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(Stock Exchange Code 6651)
June 7, 2016

To Shareholders with Voting Rights:

Takuro Sasaki
President
NITTO KOGYO CORPORATION
2201 Kanihara, Nagakute-shi, Aichi

**NOTICE OF
THE 68TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We also send our sincere condolences to the victims of the Kumamoto Earthquake in April of this year.

You are cordially invited to attend the 68th Annual General Meeting of Shareholders of NITTO KOGYO CORPORATION (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 in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals in the enclosed Voting Rights Exercise Form, and return it so that it is received by 5:00 p.m. on Tuesday, June 28, 2016, Japan time, or exercise your voting rights via the Internet by the above deadline.

For details, please see the "Guide to Voting Rights Exercise Methods."

- 1. Date and Time:** Wednesday, June 29, 2016 at 10:00 a.m. Japan time
- 2. Place:** Conference room at the Corporate Headquarters located at 2201 Kanihara, Nagakute-shi, Aichi
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 68th Fiscal Year (April 1, 2015 - March 31, 2016) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 68th Fiscal Year (April 1, 2015 - March 31, 2016)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of 6 Directors (excluding Audit & Supervisory Committee Members)
- Proposal 4:** Election of 4 Directors Concurrently Serving as Audit & Supervisory Committee Members
- Proposal 5:** Determination of Remuneration for Directors (excluding Audit & Supervisory Committee Members)
- Proposal 6:** Determination of Remuneration for Directors Concurrently Serving as Audit & Supervisory Committee Members
- Proposal 7:** Election of Accounting Auditor

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - The meeting will be held in light attire (“Cool biz”), and we request that shareholders also attend in light attire.
 - Should the Appendix and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company’s website (<http://www.nito.co.jp/>)
 - After the conclusion of the meeting, the Company is scheduled to invite shareholders to the “PLAZA NEXTA” product showroom. We would appreciate your kind attendance.

Guide to Voting Rights Exercise Methods

The following three methods are available.

Attending the General Meeting of Shareholders

Date and time of the General Meeting of Shareholders: Wednesday, June 29, 2016 at 10:00 a.m. Japan time
<The reception will begin at 9:00 a.m.>

Please bring the enclosed Voting Rights Exercise Form and submit it to the reception desk.

Additionally, the Company requests you to bring this document as reference material.

*Exercise of voting rights via proxy is limited to entrustment to one shareholder who holds voting rights. Furthermore, written documentation will be required to certify proxy rights.

Exercise via postal mail

Exercise deadline: Arrival by Tuesday, June 28, 2016 at 5:00 p.m. Japan time

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it arrives by the exercise deadline.

Exercise via the Internet

Exercise deadline: Exercise by Tuesday, June 28, 2016 at 5:00 p.m. Japan time

Please access the voting rights exercise website and indicate your vote for or against the proposals by the exercise deadline.

[Voting rights exercise website] <http://www.it-soukai.com/>

*The website cannot be used with some Internet browsing software and with some mobile phones.

To Institutional Investors

The Company participates in the Voting Rights Exercise Platform (for institutional investors) operated by ICJ, Inc.

Please be aware of the following when exercising voting rights.

- If voting rights are exercised both via mailing of the Voting Rights Exercise Form and the Internet, the voting rights exercised via the Internet shall be deemed valid.
- If voting rights are cast multiple times via the Internet, the most recent exercise shall be deemed valid.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company positions the return of profits to shareholders as an important management policy, and while comprehensively considering business results and the dividend payout ratio with continued stable dividends as a basic principle, implements the distribution of results.

Based on the above policy, the Company proposes year-end dividends of 22 yen per share for the fiscal year under review.

As a result, annual dividends including interim dividends (35 yen per share) will be 57 yen per share.

(1) Type of dividend property

Cash

(2) Matters regarding distribution of dividend property for shareholders and total amount

The Company proposes 22 yen per common share of the Company.

Additionally, in this case, the total dividend amount will be 890,166,200 yen.

