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Securities identification code: 8074  
June 1, 2018

To our shareholders:

Etsuro Sato  
Representative Director and Chairman  
**YUASA TRADING CO., LTD.**  
7, Kanda-Mitoshirocho, Chiyoda-ku, Tokyo, Japan

## **NOTICE OF THE 139TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 139th Ordinary General Meeting of Shareholders of YUASA TRADING CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail. After reviewing the attached Reference Documents for the General Meeting of Shareholders, please return it by postal mail to reach us no later than 5:00 p.m. on Thursday, June 21, 2018 (Japan Standard Time).

### **Meeting Details**

- 1. Date and Time:** Friday, June 22, 2018 at 10:00 a.m. (reception will open at 9:00 a.m.) (Japan Standard Time)
- 2. Venue:** BELLESALLE KANDA, Sumitomo Fudosan Kanda Bld., 3F,  
7, Kanda-Mitoshirocho, Chiyoda-ku, Tokyo

### **3. Purposes:**

#### **Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 139th Term (from April 1, 2017 to March 31, 2018), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 139th Term (from April 1, 2017 to March 31, 2018)

#### **Items to be resolved:**

- |                    |   |
|--------------------|---|
| <b>Proposal 1:</b> | Election of Ten (10) Directors  |
| <b>Proposal 2:</b> | Election of Three (3) Audit & Supervisory Board Members                             |
| <b>Proposal 3:</b> | Election of One (1) Substitute Audit & Supervisory Board Member                     |
| <b>Proposal 4:</b> | Revision of Compensation Amount for Directors                                       |
| <b>Proposal 5:</b> | Determination of Amount and Content of Stock Compensation, etc. for Directors, etc. |
| <b>Proposal 6:</b> | Revision of Compensation Amount for Audit & Supervisory Board Members               |

### **4. Exercise of Voting Rights**

Please refer to the next page, “Guidance for Exercise of Voting Rights” (in Japanese only)

## Reference Documents for the General Meeting of Shareholders Proposals and Reference Information

**Proposal 1:** Election of Ten (10) Directors

The terms of office of ten (10) incumbent Directors will expire at the conclusion of this Meeting. Accordingly, the Company proposes that ten (10) Directors including one (1) new Director and two (2) Outside Directors be elected for the purpose of further strengthening the management system.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	<b>Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</b>	Number of the Company's shares owned
1	Etsuro Sato (July 24, 1946)  Reelection	<p>Apr. 1969      Joined the Company</p> <p>Apr. 1999      General Manager of Machinery Engineering Division of the Company</p> <p>June 2003      Representative Director, President of KOKKO CO., LTD.</p> <p>June 2004      Director, Executive Officer, Head of Mechatronics Division of the Company</p> <p>Apr. 2005      Director, Executive officer, Chief General Manager of Industrial Marketing Headquarters of the Company</p> <p>June 2005      Managing Director, Executive Officer, Chief General Manager of Industrial Marketing Headquarters of the Company</p> <p>Apr. 2007      Managing Director, Executive Officer, Special Assistant to the President &amp; CEO of the Company</p> <p>June 2007      Representative Director, President &amp; CEO of the Company</p> <p>Apr. 2017      Representative Director and Chairman of the Company (incumbent)</p>	29,600 shares
<p><b>Reasons for nomination as a candidate for Director</b> Etsuro Sato, having held positions such as Representative Director, President &amp; CEO of the Company, has contributed to the development of a stable earnings structure and improvement of the financial standing of the Company, demonstrating outstanding management skills over many years since taking the position of Representative Director and Chairman of the Company in April 2017. Moreover, he possesses a wealth of knowledge and experience in corporate governance and other areas. The Company decided it would be appropriate to continue to use his knowledge and experience for the growth of the Company and the Company's Group and strengthening corporate governance and so made him a candidate.</p>			

Candidate No.	Name (Date of birth)	<b>Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</b>	Number of the Company's shares owned
2	Hiroyuki Tamura (July 16, 1959)  Reelection	Apr. 1982      Joined the Company Apr. 1997      President of YUASA MECHATRONICS (M) SDN. BHD. Mar. 2000      President of YUASA WARWICK MACHINERY LTD. Apr. 2007      General Manager of Factory Solution Division of the Company Apr. 2009      Executive Officer, General Manager of Factory Solution Division of the Company June 2010      Director, Executive Officer, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company June 2013      Managing Director, Executive Officer, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company Apr. 2014      Managing Director, Executive Officer, Chief General Manager of Industrial Market Headquarters, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company Apr. 2016      Senior Managing Director, Executive Officer, Chief General Manager of Industrial Market Headquarters and in charge of Overseas Business Development of the Company Apr. 2017      Representative Director, President & CEO of the Company (incumbent)	4,700 shares
<p><b>Reasons for nomination as a candidate for Director</b>  Hiroyuki Tamura has full knowledge of the industrial equipment and tools and machine tools areas due to his serving in such capacities as Director, Executive Officer, Chief General Manager of the Industrial Market Headquarters and also has abundant experience and achievements in overseas business as a representative of some of the Company's overseas subsidiaries and a Director in charge of Overseas Business Development. Moreover, having demonstrated outstanding management skills since taking the position of Representative Director, President &amp; CEO of the Company in April 2017, the Company decided it would be appropriate to have him contributing to the growth of the Company and the Company's Group going forward, and so made him a candidate.</p>			

