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FOR IMMEDIATE RELEASE

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## **Notice of Introduction of Share-based Payment System**

ZENRIN Co., Ltd. (hereinafter referred to as “the Company”) plans to transform into a “company with audit and supervisory committee”, conditional upon approval at the 56th Ordinary General Meeting of Shareholders which is scheduled to be convened on June 17, 2016 (hereinafter referred to as “the General Meeting of Shareholders”), as disclosed separately in the “Notice of Transition to Company with Audit and Supervisory Committee” dated March 23, 2016.

Please be informed that at the meeting of the Board of Directors held today, the Board has passed a resolution to introduce a new share-based payment system (hereinafter referred to as “System”) for directors not serving as Audit and Supervisory Committee members and directors serving as Audit and Supervisory Committee members of the Company (hereinafter collectively referred to simply as “Directors”), and decided to submit a proposal on the System at the General Meeting of Shareholders as described below.

### **1. Background to and purpose of introduction of the System**

The Board of Directors of the Company has passed a resolution to introduce the System, conditional upon shareholders’ approval of officers’ remuneration at the General Meeting of Shareholders, and decided to submit a proposal at the General Meeting of Shareholders in regards to the System, the purpose of which is to: further clarify the relationship between Directors’ remuneration and the Company’s medium/long-term performance and stock value; make directors not serving as Audit and Supervisory Committee members (those who are executive directors) more conscious about contributing to the improvement of the Company’s medium/long-term performance and enhancement of its corporate value; and make directors not serving as Audit and Supervisory Committee members (directors who are not executive directors) and directors serving as Audit and Supervisory Committee members contribute to the enhancement of the Company’s corporate value through audit or supervision.

### **2. Outline of the System**

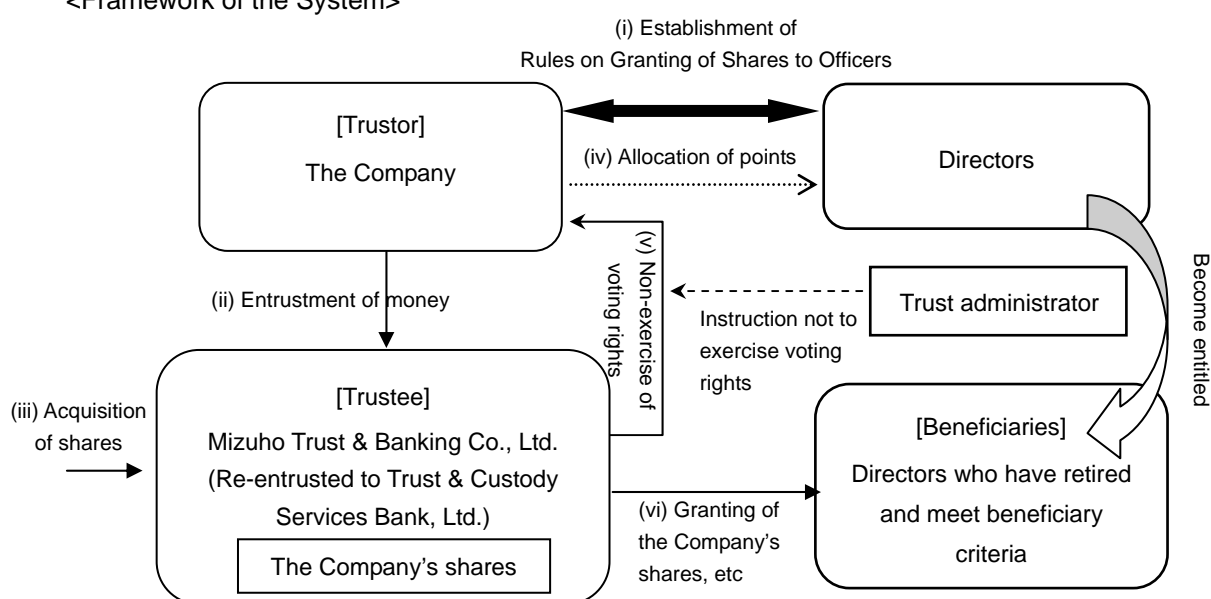
#### **(1) Outline of the System**

The System is a share-based payment system in which the Company’s shares will be acquired through a trust (hereinafter referred to as “the Trust”) by using money contributed by the Company as the source of finance, and the Company’s shares and money equivalent to the amount of the Company’s shares converted at