(3) Effective date for distribution of surplus

June 30, 2016

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) Due to the promulgation of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014; hereinafter the “Revised Companies Act”), it is newly possible to transition to a Company with an Audit & Supervisory Committee.
By establishing an Audit & Supervisory Committee and granting voting rights within the Board of Directors to Directors concurrently serving as Audit & Supervisory Committee Members (including several Outside Directors), the Company aims to strengthen audit and supervisory functions while further enriching the corporate governance structure, and with the intent of further improving corporate value, the Company wishes to transition to a Company with an Audit & Supervisory Committee. As a result, the Company proposes the new establishment of provisions regarding the Audit & Supervisory Committee and Audit & Supervisory Committee Members and the removal of provisions regarding Auditors and the Board of Auditors, etc.
- (2) Due to the Revised Companies Act, in line with changes to the scope of executives with which liability limitation agreements may be concluded, the Company proposes partial amendments to Article 27, Paragraph 2 of the existing Articles of Incorporation (Limitation of Liability for Directors) to allow for Directors who do not execute business to adequately fulfill their expected duties through the conclusion of liability limitation agreements.
With regard to this amendment, the Company has obtained the approval of each Auditor.
- (3) Aside from amendments to Article numbers, the Company proposes revisions to wording, and the contents of existing provisions to provide clarity, etc., and other requisite amendments in line with the above new establishments and removals.

2. Contents of the amendments

Contents of the amendment are as follows.

Additionally, these amendments to the Articles of Incorporation will become effective upon conclusion of the meeting.

(Amended parts are underlined.)

Current	Proposed amendment
Chapter I General Provisions Article 1 to Article 3 (Omitted)	Chapter I General Provisions Article 1 to Article 3 (Unchanged)
(Organization) Article 4 The Company shall have the following organizations, aside from the General Meeting of Shareholders and Directors. (1) Board of Directors (2) <u>Auditors</u> (3) <u>Board of Auditors</u> (4) <u>Accounting Auditor</u>	(Organization) Article 4 The Company shall have the following organizations, aside from the General Meeting of Shareholders and Directors. (1) Board of Directors (Removed) (2) <u>Audit & Supervisory Committee</u> (3) <u>Accounting Auditor</u>
Article 5 (Omitted)	Article 5 (Unchanged)
Chapter II Stock Article 6 to Article 12 (Omitted)	Chapter II Stock Article 6 to Article 12 (Unchanged)
Chapter III General Meeting of Shareholders Article 13 to Article 14 (Omitted)	Chapter III General Meeting of Shareholders Article 13 to Article 14 (Unchanged)
<u>(Chairman of General Meeting)</u>	<u>(Convener and Chairman of General Meeting of Shareholders)</u>
Article 15 <u>The Chairman of the General Meeting of Shareholders shall be the President.</u> 2. (Omitted)	Article 15 The General Meeting of Shareholders shall be <u>convened</u> by the President, <u>who shall also serve as Chairman.</u> 2. (Unchanged)
Article 16 to Article 18 (Omitted)	Article 16 to Article 18 (Unchanged)

