

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 117th Ordinary General Meeting of Shareholders of NGK SPARK PLUG CO., LTD. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Securities Code: 5334)

June 7, 2017

Dear Shareholders

Shinichi Odo
Chairman, President and Chief Executive
Officer

NGK SPARK PLUG CO., LTD.
14-18, Takatsuji-cho, Mizuho-ku, Nagoya

NOTICE OF CONVOCAION OF THE 117th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 117th Ordinary General Meeting of Shareholders of NGK SPARK PLUG CO., LTD. (the “Company”), to be held as follows.

If you are unable to attend the meeting, you may otherwise exercise your voting rights in writing or via the Internet. Please read the attached REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS provided below. You are requested to exercise your Voting Rights before 5:00 p.m., on Wednesday, June 28, 2017.

- 1. Time and Date:** 10:00 a.m., Thursday, June 29, 2017
2. Place: 3F Nago, Nagoya Kanko Hotel
1-19-30, Nishiki, Naka-ku, Nagoya

3. Objectives of the Meeting:

- Reports:**
1. Reports on Business Report and Consolidated Financial Statements, as well as Results of the Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for Fiscal 2016 (From April 1, 2016, to March 31, 2017)
 2. Reports on Non-Consolidated Financial Statements for Fiscal 2016 (From April 1, 2016, to March 31, 2017)
- Agenda:**
- Proposal No.1:** Election of Ten (10) Directors
Proposal No.2: Election of Two (2) Audit & Supervisory Board Members
Proposal No.3: Revision of the Amount of Compensation etc. for Directors
Proposal No.4: Determination of Amount and Content of Performance-linked Stock Compensation etc. for Directors

◎If any amendment is made to the REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS, the Business Report, and the Consolidated and/or the Non-Consolidated Financial Statements, the amended information will be disclosed on the Company’s Web site.
(<https://www.ngkntk.co.jp/>)

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Items of Reference

Proposal No. 1: Election of Ten (10) Directors

As the terms of office of all of the current ten (10) Directors will expire at the conclusion of this General Meeting of Shareholders, we propose the election of ten (10) Directors, including three (3) candidates for Outside Director.

[The Company's policy for nomination of Directors]

The Company believes it is important to ensure that the Board of Directors is composed of diverse human resources with different backgrounds that include specialized knowledge, experience, etc. In addition, by electing several Outside Directors as members of the Board of Directors, the Company places great emphasis on incorporating external perspectives in order to strengthen supervisory functions while securing transparency for decision-making processes.

The candidates for Director are as follows:

No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
1	Shinichi Odo (April 3, 1954)	<p>Apr. 1977 Joined NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2003 General Manager of Overseas Aftermarket Sales & Marketing Dept., Sales and Marketing Div., Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Jul. 2005 President, NGK Spark Plugs (U.S.A.), Inc.</p> <p>Jun. 2007 Member of the Board, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2010 Member of the Board (Managing Director), NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2011 Representative Director and President, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2012 President and Chief Executive Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2016 Representative Director and Chairman of the Board, Chief Executive Officer, President Officer, NGK SPARK PLUG CO., LTD. (up to the present)</p>	16,308 shares
2	Shinji Shibagaki (December 24, 1953)	<p>Apr. 1977 Joined NGK SPARK PLUG CO., LTD.</p> <p>Oct. 2003 General Manager of Accounting & Finance Dept., NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2007 President, NGK Spark Plugs (U.S.A.) Holding, Inc.</p> <p>Jun. 2007 Member of the Board, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2010 Member of the Board (Managing Director), NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2011 Member of the Board (Senior Managing Director), NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2012 Member of the Board Senior Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2013 Member of the Board Executive Vice President, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2013 Representative Director, Executive Vice President, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2016 Representative Director and Vice Chairman of the Board, NGK SPARK PLUG CO., LTD. (up to the present)</p>	20,855 shares

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
3	Teppei Okawa (July 11, 1955)	<p>Apr. 1981 Joined NGK SPARK PLUG CO., LTD.</p> <p>Oct. 2006 General Manager of Technical Control Dept., Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2007 General Manager of Planning Dept., Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2009 General Manager of New Mission-Critical-System Office, Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2010 General Manager of SCM Office, Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2011 General Manager of Procurement Dept., Procurement Group, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2011 Member of the Board, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2012 Member of the Board Corporate Officer, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2012 Corporate Officer, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2013 Member of the Board Corporate Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2014 Member of the Board Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2015 Member of the Board Senior Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2016 Representative Director and Vice President Officer, NGK SPARK PLUG CO., LTD. (up to the present)</p> <p>(Assignments) Assistant to President, in charge of Internal Auditing Office, overall control of Corporate Strategy Group and Engineering R&D Group</p>	9,357 shares

