

May 29, 2017

To Shareholders of IBIDEN Co., Ltd.

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

 **IBIDEN Co., Ltd.**

President & CEO, Representative Director
Hiroki TAKENAKA

IBIDEN Co., Ltd.

Notice of the 164th Ordinary General Meeting of Shareholders

Thank you very much for your continued support for IBIDEN Co., Ltd.

You are cordially invited to attend the 164th Ordinary General Meeting of Shareholders of IBIDEN Co., Ltd. (the “Company”) to be held as set forth below.

If you are unable to attend the meeting, you can exercise your voting rights by either of your mail or Internet result. Please kindly review the “Reference Materials for General Meeting of Shareholders,” and exercise your voting rights by no later than 5:00 p.m., Thursday, June 15, 2017 (Japan time).

Particulars:

1. **Date and hour** 2:00 p.m., Friday, June 16, 2017
2. **Place** 2-1 Kanda-cho, Ogaki-city, Gifu Pref.
In the conference hall on the 2nd floor of the Company’s head office building
3. **Agenda items**
 - Matters to be reported (1) Business report and consolidated financial statements, and audit reports by the accounting auditor and the board of auditors on the consolidated financial statements, for the 164th fiscal year (from April 1, 2016 to March 31, 2017)
 - (2) Financial statements for the 164th fiscal year (from April 1, 2016 to March 31, 2017)

Proposals to be acted upon:

- Proposal 1: Partial Amendment to the Articles of Incorporation
- Proposal 2: Election of Seven (7) Directors who are not Audit and Supervisory Committee Members
- Proposal 3: Election of Five (5) Directors who are Audit and Supervisory Committee Members
- Proposal 4: Election of one (1) Substitute Director who is an Audit and Supervisory Committee Member
- Proposal 5: Determination of Amount of Remuneration for Directors who are not Audit and Supervisory Committee Members

Proposal 6: Determination of Amount of Remuneration for Directors who are Audit and Supervisory Committee Members

Proposal 7: Determination of Amount of Remuneration for Directors excluding Outside Directors and Directors who are Audit and Supervisory Committee Members

Proposal 8: Election of an Accounting Auditors

4. Rules regarding the General Meeting of Shareholders

- (1) If a shareholder casts votes more than once via the Internet, the last vote cast shall be treated as the valid exercise of the voting rights.
- (2) If a shareholder casts votes both via the Internet and by mailing the Voting Rights Exercise Form, the vote cast via the Internet shall be treated as the valid exercise of the voting rights.

< To shareholders who attend the Ordinary General Meeting of Shareholders >

Ordinary General Meeting of Shareholders will be held from 2:00 pm on the date above.

Please make sure to be at the Company's Head Office building before the starting time.

Reception for the meeting will start from 1:00 pm. There will be no lunch.

Venue will be crowded on the day of the meeting. Please be advised in advance that you may be guided to an alternative venue if the main venue becomes fully occupied.

All shareholders in alternative venue may view all reports and communication to be made in main venue via a monitor screen during the Ordinary General Meeting of Shareholders.

Please bring this Notice of the 164th Ordinary General Meeting of Shareholders when you attend.

(Concluded)

Information Disclosed via the Internet

Company's website

<http://www.ibiden.co.jp/>

© Pursuant to the Japanese laws and regulations and Article 15 of the Company's Articles of Incorporation, the company structure and the company policy, consolidated/non-consolidated statements of changes in net assets, notes to consolidated/non-consolidated financial statements (in Japanese) are posted on the website above, and are not contained in the documents accompanying the Notice of the 164th Ordinary General Meeting of Shareholders. Although "statements of consolidated statement of cash flows" and "consolidated statements of income" have been written in reference pages in the past notices of the Ordinary General Meeting of Shareholders, it will be posted on the website above from this Ordinary General Meeting of Shareholders.

© If there is any minor amendment to the "Reference Materials for General Meeting of Shareholders" and/or the Consolidated /non-consolidated financial statements, such amendment will be posted on the Company's website indicated above.

Introducing topics of interest to our shareholders such as operational and financial highlights, financial statement, annual report and share handling rules.



This document is an English translation of the Notice of the 164th Ordinary General Meeting of Shareholders originally prepared in Japanese. This English translation is for general reference purposes only and is subject to errors and omissions. All information contained herein is deemed accurate, but is not guaranteed.

— End of convocation notice —

Proposal 1:

Partial Amendment to the Article of Incorporation

1. Reasons for the amendment

The Company proposes to make partial amendment to the Articles of Incorporation for the reasons described below.

The Act for Partial Revision of the Companies Act (Act No.90 of 2015) (hereinafter the “Revised Companies Act”), which was entered into force on May 1, 2015, has newly instituted a Company with Audit and Supervisory. Historically, the Company has strengthened both of business supervisory function by the Board of Directors and auditing function by the Auditors as well as improving management transparency, etc., in an effort to enhance corporate governance. In order to further promote corporate governance and improve corporate value by realizing a more swift decision-making structure and an additional layer of strength in the supervisory functions of the Board of Director through having Directors who are Audit and Supervisory Committee Members possess voting rights in the Board of Directors, the Company has decided to transition to a Company with Audit and Supervisory Committee. Accordingly, the Company proposes to make the amendments to establishment of a new provision concerning the Audit and Supervisory Committee and deletion of the provision concerning Statutory Auditors and the Board of Statutory Auditors.

2. Details of the amendments

The proposed amendments are as follows:

(Underlines show amended portions.)

Present Articles of Incorporation	Articles of Incorporation after Amendment
<p>CHAPTER I GENERAL PROVISIONS</p>	<p>CHAPTER I GENERAL PROVISIONS</p>
<p>Article 1-3 (Text omitted)</p>	<p>Article 1-3 (Unchanged)</p>
<p>Article 4 (<i>Bodies</i>)</p> <p>The Company shall have the following bodies, in addition to a general meeting of shareholders and directors:</p> <ol style="list-style-type: none"> 1. Board of Directors 2. <u>Statutory Auditors</u> 3. <u>Board of Statutory Auditors</u> 4. Accounting Auditors 	<p>Article 4 (<i>Bodies</i>)</p> <p>The Company shall have the following bodies in addition to a general meeting of shareholders and directors:</p> <ol style="list-style-type: none"> 1. Board of Directors 2. <u>Audit and Supervisory Committee</u> (Deleted) 3. Accounting Auditors
<p>Article 5-16 (Text omitted)</p>	<p>Article 5-16 (Unchanged)</p>
<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p>	<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p>

