

*Translation: Please note that the following purports to be an accurately translated excerpt of the original Japanese version prepared for the convenience of investors outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.*

Stock Exchange Code: 3105  
June 7, 2017

Dear Shareholders:

**Nisshinbo Holdings Inc.**  
2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo  
Masaya Kawata  
President and Representative Director

## **Notice of Convocation of The 174th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 174th Ordinary General Meeting of Shareholders of Nisshinbo Holdings Inc. (the “Company”).

**If you are unable to attend the aforesaid meeting, you can exercise your votes through either of the methods stated below. The Company respectfully requests you to study the “Reference Document Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 5:00 p.m. (JST) June 28, 2017 (Wednesday):**

**[In case of exercising voting rights by mail]**

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval to the items on the agenda, and return the form to be received by the Company by mail on or before the time limit stated above.

**[In case of exercising voting rights via the Internet]**

Please log in and indicate whether you approve or disapprove the items on the agenda by the time limit stated above upon making reference to “Procedures for exercising voting rights by the Internet” (though available for Japanese resident shareholders only).

### **PARTICULARS**

**1. Date and Time of the Meeting:**

Thursday, June 29, 2017 at 10:00 a.m.

**2. Place of the Meeting:**

Large Conference Room, 7th Floor, Head Office of the Company at 2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo, Japan

**3. Matters to be dealt with at the Meeting:**

**Matters to be Reported:**

1. Report on the Business Report, the Consolidated Financial Statements for the 174th Fiscal Year (from April 1, 2016 to March 31, 2017) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Report on the Non-Consolidated Financial Statements for the 174th Fiscal Year (April 1, 2016 to March 31, 2017).

**Matters to be Resolved:**

- |                                  |                                                                                                                                             |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>First Item of Business:</b>   | Partial Amendment to the Articles of Incorporation                                                                                          |
| <b>Second Item of Business:</b>  | Election of Ten (10) Directors                                                                                                              |
| <b>Third Item of Business:</b>   | Election of One (1) Audit & Supervisory Board Member                                                                                        |
| <b>Fourth Item of Business:</b>  | Election of One (1) Substitute Audit & Supervisory Board Member                                                                             |
| <b>Fifth Item of Business:</b>   | Appointment of the Accounting Auditor                                                                                                       |
| <b>Sixth Item of Business:</b>   | Determination of Amounts of Remuneration for Directors by Stock Acquisition Rights as Stock Compensation-Type Stock Options and the Details |
| <b>Seventh Item of Business:</b> | Issue of Stock Acquisition Rights as Stock Options                                                                                          |

**4. Matters related to Exercise of Voting Rights:**

- (1) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- (2) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.
- (3) In the event that a shareholder exercises voting rights through an agent, the agent shall be a shareholder having a voting right. Furthermore, a document verifying the power of attorney shall be submitted to the Company.

**5. Matters related to document attached to the Notice of Convocation and Reference Document Concerning the General Meeting of Shareholders**

- (1) Among documents to be attached to the Notice of Convocation, following matters are made available on the Company's website pursuant to the relevant laws and regulations, and the Articles of Incorporation of the Company, but are not stated in the documents attached to the Notice of Convocation.
  - ( i ) Notes to Consolidated Financial Statements
  - ( ii ) Notes to Non-Consolidated Financial Statements
- (2) If there is any amendment to the contents of the Reference Document Concerning the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements, the Company will announce such amendment on the Company's website (in only Japanese).

The Company's website: <a href="http://www.nisshinbo.co.jp/">http://www.nisshinbo.co.jp/</a>
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**[To Institutional Investors]**

You may use the "electronic proxy-voting platform" for electromagnetic voting for the General Shareholders Meeting of the Company.

## Reference Document Concerning the General Meeting of Shareholders

### Item of Business and reference matter

#### First Item of Business: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendments

As the Company has transferred its paper product business in April this year, it is proposed that an item related paper product business in Article 2 (Purpose) of the Company's Articles of Incorporation be deleted, as well as a description order of business be changed in the consideration of the Company's scale of each business domain, position, etc.

2. Description of the amendments

Description of the amendments is as follows:

(Amended parts are underlined)

Current	Proposed amendment
<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses, and to control and manage the businesses of domestic and foreign companies engaged in the following businesses by owning their shares or interests:</p> <p>(1) <u>Development, manufacture, processing, sale, purchase, export and import of thread, cotton textiles, bonded textiles, apparel, industrial fiber material, and other fabric products;</u></p> <p>(2) Development, manufacture, processing, sale, purchase, export and import of friction material, braking devices, and parts thereof for automobiles, transport machinery, transport appliances, and other machinery and appliances;</p> <p>(3) <u>Development, manufacture, processing, sale, purchase, export and import of paper and processed paper products, as well as the industrial waste disposal business;</u></p> <p>(4) Development, manufacture, processing, sale, purchase, export and import of machinery and equipment for specific industries, machinery and equipment for general industry and other machinery and equipment, and parts thereof, and design, execution and supervision of the installation of machinery and equipment;</p> <p>(5) Development, manufacture, processing, sale, purchase, export and import of</p>	<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses, and to control and manage the businesses of domestic and foreign companies engaged in the following businesses by owning their shares or interests:</p> <p>(1) <u>Development, manufacture, processing, sale, purchase, export and import of telecommunication apparatus, information technology apparatus, electronic apparatus for medical use, other electric or electronic machinery and appliances, semiconductors, electronic tubes and other electric or electronic parts, and design, execution and supervision of the installation of electric or electronic machinery and appliances;</u></p> <p>(As is)</p> <p>(Delete)</p> <p>(3) (As is)</p> <p>(4) (As is)</p>