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
4	Shogo Kawajiri (December 17, 1954)	<p>Apr. 1979 Joined NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2004 General Manager of Quality Assurance Dept., Sensor Div., Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2005 General Manager of Quality Assurance Dept., NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2007 General Manager of Fine Ceramics Div., Technical Ceramics Group, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2008 Deputy General Manager of Semiconductor Components Div., Communication Media Components Group, Member of the Board, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2011 Member of the Board (Managing Director), NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2012 Member of the Board Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2013 Member of the Board Senior Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2014 Member of the Board Vice President Officer, NGK SPARK PLUG CO., LTD. (up to the present)</p> <p>(Assignments) In charge of Special Missions</p>	16,165 shares
5	Takeshi Nakagawa (September 20, 1956)	<p>Apr. 1979 Joined NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2007 General Manager of Purchasing Dept., NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2008 Member of the Board, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2011 Member of the Board (Managing Director), NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2012 Member of the Board Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2013 Member of the Board Senior Managing Officer, NGK SPARK PLUG CO., LTD. (up to the present)</p> <p>(Assignments) In charge of Corporate Administration Group and Secretarial Office, Nagoya Plant Manager</p>	12,895 shares
6	Takeshi Kawai (October 13, 1962)	<p>Apr. 1987 Joined NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2011 General Manager of Sensor Engineering Dept. II, Sensor Div., Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2012 Corporate Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2015 Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2015 Member of the Board Managing Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2016 Member of the Board Senior Managing Officer, NGK SPARK PLUG CO., LTD. (up to the present)</p> <p>(Assignments) In charge of Business Planning Management Division, Komaki Plant Manager</p>	1,803 shares

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
7	<div>New candidate</div> Mikihiko Kato (August 18, 1962)	Apr. 1985 Joined NGK SPARK PLUG CO., LTD. Feb. 2012 General Manager of Corporate Planning Dept., NGK SPARK PLUG CO., LTD. Aug. 2012 President, CERAMICA E VELAS DE IGNICAO NGK DO BRASIL LTDA Oct. 2015 General Manager of Corporate Planning Dept., NGK SPARK PLUG CO., LTD. Apr. 2016 Corporate Officer, NGK SPARK PLUG CO., LTD. (Assignments) In charge of Corporate Strategy Group	3,361 shares
8	<div>Candidate for Outside Director</div> Morihiro Otaki (June 11, 1954)	Aug. 1996 President and CEO, Johnson & Johnson K.K. Vision Care Company Aug. 2011 Vice Chairman, Director, Pasona Inc. Jun. 2013 Member of the Board (Outside Director), NGK SPARK PLUG CO., LTD. (up to the present) Jun. 2016 Director, Henry Schein Japan K.K. (up to the present) Aug. 2016 Vice Chairman, Pasona Inc. (up to the present) (Significant Positions Concurrently Held) Director, Henry Schein Japan K.K.	2,185 shares
<p>He attended 12 of the 13 Board of Directors' Meetings held in Fiscal 2016. He will have served as Outside Director of the Company for four (4) years at the conclusion of this General Meeting of Shareholders.</p> <p>【Reason for appointment as a candidate for Outside Director】 Mr. Otaki has extensive experience with global companies and keen insight as a business executive. As an Outside Director, he oversees business execution by the Company's management team and provides advice to the team. The Company has selected Mr. Otaki as a candidate for Outside Director based on the judgment that he will continue to contribute to the maintenance and reinforcement of the Company's corporate governance, as he has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making.</p> <p>【Regarding the independence of candidates for Outside Director】 Mr. Otaki had served as Director of Pasona Inc., which maintains a business relationship with the Company involving personnel placement services. However, the Company's business with Pasona accounts for an extremely small percentage of Pasona sales (less than 0.1%). Also, there is no business relationship between Henry Schein Japan K.K., for which he serves as Director, and the Company. For the reasons above, we deem that his independence is sufficiently assured and that the election criteria for independent officers (please refer to page 11) set by the Company are met. Accordingly, the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of his continued appointment as Independent Outside Director, upon approval of his re-election.</p>			