Present Articles of Incorporation		Articles of Incorporation after Amendment	
Article 17	<i>(Number of Directors)</i>	Article 17	<i>(Number of Directors)</i>
	The number of Directors of the Company shall <u>not exceed eighteen (18)</u> .		The Company shall have <u>not more than sixteen (16) Directors who are not Audit and Supervisory Committee Members. The number of directors appointed as Directors who are Audit and Supervisory Committee Members shall be not more than seven (7)</u> .
Article 18	<i>(Election of Directors)</i>	Article 18	<i>(Election of Directors)</i>
	The election of Directors shall be carried out at the general meeting of shareholders.		1. Directors shall be elected at the general meeting of shareholders; <u>while making a distinction between Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members.</u>
2.	(Text omitted)	2.	(Unchanged)
3.	(Text omitted)	3.	(Unchanged)
Article 19	<i>(Term of Office)</i>	Article 19	<i>(Term of Office)</i>
	The term of office of a Director shall expire at the close of the ordinary general meeting of shareholders held with respect to the last business year ending within one (1) year after his/her election.		1. The term of office of a Director <u>who is not an Audit and Supervisory Committee Member shall expire at the conclusion of the ordinary general meeting of shareholders held with the respect to the last business year ending within one (1) year after his/her election.</u>
	(Newly added)		<u>2. The term of office of a Substitute Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within two (2) years after their election.</u>
	(Newly added)		<u>3. The term of office of a Substitute Director who is an Audit and Supervisory Committee Member elected to fill a vacancy of a Director who is an Audit and Supervisory Committee Member and who retired before the expiration of the term of office shall expire when such predecessor's full term of office would have expired.</u>
	(Newly added)		<i>(The Effective Term of the Resolution for Election of a Substitute Director who is an Audit and Supervisory Committee</i>
		Article 20	

Present Articles of Incorporation	Articles of Incorporation after Amendment
<p>Article <u>20</u> <i>(Representative Directors and Executive Directors)</i></p> <p>1. The Board of Directors shall, elect by resolution one (1) or more Representative Directors from among the Directors.</p> <p>2. The Board of Directors may, by resolution, elect one (1) Chairman of the Board, one (1) President, one (1) or more Vice Presidents, Senior Managing Directors and Managing Directors from among the Directors.</p>	<p><u>Member)</u></p> <p><u>The effective term of the resolution for election of a Director who is a Substitute Audit and Supervisory Committee Member shall expire at the beginning of the ordinary general meetings of shareholders relating to the last fiscal year ending within two (2) years after his/her election.</u></p> <p>Article <u>21</u> <i>(Representative Directors and Executive Directors)</i></p> <p>1. The Board of Directors shall elect, by a resolution, one (1) or more Representative Directors from among the Directors, <u>who are not Audit and Supervisory Committee Members.</u></p> <p>2. The Board of Directors may elect, by a resolution of Board of Directors, one Chairman, one President, one or more Executive Deputy Presidents, Senior Managing Executive Directors, and Managing Executive Directors, respectively, <u>who are not Audit and Supervisory Committee Members.</u></p>
<p>Article <u>21</u> <i>(Person Entitled to Convene Board of Directors Meetings and Chairman)</i></p> <p>(Text omitted)</p>	<p>Article <u>22</u> <i>(Person Entitled to Convene Board of Directors Meetings and Chairman)</i></p> <p>(Unchanged)</p>
<p>Article <u>22</u> <i>(Notice of Convocation of Board of Directors)</i></p> <p>Notice of a meeting of the Board of Directors shall be given to each Director and <u>Auditor</u> at least three (3) days prior to the date of the meeting. However, in case of emergency, this period may be shortened.</p> <p>2. In the event that the consent of all of the Directors and <u>the Auditors</u> has been obtained, a meeting of the Board of Directors can be held without following the convocation procedures.</p>	<p>Article <u>23</u> <i>(Notice of Convocation of Board of Directors)</i></p> <p>Notice of a meeting of the Board of Directors shall be given to each Director at least three (3) days prior to the date set for such meeting; provided, however, that in case of emergency, the above period may be shortened.</p> <p>2. In the event that the consent of all of the Directors has been obtained, a meeting of the Board of Directors can be held without following the convocation procedures.</p>
<p>Article <u>23</u> <i>(Resolution Method of Board of Directors)</i></p> <p>(Text omitted)</p>	<p>Article <u>24</u> <i>(Resolution Method of Board of Directors)</i></p> <p>(Unchanged)</p>

Present Articles of Incorporation	Articles of Incorporation after Amendment
(Newly added)	
	<p><u>Article 25</u> <i>(Delegation of Determination of Executive to Directors)</i></p> <p><u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of decision regarding execution of important duties (excluding matters set forth in items of Paragraph 5 of the same Article) to a Director by resolution of the Board of Directors.</u></p>
<p>Article <u>24</u> <i>(Regulation of the Board of Directors)</i></p>	<p>Article <u>26</u> <i>(Regulation of the Board of Directors)</i></p>
(Text omitted)	(Unchanged)
<p>Article <u>25</u> <i>(Remuneration, etc.)</i></p>	<p>Article <u>27</u> <i>(Remuneration, etc.)</i></p>
<p>Remuneration, bonuses or other benefits in the form of assets received from the Company, as consideration for the Director's performance of his/her duties (<u>hereinafter referred to as "Remuneration, etc."</u>) shall be determined by a resolution of a general meeting of shareholders.</p>	<p>Remuneration, bonuses or other benefits in the form of assets received from the Company, as consideration for the Director's performance of his/her duties (hereinafter referred to as "Remuneration, etc.") shall be determined by a resolution of a general meeting of shareholders, <u>while making a distinction between Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members.</u></p>
<p>Article <u>26-27</u></p> <p>(Text omitted)</p>	<p>Article <u>28-29</u></p> <p>(Unchanged)</p>
<p>CHAPTER V</p> <p><u>STATUTORY AUDITORS AND BOARD OF STATUTORY AUDITORS</u></p>	<p>CHAPTER V</p> <p><u>THE AUDIT AND SUPERVISORY COMMITTEE</u></p>
(Newly added)	<p>Article <u>30</u> <i>(Establishment of Audit and Supervisory Committee)</i></p> <p><u>The Company shall establish the Audit and Supervisory Committee which shall be consisted of the Directors who all are Audit and Supervisory Committee Members.</u></p>

Present Articles of Incorporation	Articles of Incorporation after Amendment
(Newly added)	<p data-bbox="867 269 1458 314"><u>Article 31</u> <u>(Full-time Audit and Supervisory Committee Members)</u></p> <p data-bbox="867 348 1458 433"><u>The Audit and Supervisory Committee may, by its resolution, elect the Directors who are full-time Audit and Supervisory Committee Members.</u></p>
(Newly added)	<p data-bbox="867 474 1458 519"><u>Article 32</u> <u>(Convocation Procedures of Audit and Supervisory Committee)</u></p> <p data-bbox="867 553 1458 707"><u>1. Notice of a meeting of the Audit and Supervisory Committee shall be given to each Director who is an Audit and Supervisory Committee Member at least three (3) days prior to the date set for such meeting; provided, however, that in case of emergency, the above period may be shortened.</u></p>
(Newly added)	<p data-bbox="867 741 1458 877"><u>2. In the event that the consent of all of the Directors who are the Audit and Supervisory Committee Members has been obtained, a meeting of the Audit and Supervisory Committee may be held without following the convocation procedures.</u></p>
(Newly added)	<p data-bbox="867 912 1458 956"><u>Article 33</u> <u>(Resolution Method of Audit and Supervisory Committee)</u></p> <p data-bbox="867 990 1458 1127"><u>The resolution shall be adopted by a majority of the voting rights of all Audit and Supervisory Committee Members present at the meeting at which a majority of the Audit and Supervisory Committee Members allowed to vote are present.</u></p>
(Newly added)	<p data-bbox="867 1151 1458 1195"><u>Article 34</u> <u>(Regulations of the Audit and Supervisory Committee)</u></p> <p data-bbox="867 1229 1458 1366"><u>The Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee, in addition to laws and regulations and these Articles of Incorporation.</u></p>