(Amended parts are underlined)

Current	Proposed amendment
<p>industrial inorganic chemicals, industrial organic chemicals, medical products and other industrial chemicals, and the design, execution, and supervision of civil engineering projects;</p> <p>(6) <u>Development, manufacture, processing, sale, purchase, export and import of telecommunication apparatus, information technology apparatus, electronic apparatus for medical use, other electric or electronic machinery and appliances, semiconductors, electronic tubes and other electric or electronic parts, and design, execution and supervision of the installation of electric or electronic machinery and appliances;</u></p> <p>(7) Power generation using renewable energy and sale of electricity, as well as development, manufacture, processing, sale, purchase, export and import of materials, machinery and appliances which contribute to the creation of low carbon society and recycling society;</p> <p>(8) Sale, purchase, brokerage, leasing and administration of real estate; and</p> <p>(9) Any and all other legitimate businesses.</p>	<p>(5) <u>Development, manufacture, processing, sale, purchase, export and import of thread, cotton textiles, bonded textiles, apparel, industrial fiber material, and other fabric products;</u></p> <p>(6) (As is)</p> <p>(7) (As is)</p> <p>(8) (As is)</p>

## Second Item of Business: Election of Ten (10) Directors

The term of office of all of the ten (10) Directors will expire at the conclusion of this General Meeting. Accordingly, ten (10) Directors including four (4) Outside Directors are proposed to be elected.

The candidates are as follows:

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
1	Masaya Kawata (April 20, 1952)	<p>April 1975      Joined the Company.</p> <p>June 2006      Managing Officer and General Manager of Human Resources Division of the Company</p> <p>April 2007      Deputy General Manager of Accounting and Finance Division of the Company (served concurrently)</p> <p>June 2007      Director of the Company</p> <p>April 2008      Deputy Chief of Business Support Center of the Company</p> <p>April 2009      President and Representative Director of Nisshinbo Brake Inc.</p> <p>June 2010      Director and Executive Managing Officer of the Company</p> <p>June 2011      Deputy Chief of Corporate Strategy Center and General Manager of Business Development Division of the Company (served concurrently)</p> <p>                    President and Representative Director of Nisshinbo Chemical Inc.</p> <p>June 2012      Director and Senior Executive Managing Officer of the Company</p> <p>                    President and Representative Director of Nisshinbo Mechatronics Inc.</p> <p>June 2013      President and Representative Director of the Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company)</p> <p>Director of Japan Radio Co., Ltd.</p> <p>Director of New Japan Radio Co., Ltd.</p>	74,492
<p>[Reason for election of candidate for Director]</p> <p>After his assumption of office as a Director of the Company, Mr. Masaya Kawata served as President and Representative Director of three consolidated subsidiaries and chief officer of the Business Development Division. He has served as President and Representative Director of the Company since 2013. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial management experience and expertise. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings]</p> <p>All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
2	Masahiro Murakami (September 7, 1958)	<p>April 1982      Joined the Company</p> <p>April 2008      Managing Officer, Senior Manager of Corporate Governance Department of Corporate Strategy Center, Senior Manager of Human Resources &amp; Administration Service Department of Business Support Center (served concurrently) and General Manager of Property Management Department of the Company (served concurrently)</p> <p>April 2009      Deputy Chief of Business Support Center (served concurrently), Senior Manager of Corporate Strategy Department of Corporate Strategy Center (served concurrently) and Senior Manager of Finance and Accounting &amp; IT Service Department of Business Support Center of the Company (served concurrently)</p> <p>June 2010      Director and Chief of Business Support Center of the Company (served concurrently)</p> <p>January 2012    Responsible for Property Management Department of the Company (to the present)</p> <p>June 2012      Director, Executive Managing Officer and Deputy Chief of Corporate Strategy Center of the Company (served concurrently)</p> <p>June 2014      Chief of Corporate Strategy Center of the Company (served concurrently, to the present)</p> <p>June 2015      Director and Senior Executive Managing Officer of the Company (to the present)</p> <p>June 2016      Representative Director of the Company (to the present)</p>	19,700
<p>[Reason for election of candidate for Director]  After his assumption of office as a Director of the Company, Mr. Masahiro Murakami served as chief officer of the Finance and Accounting Department and the Administration Service Department. He presently serves as chief officer of the Corporate Strategy Department and the Property Management Department. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial administrative experience and expertise. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings]  All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
3	<p>[New] Kenji Ara (November 21, 1953)</p>	<p>April 1976      Joined Japan Radio Co., Ltd.  April 2002      General Manager of Government Business  Department of System Electronics Division of  Japan Radio Co., Ltd.  January 2006    Deputy General Manager of System  Equipment Division and General Manager of  Public Sector Business Department of Japan  Radio Co., Ltd.  April 2006      General Manager of Solution Business  Department of Sales &amp; Marketing  Headquarters of Japan Radio Co., Ltd.  April 2008      Executive Officer and General Manager of  Sales &amp; Marketing Headquarters of Japan  Radio Co., Ltd.  April 2009      Executive Officer and General Manager of  Solution Business Division of Japan Radio  Co., Ltd.  June 2011      Director, Executive Officer, and General  Manager of Solution Business Division of  Japan Radio Co., Ltd.  June 2012      Director of JRC System Service Co., Ltd.  April 2013      Executive Officer and Deputy General  Manager of Business Operation  Headquarters of Japan Radio Co., Ltd.  April 2014      Executive Officer and General Manager of  Business Operation Headquarters of Japan  Radio Co., Ltd.  June 2014      Director, Executive Officer, and General  Manager of Business Operation  Headquarters of Japan Radio Co., Ltd.  June 2016      President and Representative Director of  Japan Radio Co., Ltd. (to the present)  (Significant concurrent positions at companies other than the  Company)  President and Representative Director of Japan Radio Co., Ltd.</p>	0
<p>[Reason for election of candidate for Director]  Since 2016, Mr. Kenji Ara has served as President and Representative Director of Japan Radio Co., Ltd., which is a consolidated subsidiary of the Company. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial business experience and expertise in the electronics business, which is the core business of the Nisshinbo Group (the "Group"). Accordingly, he has been proposed as a candidate.</p>			