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Candidate for Outside Director</div> Kanemaru Yasui (February 22, 1951)	Mar. 1981 Registered as certified public accountant Apr. 1999 Partner, Chuo Audit Corporation Sep. 2006 Partner, Misuzu Audit Corporation Aug. 2007 Partner, AZSA & Co. (currently KPMG AZSA LLC.) Jun. 2008 Managing Partner, Director of Nagoya Branch, AZSA & Co. (currently KPMG AZSA LLC.) Jun. 2013 Retired from AZSA & Co. Jul. 2013 Director, Yasui Certified Public Accountant Office (up to the present) Jun. 2014 Member of the Board (Outside Director), NICHIIHA Corporation (up to the present) Member of the Board (Outside Director), NGK SPARK PLUG CO., LTD. (up to the present) (Significant Positions Concurrently Held) Certified Public Accountant Outside Director, NICHIIHA Corporation	124 shares
9	<p>He attended all of the 13 Board of Directors' Meetings held in Fiscal 2016. He will have held a position as Outside Director of the Company for three (3) years at the conclusion of this General Meeting of Shareholders.</p> <p>【Reason for appointment as a candidate for Outside Director】 Mr. Yasui has expert knowledge and experience accumulated over many years as a certified public accountant. As an Outside Director, he oversees business execution by the Company's management team and provides advice to the team. The Company has selected Mr. Yasui as a candidate for Outside Director based on the judgment that he will continue to contribute to the maintenance and reinforcement of the Company's corporate governance, as he has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. Although Mr. Yasui has not contributed to corporate management in a capacity other than as Outside Director, for the reasons above, the Company has determined that he will be able to appropriately fulfill the duties of Outside Director.</p> <p>【Regarding the independence of candidates for Outside Director】 Mr. Yasui has an employment background with KPMG AZSA LLC, the Company's auditing firm, and from April 1993 to March 2005 was involved in accounting audits of the Company. However, over eleven (11) years have passed following his involvement in auditing the Company, and it has been four (4) years since his retirement from the aforementioned auditing firm. Moreover, that auditing firm conducts accounting audits of the Company from an independent standpoint, as stipulated by law; furthermore, payments by the Company to the auditing firm account for an extremely small percentage of the total remuneration of the auditing firm (less than 0.1%). In addition, at present there is no business relationship between the Company and Yasui Certified Public Accountant Office, where Mr. Yasui currently serves as Director, and the election criteria for independent officers (please refer to page 11) set by the Company are met. As such, the independence of Mr. Yasui is sufficiently assured, and the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of his continued appointment as Independent Outside Director, upon approval of his re-election.</p>		

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Candidate for Outside Director</div> Megumi Tamagawa (May 10, 1958)	Aug. 1990 Registered as certified public accountant Feb. 1991 Joined BDO Toyo & Co. Oct. 2000 Manager, Accounting Department, Japan Branch, General Electric International Inc. Oct. 2004 Joined MARUYAHONSHA Co., Ltd. Mar. 2006 Representative Director, MARUYAHONSHA Co., Ltd. Mar. 2016 Director, MARUYAHONSHA Co., Ltd. (up to the present) Jun. 2016 Member of the Board (Outside Director), NGK SPARK PLUG CO., LTD. (up to the present) (Significant Positions Concurrently Held) Director, MARUYAHONSHA Co., Ltd.	81 shares
10	<p>She attended all of the 10 Board of Directors' Meetings held in Fiscal 2016 after her assumption of office as Outside Director on June 29, 2016.</p> <p>She will have held a position as Outside Director of the Company for one (1) year at the conclusion of this General Meeting of Shareholders.</p> <p>【Reason for appointment as a candidate for Outside Director】 Ms. Tamagawa has abundant experience and keen insight as a corporate manager in a different industry from that of the Company as well as expert knowledge accumulated as a certified public accountant. As an Outside Director, she oversees business execution by the Company's management team and provides advice to the team. The Company has selected Ms. Tamagawa as a candidate for Outside Director based on the judgment that she will continue to contribute to the maintenance and reinforcement of the Company's corporate governance, as she has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making.</p> <p>【Regarding the independence of candidates for Outside Director】 We deem that Ms. Tamagawa's independence is sufficiently assured given that there is no business relationship between MARUYAHONSHA Co., Ltd., for which she serves as Director, and that the election criteria for independent officers (please refer to page 11) set by the Company are met. Accordingly, the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of her continued appointment as Independent Outside Director, upon approval of her re-election.</p>		

Notes:

- Each candidate for Director has no special interest in the Company.
 - The number of shares of the Company each candidate holds includes the shares that each candidate holds in NGK SPARK PLUG under officer stock ownership.
 - Morihiko Otaki, Kanemaru Yasui and Megumi Tamagawa are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 - In November 2016, the Company reached an agreement with the Administrative Council for Economic Defense of Brazil to pay settlement money in relation to the suspected violation of the Brazilian Competition Law concerning certain past transactions of automotive spark plugs. In January 2017, the Korea Fair Trade Commission announced that it would impose a penalty surcharge on the Company for its violation of the Monopoly Regulation and Fair Trade Act of South Korea concerning certain past transactions of automotive oxygen sensors. The Company considers ensuring legal compliance is an important management issue and its Outside Directors Morihiko Otaki, Kanemaru Yasui and Megumi Tamagawa have been emphasizing the importance of ensuring legal compliance and stating opinions about the issue at Board of Directors' Meetings and on other occasions in the course of their duties.
- Following the detection of such facts, in addition to past statements about legal compliance, the Outside Directors expressed their opinions on elimination of any violation of antitrust law, including that of overseas, further improvement of the Group's compliance system, and promotion of compliance initiatives, and thus

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they are fulfilling their duties.

5. In order that the Outside Directors may perform the roles expected of them, the Company has established rules in accordance with the Articles of Incorporation, enabling the conclusion of a liability limitation agreement with each Outside Director, which limits Outside Directors' compensation for damages to the minimum liability amount established by laws and regulations.

