

Date: April 28, 2016

Listed company name: Nitto Denko Corporation

Stock exchange listing: Tokyo, First Section

Code number: 6988

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### **The Amount and Details of Compensation Provided as Stock Options to Directors**

Nitto Denko Corporation (“the Company”) resolved at its Board of Directors meeting held on April 28, 2016 to propose an agenda asking for approval of the amount of compensation provided as stock options to Directors and related details. The proposal will be made at the 151th Ordinary General Meeting of Shareholders to be held on June 24, 2016.

The specific matters concerning the issuance and allotment of stock purchase/subscription warrants (“Warrants”) as stock options shall be determined by a resolution at the Board of Directors’ meeting to be held after the General Meeting of Shareholders referred to above.

#### **I. Reason for the proposal**

In Fiscal Year 2004, the Company abolished retirement benefits paid in cash to Directors and Corporate Vice Presidents and introduced an equity-based compensation stock option system as a replacement. As the stock options are granted as a way to effectively grant stocks in kind, those who are qualified can set aside an amount equal to the grant during a year while they are in service and acquire the stock by exercising their right after retirement.

With respect to the above-mentioned grant, it is proposed that the amount and related details of the equity-based compensation stock options that are planned to be granted to Directors in the current fiscal year be approved. Further, those who are granted the Warrants will not include the Outside Directors.

#### **II. Details of the proposal**

##### **1. Amount of compensation provided as stock options**

The present compensation for Directors was determined to be “up to ¥30 million per month (including ¥3 million or less for Outside Directors)” at the 150rd Ordinary General Meeting of Shareholders held in 2015. Separate from this maximum compensation amount, Warrants up to ¥141 million (this will be the amount calculated by the fair value at the time of issuing the Warrants) will be issued as equity-based compensation stock options for a period of 1 year from the date of this Ordinary General Meeting of Shareholders. The number of Directors eligible to receive the Warrant will be 6, excluding the number of Outside Directors, on

condition that the proposal of election of Directors is approved at the 151th Ordinary General Meeting of Shareholders.

## 2. Details of Warrants as stock option compensation

The details of the Warrants to be issued as equity-based compensation stock options within the extent of the above amount shall be as follows, and the specific matters concerning the issuance shall be determined by a resolution of the Board of Directors regarding the issuance of the Warrants.

### (i) Total number of the Warrants and class and number of underlying shares that are subject to the Warrants

Total number of Warrants: Up to 223 units

Class and number of underlying shares that are subject to the Warrants:

100 shares of common stock per Warrant

(Maximum total number of shares: 22,300 shares)

In the event that the Company merges, undergoes corporate separation, or splits or consolidates its common stock and it becomes appropriate to change the number of shares, the Company shall make any adjustment deemed necessary.

### (ii) Amount to be paid upon exercise of the Warrants

The amount to be paid for one underlying share of the Warrants (exercise value) shall be 1 yen.

### (iii) Period during which the Warrants can be exercised

The Company shall separately determine the period of 30 years or less from the day following the issue date of the Warrants.

### (iv) Conditions for the exercise of the Warrants

Regardless of the provisions described in (iii) above, in principle, a holder of Warrants shall be able to exercise these Warrants only for a period separately determined from the day following the holder's retirement from the position as Director of the Company.