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Securities Code: 8098

May 31, 2018

To our shareholders:

Katsutaro Inabata  
President  
**Inabata & Co., Ltd.**  
1-15-14 Minami-semba, Chuo-ku,  
Osaka

## Notice of Convocation of the 157th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 157th Ordinary General Meeting of Shareholders of Inabata & Co., Ltd. (the “Company”), which will be held as indicated below.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Materials for the General Meeting of Shareholders, and exercise your voting rights by 5:10 p.m. on Thursday, June 21, 2018 (JST).**

### Details

- 1. Date and Time:** Friday, June 22, 2018, at 10:00 a.m.
- 2. Place:** Conference room, 9th floor of the Company, Sakaisuji Inabata Building  
1-15-14 Minami-semba, Chuo-ku, Osaka  
\* The Company will guide you to a second venue within the Company if the 9th floor conference room reaches capacity. We appreciate your understanding in this matter.

### 3. Objectives:

#### Items to be reported

1. The Business Report and the Consolidated Financial Statements for the 157th fiscal year (from April 1, 2017 to March 31, 2018), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the audit & supervisory board
2. The Financial Statements for the 157th fiscal year (from April 1, 2017 to March 31, 2018)

#### Items to be resolved

- Proposal 1:** Election of nine (9) directors  
**Proposal 2:** Election of three (3) audit & supervisory board members  
**Proposal 3:** Election of two (2) substitute audit & supervisory board members  
**Proposal 4:** Introduction of performance-linked share-based remuneration system for directors

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- ⊙ When you attend the meeting, you are kindly requested to present the enclosed Voting Right Exercise Form at the reception of the meeting.
  - ⊙ The Consolidated Financial Statements and the Financial Statements provided in the attached documents to this Notice of Convocation form part of the Consolidated Financial Statements and the Financial Statements audited by the audit & supervisory board members and the accounting auditor. Pursuant to the laws and regulations and article 15 of the Company's articles of incorporation, Notes on the Consolidated Financial Statements and Notes on the Financial Statements are posted on the Company's website and are not attached to the attached documents to this Notice of Convocation.
  - ⊙ If it becomes necessary to make changes to the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Financial Statements prior to the day before the meeting, we will notify you of the changes either by postal mail or via the Company's website.
  - ⊙ The Company shall post the contents of resolutions of this general meeting on the Company's website instead of sending written notice of resolutions. We appreciate your understanding in this matter.
    - \* The Company's website: <http://www.inabata.co.jp>

## Reference Materials for the General Meeting of Shareholders

**Proposal 1:** Election of nine (9) directors

The term of office of all the nine (9) directors will expire at the conclusion of this general meeting of shareholders.

Accordingly, the Company proposes the election of nine (9) directors.

The candidates for director are as follows:

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
1	<p style="text-align: center;">Katsutaro Inabata (December 3, 1959)</p> <p style="text-align: center; border: 1px solid black; padding: 2px;">Reappointment</p> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td style="text-align: center;">60,900</td> </tr> <tr> <td style="text-align: center;">Attendance at meetings of the board of directors</td> </tr> <tr> <td style="text-align: center;">17 of 17 (100%)</td> </tr> </table>	No. of Company shares owned	60,900	Attendance at meetings of the board of directors	17 of 17 (100%)	<p>Jan. 1989    Joined the Company</p> <p>Jun. 1995    Director of the Company</p> <p>Jun. 1997    Managing Director of the Company</p> <p>Jun. 2003    Director and Managing Executive Officer of the Company</p> <p>Apr. 2005    Director and Senior Managing Executive Officer of the Company</p> <p>Dec. 2005    Director and President of the Company (present)</p> <p>[Reason for nomination as a candidate for director] Since being appointed as director in 1995, Mr. Katsutaro Inabata has served as managing director, director and managing executive officer, and director and senior managing executive officer. Since 2005, he has been director and president of the Company. He has managed the Company for many years and possesses abundant experience as a member of the management, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p> <p>[Tenure as director] 23 years (at the conclusion of this general meeting)</p>	-
No. of Company shares owned							
60,900							
Attendance at meetings of the board of directors							
17 of 17 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
2	Toyohiro Akao (December 19, 1959)  <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div>	Apr. 1982    Joined the Company Jun. 2004    General Manager, Display & Imaging Division of the Company Jun. 2005    Executive Officer of the Company Jun. 2010    Director and Executive Officer of the Company Apr. 2011    General Manager, Electronics Materials & Equipment Division of the Company Apr. 2012    General Manager, Information & Electronics Division I, Information & Electronics Division II and Information & Electronics Division III of the Company Apr. 2013    In charge of Information & Electronics Division I, Information & Electronics Division II and Information & Electronics Division III of the Company Jun. 2013    Director and Managing Executive Officer of the Company Jun. 2014    In charge of Chemicals Division and Life Industry Division of the Company Jun. 2015    Director and Senior Managing Executive Officer of the Company (present) Apr. 2016    In charge of information & electronics, life industry segments, the Americas and Europe of the Company (present) In charge of chemicals segment of the Company	Director, Inabata Fine Tech Co., Ltd.  Director, Taiwan Inabata Sangyo Co., Ltd.
	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">No. of Company shares owned</div>	[Reason for nomination as a candidate for director] Mr. Toyohiro Akao has held positions of responsibility in the information & electronics segment, one of the Company's main segments, for many years. Following his appointment as director in 2010 as a member of the management, he has served as director and managing executive officer, and since 2015 he has been a director and senior managing executive officer, and is in charge of the information & electronics and life industry segments. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.  [Tenure as director] Eight years (at the conclusion of this general meeting)	
	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">15,400</div>		
	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Attendance at meetings of the board of directors</div>		
	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">17 of 17 (100%)</div>		

