



November 7, 2017

To Whom It May Concern:

Company name: Fujimi Incorporated  
Representative: Keishi Seki, President  
Listings: Tokyo and Nagoya Stock Exchanges  
(Stock code: 5384)  
Contact: Akira Suzuki,  
Director, Finance Division  
Phone: +81-52-503-8181

Notice of Disposal of Treasury Stock by Allocation to a Third Party

Fujimi Incorporated (hereafter referred to as “the Company”) has resolved at the board meeting held on November 7, 2017, Disposal of Treasury Stock by Allocation to a Third Party.

1. Outline of Disposition

(1) Date of Disposition	November 28, 2017
(2) Number of Shares to be Disposed	383,700 common shares
(3) Price of Disposition	¥2,648 per share
(4) Amount of Disposed Shares	¥1,016,037,600
(5) Subscriber	Trust & Custody Services Bank, Ltd.(Trust E Unit)
(6) Other	The Disposal shall be on condition of the effect of filing under the Financial Instruments and Exchange Act.

2. Background and Purpose of the Stock Disposal

The Company’s Board of Directors, at the meeting held on November 7, 2017, resolved the detailed plans for a Performance-Based Stock Compensation Plan for Directors, excluding outside directors, through a Board Benefit Trust (hereafter referred to as “BBT”). The action was originally announced on April 18, 2017 and resolved by the 65th General Shareholders’ Meeting held on June 23, 2017.

The company also finalized the details of a Stock Benefit Trust (hereafter referred to as “J-ESOP”), which is a new performance-based stock benefit plan for employees. The intention of introducing the Plan was originally announced on April 18, 2017.

Please refer to the press release, “Notice of Introduction of Performance-Based Stock Compensation Plan for Directors (Details Determined)” for details of the BBT and “Notice of Introduction of Performance-Based Stock Benefit Plan for Employees (Details Determined)” for details of the J-ESOP.

This treasury stock disposal is done as a third-party allocation to Trust & Custody Services Bank, Ltd. (Trust E Unit), the second trustee entrusted by Mizuho Trust & Banking Co., Ltd., which was established at the time of BBT and J-ESOP introduction.

The total number of shares of treasury stock to be disposed of is 383,700, which is to be provided to the Company's directors and employees, pursuant to rules and regulations of the directors and employees stock benefit program. The stock ratio versus the total number of shares issued and outstanding as of September 30, 2017, will be 1.34%, rounded to the second decimal place, the ratio as compared to the total number of voting rights, 246,265, will be 1.56%.

\* Summary of Trust Agreements

(1) Board Benefit Trust (BBT)

- (a) Type of Trust: Trust of cash equivalents other than monetary trust  
(Non-beneficiary trust)
- (b) Purpose of Trust: In order to provide the property of the Company's stock to the beneficiaries based on the regulations on stock compensation.
- (c) Entrustor: Fujimi Incorporated
- (d) Trustee: Mizuho Trust & Banking Co., Ltd.  
(Second Trustee: Trust & Custody Services Bank, Ltd.)
- (e) Beneficiaries: Retired directors who have beneficiary rights in accordance with the regulations on stock compensation
- (f) Trust Administrator: A completely independent person who has no stake in the Company to be appointed.
- (g) Date of Trust Contract Conclusion:  
November 28, 2017
- (h) Date of Monetary Trust:  
November 28, 2017
- (i) Trust Period: From November 28, 2017, 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.)

(2) Stock Benefit Trust (J-ESOP)

- (a) Type of Trust: Trust of cash equivalents other than monetary trust  
(Non-beneficiary trust)
- (b) Purpose of Trust: In order to provide the property of the Company's stock to the beneficiaries based on the regulations on stock benefits.
- (c) Entrustor: Fujimi Incorporated
- (d) Trustee: Mizuho Trust & Banking Co., Ltd.  
(Second Trustee: Trust & Custody Services Bank, Ltd.)
- (e) Beneficiaries: Employees who have beneficiary rights in accordance with the regulations on the stock benefit plan
- (f) Trust Administrator: Selected from our employees
- (g) Date of Trust Contract Conclusion:  
November 28, 2017
- (h) Date of Monetary Trust:  
November 28, 2017
- (i) Trust Period: From November 28, 2017, 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.)

### 3. Basis of calculation of the price of disposition in and specific details thereof

The price of disposition has been fixed at 2,648 yen per share, rounded down to the nearest whole yen, which is the average closing price of the Company's shares on Tokyo Stock Exchange, Inc. for the most recent month until the business day immediately prior to the day on which the resolution for the Disposition of Treasury Stock was passed at the Board of Directors Meeting, from October 17, 2017 through Nov 6, 2017.

The reason the Company selected the average closing price of the shares for the most recent one month is that the Company believes it reasonable to determine the price of disposition as an average for a certain period immediately prior to the resolution date rather than to determine the price at a specific date, because it can eliminate temporary stock price fluctuations or other special factors and thus, such disposition price is highly objective and reasonable as a reliable calculation base. In addition, the reason why the Company has determined the most recent one month as the calculation period is that the Company believes it is more reasonable to adopt, the average of which is closest to the most recent market price, than to adopt the most recent three or six months.

The price of disposition, 2,648 yen, represents (1) the amount obtained by multiplying the closing price, 2,404 yen, of the shares as of the business day immediately prior to the date of Board resolution by 110.15%, (2) the amount obtained by multiplying the closing price, 2,527 yen, rounded down to the nearest whole yen, of the shares for the three-month period by 104.79%, or (3) the amount obtained by multiplying the closing price, 2,412 yen, rounded down to the nearest whole yen, of the shares for the six-month period by 109.78%.

As a result of considering the above-stated matters, the Company believes that the price of disposition in the Disposition of Treasury Stock is not especially favorable to the subscriber, but is reasonable.

In addition, three Audit & Supervisory Board Members, including two outside Members, who attended the Board of Directors Meeting, have expressed that the price of disposition is not especially favorable to the subscriber.

On the above disposal price, three corporate auditors, out of which two outside corporate auditors, who were present at the Board of Directors Meeting expressed their opinions that the price did not fall under a particularly favorable price.

### 4. Procedures under the Code of Corporate Conduct

The disposition of treasury stock does not require the acquisition of opinion from independent third party or procedures to confirm shareholders' intent, which are provided under Article 432 of Securities Listing Regulations of Tokyo Stock Exchange, Inc., because (1) the dilution ratio is less than 25% and (2) the disposition does not involve controlling shareholders change.