Present Articles of Incorporation	Articles of Incorporation after Amendment
<p><u>Article 28</u> <u>(Number of Statutory Auditors)</u></p> <p><u>The number of Statutory Auditors shall not exceed five (5).</u></p>	(Deleted)
<p><u>Article 29</u> <u>(Election of Statutory Auditors)</u></p> <p><u>1. The election of Statutory Auditors shall be made at a general meeting of shareholders.</u></p> <p><u>2. The resolution to elect Statutory Auditors shall be passed by a majority of the votes of the shareholders present who are entitled to exercise their voting rights and hold one-third or more of the voting rights.</u></p> <p><u>3. The Company, under the provision of Article 329 Paragraph 3 of the Companies Act, may appoint a Substitute Auditor in order to be prepared in the event the Company lacks the number of Auditors becomes less than that required by laws and regulations.</u></p> <p><u>4. The effective term of the resolution for election of a Substitute Corporate Auditor shall expire at the beginning of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from his/her election.</u></p>	(Deleted)
<p><u>Article 30</u> <u>(Term of Office)</u></p> <p><u>1. The term of office of a Statutory Auditor shall expire at the close of the ordinary general meeting of shareholders held with respect to the last business year ending within four (4) years after his/her election.</u></p>	(Deleted)
<p><u>2. In the event that the consent of all of the Statutory Auditors has been obtained, a meeting of the Board of Statutory Auditors can be held without following the convocation procedures.</u></p>	(Deleted)
<p><u>Article 31</u> <u>(Full-time Statutory Auditors)</u></p> <p><u>The Board of Statutory Auditors shall elect full-time Statutory Auditors by resolution.</u></p>	(Deleted)

Present Articles of Incorporation	Articles of Incorporation after Amendment
<p><u>Article 32</u> <u>(Notices of Convocation of the Board of Statutory Auditors)</u></p> <p><u>1. Notice of a meeting of the Board of Statutory Auditors shall be given to each Statutory Auditor at least three (3) days prior to the date of the meeting. However, in case of emergency, this period may be shortened.</u></p> <p><u>2. In the event that the consent of all of the Statutory Auditors has been obtained, a meeting of the Board of Statutory Auditors can be held without following the convocation procedures.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p>
<p><u>Article 33</u> <u>(Regulations of the Board of Statutory Auditors)</u></p> <p><u>Unless otherwise provided for by law or these Articles of Incorporation, items relating to the Board of Statutory Auditors shall be governed by the Board of Statutory Auditors Rules established by the Board of Statutory Auditors.</u></p>	<p>(Deleted)</p>
<p><u>Article 34</u> <u>(Remuneration, etc.)</u></p> <p><u>Remuneration, etc. of Statutory Auditors shall be determined by a resolution of a general meeting of shareholders.</u></p>	<p>(Deleted)</p>
<p><u>Article 35</u> <u>(Limited Liability Agreement with Outside Statutory Auditors)</u></p> <p><u>In accordance with the provisions of Paragraph 1 of Article 427 of the Corporate Law, the Company may make a limited liability agreement with an outside statutory auditor, which limits the liability for damages of the outside statutory auditor arising from a failure in performing his/her duties, provided that the limit of liability under such agreement shall be an amount determined in advance but in no case less than ten million yen, or the amount prescribed by law, whichever is higher.</u></p>	<p>(Deleted)</p>
<p>Chapter VI - Accounting Article <u>36-39</u></p>	<p>Chapter VI - Accounting Article <u>35-38</u></p>

Present Articles of Incorporation	Articles of Incorporation after Amendment
<p>(Text omitted)</p> <p>(Newly added)</p>	<p>(Unchanged)</p> <p><u>Supplementary Provision</u></p> <p><u>(Transitional Measure Concerning Limited Liability Agreement with Outside Statutory Auditors)</u> <u>Limited liability agreements regarding the liability for damages described in Article 423, Paragraph 1 of the Companies Act already entered into with Outside Statutory Auditors (including former Outside Statutory Auditors) prior to the conclusion of the 164th ordinary general meeting of shareholders shall be governed by Article 35 of the Articles of Incorporation prior to the amendment made by resolution of the said ordinary general meeting of shareholders.</u></p>

Proposal 2: Election of Seven (7) Directors who are not Audit and Supervisory Committee Members

The terms of office of all eleven (11) current Directors will expire at the conclusion of the Ordinary General Meeting of Shareholders. If Proposal No.1 “Partial Amendment to the Articles of Incorporation” is approved, the Company will make a transition to a Company with Audit and Supervisory Committee.

Accordingly, it is proposed that seven (7) Members of the Board of Directors who are not Audit and Supervisory Committee Members be elected. The resolution of this proposal shall only take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.1 become effective.

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

The brief personal information for respective candidates is referred to Page 13 through 20.

Candidate Number		Name	Years of Service	Career, Area in Charge at the Company	Attendance at The Board of Directors' Meeting
1	Reassignment	Hiroki TAKENAKA	20 years	President & CEO, Representative Director, Chairman of Board of Directors' Meeting, Administrator of Corporate Business Operation	11/11 times (100%)
2	Reassignment	Takeshi AOKI	4 years	Executive Vice President, Representative Director, Administrator of Corporate Business Operation, In charge of Ceramics Operation	11/11 times (100%)
3	Reassignment	Tsuyoshi NISHIDA	4 years	Executive Vice President, Representative Director, Corporate Executive Director of Business, In charge of Electronics Operation	11/11 times (100%)
4	Reassignment	Kozo KODAMA	2 years	Executive Vice President, Representative Director, Corporate Executive Director of Quality, Engineering and Production, President of Corporate Strategic Manufacturing Operation, In charge of CSR Promotion Division, In charge of Energy Control Division	11/11 times (100%)
5	Reassignment	Chiaki YAMAGUCHI	3 years	Candidate of Outside Director, Candidate of Independent Director	11/11 times (100%)
6	New	Toshio MITA	-	Candidate of Outside Director, Candidate of Independent Director	-
7	New	Koichi YOSHIHISA	-	Candidate of Outside Director, Candidate of Independent Director	-



Reassignment

Candidate Number

1

Hiroki TAKENAKA

(Date of Birth: January 1, 1951)

Numbers of the
Company's Shares
Owned
92,500

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

April 1973	Joined IBIDEN Co., Ltd.	April 2007	President & CEO, Representative Director, (present)
June 1997	Director		
June 2001	Managing Director		
June 2005	Director & Executive Managing Officer	January 2015	In charge of R&D Operation
		March 2016	In charge of Affiliates and Subsidiaries

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

Mr. Hiroki TAKENAKA has wide-range knowledge as a Corporate Manager and Director of the Company and abundant experience in business operation of the Company. As the Company judges that he has sufficient knowledge and experience that enable him to make decision on the execution of important business for the Company and to supervise the execution of duties by directors, we nominate him as a candidate of Director of the Company.



