

Notice of the 166th Ordinary General Meeting of Shareholders

Date & Time: 2:00 p.m. (Japan Time), on Friday, June 14, 2019

Place: IBIDEN Co., Ltd. Headquarters Conference Room (2nd floor)

2-1 Kanda-cho, Ogaki-city, Gifu Pref.

Agenda:

Matters to be reported:

- (1) Business Report and Consolidated Financial Statements, and Audit Reports by the Accounting Auditors and the Audit and Supervisory Committee on the Consolidated Financial Statements, for the 166th Fiscal Year (from April 1, 2018 to March 31, 2019)
- (2) Financial Statements for the 166th Fiscal Year (from April 1, 2018 to March 31, 2019)

Proposal to be acted upon:

Proposal 1: Election of Seven (7) Directors who are not Audit and Supervisory Committee Members

Proposal 2: Election of Five (5) Directors who are Audit and Supervisory Committee Members

Proposal 3: Election of one (1) Substitute Director who is an Audit and Supervisory Committee Member

Exercise of Voting Rights:

Please refer to “Exercise of Voting Rights” on the next page.

If any changes have been made to items in the reference Documents for General Meeting of Shareholders, Business Report, and Consolidated/Non-Consolidated Financial Statements, such changes will be posted on the Company’s website.

Additionally, pursuant to the Japanese laws and regulations and Article 15 of the Company’s, “Items related to Corporate Director (6) Outside Corporate Director”, “Company structure and Company Policy” of Business Report, “Consolidated Financial Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements of Change in Net Assets” of Consolidated Financial Statements, and “Statements of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” of Financial Statement will be posted on the website above, and thus not included in the documents accompanying the Notice of the 166th Ordinary General Meeting of Shareholders.

Moreover, these items will be audited by the Accounting Auditors and Audit and Supervisory Committee.

Company’s Website: <https://www.ibiden.co.jp/>

If there is any minor amendment to the “Reference Materials for General Meeting of Shareholders,” “Business Report,” “Financial Report” and/or “Consolidated /Non-consolidated Financial Statements”, such amendment will be posted on the Company’s website indicated above.

This document is an English translation of the Notice of the 166th Ordinary General Meeting of Shareholders originally prepared in Japanese. This English translation is for general reference purposes only and is subject to errors and omissions. All information contained herein is deemed accurate, but is not guaranteed.


Proposal 1: Election of Seven (7) Directors who are not Audit and Supervisory Committee Members

The terms of office of all seven (7) current Directors will expire at the conclusion of the Ordinary General Meeting of Shareholders. Accordingly, it is proposed that seven (7) Members of the Board of Directors who are not Audit and Supervisory Committee Members be elected.

The candidates for the Directors who are not Audit and Supervisory Committee Members are as follow:

The brief personal information for respective candidates is referred to Page 3 through 6.

Candidate Number		Name	Career, Area in Charge at the Company		Attendance at The Attendance of the Board of Directors' Meeting in 2018	Years of Service
1	Reassignment	Hiroki TAKENAKA	Chairman of the Board, Representative Director, Chairman of the Board Meeting, Administrator of Corporate Business Operation, Corporate Executive Director of Electronics Operation		10/10 times (100%)	22 years
2	Reassignment	Takeshi AOKI	President & CEO, Representative Director, Administrator of Corporate Business Operation, Corporate Executive Director of Ceramics Operation, R&D Operation and Internal Audit Division		10/10 times (100%)	6 years
3	Reassignment	Kozo KODAMA	Executive Vice President, Representative Director, Corporate Executive Director of Quality Unit, Engineering Unit, Production Unit and System Promotion Unit, President of Corporate Strategic Manufacturing Operation and MLB Operation, President of IBIDEN Electronics Beijing, Chairman of IBIDEN Electronics Malaysia		10/10 times (100%)	4 years
4	Reassignment	Masahiko IKUTA	Director & Executive Managing Officer, President of Strategic Corporate Planning Operation, Corporate Executive Director of PKG Operation and IR		10/10 times (100%)	1 year
5	Reassignment	Chiaki YAMAGUCHI	Candidate of Outside Director	Candidate of Independent Director	10/10 times (100%)	5 years
6	Reassignment	Toshio MITA	Candidate of Outside Director	Candidate of Independent Director	10/10 times (100%)	2 years
7	Reassignment	Koichi YOSHIHISA	Candidate of Outside Director	Candidate of Independent Director	9/10 times (90%)	2 years

