

1. This document is an English translation of the official Japanese text of “Notice Regarding Disposition of Treasury Stock through Third Party Allocation ”.
2. This translation is provided only as a reference to assist shareholders in their voting and does not constitute an official document.
3. In the event of any discrepancies between this translation and the Japanese original, the original shall prevail.

August 19, 2016  
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**Notice Regarding Disposition of Treasury Stock through Third Party Allocation**

The Board of Directors of Nissha Printing Co., Ltd. (hereinafter, the “Company”) approved a resolution at a meeting held today to engage in disposition of treasury stock through third party allocation (hereinafter, the “Disposition of Treasury Stock”).

1. Overview of Disposition

(1)	Timing of Disposition	September 6, 2016 (Tuesday)
(2)	Number of Shares to be Disposed	71,000 shares of common stock
(3)	Disposition Price	JPY 2,688per share
(4)	Amount of Funding	JPY 190,848,000
(5)	Disposition Method	Third party allocation
(6)	Subscriber	Trust & Custody Services Bank, Ltd. (Trust E Account)
(7)	Miscellaneous	N/A

2. Purpose and Reason for Disposition

On May 12, 2016 the Company publicly announced the introduction of a stock compensation plan called the “Board Benefit Trust (BBT)” (hereinafter, the “Compensation Plan”; and the trust established pursuant to the Trust Agreement executed with Mizuho Trust & Banking Co., Ltd. in connection with the Compensation Plan is referred to as the “Trust”), and subsequently a shareholder resolution approving the Compensation Plan as executive remuneration was adopted on June 17, 2016 at the Company’s 97<sup>th</sup> Ordinary General Meeting of Shareholders. (For and overview of the Compensation Plan please see the Notice Regarding the Introduction of Board Benefit Trust (BBT) (Detailed Decision) dated August 19, 2016).

The Disposition of Treasury Stock will be conducted by way of third party allocation to the Trust E Account of Trust & Custody Services Bank, Ltd. that will be created at the time of the introduction of the Compensation Plan in order to hold and dispose of shares in the Company (Trust & Custody Services Bank, Ltd. is the sub-trustee that has been delegated by Mizuho Trust & Banking Co., Ltd., the trustee of the Compensation Plan).

3. Amount, Use and Scheduled Disbursement Date of Funds Procured

(1) Amount of Funds Procured (Estimated Net Proceeds)

Total Amount of Disposition Proceeds	Estimated Issuing Expenses	Estimated Net Proceeds
JPY 190,848,000	—	JPY 190,848,000

(2) Specific Use of Funds Procured

The total amount of the funds procured through the Disposition of Treasury Stock is scheduled to be appropriated to the payment of expenses and other operating capital after the date on which the fund is paid. Furthermore, the funds will be managed in the Company's deposit account up until disbursement.

4. Thinking on Reasonableness of Use of Funds

The funds procured through the Disposition of Treasury Stock will contribute to the operation of the Company's business and will further increase the soundness of the Company's financial conditions, and as such considered to be reasonable.

5. Reasonableness of Terms and Conditions of Disposition, etc.

(1) Calculation Basis and Specific Details of Disposition Price

The disposition price will be JPY 2,688, which is the closing price for the Company common stock on the Tokyo Stock Exchange on the business day (August 18, 2016) immediately preceding the date on which the Disposition of Treasury Stock is approved by the Board of Directors. This is the market price immediately preceding the date of the Board of Directors' resolution, and it has been judged to be reasonable.

Furthermore, the disposition price of JPY 2,688 is the amount that multiplies JPY 2,143 (rounding off fractions of less than one yen), the average closing price in the most recent one (1) month period from the business day immediately preceding the date of the Board of Directors' resolution, by 125.43%, the amount that multiplies JPY 2,138 (rounding off fractions of less than one yen), the average closing price in the most recent three (3) month period from the business day immediately preceding the date of the Board of Directors' resolution, by 125.72%, or the amount that multiplies JPY 1,951 (rounding off fractions of less than one yen), the average closing price in the most recent six (6) month period from the business day immediately preceding the date of the Board of Directors' resolution, by 137.38%. As the result of the foregoing considerations, we have judged that the disposition price associated with the Disposition of Treasury Stock is not particularly favorable and is reasonable.