Reassignment

Candidate Number

2

Takeshi AOKI
(Date of Birth: February 4, 1958)

Numbers of the
Company's Shares
Owned
30,300

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

April 1981	Joined IBIDEN Co., Ltd.	March 2016	Executive Vice President, Representative Director (present)
April 2006	Executive		
April 2008	Corporate Officer		
June 2013	Director & Corporate Officer	March 2016	Operation Manager of Ceramics Operation
April 2014	Director & Managing Officer		
April 2014	Deputy Operation Manager of Ceramics Operation	April 2017	Administrator of Corporate Business Operation, In charge of Ceramics Operation (present)

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

Mr. Takeshi AOKI has wide-range knowledge as a Representative Director of the Company and abundant experience in Ceramics Operation. As the Company judges that he has sufficient knowledge and experience that enable him to make decision on the execution of important business for the Company and to supervise the execution of duties by directors, we nominate him as a candidate of Director of the Company.



Reassignment

Candidate Number

3

Tsuyoshi NISHIDA

(Data of Birth: July 10, 1956)

Numbers of the
Company's Shares
Owned
31,000

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

April 1980	Joined IBIDEN Co., Ltd.	January 2015	Operation Manager of Electronics Operation
April 2008	Executive		
April 2011	Corporate Officer	January 2015	Director of IBIDEN Electronics (Beijing) Co., Ltd.
June 2013	Director & Corporate Officer		
April 2014	Director & Managing Officer	March 2016	Executive Vice President, Representative Director (present)
April 2014	Operation Manager of PKG Operation	April 2017	Corporate Executive Director of Business, In charge of Electronics Operation (present)
January 2015	Director & Executive Managing Officer		

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

Mr. Tsuyoshi NISHIDA has wide-range knowledge as a Representative Director of the Company and abundant experience in Sales of Electronics Operation and Business Administration Division. As the Company judges that he has sufficient knowledge and experience that enable him to make decision on the execution of important business for the Company and to supervise the execution of duties by directors, we nominate him as a candidate of Director of the Company.



Reassignment

Candidate Number

4

Kozo KODAMA

(Date of Birth: March 23, 1963)

Numbers of the
Company's Shares
Owned
20,900

Career, Area in Charge and Position at the Company and Other Major Positions
Concurrently Held

April 1986	Joined IBIDEN Co., Ltd.	March 2016	Executive Vice President, Representative Director (present)
April 2008	Executive		
April 2012	Corporate Officer		
April 2012	Vice President of IBIDEN Philippines Inc.	March 2016	Corporate Executive Director of Quality, Engineering and Production (present)
January 2015	Managing Officer		
January 2015	Deputy Operations Manager of Electronics Operation (present)	April 2017	President of Corporate Strategic Manufacturing Operation, In charge of CSR Promotion Division, in charge of Energy Control Division (present)
June 2015	Director & Managing Officer		

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

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



Reassignment

Candidate of Outside Director

Candidate of Independent Director

Candidate Number

5

Chiaki YAMAGUCHI

(Date of Birth: December 25, 1949)

Numbers of the Company's Shares Owned
8,200

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

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

Other Major Position Concurrently Held

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

Relation between his Major Concurrent Duty and the Company

The Company has no special interest with his concurrent duty.

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

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



New
Candidate of Outside
Director
Candidate of
Independent Director

Candidate Number
6

Toshio MITA
(Date of Birth: November 2, 1946)

Numbers of the
Company's Shares
Owned
0

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

April 1969 Joined Chubu Electric Power Co., Inc.
June 2003 Managing Officer, Tokyo Office Manager
June 2005 Director, Senior Managing Executive Officer, President of Sales
 Company
June 2006 President & CEO
June 2007 President & CEO, Representative Director
June 2010 Chairman of the Board
June 2015 Adviser (present)

Other Major Position Concurrently Held

Advisor of Chubu Electric Power Co., Inc.
Auditor of NYK LINE

Relation between his Major Concurrent Duty and the Company

The Company has no special interest with his concurrent duty.

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

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



New

Candidate of Outside Director

Candidate of Independent Director

Candidate Number
7

Koichi YOSHIHISA
(Date of Birth: November 29, 1952)

Numbers of the
Company's Shares
Owned
0

Career, Area in Charge and Position at the Company and Other Major Positions Concurrently Held

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

Other Major Position Concurrently Held

President at Meijo University, Full-Time Director of Meijo University, Councillor of Meijo University

Director of Nagoya Industrial Science Research Institute

Relation between his Major Concurrent Duty and the Company

The Company has no special interest with his concurrent duty.

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

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

(Annotation)

1. The Company has no special interests with any of the candidates above.
2. Liability limitation agreements with Outside Directors who are not Audit and Supervisory Committee Members. Outline of contents of the liability limitation agreement as follows:
The Company has executed with Mr. Chiaki YAMAGUCHI, Outside Director, with an agreement for limitation of liability for damage as stipulated in Article 423.1 of the Companies Act. Outline of contents of

the liability limitation agreement as follows:

- (i) Liability for damage incurred due to an outside director's failure to perform his/her duties as an outside director shall be up to the amount of 20 million yen or the minimum liability amount stipulated in Article 425.1 of the Companies Act, whichever is higher.
- (ii) The limitation of liability above applies only if an outside director has performed the duties which have caused his/her liability, without knowledge thereof and has not been grossly negligent in performing the same.

If this proposal is approved, an agreement with the same terms and conditions as those set forth above will also be renewed with Mr. Chiaki YAMAGUCHI, upon his assumption of office as an Outside Director who is not an Audit and Supervisory Committee Member.

If this proposal is approved, an agreement with the same terms and conditions as those set forth above will also be executed with Messrs. Toshio MITA and Koichi YOSHIHISA, upon their assumption of office as Outside Directors who are not Audit and Supervisory Committee Members.

3. Pursuant to the provisions prescribed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc., Mr. Chiaki YAMAGUCHI as an Independent Director, Messrs. Toshio MITA and Koichi YOSHISHISA as Candidates of Independent Directors, have been appointed and registered with both Stock Exchanges.
4. There are no further matters to be specified other than the above regarding the matters to be stated in the proposal for the election of the directors, as stipulated in Article 74 of the Ordinance for Enforcement of the Companies Act.

Proposal 3:

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

If Proposal No.1 “Partial Amendment to the Articles of Incorporation” is approved, the Company will make a transition to a Company with Audit and Supervisory Committee. Accordingly, it is proposed that five (5) Members of the Board of Directors who are Audit and Supervisory Committee Members be elected.

The resolution of this proposal shall only take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.1 become effective.

The Company has obtained the consent of the Board of Statutory Auditors for this proposal.

The candidate for Directors who are Audit and Supervisory Committee Members are as follows:

The brief personal information for respective candidates is referred to Page 22 through 27.