	Candidate Number 1	Hiroki TAKENAKA	Date of Birth: January 1, 1951
	Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held		
Reassignment Numbers of the Company's Shares Owned 110,500 Including Numbers of the Company's Shares Granted on Stock Compensation Plan 16,900	April 1973 June 1997 June 2001 June 2005 April 2007	Joined IBIDEN Co., Ltd. Director Managing Director Director & Executive Managing Officer President & CEO, Representative Director, Administrator of Corporate Business Operation (present)	January 2015 March 2016 June 2017 June 2018
	Corporate Executive Director of R&D Operation Corporate Executive Director of Affiliates and Subsidiaries Chairman of the Board, Representative Director (present) Corporate Executive Director of Electronics Operation (present)		
Reasons for his Nomination as a Candidate for Director of the Company Mr. Hiroki TAKENAKA has wide-range knowledge as a Corporate Manager and Director of the Company and abundant experience in business operation of the Company. As the Company judges that he has sufficient knowledge and experience that enable him to make decision on the execution of important business for the Company and to supervise the execution of duties by directors, we nominate him as a candidate of Director of the Company.			

	Candidate Number 2	Takeshi AOKI	Date of Birth: February 4, 1958
	Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held		
Reassignment Numbers of the Company's Shares Owned 48,200 Including Numbers of the Company's Shares Granted on Stock Compensation Plan 16,900	April 1981 April 2008 June 2013 April 2014 April 2014 March 2016 March 2016	Joined IBIDEN Co., Ltd. Corporate Officer Director & Corporate Officer Director & Managing Officer Vice President of Ceramics Operation Executive Vice President, Representative Director President of Ceramics Operation	April 2017 June 2017 June 2017 June 2018 April 2019
	Administrator of Corporate Business Operation (present), Corporate Executive Director of Ceramics Operation (present) President & CEO, Representative Director (present) Corporate Executive Director of R&D Operation (present) Corporate Executive Director of Internal Audit Division (present)		
Reasons for his Nomination as a Candidate for Director of the Company Mr. Takeshi AOKI has wide-range knowledge as a Representative Director of the Company and abundant experience in Ceramics Operation. As the Company judges that he has sufficient knowledge and experience that enable him to make decision on the execution of important business for the Company and to supervise the execution of duties by directors, we nominate him as a candidate of Director of the Company.			



Reassignment

Numbers of the
Company's Shares
Owned
33,300
Including Numbers of the
Company's Shares
Granted on Stock
Compensation Plan
11,400

Candidate Number

3

Kozo KODAMA

Date of Birth:
March 23, 1963

Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held

April 1986	Joined IBIDEN Co., Ltd.	February 2018	Chairman of IBIDEN Electronics Malaysia
April 2012	Corporate Officer		(present)
April 2012	Vice President of IBIDEN Philippines Inc.	June 2018	Corporate Executive Director of Quality Unit, Engineering Unit, Production Unit (present)
January 2015	Managing Officer		
January 2015	Vice President of Electronics Operation	December 2018	President of Corporate MLB Operation (present), President of IBIDEN Electronics Beijing (present)
June 2015	Director & Managing Officer		
March 2016	Executive Vice President, Representative Director (present)	April 2019	In charge of System Promotion Unit (present)
April 2017	President of Corporate Strategic Manufacturing Operation (present), Corporate Executive Director of CSR Promotion Division and Energy Control Division		

Reasons for his Nomination as a Candidate for Director of the Company

Mr. Kozo KODAMA has wide-range knowledge as a Representative Director of the Company, deep knowledge in Technology and Production Operations and experience in an affiliating overseas production company. As the Company judges that he has sufficient knowledge and experience that enable him to make decision on the execution of important business for the Company and to supervise the execution of duties by directors, we nominate him as a candidate of Director of the Company.



Reassignment

Numbers of the
Company's Shares
Owned
32,600
Including Numbers of the
Company's Shares
Granted on Stock
Compensation Plan
8,000

Candidate Number

4

Masahiko IKUTA

Date of Birth:
August 19, 1962

Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held

April 1985	Joined IBIDEN Co., Ltd.	March 2016	Director & Executive Managing Officer
April 2010	Corporate Officer		
October 2013	In charge of FGM Operation	April 2017	Corporate Executive Director of affiliates and subsidiaries (present)
October 2013	In charge of IR, Operations Manager of Strategic Corporate Planning Operations (present)	June 2017	Executive Managing Officer
		June 2018	Director & Executive Managing Officer (present)
June 2014	Director & Managing Officer	April 2019	Corporate Executive Director of PKG Operation (present)

Reasons for his Nomination as a Candidate of Director of the Company

Mr. Masahiko IKUTA has wide-range knowledge as a Director of the Company and adequate experience in Strategic Corporate Planning Operation. As the Company judge that he has sufficient knowledge and experience that enable him to make decision on the execution of important business for the Company and to supervise the execution of duties by directors, we nominate him as a candidate of Director of the Company.