Candidate No.	Name (Date of birth)	<b>Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</b>	Number of the Company's shares owned
3	<p style="text-align: center;">Haruo Sanoki (March 9, 1955)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1978      Joined the Company</p> <p>Apr. 2007      Assistant General Manager of Machinery Engineering Division of the Company</p> <p>Apr. 2011      Executive Officer, General Manager of Machinery Engineering Division of the Company</p> <p>June 2013      Director, Executive Officer, General Manager of Machinery Engineering Division of the Company</p> <p>Apr. 2015      Director, Executive Officer, Vice Supervisory Manager of Management Administration, Manager of General Affairs Department of the Company</p> <p>Apr. 2017      Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairman of Export Administration Department, Ethics and Compliance Committee and Internal Control Committee of the Company</p> <p>Apr. 2018      Senior Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairman of Export Administration Department, Ethics and Compliance Committee and Internal Control Committee of the Company (incumbent)</p>	<p style="text-align: center;">3,500 shares</p>
<p><b>Reasons for nomination as a candidate for Director</b>  Haruo Sanoki has full knowledge of the machine tools area due to his being a Director, Executive Officer, General Manager of the Machinery Engineering Division and having served as a Senior Managing Director, Executive Officer, Supervisory Manager of the Management Administration. He has worked on strengthening the management foundation and governance at both the Company and the Company's Group and has abundant experience and achievements. The Company decided it would be appropriate to have him continue to use his knowledge for the growth of the Company and the Company's Group and so made him a candidate.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	Kenichi Tanaka (October 9, 1958)  Reelection	<p>Apr. 1982      Joined the Company</p> <p>Oct. 2007      Manager of Plant Business Department of the Company</p> <p>Apr. 2008      Assistant General Manager of Building Facility Division of the Company</p> <p>Apr. 2010      Executive Officer, General Manager of Building Facility Division of the Company</p> <p>Apr. 2011      Executive Officer, General Manager of Living Environment Division (Eastern Area) of the Company</p> <p>June 2014      Director, Executive Officer, Chief General Manager of Living Environment Division (Eastern Area) of the Company</p> <p>Apr. 2017      Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters, General Manager of Living Environment Division (Eastern Area) of the Company</p> <p>June 2017      Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters, General Manager of Living Environment Division (Eastern Area) of the Company</p> <p>Apr. 2018      Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters of the Company (incumbent)</p> <p><b>Significant concurrent positions outside the Company</b> Chairman, Representative Director of YUASA QUOBIS CO., LTD (part time) Chairman, Representative Director of YUASA PRIMUS CO., LTD. (part time)</p>	3,400 shares
<p><b>Reasons for nomination as a candidate for Director</b> Kenichi Tanaka has full knowledge of the housing, air &amp; fluidic control systems area due to his serving in such capacities as Managing Director, Executive Officer, Chief General Manager of the Living Environment Division (Eastern Area) and as Managing Director, Executive Officer, Chief General Manager of the Living Environment Market Headquarters, and has abundant experience and achievements. The Company decided it would be appropriate to have him continue to play a part in strengthening businesses in the field of living environments and thereby contributing to the growth of the Company and the Company's Group and so made him a candidate.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Toshiyuki Takachio (May 21, 1956)  Reelection	<p>Apr. 1980      Joined the Company</p> <p>Oct. 2006      Representative Director, YUASA INDUSTRIAL EQUIPMENT CO., LTD. (currently YUASA PROMATEC CO., LTD.)</p> <p>May 2010      Representative Director, President of KOKKO CO., LTD.</p> <p>Apr. 2012      Executive Officer of the Company, Representative Director, President of KOKKO CO., LTD.</p> <p>June 2016      Director, Executive Officer, Vice General Manager of Industrial Market Headquarters and President of KOKKO CO., LTD.</p> <p>Apr. 2017      Director, Executive Officer, Chief General Manager of Industrial Market Headquarters and in charge of Overseas Business Development of the Company (incumbent)</p> <p><b>Significant concurrent positions outside the Company</b> Chairman, Representative Director of KOKKO CO., LTD. (part time)</p>	1,300 shares
<p><b>Reasons for nomination as a candidate for Director</b> Toshiyuki Takachio has worked as Representative Director, President of KOKKO CO., LTD., a subsidiary of the Company, as well as Director, Executive Officer, Chief General Manager of Industrial Market Headquarters and is in charge of Overseas Business Development, and has full knowledge of the industrial equipment and tools and machine tools areas and has abundant experience and achievements. The Company decided that it would be appropriate to have him play a part in strengthening the business in the industrial field and contribute to the growth of the Company and the Company's Group and so made him a candidate.</p>			
6	Michihiro Suzuki (March 31, 1957)  Reelection	<p>Apr. 1980      Joined the Company</p> <p>Apr. 2009      Representative Director, President of YUASA R&amp;S CO., LTD.</p> <p>Apr. 2011      General Manager of Construction Machines Division of the Company</p> <p>Apr. 2013      Executive Officer, General Manager of Construction Machines Division of the Company</p> <p>Apr. 2015      Executive Officer, Branch Manager of Kita-Kanto Branch of the Company</p> <p>Apr. 2016      Executive Officer, Chief General Manager of Construction Market Headquarters of the Company</p> <p>June 2016      Director, Executive Officer, Chief General Manager of Construction Market Headquarters of the Company (incumbent)</p>	1,400 shares
<p><b>Reasons for nomination as a candidate for Director</b> Michihiro Suzuki has, thorough knowledge of the Construction Machines and Building Exterior divisions, a wealth of experience and a solid track record, having served in such capacities as General Manager of Construction Machines Division and Director, Executive Officer, Chief General Manager of Construction Market Headquarters. The Company decided that it would be appropriate to have him play a part in strengthening the business in the construction field and contribute to the growth of the Company and the Company's Group and so made him a candidate.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	Noriyoshi Takahashi (July 3, 1955)  Reelection	<p>Apr. 1978      Joined the Company</p> <p>Apr. 2006      Assistant Manager of General Affairs Department of the Company</p> <p>June 2008      Manager of General Affairs Department of the Company</p> <p>Apr. 2012      Executive Officer, Manager of General Affairs Department of the Company</p> <p>Oct. 2014      Executive Officer, Manager of General Planning Department, Head of Sales Support Office of the Company</p> <p>Apr. 2017      Executive Officer, Vice Supervisory Manager of Management Administration, Manager of General Planning Department, Head of Sales Support Office, Manager of IT Infrastructure Promotion Office of the Company</p> <p>June 2017      Director, Executive Officer, Vice Supervisory Manager of Management Administration, Manager of General Planning Department, Head of Sales Support Office, Manager of IT Infrastructure Promotion Office of the Company (incumbent)</p>	2,600 shares
<p><b>Reasons for nomination as a candidate for Director</b>  Noriyoshi Takahashi possesses excellent management skills, having served as Manager of Management Administration in his capacity as Manager of the General Affairs Department and Director, Executive Officer, Vice Supervisory Manager of Management Administration, and Manager of the General Planning Department, and engaged in efforts to strengthen the management foundation. The Company decided it would be appropriate to have him continue to use his knowledge for the growth of the Company and the Company's Group and so made him a candidate.</p>			
8	Kaoru Hirose (October 14, 1964)  New Candidate	<p>Apr. 1987      Joined the Company</p> <p>Oct. 2014      Supervisory Manager of Construction Business Headquarters and Manager of YES Department of the Company</p> <p>Apr. 2017      Manager of YES Department, Living Environment Market Headquarters of the Company</p> <p>Oct. 2017      Vice General Manager of Living Environment Division (Eastern Area and Western Area), Living Environment Market Headquarters of the Company</p> <p>Apr. 2018      Executive Officer, Chief General Manager of Living Environment Division (Eastern Area), Living Environment Market Headquarters of the Company, Supervisory Assistant Manager of Construction Business Headquarters of the Company (incumbent)</p>	100 shares
<p><b>Reasons for nomination as a candidate for Director</b>  Kaoru Hirose has full knowledge of the housing, air &amp; fluidic control systems area due to his serving in such capacities as Vice General Manager of the Living Environment Division (Eastern Area and Western Area), Living Environment Market Headquarters of the Company and as Executive Officer, Chief General Manager of the Living Environment Division (Eastern Area), Living Environment Market Headquarters, and has abundant experience and achievements. The Company decided that it would be appropriate to have him play a part in strengthening the business in field of living environments and contribute to the growth of the Company and the Company's Group as a Director, and so made him a candidate.</p>			