<p>Chapter IV Directors and the Board of Directors (Number of Directors) Article 19 The Company shall have no more than twelve (12) Directors.</p> <p style="text-align: center;">(Newly established)</p> <p>(Election of Directors) Article 20 Directors shall be elected at a General Meeting of Shareholders.</p> <p style="text-align: center;">2. to 3. (Omitted) (Newly established)</p> <p>(Term of Office of Directors) Article 21 The term of office of Directors shall be until the conclusion of the Annual General Meeting of Shareholders pertaining to the final fiscal year that ends within one (1) year of said resolution.</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p> <p>(Representative Directors) Article 22 The Board of Directors shall appoint via resolution Representative Directors.</p>	<p>Chapter IV Directors and the Board of Directors (Number of Directors) Article 19 The Company shall have no more than twelve (12) Directors <u>(excluding Audit & Supervisory Committee Members)</u>.</p> <p style="text-align: center;"><u>2. The Company shall have no more than five (5) Directors concurrently serving as Audit & Supervisory Committee Members.</u></p> <p>(Election of Directors) Article 20 Directors shall be elected at a General Meeting of Shareholders, <u>differentiating between Directors concurrently serving as Audit & Supervisory Committee Members and other Directors.</u></p> <p style="text-align: center;">2. to 3. (Unchanged) <u>4. The validity of election of substitutes for Directors concurrently serving as Audit & Supervisory Committee Members shall be until the commencement of the Annual General Meeting of Shareholders pertaining to the final fiscal year that ends within two (2) years of said resolution.</u></p> <p>(Term of Office of Directors) Article 21 The term of office of Directors <u>(excluding Audit & Supervisory Committee Members)</u> shall be until the conclusion of the Annual General Meeting of Shareholders pertaining to the final fiscal year that ends within one (1) year of election.</p> <p style="text-align: center;"><u>2. The term of office of Directors concurrently serving as Audit & Supervisory Committee Members shall be until the conclusion of the Annual General Meeting of Shareholders pertaining to the final fiscal year that ends within two (2) years of election.</u></p> <p style="text-align: center;"><u>3. The term of office of Directors concurrently serving as Audit & Supervisory Committee Members that are substitutes for Directors concurrently serving as Audit & Supervisory Committee Members that retired prior to the conclusion of their terms of office shall be until the conclusion of the terms of office for the retired Directors concurrently serving as Audit & Supervisory Committee Members.</u></p> <p>(Representative Directors) Article 22 The Board of Directors shall appoint via resolution Representative Directors <u>from among Directors (excluding Audit</u></p>
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<p>(Executive Directors) Article 23 The Board of Directors shall define via resolution one (1) Chairman and President, respectively, and a limited number of Vice Presidents, Senior Managing Directors, and Managing Directors from among Directors.</p> <p>Article 24 (Omitted)</p> <p>(Board of Directors) Article 25 Convocation notices for the Board of Directors shall be dispatched to each Director <u>and each Auditor</u> at least three (3) days in advance of the meeting. However, in urgent cases, this number of days may be reduced.</p> <p>2. Apart from the previous Paragraph, operation of the Board of Directors shall be in accordance with the Board of Directors <u>Rules</u> defined by the Board of Directors.</p> <p>Article 26 (Omitted)</p> <p>(Newly established)</p> <p>(Exemption from Liability for Directors) Article <u>27</u> Based on the stipulations of Article 426, Paragraph 1 of the Companies Act, the Company may exempt Directors (including past Directors) from liability for damages due to negligence to within limits of laws and regulations via resolution of the Board of Directors.</p> <p>2. Based on the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company may conclude with <u>Outside Directors</u> agreements to limit liability of Article 423, Paragraph 1 of said act for actions conducted in goodwill and without gross negligence. However, the limit for the amount of liability under said agreement shall be the amount stipulated by laws and regulations.</p>	<p><u>& Supervisory Committee Members</u>).</p> <p>(Executive Directors) Article 23 The Board of Directors shall define via resolution one (1) Chairman and President, respectively, and a limited number of Vice Presidents, Senior Managing Directors, and Managing Directors from among Directors <u>(excluding Audit & Supervisory Committee Members)</u>.</p> <p>Article 24 (Unchanged)</p> <p>(Board of Directors) Article 25 Convocation notices for the Board of Directors shall be dispatched to each Director at least three (3) days in advance of the meeting. However, in urgent cases, this number of days may be reduced.</p> <p>2. Apart from the previous Paragraph, operation of the Board of Directors shall be in accordance with the Board of Directors <u>Regulations</u> defined by the Board of Directors.</p> <p>Article 26 (Unchanged)</p> <p><u>(Delegation of Determination of Execution of Significant Duties to Directors)</u> Article <u>27</u> Based on the stipulations of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate the determination of execution of significant duties (excluding matters outlined in each Item of Paragraph 5 of said Article), either in whole or in part, to Directors.</p> <p>(Exemption from Liability for Directors) Article <u>28</u> Based on the stipulations of Article 426, Paragraph 1 of the Companies Act, the Company may exempt Directors (including past Directors) from liability for damages due to negligence to within limits of laws and regulations via resolution of the Board of Directors.</p> <p>2. Based on the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company may conclude with <u>Directors (excluding Directors involved in business execution, etc.)</u> agreements to limit liability of Article 423, Paragraph 1 of said act for actions conducted in goodwill and without gross negligence. However, the limit for the amount of liability under said agreement shall be the amount stipulated by laws and regulations.</p>
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<p><u>Chapter V Auditors and the Board of Auditors</u> <u>(Number of Auditors)</u></p>	(Removed)
<p><u>Article 28 The Company shall have no more than four (4) Auditors.</u></p>	(Removed)
<p><u>(Election of Auditors)</u></p>	
<p><u>Article 29 Auditors shall be elected at a General Meeting of Shareholders.</u></p>	(Removed)
<p><u>2. Resolution for election of Auditors shall be made via a majority of voting rights with voting rights of one-third or more shareholders who are able to exercise voting rights in attendance.</u></p>	
<p><u>(Term of Office of Auditors)</u></p>	
<p><u>Article 30 The term of office of Auditors shall be until the conclusion of the Annual General Meeting of Shareholders pertaining to the final fiscal year that ends within four (4) years of election.</u></p>	(Removed)
<p><u>2. The term of office of Auditors that are substitutes for Auditors that retired prior to the conclusion of their terms of office shall be until the conclusion of the terms of office for the retired Auditors.</u></p>	
<p><u>(Full-time Auditors)</u></p>	
<p><u>Article 31 The Board of Auditors shall appoint via resolution Full-time Auditors.</u></p>	(Removed)
<p><u>(Board of Auditors)</u></p>	
<p><u>Article 32 Convocation notices for the Board of Auditors shall be dispatched to each Auditor at least three (3) days in advance of the meeting. However, in urgent cases, this number of days may be reduced.</u></p>	(Removed)
<p><u>2. Apart from the previous Paragraph, operation of the Board of Auditors shall be in accordance with the Board of Auditors Rules defined by the Board of Auditors.</u></p>	