Mr. Morihiko Otaki, Mr. Kanemaru Yasui, and Ms. Megumi Tamagawa have each already concluded a liability limitation agreement with the Company, and upon approval of their re-election as Outside Directors, the Company intends to continue the said agreements with them.

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Proposal No. 2: Election of Two (2) Audit & Supervisory Board Members

As the term of office of the current Audit & Supervisory Board Member Keiichi Matsunari will expire at the conclusion of this General Meeting of Shareholders and Audit & Supervisory Board Member Shigehisa Sao will resign at the conclusion of this General Meeting of Shareholders, we propose the election of two (2) Audit & Supervisory Board Members.

The terms of office of the Audit & Supervisory Board Members to be elected by this General Meeting of Shareholders will be until the conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within four (4) years following their election.

This proposal has been approved in advance by the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Member are as follows:

No.	Name (Date of Birth)	Brief Personal History, Positions and Significant Positions Concurrently Held	Number of Shares Held
1	<div>New candidate</div> <p>Yasuhiko Hotta (May 9, 1957)</p>	<p>Apr. 1980 Joined NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2008 General Manager of Accounting & Finance Dept., NGK SPARK PLUG CO., LTD.</p> <p>Nov. 2008 General Manager of Semiconductor Components Div., Communication Media Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2009 General Manager of Planning Dept., Communication Media Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Feb. 2011 General Manager of Information System Dept., NGK SPARK PLUG CO., LTD.</p> <p>Jul. 2011 Senior General Manager, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2016 Senior General Manager, Working Styles Reforming Office, Corporate Strategy Group, NGK SPARK PLUG CO., LTD. (up to the present)</p>	2,300 shares
2	<div>New candidate</div> <div>Candidate for Outside Corporate Auditor</div> <p>Fumiko Nagatomi (November 28, 1952)</p>	<p>Apr. 1981 Registered as an attorney, Joined Hachisuka Law Firm</p> <p>Mar. 1989 Resigned from Hachisuka Law Firm</p> <p>Apr. 1989 Opened Nagatomi Law Firm (up to the present)</p> <p>May 2006 Audit & Supervisory Board Member (Outside Corporate Auditor), UCS CO., LTD. (up to the present)</p> <p>Jun. 2016 Audit & Supervisory Board Member (Outside Corporate Auditor), CHUBU Electric Power Co. Inc. (up to the present)</p> <p>(Significant Positions Concurrently Held)</p> <p>Attorney</p> <p>Outside Auditor, UCS CO., LTD.</p> <p>Outside Auditor, CHUBU Electric Power Co. Inc.</p>	0 shares
<p>【Reason for appointment as a candidate for Outside Audit & Supervisory Board Member】</p> <p>With her expert knowledge and experience accumulated over many years as a lawyer, the Company believes that Ms. Nagatomi can perform appropriate audits of the Company's overall management as an Outside Audit & Supervisory Board Member and selected her as a candidate for Outside Audit & Supervisory Board Member.</p> <p>Although Ms. Nagatomi has not contributed to corporate management in a capacity other than as Outside Audit & Supervisory Board Member, the Company believes she can appropriately fulfill the duties of Outside Audit & Supervisory Board Member for the reasons above.</p> <p>【Regarding the independence of candidates for Outside Corporate Auditor】</p> <p>We deem that Ms. Nagatomi's independence is sufficiently assured given that there is no business relationship between the law firm to which she belongs and the Company, and that the election criteria for independent officers (please refer to page 11) set by the Company are met. Accordingly, the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of her appointment as Independent Outside Auditor, upon approval of her election.</p>			

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Notes:

1. Each candidate for Audit & Supervisory Board Member has no special interest in the Company.
2. Fumiko Nagatomi is a candidate for Outside Audit & Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
3. In order that the Outside Audit & Supervisory Board Members may perform the roles expected of them, the Company has established rules in accordance with the Articles of Incorporation, enabling the conclusion of a liability limitation agreement with each Outside Audit & Supervisory Board Member, which limit Outside Audit & Supervisory Board Members' compensation for damages to the minimum liability amount established by laws and regulations.
The Company intends to conclude the aforementioned liability limitation agreement with Ms. Nagatomi upon approval of her election as Outside Audit & Supervisory Board Member.
4. Mr. Yasuhiko Hotta has many years of experience working in the Accounting & Finance Dept. of the Company and has considerable knowledge about finance and accounting.

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(Reference)

Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

In addition to the qualifications of outside directors and outside audit & supervisory board members specified in the Companies Act and the criteria on the independence of independent officers specified by financial instrument exchanges, the Company adopted its own Election Criteria of Independent Officers* set forth below and elects only persons who meet all of those criteria as independent outside officers.

