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Stock Exchange Code: 1954

September 7, 2017

**To Shareholders with Voting Rights:**

Ryuichi Arimoto  
Representative Director and President  
NIPPON KOEI CO., LTD.  
(Headquarters) 4, Kojimachi 5-chome,  
Chiyoda-ku, Tokyo  
(Main Office) 14-6, Kudankita 1-chome,  
Chiyoda-ku, Tokyo

**NOTICE OF  
THE 73RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 72nd Annual General Meeting of Shareholders of NIPPON KOEI CO., LTD. (the "Company"). The meeting will be held for the purposes as described below.

**If you are unable to attend the meeting, you can exercise your voting rights by post or via the Internet (Note 1).**

**Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Wednesday, September 28, 2016, Japan time.**

- 1. Date and Time:** Thursday, September 28, 2017 at 10:00 a.m. Japan time
- 2. Place:** Matsui, 3F, Hotel Grand Palace  
1-1 Iidabashi 1-chome, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements and Nonconsolidated Financial Statements for the Company's 73rd Fiscal Year (July 1, 2016 - June 30, 2017)
    2. Results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  - Proposals to be resolved:**
    - Proposal 1:** Election of 11 Directors
    - Proposal 2:** Election of 1 Audit & Supervisory Board Member
    - Proposal 3:** Election of 1 Substitute Audit & Supervisory Board Member
    - Proposal 4:** Determination of Compensation for Allotting Restricted Stock to Directors
    - Proposal 5:** Payment of Retirement Benefits to Retiring Director

(Note 1) Please access the website (<http://www.it-soukai.com/>) and enter your voting rights code and password. To exercise your voting rights, please follow the guidance on the screen.

Additionally, if you are an institutional investor, you can exercise your voting rights through ICJ platform run by ICJ, Inc.

Disclosure via the Internet

- ◎ "Notes to Consolidated Financial Statements" and "Notes to Nonconsolidated Financial Statements" are posted at the following Company's website pursuant to the laws and regulations, and provisions in Article 14 of the Articles of Incorporation, and they are not included in the Appendix to this notice. Therefore, the Appendix to this notice of convocation is a part of Consolidated Financial Statements and Nonconsolidated Financial Statements audited by Accounting Auditor in preparing the Accounting Audit Report. Also, the Appendix is a part of Consolidated Financial Statements and Nonconsolidated Financial Statements audited by Audit & Supervisory Board members in preparing their Audit Report.
- ◎ Should the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Nonconsolidated Financial Statements require revisions, the revised versions will be posted on the following Company's website.  
The Company's website: <https://www.n-koei.co.jp/ir/>

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Election of 11 Directors

The terms of office of all 11 directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 11 directors, inclusive of 2 outside directors, is proposed.

The candidates are as follows:

The Candidates are as follows			
No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Noboru Takano (September 14, 1952)  [Reelection]	April 1975 Joined the Company	16,400
		October 2004 Deputy Senior General Manager of Metropolitan Area Business Division and General Manager of River & Hydraulic Engineering Department, Domestic Consulting Company of the Company	
		July 2007 General Manager of Operations Planning Office, Domestic Consulting Operations of the Company	
		July 2008 General Manager of Operations Planning Office and General Manager of Business Planning Office, Domestic Consulting Operations of the Company	
		June 2009 Executive Officer of the Company Deputy Director General of Domestic Consulting Operations, General Manager of Operations Planning Office, and General Manager of Business Planning Office, Domestic Consulting Operations of the Company	
		June 2010 Deputy Director General of Domestic Consulting Operations and General Manager of Operations Planning Office, Domestic Consulting Operations of the Company	
		June 2011 Director and Executive Officer of the Company Acting Director General of Domestic Consulting Operations and General Manager of Operations Planning Office, Domestic Consulting Operations of the Company	
		June 2012 Director and Managing Executive Officer of the Company Director General of Domestic Consulting Operations of the Company	
		September 2014 Representative Director and Senior Managing Executive Officer of the Company	
		July 2015 Representative Director and Executive Vice President in charge of technology of the Company	
July 2017 Representative Director and Chairman of the Company (current position)			
[Reasons for selection] Mr. Noboru Takano has been engaged in the management of the Company as Director since June 2011, and is appropriately fulfilling these duties and responsibilities. Additionally, after serving as Representative Director and Executive Vice President (in charge of technology and Director General of Domestic Consulting Operations), he currently serves as Representative Director and Chairman and is appropriately fulfilling his duties in supervision and promotion of overall management of the Company Group based on his wealth of experience and achievements gained mainly in the field of Domestic Consulting Operations. Due to the above, the Company has continued to designate him as a candidate for Director.			
2	Akira Mizukoshi (September 30, 1950)  [Reelection]	April 1976 Joined the Company	9,900
		October 2003 Deputy Senior General Manager of Metropolitan Area Business Division and General Manager of Business Planning Department, Domestic Consulting Company of the Company	
		July 2007 General Manager of Business Promotion Department, Domestic Consulting Operations of the Company	