<p><u>(Exemption from Liability for Auditors)</u> <u>Article 33</u> Based on the stipulations of Article 426, Paragraph 1 of the Companies Act, the Company may exempt Auditors (including past Auditors) from liability for damages due to negligence to within limits of laws and regulations via resolution of the Board of Directors.</p> <p>2. <u>Based on the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company may conclude with Outside Auditors agreements to limit liability of Article 423, Paragraph 1 of said act for actions conducted in goodwill and without gross negligence. However, the limit for the amount of liability under said agreement shall be the amount stipulated by laws and regulations.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Removed)</p> <p><u>Chapter V Audit & Supervisory Committee (Full-time Audit & Supervisory Committee Members)</u> <u>Article 29</u> The Audit & Supervisory Committee may appoint via resolution Full-time Audit & Supervisory Committee Members.</p> <p>(Audit & Supervisory Committee) <u>Article 30</u> Convocation notices for the Audit & Supervisory Committee shall be dispatched to each Audit & Supervisory Committee Member at least three (3) days in advance of the meeting. However, in urgent cases, this number of days may be reduced.</p> <p>2. <u>Apart from the previous Paragraph, operation of the Audit & Supervisory Committee shall be in accordance with the Audit & Supervisory Committee Regulations defined by the Audit & Supervisory Committee.</u></p>
<p>Chapter VI Calculation Article <u>34</u> to Article <u>37</u> (Omitted)</p> <p>(Newly established) (Newly established)</p> <p>(Newly established)</p>	<p>Chapter VI Calculation Article <u>31</u> to Article <u>34</u> (Unchanged)</p> <p><u>Supplementary provisions</u> <u>Article 1</u> Based on the stipulations of Article 426, Paragraph 1 of the Companies Act, the Company may exempt past Auditors from liability for damages due to negligence to within limits of laws and regulations via resolution of the Board of Directors.</p> <p><u>Article 2</u> The previous Paragraph and this Paragraph shall be removed on June 29, 2026.</p>

Proposal 3: Election of 6 Directors (excluding Audit & Supervisory Committee Members)

Under the condition that Proposal 2: “Partial Amendments to the Articles of Incorporation” is approved, the Company will transition to a Company with an Audit & Supervisory Committee. As a result, under the stipulations of Article 332, Paragraph 7, Item 1 of the Companies Act, the terms of office of all eight Directors will expire at the conclusion of this year’s Annual General Meeting of Shareholders. Accordingly, the election of six Directors (excluding Audit & Supervisory Committee Members; the same applies within this Proposal) is proposed.

Additionally, the effectiveness of this Proposal is contingent upon approval of Proposal 2: “Partial Amendments to the Articles of Incorporation” as originally proposed, and the amendments to the Articles of Incorporation resulting from resolution of said Proposal coming into effect.

The candidates for Director are as follows:

(Underlines indicate current positions, responsibilities, and significant concurrent positions)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Tokio Kato (June 10, 1953)	<p>April 1982 Joined the Company</p> <p>July 1987 General Manager, Accounting Department of the Company</p> <p>August 1987 Director of the Company</p> <p>March 1992 Deputy General Manager, Production Division of the Company</p> <p>July 1998 Deputy General Manager, Sales Division of the Company</p> <p>June 2003 Managing Director of the Company</p> <p> Deputy General Manager, Business Management Division of the Company</p> <p>June 2005 President of the Company</p> <p>June 2008 <u>Chairman & CEO of the Company</u></p>	2,552
		<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his operational experience in areas such as sales, production, and corporate management divisions and a wealth of experience as a manager, Mr. Tokio Kato is appropriately performing decision-making and supervision of the Company’s management, and the Company thus requests his continued election as Director.</p>	
2	Takuro Sasaki (May 5, 1956)	<p>April 1979 Joined The Industrial Bank of Japan, Limited</p> <p>April 2004 General Manager, West Japan Financial Corporation Department of Mizuho Corporate Bank, Limited</p> <p>March 2007 Joined the Company</p> <p> General Manager, Sales Management Department of the Company</p> <p>June 2007 General Manager, Corporate Planning Office of the Company</p> <p>March 2008 Branch Manager, Tokyo Branch of the Company</p> <p>June 2008 Executive Officer of the Company</p> <p>March 2009 General Manager, General Affairs Department of the Company</p> <p>June 2009 Director of the Company</p> <p>October 2009 Deputy General Manager, Sales Division of the Company</p> <p>March 2012 Deputy General Manager, Production Division of the Company</p> <p>June 2012 Managing Director of the Company</p> <p> General Manager, Overseas Division of the Company</p> <p>June 2013 Responsible for Business Management Division of the Company</p> <p>June 2014 <u>President and COO of the Company</u></p>	12,936
		<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his many years of experience in the finance industry, his operational experience in areas such as production, overseas and corporate management divisions at the Company and a wealth of experience as a manager, Mr. Takuro Sasaki is appropriately performing decision-making and supervision of the Company’s management, and the Company thus requests his continued election as Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Toru Kurono (March 2, 1959)	<p>April 1981 Joined the Company</p> <p>March 2002 General Manager, Development Department I of the Company</p> <p>March 2005 General Manager, Device Production Department of the Company</p> <p>June 2008 General Manager responsible for Corporate Planning Office of the Company</p> <p>March 2009 Deputy General Manager, MA Development Division and General Manager, Technical Center of the Company</p> <p>June 2009 Executive Officer of the Company</p> <p>October 2009 General Manager, MA Development Division of the Company</p> <p>March 2010 Responsible for Technical Center of the Company</p> <p>June 2011 General Manager, Development Division of the Company</p> <p>March 2013 Director of the Company</p> <p>June 2013 General Manager, International Department of the Company</p> <p>June 2014 Responsible for Development Division of the Company</p> <p>December 2014 <u>Managing Director of the Company</u> <u>Responsible for Overseas Division of the Company</u> <u>General Manager, Overseas Division</u> and General Manager, International Department of the Company</p> <p>(Significant concurrent positions) <u>President of Nitto Kogyo (China) Corporation</u> <u>Representative Director of Cadtech Co., Ltd.</u></p>	12,402
<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his wealth of operational experience in areas such as production, development and overseas divisions, Mr. Toru Kurono is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			
4	Yukihiro Koide (October 10, 1958)	<p>April 1981 Joined the Company</p> <p>March 2002 General Manager, Technology Planning Office of the Company</p> <p>March 2005 General Manager, Sales Planning Office of the Company</p> <p>March 2007 General Manager, Development Department I of the Company</p> <p>March 2009 General Manager, Production Planning Department of the Company</p> <p>June 2010 Executive Officer of the Company</p> <p>March 2012 General Manager, Solution Integration Department of the Company</p> <p>June 2012 Director of the Company</p> <p>April 2013 Deputy General Manager, Sales Division of the Company</p> <p>June 2015 President and Chief Executive Officer of SunTelephone Co., Ltd.</p> <p>March 2016 <u>Managing Director of the Company</u> <u>Responsible for Sales Division of the Company</u> <u>Responsible for New Business Planning Office of the Company</u></p>	8,445
<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his wealth of operational experience in areas such as development and sales divisions, Mr. Yukihiro Koide is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Motoo Ochiai (January 1, 1959)	<p>April 1981 Joined the Company</p> <p>March 2006 General Manager, Development Department II of the Company</p> <p>March 2010 General Manager, Machinery & Materials Division of the Company</p> <p>June 2011 Executive Officer of the Company</p> <p>June 2012 Plant Manager, Kikugawa Plant of the Company</p> <p>June 2013 General Manager, Development Division of the Company</p> <p>June 2014 <u>Director of the Company</u> <u>Responsible for Development Division of the Company</u> <u>Responsible for Technical Center</u></p>	5,057
		<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his wealth of operational experience in areas such as production and development divisions, Mr. Motoo Ochiai is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>	
6	Masahiro Nakajima (October 7, 1956)	<p>April 1979 Joined The Tokai Bank, Ltd.</p> <p>March 2007 General Manager, Joshin Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>March 2010 Joined the Company</p> <p>June 2012 Executive Officer of the Company</p> <p>April 2013 <u>General Manager, Business Management Division of the Company</u></p> <p>June 2014 <u>Director of the Company</u> <u>Responsible for Business Management Division of the Company</u> <u>Responsible for Corporate Planning Office</u> <u>Responsible for Internal Control Office</u> <u>Responsible for Information Systems Department</u></p>	3,157
		<p>[Reasons for selection as a candidate for Director]</p> <p>Based on his many years of experience in the finance industry and his operational experience in areas such as business management divisions at the Company, Mr. Masahiro Nakajima is appropriately performing decision-making and supervision of the Company's management, and the Company thus requests his continued election as Director.</p>	

(Note) There are no special interests between each candidate and the Company.

