

Securities Code: 1828

June 9, 2017

To our shareholders:

Yoshio Watanuki
Representative Director and President
TANABE ENGINEERING CORPORATION
20 Fukuda, Joetsu City, Niigata Prefecture

Notice of the 49th Annual General Meeting of Shareholders

You are cordially invited to attend the 49th Annual General meeting of Shareholders of TANABE ENGINEERING CORPORATION (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. Please review the attached Reference Documents for General Meeting of Shareholders, and indicate your approval or disapproval of the proposals in the enclosed voting form and then return the form to the Company by postal mail so that your vote is received by 5:00 p.m. on Tuesday, June 27, 2017 (JST).

- 1. Date and Time:** Wednesday, June 28, 2017 at 10:00 a.m. (JST)
- 2. Venue:** Hiten banquet room, 3rd floor of the Main Building, Hotel Century Ikaya
1-2-7, Chuo, Joetsu City, Niigata Prefecture

3. Purpose of the Meeting

Matters to be reported:

- 1. The Business Report and the Financial Statements for the 49th fiscal year (from April 1, 2016 to March 31, 2017)
- 2. The Consolidated Financial Statements for the 49th fiscal year (from April 1, 2016 to March 31, 2017), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Auditors

Matters to be resolved:

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|-----------------------|---|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Partial Amendments to the Articles of Incorporation |
| Proposal No. 3 | Election of Five Directors |

If you attend the meeting in person, please submit the enclosed voting form at the venue’s reception.

If any changes are made to items in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements, such changes will be posted on the Company’s website (<https://www.tanabe-ind.co.jp>).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

The Company maintains a basic policy to return profits to its shareholders by paying stable dividends on a continual basis while striving to strengthen the corporate structure by enhancing internal reserves, and furthermore by distributing a special dividend considering matters including improvement of business performance. The Company has given consideration to matters including business performance of the 49th fiscal year, which was significantly higher than the previous year, and dividend payout ratio, and it proposes to pay a year-end dividend of ¥40 per share for the fiscal year (¥20 higher compared with the previous fiscal year). Regarding other appropriation of surplus, the Company intends to allocate ¥500 million to general reserve to increase retained earnings.

1. Year-end dividends
 - 1) Type of dividend property
To be paid in cash.
 - 2) Allotment of dividend property and their aggregate amount
Ordinary dividend ¥40 per common share of the Company
Total dividends: ¥214,024,040
 - 3) Effective date of dividends of surplus
June 29, 2017
2. Other appropriation of surplus
 - 1) Item of surplus to be decreased and amount of decrease
Retained earnings brought forward: ¥500,000,000
 - 2) Item of surplus to be increased and amount of increase
General reserve: ¥500,000,000

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

In consideration of the penetration of the Internet and with the objectives of increasing convenience of viewing public notices and streamlining procedures for public notices, the Company proposes to change the method of public notices from “The Nikkei” newspaper to electronic public notices. At the same time, the Company proposes to stipulate measures to be taken if the Company is unable to give an electronic public notice because of unavoidable reasons.

2. Details of the amendments

The details of the amendments are as follows:

(Underlined parts are amended)

Current Articles of Incorporation	Proposed amendments
(Method of Public Notice) Article 4. Public notices of the Company shall be published in “The Nikkei” newspaper.	(Method of Public Notice) Article 4. <u>The method of public notices of the Company shall be electronic public notices; provided, however, that if the Company is unable to give an electronic public notice because of an accident or any other unavoidable reason,</u> public notices of the Company shall be published in “The Nikkei” newspaper.