16,400

		June	2008	Executive Officer of the Company Deputy Director General of International Consulting Operations of the Company	
		June	2010	Director and Executive Officer of the Company	
		June	2012	Director and Managing Executive Officer of the Company	
		July	2012	General Manager of Business Promotion Headquarters of the Company	
		September	2014	Director and Senior Managing Executive Officer of the Company Director General of Corporate Headquarters and Director General of Business Promotion Headquarters of the Company	
		October	2014	Director General of Corporate Headquarters of the Company	
		July	2015	Director and Executive Vice President in charge of Head Office of the Company	
		February	2016	Director and Executive Vice President in charge of Head Office and IR of the Company	
		September	2016	Representative Director and Executive Vice President in charge of Head Office and IR of the Company	
		July	2017	Director and Vice Chairman of the Company (current position)	
	[Reasons for selection] Mr. Akira Mizukoshi has been engaged in the management of the Company as Director since June 2010, and is appropriately fulfilling these duties and responsibilities. Additionally, after serving as Director General of Business Promotion Headquarters, Director General of Corporate Headquarters and Representative Director and Executive Vice President, he currently serves as Director and Vice Chairman and is appropriately fulfilling his role in promotion of management and improvement of value of the Company Group. Due to the above, the Company has continued to designate him as a candidate for Director.				
3	Ryuichi Arimoto (November 27, 1952)  [Reelection]	April	1977	Joined the Company	17,300
		July	2007	Deputy Director General of Corporate Headquarters of the Company	
		July	2008	Deputy Director General of Corporate Headquarters and General Manager of Corporate Planning Department of the Company	
		June	2009	Director and Executive Officer of the Company Director General of Corporate Headquarters and General Manager of Corporate Planning Department of the Company	
		June	2011	Director General of Corporate Headquarters and General Manager of Personnel & General Affairs Department of the Company	
		June	2012	Director and Managing Executive Officer of the Company	
		July	2012	Director General of Corporate Headquarters and General Manager of Personnel Department of the Company	
		September	2014	Representative Director and President of the Company (current position)	
	[Reasons for selection] Mr. Ryuichi Arimoto has been engaged in the management of the Company as Director since June 2009, and is appropriately fulfilling these duties and responsibilities. Additionally, after serving as Director General of Corporate Headquarters, he is currently tasked with management of the Company Group as Representative Director and President. The Company has judged that his insights, based on a wealth of operational experience in overall management and achievements from leading the Group with strong leadership and decision-making are suitable for the advancement of the management and strengthening of corporate governance of the Company Group. Due to the above, the Company has continued to designate him as a candidate for Director.				
4	Hiroyuki Akiyoshi (March 11, 1956)	April	1979	Joined the Company	11,900
		June	2004	General Manager of Plant Division, Power Engineering Company of the Company	