Candidate No.	Name (Date of birth)	<b>Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</b>	Number of the Company's shares owned
9	<p>Shinzo Maeda (February 25 1947)</p> <p>Reelection</p> <p>Candidate for Outside Director</p> <p>Independent Officer</p> <p>Attendance to the Board of Directors Meetings: 13/14</p>	<p>Apr. 1970      Joined Shiseido Company, Limited</p> <p>June 2003      Director, Corporate Officer, General Manager of Corporate Planning Department of Shiseido Company, Limited</p> <p>June 2005      Representative Director, President and CEO of Shiseido Company, Limited</p> <p>Apr. 2011      Representative Director, Chairman of Shiseido Company, Limited</p> <p>Apr. 2013      Representative Director, Chairman, President and CEO of Shiseido Company, Limited</p> <p>Apr. 2014      Representative Director, Chairman of Shiseido Company, Limited</p> <p>June 2014      Counselor of Shiseido Company, Limited (incumbent)</p> <p>June 2015      Outside Director of the Company (incumbent)</p> <p>Sept. 2015      Outside Director of TOSHIBA CORPORATION (incumbent)</p> <hr/> <p><b>Significant concurrent positions outside the Company</b> Counselor of Shiseido Company, Limited and Outside Director of TOSHIBA CORPORATION</p>	0 shares
<p><b>Reasons for nomination as a candidate for Outside Director</b></p> <p>Shinzo Maeda has worked in various public offices, in addition to having been the Representative Director, Chairman of the Board, etc. of Shiseido Company, Limited, and has abundant experience and high principles as a global business executive and intellectual. Due to these qualities, the Company decided that he can be expected to give direction and advice from an independent and objective viewpoint and so ask for his election as an Outside Director. The Company and the Company's Group do not have any business relationship with Shiseido Company, Limited or its consolidated subsidiaries. Also, the Company has business transactions with TOSHIBA CORPORATION and its consolidated subsidiaries with the purchase and sale of electrical equipment, etc. but the value of those transactions is less than 1% of the Company's consolidated net sales for the fiscal year under review and less than 1% of TOSHIBA CORPORATION's consolidated net sales for the fiscal year ended March 2018, so the Company has decided that Shinzo Maeda has independence. The Company has no business relationship, etc. with other companies where he holds office.</p>			