Reassignment

Candidate of Outside Director

Candidate of Independent Director

Numbers of the Company's Shares Owned
10,900

Candidate Number

5

Chiaki YAMAGUCHI

Date of Birth:

December 25, 1949

Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held

June 2003 Full-time Corporate Auditor of Toyota Motor Corporation (Retired on June, 2011)
June 2011 Executive Managing Director of Toyota Industries Corporation
June 2012 Representative Director & Senior Vice President of Toyota Industries Corporation (Retired on June, 2015)
June 2014 Outside Director of IBIDEN Co., Ltd. (present)
June 2015 President & Representative Director of Towa Real Estate Co., Ltd.
June 2015 Outside Director of Nakanihon Kogyo Co., Ltd. (present)
June 2018 Advisor of Towa Real Estate Co., Ltd. (present)

Other Major Position Concurrently Held

President & Representative Director of Towa Real Estate Co., Ltd.
Outside Director of Nakanihon Kogyo Co., Ltd.

Relation between his Major Concurrent Duty and the Company

The Company has no special interest with his concurrent duty.

Reasons for his Nomination as a Candidate of Outside Director of the Company

The Company proposes that Mr. Chiaki YAMAGUCHI be elected as an Outside Director, in expectation of the advice and supervision which he will be able to provide based on his abundant and wide-ranging experience and expertise, including those in relation to corporate management.



Reassignment

Candidate of Outside Director

Candidate of Independent Director

Numbers of the Company's Shares Owned
1,300

Candidate Number

6

Toshio MITA

Date of Birth:

November 2, 1946

Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held

April 1969 Joined Chubu Electric Power Co., Inc.
June 2003 Managing Officer, Tokyo Office Manager
June 2005 Director, Senior Managing Executive Officer, President of Sales Company
June 2006 President & CEO
June 2007 President & CEO, Representative Director
June 2010 Chairman of the Board
June 2015 Advisor of Chubu Electric Power Co., Inc. (present)
June 2015 Outside Auditor of NYK Line (present)
June 2017 Outside Director of IBIDEN Co., Ltd. (present)
June 2018 Outside Auditor of Nagoya Railroad Co., Ltd. (present)

Other Major Position Concurrently Held

Advisor of Chubu Electric Power Co., Inc.
Outside Auditor of NYK Line
Outside Auditor of Nagoya Railroad Co., Ltd.

Relation between his Major Concurrent Duty and the Company

The Company has no special interest with his concurrent duty.

Reasons for his Nomination as a Candidate of Outside Director of the Company

The Company proposes that Mr. Toshio MITA be elected as an Outside Director, in expectation of the advice and supervision which he will be able to provide based on his abundant and wide-ranging experience and expertise, including those in relation to corporate management.



Reassignment

Candidate of Outside Director

Candidate of Independent Director

Numbers of the Company's Shares Owned
1,300

Candidate Number

7

Koichi YOSHIHISA

Date of Birth:

November 29, 1952

Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held

March 1981	Tokyo University PhD (Engineering)	April 2013	Dean of Science and Technology at Meijo University, Chair of Research Department, Councilor at Meijo University
April 1982	Assistant of IIS at Tokyo University		
April 1984	Joined the Faculty of Science and Technology at Meijo University	April 2015	President of the University, Full-Time Director of Meijo University
April 2000	Professor at Architectural Course of Science and Technology at Meijo University	June 2017	Outside Director of IBIDEN Co., Ltd. (present)
April 2003	Manager of at Architectural Course of Science and Technology at Meijo University	April 2019	Professor at Architectural Course of Science and Technology at Meijo University (present)

Other Major Position Concurrently Held

Professor at Architectural Course of Science and Technology at Meijo University

Relation between his Major Concurrent Duty and the Company

The Company has no special interest with his concurrent duty.

Reasons for his Nomination as a Candidate of Outside Director of the Company

The Company proposes that Mr. Koichi YOSHIHISA be elected as an Outside Director, in expectation of the advice and supervision which he will be able to provide based on his abundant and wide-ranging academic knowledge, experience and expertise, including those in relation to efforts toward academia-industry cooperation between the local university and the Company.

