

(Translation)

**Sumitomo Heavy Industries, Ltd.**  
1-1, Osaki 2-chome, Shinagawa-ku  
Tokyo, Japan

Securities code 6302  
June 7, 2016

### **Notice of the 120th Ordinary General Meeting of Shareholders**

Dear Shareholders:

You are cordially invited to attend the Company's 120th Ordinary General Meeting of Shareholders which will be held on the date and at the time and place shown below for the purposes stated below.

If you are unable to attend the meeting, you may kindly review the attached reference documents indicated hereinafter and submit your vote by 6 p.m. on Tuesday, June 28, 2016, by mail or via the Internet.

Sincerely yours,  
Shunsuke Betsukawa  
President and CEO

- 1. Date and Time:** Wednesday, June 29, 2016, at 10:00 a.m. (Open at 9:00 a.m.)  
**2. Place:** Conference Room  
25th Floor, Head Office of the Company  
ThinkPark Tower, 1-1, Osaki 2-chome, Shinagawa-ku, Tokyo, Japan

**3. Purposes of the Meeting:**  
**Matters to be Reported:**

1. The contents of the Company's Business Report and Consolidated Financial Statements for the 120th fiscal year (from April 1, 2015 to March 31, 2016) and the results of the audit by the Independent Auditors and Board of Corporate Auditors of the Consolidated Financial Statements
2. The contents of the Company's Financial Statements for the 120th fiscal year (from April 1, 2015 to March 31, 2016)

**Matters Requiring Shareholders' Resolutions:**

- Agenda Item 1** Disposition of Retained Earnings  
**Agenda Item 2** Election of Ten Directors  
**Agenda Item 3** Election of Three Corporate Auditors  
**Agenda Item 4** Election of One Alternative Corporate Auditor

## Procedure for the Exercise of Voting Rights:

Please exercise your voting rights in one of the following ways.

### ■ Voting by Attending the Meeting

Please submit the enclosed voting instruction card at the reception desk. (No seal required)

Date and Time: Wednesday, June 29, 2016, at 10:00 a.m. (Reception desk opens at 9:00 a.m.)

Place: Conference Room, 25th Floor, Head Office of the Company

### ■ Voting by Mail

Please return to us the enclosed voting instruction card indicating your approval or disapproval for each agenda item. (Postage paid.)

Deadline: The voting instruction card must reach us no later than 6 p.m. on Tuesday, June 28, 2016.

### ■ Voting via the Internet

Please refer to “Information Concerning the Exercise of Voting Rights via the Internet” on page 22 to access the website designated by the Company for voting (<http://www.web54.net>). Using the “code for exercising the voting rights” and “password” indicated on the enclosed voting instruction card, please follow the instructions on the screen and input your approval or disapproval for each agenda item.

Deadline: Please exercise your voting rights via the Internet no later than 6 p.m. on Tuesday, June 28, 2016.

As for stockholders registered in the name of a custodian trust bank, etc. (including permanent agents), it is possible to exercise one’s voting rights using a platform managed by ICJ Co., Ltd., by making a prior application for its use as the method for exercising one’s voting rights.

## Determinations Regarding the Exercise of Voting Rights

- 1) If you attend the meeting by proxy, your proxy should submit your duly executed power of attorney at the reception desk together with the voting instruction card. Your proxy is limited to one (1) person who must be another shareholder entitled to vote at the meeting.
- 2) Where there is no indication of approval or disapproval of the respective proposed agenda items for the meeting on the voting instruction card submitted by mail, you will be deemed to have exercised your voting right to approve the agenda items in question.
- 3) If you exercise your voting right both by mail and via the Internet, your exercise of voting right via the Internet shall be considered as your valid vote.
- 4) If you exercise your voting right multiple times via the Internet, or exercise your voting rights by both computer and mobile phone, the last exercise of voting right shall be considered as your valid vote.
- 5) If a shareholder intends to vote some shares in favor of and the remaining shares against the same proposal, such shareholder is requested to give the Company written notice to that effect and the reason therefor no later than three (3) days before the date of the meeting.

## Other Matters Regarding this Notice

- 1) Please note that among the documents that should be provided together with this Notice the Consolidated Statement of Changes in Net Assets, the Notes to Consolidated Financial Statements, the Statement of Changes in Net Assets and the Notes to Financial Statements are published on the Company's website (<http://www.shi.co.jp>) in accordance with the applicable laws and regulations and Article 16 of the Articles of Incorporation. Accordingly, they are not included in the attached "120th Business and Financial Report."
- 2) The Consolidated Financial Statements and the Financial Statements, which were audited by the Independent Auditors or Corporate Auditors to prepare their respective audit reports, are the statements included in the "120th Business and Financial Report," and the Consolidated Statement of Changes in Net Assets, the Notes to Consolidated Financial Statements, the Statement of Changes in Net Assets and the Notes to Financial Statements, which are available on the above website.

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If it becomes necessary to revise any of the matters contained in the Reference Documents for the Shareholders' Meeting, the Business and Financial Report, the Consolidated Financial Statements or the Financial Statements, such revisions will be posted on the Company's website (<http://www.shi.co.jp>).