Furthermore, the four audit & supervisory board members (two of which are independent audit & supervisory board members) attending the meeting of the Board of Directors issued an opinion that the foregoing disposition price is not a particularly favorable disposition price.

(2) Basis for Judging the Number of Shares to be Disposed of and the Scale of the Stock Dilution is Reasonable

The number of shares to be disposed of is equal to the number of shares which will be granted to the directors and corporate officers of the Company, and part of the directors of the Company's subsidiaries (excluding independent directors; hereinafter, the "Directors") during the duration of the trust under the Policy on Directors' Stock Compensation, and constitutes 0.22% of the total number of issued and outstanding shares as of March 31, 2016 (rounded to the nearest second decimal place, and 0.23% of the 428,643 total voting rights as of March 31, 2016). Shares under the Disposition of Treasury Stock are not expected to flow to the stock market at one time. In addition, the purpose of the Disposition of Treasury Stock is to heighten the Directors' awareness of the importance of contributing to improving the Company's medium- to long-term performance and increasing its corporate value by further clarifying the interrelation between the Directors' compensation and the Company's performance and stock value, and by having the Directors experience not only the benefit of increasing stock prices but also price downside risk with other shareholders. As such, we have judged that the scale of the dilution is reasonable and will have a minimum impact on the secondary market.

6. Reason for Selection of Subscriber, etc.

(1) Overview of Subscriber

(i) Name: Trust & Custody Services Bank, Ltd. (Trust E Account)

(ii) Details of Trust Agreement (the Board Benefit Trust (BBT) Agreement)

Type of trust: A trust of cash other than a money trust (third party benefit trust)

Purpose of trust: To grant shares in the Company, which are the trust assets, to beneficiaries under the Policy on Directors' Stock Compensation

Settlor: The Company

Trustee: Mizuho Trust & Banking Co., Ltd.

Mizuho Trust & Banking Co., Ltd. will execute a comprehensive trust agreement with Trust & Custody Services Bank, Ltd., and Trust & Custody Services Bank, Ltd. will become the sub-trustee.

Beneficiaries: Directors who meet the beneficiary requirements set forth in the Policy on Directors' Stock Compensation

Date of trust agreement: September 6, 2016 (tentative)

Date of trust establishment: September 6, 2016 (tentative)

Duration of the Trust: From September 6, 2016 (tentative) until the ending of the trust

(iii) Relationship Between Listed Company and Subscriber, etc.

The Company and the subscriber have no capital relationship, personnel relationship or trade relationship. In addition, the subscriber does not fall under the category of the Company's related parties.

(1) Name	Trust & Custody Services Bank, Ltd.			
(2) Location	Tower Z, Harumi Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo			
(3) Name & Title of Representative	Akira Moriwaki, President & Representative Director			
(4) Content of Business	Master trust services, management services for negotiable securities, asset management services for defined contribution pensions			
(5) Capital	JPY 50,000 million			
(6) Establishment Date	January 22, 2001			
(7) No. of Issued and Outstanding Shares	1,000,000 shares			
(8) Fiscal Year End	March 31 <sup>st</sup>			
(9) No. of Employees	619 (as of September 30, 2015)			
(10) Major Clients	Business corporations, financial corporations			
(11) Main Transacting Bank	—			
(12) Major Shareholders and Shareholding Ratios	Mizuho Financial Group, Inc.	54%		
	Dai-chi Life Insurance Company, Limited	23%		
	Asahi Mutual Life Insurance Company	10%		
(13) Relationships with the Company	Capital Relationship	N/A		
	Personnel Relationship	N/A		
	Trade Relationship	N/A		
	Applicability to Related Party	N/A		
(14) Business Performance and Financial Status for Most Recent Three Year Period (Unit: JPY Million unless otherwise noted)	Fiscal year	March 2014	March 2015	March 2016
	Net Assets	58,535	59,419	60,385
	Total Assets	735,648	1,993,528	5,473,232
	Net Assets per Share (JPY)	58,535	59,419	60,385
	Recurring Income	22,651	23,785	24,500
	Recurring Profits	1,911	1,792	1,721

Net Profits	1,169	1,129	1,129
Net Profits per Share (JPY)	1169.04	1129.20	1129.27
Dividends per Share (JPY)	240.00	230.00	230.00

\* Furthermore, Trust & Custody Services Bank, Ltd. is a subsidiary company of Mizuho Financial Group, Inc., and according to an investigation of the public information (Corporate Code of Conduct, etc.) on the company's website and disclosure documents, we have confirmed that the subscriber, and the subscriber's officers and major shareholders (major investors) do not have any relationships with antisocial forces, and have submitted a written confirmation thereof to the Tokyo Stock Exchange, Inc.