No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
4	Koji Nishihara (April 14, 1958)	<p>April 1981      Joined the Company</p> <p>April 2007      Managing Officer and Manager of Strategic Planning Department and Overseas Operation Department of Brake Division of the Company (serviced concurrently)</p> <p>April 2009      Director, Executive Managing Officer and General Manager of Administration Division of Nisshinbo Brake Inc.</p> <p>April 2010      Director, Vice President and General Manager of Sales &amp; Marketing Division of Nisshinbo Brake Inc.</p> <p>April 2011      General Manager of Production Division of Nisshinbo Brake Inc.</p> <p>June 2011      Director and Managing Officer of the Company, President and Representative Director of Nisshinbo Brake Inc. (to the present)</p> <p>January 2012    Responsible for Brake Business of the Company</p> <p>June 2012      Responsible for Supervising Brake Business of the Company (to the present)</p> <p>June 2015      Director and Executive Managing Officer of the Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company)  President and Representative Director of Nisshinbo Brake Inc.  Co-Representative Director of SAERON AUTOMOTIVE CORPORATION</p>	20,560
<p>[Reason for election of candidate for Director]  After his assumption of office as a Director of the Company, Mr. Koji Nishihara served as President and Representative Director of Nisshinbo Brake Inc., which is a consolidated subsidiary of the Company. He is also supervising for the Brake Business of the Group. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial business experience and expertise. Accordingly, he has been proposed as a candidate.  [Attendance at the Board of Directors' meetings]  All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
5	Ryo Ogura (October 1, 1948)	February 1985    Joined New Japan Radio Co., Ltd. June 1999        Director of New Japan Radio Co., Ltd. April 2001       General Manager of Standard IC Division of New Japan Radio Co., Ltd. June 2004        Managing Director of New Japan Radio Co., Ltd. April 2005        Executive of Semiconductor Business Divisions and General Manager of Semiconductor Technology Headquarters of New Japan Radio Co., Ltd. April 2006        General Manager of Semiconductor Production Headquarters of New Japan Radio Co., Ltd. June 2009        Representative Director and Executive Managing Director of NJR FUKUOKA CO., LTD. June 2011        President and Representative Director of New Japan Radio Co., Ltd. (to the present) June 2016        Director and Executive Managing Officer of the Company (to the present) (Significant concurrent positions at companies other than the Company) President and Representative Director of New Japan Radio Co., Ltd.	1,000
[Reason for election of candidate for Director] Since 2011, Mr. Ryo Ogura has served as President and Representative Director of New Japan Radio Co., Ltd., which is a consolidated subsidiary of the Company. Since 2016, he also has served as Director of the Company. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial business experience and expertise. Accordingly, he has been proposed as a candidate. [Attendance at the Board of Directors' meetings] All 13 meetings (after his appointment on June 29, 2016)			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
6	Takayoshi Okugawa (September 13, 1957)	<p>April 1981      Joined the Company</p> <p>January 2007    Assistant Manager of Miai Plant of the Company</p> <p>July 2007        Joined ALOKA CO., LTD.</p> <p>June 2009        Director in charge of General Affairs and General Manager of Internal Control Promotion Department of ALOKA CO., LTD.</p> <p>June 2011        Managing Officer, Senior Manager of CSR Department and Corporate Strategy Department of Corporate Strategy Center (served concurrently), and Senior Manager of Overseas Administration Service Department of Business Support Center of the Company (served concurrently)</p> <p>June 2012        Director, Senior Executive Managing Officer and General Manager of Business Administration Department of Nisshinbo Mechatronics Inc.</p> <p>June 2014        Director, Managing Officer and Chief of Business Support Center of the Company (to the present)</p> <p>June 2016        Director and Executive Managing Officer of the Company (to the present)</p>	21,400
<p>[Reason for election of candidate for Director]  Mr. Takayoshi Okugawa previously served as Managing Officer of the Company and Director of a consolidated subsidiary. He presently serves as a Director of the Company, and concurrently serves as chief officer of the Finance and Accounting Department and the Administration Service Department. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial administrative experience and expertise. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings]  All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