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
10	Eizo Haimoto (October 5, 1951)  Reelection Candidate for Outside Director  Independent Officer  Attendance to the Board of Directors Meetings: 14/14	<p>Apr. 1975      Joined ICHINEN CO., LTD. (currently ICHINEN HOLDINGS CO., LTD.)</p> <p>June 2001      Director of ICHINEN CO., LTD.</p> <p>July 2005      Director, Managing Executive Officer of ICHINEN CO., LTD.</p> <p>Apr. 2011      Representative Director, Senior Managing Executive Officer of TAIHOKOHZAI CO., LTD. (currently ICHINEN CHEMICALS CO., LTD.)</p> <p>Sept. 2012      Representative Director, President &amp; CEO of ICHINEN JIKCO LTD. (incumbent)</p> <p>June 2013      Outside Director of the Company (incumbent)</p> <p><b>Significant concurrent positions outside the Company</b> Representative Director, President &amp; CEO of ICHINEN JIKCO LTD.</p>	0 shares
<p><b>Reasons for nomination as a candidate for Outside Director</b> Eizo Haimoto has served as the Director, Managing Executive Officer of ICHINEN CO., LTD. (currently ICHINEN HOLDINGS CO., LTD.) and Representative Director, President &amp; CEO of ICHINEN JIKCO LTD. and is very knowledgeable about the circumstances of the Company's industry. He also has abundant experience and high principles in corporate management so the Company decided that he can be expected to give direction and advice from an independent and objective viewpoint and so ask for his election as an Outside Director. Also, while the Company has transactions with ICHINEN CO., LTD., ICHINEN JIKCO LTD. and ICHINEN TASCOCO., LTD., etc., the business companies of ICHINEN HOLDINGS CO., LTD., for rental of business-use automobiles used by the Company and the Company's Group and transactions for automobiles and machinery, the value of those transactions is less than 1% of the Company's consolidated net sales for the fiscal year under review and is also less than 2% of ICHINEN HOLDINGS CO., LTD.'s consolidated net sales for the fiscal year ended March 31, 2018, so the Company has decided that Eizo Haimoto has independence.</p>			