Candidate Number		Name	Years of Service	Career, Area in Charge at the Company		Attendance at The Board of Statutory Audits' Meeting	Attendance at The Board of Directors' Meeting
1	New	Keiichi SAKASHITA	2 years	Full-time Corporate Auditor of IBIDEN Co., Ltd. (present)		13/13 times (100%)	11/11 times (100%)
2	New	Yoichi KUWAYAMA	1 year	Full-time Corporate Auditor of IBIDEN Co., Ltd. (present)		10/10 times (100%)	9/9 times (100%)
3	New	Fumio KATO	2 years	Outside Corporate Auditor of IBIDEN Co., Ltd. (present) Candidate of Outside Corporate Auditor	Candidate of Independent Director	13/13 times (100%)	11/11 times (100%)
4	New	Masaki HORIE	1 year	Outside Corporate Auditor of IBIDEN Co., Ltd. (present) Candidate of Outside Corporate Auditor	Candidate of Independent Director	10/10 times (100%)	11/11 times (100%)
5	New	Nobuko KAWAI	-	Candidate of Outside Corporate Auditor	Candidate of Independent Director	-	-

[Annotation]

1. The years of Service show that the candidates have serves as an Auditor.
2. The attendance at The Board of Statutory Audits' Meeting and the Board of Directors' Meeting of Messrs. KUWAYAMA and HORIE has been shown since both of them were elected in the 163rd Ordinary General Meeting of Shareholders.



New

Candidate Number

1

Keiichi SAKASHITA

(Date of Birth: April 21, 1956)

Numbers of the
Company's Shares
Owned
37,200

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

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

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

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



New

Candidate Number

2

Yoichi KUWAYAMA

(Date of Birth: May 30, 1958)

Numbers of the
Company's Shares
Owned
36,200

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

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

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

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



New

Candidate of Outside
Corporate Director

Candidate of
Independent Director

Candidate Number

3

Fumio KATO

(Date of Birth: January 20, 1944)

Numbers of the
Company's Shares
Owned
0

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

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

Other Major Position Concurrently Held

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

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

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

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

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



New

Candidate of Outside
Corporate Director

Candidate of
Independent Director

Candidate Number

4

Masaki HORIE
(Date of Birth: November 25, 1949)

Numbers of the
Company's Shares
Owned
0

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

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

Other Major Position Concurrently Held

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

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

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

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

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



New

Candidate of Outside Corporate Director

Candidate of Independent Director

Candidate Number

5

Nobuko KAWAI
(Date of Birth: December 5, 1961)

Numbers of the Company's Shares Owned
0

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

- April 1992 Registered as attorney (Daiichi Tokyo Bar Association)
- January 1995 Switched the registration as attorney to Nagoya (currently Aichi Prefecture) Bar Association
- April 1998 Opened Nobuko KAWAI Law Office, Representative of the office (present)
- January 2004 Mediator for Civil Trial of Jury of Nagoya Summary Court (Part-Time Judge)
- April 2009 Deputy Chairman of Aichi Bar Association
- April 2012 Professor At Law School of Nagoya University (Practice of Law)

Other Major Position Concurrently Held

- Representative of Nobuko KAWAI Law Office
- Outside Director of Fuji Machine MFG Co., Ltd.
- Aichi Prefecture Pollution Control Committee Member
- Chairman of Kasugai Civic Equity Committee

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

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

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

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

(Annotation)

1. The Company has no special interests with any of the candidates above.
2. Liability limitation agreements with Outside Directors who are Audit and Supervisory Committee Members.
Outline of contents of the liability limitation agreement as follows:
 - (i) Liability for damage incurred due to an outside director's failure to perform his/her duties as an outside

director shall be up to the amount of 20 million yen or the minimum liability amount stipulated in Article 425.1 of the Companies Act, whichever is higher.

- (ii) The limitation of liability above applies only if an outside director has performed the duties which have caused his/her liability, without knowledge thereof and has not been grossly negligent in performing the same.

If this proposal is approved, an agreement with the same terms and conditions as those set forth above will also be executed with Mr. Fumio KATO, Mr. Masaki HORIE and Ms. Nobuko KAWAI, upon their assumption of office as Outside Directors who are Audit and Supervisory Committee Members.

3. Pursuant to the provisions prescribed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc., Messrs. Fumio KATO and Masaki HORIE as Independent Directors and Ms. Nobuko KAWAI as a Candidate of an Independent Director, have been appointed and registered with both Stock Exchanges.
4. There are no further matters to be specified other than the above regarding the matters to be stated in the proposal for the election of the directors, as stipulated in Article 74-3 of the Ordinance for Enforcement of the Companies Act.

Proposal 4:

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

If Proposal No.1 “Partial Amendment to the Articles of Incorporation” is approved, the Company will make a transition to a Company with Audit and Supervisory Committee. Accordingly, in order to be prepared in the event the Company lacks the number of Outside Directors who are Audit and Supervisory Committee Members becomes less than that required by laws and regulations. The resolution of this proposal shall only take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.1 become effective. The Company has obtained the consent of the Board of Statutory Auditors for this proposal which shall be effectively withdrawn by the resolution of the Board of Audit and Supervisory Committee before the appointment. A candidate for a Substitute Outside Director who is an Audit and Supervisory Committee Member is as below:



Candidate for a
Substitute Outside
Director

Shogo KOMORI

(Date of Birth: October 23, 1979)

Numbers of the
Company's Shares
Owned
0

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

October 2003 Registered as attorney (Daini Tokyo Bar Association)
Joined Anderson Law Office
October 2004 Switched the registration as attorney to Gifu Prefecture Bar Association
Joined Mori Law Office
March 2012 Opened Shogo KOMORI Law Office, Representative of the office
(present)
April 2012 Vice-Chairman of Gifu Prefecture Bar Association
Other Major Position Concurrently Held
Representative of Shogo KOMORI Law Office

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

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

Eligibility of a Candidate for a Substitute Outside Corporate Auditors

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

(Annotation)

1. The Company has no special interests with Mr. Shogo KOMORI.
2. If this proposal is approved and Mr. Shogo KOMORI assumes office as an Outside Director who is an Audit and Supervisory Committee Member, an agreement for limitation of liability for damage will also be executed with Mr. Shogo KOMORI.

Contents of the liability limitation agreement as follows:

- (i) Liability for damage incurred due to an outside director's failure to perform his/her duties as an outside director shall be up to the amount of 20 million yen or the minimum liability amount stipulated in Article 425.1 of the Companies Act, whichever is higher.
 - (ii) The limitation of liability above applies only if an outside director has performed the duties which have caused his/her liability, without knowledge thereof and has not been grossly negligent in performing the same.
3. Pursuant to the provisions prescribed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc., Mr. Shogo KOMORI will be appointed as an independent director and Substitute Outside Director who is an Audit and Supervisory Committee Member will be registered with both Stock Exchanges, if he is elected.

Proposal 5:

Determination of Amount of Remuneration for Directors who are not Audit and Supervisory Committee Members

Regarding the current directors' remuneration, it was resolved, at the 154th Ordinary General Meeting of Shareholders held on June 22, 2007, that the total amount be equal to or less than 45 million yen per month ;i.e., equal to or less than 3 million yen for Outside Directors, and equal to or less than 42 million yen for other Directors, excluding any stock option remuneration to Directors which shall be separately paid, and any employee salaries to be paid to employees who are simultaneously serving as employees and Directors, and this amount has been applicable up to the present date.

Also, regarding the bonuses to be paid to Directors, excluding Outside Directors, it was resolved, at the 158th Ordinary General Meeting of Shareholders held on June 22, 2011, that the total amount be the amount equal to “the sum of 0.5% of profit attributable to owners of parent for each business year and 1.6% of the total annual dividends for such business year (not to exceed 500 million yen annually, with any amount under 1 million yen resulting from the calculation to be rounded down to the nearest 1 million yen).”