(Annotation)

1. The Company has no special interests with any of the candidates above.
2. Liability limitation agreements with Outside Directors who are not Audit and Supervisory Committee Members. Outline of contents of the liability limitation agreement as follows:
The Company has executed with Messrs. Chiaki YAMAGUCHI, Toshio MITA and Koichi YOSHIHISA, Outside Directors, with an agreement for limitation of liability for damage as stipulated in Article 423.1 of the Companies Act. Outline of contents of the liability limitation agreement as follows:
 - (i) Liability for damage incurred due to an outside director's failure to perform his/her duties as an Outside Director shall be up to the amount of 20 million yen or the minimum liability amount stipulated in Article 425.1 of the Companies Act, whichever is higher.
 - (ii) The limitation of liability above applies only if an outside director has performed the duties which have caused his/her liability, without knowledge thereof and has not been grossly negligent in performing the same.
If this proposal is approved, an agreement with the same terms and conditions as those set forth above will also be renewed with Messrs. Chiaki YAMAGUCHI, Toshio MITA and Koichi YOSHIHISA, upon their assumption of office as Outside Directors who are not an Audit and Supervisory Committee Members.
3. Pursuant to the provisions prescribed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc., Messrs. Chiaki YAMAGUCHI, Toshio MITA and Koichi YOSHIHISA as Independent Directors, have been appointed and registered with both Stock Exchanges.
4. There are no further matters to be specified other than the above regarding the matters to be stated in the proposal for the election of the directors, as stipulated in Article 74 of the Ordinance for Enforcement of the Companies Act.

Proposal 2:

Election of Five (5) Directors who are Audit and Supervisory Committee Members

The terms of office of all five (r) current Directors who are Audit and Supervisory Committee Members will expire at the conclusion of the Ordinary General Meeting of Shareholders.

Accordingly, it is proposed that five (5) Members of the Board of Directors who are Audit and Supervisory Committee Members be elected.

The Company has obtained the consent of the Board of Audit and Supervisory Committee for this proposal.

The candidates for the Directors who are Audit and Supervisory Committee Members are as follow:

The brief personal information for respective candidates is referred to Page 8 through 12.

Candidate Number		Name	Career, Area in Charge at the Company	Attendance at The Audit and Supervisory Committee's Meeting in 2018	Attendance at The Board of Directors' Meeting in 2018	Years of Service
1	Re-assignment	Keiichi SAKASHITA	Full-time Member of Audit and Supervisory Committee (present) Specific Member of Audit and Supervisory Committee (present)	13/13 times (100%)	10/10 times (100%)	2 years
2	Re-assignment	Yoichi KUWAYAMA	Full-time Member of Audit and Supervisory Committee (present)	10/10 times (100%)	10/10 times (100%)	2 years
3	Re-assignment	Fumio KATO	Outside Member of Audit and Supervisory Committee (present) Chairman of Audit and Supervisory Committee (present) Candidate of Outside Corporate Auditor Candidate of Independent Director	13/13 times (100%)	10/10 times (100%)	2 years
4	Re-assignment	Masaki HORIE	Outside Member of Audit and Supervisory Committee (present) Candidate of Outside Corporate Auditor Candidate of Independent Director	13/13 times (100%)	10/10 times (100%)	2 years
5	Re-assignment	Nobuko KAWAI	Outside Member of Audit and Supervisory Committee (present) Candidate of Outside Corporate Auditor Candidate of Independent Director	13/13 times (100%)	10/10 times (100%)	2 years



Reassignment

Numbers of the
Company's Shares
Owned
42,400

Candidate Number

1

Keiichi SAKASHITA

Date of Birth:
April 21, 1956

Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held

April 1981	Joined IBIDEN Co., Ltd.
June 2007	Director & Managing Officer
April 2009	Corporate Executive Director of Ceramics Operation
April 2009	Operation Manager of DPF Operation
April 2011	Operation Manager of Strategic Manufacturing Operation
April 2013	Director & Executive Managing Officer
January 2015	Corporate Executive Director of Audit
January 2015	Corporate Executive Director of IMS Promotion
June 2015	Full-time Corporate Auditor (present)
June 2017	Full-time Member of Audit and Supervisory Committee (present)

Reasons for his Nomination as a Candidate for a Director who is an Audit and Supervisory Committee Member

The Company proposes that Mr. Keiichi SAKASHITA be elected as a Director who is an Audit and Supervisory Committee Member, in expectation of the advice and supervision which he will be able to provide based on his abundant and wide-ranging experience and expertise on the Company's business, including those in relation to corporate management.