## Reference Documents for the Shareholders' Meeting

### Agenda Item 1: Disposition of Retained Earnings

The Company's general policy for the distribution of profits is to provide shareholders with dividend payments proportionate to the fiscal year's profits, while giving due consideration to securing retained earnings necessary to achieve long-term and stable business development. The Company determines its dividend payment amounts after comprehensively considering the above factors. The targeted consolidated payout ratio is set at 30% over the period covered by the Medium-Term Management Plan 2016.

With regard to the year-end dividend for the fiscal year under review, in line with the above dividend policy and targeted payout ratio and in consideration of the Company's performance for the 120th fiscal year, the current business environment and the need to secure retained earnings for the future growth of the Company, it is hereby proposed that the year-end dividend for the 120th fiscal year be as follows:

Year-end dividend for the 120th fiscal year:

(1) Type of dividend:

Cash

(2) Matters related to the distribution of dividends to shareholders and the total dividend amount:

Amount of dividend: ¥9.00 per share of the Company's common stock

Total dividends: ¥5,515,916,274

For your reference: Including ¥7 per share for the interim dividend, which has already been distributed, the annual dividend appropriated from retained earnings for the 120th fiscal year is ¥16 per share, an increase of ¥4 per share from the previous fiscal year.

(3) Effective date of dividend appropriated from retained earnings:

June 30, 2016

## Agenda Item 2: Election of Ten Directors

The terms of office of all ten Directors will expire at the close of this General Meeting, therefore the election of ten Directors including two Outside Directors is requested.

The candidates for Directors are as follows:

Candidate Number	Name	Current Positions and Responsibilities at the Company	Nature of Candidacy		
1	Yoshinobu Nakamura	Representative Director and Chairman of the Board Chairperson of the Board of Directors	Reappointment		
2	Shunsuke Betsukawa	Representative Director and President & CEO	Reappointment		
3	Shinji Nishimura	Representative Director and Senior Executive Vice President, General Manager of Corporate Planning Group and General Manager of Export Administration Department	Reappointment		
4	Yoshiyuki Tomita	Director and Executive Vice President, General Manager of Corporate Technology Operations Group	Reappointment		
5	Toshiharu Tanaka	Director and Executive Vice President, General Manager of Power Transmission & Controls Group	Reappointment		
6	Kazuto Kaneshige	Director and Senior Vice President, General Manager of Industrial Equipment Division	Reappointment		
7	Mikio Ide	Director	Reappointment		
8	Shinji Shimomura	Senior Vice President	New Candidate		
9	Susumu Takahashi	Outside Director	Reappointment	Outside	Independent
10	Hideo Kojima	Outside Director	Reappointment	Outside	Independent

Outside : Candidate for Outside Director

Independent : Independent Officer

Candidate  
Number

1

Yoshinobu  
Nakamura

(born on October 30, 1949)

Reappointment



#### Career Summary, and Positions and Responsibilities at the Company

April 1975	Joined the Company
June 2002	Senior Vice President, General Manager of Laser System Division
June 2003	Senior Vice President, General Manager of Precision Equipment Group
June 2004	Executive Vice President, General Manager of Precision Equipment Group
October 2004	Executive Vice President, General Manager of Precision Equipment Group, and General Manager of Mechatronics Division
June 2005	Director and Executive Vice President, General Manager of Precision Equipment Group, and General Manager of Mechatronics Division
April 2007	Representative Director and President & CEO
April 2013	Representative Director and Chairman of the Board, to date

- ▶ Number of shares of the Company held  
**244,559** shares
- ▶ Tenure as Director  
**11** years
- ▶ Attendance at Board of Directors Meetings  
**16 / 16** meetings  
**(100%)**

#### Significant Positions Held at Other Companies

None

#### Reasons for Selection as Candidate for Director

Mr. Yoshinobu Nakamura was appointed as the Representative Director and President in 2007 after serving as the person in charge of the Precision Equipment segment. He focused on globalization and innovation and formulated and implemented two medium-term management plans titled “Global 21” and “Innovation 21.” Since being appointed as the Representative Director and Chairman of the Board in 2013, he, as the Chairperson of the Board of Directors, has encouraged the enhancement of governance systems and has been responsible for the management of the Company Group.

Because he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Candidate  
Number

2

Shunsuke  
Betsukawa

(born on May 9, 1954)

Reappointment



#### Career Summary, and Positions and Responsibilities at the Company

April 1978	Joined the Company
April 2007	Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group
April 2009	Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group and General Manager of Corporate Planning and Development Department
June 2009	Director and Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group and General Manager of Corporate Planning and Development Department
April 2010	Director and Executive Vice President, General Manager of Corporate Finance, Accounting & Administration Group
April 2011	Representative Director and Executive Vice President & CFO, General Manager of Corporate Finance, Accounting & Administration Group, and General Manager of Export Administration Department
April 2012	Representative Director and Senior Executive Vice President & CFO, General Manager of Export Administration Department
April 2013	Representative Director and President & CEO, to date

- ▶ Number of shares of the Company held  
71,436 share(s)
- ▶ Tenure as Director  
7 years
- ▶ Attendance at Board of Directors Meetings  
16 / 16 meetings  
(100%)

#### Significant Positions Held at Other Companies

None

#### Reasons for Selection as Candidate for Director

Mr. Shunsuke Betsukawa, as the person in charge of the Finance, Accounting, and Corporate Planning divisions, took the initiative in managing profitability across the business, enhancing the financial position, and formulating and implementing the strategies for the whole Company Group. After being appointed as the Representative Director and President in 2013, he formulated and implemented the medium-term management plan titled “Medium-Term Management Plan 2016” which started in FY 2014, and he, as the CEO, has directed the management of the Company Group.

