

Securities Code: 1828

June 8, 2018

To our shareholders:

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

Notice of the 50th Annual General Meeting of Shareholders

You are cordially invited to attend the 50th 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 the 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 26, 2018 (JST).

1. Date and Time: Wednesday, June 27, 2018 at 10:00 a.m. (JST). Reception opens at 9:30 a.m.

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 Non-consolidated Financial Statements for the 50th fiscal year (from April 1, 2017 to March 31, 2018)
2. The Consolidated Financial Statements for the 50th fiscal year (from April 1, 2017 to March 31, 2018), 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 | Election of Six Directors |
| Proposal No. 3 | Election of One Substitute Audit & Supervisory Board Member |

4. How to Exercise Your Voting Rights

Please refer to “How to Exercise Your Voting Rights” (Japanese only).

- 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.

Company 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:

Year-end dividends

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. Having given consideration to such matters as business performance of the 50th fiscal year and dividend payout ratio, the Company proposes to pay a year-end dividend of ¥20 per share for the fiscal year. (Effective April 1, 2017, the Company conducted a 2-for-1 stock split of its common shares. Accordingly, when calculated using the pre-split number of shares, the above-mentioned year-end dividend is equivalent to ¥40 per share, the same as that for the previous fiscal year.)

Type of dividend property

Cash

Allotment of dividend property and their aggregate amount

¥20 per common share of the Company

Total dividends: ¥214,019,380

Effective date of dividends of surplus

June 28, 2018

Proposal No. 2 Election of Six 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 six Directors, increasing the number of Unaffiliated Directors by one to enhance the management system and corporate governance.

The candidates for Director are as follows:

Candidate No.	Name	Current position	Attributes
1	Yoshio Watanuki	Representative Director, President and Executive Officer	Reelection
2	Fumio Mizusawa	Executive Managing Director Branch Manager of OSAKA Branch Office in charge of NAGOYA Branch Office and HIMEJI Technology Center	Reelection
3	Hisayuki Yamaguchi	Executive Managing Director Branch Manager of OUMI Branch Office in charge of Quality and Safety Promotion Office and HOKURIKU Branch Office	Reelection
4	Yuichi Gommori	Senior Executive Director General Manager of Corporate Administration Division	Reelection
5	Yuichi Yokota	Unaffiliated Director	Reelection Unaffiliated Independent
6	Naoki Nomoto		New election Unaffiliated Independent

Reelection

Candidate for reelection as Director

New election

Candidate for new election as Director

Unaffiliated

Candidate for election as Unaffiliated Director

Independent

Independent Officer as provided for by stock exchanges, etc.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company		Number of the Company's shares owned
1	Yoshio Watanuki (July 3, 1941) Reelection Attendance record at meetings of the Board of Directors 18 out of 18	Feb. 1969	Joined the Company	330,400 shares
		Oct. 1981	Director and General Manager of Sales Department	
		Apr. 1990	Managing Director and General Manager of Sales Division	
		June 1990	Senior Managing Director and General Manager of Sales Division	
		Oct. 1998	Representative Director and President	
		June 2009	Representative Director, President and Executive Officer (current position)	
		Significant concurrent positions outside the Company		
		-		
Reasons for nomination as candidate for Director Yoshio Watanuki joined the Company in 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.				
2	Fumio Mizusawa (April 22, 1955) Reelection Attendance record at meetings of the Board of Directors 18 out of 18	Feb. 1983	Joined the Company	51,900 shares
		Sept. 1998	Representative Director of TANABE (THAILAND) Co., Ltd.	
		June 2003	Director and General Manager of Industrial Machinery Engineering Department of the Company	
		June 2009	Retired from Director Senior Executive Officer and General Manager of Industrial Machinery Engineering Department in charge of Power Operation Department	
		Apr. 2010	Senior Executive Officer and Head of SAITAMA Technology Center	
		Apr. 2011	Senior Executive Officer and General Manager of Sales Department	
		Apr. 2012	Senior Executive Officer and Branch Manager of HOKURIKU Branch Office	
		June 2013	Director, Senior Executive Officer and Branch Manager of HOKURIKU Branch Office in charge of Power Operation Department	
		June 2016	Executive Managing Director and Branch Manager of HOKURIKU Branch Office in charge of Power Operation Department	
		Apr. 2018	Executive Managing Director, Branch Manager of OSAKA Branch Office in charge of NAGOYA Branch Office and HIMEJI Technology Center (current position)	
		Significant concurrent positions outside the Company		
		-		
Reasons for nomination as candidate for 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.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company		Number of the Company's shares owned
3	Hisayuki Yamaguchi (June 15, 1956) Reelection Attendance record at meetings of the Board of Directors 17 out of 18	Apr. 1979	Joined the Company	25,400 shares
		June 2009	Executive Officer and Branch Manager of CHIBA Branch Office	
		Apr. 2013	Executive Officer and Branch Manager of OUMI Branch Office	
		June 2013	Senior Executive Officer and Branch Manager of OUMI Branch Office	
		June 2014	Director, Senior Executive Officer and Branch Manager of OUMI Branch Office	
		June 2016	Executive Managing Director and Branch Manager of OUMI Branch Office	
		Apr. 2018	Executive Managing Director, Branch Manager of OUMI Branch Office in charge of Quality and Safety Promotion Office and HOKURIKU Branch Office (current position)	
		Significant concurrent positions outside the Company		
		-		
Reasons for nomination as candidate for 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.				
4	Yuichi Gommori (February 18, 1957) Reelection Attendance record at meetings of the Board of Directors 18 out of 18	Apr. 1979	Joined the Company	13,500 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	
		Apr. 2018	Senior Executive Director and General Manager of Corporate Administration Division (current position)	
		Significant concurrent positions outside the Company		
		-		
Reasons for nomination as candidate for Director Yuichi Gommori 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 management administration operations and business management, and thereby the Company requests for his reelection as Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
5	Yuichi Yokota (June 17, 1953) Reelection Unaffiliated Independent Attendance record at meetings of the Board of Directors 18 out of 18	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) Significant concurrent positions outside the Company -	-
Reasons for nomination as candidate for Unaffiliated 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.			
6	Naoki Nomoto (Dec. 24, 1958) New election Unaffiliated Independent	Oct. 1987 Joined Chuo Audit Corporation (became Chuo Shinko Audit Corporation as a result of a merger) July 1989 Retired from Chuo Shinko Audit Corporation July 1989 Joined Ota Showa Audit Corporation (now Ernst & Young ShinNihon LLC) Sept. 2010 Manager of Nagaoka Office June 2017 Retired from Ernst & Young ShinNihon LLC July 2017 Head of Naoki Nomoto Certified Public Accountant Office (current position) Significant concurrent positions outside the Company -	-
Reasons for nomination as candidate for Unaffiliated Director Naoki Nomoto has cultivated specialist knowledge and experience as a certified public accountant. The Company expects him to contribute to strengthening the corporate governance by utilizing such knowledge and experience and providing advice on its overall management, and thereby requests for his election as Unaffiliated Director.			