7	[Candidate for Outside Director] Tomofumi Akiyama (August 13, 1935)	<p>April 1959      Joined Fukoku Mutual Life Insurance Company</p> <p>July 1984      Director of Fukoku Mutual Life Insurance Company</p> <p>March 1989    Managing Director of Fukoku Mutual Life Insurance Company</p> <p>July 1998      President and Representative Director of Fukoku Mutual Life Insurance Company</p> <p>June 2003     Outside Audit &amp; Supervisory Board Member of the Company</p> <p>June 2006     Outside Director of the Company (to the present)</p> <p>July 2010      Chairman and Director of Fukoku Mutual Life Insurance Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company)</p> <p>Chairman and Director of Fukoku Mutual Life Insurance Company</p> <p>Outside Director of FUJIKYUKO CO., LTD.</p> <p>Outside Director of Imperial Hotel, Ltd.</p> <p>Outside Director of Tokyo Dome Corporation</p> <p>Outside Director of Showa Denko K.K.</p>	0
<p>[Reason for election of candidate for Outside Director] Mr. Tomofumi Akiyama has been involved with corporate management for many years as president of Fukoku Mutual Life Insurance Company. The Company appointed him as a candidate for Outside Director in the hope that he would be able to utilize his substantial management experience and expertise in the supervision of the management of the Group.</p> <p>[Attendance at the Board of Directors' meetings] 13 of 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
8	<p>[Candidate for Outside Director] Noboru Matsuda (December 13, 1933)</p>	<p>April 1963 Public Prosecutor of Tokyo District Court Public Prosecutors Office  January 1981 Director of Juvenile Division of Criminal Affairs Bureau of Ministry of Justice  August 1985 Special Trial Director of Tokyo High Public Prosecutors Office  August 1987 Special Investigation Director of Tokyo District Court Public Prosecutors Office  September 1989 Public Prosecutor of Supreme Public Prosecutors Office  December 1991 Chief Prosecutor of Mito District Court Public Prosecutors Office  July 1993 Director-General of the Correction Bureau of Ministry of Justice  July 1995 Director of the Criminal Affairs Bureau of Supreme Public Prosecutors Office  June 1996 Governor of Deposit Insurance Corporation of Japan  June 2004 Advisor of Deposit Insurance Corporation of Japan  September 2004 Registered as attorney-at-law (to the present)  June 2012 Outside Director of the Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company)  Outside Director of Hakuholdo DY Holdings Inc.  Outside Director of Mitsubishi UFJ NICOS Co., Ltd.  Outside Director of Yomiuri Giants</p>	0
<p>[Reason for election of candidate for Outside Director]  Mr. Noboru Matsuda has work experience as a prosecuting attorney and lawyer, and professional knowledge about laws, etc. The Company appointed him as a candidate for Outside Director in the hope that he would be able to utilize his significant expert knowledge, substantial experience and expertise in the supervision of the management of the Group.  [Attendance at the Board of Directors' meetings]  16 of 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
9	[Candidate for Outside Director] Yoshinori Shimizu (February 9, 1948)	<p>April 1989 Professor of Faculty of Commerce and Management of Hitotsubashi University</p> <p>August 2000 Dean of Graduate School of Commerce and Management and Faculty of Commerce and Management of Hitotsubashi University</p> <p>April 2003 Executive Vice President of Hitotsubashi University</p> <p>May 2004 President of Japan Society of Monetary Economics</p> <p>September 2004 Vice President of The Mont Pelerin Society</p> <p>April 2011 Professor Emeritus of Hitotsubashi University (to the present) and Specially Appointed Professor of Graduate School of Commerce and Management of Hitotsubashi University</p> <p>June 2012 Outside Director of the Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company) Outside Director of Tokyo Century Corporation</p>	0
<p>[Reason for election of candidate for Outside Director] Mr. Yoshinori Shimizu, as a university professor, has professional knowledge mainly about monetary and finance. The Company appointed him as a candidate for Outside Director in the hope that he would be able to utilize his significant expert knowledge, substantial experience and expertise in the supervision of the management of the Group.</p> <p>[Attendance at the Board of Directors' meetings] All 16 meetings</p>			
10	[Candidate for Outside Director] Shinobu Fujino (July 13, 1957)	<p>April 1987 Jointed Ryoka Systems Inc.</p> <p>June 2003 Opened a counseling business office (to the present)</p> <p>June 2015 Outside Director of the Company (to the present)</p>	0
<p>[Reason for election of candidate for Outside Director] Ms. Shinobu Fujino, as a career counselor, has professional knowledge and experience mainly about human resources development. The Company appointed her as a candidate for Outside Director in the hope that she would be able to utilize her substantial knowledge and experience, as well as her female viewpoint and sensitivity in the supervision of the management of the Group and the promotion of diversity management.</p> <p>[Attendance at the Board of Directors' meetings] All 16 meetings</p>			