Because he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Candidate  
Number

3

**Shinji**  
**Nishimura** (born on June 10, 1951)

Reappointment



#### Career Summary, and Positions and Responsibilities at the Company

April 1974	Joined the Company
June 2002	Senior Vice President, General Manager of Ships, Steel Structure & Processing Equipment Group
April 2003	Vice President, General Manager of Ship & Marine Division
April 2003	Representative Director and President & CEO of Sumitomo Heavy Industries Marine & Engineering Co., Ltd.
April 2005	Senior Vice President, General Manager of Corporate Planning & Development Department, and General Manager of Ship & Marine Division of the Company
June 2005	Director and Senior Vice President, General Manager of Corporate Planning & Development Department, and General Manager of Ship & Marine Division
April 2006	Director and Executive Vice President, General Manager of Planning & Control Department, Power Transmission & Controls Group
April 2007	Representative Director and Senior Executive Vice President, General Manager of Power Transmission & Controls Group
October 2014	Representative Director and Senior Executive Vice President, General Manager of Corporate Planning Group
April 2016	Representative Director and Senior Executive Vice President, General Manager of Corporate Planning Group and General Manager of Export Administration Department, to date

- ▶ Number of shares of the Company held  
**149,649** share(s)
- ▶ Tenure as Director  
**11** years
- ▶ Attendance at Board of Directors Meetings  
**16 / 16** meetings  
**(100%)**

#### Significant Positions Held at Other Companies

None

#### Reasons for Selection as Candidate for Director

After being appointed as a Senior Vice President in 2002, Mr. Shinji Nishimura achieved positive results as the person in charge of the Ship segment and the Machinery Components segment. He was appointed as a Director in 2005 and was promoted to Executive Vice President in 2006 and Representative Director and Senior Executive Vice President in 2007. Thereafter, since 2014, he, as the person in charge of the Corporate Planning division, has taken the initiative in formulating and implementing the strategies for the whole Company Group, and has assisted the President across the business. Thus, he has been responsible for the management of the Company Group.

Because he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.



Candidate  
Number

4

Yoshiyuki  
Tomita

(born on May 2, 1956)

Reappointment



#### Career Summary, and Positions and Responsibilities at the Company

April 1981	Joined the Company
April 2011	Vice President, General Manager of Research & Development Center, Corporate Technology Operations Group
June 2012	Director and Vice President, General Manager of Research & Development Center, Corporate Technology Operations Group
April 2014	Director and Senior Vice President, General Manager of Corporate Technology Operations Group
April 2016	Director and Executive Vice President, General Manager of Corporate Technology Operations Group

#### Significant Positions Held at Other Companies

None

#### Reasons for Selection as Candidate for Director

Mr. Yoshiyuki Tomita has held key positions in the Technology division, and he has contributed to the technology development in the Company over a long period. After he was appointed as a Vice President in 2011, a Director in 2012, and a Senior Vice President in 2014, he was promoted to Executive Vice President in 2016, and he, as the person in charge of the Technology division, has taken the initiative in the research and development in the Company Group, and has achieved positive results.

Because he has a high-level of knowledge of the technologies which constitute the Company's foundation and management supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

- ▶ Number of shares of the Company held  
**8,375** share(s)
- ▶ Tenure as Director  
**4** years
- ▶ Attendance at Board of Directors Meetings  
**16 / 16** meetings  
**(100%)**

Candidate  
number

5

Toshiharu  
Tanaka

(born on January 30, 1959)

Reappointment



#### Career Summary, and Positions and Responsibilities at the Company

April 1983	Joined the Company
April 2005	Principal Engineer of Planning & Control Department, Quantum and Advanced Equipment Center, Precision Equipment Group
April 2006	General Manager of Planning & Control Department of Quantum Equipment Division
April 2010	General Manager of Corporate Planning & Development Department
April 2011	General Manager of Precision Equipment Group
April 2013	Senior Vice President, General Manager of Precision Equipment Group
June 2013	Director and Senior Vice President, General Manager of Precision Equipment Group
April 2014	Director and Senior Vice President, General Manager of Overseas Sales Department, Power Transmission & Controls Group
October 2014	Director and Senior Vice President, General Manager of Power Transmission & Controls Group
April 2015	Director and Executive Vice President, General Manager of Power Transmission & Controls Group, to date

- ▶ Number of shares of the Company held  
27,274 share(s)
- ▶ Tenure as Director  
3 years
- ▶ Attendance at Board of Directors Meetings  
15 / 16 meetings  
(93%)

#### Significant Positions Held at Other Companies

None

#### Reasons for Selection as Candidate for Director

After being appointed as the person in charge of the Precision Equipment segment, Mr. Toshiharu Tanaka was appointed as a Director and a Senior Vice President in 2013. Since 2014, he has been advancing efforts to develop the business as the person in charge of the Machinery Components segment. Mr. Tanaka was promoted to the role of Executive Vice President in 2015, and has been responsible for the management of the Company Group.