(2) Reason for Selection of Subscriber

With the introduction of the Trust, dispositions will be made in the Trust E Account established at the sub-trustee Trust & Custody Services Bank, Ltd., pursuant to the foregoing trust agreement.

(3) Subscriber's Shareholding Policy

Trust & Custody Services Bank, Ltd. (Trust E Account) as the subscriber will, pursuant to the foregoing trust agreement, hold the shares in the Company, the trust assets, in order to grant such shares to the beneficiaries during the duration of the Trust pursuant to the Policy under the Policy on Directors' Stock Compensation.

The Company has received the subscriber's informal consent for the execution of a written pledge that (i) if all or part of the disposed shares are transferred within two (2) years after the date of payment (September 6, 2016), a written report to the Company regarding the name and address of the transferee, number of shares transferred, transfer date, transfer price, reason for transfer, method of transfer and the like, will be immediately provided, (ii) the Company will provide a report of the details of such report to the Tokyo Stock Exchange, Inc. and (iii) the details of such report will be made publicly available.

(4) Content Confirmed with Regard to Existence of Assets Required in Pay-in by Subscriber

Confirmation of the money equal to the funds required to be paid-in by the subscriber will be made by the Board Benefit Trust Agreement scheduled to be executed on the trust agreement date which states that the initial trust money to be contributed to the Compensation Plan by the Company is scheduled to become part of the trust assets as of the disposition date.

## 7. Major Shareholders and Shareholding Ratios Following Disposition

Prior to Disposition (as of March 31, 2016)		Following Disposition	
TAIYO FUND, L. P. (Standing Proxy: Citibank Japan Ltd.)	6.83%	TAIYO FUND, L. P. (Standing Proxy: Citibank Japan Ltd.)	6.83%
Suzuki Kosan Co., Ltd.	5.69%	Suzuki Kosan Co., Ltd.	5.69%
Meiji Yasuda Life Insurance Company (Standing Proxy: Trust & Custody Services Bank, Ltd.)	5.20%	Meiji Yasuda Life Insurance Company (Standing Proxy: Trust & Custody Services Bank, Ltd.)	5.20%
Mizuho Bank, Ltd.	4.61%	Mizuho Bank, Ltd.	4.61%
The Bank of Kyoto, Ltd. (Standing Proxy: Trust & Custody Services Bank, Ltd.)	3.20%	The Bank of Kyoto, Ltd. (Standing Proxy: Trust & Custody Services Bank, Ltd.)	3.20%
Nissha Kyoekai	2.32%	Nissha Kyoekai	2.32%
DIC Corporation	2.01%	DIC Corporation	2.01%
Oji Holdings Corporation	1.98%	Oji Holdings Corporation	1.98%
TAIYO HANEI FUND, L.P. (Standing Proxy: Citibank Japan Ltd.)	1.94%	TAIYO HANEI FUND, L.P. (Standing Proxy: Citibank Japan Ltd.)	1.94%
State Street Bank and Trust Company 505019 (Standing Proxy: Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	1.76%	State Street Bank and Trust Company 505019 (Standing Proxy: Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	1.76%

- (Notes) 1. Prior to the disposition (as of March 31, 2016), the Company held 2,117,034 shares (4.70%) in treasury stock, but this is excluded from the major shareholders listed above.
2. The major shareholders and shareholding ratios following the disposition are based on the registry of shareholders as of March 31, 2016.

## 8. Future Forecast

The Company believes that the effect of the Disposition of Treasury Stock on the forecasts of operating results for the current fiscal year is expected to be minimal.

(Procedures under Corporate Code of Conduct)

The Disposition of Treasury Stock does not require the acquisition of an opinion from an independent third party and the procedures for confirmation of the intent of shareholders as prescribed in Article 432 of the Tokyo Stock Exchange's Securities Listing Regulations since (i) the dilution rate is less than 25% and (ii) there will be no change in controlling shareholders.