(Notes)

1. Mr. Kenji Ara is president and representative director of Japan Radio Co., Ltd., a subsidiary of the Company, with which the Company has a transactional relationship for purchasing real estates for sale in lots and lending and borrowing funds.
2. Mr. Koji Nishihara is a co-representative director of SAERON AUTOMOTIVE CORPORATION, with which Nisshinbo Brake Inc., a wholly owned subsidiary of the Company has a transactional relationship for the purchase of products, etc.
3. Mr. Ryo Ogura is president and representative director of New Japan Radio Co.,

- Ltd., a subsidiary of the Company, with which the Company has a transactional relationship for lending funds, etc.
4. There is no special interest between each of the other candidates and the Company.
  5. Mr. Tomofumi Akiyama, Mr. Noboru Matsuda, Mr. Yoshinori Shimizu and Ms. Shinobu Fujino are candidates for Outside Directors.
  6. Mr. Tomofumi Akiyama, Mr. Noboru Matsuda, Mr. Yoshinori Shimizu and Ms. Shinobu Fujino have been designated as Independent Officers provided for by the stock exchanges on which the Company's shares are listed and have been filed with the relevant stock exchanges.
  7. The term of office of candidates for Outside Directors and other related information are as follows:
    - (1) The term of office of Mr. Tomofumi Akiyama as Outside Director of the Company will have been eleven (11) years at the conclusion of this General Meeting. Furthermore, he had been in the office of Outside Audit & Supervisory Board Member of the Company for three (3) years prior to his assumption of the office of Outside Director of the Company.
    - (2) The term of office of Mr. Noboru Matsuda as Outside Director of the Company will have been five (5) years at the conclusion of this General Meeting.
    - (3) The term of office of Mr. Yoshinori Shimizu as Outside Director of the Company will have been five (5) years at the conclusion of this General Meeting.
    - (4) The term of office of Ms. Shinobu Fujino as Outside Director of the Company will have been two (2) year at the conclusion of this General Meeting. Furthermore, her name on the Family Registration is Ms. Shinobu Kato but her name on business is Ms. Shinobu Fujino.
  8. Japan Radio Co., Ltd., where Mr. Noboru Matsuda was Outside Director until June 2015, was subject to an on-site investigation by Japan Fair Trade Commission on November 18, 2014 regarding transactions involving the delivery of fire-fighting and emergency radio communication equipment. Subsequently, on February 2, 2017, the Commission issued a cease-and-desist order and an administrative surcharge payment order to the company for a suspected violation of the Antimonopoly Act of Japan. Although Mr. Matsuda had routinely given guidance and advice from the perspective of compliance at the company's board of directors meetings, he served his responsibility as Outside Director to require investigation of facts and strengthen its systems and structure to prevent recurrence after an on-site investigation by the Commission.
  9. The Company has entered into a liability limiting agreement with Mr. Tomofumi Akiyama, Mr. Noboru Matsuda, Mr. Yoshinori Shimizu and Ms. Shinobu Fujino under which the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act shall be limited to the prescribed 5 million yen, or the amount provided for in laws and regulations, whichever is higher, on the assumption that he/she discharges his/her duties in good faith and without gross negligence. In the event that each of them is reelected, the agreement will be continued.

### Third Item of Business: Election of One (1) Substitute Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Toshihiko Tomita will resign at the conclusion of this General Meeting.

We would like to ask shareholders to elect one (1) Audit & Supervisory Board Member for substitute of Mr. Toshihiko Tomita. The term of office will be expiration of retirement for resigning Audit & Supervisory Board Member due to provisions of the Company's Articles of Incorporation.

The Board of Audit & Supervisory Board Members has consented to this Item of Business.

The candidate is as follows:

Name (Date of Birth)	Brief personal profile, title and significant concurrent positions at companies other than the Company	Number of Company's shares held
<p style="text-align: center;">[New] [Candidate for Outside Audit &amp; Supervisory Board Member] Shiro Manabe (January 21, 1954)</p>	<p>April 1976      Joined Shikoku Chemicals Corporation</p> <p>March 2002    General Manager of Personnel &amp; General Affairs Department of Shikoku Chemicals Corporation</p> <p>March 2005    General Manager of Personnel Department of Shikoku Chemicals Corporation</p> <p>March 2006    Supervisory Manager of Personnel and General Affairs and General Manager of Personnel Department of Shikoku Chemicals Corporation</p> <p>June 2007     Executive Officer and Supervisory Manager of Personnel and General Affairs of Shikoku Chemicals Corporation</p> <p>June 2013     Director, Executive Officer, and Supervisory Manager of Personnel and General Affairs of Shikoku Chemicals Corporation</p> <p>March 2016    Director, Managing Executive Officer, and Supervisory Manager of Personnel, General Affairs and Secretaries of Shikoku Chemicals Corporation</p> <p>March 2017    Director and Managing Executive Officer in charge of Planning and Administration of Shikoku Chemicals Corporation (to the present)</p> <p>(Significant concurrent positions at companies other than the Company) Director and Executive Managing Officer of Shikoku Chemicals Corporation</p>	1,000



[Reason for election of candidate for Outside Audit & Supervisory Board Member]

In addition to serving for years as the person responsible for human resources and general affairs at Shikoku Chemicals Corporation, Mr. Shiro Manabe has been involved in the management of Shikoku Chemicals Corporation as its Director since 2013. The Company appointed him as a candidate for Outside Audit & Supervisory Board Member in the hope that he would be able to utilize his substantial management experience and expertise in the managerial audits of the Group.

(Notes)

1. There is no special interest between the candidate and the Company.
2. Mr. Shiro Manabe is a candidate for Outside Audit & Supervisory Board Member.
3. In the event that Mr. Shiro Manabe assumes the office of Outside Audit & Supervisory Board Member, the Company is scheduled to report Independent Officers provided for by the stock exchanges on which the Company's shares are listed and will be filed with the relevant stock exchanges.
4. In the event that Mr. Shiro Manabe elected as Outside Audit & Supervisory Board Member, the Company is scheduled to enter into a liability limiting agreement with him, under which the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act shall be limited to the prescribed 5 million yen, or the amount provided for in laws and regulations, whichever is higher, on the assumption that he discharges his duties in good faith and without gross negligence.