On the condition that Proposal No.1 “Partial Amendment to the Article of Incorporation” is approved as originally proposed, the Company will transit to a Company with Audit and Supervisory Committee. In accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, the Company proposes that, in place of the current amount of remuneration for Directors, the amount of remuneration for Directors who are not Audit and Supervisory Committee Members be set at no more than 30 million yen per month; i.e. equal to or less than 5 million yen for Outside Directors, and equal to or less than 25 million yen for other Directors. Also, any bonuses to be paid to the Directors who are not Audit and Supervisory Committee Members simultaneously serving as employees shall continue to be non-inclusive of any salaries that may be paid to employees. In addition, regarding the total amount of bonuses to Directors, excluding Outside Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members, which shall be separately paid, the Company shall change the total bonus amount to the amount equal to “the sum of 0.5% of profit attributable to owners of parent for each business year and 1.6% of the total annual dividends for such business year (not to exceed 440 million yen annually, with any amount under 1 million yen resulting from the calculation to be rounded down to the nearest 1 million yen).”

If Proposal No.1 and Proposal No.2 are approved as originally proposed, there will be seven (7) Directors who are not Audit and Supervisory Committee Members (of who two (2) will be Outside Directors) in place of the current eleven (11) Directors (of who two (2) will be Outside Directors).

The resolution of this proposal shall only take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.1 become effective.

Proposal 6:

Determination of Amount of Remuneration for Directors who are Audit and Supervisory Committee Members

On the condition that Proposal No.1“Partial Amendment to the Article of Incorporation” is approved as originally proposed, the Company will transit to a Company with Audit and Supervisory Committee. In accordance with the provision of Article 361, Paragraphs 1 and 2 of the Companies Act, the Company proposes that the amount of remuneration for Directors who are Audit and Supervisory Committee Members be set at no more than 13 million yen monthly.

If Proposal No.1 and Proposal No.3 are approved as originally proposed, there will be five (5) Directors who are Audit and Supervisory Committee Members (of who three (3) will be Outside Directors).

The resolution of this proposal shall only take effect on the condition that the amendments to the Articles of Incorporation in Proposal No.1 become effective.

1. Reason for the proposal and reasons justifying such compensation

As compensation to its Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members: Hereafter the same shall apply), the Company adopts the monthly salary and bonus system. However, the Company proposes to introduce a new performance-linked stock compensation plan (“the Plan”). In addition, the description of the Plan shall be handled by the Board of Directors as given 2 below. The Plan aims to make a clearer linkage between the Company’s stock value and compensation for Directors, and to elevate their awareness of contributing to improving medium- to long term operating results and increasing corporate value by sharing with shareholders the benefits and risks involved in stock price fluctuations through the experience of having benefits rising stock prices, as well as being exposed to downside risks of declining stock prices.

With respect to the amount and details of the compensation to the Directors under the Plan, the Company proposes that the Company want to pay the new stock compensation separately to Directors as remuneration following retirement from office based on performance and other factors in each fiscal year, applicable to the three fiscal years from the fiscal year ending on the last day of March 2018 through the fiscal year ending on the last day of March 2020 (“Applicable Period”) , excluding the condition of determination of amount of remuneration for Directors who are not Audit and Supervisory Committee Members on Proposal 5, which shall be equal up to 30 million yen excluding any salaries to be paid the Directors simultaneously serving as employees.

The Company will also introduce “the Plan” to Managing Officers.

If the Proposal No.2 “Election of Seven (7) Directors who are not Audit and Supervisory Committee Members” is passed as proposed, the number of the Directors to be covered by the Plan will be four (4) at the conclusion of the Ordinary General Meeting of Shareholders.

2. Amount and details of compensation under the Plan

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan in which points will be granted to the Directors according to their position and performance and the number of shares of the Company’s common stock corresponding to the number of points granted and accumulated will be distributes when they retire as Directors, etc. Further points of the Plan shall be referred to “Framework of the Plan” as bellow.

(2) Upper limit on the amount of Trust Money to be contributed to the Trust

The Company will contribute cash with 270 million yen as the limit during the period of the Trust (three years) as funds to acquire the shares necessary to be distributed to the Directors, etc., under the Plan, and will establish the Trust with Directors, etc., who meet certain requirements as the beneficiaries. The Trust will acquire shares of the Company’s common stock by acquisition through the disposal of treasury stocks or from the stock market including after-hours trade, using cash entrusted by the Company as the source.

Annotation: The amount of the Trust as a source of funds includes necessary estimated expenses such as funds to acquire shares of common stock of the Company, Trust Reward and a reward for the administrator for the Trust.

However, when the trust period expires, the Company may extend it as needed by setting the period within three years based on the decision of the Board of Directors of the Company, including the event that the Trust is terminated by expiry of the trust period, the Company plans to transfer the shares to an incentive plan as same as or similar to the Plan. In this case, the Company will contribute additional cash to the Trust, with the amount obtained by multiplying the number of years of the trust period to be extended by 90million yen as the upper limit of additional funds to acquire the Company's shares necessary for distributing to the Directors under the Plan. During the expanded period of the Trust, the Company will continue to grant points stated in (3) (i) below and distribute the shares of the Company's common stock stated in (4) below.

However, if the Company does not continue the granting of points for the reason as mentioned above, the period of the Trust may be extended at the time it expires until the Directors who have yet to retire despite points having already been granted retire and the distribution of the Company's share is completed.

(3) Method and timing to delivery, and Upper limit of shares of the Company to Directors

(i) Method and Upper limit of the points

The Company will grant the number of points each Director corresponding to their position and etc., based on the Officer Compensation Regulations decided by the Board of Directors on the certain date when the Company decides during the period of the Trust. However, the total number of points to be granted to the Directors will be limited to 100,000 points per fiscal year.

(ii) Distribution of shares of common stock of the Company corresponding to the points granted