	[Reelection]	June	2010	Executive Officer of the Company Deputy Director General of Power Engineering Operations (in charge of electromechanical consultation and new businesses) of the Company	
		June	2012	Director and Executive Officer of the Company Acting Director General of Power Engineering Operations and General Manager of Fukushima Works of the Company	
		June	2013	Director General of Power Engineering Operations of the Company (current position)	
		July	2015	Director and Managing Executive Officer of the Company	
		July	2016	Director and Senior Managing Executive Officer of the Company	
		July	2017	Representative Director and Senior Managing Executive Officer of the Company (current position)	
[Reasons for selection] Mr. Hiroyuki Akiyoshi has been engaged in the management of the Company as Director since June 2012, and is appropriately fulfilling these duties and responsibilities. Additionally, after serving as General Manager of Fukushima Works, Power Engineering Operations, he currently serves as Representative Director and Senior Managing Executive Officer (Director General of Power Engineering Operations), and is fulfilling his duty of further enriching the energy business of the Company Group responding to reform of the electric power system. Due to the above, the Company has continued to designate him as a candidate for Director.					
5	Takayasu Tsuyusaki (February 10, 1956)	April	1979	Joined the Company	5,200
		July	2003	General Manager of Marketing & Promotion Department, Marketing & Operations Division, International Consulting Company of the Company	
		October	2009	General Manager of Operations Planning Office, International Consulting Operations of the Company	
		July	2010	Acting General Manager of Global Strategy Office of the Company	
		June	2012	Executive Officer of the Company Deputy Director General of International Consulting Operations of the Company	
	[New appointment]	October	2015	Director General of Global Strategy Headquarters and General Manager of Strategy Development Office of the Company	
		July	2016	Managing Executive Officer of the Company (current position)	
		May	2017	Director General of Global Strategy Headquarters, General Manager of Business Development Office and General Manager of Singapore Office of the Company (current position)	
[Reasons for selection] Mr. Takayasu Tsuyusaki has been engaged in execution of businesses of the Company as Executive Officer since June 2012 and later as Managing Executive Officer since July 2016 and is appropriately fulfilling these roles and responsibilities. Additionally, currently he serves as Director General of Global Strategy Headquarters (concurrently as General Manager of both Business Development Office and Singapore Office) and is fulfilling his role in enriching new businesses for global expansion of the Company Group. Due to the above, the Company has designated him as a candidate for Director.					
6	Haruhiko Kanai (March 1, 1958)	April	1982	Joined the Company	1,500
		April	2007	General Manager of Energy Development Department, Urban Society Division, International Consulting Operations of the Company	
		April	2010	Deputy Senior General Manager of Infrastructure Development Division and General Manager of Energy Development Department, International Consulting Operations of the Company	
	[New appointment]	April	2011	Deputy Senior General Manager of Environmental Solution Division, International Consulting Operations of the Company	

		<p>July 2012 Senior General Manager of Environmental Solution Division, International Consulting Operations of the Company</p> <p>September 2014 Executive Officer of the Company Acting Senior General Manager of Asian Regional Division, International Consulting Operations of the Company</p> <p>October 2015 Deputy Director General of International Consulting Operations and Senior General Manager of Water Resources Division of the Company</p> <p>July 2016 Acting Director General of International Consulting Operations of the Company</p> <p>July 2017 Managing Executive Officer of the Company (current position) Director General of International Consulting Operations of the Company (current position)</p>	
	<p>[Reasons for selection]</p> <p>Mr. Haruhiko Kanai has been engaged in business execution of the Company as Executive Officer since September 2014 and as Managing Executive Officer since July 2017 and is appropriately fulfilling these roles and responsibilities. Additionally, after serving as Senior General Manager of both Environmental Solution Division and Water Resources Division of International Consulting Operations, he currently serves as Director General of International Consulting Operations and is fulfilling his role in international business expansion of the Company Group. Due to the above, the Company has designated him as a candidate for Director.</p>		
7	<p>Hideyuki Sakunaka (May 1, 1960)</p> <p>[Reelection]</p>	<p>April 1983 Joined the Company</p> <p>April 2006 General Manager of Integrated Information Technology Department, Metropolitan Area Business Division, Domestic Consulting Company of the Company</p> <p>May 2009 Deputy Senior General Manager of Social Systems Division, Domestic Consulting Operations of the Company</p> <p>April 2011 Deputy Senior General Manager of Infrastructure Development Division, International Consulting Operations of the Company</p> <p>April 2013 General Manager of Infrastructure Development Division, International Consulting Operations of the Company</p> <p>July 2015 Executive Officer of the Company</p> <p>October 2015 Deputy Director General of International Consulting Operations and General Manager of Infrastructure Development Division of the Company</p> <p>July 2016 Director General of Technology Headquarters of the Company (current position)</p> <p>September 2016 Director and Executive Officer of the Company (current position)</p>	6,531
	<p>[Reasons for selection]</p> <p>Mr. Hideyuki Sakunaka has been engaged in business execution of the Company as Executive Officer since July 2015, and as Director since September 2016, and is appropriately fulfilling these duties and responsibilities. Additionally, he currently serves as Director General of Technology Headquarters, and is appropriately fulfilling the role of undertaking technology development, which is the core of all businesses of the Company Group. Due to the above, the Company has continued to designate him as a candidate for Director.</p>		
8	<p>Hiroaki Shinya (May 28, 1960)</p> <p>[New appointment]</p>	<p>April 1985 Joined the Company</p> <p>July 2007 General Manager of Disaster Prevention Department, Land Conservation Division, Domestic Consulting Operations of the Company</p> <p>May 2009 Deputy Senior General Manager of Land Conservation Division, Domestic Consulting Operations of the Company</p> <p>July 2010 Senior General Manager of Land Conservation Division, Domestic Consulting Operations of the Company</p>	1,400