Reassignment

Numbers of the
Company's Shares
Owned
41,500

Candidate Number

2

Yoichi KUWAYAMA

Date of Birth:
May 30, 1958

Brief Personal History, Positions, Responsibilities and Significant Positions Concurrently Held

April 1983	Joined IBIDEN Co., Ltd.
April 2007	Executive
April 2008	Corporate Officer
April 2011	Operation Manager of DPF Operation
April 2012	Managing Officer
June 2012	Director & Managing Officer
April 2014	Director & Executive Managing Officer
April 2014	Operation Manager of Ceramics Operation
March 2016	Corporate Executive Director of Audit
June 2016	Full-time Corporate Auditor
June 2017	Full-time Member of Audit and Supervisory Committee (present)

Reasons for his Nomination as a Candidate of a Director who is an Audit and Supervisory Committee Member

The Company proposes that Mr. Yoichi KUWAYAMA be elected as a Director who is Audit and Supervisory Committee Member, in expectation of the advice and supervision which he will be able to provide based on his abundant and wide-ranging experience and expertise on the Company's business, including those in relation to corporate management.



Reassignment

Candidate of Outside
Corporate Director

Candidate of
Independent Director

Numbers of the
Company's Shares
Owned
2,000

Candidate Number

3

Fumio KATO

Date of Birth:

January 20, 1944

Brief Personal History, Positions, Responsibilities and Significant Positions
Concurrently Held

July 2000	Deputy Manager of Investigation Department Nagoya Regional Taxation Bureau
July 2001	Superintendent of Showa Tax Office
August 2002	Registered as certified tax accountant, Opened Fumio Kato Certified Tax Accountant Office, Representative of Fumio Kato Certified Tax Accountant Office (present)
July 2004	Outside Corporate Auditor of Seino Holdings Co., Ltd. (present)
November 2014	Outside Corporate Auditor of HIMARAYA Co.,Ltd.
June 2015	Outside Corporate Auditor of IBIDEN Co., Ltd.
November 2015	Outside Director who is an Audit and Supervisory Committee Member of HIMARAYA Co.,Ltd. (present)
June 2017	Outside Corporate Director who is Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (present)

Other Major Position Concurrently Held

Representative of Fumio Kato Certified Tax Accountant Office
Outside Corporate Auditor of Seino Holdings Co., Ltd.
Outside Director who is an Audit and Supervisory Committee Member of HIMARAYA Co.,Ltd.

Reasons for his Nomination as a Candidate of Outside Director of the Company

The Company proposes that Mr. Fumio KATO be elected as an Outside Director who is an Audit and Supervisory Committee Member, in expectation of the advice and supervision which he will be able to provide based on his abundant and wide-ranging experience and expertise as a certified tax accountant, including those in relation to corporate management.

Eligibility of a Candidate for an Outside Director who is an Audit and Supervisory Committee Member

Mr. Fumio KATO has not been directly involved in the management of corporation, however, we expect him to adequately execute his duties as an Outside Director who is an Audit and Supervisory Committee Member with his knowledge and experience.



Reassignment

Candidate of Outside
Corporate Director

Candidate of
Independent Director

Numbers of the
Company's Shares
Owned
0

Candidate Number

4

Masaki HORIE

Date of Birth:

November 25, 1949

Brief Personal History, Positions, Responsibilities and Significant Positions
Concurrently Held

April 1973	Joined PricewaterhouseCoopers Co., Ltd.
November 1980	Joined Ito Accounting & Consultancy Office
July 1997	Senior Partner of Ito Accounting & Consultancy Office
January 2001	Senior Partner of Chuo-Aoyama Audit Corporation
September 2006	Senior Partner of Arata Audit Corporation
July 2010	Opened Masaki HORIE Certified Public Accountant Office, Director of the Office (present)
June 2011	Outside Corporate Auditor of Tokai Rika Co., Ltd.
June 2015	Outside Corporate Auditor of Futaba Industrial Co., Ltd.
June 2016	Outside Director of Futaba Industrial Co., Ltd. (present)
June 2016	Outside Corporate Director of IBIDEN Co., Ltd. (present)
June 2016	Outside Auditor of IBIDEN Co., Ltd.
June 2017	Outside Corporate Director who is Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (present)

Other Major Position Concurrently Held

Director of Masaki HORIE Certified Public Accountant Office
Outside Director of Futaba Industrial Co., Ltd.
Executive Director of Japanese Institute of Certified Public Accountants

Reasons for his Nomination as a Candidate of Outside Director of the Company

Mr. Masaki HORIE has wide-range of knowledge and abundant experience as a certified public accountant. As the Company judges that he has sufficient knowledge and experience that enable him to supervise the corporate management of the Company and to provide efficient and effective advice thereof, we nominate him as a candidate of Outside Director who is an Audit and Supervisory Committee Member.