1. Persons who in the preceding three (3) years have not served as a director, audit & supervisory board member, executive, manager, or other employee (including Corporate Officers but excluding outside directors and outside audit & supervisory board members; referred to as “Directors etc.”) of a trading partner with which transactions accounted for 2% or more of the consolidated net sales of the Company, its subsidiaries or affiliate companies (referred to as “the Group”) or the trading partner's consolidated net sales in any of the preceding three (3) years.
2. Persons who are not currently principal shareholders of the Group, or who are not Directors etc. of a company one of whose principal shareholder is the Group (a principal shareholder holds 10% or more of voting rights).
3. Persons who have not been employed by a principal lender of the Group in the preceding three (3) years (a principal lender is a financial institution or other financial creditor that is essential for the procurement of capital by the Group and on which the Group relies to a degree that it is irreplaceable).
4. Persons who are not attorneys, certified public accountants, consultants, or providers of other professional services who currently receive compensation from the Group.
5. Persons who have not received donations of ¥10 million or more from the Group in any of the preceding three (3) years.**
6. Persons who are not Directors etc. of companies or subsidiaries of such companies, to which Directors etc. have been seconded by the Group.
7. Persons who are not relatives within two (2) degrees of consanguinity of a current or former Director etc. of the Group.
8. Persons who are not likely to give rise to substantive conflicts of interest with the Group on a regular basis.

Notes;

* However, in cases where there are grounds for a clear explanation of independence that can be provided to third parties against a backdrop of corporate merger or other unintended circumstances, even when these criteria are not met, approval may be given after giving consideration to the opinions of Independent Officers.

**However, even in cases where a donation of ¥10 million or more is made, if there are grounds for a clear explanation of the lack of impact resulting from such donation on the judgement of the independence of the candidate Independent Officer that can be provided to third parties, for example, the case that the donation was made to a different professor in the same research lab or a different research lab at the same university with which the candidate Independent Officer is affiliated, approval may be given after giving consideration to the opinions of Independent Officers.

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[Reference for Revision of the Director Compensation Plan concerning Proposal No. 3 and Proposal No. 4]

In order to further increase Directors' awareness of the contribution to the enhancement of the Company's medium- to long-term performance and the improvement of corporate value, the Company reviewed the compensation plan and has decided, on the premise of the resolution of the General Meeting of Shareholders, to increase the portion of the performance-linked compensation and introduce a new stock compensation plan that will use part of base compensation which has been paid in cash.

The purpose of Proposal No. 3 is to reinforce Directors' incentive for enhancement of the Company's performance. To this end, regarding the compensation etc. paid in cash, the revision of its amount for Directors is proposed, so as to raise the proportion of the bonus that is linked with the Company's performance and reduce the proportion of the base compensation.

The purpose of Proposal No. 4 is to further clarify the linkage between Directors' compensation and the Company's equity value, increase Directors' awareness of the contribution to the enhancement of the Company's performance and the improvement of corporate value over the medium to long term, and share interests with shareholders. To this end, the introduction of a new performance-linked stock compensation is proposed, which will use part of base compensation that has been paid in cash.

Regarding the decision about the revision to the Directors' compensation plan, the Company exchanged opinions with Independent Outside Directors, and the Board of Directors deliberated on the matter in light of the opinions expressed and decided to submit a proposal to the General Meeting of Shareholders.

Proposal No. 3: Revision of the Amount of Compensation etc. for Directors

Compensation etc. for Directors of the Company is comprised of “base compensation” and “bonus” linked with the degree of achievement of performance targets for a single fiscal year, which are paid in cash. At the 106th Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that the total amount of compensation for Directors (excluding the total amount of bonuses) shall be up to 80 million yen a month and the total amount of bonuses shall be up to 120 million yen a year.

In order to reinforce Directors’ incentive for enhancement of the Company’s performance, leading to enhancement of the Company’s performance and improvement of corporate value, we propose the revision of the amount of compensation etc. for Directors so as to raise the proportion of the bonus linked with the degree of achievement of performance targets for a single fiscal year as described below.

Total amount of compensation (excluding the total amount of bonuses): Up to 60 million yen a month

Total amount of bonuses: Up to 180 million yen a year

For Outside Directors who are independent from execution of business, only base compensation will be paid. If Proposal No. 1 is approved as originally proposed, the number of Directors will be ten (10) (including three (3) Outside Directors).

Proposal No. 4: Determination of Amount and Content of Performance-linked Stock Compensation etc. for Directors

Compensation etc. for Directors of the Company is comprised of “base compensation” and “bonus” linked with the degree of achievement of performance targets for a single fiscal year, which are paid in cash. We, however, propose the introduction of a performance-linked stock compensation plan (the “Plan”) whereby Directors of the Company (excluding Outside Directors and nonresidents of Japan (“Nonresidents”); the same hereinafter) and the Company’s Corporate Officers (excluding Nonresidents. Together with Directors, hereinafter collectively referred to as “Directors etc.”) are granted shares of the Company and paid cash equivalent to the market value of the shares of the Company after conversion into cash (hereinafter referred to as “Granting etc.” of “Company Shares etc.”) according to position, the degree of achievement of performance targets outlined in the medium-term management plan, and so on.