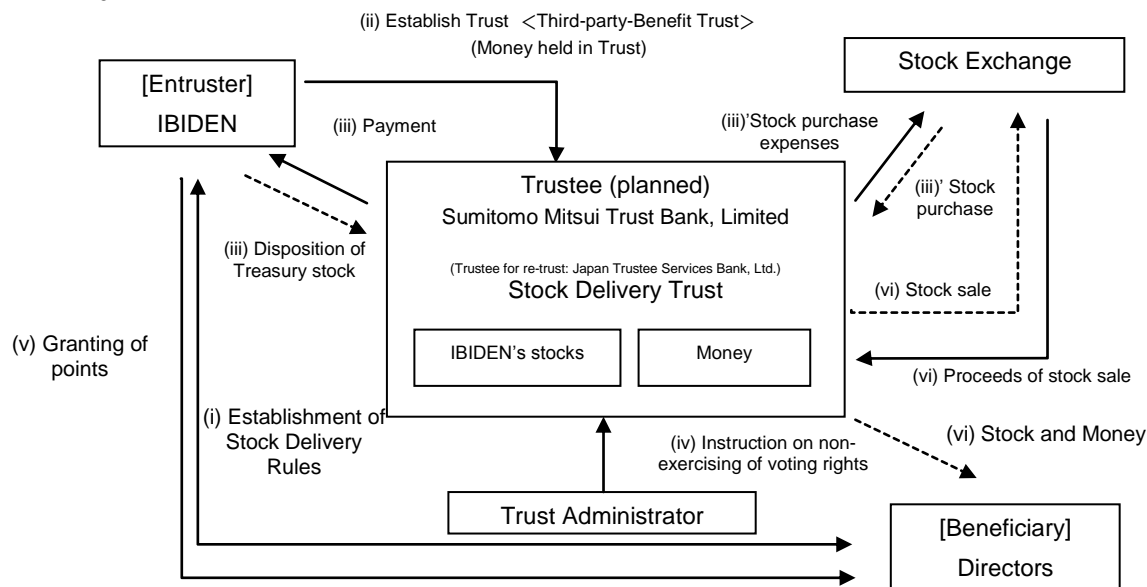
The number of shares of common stock of the Company to be distributed to each Director will be the number of points granted stated in (1) above to him/her in accordance the method of stated in (4) below. The number of points to be granted to each Director is calculated by dividing the amount specified with one point as one share of the Company's common stock; provided, however, that if any share split, reverse share split or any other event for which it would be considered reasonable to adjust the number of shares occurs with respect to the shares of common stock of the Company, then the Company will make reasonable adjustments depending on the ratio of such stock split or reverse stock split.

(4) Distribution of shares of common stock of the Company to each Director

Shares of common stock of the Company will be distributed from the Trust to each eligible Director after he/she performs the established beneficiary determination procedures at the time of his/her retirement. However, a certain specific portion of such shares shall be sold and converted into cash within the Trust, and may be distributed in cash instead of the shares.

“Framework of the Plan”:

Excerpt from “Notice concerning introduction of the Stock Distribution Trust for Officers” dated on April 27, 2017.



- (i) The Company shall establish Stock Delivery Rules for the Directors, etc.
- (ii) The Company shall establish the Stock Delivery Trust (Third-party-Benefit Trust; Hereinafter the “Trust”) by naming the Directors, etc. as beneficiaries, and then entrust the amount of money equivalent to funds to acquire stocks to the Trustee. Provided that the entrusted amount should be up to the amount approved by a shareholders’ meeting.
- (iii) The Trustee shall acquire the Company’s stocks in a lump sum, which are expected to be issued in coming years. The acquisition should be done through the disposal of treasury stocks or purchases from stock exchanges including after-hours trading.
- (iv) Beneficiaries’ interest, which shall be subject to the Stock Delivery Rules, shall be protected during the trust period, and a trust administrator, a body independent of the Company, shall be appointed. Voting rights for the Company’s stocks held in the Trust shall not be exercised during the trust period.
- (v) The Company shall grant points to Directors, etc. in accordance with the Stock Delivery Rules.
- (vi) The Directors, etc., who have satisfied the requirements stipulated in the Stock Delivery Rules and a trust agreement in connection with the Trust, shall be granted from the Trustee, as the beneficiaries of the Trust, the Company’s stocks equivalent to accumulated points. If such a case meets certain conditions predetermined in

the Stock Delivery Rules or a trust agreement, the Trustee shall sell a portion of the Company's stocks to be granted, on the securities exchange, and grant money to the beneficiaries. Sumitomo Mitsui Trust Bank, Limited, which will act as a trustee of the Plan, will entrust administration of its trust assets (re-trust) to Japan trustee Services bank, Ltd.

Proposal 8:

Election of an Accounting Auditors

Ernst & Young ShinNihon LLC will retire as the Company's Accounting Auditors from office at the conclusion of its term of office shall expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of new Accounting Auditors shall be proposed. The proposal is presented based on a decision by the Board of Statutory Auditors.

The Board of Statutory Auditors nominated KPMG AZSA LLC for the position of Accounting Auditor because it was judged to be appropriate for the position based on comprehensive consideration of its quality management system, independency and professional expertise as Accounting Auditor and deep insights into the business fields in which the Company operates overseas.

The candidate for an Accounting Auditors is as follows;

Name	KPMG AZSA LLC (Limited Liability Company)		
	Office Location	Main Office	1-2, Tsukudo-cho, Shinjuku-ku, TOKYO
Firm Profile	Other Locations	Sendai, Hokuriku, Kita-Kanto, Nagoya, Kyoto, Osaka, Hiroshima, Fukuoka	
	Outline	July 1985	Formed as Asahi Shinwa & Co.
Firm Profile	October 1998	Formed as Asahi Audit Corporation & Co. merged with Asahi Shinwa & Co. and Inoue, Saito & Eiwa Accounting Audit	
	January 2004	Formed AZSA & Co. merged with of Asahi & Co. and AZSA & Co.	
Outline	July 2010	Renamed KPMG AZSA LLC following the transition to Limited Liability Audit Corporation	
	Capital	¥3,000 million	
The Number of Employees	Certified Public Accountants (CPAs)	3,168	31 representative partners and 522 partners
	Junior CPAs	11	
The Number of Employees	Newly Certified	1,115	
	Professionals	896	35 specified partners and 1 representative partner
The Number of Employees	Administration	639	
	Total	5,829	
Clients	3,470 companies		

As of March 31, 2017
EOR

CONSOLIDATED BALANCE SHEETS

(In millions of yen)

Account	As of March 31,2017	(Reference) As of March 31,2016	Account	As of March 31,2017	(Reference) As of March 31,2016
(Assets)			(Liabilities)		
Current Assets	204,170	213,612	Current Liabilities	88,549	113,743
Cash and deposits	104,181	104,765	Notes and accounts payable - trade	31,393	34,668
Notes and accounts receivable - trade	56,609	57,578	Short-term loans payable	20,056	30,065
Short-term investment securities	—	3,199	Current portion of bonds	—	15,000
Merchandise and finished goods	10,420	12,758	Accounts payable - other	7,729	15,405
Work in process	7,452	9,900	Accrued income taxes	1,673	1,715
Raw materials and supplies	15,764	14,445	Deferred tax liabilities	10	1
Deferred tax assets	1,918	2,211	Reserve for bonuses	3,342	3,507
Other - current assets	8,074	9,043	Reserve for directors' bonuses	—	69
Less - allowance for doubtful accounts	△252	△290	Provision for business restructuring	12,812	—
Noncurrent Assets	201,612	262,498	Notes payable - facilities	472	1,560
Property, plant and equipment	151,152	215,928	Other - current liabilities	11,057	11,750
Buildings and Structures	69,358	87,738	Non-Current Liabilities	56,294	30,845
Machinery, equipment and vehicles	50,830	86,293	Bonds payable	40,000	25,000
Land	19,046	19,143	Long-term loans payable	10,005	62
Lease assets	95	146	Lease obligations	86	101
Construction in progress	7,135	16,825	Deferred tax liabilities for land revaluation	68	68
Other - property, plant and equipment	4,687	5,780	Net defined benefit liability	468	464
Intangible assets	4,213	5,168	Deferred tax liabilities	4,309	3,683
			Other - long-term liabilities	1,355	1,465
			Total Liabilities	144,843	144,589

(Continued)

			(In millions of yen)		
Account	As of March 31,2017	(Reference) As of March 31,2016	Account	As of March 31,2017	(Reference) As of March 31,2016
Investments and other assets	46,246	41,401	(Net Assets)		
Investment securities	44,106	39,060	Shareholders' Equity	231,518	299,028
Long-term loans receivable	30	39	Capital stock	64,152	64,152
Deferred tax assets	734	679	Capital surplus	64,579	64,579
Other - investments and other assets	1,685	1,935	Retained earnings	121,091	188,598
Less - allowance for doubtful accounts	△311	△313	Less - treasury stock, at cost	△18,305	△18,302
			Accumulated other comprehensive income	24,997	28,304
			Valuation difference on available-for-sale securities	15,987	12,477
			Deferred gains or losses on hedges	639	197
			Revaluation reserve for land	160	160
			Foreign currency translation adjustments	8,210	15,469
			Non-controlling interests	4,424	4,187
			Total Net Assets	260,940	331,520
Total Assets	405,783	476,110	Total Liabilities and Net Assets	405,783	476,110

Note: Amounts less than one million yen are omitted.