Eligibility of a Candidate for an Outside Director who is an Audit and Supervisory Committee Member

Mr. Masaki HORIE has not been directly involved in the management of corporation, however, we expect him to adequately execute his duties as an Outside Director who is an Audit and Supervisory Committee Member with his knowledge and experience.



Reassignment

Candidate of Outside
Corporate Director

Candidate of
Independent Director

Numbers of the
Company's Shares
Owned
0

Candidate Number

5

Nobuko KAWAI

Date of Birth:

December 5, 1961

**Brief Personal History, Positions, Responsibilities and Significant Positions
Concurrently Held**

April 1992	Registered as attorney (The First Tokyo Bar Association)
January 1995	Switched the registration as attorney to Nagoya (currently Aichi Prefecture) Bar Association
April 1998	Opened Nobuko KAWAI Law Office, Representative of the office (present)
January 2004	Mediator for Civil Trial of Jury of Nagoya Summary Court (Part-Time Judge)
April 2009	Deputy Chairman of Aichi Bar Association
April 2012	Professor At Law School of Nagoya University (Practice of Law)
June 2015	Outside Corporate Director of FUJI CORPORATION (present)
June 2017	Outside Corporate Director who is Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (present)

Other Major Position Concurrently Held

Representative of Nobuko KAWAI Law Office
Outside Director of FUJI CORPORATION
Aichi Prefecture Pollution Control Committee Member
Chairman of Kasugai Civic Equity Committee

Reasons for his Nomination as a Candidate of Outside Director of the Company

The Company proposes that Ms. Nobuko KAWAI be elected as an Outside Director who is an Audit and Supervisory Committee Member in expectation of the advice and supervision to strengthen the Company's audit system which she will be able to provide based on her abundant and wide-ranging experience and expertise as an attorney.

Eligibility of a Candidate for an Outside Director who is an Audit and Supervisory Committee Member

Ms. Nobuko KAWAI has not been directly involved in the management of corporation, however, we expect her to adequately execute her duties as an Outside Director who is an Audit and Supervisory Committee Member with her knowledge and experience.

(Annotation)

1. The Company has no special interests with any of the candidates above.
2. Liability limitation agreements with Outside Directors who are not Audit and Supervisory Committee Members. Outline of contents of the liability limitation agreement as follows:
The Company has executed with Messrs. Fumio KATO and Masaki HORIE and Ms. Nobuko KAWAI, Outside Directors, with an agreement for limitation of liability for damage as stipulated in Article 423.1 of the Companies Act. Outline of contents of the liability limitation agreement as follows:
(i) Liability for damage incurred due to an outside director's failure to perform his/her duties as an outside director shall be up to the amount of 20 million yen or the minimum liability amount stipulated in Article 425.1 of the Companies Act, whichever is higher.
(ii) The limitation of liability above applies only if an outside director has performed the duties which have caused his/her liability, without knowledge thereof and has not been grossly negligent in performing the same.
If this proposal is approved, an agreement with the same terms and conditions as those set forth above will also be executed with Mr. Fumio KATO, Mr. Masaki HORIE and Ms. Nobuko KAWAI, upon their assumption of office as Outside Directors who are Audit and Supervisory Committee Members.
3. Pursuant to the provisions prescribed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc., Messrs. Fumio KATO and Masaki HORIE and Ms. Nobuko KAWAI as Independent Directors, have been appointed and registered with both Stock Exchanges.
4. There are no further matters to be specified other than the above regarding the matters to be stated in the proposal for the election of the directors, as stipulated in Article 74-3 of the Ordinance for Enforcement of the Companies Act.

Proposal 3:

Election of one (1) Substitute Outside Director who is an Audit and Supervisory Committee Member

In order to be prepared in the event the Company lacks the number of Outside Directors who are Audit and Supervisory Committee Members becomes less than that required by laws and regulations. The Company has obtained the consent of the Board of Audit and Supervisory Committee for this proposal which shall be effectively withdrawn by the resolution of the Board of Audit and Supervisory Committee before the appointment.