- (Notes)
1. There is no special interest between any of the candidates and the Company.
 2. Candidates for Director Yuichi Yokota and Naoki Nomoto are candidates for Unaffiliated Director.
 3. 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. Naoki Nomoto satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange, and the Company plans to submit notification concerning his designation as an independent officer if his election is approved at this meeting.
 4. 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. If his reelection is approved, the Company intends to extend this limited liability agreement. Furthermore, if the election of Naoki Nomoto as Unaffiliated Director is approved, the Company plans to enter into an agreement with him 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 agreements shall be the minimum amount prescribed in Article 425, Paragraph 1 of the same Act. If their election/reelection is approved, the Company intends to extend these limited liability agreements.

Proposal No. 3 Election of One Substitute Audit & Supervisory Board Member

The Company requests approval for the election of one substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by laws and regulations.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

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

Name (Date of birth)	Career summary	Number of the Company's shares owned
Ryuichi Shimamune (August 16, 1955) New election	<p>Apr. 1978 Joined Kanto-Shinetsu Regional Taxation Bureau</p> <p>July 2009 District Director of Ojiya Tax Office</p> <p>July 2010 Director of Second Personnel Division of Kanto-Shinetsu Regional Taxation Bureau</p> <p>July 2011 Director of Planning Division</p> <p>July 2012 Director of First Personnel Division</p> <p>July 2014 Deputy Assistant Regional Commissioner of Revenue Management and Collection Department</p> <p>July 2015 Deputy Commissioner of Large Enterprise Examination and Criminal Investigation Department</p> <p>July 2016 Retired from Kanto-Shinetsu Regional Taxation Bureau</p> <p>Aug. 2016 Registered as tax accountant Head of Ryuichi Shimamune Tax Accountant Office (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>-</p>	-
<p>Reasons for nomination as candidate for substitute Unaffiliated Audit & Supervisory Board Member</p> <p>Ryuichi Shimamune has never been directly involved in the management of a company. However, he has cultivated advanced specialist knowledge as a tax accountant, and the Company expects him to perform accurate audits on its overall management from a broad perspective by reflecting such knowledge in its audit system, and thereby the Company requests for his election as substitute Unaffiliated Audit & Supervisory Board Member.</p>		

- (Notes)
1. There is no special interest between the candidate and the Company.
 2. Ryuichi Shimamune is a candidate for substitute Unaffiliated Audit & Supervisory Board Member.
 3. If Ryuichi Shimamune is appointed as Audit & Supervisory Board Member, the Company plans to enter into an agreement with him 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 minimum amount prescribed in Article 425, Paragraph 1 of the same Act.