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
3	<p style="text-align: center;">Kenichi Yokota (November 3, 1962)</p> <p style="text-align: center;"><span style="border: 1px solid black; padding: 2px;">Reappointment</span></p> <table border="1" style="width: 100%; margin-top: 20px;"> <tr> <td style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td style="text-align: center;">11,400</td> </tr> <tr> <td style="text-align: center;">Attendance at meetings of the board of directors</td> </tr> <tr> <td style="text-align: center;">17 of 17 (100%)</td> </tr> </table>	No. of Company shares owned	11,400	Attendance at meetings of the board of directors	17 of 17 (100%)	<p>Jul. 1996      Joined the Company</p> <p>Jul. 2004      General Manager, Finance and Accounting Office of the Company</p> <p>Jun. 2005      Executive Officer of the Company</p> <p>Jun. 2008      Director and Executive Officer of the Company</p> <p>                    General Manager, Corporate Planning Office of the Company</p> <p>May 2009      In charge of Internal Audit Office of the Company</p> <p>Jun. 2009      General Manager, Financial Management Office of the Company</p> <p>Apr. 2011      Deputy General Manager, Corporate Planning Office of the Company</p> <p>Apr. 2013      In charge of Financial Management Office, and Deputy General Manager, International Affiliate Management Office of the Company</p> <p>Jun. 2013      In charge of Risk Management Office of the Company</p> <p>Jun. 2014      Director and Managing Executive Officer of the Company</p> <p>                    In charge of Business Process Management Office of the Company</p> <p>Apr. 2016      In charge of financial management, investor relations, business process management, risk management, international affiliate management of the Company (present)</p> <p>Jun. 2016      In charge of general affairs and information technology of the Company (present)</p> <p>Jun. 2017      Director and Senior Managing Executive Officer of the Company (present)</p> <p>[Reason for nomination as a candidate for director] Mr. Kenichi Yokota has primarily held positions of responsibility in the Company's financial management for many years. Following his appointment as director in 2008 as a member of the management, he has served as director and managing executive officer, and since 2017, he has been director and senior managing executive officer, and is in charge of administrative areas such as general affairs, information technology, financial management, investor relations, business process management, and risk management. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p> <p>[Tenure as director] 10 years (at the conclusion of this general meeting)</p>	-
No. of Company shares owned							
11,400							
Attendance at meetings of the board of directors							
17 of 17 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
4	<p data-bbox="320 445 475 506">Tomohiko Sato (June 22, 1955)</p> <p data-bbox="320 546 475 577">Reappointment</p> <table border="1" data-bbox="272 1014 523 1128"> <tr> <td data-bbox="272 1014 523 1084">No. of Company shares owned</td> </tr> <tr> <td data-bbox="272 1084 523 1128">18,700</td> </tr> </table> <table border="1" data-bbox="272 1149 523 1263"> <tr> <td data-bbox="272 1149 523 1218">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="272 1218 523 1263">17 of 17 (100%)</td> </tr> </table>	No. of Company shares owned	18,700	Attendance at meetings of the board of directors	17 of 17 (100%)	<p data-bbox="539 371 1142 913"> Apr. 1978    Joined the Company  Jun. 2010    General Manager, Housing &amp; Eco Materials Division of the Company  Jun. 2012    Executive Officer of the Company  Jun. 2013    Director and Executive Officer of the Company  Jun. 2015    Director and Managing Executive Officer of the Company (present)  In charge of Plastics Division II and Housing &amp; Eco Materials Division of the Company  Apr. 2016    In charge of housing &amp; eco materials segment, Assisting Managing Executive Officer of plastics segment of the Company (present)  Jun. 2016    In charge of human resources of the Company (present)  Oct. 2017    In charge of chemicals segment of the Company (present) </p> <p data-bbox="539 925 1142 1227"> [Reason for nomination as a candidate for director]  Mr. Tomohiko Sato has held positions of responsibility in the Company's housing &amp; eco materials segment for many years. Following his appointment as director in 2013 as a member of the management, since 2015 he has been director and managing executive officer, and is in charge of the chemicals, the housing &amp; eco materials and the plastics segments. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director. </p> <p data-bbox="539 1238 1142 1294"> [Tenure as director] Five years  (at the conclusion of this general meeting) </p>	-
No. of Company shares owned							
18,700							
Attendance at meetings of the board of directors							
17 of 17 (100%)							
5	<p data-bbox="296 1382 499 1442">Masahiro Sugiyama (June 15, 1958)</p> <p data-bbox="320 1482 475 1514">Reappointment</p> <table border="1" data-bbox="272 1588 523 1702"> <tr> <td data-bbox="272 1588 523 1657">No. of Company shares owned</td> </tr> <tr> <td data-bbox="272 1657 523 1702">7,300</td> </tr> </table> <table border="1" data-bbox="272 1722 523 1836"> <tr> <td data-bbox="272 1722 523 1792">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="272 1792 523 1836">17 of 17 (100%)</td> </tr> </table>	No. of Company shares owned	7,300	Attendance at meetings of the board of directors	17 of 17 (100%)	<p data-bbox="539 1308 1142 1554"> Jul. 2002    Joined the Company  Jun. 2010    Executive Officer of the Company  General Manager, Plastics Division II of the Company  Apr. 2014    General Manager, Information &amp; Electronics Division I of the Company (present)  Jun. 2016    Director and Executive Officer of the Company (present) </p> <p data-bbox="539 1565 1142 1823"> [Reason for nomination as a candidate for director]  Mr. Masahiro Sugiyama has held positions of responsibility in the plastics segment and the information &amp; electronics segment, both of which are major segments for the Company. He was appointed as director in 2016 as a member of the management. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director. </p> <p data-bbox="539 1834 1142 1877"> [Tenure as director] Two years  (at the conclusion of this general meeting) </p>	-
No. of Company shares owned							
7,300							
Attendance at meetings of the board of directors							
17 of 17 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
6	<p>Noriomi Yasue (March 13, 1957)</p> <p><u>Reappointment</u></p>	<p>Apr. 1980    Joined the Company</p> <p>Apr. 2013    General Manager, Plastics Division I of the Company (present)</p> <p>Apr. 2014    General Manager, Plastics Compound Business Office of the Company</p> <p>Jun. 2014    Executive Officer of the Company</p> <p>Jun. 2017    Director and Executive Officer of the Company (present) In charge of plastics segment and Asia of the Company (present)</p>	-
	<p>No. of Company shares owned</p>	<p>[Reason for nomination as a candidate for director] Mr. Noriomi Yasue has held positions of responsibility in the plastics segment, one of the Company's main segments, for many years. As a member of the management, he has experience as president of domestic and overseas group companies. He was appointed as director in 2017, and is in charge of plastics segment. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p> <p>[Tenure as director] One year (at the conclusion of this general meeting)</p>	
	<p>1,700</p>		
	<p>Attendance at meetings of the board of directors</p> <p>14 of 14 (100%)</p>		