A candidate for a Substitute Outside Director who is an Audit and Supervisory Committee Member is as below:



Candidate for a
Substitute Outside
Director

Numbers of the
Company's Shares
Owned
0

Shogo KOMORI

Date of Birth:
October 23, 1979

Brief Personal History, Positions, Responsibilities and Significant Positions
Concurrently Held

October 2003	Registered as attorney (The Second Tokyo Bar Association) Joined Anderson Law Office
October 2004	Switched the registration as attorney to Gifu Prefecture Bar Association Joined Mori Law Office
March 2012	Opened Shogo KOMORI Law Office, Representative of the office (present)
April 2012	Deputy Chairman of Gifu Prefecture Bar Association
June 2017	Substitute Outside Director who is an Audit and Supervisory Member (present)

Other Major Position Concurrently Held

Representative of Shogo KOMORI Law Office

Reasons for his Nomination as a Candidate for a Substitute Outside Corporate Auditor

The Company proposes that Mr. Shogo KOMORI be elected as a Substitute Outside Director who is an Audit and Supervisory Committee Member, in expectation of the advice and supervision to strengthen the Company's audit system which he will be able to provide based on his abundant and wide-ranging experience and expertise as an attorney.

Eligibility of a Candidate for a Substitute Outside Corporate Auditors

Mr. Shogo KOMORI has not been directly involved in the management of corporation, however, we expect him to adequately execute his duties as a Substitute Outside Director who is an Audit and Supervisory Committee Member with his knowledge and experience.

(Annotation)

1. The Company has no special interests with Mr. Shogo KOMORI.
2. If this proposal is approved and Mr. Shogo KOMORI assumes office as an Outside Director who is an Audit and Supervisory Committee Member, an agreement for limitation of liability for damage will also be executed with Mr. Shogo KOMORI.
Contents of the liability limitation agreement as follows:
 - (i) Liability for damage incurred due to an outside director's failure to perform his/her duties as an outside director shall be up to the amount of 20 million yen or the minimum liability amount stipulated in Article 425.1 of the Companies Act, whichever is higher.
 - (ii) The limitation of liability above applies only if an outside director has performed the duties which have caused his/her liability, without knowledge thereof and has not been grossly negligent in performing the same.
3. Pursuant to the provisions prescribed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc., Mr. Shogo KOMORI will be appointed as an independent director and Substitute Outside Director who is an Audit and Supervisory Committee Member will be registered with both Stock Exchanges, if he is elected.

CONSOLIDATED BALANCE SHEETS

Account	Millions of Yen	Account	Millions of Yen
(Assets)		(Liabilities)	
Current Assets	228,972	Current Liabilities	118,082
Cash and deposits	113,492	Notes and accounts payable - trade	39,562
Notes and accounts receivable - trade	60,278	Short-term loans payable	20,030
Merchandise and finished goods	17,793	Current portion of bonds	25,000
Work in process	11,357	Accounts payable - other	9,111
Raw materials and supplies	19,619	Accrued income taxes	2,366
Other - current assets	6,528	Provision for bonuses	3,438
Less - allowance for doubtful accounts	△98	Provision for directors' bonuses	89
Noncurrent Assets	194,084	Provision for loss on liquidation of subsidiaries and affiliates	4,864
Property, plant and equipment	146,710	Notes payable - facilities	1,618
Buildings and Structures	62,212	Other - current liabilities	12,001
Machinery, equipment and vehicles	46,309	Non-Current Liabilities	28,668
Land	19,962	Bonds payable	15,000
Lease assets	21	Long-term loans payable	10,000
Construction in progress	13,342	Lease obligations	43
Other - property, plant and equipment	4,863	Deferred tax liabilities for land revaluation	68
Intangible assets	4,162	Net defined benefit liability	671
Investments and other assets	43,210	Provision for share-based compensation	179
Investment securities	39,142	Deferred tax liabilities	1,974
Long-term loans receivable	9	Other - long-term liabilities	729
Deferred tax assets	2,915	Total Liabilities	146,751
Other – investments and other assets	1,405	(Net Assets)	
Less - allowance for doubtful accounts	△261	Shareholders' Equity	248,274
Total Assets	423,056	Capital stock	64,152
		Capital surplus	64,579
		Retained earnings	122,144
		Less - treasury stock, at cost	△2,602
		Accumulated other comprehensive Income	22,588
		Valuation difference on available-for-sale securities	12,415
		Revaluation reserve for land	160
		Foreign currency translation adjustments	10,012
		Non-controlling interests	5,442
		Total Net Assets	276,305
		Total Liabilities and Net Assets	423,056

Note: Amounts less than one million yen are omitted.