- Notes:
1. Shinzo Maeda works as an Outside Director of TOSHIBA CORPORATION and the Company has business relationship with TOSHIBA CORPORATION and its affiliated companies. Also, Eizo Haimoto is Representative Director, President & CEO of ICHINEN JIKCO LTD., a business company of ICHINEN HOLDINGS CO., LTD., and the Company has business relationship with ICHINEN HOLDINGS CO., LTD. In any case, the Company has business relationship with their companies of concurrent employment but they fulfill the standards of independence specified by Tokyo Stock Exchange, Inc. Also, there are no special interests between the other candidates for Directors and the Company.
  2. All shares of YUASA WARWICK MACHINERY LTD. were sold in September 2008.
  3. As of April 1, 2011, YUASA R&S CO., LTD. ceased to exist due to a merger with the Company as the surviving company.
  4. Both Shinzo Maeda and Eizo Haimoto are candidates for Outside Directors. The Company has designated both as Independent Officer according to the rules of Tokyo Stock Exchange, Inc. and has registered them with the same Exchange.
  5. Eizo Haimoto worked as the Auditor of YUASA AUTO LEASE CO., LTD. (dissolved on March 31, 2010), a subsidiary of the Company, from June 2003 to March 2010.
  6. Both Shinzo Maeda and Eizo Haimoto are currently Outside Directors of the Company and their terms of office are three (3) years and five (5) years, respectively.
  7. If this Proposal is approved as originally proposed, the Company intends to continue the limited liability agreements concluded with both Shinzo Maeda and Eizo Haimoto as specified in Article 427, Paragraph 1 of the Companies Act. Based on these agreements, the limit of liability is the amount specified by laws and regulations.

**Proposal 2:** Election of Three (3) Audit & Supervisory Board Members

Audit & Supervisory Board Member Akio Miyazaki will resign at the conclusion of this Meeting and the terms of office of Audit & Supervisory Board Members Kazumi Mizumachi and Hidenori Shimomura will expire at the conclusion of this Meeting. Accordingly, the Company proposes the election of three (3) Audit & Supervisory Board Members.

The three (3) candidates for Audit & Supervisory Board Member, however, are not substitute candidates for Audit & Supervisory Board Member Akio Miyazaki, and their terms of office, if elected, will expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year that ends within four years from the time of their election.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Kazumi Mizumachi (March 19, 1954)  Reelection	Apr. 1977	Joined the Company	4,800 shares
		Apr. 2004	Manager of Affiliated Companies' Administration of the Company	
Apr. 2007	Executive Officer and Manager of Affiliated Companies' Administration of the Company			
June 2011	Director, Executive Officer and Manager of Affiliated Companies' Administration of the Company			
June 2014	Full-time Audit & Supervisory Board Member of the Company (incumbent)			
<b>Reasons for nomination as a candidate for Audit &amp; Supervisory Board Member</b> Kazumi Mizumachi has considerable experience related to finance and management administration due to his many years of experience in the Company's Finance Department and the Management Administration Departments of the Company and the Company's subsidiaries, and a solid track record as a Full-time Audit & Supervisory Board Member of the Company. The Company has decided that he possesses considerable knowledge of finance and accounting matters and so made him a candidate.				
2	Yoshiyuki Furumoto (December 8, 1958)  New Candidate	Apr. 1982	Joined the Company	3,300 shares
		June 2011	Manager of Credit Department of the Company	
June 2016	Executive Officer and Manager of Credit Department of the Company			
Apr. 2018	Executive Officer and Special Assistant to the President & CEO of the Company (incumbent)			
<b>Reasons for nomination as a candidate for Audit &amp; Supervisory Board Member</b> Yoshiyuki Furumoto has considerable experience related to management administration due to his many years of experience as the Company's Manager of Credit Department. The Company has decided that he possesses considerable knowledge of finance and accounting matters and so made him a candidate.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Mitsuhiro Honda (July 7, 1961)  New Candidate  Candidate for Outside Audit & Supervisory Board Member  Independent Officer	<p>Apr. 1984      Joined the National Tax Agency</p> <p>July 2010      General Manager, General Affairs Department, Takamatsu Tax Bureau</p> <p>July 2012      Professor, University of Tsukuba Graduate School of Business Sciences (incumbent)</p> <p>May 2013      International Tax Advisor, TOMA Consultants Group Co., Ltd. (incumbent)</p> <p>Apr. 2014      Part-time Instructor, Waseda University Graduate School (incumbent)</p> <p>Mar. 2016      Outside Audit &amp; Supervisory Board Member, Roland DG (incumbent)</p> <p>Apr. 2016      Professor, Graduate School of Global Business, Meiji University and Lecturer (incumbent)</p> <p>Apr. 2017      Research Grant Selection Committee Member, The Institute of Tax Research and Literature (incumbent)</p> <p>Aug. 2017      Member of the United Nations Committee of Experts on International Cooperation in Tax Matters (incumbent)</p>	0 shares
<p><b>Reasons for nomination as a candidate for Outside Audit &amp; Supervisory Board Member</b></p> <p>Although Mitsuhiro Honda does not have direct experience in corporate management other than as an Outside Officer, he has expert knowledge of tax matters due to his many years working for the National Tax Agency and as a university professor, and has experience as an Outside Audit &amp; Supervisory Board Member of Roland DG. The Company has decided that he possesses considerable knowledge of tax and accounting matters and so made him a candidate for Outside Audit &amp; Supervisory Board Member. The Company has business transactions with Roland DG as a supplier of industrial equipment, etc., but the value of those transactions is less than 1% of the Company's consolidated net sales for the fiscal year under review, and is less than 1% of Roland DG's consolidated net sales for the fiscal year ended December 31, 2017, so the Company has decided that Mitsuhiro Honda has independence.</p>			