This Proposal is to grant stock compensation to Directors etc. separately from the maximum cash compensation for Directors (total amount of compensation (excluding the total amount of bonuses) of up to 60 million yen a month and total amount of bonuses up to 180 million yen a year) proposed in Proposal No. 3, by using part of the base compensation which has been paid in cash.

The number of Directors eligible for the Plan will be seven (7) if Proposal No. 1 is approved as originally proposed. As described above, Corporate Officers are also eligible for the Plan. The number of Corporate Officers (excluding Directors) eligible for the Plan at the conclusion of this Ordinary General Meeting of Shareholders will be twelve (12).

The purpose of the Plan is to further clarify the linkage between Directors’ compensation and the Company’s equity value, increase Directors’ awareness of the contribution to the enhancement of the Company’s performance and the improvement of corporate value over the medium to long term, and share interests with shareholders. The Plan will use part of the base compensation, which has been paid to Directors etc. in cash, and will be more closely linked with performance, and thus, the Company believes the introduction of the Plan to be reasonable.

Amount and Content of Compensation etc. under the Plan

(1) Outline of the Plan

The Plan is a performance-linked stock compensation plan in which shares of the Company will be acquired through a trust, using cash contributed by the Company, and the Granting etc. of the Company Shares etc. will be made to the Directors etc. of the Company according to positions and the Company’s performance based on the share granting regulation established by the Company. Granting etc. of the Company Shares etc. will be made through the trust.

Executive compensation under the Plan is comprised of “performance-linked portion” for which the Granting etc. of the Company Shares etc. will be made according to the degree of achievement of the Company’s performance targets and “fixed portion” for which the Granting etc. of a fixed number of the Company Shares etc. will be made according to positions. The purpose of the “performance-linked portion” is to motivate Directors etc. to improve the Company’s performance and strengthen the linkage between performance over the medium to long term and executive compensation. The purpose of the “fixed portion” is to facilitate sharing of interests with shareholders through the ownership of shares by Directors etc. (See (2) below onward for details.)

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1) Persons to whom the Granting etc. of Company Shares etc. in this proposal will be applicable	<ul style="list-style-type: none"> •Directors of the Company (excluding Outside Directors and Nonresidents) •Corporate Officers of the Company (excluding Nonresidents)
2) Upper limit of cash contributed by the Company, upper limit of Company shares acquired by Directors etc. and impact that the shares referred to in this proposal will have on the total number of issued shares	
Upper limit of cash contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> •Applicable to four (4) fiscal years; total of 1,000 million yen
Upper limit of the number of the Company Shares etc. acquired by Directors etc. and method of acquisition of shares of the Company (as stated in (3) below)	<ul style="list-style-type: none"> •The upper limit of the number of shares will be 667,000 shares over four years in total, and the proportion to the total number of issued shares (as of March 31, 2017, excluding treasury stock) is approximately 0.31%. •As shares of the Company are to be acquired from the stock market, dilution will not occur.
3) Contents of conditions for achievement of performance targets (as stated in (3) below)	<ul style="list-style-type: none"> •To be determined in the range from 0% to 200% according to the degree of achievement of the “financial results forecast in the consolidated financial reports” and “targets outlined in the medium-term management plan” •Performance indicators used for evaluation of the degree of achievement of performance targets will be consolidated net sales, consolidated operating income, and ROIC.
4) Timing of Granting etc. of Company Shares etc. to Directors etc. (as stated in (4) below)	<ul style="list-style-type: none"> •Upon the completion of the applicable period •The applicable period will be four (4) fiscal years from the fiscal year ending on March 31, 2018 to the fiscal year ending on March 31, 2021.

(2) Upper limit of cash contributed by the Company

The Plan will be applicable to the four (4) fiscal years from the fiscal year ending on March 31, 2018 to the fiscal year ending March 31, 2021 (hereinafter referred to as the “Applicable Period”) corresponding to the period covered by the medium-term management plan of the Company.

For the four (4) fiscal years, which is the Applicable Period, the Company will contribute cash with the upper limit of 1,000 million yen in total as trust funds, and set a trust (hereinafter referred to as the “Trust”) with a trust term corresponding to the Applicable Period, with Directors etc. who satisfy the beneficiary requirements as beneficiaries. The Trust, in accordance with the instructions of the trust administrator, will acquire shares of the Company from the stock market, using the trust funds. The upper limit of the trust funds is calculated by adding trust fees and trust expenses to the fund for acquiring shares, taking into account the current level of compensation for Directors etc.

During the Applicable Period, the Company will award points to Directors etc. (as stated in (3) below) every year, and Granting etc. of Company Shares etc. corresponding to the number of points awarded will be made through the Trust at the predetermined point in time (as stated in (4) below).

At the expiration of the trust term of the Trust, subject to approval by the General Meeting of Shareholders, by modifying the trust term and making additional contributions to the Trust in lieu of setting a new Trust, the Trust may be continued.