Because he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Candidate  
Number

6

**Kazuto  
Kaneshige** (born on June 24, 1952)

Reappointment



#### Career Summary, and Positions and Responsibilities at the Company

April 1977	Joined the Company
April 1998	Principal Engineer of Third Design Section, Design Group, Industrial Machinery Department, Machinery Division
April 1999	Manufacturing Manager of Industrial Machinery Center, Machinery Division
February 2000	Design Manager of Industrial Machinery Center, Machinery Division
November 2007	Executive Officer and General Manager of Second Technology & Engineering Division, JP Steel Plantech Co.
February 2009	General Manager of Industrial Machinery Center of the Company
June 2010	Director of Sumitomo Heavy Industries Techno-Fort Co., Ltd.
April 2012	Representative Director and President of Sumitomo Heavy Industries Techno-Fort Co., Ltd.
April 2012	Senior Vice President of the Company
April 2013	Senior Vice President, General Manager of Industrial Equipment Division
June 2014	Director and Senior Vice President, General Manager of Industrial Equipment Division, to date

- ▶ Number of shares of the Company held  
11,829 share(s)
- ▶ Tenure as Director  
2 years
- ▶ Attendance at Board of Directors Meetings  
15 / 16 meetings  
(93%)

#### Significant Positions Held at Other Companies, etc.

None

#### Reasons for Selection as Candidate for Director

Over the years, Mr. Kazuto Kaneshige has held key positions in the Industrial Machinery segment and contributed to the industrial machinery business of the Company Group. He was appointed as a Senior Vice President in 2012, and as a Director in 2014, and has been responsible for the management of the Company Group.

Because he has a high-level of technical knowledge regarding industrial machinery and management supervision ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Candidate  
Number

7

**Mikio Ide** (born on March 21, 1950)

Reappointment



#### Career Summary, and Positions and Responsibilities at the Company

April 1973 Joined the Company  
March 2001 Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.  
October 2002 Director and Executive Vice President of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.  
June 2003 Vice President of the Company  
June 2005 Director and Vice President  
April 2010 Director and Senior Executive Vice President  
April 2011 Director, to date  
April 2011 Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.  
April 2011 Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Sales, Co., Ltd.  
April 2016 Representative Director and Chairman of the Board of Sumitomo (S.H.I.) Construction Machinery Co., Ltd., to date

#### Significant Positions Held at Other Companies

Representative Director and Chairman of the Board of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.

#### Reasons for Selection as Candidate for Director

Since Mr. Mikio Ide was appointed as a Vice President in 2003 and as a Director in 2005, he has accomplished highly in the Construction Machinery segment. He was appointed as the Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Co., Ltd. in 2011, and as the Representative Director and Chairman of the Board of Sumitomo (S.H.I.) Construction Machinery Co., Ltd. in 2016. He has been contributing to the expansion of the business of the Construction Machinery segment and has been responsible for the management of the Company Group based on his extensive management experience.

Because he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

▶ Number of shares of the Company held  
**32,291** share(s)

▶ Tenure as Director  
**11** years

▶ Attendance at Board of Directors Meetings  
**16 / 16** meetings  
**(100%)**

Candidate  
Number

8

**Shinji  
Shimomura** (born on February 3, 1957)

New Candidate



► Number of shares of the  
Company held  
**12,793** share(s)

#### Career Summary, and Positions and Responsibilities at the Company

April 1982	Joined the Company
April 2005	Manufacturing Manager of Steel Structure & Process Equipment Division
April 2008	General Manager of Corporate Production Engineering Department
April 2012	Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
April 2013	Executive Managing Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
April 2014	Senior Executive Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
April 2014	Vice President of the Company
April 2015	Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Sales Co., Ltd., to date
April 2015	Senior Vice President of the Company, to date
April 2016	Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Co., Ltd., to date

#### Significant Positions Held at Other Companies

Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.  
Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Sales Co., Ltd.

#### Reasons for Selection as Candidate for Director

Since being appointed as a Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd. in 2012, Mr. Shinji Shimomura has accomplished highly in the Construction Machinery segment. In 2014, he was appointed as a Vice President of the Company, and in 2015, he was appointed as the Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Sales Co., Ltd., to serve concurrently with his appointment as a Senior Vice President of the Company. From 2016, he, as Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Co., Ltd., has been leading the expansion of the business of the Construction Machinery segment.