		<p>April 2011 Senior General Manager of Watershed Management &amp; Disaster Prevention Division, Domestic Consulting Operations of the Company</p> <p>July 2013 General Manager of Sendai Branch Office of Domestic Consulting Operations of the Company</p> <p>July 2015 Executive Officer of the Company (current position)</p> <p>February 2016 Deputy Director General of Domestic Consulting Operations, General Manager of Business Planning Office and General Manager of Tokyo Branch Office of the Company</p> <p>July 2016 Acting Director General of Domestic Consulting Operations, General Manager of Business Planning Office and General Manager of Tokyo Branch Office of the Company</p> <p>March 2017 Acting Director General of Domestic Consulting Operations of the Company</p> <p>July 2017 Director General of Domestic Consulting Operations of the Company (current position)</p>	
	<p>[Reasons for selection]</p> <p>Mr. Hiroaki Shinya has been engaged in business execution of the Company as Executive Officer since July 2015 and is appropriately fulfilling these duties and responsibilities. Additionally, after serving as General Manager of Sendai Branch Office of Domestic Consulting Operations and General Manager of Tokyo Branch Office of the said Operations, he currently serves as Director General of Domestic Consulting Operations and is fulfilling his role in business expansion of domestic consulting operations of the Company Group. Due to the above, the Company has designated him as a candidate for Director.</p>		
9	<p>Yasushi Hirusaki (May 18, 1962)</p> <p>[New appointment]</p>	<p>April 1985 Joined the Company</p> <p>July 2010 General Manager of Logistics &amp; Operations Department of International Consulting Operations of the Company</p> <p>October 2014 Acting General Manager of Global Support Division and General Manager of Compliance Office, International Consulting Operations of the Company</p> <p>October 2015 Acting General Manager of Corporate Planning Department, Corporate Headquarters and General Manager of International Group Management Office of the Company</p> <p>October 2016 Acting Director General of Corporate Headquarters and General Manager of Corporate Planning Department of the Company</p> <p>July 2017 Executive Officer of the Company (current position) IR Officer and Director General of Corporate Headquarters and General Manager of Personnel Department of the Company (current position)</p>	600
	<p>[Reasons for selection]</p> <p>Mr. Yasushi Hirusaki has been engaged in business execution of the Company as Executive Officer since July 2017 and is appropriately fulfilling these duties and responsibilities. Additionally, after serving as both General Manager of Logistics &amp; Operations Department and Acting Director General of Global Support Division, International Consulting Operations as well as after serving concurrently as Acting General Manager of Corporate Headquarters and General Manager of Corporate Planning Department, he currently serves as Director General of Corporate Headquarters (concurrently as IR Officer and General Manager of Personnel Department) and is appropriately fulfilling his role in management and control of the entire Company Group. Due to the above, the Company has designated him as a candidate for Director.</p>		
10	<p>Hiizu Ichikawa (December 8, 1946)</p> <p>[Reelection] [Outside Director]</p>	<p>April 1970 Joined The Mitsubishi Bank, Ltd.</p> <p>May 1993 General Manager of Singapore Branch of The Mitsubishi Bank, Ltd.</p> <p>June 1996 General Manager of Industrial Research Department of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>January 1997 General Manager of Sales Screening Department of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>June 1999 Senior Executive Director of The Resolution and Collection Corporation</p> <p>June 2001 Senior Executive Director of Chiyoda Corporation</p> <p>June 2004 Representative Director and Managing Director of Mitsubishi Motors Corporation</p>	1,100