Proposal No. 3 Election of Five Directors

The terms of office of all five Directors will expire at the conclusion of this meeting. In that regard, the Company proposes the election of five Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yoshio Watanuki (July 3, 1941)	<p>Feb. 1969 Joined the Company</p> <p>Oct. 1981 Director and General Manager of Sales Department</p> <p>Apr. 1990 Managing Director and General Manager of Sales Division</p> <p>June 1990 Senior Managing Director and General Manager of Sales Division</p> <p>Oct. 1998 Representative Director and President</p> <p>June 2009 Representative Director, President and Executive Officer (current position)</p>	163,100 shares
2	Fumio Mizusawa (April 22, 1955)	<p>Feb. 1983 Joined the Company</p> <p>Sept. 1998 Representative Director of TANABE (THAILAND) Co., Ltd.</p> <p>June 2003 Director and General Manager of Industrial Machinery Engineering Department</p> <p>June 2009 Retired from Director Senior Executive Officer and General Manager of Industrial Machinery Engineering Department in charge of Power Operation Department</p> <p>Apr. 2010 Senior Executive Officer and Head of SAITAMA Technology Center</p> <p>Apr. 2011 Senior Executive Officer and General Manager of Sales Department</p> <p>Apr. 2012 Senior Executive Officer and Branch Manager of HOKURIKU Branch Office</p> <p>June 2013 Director, Senior Executive Officer and Branch Manager of HOKURIKU Branch Office in charge of Power Operation Department</p> <p>June 2016 Executive Managing Director and Branch Manager of HOKURIKU Branch Office in charge of Power Operation Department (current position)</p>	25,600 shares
3	Hisayuki Yamaguchi (June 15, 1956)	<p>Apr. 1979 Joined the Company</p> <p>June 2009 Executive Officer and Branch Manager of CHIBA Branch Office</p> <p>Apr. 2013 Executive Officer and Branch Manager of OUMI Branch Office</p> <p>June 2013 Senior Executive Officer and Branch Manager of OUMI Branch Office</p> <p>June 2014 Director, Senior Executive Officer and Branch Manager of OUMI Branch Office</p> <p>June 2016 Executive Managing Director and Branch Manager of OUMI Branch Office (current position)</p>	12,300 shares

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares owned
4	Yuichi Gonmori (February 18, 1957)	Apr. 1979	Joined the Company	6,400 shares
		Apr. 2013	General Manager of Administration Department	
		June 2014	Executive Officer and General Manager of Administration Department	
		June 2015	Senior Executive Officer and General Manager of Administration Department	
		June 2016	Senior Executive Director and General Manager of Administration Department (current position)	
5	Yuichi Yokota (June 17, 1953)	Apr. 1972	Joined Mitsubishi Electric Corporation	-
		Apr. 2006	Branch Manager of Niigata Branch, Kanetsu Branch Office	
		Apr. 2012	General Manager of Facility Sales Department, Kanetsu Branch Office of Mitsubishi Electric Building Techno-Service Co., Ltd.	
		Apr. 2014	Advisor to Branch Manager of Kanetsu Branch Office and temporarily assigned to Niigata Branch	
		Mar. 2016	Retired	
		June 2016	Unaffiliated Director of the Company (current position)	

- (Notes)
- There is no special interest between any of the candidates and the Company.
 - Candidate for Director Yuichi Yokota is a candidate for outside Director as defined in Article 2, Paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act.
 - The Company has submitted notification to Tokyo Stock Exchange, Inc. that Yuichi Yokota has been designated as an independent officer as provided for by the aforementioned exchange, and plans to designate him as an independent officer again if his reelection is approved at this meeting.
 - The Company has concluded an agreement with Yuichi Yokota to limit his liability to compensate for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act. The maximum amount of the liability for damages based on said agreement shall be the amount prescribed in Article 425, Paragraph 1 of the same Act. If his reelection is approved, the Company intends to extend this limited liability agreement.
 - The reasons for nomination as candidates for Director are as follows:
 - Yoshio Watanuki joined the Company in February 1969, and was appointed Representative Director and President in 1998, after serving as Director and General Manager of Sales Department, Managing Director, and Senior Managing Director. He has extensive experience and knowledge on business management of the Company as a whole, and the Company deems that he will contribute to the sustainable growth of the Company and thereby requests for his reelection as Director.
 - Fumio Mizusawa joined the Company in 1983 and has been mainly engaged in electric instrumentation business and power transmission business, and was appointed Director in June 2013 and has been in charge of management of the Company, after serving as Representative Director of TANABE (THAILAND) CO., LTD. He has extensive experience and knowledge of field activities, and the Company deems that he will contribute to the sustainable growth of the Company from a global perspective based on his wealth of experience and achievement overseas and thereby requests for his reelection as Director.
 - Hisayuki Yamaguchi joined the Company in 1979 and has been mainly engaged in the industrial plant facility construction business, and was appointed Director in June 2014 and has been in charge of management of the Company. He has extensive experience and knowledge of field activities, and the Company deems that he will contribute to the sustainable growth of the Company and thereby requests for his reelection as Director.
 - Yuichi Gonmori joined the Company in 1979 and has been mainly engaged in businesses such as accounting and finance, and was appointed Director in June 2016 and has been in charge of management of the Company. He has knowledge on business management operations and business management, and thereby the Company requests for his reelection as Director.
 - Yuichi Yokota has never been directly involved in the management of a company. However, since he was elected as Unaffiliated Director of the Company in June 2016, he has utilized his extensive work experience and knowledge he had accumulated to the Company's management and has provided appropriate advice to its overall management from a broad perspective, and thereby the Company requests for his reelection as Unaffiliated

Director. At the conclusion of this meeting, his tenure as Unaffiliated Director of the Company will have been one year.