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
7	<p>Yoshimasa Takao (March 11, 1951)</p> <p><b>Reappointment</b></p> <p>Candidate for outside director</p> <p>No. of Company shares owned</p> <p>0</p> <p>Attendance at meetings of the board of directors</p> <p>17 of 17 (100%)</p>	<p>Apr. 1973    Joined Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2003    Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2006    Managing Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2008    Director and Managing Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Apr. 2009    Representative Director and Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Apr. 2012    Representative Director and Executive Vice President, Sumitomo Chemical Co., Ltd.</p> <p>Apr. 2015    Director and Executive Deputy Chairman, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2015    Executive Deputy Chairman, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2015    Outside Director of the Company (present)</p> <p>Jun. 2015    Outside Director, Fuji Oil Company, Ltd. (present)</p> <p>Apr. 2016    Advisor, Sumitomo Chemical Co., Ltd. (present)</p> <p>[Reason for nomination as a candidate for outside director] Mr. Yoshimasa Takao possesses abundant experience as a member of the management of a general chemicals manufacturer and holds extensive knowledge of the chemicals industry. He has provided appropriate advice to the board of directors from an objective perspective, and has sufficiently fulfilled the role that the Company expects of an outside director. Based on the above, the Company considers him suitably qualified as an outside director of the Company and has nominated him once more as a candidate for outside director.</p> <p>[Tenure as outside director] Three years (at the conclusion of this general meeting)</p>	<p>Advisor, Sumitomo Chemical Co., Ltd.</p> <p>Outside Director, Fuji Oil Company, Ltd.</p>