## 9. Business Performance and Status of Equity Financing in Past Three (3) Years

(1) Business Performance (Consolidated) in Past Three (3) Years (Unit: JPY Million)

	FYE March 2014	FYE March 2015	FYE March 2016
Sales	110,922	118,775	119,222
Operating profits	1,935	8,750	10,541
Recurring profits	5,182	12,494	9,237
Net profits	3,967	11,244	6,898
Net profits per share (JPY)	92.46	262.05	160.75
Dividends per share (JPY)	5.00	20.00	30.00
Net assets per share (JPY)	1,204.17	1,545.30	1,633.47

(2) Number of Issued and Outstanding Shares and Number of Potential Shares at Present (as of March 31, 2016)

	No. of Shares	Ratio to Issued and Outstanding Shares
No. of issued and outstanding shares	45,029,493 shares	100.00%
No. of potential shares at current conversion price (strike price)	9,052,000 shares	21.10%
No. of potential shares at minimum conversion price (strike price)	- shares	- %
No. of potential shares at maximum conversion price (strike price)	- shares	- %

(3) Recent Stock Price Trend

(i) For past three (3) years

	FYE March 2014	FYE March 2015	FYE March 2016
Opening price	JPY 1,654	JPY 1,364	JPY 2,184
High price	JPY 2,215	JPY 2,620	JPY 2,973
Low price	JPY 1,292	JPY 1,251	JPY 1,640
Closing price	JPY 1,359	JPY 2,195	JPY 1,648

(ii) For past six (6) months

	Feb	Mar	Apr	May	Jun	Jul
Opening price	¥ 2,180	¥ 1,748	¥ 1,641	¥ 1,746	¥ 2,412	¥ 1,892
High price	¥ 2,260	¥ 1,935	¥ 1,837	¥ 2,524	¥ 2,445	¥ 2,135
Low price	¥ 1,645	¥ 1,640	¥ 1,534	¥ 1,626	¥ 1,873	¥ 1,779
Closing price	¥ 1,723	¥ 1,648	¥ 1,772	¥ 2,471	¥ 1,873	¥ 2,044

(iii) Stock price on trading date immediately preceding disposition resolution date

	As of August 18, 2016
Opening price	JPY 2,434
High price	JPY 2,706
Low price	JPY 2,415
Closing price	JPY 2,688

(4) Status of Equity Financing in Past Three (3) Years

Method	Issuance of bonds with stock acquisition rights
Date of Issuance	March 7, 2016
Amount of Funds Procured	Estimated net proceeds of JPY 20,000 million
No. of Issued and Outstanding Shares at Time of Solicitation	45,029,493 shares
No. of Potential Shares at Time of Solicitation	9,052,000 shares
Exercise Status	No claims have been made for the exercise of stock acquisition rights since the issuance of the bonds with stock acquisition rights (as of March 31, 2016)
Current No. of Potential Shares	9,052,000 shares
Use of Funds	<p>JPY 12,000 million of the proceeds from the issuance of the bonds with stock acquisition rights were appropriated until the end of March to the repayment of short-term borrowings from financial institutions, when we acquired the AR Metallizing Group and made it a subsidiary on August 6, 2015.</p> <p>The remaining proceeds will be appropriated to fund M&amp;A scheduled to be conducted during the period of the Fifth Medium-Term Business Plan (by the end of March 2018). If the M&amp;A is not implemented due to changes in the outside environment or the like, the remaining proceeds will be appropriated to investment for the development of existing business scheduled to be implemented during the period of the Fifth Medium-Term Business Plan.</p>

10. Overview of Disposition

(1) No. of Shares to be Disposed	71,000 shares of common stock
(2) Disposition Price	JPY 2,688 per share
(3) Amount of Funds Procured	JPY 190,848,000
(4) Disposition Method	Third party allocation
(5) Subscriber	Trust & Custody Services Bank, Ltd. (Trust E Account)
(6) Application Date	September 6, 2016 (Tuesday)
(7) Pay-in Date	September 6, 2016 (Tuesday)
(8) No. of Treasury Stock Shares after Disposition	2,046,034 shares

\* The number of treasury stock shares after disposition is stated based on the number of shares of treasury stock as of March 31, 2016.