market value (hereinafter referred to as “the Company’s shares, etc.”) are granted to Directors in accordance with the Rules on Granting of Shares to Officers prescribed by the Board of Directors of the Company (provided, however, that the establishment, revision and abolition of the section relating to directors serving as Audit and Supervisory Committee members shall require the deliberation by and the consent of directors serving as Audit and Supervisory Committee members).

The timing at which a director receives the Company’s shares, etc. shall, in principle, be when the director retires.

#### <Framework of the System>



- (i) The Company will establish Rules on Granting of Shares to Officers within the bounds of the framework approved at the General Meeting of Shareholders subject to the resolution on officers' remuneration with respect to the System being passed at the General Meeting of Shareholders.
- (ii) The Company will entrust money to the extent approved by resolution of the General Meeting of Shareholders in (i).
- (iii) The Trust will acquire the Company's shares through trading markets or by way of undertaking the disposal of treasury stock of the Company by using funds entrusted in (ii) as the source of finance.
- (iv) The Company will allocate points to Directors according to the Rules on Granting of Shares to Officers.
- (v) The Trust will not exercise voting rights pertaining to the Company's shares in the Trust by following the instructions of the trust administrator who is independent from the Company,
- (vi) To Directors who have retired and meet the beneficiary criteria prescribed in the Rules on Granting of Shares to Officers (hereinafter referred to as "Beneficiaries"), the Trust will grant the Company's shares corresponding to the number of points allocated to such Beneficiaries. However, in cases where the Directors meet the criteria prescribed in the Rules on Granting of Shares to Officers, the Trust will pay money equivalent to the market value of the Company's shares with respect to a certain ratio of points.

(2) Persons within the scope of the System

Directors not serving as Audit and Supervisory Committee members and directors serving as Audit and Supervisory Committee members

(3) Trust period

The trust period will be from August or September 2016 (schedule), until the Trust is terminated. (No specific termination date will be set for the trust period of the Trust; the Trust will continue for as long as the System continues. The System will be terminated in the event of the delisting of the Company's shares, the abolition of the Rules on Granting of Shares to Officers, etc.)

(4) Amount contributed by the Company to the Trust

Conditional upon the approval of the introduction of the System at the General Meeting of Shareholders, the Company will introduce the System targeted at three business years from the business year ending March 31, 2017 to the business year ending March 31, 2019 (hereinafter referred to as "Initial Target Period"; the Initial Target Period and each three-business-year period commencing after the expiry of the Initial Target Period is hereinafter referred to individually as "Target Period") and the subsequent Target Periods, and will contribute funds to the Trust for acquiring shares to grant the Company's shares, etc. to Directors under the System in relation to the Initial Target Period in the amount of up to 200 million yen (consisting of 190 million yen for directors not serving as Audit and Supervisory Committee members and 10 million yen for directors serving as Audit and Supervisory Committee members).

After the expiry of the Initial Target Period, the Company will additionally contribute the aforementioned funds for acquiring shares in each Target Period until the termination of the System in the amount of up to 200 million yen (consisting of 190 million yen for directors not serving as Audit and Supervisory Committee members and 10 million yen for directors serving as Audit and Supervisory Committee members). However, in cases where such additional contribution is to be made, when there exist the Company's shares (excluding the Company's shares corresponding to the number of points allocated to Directors that are yet to be granted to the Directors) and money remaining in the trust assets as at the last day of the Target Period immediately before the Target Period in which such additional contribution is to be made (hereinafter referred to as "Remaining Shares, etc."), the sum of the amount of Remaining Shares, etc. (the Company's shares shall be based on the book value as at the last day of the immediately preceding Target Period) and the amount of money to be additionally contributed shall be within the upper limit approved in this Proposal.