		April 2010 Representative Director and Executive Vice President of Mitsubishi Motors Corporation	
		June 2014 Outside Corporate Auditor of The Hyakugo Bank, Ltd. (current position)	
		September 2014 Outside Director of the Company (current position)	
	<p>[Reasons for selection] (including reasons for designation as a candidate for Outside Director)</p> <p>Mr. Hiizu Ichikawa has experience in serving as General Manager of the Sales Screening Department of The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.), in addition to Senior Executive Director of The Resolution and Collection Corporation, Senior Executive Director of Chiyoda Corporation, and Representative Director and Executive Vice President of Mitsubishi Motors Corporation. As Outside Director of the Company since September 2014, he has been monitoring the management of the Company Group from an objective viewpoint and wide perspective based on a wealth of experience as a manager, and the Company has judged that in the future, while increasing transparency of the Board of Directors of the Company, he is suitable to work toward strengthening corporate governance. Due to the above, the Company has continued to designate him as a candidate for Outside Director. Additionally, he currently concurrently serves as Outside Corporate Auditor of The Hyakugo Bank, Ltd..</p>		
11	Kazumasa Kusaka (January 23, 1948)	April 1970 Joined Ministry of International Trade and Industry	2,700
	[Reelection] [Outside Director]	August 2003 Commissioner of Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry	
		June 2004 Vice-Minister for International Affairs of Ministry of Economy, Trade and Industry	
		June 2007 President of Japan Cooperation Center for the Middle East	
		February 2008 Special Advisor to the Cabinet	
		October 2009 Senior Vice President of Mitsubishi Electric Corporation	
		April 2011 Visiting Professor of Graduate School of Public Policy, The University of Tokyo (current position)	
		January 2013 President of The Foundation for International Trade and Industrial Co-operation (current position)	
		April 2013 Chairman of Japan Economic Foundation (current position)	
		September 2015 Outside Director of the Company (current position)	
	<p>[Reasons for selection] (including reasons for designation as a candidate for Outside Director)</p> <p>Mr. Kazumasa Kusaka has experience in serving as Vice-Minister for International Affairs of the Ministry of Economy, Trade and Industry, in addition to President of the Japan Cooperation Center for the Middle East, Special Advisor to the Cabinet, and Senior Vice President of the Mitsubishi Electric Corporation, and as Outside Director of the Company since September 2015, he has been monitoring the management of the Company Group from an objective viewpoint and wide perspective based on a wealth of experience and knowledge as a manager at the Ministry of Economy, Trade and Industry, etc. and the Company has judged that in the future, while increasing transparency of the Board of Directors of the Company, he is suitable to work toward strengthening corporate governance. Due to the above, the Company has continued to designate him as a candidate for outside director. Additionally, he currently concurrently serves as Visiting Professor of Graduate School of Public Policy, The University of Tokyo, President of The Foundation for International Trade and Industrial Co-operation, and Chairman of the Japan Economic Foundation.</p>		

(Notes)

1. There are no special interests between each candidate for director and the Company.
2. Messrs. Hiizu Ichikawa and Kazumasa Kusaka
  - (1) Messrs. Hiizu Ichikawa and Kazumasa Kusaka are the candidates for Outside Director. Mr. Hiizu Ichikawa currently serves as an Outside Director of the Company, and the tenure of office as Director will be three years at the closing of this General Meeting of Shareholders. Additionally, Mr. Kazumasa Kusaka currently serves as an outside director of the Company, and the tenure of office as Director will be two years at the closing of this General Meeting of Shareholders.
  - (2) The Company has designated Messrs. Hiizu Ichikawa and Kazumasa Kusaka as independent officers as stipulated by the Tokyo Stock Exchange and notified the Exchange to that effect.
  - (3) Liability limitation agreement  
The Company has concluded a liability limitation agreement in accordance with the Companies Act with each of its Outside Directors. Under these agreements, the limitation of damage liability of each Outside Director shall be the larger of ¥6 million or the minimum liability amount stipulated by the Companies Act, if such Outside Director has performed his or her duties in good faith and without gross negligence.  
The Company intends to continue the same agreement with both Messrs. Hiizu Ichikawa and Kazumasa Kusaka if their elections are approved.

**Proposal 2:** Election of 1 Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Mineo Enomoto will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 1 Audit & Supervisory Board member is proposed.

The Audit & Supervisory Board has previously given its approval to this proposal.

