

1. This document is an English translation of the official Japanese text of “Notice Regarding the Introduction of Board Benefit Trust (BBT)”.
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.

May 12, 2016

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Notice Regarding the Introduction of Board Benefit Trust (BBT)

The Board of Directors of Nissha Printing Co., Ltd. (the “Company”) approved a resolution at a meeting held today (May 12, 2016) to introduce a new stock compensation plan called the “Board Benefit Trust (BBT)” (hereinafter, the “Compensation Plan”) for the directors and corporate officers of the Company, and for part of the directors of the Company’s subsidiaries (hereinafter together, the “Directors”). The proposal for the Compensation Plan shall be submitted for approval at the Company’s 97th Ordinary General Meeting of Shareholders (hereinafter, the “Shareholders’ Meeting”) to be held on June 17, 2016.

1. Background and Objective of Introducing the Compensation Plan

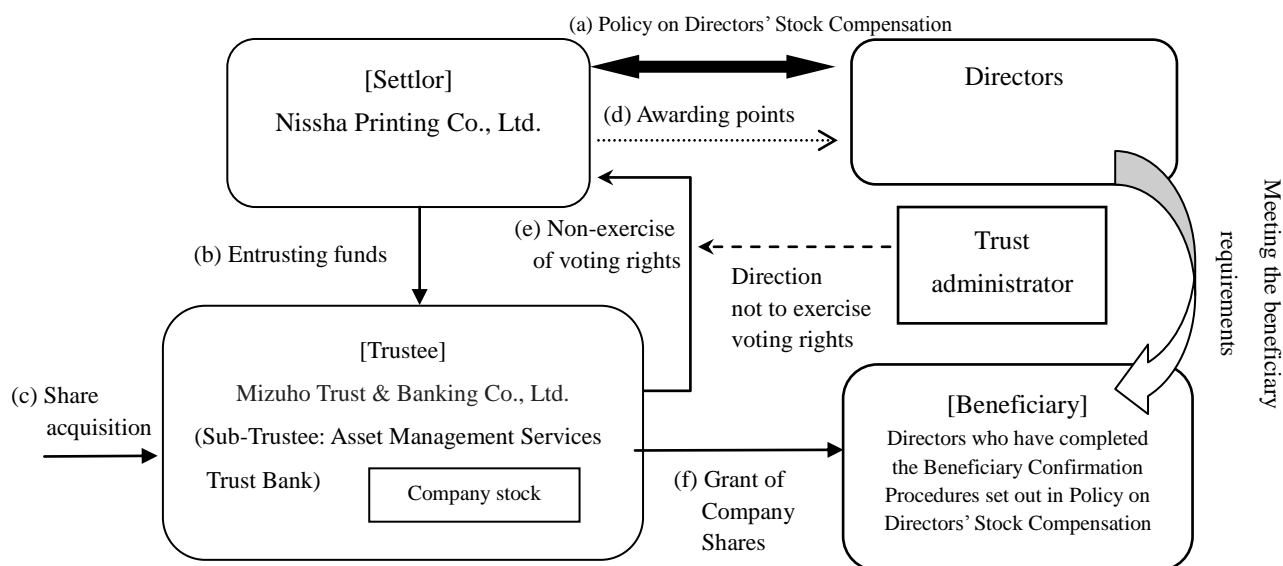
By further clarifying the link between the Directors’ compensation and the value of the Company’s shares and by having Directors experience not only the benefit of high share prices but also price downside risk with the Company’s shareholders, the Compensation Plan aims to increase Directors’ awareness of the importance of contributing to improving the Company’s medium- to long-term performance and increasing its corporate value. The Compensation Plan, which will be submitted for approval at the Shareholders’ Meeting, shall be introduced only after the approval of the shareholders.

2. Overview of the Compensation Plan

(1) Overview

The Compensation Plan is a stock compensation plan whereby shares in the Company are acquired through a trust using funds contributed by the Company (hereinafter, such trust established pursuant to the Compensation Plan, the “Trust”), and shares in the Company and cash equivalents of such shares at their market value (hereinafter together, “Company Shares”) are paid through the Trust to the Directors pursuant to the Policy on Directors’ Stock Compensation (hereinafter, the “Policy”) established by the Company and its subsidiaries. The time for Directors to receive payments of Company Shares shall in principle be the payment date set out in the Policy which follows the date within the designated period in the three fiscal years set out in the Policy on which the designated Beneficiary Confirmation Procedures set out in the Policy are carried out, or the date on which the Directors retire, whichever is the earliest (hereinafter, the Beneficiary Confirmation Date”).