Proposal 4: Election of 4 Directors Concurrently Serving as Audit & Supervisory Committee Members

Under the condition that Proposal 2: “Partial Amendments to the Articles of Incorporation” is approved, the Company will transition to a Company with an Audit & Supervisory Committee. Accordingly, the election of four Directors concurrently serving as Audit & Supervisory Committee Members is proposed.

Additionally, the effectiveness of this Proposal is contingent upon approval of Proposal 2: “Partial Amendments to the Articles of Incorporation” as originally proposed, and the amendments to the Articles of Incorporation resulting from resolution of said Proposal coming into effect.

Submission of this proposal has received the approval of the Board of Auditors.

The candidates for Directors concurrently serving as Audit & Supervisory Committee Members are as follows:

(Underlines indicate current positions and significant concurrent positions)

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	*Osamu Sakata (October 27, 1949)	April 1973 Joined the Company March 2002 General Manager, Accounting Department of the Company June 2008 <u>Full-time Auditor of the Company</u>	10,819
		[Reasons for selection as a candidate for Director concurrently serving as Audit & Supervisory Committee Member] Through being a member of accounting divisions at the Company for many years, Mr. Osamu Sakata has considerable knowledge regarding finance and accounting, and as this knowledge regarding corporate finance is expected to provide for securing further soundness and appropriateness of management decision-making at the Company alongside improved transparency, the Company requests his election as Director concurrently serving as Audit & Supervisory Committee Member.	
2	*Yuji Shinkai (July 28, 1949)	April 1973 Joined Toyota Tsusho Corporation June 1993 Director and President of TOYOTA TSUSHO MINING (AUSTRALIA) PTY LTD. April 2000 General Manager, Secretariat Office of Toyota Tsusho Corporation October 2004 Director and Vice President of TOYOTA TSUSHO U.K. LTD. June 2008 Full-time Corporate Auditor of TOYOTA CHEMICAL ENGINEERING CO., LTD. June 2012 <u>Outside Auditor of the Company</u>	1,151
		[Reasons for selection as a candidate for Director concurrently serving as Audit & Supervisory Committee Member] From his many years of overseas operational experience and viewpoint as a corporate manager, the Company receives appropriate advice and recommendations regarding the Company’s management from Mr. Yuji Shinkai, and as this is expected to provide for securing further soundness and appropriateness of management decision-making at the Company alongside improved transparency, the Company requests his election as Outside Director concurrently serving as Audit & Supervisory Committee Member.	

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	*Norine Ninomiya (February 23, 1954)	<p>April 1977 Joined TOYOTA AUTO BODY CO., LTD.</p> <p>February 2000 General Manager, Body Design Office III, Body Design Div. of TOYOTA AUTO BODY CO., LTD.</p> <p>February 2006 General Manager, Special Equipment and Welfare Design Div. of TOYOTA AUTO BODY CO., LTD.</p> <p>June 2008 Executive Member of TOYOTA AUTO BODY CO., LTD. Responsible for Special Equipment and Welfare Design Div.</p> <p>June 2011 Advisor of TOYOTA AUTO BODY CO., LTD.</p> <p>September 2011 Technological Advisor of Daifuku Co., Ltd.</p> <p>June 2014 <u>Outside Director of the Company</u></p>	478
		<p>[Reasons for selection as a candidate for Director concurrently serving as Audit & Supervisory Committee Member]</p> <p>From his specialized knowledge and wealth of experience from many years as a technician, the Company receives valuable opinions and recommendations regarding the Company's management from Mr. Norine Ninomiya, and as this is expected to provide for securing further soundness and appropriateness of management decision-making at the Company alongside improved transparency, the Company requests his election as Outside Director concurrently serving as Audit & Supervisory Committee Member.</p> <p>Furthermore, the term of office of Mr. Norine Ninomiya as Outside Director of the Company will be two years as of the conclusion of this meeting.</p>	
4	*Hidefumi Iwasa (December 19, 1951)	<p>April 1975 Joined Kirin Brewery Company, Limited</p> <p>September 2004 General Manager, Marketing Department of Kirin Brewery Company, Limited</p> <p>March 2008 Executive Officer of Kirin Brewery Company, Limited</p> <p>March 2010 General Manager, Central Japan Supervisory Division</p> <p>March 2010 Managing Director of Kirin Brewery Company, Limited</p> <p>March 2011 General Manager, Supply Chain Management (SCM) Division</p> <p>March 2011 Representative Director and Vice President of Kirin Brewery Company, Limited</p> <p> <u>General Manager, Sales Division</u> and General Manager, SCM Division</p> <p>April 2013 <u>Lecturer, Graduate School of Global Business of Meiji University</u></p> <p>July 2015 <u>Advisor of the Company</u></p>	0
		<p>[Reasons for selection as a candidate for Director concurrently serving as Audit & Supervisory Committee Member]</p> <p>From his specialized knowledge and wealth of experience from many years in marketing and advertising, the Company plans to receive appropriate advice and recommendations regarding management of the Company from Mr. Hidefumi Iwasa from a viewpoint as an experienced corporate manager, and as this is expected to provide for securing further soundness and appropriateness of management decision-making at the Company alongside improved transparency, the Company requests his election as Outside Director concurrently serving as Audit & Supervisory Committee Member.</p>	