The candidate is as follows:

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Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
Yoshiko Koizumi (September 25, 1943)  [New appointment] [Outside Member]	April	1972 Registered in bar association (The Daini Tokyo Bar Association)	0
	April	1972 Joined Kikuchi Law and Patent Office	
	January	1980 Partner at Masuda & Ejiri Law Office (current Nishimura & Asahi)	
	May	2000 Chair of Women Business Lawyers Committee, Inter-Pacific Bar Association (IPBA)	
	August	2003 Expert Member of Food Safety Commission of Japan	
	March	2007 Auditor at Bosch Corporation	
	January	2008 Counsel at Nishimura & Asahi	
	May	2008 Councilor of the International Civil and Commercial Law Centre Foundation	
	April	2009 Partner at City-Yuwa Partners (current position)	
	October	2012 Deputy Chair of the Government Procurement Review Board	
	April	2013 Director of the Japan Bar Association (current position)	
	June	2015 Outside Director of Taiheiyo Cement Corporation (current position)	
	June	2015 Outside Director of Dowa Holdings Co., Ltd. (current position)	
	June	2016 Outside Auditor of Sumitomo Bakelite Co., Ltd. (current position)	
[Reasons for selection] (including reasons for designation as a candidate for Outside Audit & Supervisory Board Member)			
Ms. Yoshiko Koizumi, as an attorney, possesses in-depth knowledge and practical experience in the field of compliance in general as well as a wealth of experience in the international field, such as occupying an important post at the Inter-Pacific Bar Association, etc. The Company has judged that she can appropriately audit the execution of duties by Directors as an outside auditor at a time when the Company now promotes global expansion. Based on the above, the Company has decided to designate Ms. Yoshiko Koizumi as a candidate for Outside Audit & Supervisory Board Member.			
While Ms. Yoshiko Koizumi has never been engaged in the management of companies in any way other than assuming the position of an outside director or outside auditor, based on the reasons mentioned above the Company has judged that she will be able to appropriately fulfill the duties of an Outside Audit & Supervisory Board Member of the Company.			

(Notes)

1. There are no special interests between the candidate for Audit & Supervisory Board Member and the Company.
2. Ms. Yoshiko Koizumi
  - (1) Ms. Yoshiko Koizumi is a candidate for Outside Audit & Supervisory Board Member.
  - (2) Ms. Yoshiko Koizumi is a candidate who satisfies the qualification for the independent officer stipulated by the Tokyo Stock Exchange.
  - (3) Liability limitation agreement  
The Company has concluded a liability limitation agreement in accordance with the Companies Act with each of its Outside Audit & Supervisory Board Members. Under these agreements, the limitation of damage liability of each Outside Audit & Supervisory Board Member shall be the larger of ¥6 million or the minimum liability amount stipulated by the Companies Act, if such Outside Audit & Supervisory Board Member has performed his or her duties in good faith and without gross negligence.  
If Ms. Yoshiko Koizumi assumes office as Audit & Supervisory Board Member, the Company intends to conclude an aforementioned agreement with her as an Outside Audit & Supervisory Board Member.



**Proposal 3: Election of 1 Substitute Audit & Supervisory Board Member**

The effect of election of substitute Audit & Supervisory Board member Hideaki Sudo, who was elected at the 72nd Annual General Meeting of Shareholders held on September 29, 2016 shall expire at the beginning of this General Meeting of Shareholders. In preparation of a shortage in the number of Audit & Supervisory Board members stipulated in the laws and regulations, the election of 1 substitute Audit & Supervisory Board member is proposed.

The Audit & Supervisory Board has previously given its approval to this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions			Number of shares of the Company held
Hideaki Sudo (July 20, 1944)	April	1971	Registered in bar association (The Daini Tokyo Bar Association)	0
	April	2003	Representative of Tokyo Fuji Law Office	
	April	2004	Professor of Nihon University Law School	
	June	2008	Substitute Audit & Supervisory Board member of the Company, to present	
	May	2011	Representative commissioner of Business Rehabilitation Research Institute	
	January	2016	Partner of Tokyo Fuji Law Office (current position)	
[Reasons for selection] (including reasons for designation as a candidate for Outside Audit & Supervisory Board Member) Mr. Hideaki Sudo possesses specialized knowledge regarding overall law including corporate law as an attorney, and the Company has judged that he can appropriately audit the execution of duties by Directors from an objective and fair standpoint. Due to the above, the Company has continued to designate him as a candidate for Substitute Audit & Supervisory Board Member. Additionally, while Mr. Hideaki Sudo has not been engaged directly in the management of companies, the Company has judged due to the above that he will be able to appropriately fulfill his duties as an outside auditor of the Company.				