(3) Calculation method and upper limit of Company Shares etc. to be granted to Directors etc.

For Granting etc. of Company Shares etc., Directors etc. will be awarded points (hereinafter referred to as “Awarded Points”) on June 1 of every year during the trust term for the fiscal year ended on March 31 of the same year.

The number of Awarded Points will be determined according to the positions of Directors etc. and the degree of achievement of performance targets*. Granting etc. of Company Shares etc. will be made, in principle, after the end of the Applicable Period according to the cumulative Awarded Points (hereinafter referred to as the “Number of Cumulative Points”). One share of the Company will be granted per point. However, in the event

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that shares of the Company undergo a share split, reverse share split, etc. during the trust term and the total number of shares of the Company will increase or decrease, the number of shares of the Company to be granted per point will be adjusted according to the split ratio, reverse split ratio, etc. of shares of the Company.

*Performance indicators for evaluation of the degree of achievement of performance targets will be set based on the single-year performance targets and medium-term performance targets.

1) Indicators for evaluation of the degree of achievement of single-year performance targets

Vary in the range from 0% to 200% according to the degree of achievement of the financial results forecast in the consolidated financial reports

Indicators for evaluation of the degree of achievement will be consolidated net sales and consolidated operating income.

2) Indicators for evaluation of the degree of achievement of medium-term performance targets

Vary in the range from 0% to 200% according to the degree of achievement of the targets outlined in the medium-term management plan

Indicators for evaluation of the degree of achievement will be consolidated net sales, consolidated operating income, and ROIC.

The upper limit of the total number of shares of the Company granted to Directors etc. according to the number of awarded points is 667,000 shares in the four (4) years of the Applicable Period. This upper limit of the number of granted shares is determined based on the most recent stock price etc. in consideration of the upper limit of trust funds stated in (2) above.

(4) Method and timing of Granting etc. of Company Shares etc. to Directors etc.

Directors etc. who satisfy the beneficiary requirements will be granted, in approximately July (July 2021) immediately after the end of the Applicable Period, shares of the Company corresponding to the Number of Cumulative Points calculated based on (3) above.

Directors etc. will be granted the number of shares of the Company corresponding to 50% of the Number of Cumulative Points (shares of less than one trading unit will be rounded up), and concerning the remaining points, the Directors etc. will be paid cash equivalent to the market value of the shares of the Company corresponding to the remaining points after conversion into cash in the Trust.

If a Director etc. passes away during a trust term, the heir to the Director etc. will receive payment of cash equivalent to the market value of the shares of the Company that correspond to the Number of Cumulative Points at that point in time after conversion into cash in the Trust.

If a Director etc. retires during a trust term (except when the retirement is due to personal circumstances or dismissal based on justifiable grounds for dismissal), the Director etc. will implement the necessary procedures and, without delay, he/she will be granted shares of the Company corresponding to 50% of the Number of Cumulative Points at retirement (shares of less than one trading unit will be rounded up), and concerning the remaining points, he/she will receive payment of cash equivalent to the market value of the shares of the Company corresponding to the remaining points after conversion into cash in the Trust. If a Director etc. becomes a Nonresident during a trust term, he/she will be granted shares of the Company corresponding to 50% of the Number of Cumulative Points at that point in time (shares of less than one trading unit will be rounded up), and concerning the remaining points, he/she will receive payment of cash equivalent to the market value of the shares of the Company corresponding to the remaining points after conversion into cash in the Trust.

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(5) Voting rights for shares of the Company in the Trust

Concerning the shares of the Company in the Trust, in order to secure objectivity in management, voting rights will not be exercised during the trust term.