No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
8	<p data-bbox="300 443 496 510">Katsumi Nakamura (June 23, 1953)</p> <p data-bbox="300 544 496 577"><u>Reappointment</u></p> <p data-bbox="300 589 496 656">Candidate for outside director</p> <p data-bbox="300 667 496 701"><u>Independent officer</u></p> <p data-bbox="268 913 523 981">No. of Company shares owned</p> <p data-bbox="268 992 523 1025" style="text-align: center;">0</p> <p data-bbox="268 1048 523 1115">Attendance at meetings of the board of directors</p> <p data-bbox="268 1126 523 1160" style="text-align: center;">16 of 17 (94.1%)</p>	<p data-bbox="539 371 1150 398">Apr. 1978    Joined Nissan Motor Co., Ltd.</p> <p data-bbox="539 409 1150 465">Jan. 2000    Program Director, Program Management Office, Nissan Motor Co., Ltd.</p> <p data-bbox="539 477 1150 533">Apr. 2001    Corporate Vice President, Nissan Motor Co., Ltd.</p> <p data-bbox="539 544 1150 571">Jul. 2003    President, Dongfeng Motor Co., Ltd. (China)</p> <p data-bbox="539 582 1150 638">May 2008    Executive Vice President, Renault S.A.S. (France)</p> <p data-bbox="539 649 1150 676">Jun. 2009    Director, Nissan Motor Co., Ltd.</p> <p data-bbox="539 687 1150 714">Jun. 2013    Chairman of the Board, Calsonic Kansei Corp.</p> <p data-bbox="539 725 1150 752">Jun. 2015    Outside Director of the Company (present)</p> <p data-bbox="539 763 1150 790">Jun. 2016    Chairman, Calsonic Kansei Corp.</p> <p data-bbox="539 801 1150 828">Jun. 2016    Outside Director, Kansai Airports (present)</p> <p data-bbox="539 840 1150 866">Jun. 2016    Director (Outside), Kito Corp. (present)</p> <p data-bbox="539 878 1150 1135">[Reason for nomination as a candidate for outside director] Mr. Katsumi Nakamura has abundant experience and extensive knowledge as a member of the management of large global corporations. He has provided appropriate advice to the board of directors from an objective perspective, and has sufficiently fulfilled the role that the Company expects of an outside director. Based on the above, the Company considers him suitably qualified as an outside director of the Company and has nominated him once more as a candidate for outside director.</p> <p data-bbox="539 1146 1150 1202">[Tenure as outside director] Three years (at the conclusion of this general meeting)</p>	<p data-bbox="1166 371 1393 427">Outside Director, Kansai Airports</p> <p data-bbox="1166 461 1393 517">Director (Outside), Kito Corp.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
9	<p>Toshiyuki Kanisawa (November 23, 1948)</p> <p><u>Reappointment</u></p> <p><u>Candidate for outside director</u></p> <p><u>Independent officer</u></p> <p>No. of Company shares owned</p> <p>0</p> <p>Attendance at meetings of the board of directors</p> <p>14 of 14 (100%)</p>	<p>Apr. 1972    Joined Tokyo Gas Co., Ltd.</p> <p>Jun. 2003    Executive Officer, Tokyo Gas Co., Ltd.</p> <p>Apr. 2006    Senior Executive Officer, Tokyo Gas Co., Ltd.</p> <p>Jun. 2007    Director, Senior Executive Officer, Tokyo Gas Co., Ltd.</p> <p>Apr. 2010    Representative Director, Executive Vice President, Tokyo Gas Co., Ltd.</p> <p>Apr. 2012    Director, Tokyo Gas Co., Ltd.</p> <p>Jun. 2012    Counselor, Tokyo Gas Co., Ltd.</p> <p>Jun. 2012    Vice Chairperson, The Japan Gas Association</p> <p>Jun. 2017    Outside Director of the Company (present)</p> <p>Apr. 2018    Consulting retiree, Tokyo Gas Co., Ltd. (present)</p> <p>[Reason for nomination as a candidate for outside director] Mr. Toshiyuki Kanisawa has abundant experience and extensive knowledge as a member of the management of Japan's largest city gas company and a leading company in the energy sector. He has provided appropriate advice to the board of directors from an objective perspective, and has sufficiently fulfilled the role that the Company expects of an outside director. Based on the above, the Company considers him suitably qualified as an outside director of the Company and has nominated him once more as a candidate for outside director.</p> <p>[Tenure as outside director] One year (at the conclusion of this general meeting)</p>	<p>Consulting retiree, Tokyo Gas Co., Ltd.</p>

(Notes) 1. There are no special interests between the candidates and the Company.

2. Messrs. Yoshimasa Takao, Katsumi Nakamura and Toshiyuki Kanisawa are candidates for outside directors.
3. Within the past five years, Mr. Yoshimasa Takao has served as an executive in Sumitomo Chemical Co., Ltd., which is a specified affiliated business operator for the Company. The relevant past positions are included in the brief career summary provided above.
4. The Company designates Messrs. Katsumi Nakamura and Toshiyuki Kanisawa as independent officers under the provisions of the Tokyo Stock Exchange, Inc., and submits as such accordingly. When their reelection is approved, they are scheduled to be independent officers continuously. Both of them meet the independence criteria set out in the Company's Criteria for Independence of Outside Officers.
5. Messrs. Yoshimasa Takao, Katsumi Nakamura and Toshiyuki Kanisawa are currently outside directors of the Company, and the Company has entered into an agreement with them to limit their liability for damages under article 423, paragraph 1 of the Companies Act. If their reelection is approved, the Company plans to renew the respective agreement with each of them. Pursuant to this agreement, the Company shall set the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.
6. "No. of Company shares owned" is current as of March 31, 2018.
7. Attendance at meetings of the board of directors of Messrs. Noriomi Yasue and Toshiyuki Kanisawa are for those meetings held after they assumed offices on June 23, 2017.

**Proposal 2:** Election of three (3) audit & supervisory board members

The term of office of the audit & supervisory board members Takashi Uesugi, Shuichi Suzuki, and Yoshitaka Takahashi will expire at the conclusion of this general meeting of shareholders.

Accordingly, the Company proposes the election of three (3) audit & supervisory board members.

Prior consent to this proposal has been obtained from the audit & supervisory board.

The candidates for audit & supervisory board member are as follows:

No.	Name (Date of birth)	Brief career summary and position in the Company	Significant concurrent positions at other organizations
1	<p>Takashi Mochizuki (August 24, 1955)</p> <p style="border: 1px solid black; display: inline-block; padding: 2px;">New candidate</p>	<p>Apr. 1978      Joined the Company</p> <p>Apr. 2007      General Manager, Plastics Division I of the Company</p> <p>Jun. 2008      Executive Officer of the Company</p> <p>Apr. 2013      General Manager, Internal Audit Office of the Company</p> <p>Apr. 2015      General Manager, Business Process Management Office of the Company (present)</p> <p>[Reason for nomination as a candidate for audit &amp; supervisory board member]</p> <p>Mr. Takashi Mochizuki has worked in positions of responsibility in the plastics segment, one of the Company's main segments, for many years. He also has experience working in overseas group companies, and possesses abundant global and wide-ranging experience. He has also worked in positions of responsibility in the administrative areas such as internal audit and business process management, so the Company has determined that his wide-ranging knowledge and insight would enable him to carry out objective, proactive, and fair audits and has nominated him as a candidate for audit &amp; supervisory board member.</p>	-
	No. of Company shares owned		
	11,600		