Because he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his appointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Candidate Number	Susumu Takahashi (born on January 28, 1953)	Reappointment
9		Outside
		Independent



#### Career Summary, and Positions and Responsibilities at the Company

April 1976	Joined the Sumitomo Bank, Limited (resigned in January 2004)
February 2004	Counselor of The Japan Research Institute, Limited (“JRI”)
August 2005	Director General for Economic Research, Cabinet Office
August 2007	Vice Chairman of JRI
June 2011	Chairman of JRI, to date
June 2014	Outside Director of the Company, to date

#### Significant Positions Held at Other Companies

Chairman of JRI  
Member of Council on Economic and Fiscal Policy, Cabinet Office  
Member of National Council for Promoting the Dynamic Engagement of All Citizens, Cabinet Secretariat

#### Reasons for Selection as Candidate for Outside Director

Although Mr. Susumu Takahashi has no experience in corporate management other than serving as Outside Director, he possesses high-level knowledge in finance and management, and has broad experience of actual professional practice in both private sector and government institutions.

The Company looks forward to Mr. Takahashi providing advice for its sustainable growth and the improvement of its corporate value, and his supervision of the Company’s management. In light of Mr. Takahashi’s abilities, the Company has determined that he is qualified to serve as an Outside Director of the Company, and hereby requests his reappointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

- ▶ The Company has designated Mr. Susumu Takahashi as an independent officer and notified the Tokyo Stock Exchange to that effect.
- ▶ The Company has entered into a contract with Mr. Susumu Takahashi to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to 10,000,000 yen or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher. If his reappointment is approved, the Company intends to enter anew into such a limitation of liability contract with Mr. Takahashi.

▶ Number of shares of the Company held  
0 shares

▶ Tenure as Director  
2 years

▶ Attendance at Board of Directors Meetings  
15 / 16 meetings  
(93%)

Candidate Number	<b>10</b>	<b>Hideo Kojima</b>	(born on November 30, 1948)	Reappointment	Outside	Independent
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**Career Summary, and Positions and Responsibilities at the Company**

- March 1980 Registered as certified public accountant, to date
- May 1995 Representative Partner, Ota-Showa Auditors Office
- May 2000 Vice Chairman, Century Ota Showa & Co.
- May 2004 General Manager of International Division, Tokyo office, Shin Nihon & Co.
- May 2006 Deputy Chief Executive Officer, Shin Nihon & Co.
- September 2010 Senior Advisor, Ernst & Young ShinNihon LLC
- June 2011 Outside Corporate Auditor of Alpine Electronics, Inc., to date
- June 2011 Outside Corporate Auditor of the Company
- June 2011 Established Hideo Kojima CPA Office, to date
- June 2013 Outside Corporate Auditor of Mitsubishi UFJ Financial Group, Inc. (resigned in June 2015)
- June 2015 Outside Director of the Company, to date

- ▶ Number of shares of the Company held **0** shares
- ▶ Tenure as Director **1** year
- ▶ Attendance at Board of Directors Meetings **16 / 16** meetings **(100%)**

**Significant Positions Held at Other Companies**

- Certified public accountant, Hideo Kojima CPA Office
- Outside Corporate Auditor of Alpine Electronics, Inc.

**Reasons for Selection as Candidate for Outside Director**

Although Mr. Hideo Kojima has no experience in corporate management other than serving as Outside Director and Outside Corporate Auditor, he, as a certified public accountant, is an expert in finance and accounting and has long experience of actual professional practice. Such extensive experience and ample knowledge will be extremely useful for the Company.

The Company looks forward to Mr. Kojima providing advice for its sustainable growth and the improvement of its corporate value, and his supervision of the Company's management. In light of Mr. Kojima's abilities, the Company has determined that he is qualified to serve as an Outside Director, and hereby requests his reappointment.

**Special Interest between Candidate and the Company**

The candidate has no special interest in the Company.

- ▶ The Company has designated Mr. Hideo Kojima as an independent officer and notified the Tokyo Stock Exchange to that effect.
- ▶ The Company has entered into a contract with Mr. Hideo Kojima to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to 10,000,000 yen or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher. If his reappointment is approved, the Company intends to enter anew into such a limitation of liability contract with Mr. Kojima.

(For reference) The Company's independence standards for outside officers are shown on page 20.

### Agenda Item 3: Election of Three Corporate Auditors

The terms of office of Corporate Auditors Yukio Kinoshita and Takeo Wakae will expire at the close of this General Meeting, therefore the election of Mr. Yuji Takaishi and Mr. Takeo Wakae as successors is requested. Further, Corporate Auditor Takashi Miyazawa will resign at the close of this General Meeting, therefore the election of Mr. Tomoyuki Kato as his substitute is requested.

With regard to this agenda item, the consent of the Board of Corporate Auditors has been obtained.