<Structure of the Compensation Plan>



- (a) The Company and its subsidiaries shall obtain approval for executive compensation concerning the Compensation Plan at the Shareholders' Meeting. The Policy shall be established within the framework of the approval obtained at the Shareholders' Meeting.
- (b) The Company shall entrust funds within the scope approved at the Shareholders' Meeting as mentioned in (a) above.
- (c) The Trust shall use the amount entrusted as mentioned in (b) above to acquire shares in the Company through the stock markets or disposals of the Company's treasury shares.
- (d) The Company and its subsidiaries shall award points to Directors based on the Policy.
- (e) The Trust shall comply with the direction of the trust administrator which is independent of the Company, and shall not exercise the voting rights for the shares in the Company which are held on the Trust's account.
- (f) The Trust shall grant shares in the Company to those Directors who have carried out the designated Beneficiary Confirmation Procedures set out in the Policy (hereinafter, each a "Beneficiary") according to the number of points each such Beneficiary has been awarded. However, where Directors fulfill the conditions set out separately in the Policy, the Trust shall award a cash payment in respect of a specific share of the points awarded to them, which is equivalent to the market value of such shares on the Beneficiary Confirmation Date.

(2) Persons to Whom Compensation Plan is Applicable

The directors and corporate officers of the Company, and part of the directors of the Company's subsidiaries (excluding independent directors, members of the board and audit & supervisory board members).

(3) Trust Duration

The duration is from September 2016 (tentative) until the Trust comes to an end (The Trust shall continue without establishing a specific end date for so long as the Compensation Plan exists. The Compensation Plan shall come to an end when the Company's shares are delisted or when the Policy is abolished.)

(4) Calculation Method of and Limit on Amount of Shares Etc. Awarded to Directors

Points shall be awarded to the Directors for each fiscal year at an amount determined based on the

Policy.

The total number of points awarded to the Directors in the three fiscal years shall be a total of no more than 184,000 points, consisting of up to 76,000 points for the Company's directors, up to 97,000 points for the Company's corporate officers, and up to 11,000 points for the directors of the Company's subsidiaries. This total has been decided after taking into account a range of factors including the current payment level of executive compensation and trends in and the expected future number of Directors, and accordingly is considered to be reasonable.

The points awarded to the Directors shall on award of the Company Shares mentioned in (7) below be exchanged into ordinary shares at a rate of one share per point (however, where after approval has been obtained from the shareholders at the Shareholders' Meeting a share split, gratis allotment or reverse share split takes place concerning such shares, the Company shall perform a reasonable adjustment of the exchange ratio to reflect such change).

The number of points belonging to the Directors on which the award of Company Shares mentioned in (7) below is based shall be fixed by the Beneficiary Confirmation Date by totaling the number of points awarded to the Directors up until that time (such points, hereinafter the "Fixed Points").

(5) Method of Acquiring Company's Stock and Limit Thereon

The Trust shall use the funds contributed as mentioned in (6) below to acquire the Company's shares through the stock markets or through disposals of the Company's treasury shares.

During the Initial Applicable Period (as defined in (6) below), a maximum of 184,000 shares shall be acquired without delay after the establishment of the Trust for the purpose of making awards to the Directors. Notice shall be given of the details of the acquisition method etc. of such shares in the Company by the Trust as soon as decided.

(6) Amount of Trust Money (Amount of Compensation etc.)

The Company shall, subject to the Compensation Plan being approved at the Shareholders' Meeting and pursuant to the provisions of (4) above and (7) below, establish the Trust by contributing funds required for the Trust to preliminarily acquire an amount of shares for a specified period which is reasonably estimated as required for making awards of Company Shares. The Trust, as mentioned in (5) above, shall acquire shares in the Company using funds contributed by the Company.