No.	Name (Date of birth)	Brief career summary and position in the Company	Significant concurrent positions at other organizations						
2	<p data-bbox="300 450 496 510">Yoshitaka Takahashi (October 14, 1954)</p> <p data-bbox="300 544 496 725"><u>Reappointment</u> Candidate for outside audit &amp; supervisory board member</p> <p data-bbox="300 741 496 770"><u>Independent officer</u></p> <table border="1" data-bbox="268 815 523 936"> <tr> <td data-bbox="268 815 523 891">No. of Company shares owned</td> </tr> <tr> <td data-bbox="268 891 523 936">0</td> </tr> </table> <table border="1" data-bbox="268 949 523 1070"> <tr> <td data-bbox="268 949 523 1025">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="268 1025 523 1070">17 of 17 (100%)</td> </tr> </table> <table border="1" data-bbox="268 1084 523 1218"> <tr> <td data-bbox="268 1084 523 1160">Attendance at meetings of the audit &amp; supervisory board</td> </tr> <tr> <td data-bbox="268 1160 523 1218">15 of 15 (100%)</td> </tr> </table>	No. of Company shares owned	0	Attendance at meetings of the board of directors	17 of 17 (100%)	Attendance at meetings of the audit & supervisory board	15 of 15 (100%)	<p data-bbox="531 376 1142 790"> Apr. 1977    Joined Honda Motor Co., Ltd.  Apr. 1995    Manager, Honda Transmission Manufacturing of America, Inc.  Jun. 2001    General Manager, Administrative Department, Honda Automobile (China) Co., Ltd.  Apr. 2007    General Manager, Business Administration Division, Kumamoto Factory, Honda Motor Co., Ltd.  Jun. 2009    Audit and Supervisory Board Member (Full-time), Yachiyo Industry Co., Ltd.  Jul. 2013    Counselor, Yachiyo Industry Co., Ltd.  Jun. 2014    Outside Audit &amp; Supervisory Board Member of the Company (present) </p> <p data-bbox="531 801 1142 1227"> [Reason for nomination as a candidate for outside audit &amp; supervisory board member]  Mr. Yoshitaka Takahashi has served as an audit &amp; supervisory board member of a listed company, and is carrying out objective, proactive, and fair audits by utilizing his abundant experience and extensive knowledge. He has sufficiently fulfilled the role that the Company expects of an outside audit &amp; supervisory board member. Based on the above, the Company considers him suitably qualified as an outside audit &amp; supervisory board member of the Company and has nominated him once more as a candidate for outside audit &amp; supervisory board member.  [Tenure as outside audit &amp; supervisory board member] Four years  (at the conclusion of this general meeting) </p>	-
No. of Company shares owned									
0									
Attendance at meetings of the board of directors									
17 of 17 (100%)									
Attendance at meetings of the audit & supervisory board									
15 of 15 (100%)									

No.	Name (Date of birth)	Brief career summary and position in the Company	Significant concurrent positions at other organizations
3	<p data-bbox="300 450 496 517">Katsuya Yanagihara (May 14, 1968)</p> <p data-bbox="300 539 496 573">New candidate</p> <p data-bbox="300 584 496 730">Candidate for outside audit &amp; supervisory board member</p> <p data-bbox="300 741 496 775">Independent officer</p> <p data-bbox="300 797 496 853">No. of Company shares owned</p> <p data-bbox="300 864 496 898">0</p>	<p data-bbox="539 371 999 405">Apr. 1995 Appointed as Public Prosecutor</p> <p data-bbox="539 416 911 450">Apr. 2006 Registered as Attorney</p> <p data-bbox="539 461 1102 495">Dec. 2007 Partner, Daiichi Law Office, P.C. (present)</p> <p data-bbox="539 506 1094 539">Aug. 2015 Director (Outside), Gunosy Inc. (present)</p> <p data-bbox="539 551 1102 584">[Reason for nomination as a candidate for outside audit &amp; supervisory board member]</p> <p data-bbox="539 595 1150 775">Mr. Katsuya Yanagihara, though never having been directly involved in corporate management in any form other than as outside officer, is a qualified attorney, so the Company has determined that his wide-ranging knowledge and insight would enable him to carry out objective, proactive, and fair audits and has nominated him as a candidate for outside audit &amp; supervisory board member.</p>	<p data-bbox="1166 371 1350 427">Director (Outside), Gunosy Inc.</p>

(Notes) 1. There are no special interests between the candidates and the Company.

2. Messrs. Takashi Mochizuki and Katsuya Yanagihara are new candidates for audit & supervisory board member.
3. Messrs. Yoshitaka Takahashi and Katsuya Yanagihara are candidates for outside audit & supervisory board member.
4. The Company designates Messrs. Yoshitaka Takahashi and Katsuya Yanagihara as independent officers under the provisions of the Tokyo Stock Exchange, Inc., and submits as such accordingly. When the reelection of Mr. Yoshitaka Takahashi is approved, he is scheduled to be an independent officer continuously. As for Mr. Katsuya Yanagihara, if his election is approved, he is scheduled to be an independent officer. Both of them meet the independence criteria set out in the Company's Criteria for Independence of Outside Officers.
5. Mr. Yoshitaka Takahashi is currently an outside audit & supervisory board member of the Company, and the Company has entered into an agreement with him to limit his liability for damages under article 423, paragraph 1 of the Companies Act. If his reelection is approved, the Company plans to renew the respective agreement with him. In addition, if the election of Mr. Katsuya Yanagihara is approved, the Company plans to enter into the respective agreement with him. Pursuant to this agreement, the Company shall set the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.
6. "No. of Company shares owned" is current as of March 31, 2018.