The candidates for Corporate Auditors are as follows:

Candidate number			
1	Yuji Takaishi	(born on November 25, 1954)	New Candidate



#### Career Summary, and Positions at the Company

April 1977	Joined the Company
April 2007	Senior Vice President, General Manager of Human Resources Department
June 2007	Director and Senior Vice President, General Manager of Human Resources Department
April 2010	Director and Executive Vice President, General Manager of Plastic Machinery Division
April 2012	Director and Executive Vice President, General Manager of Corporate Planning & Development Department
April 2013	Representative Director and Executive Vice President, General Manager of Corporate Planning & Development Department and General Manager of Export Administration Department
April 2014	Representative Director and Executive Vice President, General Manager of Corporate Planning Group, and General Manager of Export Administration Department
October 2014	Representative Director and Executive Vice President, General Manager of Export Administration Department
April 2015	Representative Director and Executive Vice President, General Manager of Export Administration Department and Regional General Manager of Kansai Office
April 2016	Director, to date

▶ Number of shares of the Company held  
**78,524** share(s)

▶ Attendance at Board of Directors Meetings  
**16 / 16** meetings  
**(100%)**

#### Significant Positions Held at Other Companies

None

#### Reasons for Selection as Candidate for Corporate Auditor

Mr. Yuji Takaishi was appointed as a Director and Senior Vice President in 2007, and was promoted to Executive Vice President in 2010. As the person in charge of the Human Resources division, Plastic Machinery segment, and Corporate Planning division, he has performed well in each section. Mr. Takaishi was appointed as a Representative Director in 2013, and has been responsible for the management of the Company Group.

The Company has determined that Mr. Takaishi has a high-level of management knowledge and extensive experience, and that he can perform the duties of a Corporate Auditor in cooperation with the other Corporate Auditors, and hereby requests his appointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.



Candidate number	<h1 style="margin: 0;">Takeo Wakae</h1> <p style="margin: 0;">(born on October 22, 1948)</p>	Reappointment
2		Outside
		Independent



### Career Summary, and Positions at the Company

April 1983	Registered as attorney-at-law, to date
April 1992	Civil conciliation commissioner at Tokyo District Court, to date
April 2003	Vice-President of Daiichi Tokyo Bar Association (fiscal year 2003)
June 2012	Outside Corporate Auditor of the Company, to date
April 2014	Executive Director of Japan Federation of Bar Associations (fiscal year 2014)

### Significant Positions Held at Other Companies

Attorney-at-law, Kumagai & Wakae Law Office

### Reasons for Selection as Candidate for Outside Corporate Auditor

Although Mr. Takeo Wakae has no experience in corporate management other than serving as Outside Corporate Auditor, he, as an attorney-at-law, is well-versed in law, and such extensive experience and ample knowledge will be extremely useful for the Company.

The Company has determined that Mr. Wakae can conduct effective audits of the Company's management from objective and independent standpoints as an Outside Corporate Auditor, and hereby requests his reappointment.

### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

- ▶ The Company has designated Mr. Takeo Wakae as an independent officer and notified the Tokyo Stock Exchange to that effect.
- ▶ The Company has entered into a contract with Mr. Takeo Wakae to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to 10,000,000 yen or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher. If his reappointment is approved, the Company intends to enter anew into such a limitation of liability contract with Mr. Wakae.

▶ Number of shares of the Company held  
**0 shares**

▶ Tenure as Corporate Auditor  
**4 years**

▶ Attendance at Board of Directors Meetings  
**15 / 16 meetings (93%)**

▶ Attendance at Board of Corporate Auditors Meetings  
**13 / 13 meetings (100%)**

Candidate number	Tomoyuki Kato (born on August 14, 1944)	New Candidate
3		Outside
		Independent



#### Career Summary, and Positions at the Company

April 1976	Registered as certified public accountant, to date
July 1992	Representative Partner, Ota-Showa Auditors Office
July 2006	Established Kato CAP Office, to date
June 2007	Outside Company Auditor of Toyo Wharf & Warehouse Co., Ltd. (resigned in June 2015)

#### Significant Positions Held at Other Companies

Certified Public Accountant, Kato CAP Office

#### Reasons for Selection as Candidate for Outside Corporate Auditor

Although Mr. Tomoyuki Kato has no experience in corporate management other than serving as Outside Corporate Auditor, he, as a certified public accountant, is an expert in finance and accounting and has long experience of actual professional practice. Such extensive experience and ample knowledge will be extremely useful for the Company.

The Company has determined that Mr. Kato can conduct effective audits of the Company's management from objective and independent standpoints as an Outside Corporate Auditor, and hereby requests his appointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

- ▶ The Company has designated Mr. Tomoyuki Kato as an independent officer and notified the Tokyo Stock Exchange to that effect.
- ▶ If the election of Mr. Tomoyuki Kato is approved, the Company intends to enter into a contract with him to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to 10,000,000 yen or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher.

(For reference) The Company's independence standards for outside officers are shown on page 20.

▶ Number of shares of the Company held

0 shares

#### Agenda Item 4: Election of One Alternative Corporate Auditor

The election of Mr. Seishiro Tsukada, Alternative Corporate Auditor, made at the Ordinary General Meeting of Shareholders for the 119th fiscal year held on June 26, 2015, will lapse at the commencement of this General Meeting. As a precautionary measure against the possibility of the Company lacking the minimum number of Outside Corporate Auditors designated by laws and regulations, the election of one Alternative Corporate Auditor is requested.

With regard to this agenda item, the consent of the Board of Corporate Auditors has been obtained.