(Notes)

1. There are no special interests between each candidate and the Company.
2. * indicates a new candidate for Director concurrently serving as Audit & Supervisory Committee Member.
3. If the Proposal is approved as originally proposed, Mr. Osamu Sakata will become a Director not involved in the execution of business. Furthermore, in this case, contingent upon approval of Proposal 2: "Partial Amendments to the Articles of Incorporation," based on Article 427, Paragraph 1 of the Companies Act, the Company plans to conclude an agreement to limit liability for damages of Article 423, Paragraph 1 of said Act. The limit of liability for damages under said agreement shall be the amount stipulated by laws and regulations.
4. Matters concerning candidates for Outside Director are as follows.
 - (1) The Company has concluded agreements to limit liability identical to the one outlined above with both Mr. Yuji Shinkai and Mr. Norine Ninomiya. In the case that the election of both persons is approved as originally proposed at this meeting, the Company plans to conclude these agreements once again. Additionally, in the case that the election of Mr. Hidefumi Iwasa is approved as originally proposed, the Company plans to conclude an agreement to limit liability with him, identical to the one outlined above.

- (2) Mr. Hidefumi Iwasa has received remuneration from the Company as Advisor for advertising activities, etc., from July 2015, and is scheduled to continue receiving said remuneration until June 2016.
- (3) The Company has submitted both Mr. Yuji Shinkai and Mr. Norine Ninomiya as Independent Directors/Auditors to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. (hereinafter collectively the “Exchanges”). In the case that the election of both persons is approved as originally proposed, they are scheduled to continue to be Independent Directors/Auditors. Additionally, the Company also plans to submit Mr. Hidefumi Iwasa as an Independent Director/Auditor.

Furthermore, the three persons also satisfy the conditions of the “Standards for Determining Independence of Independent Outside Directors and Nature” (details are contained below) as defined by the Company.

Standards for Determining Independence of Independent Outside Directors and Nature

In addition to criteria for Outside Directors stipulated by the Companies Act and independence standards stipulated by the Exchanges, the Company selects candidates for Independent Outside Director based on the Company’s unique standards for determining independence shown below.

The content is as follows.

- ① The person is not an executor of business (*) at a major transaction partner at which the annual amount of transactions between it and the Company composes more than 2% of the consolidated net sales of that company (primarily sales contacts).
- ② The person is not an executor of business at a major transaction partner at which the annual amount of transactions between it and the Company composes more than 2% of the consolidated net sales of the Company (primarily suppliers).
- ③ The person does not receive cash in excess of 10.00 million yen per annum, excluding executive remuneration, from the Company (for organizations, an amount greater than or equal to 2% of the total revenue of said organization), and is not a person providing specialist services that receive other property, including consultants, accounting specialists, or legal specialists. (For organizations, the person is not an executor of business at said organization.)
- ④ The person is not a major shareholder that holds 10% or more of the total voting rights of the Company, or if said shareholder is a corporation, not an executor of business at said corporation.
- ⑤ None of the items in ① to ④ above applied to the person within the past five years.

Furthermore, even in a case where any of ① to ⑤ above apply, if it is judged that said person possesses independence due to other reasons, such reasons will be explained at the time the person is selected as a candidate for Outside Director.