**Proposal 3:** Election of two (2) substitute audit & supervisory board members

The Company proposes the election of two (2) candidates as substitute for audit & supervisory board members to be ready to fill a vacant position should the number of audit & supervisory board members fall below the number required by laws and regulations and the articles of incorporation.

The Company proposes the election of candidate Mr. Masami Funaki as substitute audit & supervisory board member for Mr. Takashi Mochizuki who will become an audit & supervisory board member if Proposal 2 “Election of three (3) audit & supervisory board members” is approved and adopted as originally proposed. The Company also proposes the election of candidate Mr. Toru Muranaka as substitute outside audit & supervisory board member for Messrs. Yoshitaka Takahashi and Katsuya Yanagihara who will become outside audit & supervisory board members, and the current outside audit & supervisory board member Mr. Shinji Morimoto if Proposal 2 is approved and adopted as originally proposed.

Furthermore, prior consent to this proposal has been obtained from the audit & supervisory board.

The candidates for substitute audit & supervisory board member are as follows:

No.	Name (Date of birth)	Brief career summary and position in the Company	Significant concurrent positions at other organizations
1	Masami Funaki (December 27, 1953)	<p>Apr. 1976    Joined the Company</p> <p>Oct. 1984    Transferred to Sumitomo Pharmaceuticals Co., Ltd. (currently Sumitomo Dainippon Pharma Co., Ltd.)</p> <p>Oct. 1993    Transferred to the Company</p> <p>Jan. 2008    General Manager, Human Resources and General Affairs Office</p> <p>Apr. 2013    General Manager, General Affairs Office (present)</p> <p>[Reason for nomination as a candidate for substitute audit &amp; supervisory board member] Mr. Masami Funaki has worked in positions of responsibility in the administrative areas such as human resources and general affairs for many years. He also has experience working in a pharmaceutical manufacturer, so the Company has determined that his wide-ranging knowledge and insight would enable him to carry out objective, proactive, and fair audits and has nominated him as a candidate for substitute audit &amp; supervisory board member.</p>	—
	No. of Company shares owned		
	100		

No.	Name (Date of birth)	Brief career summary and position in the Company	Significant concurrent positions at other organizations
2	<p>Toru Muranaka (June 3, 1965)</p> <p>Candidate for substitute outside audit &amp; supervisory board member</p> <p>Independent officer</p> <p>No. of Company shares owned</p> <p>0</p>	<p>Apr. 1995 Registered as Attorney</p> <p>Nov. 2007 Partner, Daiichi Law Office, P.C. (present)</p> <p>May 2014 Outside Audit &amp; Supervisory Board Member, Furuno Electric Co., Ltd. (present)</p> <p>Jun. 2015 Outside Audit &amp; Supervisory Board Member, Suzuken Co., Ltd. (present)</p> <p>Jun. 2016 Outside Director, Capcom Co., Ltd. (present)</p> <p>[Reason for nomination as a candidate for substitute outside audit &amp; supervisory board member] Mr. Toru Muranaka, though never having been directly involved in corporate management in any form other than as outside officer, is a qualified attorney, so the Company has determined that his wide-ranging knowledge and insight would enable him to carry out objective, proactive, and fair audits and has nominated him as a candidate for substitute outside audit &amp; supervisory board member.</p>	<p>Outside Audit &amp; Supervisory Board Member, Furuno Electric Co., Ltd.</p> <p>Outside Audit &amp; Supervisory Board Member, Suzuken Co., Ltd.</p> <p>Outside Director, Capcom Co., Ltd.</p>

(Notes) 1. There are no special interests between the candidates and the Company.

2. Mr. Toru Muranaka is a candidate for substitute outside audit & supervisory board member.
3. Mr. Toru Muranaka meets the independence criteria set out in the Company's Criteria for Independence of Outside Officers and the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc.
4. If Mr. Toru Muranaka assumes the office of outside audit & supervisory board member because the number of audit & supervisory board members fell below the minimum provided for by laws and regulations and the articles of incorporation, the Company plans to enter into an agreement with him to limit his liability for damages under article 423, paragraph 1 of the Companies Act. Pursuant to this agreement, the Company shall set the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.
5. "No. of Company shares owned" is current as of March 31, 2018.

<For Reference>

## **1. Policy and procedure for the appointment of candidates for directors and audit & supervisory board members**

When the Company's board of directors elects executives and appoints candidates for directors and audit & supervisory board members, the Nomination and Remuneration Committee which mainly consists of independent outside directors, take measures, for instance, such as interviewing candidates, to examine credentials and aptitude which would contribute to the improvement of corporate value in the medium and long term and to ensure the objectivity and fairness of any decision the board of directors makes.

The Company has the Criteria for Independence of Outside Officers, which are set out in section 2 below, independently in place for the election of outside directors and outside audit & supervisory board members and elects them in accordance with these criteria.

## **2. Criteria for Independence of Outside Officers**

The Company has established criteria concerning the independence of outside directors and outside audit & supervisory board members of the Company (hereinafter collectively called "outside officers") as follows, and outside officers who do not meet any of the following conditions are considered independent.

1. An executive (\*1) of the Company or a subsidiary of the Company currently or within the past 10 years
2. A person who has met any of the following conditions (1) through (7) over the last three years
  - (1) A party whose major client or supplier is the Company (\*2) or an executive thereof
  - (2) A major client or supplier of the Company (\*3) or an executive thereof
  - (3) A consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/audit & supervisory board member (\*4) (In case it is an organization such as a corporation or an association that receives monetary consideration or property, a party which belongs to the said organization.)
  - (4) A major shareholder (\*5) of the Company or an executive thereof
  - (5) A major lender (\*6) of the Company or an executive thereof
  - (6) A party that receives a donation over a certain amount (\*7) from the Company or a party affiliated with an organization that receives a donation from the Company
  - (7) An executive of a company for which an executive of the Company serves concurrently as outside officer of the said company
3. A spouse or relative within the second degree of kinship of the person in 1. or 2. above
4. A person who has served as outside officer of the Company for over eight years

(\*1) "Executive" is an executive director, an executive officer or an employee.