The candidate for Alternative Corporate Auditor is as follows:

**Yoshio Kohra** (born on July 26, 1941)

Outside

Independent



▶ Number of shares of the Company held

0 shares

#### Career Summary, and Positions at the Company

March 1968	Registered as certified public accountant, to date
May 1986	Representative Partner, Ota-Showa Auditors Office
May 2002	CEO, Shin Nihon & Co.
February 2005	Registered as certified tax accountant, to date
February 2005	Established Yoshio Kohra CTA Office, to date
August 2006	Established Yoshio Kohra CPA Office, to date
June 2007	Outside Corporate Auditor of the Company
July 2008	Outside Director of Ashikaga Holdings Co., Ltd., to date
July 2008	Outside Director of The Ashikaga Bank, Ltd., to date

#### Significant Positions Held at Other Companies, etc.

Certified public accountant, Yoshio Kohra CPA Office  
Certified tax accountant, Yoshio Kohra CTA Office  
Outside Director of Ashikaga Holdings Co., Ltd.  
Outside Director of The Ashikaga Bank, Ltd.

#### Reasons for Selection as Candidate for Alternative Outside Corporate Auditor

Although Mr. Yoshio Kohra has no experience in corporate management other than serving as Outside Director and Outside Corporate Auditor, he, as a certified public accountant and a certified tax accountant, is an expert in tax and accounting and has long experience of actual professional practice. Such extensive experience and ample knowledge will be extremely useful for the Company.

The Company has determined that Mr. Kohra can conduct effective audits of the Company's management from objective and independent standpoints as an Outside Corporate Auditor, and hereby requests his appointment.

#### Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

- ▶ Mr. Yoshio Kohra is scheduled to resign from the position of Outside Director of The Ashikaga Bank, Ltd. in June 2016.
- ▶ If Mr. Yoshio Kohra is appointed as an Outside Corporate Auditor after this Agenda is approved, the Company intends to designate Mr. Yoshio Kohra as an independent officer and notify the Tokyo Stock Exchange to that effect.
- ▶ If Mr. Yoshio Kohra is appointed as an Outside Corporate Auditor after this Agenda is approved, the Company intends to enter into a contract with him to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to 10,000,000 yen or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher.

(For reference) The Company's independence standards for outside officers are shown on page 20.

End.

### Independence Standards for Outside Officers

1. If none of the following items apply to an Outside Director or an Outside Corporate Auditor, the Company shall consider the Outside Director or the Outside Corporate Auditor to be independent from the Company. However, (xiv) below shall only apply to an Outside Corporate Auditor.
  - (i) A person who is or was a person performing an executive role (\*1) at the Company Group (\*2).
  - (ii) A person who is a certified public accountant and is the Company's accounting auditor or a certified public accountant who belongs to the audit firm that is the Company's accounting auditor.
  - (iii) A consultant, an accounting expert, or a legal expert who receives large amount of money or other property (\*3) other than officer remuneration from the Company (if the person who receives such property is an organization such as a corporation, a person who belongs to such organization).
  - (iv) A shareholder who owns shares of 10% or more of the Company's total voting rights as of the last day of the last fiscal year (if such shareholder is an organization such as a corporation, a person performing an executive role therein).
  - (v) A person performing an executive role in a corporation whose shares of 10% or more of its total voting rights are owned by the Company as of the last day of the last fiscal year.
  - (vi) A person who is a principal business counterparty of the Company (\*4) (if such person is an organization such as a corporation, a person performing an executive role therein).
  - (vii) A person to whom the Company is a principal business counterparty (\*5) (if such person is an organization such as a corporation, a person performing an executive role therein).
  - (viii) A person who is a principal lender to the Company (\*6) (if such lender is an organization such as a corporation, a person performing an executive role at such organization or its parent company).
  - (ix) A person who receives donations of over 10 million yen annually on average over the last three fiscal years from the Company (if such person is an organization such as a corporation, a person performing an executive role therein).
  - (x) A spouse or a relative within the second degree of kinship of a person to whom any of (i) through (ix) above applies (excluding an unimportant person (\*7)).
  - (xi) A person to whom any of (ii) through (ix) above applies within the last three years.
  - (xii) A spouse or a relative within the second degree of kinship of a person to whom any of (i) through (ix) above applies within the last three years (excluding an unimportant person).
  - (xiii) A person performing an executive role in another company with which the Company has a mutual appointment relationship of Outside Officers (\*8).
  - (xiv) A spouse or a relative within the second degree of kinship of a person to whom (a) or (b) below applies:
    - (a) a person who is a director performing a nonexecutive role in the Company's subsidiary; or
    - (b) a person who falls under (a) above or a director performing a nonexecutive role at the Company within the last one year.
- (\*1) A person performing an executive role refers to an executive director, a Statutory Executive Officer,

an Executive Officer, or an employee including a manager (in the case of an organization such as a corporation other than a stock company, an officer, a member, or an employee performing an executive role in such organization).