**Fourth Item of Business: Election of One (1) Substitute Audit & Supervisory Board Member**

In preparation for a case in which the number in the office of Audit & Supervisory Board Members becomes less than the minimum number provided for in laws and regulations, we would like to ask shareholders to elect one (1) Substitute Audit & Supervisory Board Member in advance.

The Board of Audit & Supervisory Board Members has consented to this Item of Business.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of Birth)	Brief personal profile, title and significant concurrent positions at companies other than the Company	Number of Company's shares held
Atsushi Yamashita (March 5, 1958)	April 1988 Registered as an attorney-at-law (to the present) April 1988 Joined Tanaka & Takahashi Law Office May 2001 Joined Clifford Chance Law Office May 2011 Joined K&L Gates LLP October 2014 Joined Sonderhoff & Einsel Law and Patent Office (to the present) (Significant concurrent positions at companies other than the Company) Outside Director of Kuroda Electric Co., Ltd.	0
[Reason for election of candidate for Substitute Audit & Supervisory Board Member] Mr. Atsushi Yamashita has work experience as a lawyer and professional knowledge about international legal affairs. The Company appointed him as a candidate for Substitute Audit & Supervisory Board Member in the hope that he would be able to utilize his significant expert knowledge, substantial experience and expertise in the supervision of the management of the Group.		

(Notes)

1. There is no special interest between the candidate and the Company.
2. Mr. Atsushi Yamashita is a candidate for Substitute Outside Audit & Supervisory Board Members.
3. In the event that Mr. Atsushi Yamashita assumes the office of Outside Audit & Supervisory Board Member, the Company is scheduled to report Independent Officers provided for by the stock exchanges on which the Company's shares are listed and will be filed with the relevant stock exchanges.
4. Kuroda Electric Co., Ltd., where Mr. Atsushi Yamashita has assumed office as an Outside Director, received a representation by one of its shareholders with regard to the proposal of electing directors submitted by the shareholder and rejected at the extraordinary meeting of shareholders held on August 21, 2015. Prior to the extraordinary meeting of shareholders, the statement was published under the name of "Jiseikai Group and All Employees" to express opposition against the proposal. Kuroda was claimed by the shareholder that the statement had been prepared wrongfully by some of Kuroda's executive managers. In order to address this issue, Mr. Yamashita took the lead in the establishment of an outside investigation committee and personnel selection to track down the facts. In addition, he was actively involved with the imposition of disciplinary punishment of persons concerned, the implementation of recurrence prevention measures and

other necessary actions.

5. In the event that Mr. Atsushi Yamashita assumes the office of Outside Audit & Supervisory Board Member, the Company is scheduled to enter into a liability limiting agreement with him, under which the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act shall be limited to the prescribed 5 million yen, or the amount provided for in laws and regulations, whichever is higher, on the assumption that he discharges his duties in good faith and without gross negligence.

### Fifth Item of Business: Appointment of the Accounting Auditor

The Accounting Auditor of the Company is Veritas & Co. However, given the expansion and globalization of the Group's business activities, it is proposed that Deloitte Touche Tohmatsu LLC be appointed additionally as Accounting Auditor in order to further strengthen the accounting and audit structure.

The proposed appointment will result in joint audits by Veritas & Co. and Deloitte Touche Tohmatsu LLC as regards the accounting audits of the Company.

This Item of Business is based on a decision made by the Audit & Supervisory Board.

The candidate for Accounting Auditor is as follows:

Name	Deloitte Touche Tohmatsu LLC		
Principal office	Shinagawa Intercity, 2-15-3 Konan, Minato-ku, Tokyo		
Corporate history	May 1968	Tohmatsu Awoki & Co. established	
	May 1975	Joined Touche Ross International alliance <TRI> (current Deloitte Touche Tohmatsu Limited <DTTL>)	
	February 1990	Changed the company name to Tohmatsu & Co.	
	July 2009	Converted to a limited liability company and changed company name to Deloitte Touche Tohmatsu LLC	
Audit clients	3,427 companies (As of September 30, 2016)		
Overview (As of March 31, 2017)	Capital	933 million yen	
	Personnel Organization	Partner (certified public accountants)	530
		Specified partner	49
		Staff Certified public accountants	2,770
		Passed the certified public accountant examination (including junior accountants)	1,235
		Other professional staff	1,566
		Clerical staff	546
Total	6,696		

(Notes) The candidate has received advisory fees, etc. regarding accounting from the Company and subsidiaries of the Company in the past of two years and will continue to receive them.

## **Sixth Item of Business: Determination of Amounts of Remuneration for Directors by Stock Acquisition Rights as Stock Compensation-Type Stock Options and the Details**

For the purpose of enhancing the motivation and morale of Directors (excluding Outside Directors) of the Company in terms of enhancement of corporate value and common interest of shareholders, and promoting management of the Company with emphasis on shareholders and stock price, we would like to ask shareholders to approve to allot stock acquisition rights to Directors (excluding Outside Directors) to the extent of 40 million yen per annum.

The above amounts of remuneration are calculated in accordance with the calculation method generally accepted for fair value and are not included in the aggregate remuneration to Directors in group of “not more than 400 million yen per annum”, which was approved at the 162nd Ordinary General Meeting of Shareholders held on June 29, 2005. Furthermore, in the event that the Second Item of Business is approved as originally proposed, the number of Directors to whom the stock acquisition rights are allotted is six (6).