(\*2) "A party whose major client or supplier is the Company" is one which has received a payment from the Company equivalent to over 2% of its consolidated annual gross sales.

(\*3) "Major client or supplier of the Company" is one which has paid to the Company an amount equivalent to over 2% of the Company's consolidated annual gross sales.



- (\*4) “Receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/audit & supervisory board member” means receiving from the Company monetary consideration or property which exceeds the higher of either 2% of sales or total revenue of such party in addition to compensation as a director/audit & supervisory board member or 10 million yen.
- (\*5) “Major shareholder” is one whose ownership ratio of voting rights is 10% or higher.
- (\*6) “Major lender” is one which has lent the Company an amount equivalent to over 2% of the Company’s consolidated total assets.
- (\*7) “A donation over a certain amount” is one over 10 million yen.

**Proposal 4:** Introduction of performance-linked share-based remuneration system for directors

1. Reasons for the proposal

This proposal is to request the approval for the introduction of a new performance-linked share-based remuneration system (Board Benefit Trust=BBT; hereinafter the “System”) for the directors of the Company (excluding outside directors; hereinafter the same shall apply in this proposal unless specially noted).

The purpose of this proposal is to further clarify the linkage of the remuneration for directors, the Company’s business performance, and the stock value, and enhance their motivation to contribute to the improvement of the Company’s business performance in the medium and long term and to boost corporate value by sharing not only the benefit of the rise in stock prices but also the risks of a decline in stock prices with the Company’s shareholders. The Company believes that the content of this proposal is appropriate for its purpose.

This proposal is to request approval for the amount of remuneration, etc. in paying new share-based remuneration to directors of the Company separately from the amount of the directors’ remuneration, 430 million yen or less per year, which was approved at the 145th Ordinary General Meeting of Shareholders held on June 29, 2006. The Company proposes the details of the System be entrusted to the board of directors within the limits set out in 2. below.

If Proposal 1 “Election of nine (9) directors” is approved and adopted as originally proposed, the number of directors covered under the System will be six.

2. Amount of remuneration, etc. and the supplementary reference information, according to the System

(1) Outline of the System

The System is a performance-linked share-based remuneration system by acquiring the Company’s share through the trust (hereinafter the “Trust” to be established based on the System) using the funds that the Company contributes and providing remuneration for directors, through the Trust, in accordance with the share delivery regulations for officers. The remuneration is the Company’s shares and monies equivalent to the amount obtained by converting the Company’s shares at the market prices (hereinafter called the “Company’s Shares, etc.”). As a general rule, the Company’s Shares, etc. are provided for directors upon retirement.

(2) Beneficiaries of the System

Directors (excluding outside directors)

(3) Trust period

The period of trust is from August or September 2018 (planned) through the termination of the Trust. (The termination of the Trust shall not be specified. The Trust is deemed to continue as long as the System is not terminated. The System shall be terminated when Company's share is delisted or when the share delivery regulations for officers are abolished.)

(4) Trust amount

Subject to approval of this proposal, the Company will introduce the System for the three business years from the year ending March 31, 2019 to the year ending March 31, 2021 (hereinafter called the "Initial Period." The Initial Period and each three consecutive business years following the Initial Period shall respectively be referred to as "Applicable Periods"), as well as the respective Applicable Periods that follow, and contribute the cash amount as defined below to the Trust as the fund for the Trust to acquire Company's shares for the purpose of providing the Company's Shares, etc. to directors.

As a first step, the Company will contribute funds of up to 500 million yen as necessary funds for the Initial Period upon establishing the Trust.

Furthermore, after the expiration of the Initial Period, as a general rule, the Company will make additional contributions to the Trust, of up to 500 million yen for the respective Applicable Periods until the termination of the System. However, in the case of such additional payments, if there is any Company's shares remaining in the trust asset (excluding those shares equivalent to the points granted to directors until preceding Applicable Periods, but which have not yet been delivered) and/or money (hereinafter called the "Remaining Shares, etc."), the total amount of such Remaining Shares, etc. (based on the book value of the Company's share on the final day of the previous Applicable Period) and the trust money additionally paid by the Company is to be within the limit of 500 million yen or less.

When the Company decides to contribute to the fund additionally, the Company will disclose it adequately on a timely basis.

(5) Acquisition method of Company's shares and number of shares to be acquired

The acquisition of Company's shares by the Trust is intended to be made with the fund contributed as described in (4) above in the exchange market or by means of assuming disposed treasury shares.

In the Initial Period after the establishment of the Trust and without delay, up to 300,000 shares shall be acquired.

The details of the acquisition of the Company's shares by the Trust shall be disclosed adequately on a timely basis.

- (6) The calculation method of the number of the Company's Shares, etc. to be granted to directors

Directors are granted a certain number of points as determined by their position and rank according to the share delivery regulations for officers and with consideration to the level of achievements in terms of performance for each business year. The maximum number of points granted in total to a director per business year shall be 100,000 points. This has been decided by comprehensively taking into account the current level of officers' remuneration provided, the trend in the number of directors, the outlook going forward, and other factors, and the Company believes it to be adequate.