(Notes)

1. There are no special interests between the candidate for Substitute Audit & Supervisory Board Member and the Company.
2. Mr. Hideaki Sudo
  - (1) Mr. Hideaki Sudo is a candidate for Outside Audit & Supervisory Board Member.
  - (2) Mr. Sudo satisfies the qualification for the independent officer stipulated by the Tokyo Stock Exchange.
  - (3) Liability limitation agreement  
The Company has concluded a liability limitation agreement in accordance with the Companies Act with each of its Outside Audit & Supervisory Board Members. Under these agreements, the limitation of damage liability of each Outside Audit & Supervisory Board Member shall be the larger of ¥6 million or the minimum liability amount stipulated by the Companies Act, if such Outside Audit & Supervisory Board Member has performed his or her duties in good faith and without gross negligence.  
If Mr. Hideaki Sudo assumes office as Audit & Supervisory Board Member, the Company intends to conclude an aforementioned agreement with him as an Outside Audit & Supervisory Board Member.

#### **Proposal 4: Determination of Compensation for Allotting Restricted Stock to Directors**

At the 62nd Annual General Meeting of Shareholders held on June 28, 2007, the amount of compensation for Directors, not including Outside Directors, of the Company was approved as “not exceeding an annual amount of 465 million yen” (not including the employee portion for the salary of a Director who has concurrent positions of an employee and a Director). Additionally, at the 70th Annual General Meeting of Shareholders held on September 25, 2014, the amount of compensation for Outside Directors was approved as “not exceeding an annual amount of 30 million yen.”

In order that Directors other than Outside Directors (hereinafter referred to as “Eligible Directors”) become able to share benefits and risks of stock price fluctuation with shareholders and to further enhance their willingness to contribute to raising stock prices and improvement of corporate value, the Company now requests that common stock subject to provisions concerning a certain term of stock transfer restriction and grounds for acquisition of shares by the Company without any contribution, etc., (hereinafter referred to as “Restricted Stock”) is allotted to Eligible Directors as described below.

Therefore, considering various matters including contribution of the Eligible Directors to the Company, the Company requests that the total amount of monetary compensation claims payable to the Eligible Directors as compensation related to Restricted Stock and separate from the above-mentioned compensation for Directors, is determined as “not exceeding an annual amount of 60 million yen.”

Please note that allotment of Restricted Stock is determined by considering various matters, including contribution of the Eligible Directors to the Company, and is considered reasonable.

Additionally, the Company has a total number of 11 Directors (including 2 outside Directors) and the number will not change when Proposal 1 above is approved as proposed.

Details and the upper limit of the amount of Restricted Stock for the Eligible Directors:

##### **1. Allotment of and payment in relation with Restricted Stock**

Based on the resolution of the Board of Directors, the Company will award monetary compensation claims payable to Eligible Directors at an amount not exceeding the above-mentioned annual amount as compensation related to Restricted Stock, and each of the Eligible Directors shall be allotted with Restricted Stock by delivering all such monetary compensation claims in the form of investment in kind.

Additionally, the amount of payment for Restricted Stock will be determined by the Board of Directors of the Company based on the closing price of the common stock of the Company at the Tokyo Stock Exchange on the business day immediately prior to the day the resolution is made (or the closing price on the transaction day immediately prior to such business day if the stock deal is not settled on the day), in a way the amount is not particularly advantageous to the Eligible Directors that are to receive the Restricted Stock.

The above-mentioned monetary compensation claims will be awarded to Eligible Directors on the condition that the Eligible Directors have agreed to the above-mentioned investment in kind and have concluded an agreement concerning allotment of Restricted Stock of which provisions are specified in 3. below.

##### **2. The total amount of Restricted Stock**

The total number of 50,000 shares which are Restricted Stock to be allotted to Eligible Directors will be the upper limit of the number of restricted shares to be allotted in each fiscal year.