- Notes:
1. No special conflicts of interest exist between the Company and Kazumi Mizumachi, Yoshiyuki Furumoto and Mitsuhiro Honda.
  2. Mitsuhiro Honda is a candidate for Outside Audit & Supervisory Board Member. The Company has designated him as an Independent Officer according to the rules of Tokyo Stock Exchange, Inc. and has registered him with the same exchange.
  3. If this Proposal is approved as originally proposed, the Company intends to enter into a limited liability agreement with Mitsuhiro Honda as specified in Article 427, Paragraph 1 of the Companies Act. Based on this agreement, the limit of liability is the amount specified by laws and regulations.

**Proposal 3:** Election of One (1) Substitute Audit & Supervisory Board Member

To prepare for a contingency in which the Company does not have the number of Audit & Supervisory Board Members required by law and the Articles of Incorporation, the Company proposes that one (1) substitute outside Audit & Supervisory Board Member be elected.

Audit & Supervisory Board has given its consent to this proposal.

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

Name (Date of birth)	Career summary	Number of the Company's shares owned
<p>Masashi Masuda (April 20, 1949)</p> <p>Reelection</p>	<p>Nov. 1980    Joined Daiichi Audit Firm (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Mar. 1984    Registered as certified public accountant</p> <p>June 2012    Resigned from Shinnihon Audit Firm (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Apr. 2014    Auditor (part time), Tokyo University of Agriculture and Technology (incumbent)</p> <p>June 2014    Auditor (part time), National Federation of UNESCO Associations in Japan (incumbent)</p> <p>Apr. 2016    Auditor (part time), National Cancer Center Japan (incumbent) Auditor (part time), National Center of Neurology and Psychiatry (incumbent)</p> <p>Aug. 2016    Auditor (part time), Independent Administrative Institution National Museum of Art (incumbent)</p> <p>June 2017    Substitute Outside Audit &amp; Supervisory Board Member of the Company (incumbent)</p>	<p>0 shares</p>
<p><b>Reasons for nomination as a candidate for substitute Outside Audit &amp; Supervisory Board Member</b> Although Masashi Masuda does not have direct experience in corporate management, he possesses a wealth of experience and a solid track record as a certified public accountant, having served in such capacities as auditor at public corporations. The Company has decided that he possesses considerable knowledge of financing and accounting matters and so made him a candidate for substitute outside Audit &amp; Supervisory Board Member.</p>		

- Notes:
1. No special conflicts of interest exist between the Company and Masashi Masuda.
  2. Masashi Masuda is a candidate for substitute outside Audit & Supervisory Board Member.
  3. If Masashi Masuda is appointed as an Audit & Supervisory Board Member, the Company plans to enter into a limited liability agreement with him limiting his liability pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under said agreement is the amount set forth in laws and ordinances.

[Reference: Basic Stance on Revisions to Compensation for Directors (and other Officers) Relating to Proposal 4 to Proposal 6.]

The current compensation for Directors (excluding Outside Directors) consists of “base pay” and “bonus” as monetary compensation and “stock compensation-type stock options” as stock compensation. Monetary compensation of Directors is limited to a maximum of ¥260 million per year (however, this does not include the employee wages of Director who serve concurrently as employees), as approved at the 128th Ordinary General Meeting of Shareholders held on June 28, 2007. Stock compensation-type stock options are separate from the monetary compensation and consist of compensation in the form of share acquisition rights allotted as stock options that must be less than ¥70 million per year, as approved at the 129th Ordinary General Meeting of Shareholders held on June 27, 2008.