- (\*2) The Company Group refers to the Company and its subsidiaries and affiliated companies.
  - (\*3) Large amount of money or other property refers to money or other property received by a person if such person received the same over the last three fiscal years with an average amount of (i) 10 million yen or more annually if such person is an individual, or (ii) 2% or more of such person's average annual consolidated sales if such person is an organization such as a corporation.
  - (\*4) A person who is a principal business counterparty of the Company is a person to whom the Company's average annual sales over the last three fiscal years comprise 2% or more of the Company's average annual consolidated sales.
  - (\*5) A person to whom the Company is a principal business counterparty is a person to whom the Company's average annual payment over the last three fiscal years comprises 2% or more of such person's average annual consolidated sales.
  - (\*6) A person who is a principal lender to the Company refers to a person from whom the Company's average balance of borrowings over the last three fiscal years exceeds 2% of the Company's consolidated total assets as of the last day of the last fiscal year.
  - (\*7) An unimportant person refers to (i) with regard to a person performing an executive role, a person other than a Director, a Statutory Executive Officer, or an Executive Officer, and (ii) with regard to a specialized advisory firm (an audit firm, law firm, etc.) in consulting-related matters, a person other than a member or a partner (an associate or an employee).
  - (\*8) A mutual appointment relationship of Outside Officers refers to a relationship where a person performing an executive role who belongs to the Company is an Outside Officer of another company, and a person performing an executive role who belongs to such other company is an Outside Officer of the Company.
2. Even if any of the items in 1. above apply to an Outside Director or an Outside Corporate Auditor, the Company may appoint such Outside Director or Outside Corporate Auditor as an Independent Outside Director or an Independent Outside Corporate Auditor when it determines that such person is suitable for its Independent Outside Director or Independent Outside Corporate Auditor upon considering such person's character and insight, among others, provided that, it shall publically provide an explanation as to why it has determined that there is no possibility of a conflict of interest with general shareholders.

End.

### <Information Concerning the Exercise of Voting Rights via the Internet>

When exercising voting rights via the Internet, please note the following:

#### 1. Website for Exercise of Voting Rights

The exercise of voting rights via the Internet can only be done by using the website below designated by the Company.  
The URL of the website for voting: <http://www.web54.net>



Notes:

1. You may use a mobile phone equipped with a barcode reader function to connect your mobile phone to the above website by reading the QR Code® at right. For details of the operation method, please read the operation manual for your mobile phone.
2. “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

#### 2. When You Exercise Your Voting Rights

- (1) When exercising your voting rights via the Internet, please use the code for exercising voting rights and password indicated on the enclosed voting instruction card, follow the instructions on the screen and enter your approval or disapproval of the agenda items.
- (2) The exercise of voting rights via the Internet will be accepted until 6 p.m. on Tuesday, June 28, 2016, but we request that you exercise your voting rights earlier to facilitate the counting of votes.
- (3) Charges for connecting to the Internet provider and the communications company (connection charges, etc.) shall be borne by the shareholder.

#### 3. Handling of Your Password and the Code for Exercising Voting Rights

- (1) The password is a crucial means to verify that a voting person is really a qualified shareholder. Please carefully safeguard your password as you do with seals and personal identification numbers.
- (2) In case you commit more than a certain number of erroneous attempts to input your password, the Internet-based voting system will be immediately locked, making further operations unavailable. Follow the screen guide if you would like another password to be reissued.
- (3) The code for exercising voting rights indicated on the enclosed voting instruction card is available only for this General Meeting.

#### 4. System Requirements

- (1) In case of using a personal computer:
  - (i) Display resolution must be 800 dots horizontal × 600 dots vertical (SVGA) or higher.
  - (ii) The following applications must have been installed.
    - (a) Microsoft® Internet Explorer Ver.5.01 SP2 or later as web browser
    - (b) Adobe® Acrobat® Reader® Ver.4.0 or later, or Adobe® Reader® Ver.6.0 or later as PDF file browser

Notes:

1. Microsoft® Internet Explorer is a registered trademark, a trademark and a product name of Microsoft Corporation of the United States of America in the United States and other countries. Adobe® Acrobat® Reader® and Adobe® Reader® are registered trademarks, trademarks and product names of Adobe System Incorporated of the United States of America in the United States and other countries.
2. These software products are distributed for downloading free of charge from the website of the respective companies.

#### (2) In case of using a mobile phone:

128-bit Secure Socket Layer (SSL) encrypted communication must be available on your mobile phone model.  
Please also note that although voting via smartphones and other mobile phones with full browser functionality is supported in principle, we cannot guarantee compatibility with all available models.

#### 5. Inquiries Concerning Operation on PCs, etc.

- (1) If you have any questions about the operation on your PC or mobile phone with regard to the exercise of voting rights on the aforementioned website:  
(Direct Dial of Stock Transfer Agency Department “Web Support,” Sumitomo Mitsui Trust Bank, Limited)  
Toll free 0120-652-031 (9 a.m.–9 p.m.)
- (2) For other inquiries
  - (i) Shareholders who have their accounts with securities companies are requested to make inquiries to the respective securities companies that handle their brokerage accounts.
  - (ii) Shareholders who do not have their accounts with securities companies (but have special accounts):  
(Stock Transfer Agency Services Center, Sumitomo Mitsui Trust Bank, Limited)  
Toll free 0120-782-031 (9 a.m.–5 p.m. weekdays)

#### 6. Use of a Platform for Electronic Exercise of Voting Rights (to institutional investors)

Institutional investors may use a platform (ICJ Platform) that is operated by ICJ Co., Ltd., for this General Meeting to exercise voting rights electronically.