*Business executors are Directors involved in the execution of business, Executives, Executive Officers, and employees that are General Managers or in higher levels of management.

Proposal 5: Determination of Remuneration for Directors (excluding Audit & Supervisory Committee Members)

Remuneration for Directors was resolved to be within 400 million yen per annum at the 59th Annual General Meeting of Shareholders held on June 28, 2007 and has remained so until the current time, but contingent upon approval of Proposal 2: "Partial Amendments to the Articles of Incorporation," the Company will transition to a Company with an Audit & Supervisory Committee. Accordingly, under the stipulations of Article 361, Paragraph 1 and Paragraph 2 of the Companies Act, the Company proposes discontinuation of the current framework for remuneration for Directors, and in consideration of various factors such as economic conditions, the defining of remuneration for Directors (excluding Audit & Supervisory Committee Members; the same applies within this Proposal) to be within 400 million yen per annum.

Additionally, the amount of remuneration for Directors shall not include employment compensation for employees concurrently serving as Directors.

Although there are currently eight Directors (of which, one Outside Director), in the case that Proposal 2 and Proposal 3 are approved as originally proposed, the number of Directors will be six.

Additionally, the effectiveness of this Proposal is contingent upon approval of Proposal 2: "Partial Amendments to the Articles of Incorporation" as originally proposed, and the amendments to the Articles of Incorporation resulting from resolution of said Proposal coming into effect.

Proposal 6: Determination of Remuneration for Directors Concurrently Serving as Audit & Supervisory Committee Members

Contingent upon approval of Proposal 2: “Partial Amendments to the Articles of Incorporation,” the Company will transition to a Company with an Audit & Supervisory Committee. Accordingly, under the stipulations of Article 361, Paragraph 1 and Paragraph 2 of the Companies Act, and in consideration of various factors such as economic conditions, the Company proposes the defining of remuneration for Directors concurrently serving as Audit & Supervisory Committee Members to be within 80.00 million yen per annum.

In the case that Proposal 2 and Proposal 4 are approved as originally proposed, the number of Directors concurrently serving as Audit & Supervisory Committee Members will be four.

Additionally, the effectiveness of this Proposal is contingent upon approval of Proposal 2: “Partial Amendments to the Articles of Incorporation” as originally proposed, and the amendments to the Articles of Incorporation resulting from resolution of said Proposal coming into effect.

Proposal 7: Election of Accounting Auditor

The term of office of Sakae Audit Corporation, the Company's Accounting Auditor, will expire at the conclusion of this meeting, and based on determination by the Board of Auditors, the Company requests approval to appoint KPMG AZSA LLC as the Accounting Auditor.

Additionally, the reason that the Board of Auditors has selected KPMG AZSA LLC as a candidate for Accounting Auditor is that it was deemed appropriate in comprehensive consideration of its ability to execute duties, such as scope and experience, independence, and internal management systems of the Accounting Auditor.

The candidate for Accounting Auditor is as follows.

(as of March 31, 2016)

Name	KPMG AZSA LLC	
Offices	Main office:	1-2 Tsukudocho, Shinjuku-ku, Tokyo
	Other offices:	Sapporo, Sendai, Hokuriku, Kita-kanto, Yokohama, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka
History	July 1985	Established Asahi Shinwa Accounting Corporation
	October 1993	Merger with Inoue Saito Eiwa Audit Corporation (established in April 1978), name changed to Asahi Audit Corporation.
	January 2004	Merger with Azsa Audit Corporation (established February 2003), name changed to Azsa Audit Corporation.
	July 2010	Transitioned to limited liability audit corporation, name changed to "KPMG AZSA LLC"
Summary	Personnel type	Brackets [] indicate total personnel including part-time
	CPAs	3,036 persons [3,126 persons] (30 Representative Employees, 517 Full-time Employees)
	Junior accountants	11 persons [11 persons]
	Certified CPAs	1,177 persons [1,352 persons]
	Specialists	762 persons [766 persons] (35 Designated Employees, of which 1 Representative Employee)
	Other employees	592 persons [621 persons]
	Total	5,578 persons [5,876 persons]
	Num. of clients	Audit certification operations 3,462 companies (774 companies for Financial Instruments and Exchange Act and Companies Act, 40 companies for Financial Instruments and Exchange Act, 1,339 companies for Companies Act, 61 educational corporations, 20 labor unions, 497 companies for other legal matters, 731 other voluntary companies)
		Other operations 1,667 companies
	Capital	3,000 million yen