treasury stock.
- (iv) The Company grants the points to directors based on the regulations on stock compensation.
- (v) In conformity to the instructions of the independent trust administrator, the voting rights of the stock within the account of the trust shall not be executed by the trust.
- (vi) The retired directors who have beneficiary rights in accordance with the regulations on stock compensation (hereinafter referred to as “the beneficiaries”) are granted the Company’s stocks equivalent to their points by the trust. However, if directors satisfy the requirements prescribed in the regulations on stock compensation with regard to the certain proportion of points, monies equivalent to the amount of the Company’s stocks at a market price are granted.

(2) Beneficiaries of the Plan

The beneficiaries of the plan are directors (excluding outside directors and auditors)

(3) Period of the Trust

The period of the trust is from August 2017 (planned) through the termination of the trust. (The termination of the trust shall not be specified. The trust is deemed to continue as long as the plan is not terminated. The plan shall be terminated, when the Company's stock is delisted or when the regulation of stock compensation is abolished.)

(4) Trust Amount

The Company will, on condition that the introduction of this plan is approved at the General Shareholders' Meeting, introduce the plan for the two business years from the year ending March 31, 2018, to the year ending March 31, 2019, (hereinafter referred to as the "initial period," while the respective three business years following the initial period are hereinafter referred to as the "ensuing and subsequent periods"), as well as the respective ensuing and subsequent periods that follow, and contribute the cash amount as defined below to the trust as the fund for the trust to acquire our stocks for the purpose of providing the Company's stocks, etc. to directors.

As a first step, the Company will contribute the cash amount expected to be necessary for the initial period at the beginning of the trust period described in (3) above to establish the trust. The maximum number of points to be granted to directors based on the plan is 16,600 points per business year as described in (6) below therefore the Company will, at the time of the establishment of the trust, contribute the amount of fund reasonably estimated as necessary to acquire 33,200 stocks taking into account the immediately preceding closing price of our company's common stocks in regular trading on the Tokyo Stock Exchange. For your reference, if the closing price of 1,995 yen of April 17, 2017, were applied, the abovementioned necessary fund would be approximately 67 million yen.

Furthermore, after the expiration of the initial period, the Company will make additional contributions to the trust for the respective ensuing and subsequent periods (of three business years) in the amount necessary in the ensuing and subsequent periods (of three business years) concerned until the termination of the plan. However, when making such additional contributions, if there are stocks of the Company (excluding those corresponding to the number of points granted to directors but have not yet been delivered to directors) and/or cash remaining undrawn from the trust asset (hereinafter referred to as "remaining stocks"), the remaining stocks shall be appropriated to the fund for providing benefits based on the plan during the ensuing and subsequent periods and the amount of additional contribution for the ensuing and subsequent periods shall be calculated with

consideration to the remaining stocks. When the Company decides to contribute the fund additionally, the Company will disclose it adequately on a timely basis.

(5) Acquisition Method of Our Stock and Number of Shares Acquired

The acquisition of the Company's stock by the trust is intended to be made with the fund contributed as described in (4) above in the exchange market or by means of assuming disposed treasury stocks.

In the initial period after the establishment without delay, up to 33,200 shares shall be acquired.

The details of the acquisition of the Company's stocks by the trust shall be disclosed adequately on a timely basis.

(6) Specific Method for Calculating the Number of Our Stock, etc. to be Granted to Directors

Directors are granted a certain number of points as determined by their position and rank according to the regulations on stock compensation for the Company's directors and with consideration to the level achievements in terms of performance for each business year. The maximum number of points granted in total to a director per business year shall be 16,600 points. This has been decided by comprehensively taking into account the current level of officers' compensation provided, the trend in the number of directors, the outlook going forward, and other factors, and we believe it to be adequate.

The points granted to directors are converted to the Company's common stock in granting the Company's stocks, etc., as prescribed in the upcoming provision (7): one point shall be converted to one share. (However, in case of stock split, allotment of stock without contribution or reverse stock split, the Company's stock shall be adjusted on a rational basis in accordance with the limit of points and the points granted or the conversion rate, after it is resolved at the general shareholders' meeting.)

The points for directors as the base of compensation of the Company's stock, etc., described in (7) below shall basically be the accumulated points granted to directors at or before the retirement (hereinafter referred to as "the final points" for the points calculated in this way).

(7) The Company's Stock, etc., Compensation

In case directors, retire and satisfy the requirements of the benefit stipulated in the regulations on stock compensation for directors, the directors, are provided the stocks by the trust after retirement in accordance with the final points described in (6) above, as a general rule, by completion of the prescribed procedures for the beneficiary. However, if directors satisfy the requirements prescribed in the regulations on stock compensation with regard to the certain proportion of points, monies

equivalent to the amount of the Company's stock at the market price are granted in lieu of granting the company's shares. For this case, the Company's stock may be sold by the trust for granting monies.

(8) Execution of the Voting Rights

The voting rights of stock within the account of the trust shall not be executed in accordance with the instructions of the trust administrator without exception. This rule is intended to maintain neutrality in the Company's business management in terms of execution of voting rights of the Company's stocks within the account of the trust.

(9) Dividends of Stock

The dividends of the stock of the trust are distributed to the trust and used for the acquisition of the stock or stock compensation to trustees pertaining to the trust. In case the trust is to be terminated, dividends remaining in the trust shall be donated to an organization that has no vested interest in the Company or the Company's executives or distributed to incumbent directors in proportion to the respective number of points they hold.

(10) Termination of the Trust

The trust shall be terminated when the Company's stock is delisted, when the regulation of stock compensation is abolished, or for other reasons.

The Company's stock in the remaining assets of the trust as of the termination of the trust is wholly transferred to the Company without compensation, finally canceled by a resolution of the board. As for the cash portion of the remaining assets undrawn from the trust at the time of termination, the amount remaining after deducting the amount to be donated to an organization with no vested interest in the Company or the Company's executives and/or the amount to be paid to directors according to (9) above shall be transferred to the Company.

[Summary of the Trust]

- (i) Name: Board Benefit Trust (BBT)
- (ii) Entrustor: Fujimi Incorporated
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd.
(Trusted to: Trust & Custody Services Bank, Ltd.)
- (iv) Beneficiaries: Retired directors who have beneficiary rights in accordance with the regulations on stock compensation
- (v) Trust Administrator: A completely independent person who has no stake in the Company to be

appointed.

- (vi) Trust Type: Trust of cash equivalents other than monetary trust (Non-beneficiary trust)
- (vii) Contract Day of the Trust: August, 2017 (planned)
- (viii) Monetary Trust Day: August, 2017 (planned)
- (ix) Trust Period: From August 2017 (planned) through the termination of the trust.

(The termination of the trust shall not be specified. The trust is deemed to continue as long as the plan is not terminated.)