Taking into account changes in the external environment and changes in the Company’s management environment caused by the establishment of Japan’s Corporate Governance Code, the Company examined, as compensation provided to the Company’s Directors (excluding Outside Directors) linked to the medium-term management plan, the introduction of a new stock compensation system to replace the existing stock compensation-type stock options system. In addition, with regard to the level of compensation for each eligible Director following the introduction of this system, the Company conducted objective benchmarking, referencing survey data of an outside specialist organization, and examined each role and duty.

Based on the above examinations, changes will be made in which the level of compensation for Directors (excluding Outside Directors) will be increased and the share of the “bonus” linked to business performance and “stock compensation” shared with the interests of shareholders will be increased. In addition, in conjunction with the above review, revisions will also be made to the maximum amount of monetary compensation paid to Audit & Supervisory Board Members, given changes in the economic situation.

In the future, the Company plans on examining the establishment of an optional Compensation Advisory Committee so that compensation systems can be designed and detailed compensation amounts determined according to objective and transparent procedures in order to further strengthen corporate governance.

<Compensation of Directors (excluding Outside Directors)>

As monetary compensation, the Company will offer a base pay paid in a fixed amount based on position and a bonus paid out based on the level of achievement of consolidated ordinary profit every year and the growth rate compared to the previous year. For Directors in charge of business departments, the situation of the department they are in charge of will be taken into account as a variable element of their bonus.

As stock compensation, a new stock compensation system will be introduced in which the number of shares awarded varies based on position and the level of achievement of the medium-term management plan, which replaces the existing stock compensation-type stock options system.

<Compensation of Outside Directors and Audit & Supervisory Board Members>

A fixed amount of monetary compensation will be paid as base pay only.

Based on the above, the Company proposes “Proposal 4: Revision of Compensation Amount for Directors”, “Proposal 5: Determination of Amount and Content of Stock Compensation, etc. for Directors, etc.” and “Proposal 6: Revision of Compensation Amount for Audit & Supervisory Board Members” below.

**Proposal 4:** Revision of Compensation Amount for Directors

The compensation of Directors (excluding Outside Directors) consists of “base pay” and “bonus” as monetary compensation and “stock compensation-type stock options” as stock compensation. Monetary compensation of Directors is limited to a maximum of ¥260 million per year (however, this does not include the wages of employees who serve concurrently as Directors), as approved at the 128th Ordinary General Meeting of Shareholders held on June 28, 2007. Stock compensation-type stock options are separate from the monetary compensation and consist of compensation in the form of stock acquisition rights allotted as stock options that must be less than ¥70 million per year, as approved at the 129th Ordinary General Meeting of Shareholders held on June 27, 2008.

Pursuant to the Basic Stance on Revisions to Compensation for Directors (and other Officers) on page 13, the Company proposes that the amount of monetary compensation for Directors be set at a maximum of ¥380 million per year (¥30 million per year for Outside Directors), with the aim of enhancing incentives for Directors (excluding Outside Directors) to enhance the Company’s business results. The compensation of Directors shall not include wages paid to employees who serve concurrently as Director, as is the case with existing rules.

Outside Directors, who maintain an independent stance from business execution, will be paid base pay only.

If Proposal 1: “Election of Ten (10) Directors” is approved as proposed, the number of Directors will be ten (10) (of which two (2) are Outside Directors).

**Proposal 5:** Determination of Amount and Content of Stock Compensation, etc. for Directors, etc.

1. Reason for proposal and justifying such compensation

The compensation of the Company’s Directors (excluding Outside Directors and non-residents of Japan; hereinafter, the same shall apply for this proposal) and Executive Officers with whom the Company has concluded a mandate agreement (excluding non-residents of Japan; hereinafter, collectively referred to as “Directors, etc.” inclusive of Directors) consists of “base pay”, “bonus” and “stock compensation-type stock options”. The Company proposes the new introduction of a stock compensation system (hereinafter, the “System”) that issues the Company’s stock to the Company’s Directors, etc.

The introduction of the System is intended to more clearly specify links between the compensation of Directors, etc., and the Company’s stock value and raise awareness about contributions to improving medium- to long-term business results and to increasing corporate value. For this reason, the Company believes introduction of the System is appropriate.

The Company requests approval of this proposal because it provides stock compensation to Directors, etc., separate from the maximum compensation (maximum of ¥380 million per year; not to include the wages of employees who serve concurrently as Director) of Directors the Company proposes in Proposal 4: “Revision of Compensation Amount for Directors”.