### Details of Stock Acquisition Rights to be allotted as remuneration

(1) Total Number of stock acquisition rights:

Up to 500 stock acquisition rights.

(2) Type and number of shares to be issued upon exercise of stock acquisition rights:

The upper limit of common stock of the Company to be allotted shall be 50,000 shares and the number of shares to be issued upon exercise of one stock acquisition right shall be 100 shares (the “Number of Allotted Shares”).

Furthermore, in the event that on and after the date on which stock acquisition rights are issued (the “Issue Date”) shares of the Company are split or consolidated the number of shares to be issued upon exercise of stock acquisition rights shall be adjusted in proportion to the ratio of such split or consolidation of shares. Provided, however, that such adjustment shall be made only for the number of shares to be issued upon exercise of stock acquisition rights unexercised at the time of the stock split or stock consolidation, and any fractional shares less than one share resulting from such adjustment shall be disregarded.

(3) Amount to be paid for the issue of stock acquisition rights:

No amount in cash shall be required to be paid for the issue of stock acquisition rights.

(4) Amount of the property to be contributed upon exercise of stock acquisition rights:

Amount of the property to be contributed upon exercise of each stock acquisition right shall be the amount obtained by multiplying the amount to be paid per share to be delivered upon exercise of the stock acquisition right (the “Exercise Price”) by the Number of Allotted Shares. The Exercise Price shall be an amount obtained by multiplying the average of the closing prices of the Company’s shares of common stock in the ordinary trading on each of the days (other than days on which no trading of the Company’s shares was executed) of the month immediately prior to the month into which the Issue Date falls on the Tokyo Stock Exchange by 1.05 with any fraction less than one (1) yen being rounded up to full one (1) yen; Provided, however, that if the amount so obtained is lower than the closing price of the Company’s share on the Issue Date, the Exercise Price shall be the closing price on the Issue Date. In the event that on and after the Issue Date the Company splits

or consolidates shares of common stock of the Company, the Exercise Price shall be adjusted in accordance with the following formula with any fraction less than one (1) yen resulting from adjustment being rounded up to full one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

Furthermore, in the event on and after the Issue Date the Company issues shares of common stock or disposes of treasury stock at the issue price lower than the then market price, the Exercise Price shall be adjusted in accordance with the following formula with any fraction less than one (1) yen resulting from adjustment being rounded up to full one (1) yen; Provided, however, that if shares are issued or treasury stock is disposed of upon exercise of stock acquisition rights, the Exercise Price shall not be adjusted.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued (or disposed)} \times \text{Amount paid per share}}{\text{Current market price per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued (or disposed)}}$$

In the above formula, “number of shares already issued” means the total number of shares of common stock in issue deducted by the number of treasury stock of common stock.

(5) Exercise period of stock acquisition rights:

On and after August 1, 2019 to July 31, 2024 (inclusive)

(6) Conditions for exercise of stock acquisition rights:

- (i) Holders of stock acquisition rights may exercise their stock acquisition rights only while they are in the office of Directors; Provided, however, that in the event that he resigns due to expiration of his term or justifiable cause, the foregoing shall not be applicable.
- (ii) Stock acquisition rights shall not be allowed to be inherited.
- (iii) Any other condition for exercise shall be provided for in an allotment agreement to be entered into between the Company and Director to whom stock acquisition rights are allotted upon resolutions of this Ordinary General Meeting of Shareholders and the Board of Directors of the Company.

(7) Matters related to Paid-in Capital and Capital Reserve to be increased as a result of issue of shares upon exercise of stock acquisition rights:

- (i) The paid-in capital shall increase by a half of the increase limit in capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Companies Accounting Regulation in the event that shares are issued upon exercise of stock acquisition rights, with any fraction less than one (1) yen resulting from calculation being rounded up to full one (1) yen.
- (ii) Amount increased in the capital reserve shall be an amount obtained by subtracting the increase of the paid-in capital stated in (i) above from the

increase limit in capital, etc. stated in (i) above in the event that shares are issued upon exercise of stock acquisition rights.

(8) Event of acquisition of stock acquisition rights:

In case that a proposed merger agreement in which the Company is dissolved, or a proposed company split agreement or company split plan in which the Company is split, or a proposed share exchange or share transfer agreement in which the Company becomes a wholly-owned subsidiary of another company, is approved at the General Meeting of Shareholders of the Company, the Company may acquire stock acquisition rights without compensation on the date separately determined by the Board of Directors.

(9) Transfer of stock acquisition rights:

Transfer of stock acquisition rights shall be subject to approval of the Board of Directors of the Company.

(10) Delivery of stock acquisition rights upon merger, etc. of the Company:

In case of a merger, absorption-type company split, newly incorporation-type company split, or share exchange or transfer, the Company may deliver stock acquisition rights of the company surviving the merger, etc. to holders of stock acquisition rights in accordance with the relevant agreement or plan.

## **Seventh Item of Business: Issue of Stock Acquisition Rights as Stock Options**

We would like to ask shareholders to approve the determination of subscription requirements of stock acquisition rights to be issued without compensation as stock options to Managing Officers (excluding Directors, the same applicable hereafter) and employees pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act as follows:

1. Reasons for issue of stock acquisition rights with especially favorable conditions

For the purpose of enhancing the motivation and morale of Managing Officers and employees of the Company in terms of enhancement of corporate value and common interest of shareholders, stock acquisition rights will be issued without compensation to execute the stock option system.