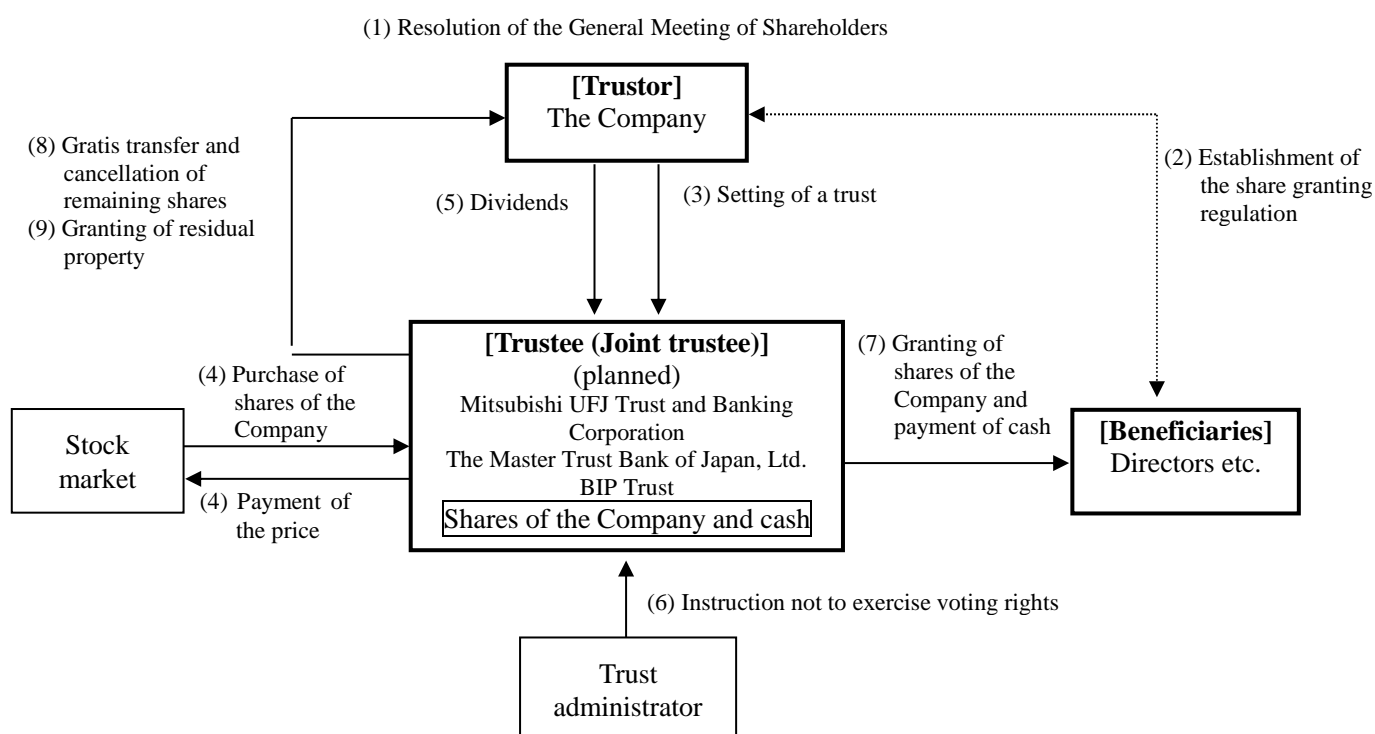
(6) Other contents of the Plan

Concerning other contents regarding the Plan, the Company requests that the determination be left to the discretion of the Board of Directors each time the Trust is set, the trust agreement is modified or additional contribution to the Trust is made.

(Reference)

Concerning details of the Plan, please refer to “Notice Regarding the Introduction of a Performance-Linked Stock Compensation Plan” (reference provided below: excerpt from the press release dated May 9, 2017).

(Excerpt from the press release dated May 9, 2017)



[Translation for Reference and Convenience Purposes Only]

- (1) The Company will obtain an approval for executive compensation by resolution of the General Meeting of Shareholders in relation to introduction of the Plan.
- (2) The Company will, at the Board of Directors Meeting, establish the share granting regulation concerning executive compensation in relation to introduction of the Plan.
- (3) The Company will entrust money to the extent approved by the resolution of the General Meeting of Shareholders in (1) above and set a trust (the “Trust”) wherein the Directors etc. who meet the beneficiary requirements are beneficiaries.
- (4) The Trust will acquire shares of the Company from the stock market by using money entrusted in (3) above in accordance with the instructions of the trust administrator. The number of shares acquired by the Trust shall be within the limitation as approved and resolved by the General Meeting of Shareholders in (1) above.
- (5) The Company will pay dividends for shares of the Company in the Trust in the same manner as for other shares of the Company.
- (6) Voting rights for the shares of the Company in the Trust will not be exercised during the trust term.
- (7) During the trust term, in accordance with the Company’s share granting regulation, Directors etc. will receive a certain number of points and then be granted shares of the Company corresponding to a certain percentage of the number of such points. As for shares of the Company corresponding to the remaining points, Directors etc. will receive cash equivalent to the market value of such shares after conversion into cash in the Trust in accordance with the trust agreement.
- (8) If there are remaining shares at the expiry of the trust term due to non-achievement of performance targets or any other reason, subject to approval by the General Meeting of Shareholders, the Company may continue to use the Trust for the Plan or for a new stock compensation plan similar to the Plan by changing the trust agreement and entrusting additional money to the Trust, or after gratis transfer of the residual shares from the Trust to the Company, the Company will cancel such shares by a resolution of the Board of Directors.
- (9) Residual property after distribution to Directors etc. upon termination of the Trust will belong to the Company within the limit of allowances for trust expenses, which are calculated as the trust money less share acquisition funds. The portion exceeding the allowances for trust expenses will be donated to organizations that have no vested interest with the Company and Directors etc.

Note: If no shares of the Company remain in the Trust because of Granting etc. of the Company shares etc. to the Directors etc. who meet the beneficiary requirements, the Trust will be discontinued before the expiry of the trust term. The Company may entrust additional money to the Trust to the extent approved by the resolution of this General Meeting of Shareholders as funds for acquiring shares of the Company for Granting etc. to Directors.