However, if any stock split (including allotment of common stock of the Company without any contribution) or reverse stock split of common stock of the Company occurs after the resolution is made for this Proposal and if it is necessary to change the total amount of Restricted Stock to be allotted due to such split or reverse split, the total amount of Restricted Stock may be changed in a reasonable manner.

##### **3. Details of the agreement concerning allotment of Restricted Stock**

When allotting Restricted Stock, based on the resolution of the Board of Directors of the Company, an agreement

concerning allotment of such stock to be concluded between the Company and Eligible Directors who are to be allotted with such stock will contain the details described below.

(1) Details of transfer restriction

Those Eligible Directors who are to be allotted with Restricted Stock may not distribute the Restricted Stock allotted (hereinafter referred to as the “Allotted Stock”) to any third party by a transfer, establishing the right of pledge or mortgage, or as a gift before death or a testamentary gift or in any other form for a period of one to five years determined by the Board of Directors (hereinafter referred to as the “Transfer Restriction Period”).

(2) Acquisition of Restricted Stock by the Company without contribution

If an Eligible Director allotted with Restricted Stock resigns from the position of Director of the Company prior to the expiration of the Transfer Restriction Period, the Company will acquire the Allotted Stock of the relevant Eligible Director without any contribution, unless the Board of Directors of the Company deems the resignation reasonable.

Additionally, if at the time the Transfer Restriction Period in (1) above expires the transfer restriction has not been removed for some of the Allotted Stock in accordance with the grounds for the removal of the transfer restriction described in (3) below, the Company, as a matter of course, will acquire such stock without any contribution.

(3) Removal of transfer restriction

On the condition that an Eligible Director allotted with Restricted Stock have maintained their position of Director of the Company throughout the Transfer Restriction Period, the Company shall remove the transfer restriction for all Allotted Stock of such Eligible Director when the Transfer Restriction Period expires.

However, if such Eligible Director resigns from their position of Director of the Company prior to the expiration of Transfer Restriction Period for the reasons deemed reasonable by the Board of Directors, the amount of Allotted Stock for which removal of transfer restriction should be made and the time to remove such restriction shall be changed as necessary and in a reasonable manner.

(4) Treatment in the event of organizational restructuring, etc.

If during the Transfer Restriction Period a proposal is approved at the Annual General Meeting of Stockholders of the Company (or by the Board of Directors of the Company, when approval at the Annual General Meeting of Stockholders of the Company is not required) concerning concluding a contract of merger to dissolve the Company, share exchange agreement or any other plans concerning organizational restructuring including stock transfer plans to make the Company a wholly-owned subsidiary company, by resolution of the Board of Directors of the Company the transfer restriction will be removed prior to the effective date of such organizational restructuring, etc., for a number of allotted shares to be determined in a reasonable manner based on a period from the date the term of transfer restriction started to the date of approval of the organizational restructuring, etc.

In this case, immediately after the transfer restriction is removed pursuant to the above, as a matter of course, the Company will acquire without any contribution the Allotted Stock for which transfer restriction has not been removed.

**Proposal 5:** Payment of Retirement Benefits to Retiring Director

To Mr. Noriaki Hirose, a Director retiring for the reason of expiration of his term of office at the end of this Annual General Meeting of Shareholders, the Company proposes the payment of retirement benefits within the limit of a reasonable amount in line with predetermined provisions of the Company in order to compensate for his contribution to the Company during his office term. The Company requests that decisions on the amount of and when and how to pay the retirement benefits to Mr. Hirose be entrusted to the Board of Directors.

As a part of its management reform, however, the Company decided to abolish the retirement benefits program for Directors and Audit & Supervisory Board Members as of the end of the 59th Annual General Meeting of Shareholders held on June 29, 2004 and not to award any retirement benefits to Directors for the term of office later than that date. Therefore, this proposal concerns the payment of retirement benefits for the contribution of Mr. Hirose for his term of office up to the end of the 59th Annual General Meeting of Shareholders held on June 29, 2004.

The profile of the retiring director is as follows:

Noriaki Hirose	June	1999	Director of the Company
	June	2003	Director and Executive Officer of the Company
	June	2004	Representative Director and Managing Executive Officer of the Company
	June	2006	Representative Director and Senior Managing Executive Officer of the Company
	June	2008	Representative Director and President of the Company
	September	2014	Representative Director and Chairman of the Company
	July	2017	Director and Counselor of the Company (current position)