2. Details of Stock Acquisition Rights

(1) Persons to be allotted with stock acquisition rights:

Persons whom the Board of Directors designates from among Managing Officers and employees for the reason that they are in important position of the Company from a viewpoint of management of the Company (the "Allottee").

(2) Total number of stock acquisition rights:

Up to 1,500 stock acquisition rights.

(3) Type and number of shares to be issued upon exercise of stock acquisition rights:

The upper limit of common stock of the Company to be allotted shall be 150,000 shares and the number of shares to be issued upon exercise of one stock acquisition right shall be 100 shares (the "Number of Allotted Shares").

Furthermore, in the event that on and after the date on which stock acquisition rights are issued (the "Issue Date") shares of the Company are split or consolidated the number of shares to be issued upon exercise of stock acquisition rights shall be adjusted in proportion to the ratio of such split or consolidation of shares. Provided, however, that such adjustment shall be made only for the number of shares to be issued upon exercise of stock acquisition rights unexercised at the time of the stock split or stock consolidation, and any fractional shares less than one share resulting from such adjustment shall be disregarded.

(4) Amount to be paid for the issue of stock acquisition rights:

No amount in cash shall be required to be paid for the issue of stock acquisition rights.

(5) Amount of the property to be contributed upon exercise of stock acquisition rights:

Amount of the property to be contributed upon exercise of each stock acquisition right shall be the amount obtained by multiplying the amount to be paid per share to be delivered upon exercise of the stock acquisition right (the "Exercise Price") by the Number of Allotted Shares. The Exercise Price shall be an amount obtained by multiplying the average of the closing prices of the Company's shares of common stock in the ordinary trading on each of the days (other than days on which no trading of the Company's shares was executed) of the month immediately prior to the month into which the Issue Date falls on the Tokyo Stock Exchange by 1.05 with any fraction less than one (1) yen being rounded up to full one (1) yen; Provided, however, that if the amount so obtained is lower than the closing price of



the Company's share on the Issue Date, the Exercise Price shall be the closing price on the Issue Date. In the event that on and after the Issue Date the Company splits or consolidates shares of common stock of the Company, the Exercise Price shall be adjusted in accordance with the following formula with any fraction less than one (1) yen resulting from adjustment being rounded up to full one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

Furthermore, in the event on and after the Issue Date the Company issues shares of common stock or disposes of treasury stock at the issue price lower than the then market price, the Exercise Price shall be adjusted in accordance with the following formula with any fraction less than one (1) yen resulting from adjustment being rounded up to full one (1) yen; Provided, however, that if shares are issued or treasury stock is disposed of upon exercise of stock acquisition rights, the Exercise Price shall not be adjusted.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued (or disposed)} \times \text{Amount paid per share}}{\text{Current market price per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued (or disposed)}}$$

In the above formula, "number of shares already issued" means the total number of shares of common stock in issue deducted by the number of treasury stock of common stock.

(6) Exercise period of stock acquisition rights:

On and after August 1, 2019 to July 31, 2024 (inclusive).

(7) Conditions for exercise of stock acquisition rights:

- (i) Holders of stock acquisition rights may exercise their stock acquisition rights only while they are in the office of Directors, Audit & Supervisory Board Members, Managing Officers, employees of the Company; Provided, however, that in the event that Director, Audit & Supervisory Board Member or Managing Officer resigns due to expiration of his term or employee retires upon reaching the age limit or justifiable cause, the foregoing shall not be applicable.
- (ii) Stock acquisition rights shall not be allowed to be inherited.
- (iii) Any other condition for exercise shall be provided for in an allotment agreement to be entered into between the Company and the Allottee upon resolutions of this Ordinary General Meeting of Shareholders and the Board of Directors of the Company.

(8) Matters related to Paid-in Capital and Capital Reserve to be increased as a result of issue of shares upon exercise of stock acquisition rights:

- (i) The paid-in capital shall increase by a half of the increase limit in capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Companies Accounting Regulation in the event that shares are issued upon exercise of

stock acquisition rights, with any fraction less than one (1) yen resulting from calculation being rounded up to full one (1) yen.

- (ii) Amount increased in the capital reserve shall be an amount obtained by deducting the increase of the paid-in capital stated in (i) above from the increase limit in capital, etc. stated in (i) above in the event that shares are issued upon exercise of stock acquisition rights.

(9) Event of acquisition of stock acquisition rights:

In case that a proposed merger agreement in which the Company is dissolved, or a proposed company split agreement or company split plan in which the Company is split, or a proposed share exchange or share transfer agreement in which the Company becomes a wholly-owned subsidiary of another company, is approved at the General Meeting of Shareholders of the Company, the Company may acquire stock acquisition rights without compensation on the date separately determined by the Board of Directors.

(10) Transfer of stock acquisition rights:

Transfer of stock acquisition rights shall be subject to approval of the Board of Directors of the Company.

(11) Delivery of stock acquisition rights upon merger, etc. of the Company:

In case of a merger, absorption-type company split, newly incorporation-type company split, or share exchange or transfer, the Company may deliver stock acquisition rights of the company surviving the merger, etc. to holders of stock acquisition rights in accordance with the relevant agreement or plan.

- End -