(Concluded)

CONSOLIDATED STATEMENTS OF INCOME

(In millions of yen)

Account	Fiscal year ended March 31, 2017	(Reference) Fiscal year ended March 31, 2016
Net sales	266,459	314,119
Cost of sales	210,640	238,346
Gross profit	55,818	75,773
Selling, general and administrative expenses	48,676	53,202
Operating income	7,141	22,570
Non-operating income	2,427	3,703
Interest income	409	315
Dividends income	1,148	870
Foreign exchange gains, net	—	1,098
Other - non-operating income	869	1,418
Non-operating expenses	7,268	5,474
Interest expenses	187	319
Foreign exchange loss, net	1,713	—
Depreciation of inactive noncurrent assets	4,532	4,065
Other - non-operating expenses	834	1,090
Ordinary income	2,301	20,798
Extraordinary income	240	2,638
Gain on sales of noncurrent assets	196	63
Gain on sales of investment securities	—	2,193
Gain on liquidation of subsidiaries and affiliates	—	344
Other - extraordinary income	44	36
Extraordinary loss	63,313	11,308
Loss on retirement of noncurrent assets	490	3,986
Impairment loss	102	6,403
Loss on valuation of investment securities	—	2
Loss on liquidation of subsidiaries and affiliates	—	6
Business structure reform expenses	61,988	—
Other - extraordinary loss	731	910
Income(loss)before income taxes	Δ60,771	12,129
Income taxes – current	3,001	6,583
Income taxes for prior periods	Δ609	Δ2,351
Income taxes – deferred	Δ544	127
Net income(loss)	Δ62,618	7,768
Profit attributable to non-controlling interests	230	237
Profit(loss) attributable to owners of parent	Δ62,848	7,530

Note: Amounts less than one million yen are omitted.

BALANCE SHEETS

(In millions of yen)

Account	As of March 31,2017	(Reference) As of March 31,2016	Account	As of March 31,2017	(Reference) As of March 31,2016
(Assets)			(Liabilities)		
Current Assets	86,112	103,503	Current Liabilities	59,570	92,953
Cash and deposits	39,797	52,214	Notes payable - trade	3,232	3,723
Notes receivable - trade	1,191	1,150	Accounts payable - trade	13,158	13,670
Accounts receivable - trade	22,866	25,435	Short-term loans payable	20,000	30,000
Short-term investment securities	—	3,199	Current portion of bonds	—	15,000
Merchandise and finished goods	4,611	4,647	Accounts payable - other	4,375	10,669
Work in process	3,456	3,506	Accrued income taxes	—	639
Raw materials and supplies	3,201	3,076	Deposit received	13,515	12,695
Deferred tax assets	925	1,476	Reserve for bonuses	2,097	2,382
Other - current assets	10,067	8,851	Reserve for directors' bonuses	—	69
Less - allowance doubtful accounts	△6	△55	Notes payable - facilities	428	1,390
Noncurrent Assets	197,113	259,965	Other - current liabilities	2,763	2,712
Property, plant and equipment	53,116	63,384	Noncurrent Liabilities	52,949	26,532
Buildings	17,493	23,534	Bonds payable	40,000	25,000
Structures	8,789	9,729	Long-term loans payable	10,000	—
Machinery and equipment	10,706	12,795	Deferred tax liabilities	2,719	1,296
Land	11,192	11,191	Other - noncurrent liabilities	230	235
Construction in progress	3,151	4,378	Total Liabilities	112,520	119,486
Other - property, plant and equipment	1,784	1,754			
Intangible assets	1,529	1,109	(Net Assets)		
			Shareholder's Equity	154,343	231,523
Investments and other assets	142,466	195,561	Capital stock	64,152	64,152
Investment securities	41,464	36,563	Capital surplus	64,579	64,579
Stock of subsidiaries and affiliates	100,261	158,153	Legal capital surplus	64,579	64,579

(Continued)

(In millions of yen)

Account	As of March 31,2017	(Reference) As of March 31,2016	Account	As of March 31,2017	(Reference) As of March 31,2016
Other - investments and other assets	763	866	Retained earnings	43,917	121,093
Less - allowance doubtful accounts	Δ21	Δ21	Legal retained earnings	3,548	3,548
			Other retained earnings	40,368	117,544
			Reserve for advanced depreciation of non- current assets	90	96
			General reserve	8,600	8,600
			Retained earnings brought forward	31,678	108,848
			Less - treasury stock, at cost	Δ18,305	Δ18,302
			Valuation and translation adjustments	16,361	12,460
			Valuation difference on available-for-sale securities	15,721	12,262
			Deferred gains or losses on hedges	639	197
			Total Net Assets	170,705	243,983
Total Assets	283,225	363,469	Total Liabilities and Net Assets	283,225	363,469

Note: Amounts less than one million yen are omitted.

(Concluded)

STATEMENTS OF INCOME

(In millions of yen)

Account	Fiscal year ended March 31, 2017	(Reference) Fiscal year ended March 31, 2016
Net Sales	116,163	149,217
Cost of sales	84,407	104,923
Gross profit	31,755	44,293
Selling, general and administrative expenses	26,849	29,660
Operating income	4,906	14,632
Non-operating income	6,448	13,853
Interest and dividends income	5,871	11,246
Foreign exchange gains, net	—	1,476
Other - non-operating income	576	1,130
Non-operating expense	2,873	1,458
Interest expenses	297	390
Rent expenses on facilities	195	220
Foreign exchange loss, net	1,891	—
Depreciation of inactive noncurrent assets	176	348
Other - non-operating expenses	312	498
Ordinary income	8,480	27,027
Extraordinary income	45	2,448
Gain on sales of noncurrent assets	45	140
Gain on sales of investment securities	—	2,193
Other – extraordinary income	—	114
Extraordinary loss	81,201	2,965
Loss on retirement of noncurrent assets	331	2,703
Impairment loss	4,434	89
Loss on valuation of shares of subsidiaries and affiliates	76,339	—
Other - extraordinary loss	95	172
Income(loss)before income taxes	Δ72,674	26,510
Income taxes - current	103	3,787
Income taxes for prior periods	Δ609	Δ2,351
Income taxes - deferred	349	383
Net income(loss)	Δ72,517	24,690

Note: Amounts less than one million yen are omitted.