(Concluded)

CONSOLIDATED STATEMENTS OF INCOME

Account	Millions of Yen	
Net sales		291,125
Cost of sales		232,805
Gross profit		58,319
Selling, general and administrative expenses		48,181
Operating income		10,137
Non-operating income		
Interest and dividends income	1,341	
Foreign exchange gain, net	419	
Compensation income	854	
Other - non-operating income	659	3,274
Non-operating expenses		
Interest expenses	158	
Foreign exchange loss, net	369	
Other - non-operating expenses	283	811
Ordinary income		12,600
Extraordinary income		
Gain on sales of noncurrent assets	50	
Gain on sales of investment securities	4,666	
Gain on bargain purchase	87	
Gain on step acquisitions	161	
Other - extraordinary income	39	5,005
Extraordinary loss		
Loss on retirement of noncurrent assets	916	
Impairment loss	330	
Loss on sales of investment securities	347	
Loss on liquidation of subsidiaries and affiliates	6,538	
Loss on disaster	69	
Other - extraordinary loss	79	8,279
Income before income taxes		9,326
Income taxes – current	6,508	
Income taxes – deferred	△754	5,753
Net income		3,573
Profit attributable to non-controlling interests		267
Profit attributable to owners of parent		3,306

Note: Amounts less than one million yen are omitted.

(Concluded)

BALANCE SHEETS

Account	Millions of Yen	Account	Millions of Yen
(Assets)		(Liabilities)	
Current Assets	127,489	Current Liabilities	96,410
Cash and deposits	75,133	Notes payable - trade	4,279
Notes receivable - trade	2,119	Accounts payable - trade	18,904
Accounts receivable - trade	24,468	Short-term loans payable	20,000
Merchandise and finished goods	8,278	Current portion of bonds	25,000
Work in process	5,494	Accounts payable - other	7,688
Raw materials and supplies	4,576	Accrued income taxes	832
Other - current assets	7,424	Deposit received	13,017
Less - allowance for doubtful accounts	△7	Provision for bonuses	2,168
Noncurrent Assets	191,031	Provision for directors' bonuses	89
Property, plant and equipment	50,871	Notes payable - facilities	1,542
Buildings	14,375	Other - current liabilities	2,888
Structures	7,619	Non-Current Liabilities	26,009
Machinery and equipment	9,635	Bonds payable	15,000
Land	11,192	Long-term loans payable	10,000
Construction in progress	5,988	Provision for share-based compensation	179
Other - property, plant and equipment	2,060	Deferred tax liabilities	591
Intangible assets	1,829	Other - long-term liabilities	237
Investments and other assets	138,330	Total Liabilities	122,419
Investment securities	37,509	(Net assets)	
Stock of subsidiaries and affiliates	100,272	Shareholders' Equity	183,906
Other - investments and other assets	568	Capital stock	64,152
Less - allowance for doubtful accounts	△18	Capital surplus	64,579
Total Assets	318,520	Legal capital surplus	64,579
		Retained earnings	57,776
		Legal retained earnings	3,548
		Other retained earnings	54,227
		Reserve for advanced depreciation of non-current assets	80
		General reserve	8,600
		Retained earnings brought forward	45,547
		Less - treasury stock, at cost	△2,602
		Valuation and translation adjustments	12,194
		Valuation difference on available-for-sale securities	12,194
		Total Net Assets	196,100
		Total Liabilities and Net Assets	318,520

Note: Amounts less than one million yen are omitted.

(Concluded)

STATEMENTS OF INCOME

Account	Millions of Yen	
Net Sales		127,304
Cost of sales		96,677
Gross profit		30,627
Selling, general and administrative expenses		27,533
Operating income		3,093
Non-operating income		
Interest and dividends income	5,592	
Compensation income	854	
Other - non-operating income	442	6,889
Non-operating expense		
Interest expenses	250	
Rent expenses on facilities	158	
Foreign exchange losses, net	214	
Other - non-operating expenses	78	701
Ordinary income		9,280
Extraordinary income		
Gain on sales of noncurrent assets	58	
Gain on sales of investment securities	4,666	4,725
Extraordinary loss		
Loss on retirement of noncurrent assets	355	
Loss on valuation of investment securities	227	
Impairment loss	258	
Other - extraordinary loss	32	873
Income before income taxes		13,132
Income taxes - current	1,930	
Income taxes - deferred	46	1,976
Net income		11,155

Note: Amounts less than one million yen are omitted.

(Concluded)