



February 7th, 2012

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Notification Regarding the Introduction of “Stock Benefit Trust (J-ESOP)”

At a meeting convened on November 14th, 2011 the Board of Directors issued a resolution regarding introduction of “Stock Benefit Trust (J-ESOP)” (hereinafter “the Plan”). At a meeting convened on February 7th, 2012 the Board of Directors issued a resolution regarding schedule and details of the Plan. At the same time as deciding the introduction of the Plan, Fukuda Denshi Co., Ltd. (hereinafter “the Company”) has also resolved to assign to the Trust & Custody Services Bank, Ltd. (Trust Account) (a re-entrustee that is re-entrusted by Mizuho Trust & Banking Co., Ltd.) 50,000 shares (worth ¥114,000,000 calculating from the closing price of February 6th, 2012) from its total holding of 3,791,455 treasury shares (as of January 31st, 2012).

For further details, please refer to the press release of February 7th, 2012 entitled “Notification Regarding the Disposal of Treasury Stock by Third-Party Allotment”.

1. Overview of the Plan

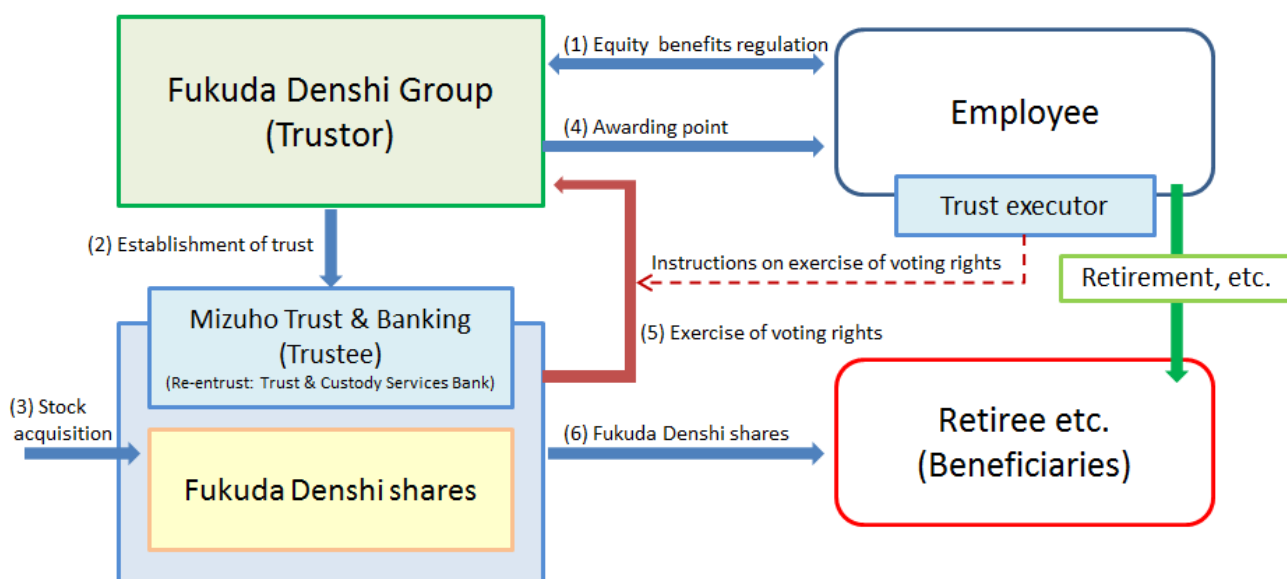
The Plan provides Company shares to employees (including temporary employees, but excluding members of the board and part-timers) who meet certain conditions based on previously established equity benefits regulations.

Fukuda Denshi Group (hereinafter “the Group”) will grant points to employees based on their individual contribution and achievements and provide Company shares and other benefits corresponding to their accumulated points when they retires or otherwise leave the Company.

Company shares provided as benefits to retirees, etc., will be acquired, including the future portion, with moneys previously held in trust and will be managed separately as assets in trust.

The purpose of the Plan is to increase motivation toward work and raise their awareness of the Company’s stock price performance so as to improve the Company’s corporate value.

2. Structure of the Plan



(1) Fukuda Denshi Group established the equity benefits regulations.

(2) The Group will place money in trust (third-party-benefit trust) with Mizuho Trust & Banking Co., Ltd. in order to acquire in advance the stock that will be provided in the future to employees based on the equity benefits regulations. (Re-entrust: Trust & Custody Services Bank)

(3) The trustee acquires shares with the funds.

(4) The Group will grant points to employees based on their individual contribution according to the equity benefits regulations.

Additionally, the Group will record expenses as appropriate for accounting purposes based on the number of points granted in fiscal years in which points are granted.

(5) The trustee exercise the voting rights based on the instructions from trust executor.

(6) The employee receives Fukuda Denshi shares etc. from the trustee when they retire. The amount of shares etc. is equivalent to the cumulative point they have at the time when they retire.

3. Schedule

Trust contract date: March 2nd, 2012 (Scheduled)

The date to entrust the cash: March 2nd, 2012 (Scheduled)

The effective date of the equity benefits regulations: April 1st, 2012(Scheduled)

4. Total funds entrusting: ¥113,700,000 (Planned)

5. Outline of the Trust

(1) Type of trust

Money entrust other than money trust (Third-party-benefit trust)

(2) Purpose of the trust

Delivery of profits gained from property such as treasury stock to the beneficiary based on the equity benefits regulations.

(3) Settlor

Fukuda Denshi Co., Ltd.

(4) Trustee

Mizuho Trust & Banking co., Ltd.

Trust & Custody Services Bank, Ltd. and Mizuho Trust will enter into a comprehensive trust agreement on March 2nd, 2012, and, thus, the trust will be re-entrusted to Trust & Custody Services Bank, Ltd.

(5) Beneficiaries

A person who has acquired the rights based on the equity benefits regulations.

(6) Trust contact date

March 2nd, 2012 (Scheduled)

(7) Trust period

March 2nd, 2012 (scheduled) to the end of the trust

(8) Trust property

The Company's shares and money