Specifically, the Company will establish the Trust by contributing the amount of funds required for the three fiscal years from the fiscal year ending March 31, 2016 to the fiscal year ending March 31, 2018 (the "Initial Applicable Period") in cash at a maximum total amount of JPY222,000,000 (consisting of a maximum of JPY92,000,000 for the Company's directors, a maximum of JPY117,000,000 for the Company's corporate officers, and a maximum of JPY13,000,000 for the directors of the Company's subsidiaries).

Furthermore, after the Initial Applicable Period has passed and until the Compensation Plan comes to an end, the Company shall in principle every three fiscal years make an additional contribution to the Trust in respect of the following three fiscal years (hereinafter, the "Next Applicable Period") of a maximum total amount of JPY222,000,000 (consisting of JPY92,000,000 for the Company's directors, JPY117,000,000 for the Company's corporate officers, and JPY13,000,000 for the directors of the

Company's subsidiaries). However, when where making such additional contribution the Trust's assets still contain any shares in the Company (excluding shares equivalent to the number of points awarded to Directors and not yet granted) or cash (hereinafter together, the "Remaining Shares") immediately before the commencement of the Next Applicable Period when such additional contribution is to be made, such Remaining Shares shall be applied for making awards under the Compensation Plan in the Next Applicable Period, and the maximum amount of additional contribution which the Company may make in the Next Applicable Period shall be the amount calculated by deducting from a total of JPY222,000,000 (consisting of JPY92,000,000 for the Company's directors, JPY117,000,000 for the Company's corporate officers, and JPY13,000,000 for the directors of the Company's subsidiaries) the value of the Remaining Shares (shares shall be converted into cash at the equivalent market rate applicable on the day directly before the commencement of the relevant Next Applicable Period). When the Company resolves to make any additional contributions, it shall disclose the fact in an appropriate, timely manner.

(7) Timing of Granting Company Shares

Directors may in principle receive an award of shares in the Company from the Trust according to the number of "Fixed Points" they have, by first carrying out the designated Beneficiary Confirmation Procedures on the Beneficiary Confirmation Date set out in the Policy. However, where the requirements set out separately in the Policy are fulfilled in addition to the beneficiary requirements, Directors shall in place of such award of shares in the Company receive a cash award in respect of a specific share of the points awarded to them, which is equivalent to the market value of such shares on the Beneficiary Confirmation Date. The Trust may sell shares in the Company when making such cash awards.

(8) Exercise of Voting Rights

The voting rights attaching to the shares in the Company held by the Trust shall as instructed by the trust administrator not be exercised. In this way, the Trust aims to ensure its neutrality towards the Company's management with regard to the voting rights attaching to the shares in the Company held by it.

(9) Dividends

Dividends relating to shares in the Company held by the Trust shall be received by the Trust and applied towards paying for shares in the Company or towards paying the trustee's compensation. Upon termination of the Trust, any remaining dividends will be paid to the then current Directors in proportion to the number of points held by each of them.

(10) Termination of the Trust

The Trust shall come to an end in certain circumstances, such as where the Company's shares are delisted or where the Policy is abolished.

Any shares in the Company remaining in the Trust's assets upon its termination shall be acquired by the Company without charge and cancelled by a resolution of the Board of Directors. Any cash remaining in the Trust's assets upon its termination shall be paid to the Company after deducting any amount to be paid to the Directors as mentioned in (9) above.

[Overview of the Trust]

- (a) Name of trust: Board Benefit Trust (BBT)
- (b) Settlor: Nissha Printing Co., Ltd.
- (c) Trustee: Mizuho Trust & Banking Co., Ltd. (Sub-Trustee: Asset Management Services Trust Bank)
- (d) Beneficiary: Directors who meet the beneficiary requirements set out in the Policy
- (e) Trust administrator: A third party is to be selected which has no conflict of interest with the Company
- (f) Type of trust: A trust of cash other than a money trust (i.e. third-party benefit trust)
- (g) Date of trust agreement: September, 2016 (tentative)
- (h) Date cash placed in trust: September, 2016 (tentative)
- (i) Trust duration: From September, 2016 (tentative) until the Trust comes to an end (The Trust shall continue without establishing a specific end date for so long as the Compensation Plan exists)