The points granted to directors are converted to the Company's common share in granting the Company's Shares, etc., as prescribed in the upcoming provision (7): one point shall be converted to one share. (However, in case a stock split, allotment of share without contribution, or reverse stock split takes place after this proposal is approved, limit of points, points granted, or the conversion rate shall be adjusted rationally in proportion to such an event).

The points for directors as the base of compensation for the Company's Shares, etc. described in (7) below shall be the accumulated points granted to directors at or before retirement, as a general rule (hereinafter called the "Final Points" for the points calculated in this way).

- (7) Grant of the Company's Shares, etc.

In case directors retire and satisfy the requirements of the benefit stipulated in the share delivery regulations for officers, the directors are provided the shares by the Trust after retirement in accordance with the Final Points described in (6), above, as a general rule, by completion of the prescribed procedures for the beneficiary. However, if directors satisfy the requirements prescribed in the share delivery regulations for officers, with regard to the certain proportion of points, monies equivalent to the amount of Company's shares at the market price are granted in lieu of granting Company's shares. For this case, Company shares may be sold by the Trust for granting monies.

- (8) Execution of voting rights

The voting rights of the Company's shares within the account of the Trust shall not be executed in accordance with the instructions of the trust administrator without exception. This rule is intended to maintain neutrality in the Company's business management in terms of execution of voting rights of Company's shares within the account of the Trust.

- (9) Handling of dividends

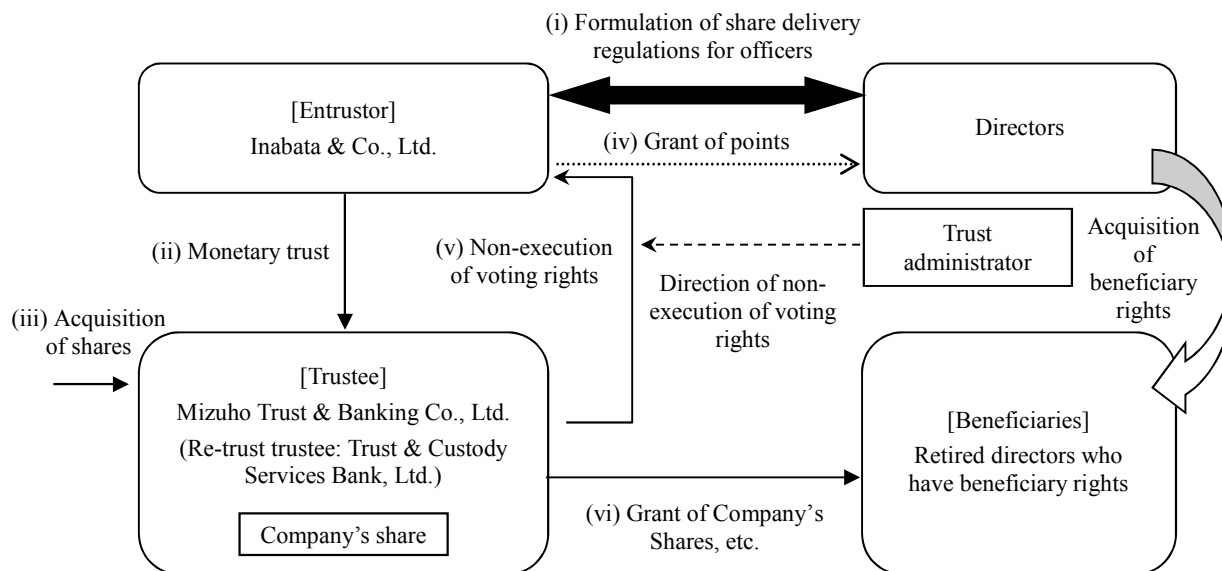
The dividends of Company's shares within the account of the Trust are distributed to the Trust and used for the acquisition of the shares or share compensation to trustees pertaining to the Trust. In case the Trust is to be terminated, dividends remaining in the Trust shall be donated to an organization that has no vested interest in the Company or the Company's officers, or distributed to incumbent directors in proportion to the respective number of points they hold.

(10) Termination of the trust

The Trust shall be terminated when the Company's share is delisted, when the share delivery regulations for officers are abolished, or for other reasons.

The Company's share in the remaining assets of the Trust as of the termination of the Trust will be wholly transferred to the Company without compensation, and canceled by a resolution of the board of directors. As for the cash portion of the remaining assets of the Trust at the time of termination, the amount remaining after deducting the amount to be donated to an organization and/or the paid to directors according to (9) above shall be transferred to the Company.

<Reference: Structure of the System>



- (i) The Company formulates the share delivery regulations for officers within the scope of approval of this proposal.
- (ii) The Company entrusts the money within the scope of the approval of this proposal.
- (iii) The money entrusted as mentioned in (ii) is used by the Trust for acquisition of Company's share through the transaction market or by way of taking up the disposition of the Company's treasury shares.
- (iv) The Company grants points to directors based on the share delivery regulations for officers.
- (v) In conformity to the instructions of the independent trust administrator, the voting rights of the Company's shares within the account of the Trust shall not be executed by the Trust.
- (vi) The retired directors who have beneficiary rights in accordance with the share delivery regulations for officers (hereinafter called the "Beneficiaries") are granted the Company's shares equivalent to their points by the Trust. However, if directors satisfy the requirements prescribed in the share delivery regulations for officers with regard to the certain proportion of points, monies equivalent to the amount of the Company's shares at market price are granted.