

May 22, 2017

To Whom It May Concern:

Company name: Fujikura Ltd.
Representative: Masahiko Ito, President & CEO
(Code No.: 5803, First Section of TSE)
Contact: Takaharu Serizawa, General Manager of
Corporate Strategy Planning Division
(Tel. +81-3-5606-1112)

Notice Regarding

Introduction of a Stock-based Compensation Plan for the Company's Directors

Fujikura Ltd. (the "Company") hereby announces that, at a meeting of the Board of Directors held on May 22, 2017, it was resolved to introduce a stock-based compensation plan (the "Plan") by means of a trust for the Company's Directors (however, limited to Directors who are not serving as Audit and Supervisory Committee Members, and excluding Outside Directors; hereinafter the same shall apply), and to submit the proposal thereof at the 169th Annual General Meeting of Shareholders to be held on June 29, 2017 (the "General Meeting of Shareholders"), as follows. As stated in the "Notice Regarding Partial Amendment to the Articles of Incorporation" dated today, the Company plans to transition to a company with audit and supervisory committee at the General Meeting of Shareholders.

1. Purpose of the Plan

The Plan is intended to incentivize Directors to become seriously committed to increasing corporate value through providing compensation in the form of the Company's common stock.

If the proposal relating to the introduction of the Plan is approved as proposed by the General Meeting of Shareholders, the Company also plans to introduce a stock-based compensation plan for Executive Officers.

2. Outline of the Plan

Under the Plan, a Director shall be granted points in each fiscal year according to the Stock Distribution Regulations established by the Board of Directors for the purpose of compensation for Directors, and later shall be delivered, at the time of retirement, shares of common stock of the Company based on the number of points accumulated meanwhile.

(1) Persons eligible for the Plan

Directors not serving as Audit and Supervisory Committee Members of the Company (excluding Outside Directors)

(2) The content and amount of compensation

The Company's common stock of ¥120 million or less and 285 thousand shares or less per fiscal year

(3) The number of the Company's common stock to be acquired by Directors

A number of points assigned on a by-grade basis is granted in each fiscal year to each Director who shall, at his/her retirement, be delivered the number of shares of common stock of the Company, calculated by multiplying the accumulated number of points up to the time of retirement by a factor of 1.0 (which, however, may be reasonably adjusted in certain circumstances). The number of points granted to each Director in each fiscal year shall be determined in detail, under the Stock Distribution Regulations set out by the Board of Directors.

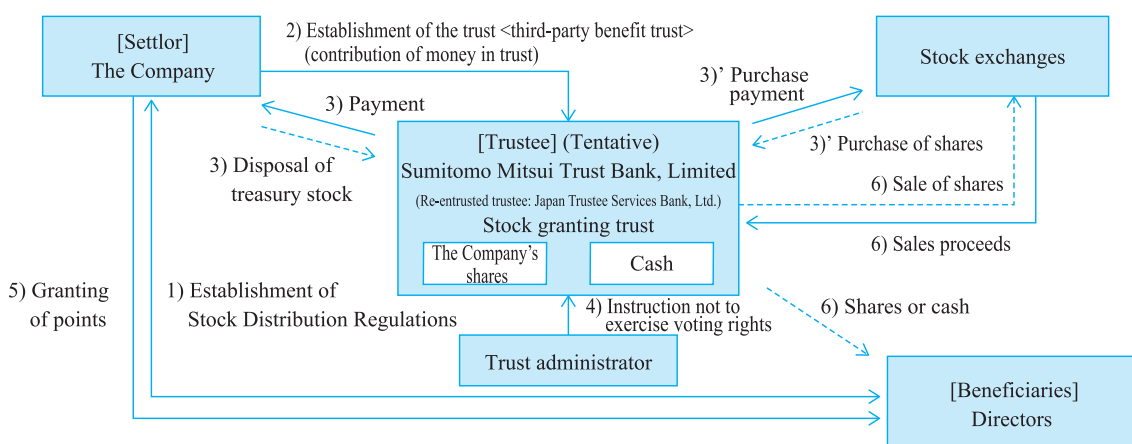
(Reference) Outline of the Structure of the Plan

The Company shall deposit a fund in a trust created for the purpose of the Plan (hereinafter the "Trust"), which then shall acquire common stock of the Company, and compensation in the form of common stock of the Company shall be delivered to Directors (beneficiaries under the Trust) via the Trust.

Specifically, the Company will contribute a maximum of ¥600 million (equivalent to the amount of compensation per year for five years) during the period of the Trust (five years from August 2017). The Trust will use the funds to acquire the Company's common stock through stock exchanges or by underwriting the disposal of treasury stock of the Company. Beneficiaries of the Trust shall be Directors of the Company who will be in office during the five years from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2022 (the "Plan Period"), who meet certain requirements set forth in the Stock Distribution Regulations.

The Trust Period may, at its expiry, be extended for the purpose of continuing the Plan, subject to the resolution of the Board of Directors of the Company. In such cases, the Company will make additional contributions of up to ¥120 million multiplied by the number of years of the trust period extended, as funds necessary for the additional acquisition of the Company's shares to be distributed to Directors under the Plan. Accordingly, the applicable period shall be extended, whereby Directors in service during the extended trust period shall continuously be granted points and delivered common stock of the Company.

<Outline of the Structure of the Plan>



- 1) The Company will establish the Stock Distribution Regulations for its Directors.
- 2) The Company will establish a stock distribution trust (third-party benefit trust) for its Directors as beneficiaries. In doing so, the Company will entrust to the trustee such amount as to be equivalent to that for funds to acquire shares (provided, however, that such amount will be within the amount approved by the General Meeting of Shareholders).
- 3) The trustee will acquire, in one lump sum, a sufficient number of the Company's shares that are expected to be distributed in the future (either through the disposal of treasury stock or through stock exchanges (including after-hours trading)).
- 4) The Company will designate a trust administrator (limited to a party independent of the Company and its officers) who will be responsible for protecting the interests of the beneficiaries, who are the subject of the Stock Distribution Regulations, throughout the trust period and for supervising the trustee.

The voting rights with respect to the Company's shares held within the Trust will not be exercised throughout the trust period.

- 5) Points will be assigned to Directors of the Company in accordance with the Stock Distribution Regulations.
- 6) A Director who meets the requirements under the Stock Distribution Regulations as well as the trust agreement for the purpose of the Trust, shall, as a beneficiary under the Trust, be delivered the number of the Company's shares equivalent to the accumulated points at the time of his/her retirement.

In certain cases, as set forth in the Stock Distribution Regulations and the trust agreement, a portion of the Company's shares will be sold at stock exchanges and distributed in cash.

Under the Plan, the Company shall appoint Sumitomo Mitsui Trust Bank, Limited as trustee, and the trustee shall entrust the management of trust assets to Japan Trustee Services Bank, Ltd. (a process called re-trust).

(Reference: Outline of the Trust)

- 1) Name: Stock granting trust for officers
- 2) Settlor: The Company
- 3) Trustee: Sumitomo Mitsui Trust Bank, Limited
(Re-entrusted trustee: Japan Trustee Services Bank, Ltd.)
- 4) Beneficiaries: Directors who meet the requirements for beneficiaries
- 5) Trust administrator: The Company plans to select a third-party with no conflicts of interest with the Company
- 6) Type of trust: Contribution of money in trust other than a monetary trust (third-party benefit trust)
- 7) Date of conclusion of the Trust Agreement: August 2017 (planned)
- 8) Date on which money is contributed in trust: August 2017 (planned)
- 9) Trust period: From August 2017 (planned) to August 2022 (planned)

End of document