(5) Method of acquisition of the Company's shares and the number of shares to be acquired

Acquisition of the Company's shares by the Trust will be conducted through trading markets or by way of undertaking the disposal of treasury stock of the Company by using funds contributed according to (4) above

as the source of finance.

For the Initial Target Period, up to 100,000 shares shall be acquired without delay after the establishment of the Trust.

(6) Specifics of the Company's shares, etc. to be granted to Directors

For each business year, the Company will allocate a number of points determined based on job position, degree of attainment in terms of performance, etc. to directors not serving as Audit and Supervisory Committee members (those who are executive directors), and a number of points determined based on job position to directors not serving as Audit and Supervisory Committee members (directors who are not executive directors) and directors serving as Audit and Supervisory Committee members.

This is deemed to be reasonable as it is determined by taking all factors into consideration, such as the current level of officer remuneration paid to Directors, the trends in the number of Directors and future outlook.

In regards to the points allocated to Directors, one point will be converted at a rate of one common share of the Company upon granting the Company's shares, etc. according to (7) below (however, if stock split, gratis allotment of shares, stock consolidation, etc. is executed with respect to the Company's shares after a resolution to approve this Proposal has been passed, reasonable adjustments will be made to the conversion rate according to the ratio of such stock split, gratis allotment of shares, stock consolidation, etc.).

The number of points to a director that forms the basis upon granting the Company's shares, etc. according to (7) below shall be the total number of points allocated to the director until his/her retirement (points calculated in such a manner shall hereinafter be referred to as "Final Point Count").

(7) Timing at which the Company's shares, etc. are granted to Directors

In cases where a director of the Company has retired and meets the beneficiary criteria prescribed in the Rules on Granting of Shares to Officers, the director shall be entitled to receive the number of the Company's shares according to the Final Point Count determined as described in (6) above from the Trust after his/her retirement by carrying out the prescribed beneficiary determination procedures.

However, in cases where the director meets the criteria prescribed in the Rules on Granting of Shares to Officers, he/she shall receive money equivalent to the market value of the Company's shares instead of receiving the Company's shares with respect to a certain ratio of the Company's shares corresponding to such Final Point Count. In order to pay the money, the Company's shares may be sold by the Trust in some cases.

(8) Voting rights pertaining to shares in the Trust

Voting rights pertaining to the Company's shares in the Trust shall not be exercised without exception based on the trust administrator's instructions. Such arrangement is intended to ensure impartiality in the Company's management with respect to the exercise of voting rights pertaining to the Company's shares in

the Trust.

(9) Treatment of dividends

Dividends on the Company's shares in the Trust will be received by the Trust, and will be used to pay for the acquisition of the Company's shares and the Beneficiary's trust fees pertaining to the Trust, among others. In the event of the termination of the Trust, dividends remaining in the Trust will be paid to Directors who are in office at that point in time, in accordance with the provisions of the Rules on Granting of Shares to Officers.

(10) Treatment upon termination of the Trust

The Trust will be terminated when the Company's shares are delisted, the Rules on Granting of Shares to Officers are abolished or other such circumstances arise. All of the Company's shares that constitute assets remaining in the Trust at the time of the termination of the Trust are slated to be retired by resolution of the Board of Directors after being acquired by the Company without charge. Money that constitutes assets remaining in the Trust at the time of the termination of the Trust will be paid to the Company, the amount of which will be net of the money paid to Directors according to (9) above.

[Profile of the Trust]

(i) Name: Board Benefit Trust (BBT)

(ii) Trustor: The Company

(iii) Trustee: Mizuho Trust & Banking Co., Ltd.

(iv) Beneficiaries: Directors who have retired and meet the beneficiary criteria prescribed in the Rules on Granting of Shares to Officers

(v) Trust administrator: A third party with no interest in the Company is due to be selected.

(vi) Trust type: Money held in trust other than cash trust (third-party benefit trust)

(vii) Date of conclusion of trust agreement: August or September 2016 (schedule)

(viii) Day on which money is to be entrusted: August or September 2016 (schedule)

(ix) Trust period: From August or September 2016 (schedule), until the Trust is terminated (No specific termination date will be set; the Trust will continue for as long as the System continues.)

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