The number of Directors eligible for the System will be eight (8) if Proposal 1: “Election of Ten (10) Directors” is approved as proposed. In addition, the number of Executive Officers who do not concurrently serve as Directors eligible for the System is 20 (currently there are 19 Executive Officers who do not concurrently serve as Directors eligible for the System).

As noted above, Executive Officers are eligible for the System, too. Compensation pursuant to the System includes compensation for Executive Officers. Taking into account the possibility that Executive Officers could be newly appointed as Director during the applicable period of the System, this proposal proposes the amount and details of compensation under the System as compensation, etc. for Directors.

Under the condition that this proposal is approved, compensation under the current stock compensation-type stock options will be abolished and new stock options will no longer be granted to Directors, etc.

2. Amount and content of compensation, etc. of the System

(1) Outline of the System

The System is a stock compensation system under which the Company's stock shall be acquired through a trust (hereinafter, the "Trust") providing funds in the form of compensation for Directors, etc. In turn, the Company's stock and money equivalent to the Company's stock converted to cash (hereinafter, the "Company's stock, etc.") will be issued and provided (hereinafter, "issuance, etc.") to Directors, etc. (For details, see (2) and subsequently thereafter below.)

(i) Beneficiaries of the issuance, etc., of the Company's stock, etc., subject to this proposal	<ul style="list-style-type: none"> <li>• The Company's Directors (excluding Outside Directors and non-residents of Japan).</li> <li>• Executive Officers with which the Company has concluded a mandate agreement (excluding non-residents of Japan).</li> </ul>
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(ii) Impacts that the Company's stock, etc., subject to this proposal will have on the total number of shares issued	
Maximum amount of money to be funded by the Company (same as (2) below)	<ul style="list-style-type: none"> <li>• The maximum amount of money funded in the applicable period comprising three (3) fiscal years is a total of ¥540 million (however, the total for the System to be established in 2018 will be ¥360 million for the two (2) fiscal years remaining in the current medium-term management plan).</li> </ul>
Maximum number of the Company's stock, etc., comprising the issuance, etc., to Directors, etc., from the Trust and the acquisition method of the Company's stock (same as (2) and (3) below)	<ul style="list-style-type: none"> <li>• The maximum number of points to be granted to Directors, etc. in one fiscal year is 56,000 points. The percentage of the total number of shares issued (as of March 31, 2018, excluding treasury stock) to the maximum number of points to be granted to Directors, etc., in one fiscal year is about 0.25%.</li> <li>• The Company's stock will be acquired from the stock market or from the Company (treasury stock for disposal). The System to be established in 2018 will acquire stock from the stock market; thus, no dilution will occur to the stock value due to the System.</li> </ul>

(iii) Details of conditions tied to achievement of business results (same as (3) below)	<ul style="list-style-type: none"> <li>• Fluctuates based on the level, etc. of achievement of the Company's business indicators cited in the medium-term management plan (in the current medium-term management plan, these indicators are consolidated net sales, consolidated ordinary profit and profit attributable to owners of parent).</li> </ul>
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(iv) The timing of the issuance, etc. of the Company's stock, etc. to Directors, etc. (same as (4) below)	<ul style="list-style-type: none"> <li>• In principle, at the time of the retirement of Directors, etc.</li> </ul>
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(2) Maximum amount of money to be funded by the Company

The System will last for the three (3) consecutive fiscal years of the medium-term management plan (hereinafter, "Applicable Period"). However, since the medium-term management plan subject to the three (3) fiscal years from the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020 is in progress, the initial Applicable Period will be the two (2) fiscal years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2020 corresponding to the remaining period of the medium-term management plan because the System will be established in 2018. If the trust period per the fourth paragraph in (2) is extended, the three (3) consecutive fiscal years corresponding to each period of subsequent medium-term management plans will be the Applicable Period.

The Company will contribute funds as compensation for Directors, etc. up to a maximum of ¥540 million (however, the total for the System to be established in 2018 will be ¥360 million) per Applicable Period, and establish the Trust (including extensions of the trust period per paragraph four of (2); hereinafter the same shall apply) for the trust period of three (3) years (however, the trust period will be two (2) years for the System which will be established in 2018) with Directors, etc., who satisfy the beneficiary requirements defined as beneficiaries.

Following the instructions of the trust administrator, the Trust will acquire the Company's stock using the funds in the trust from the stock market or from the Company (treasury stock for disposal). The Company will grant points to Directors, etc. (same as (3) below), during the trust period and the Trust will carry out the issuance, etc., of the Company's stock, etc.

The Trust may continue by amending the trust agreement and adding a trust at the expiration of the trust period in lieu of setting up a new trust. In that case, the trust period will be extended for three (3) years and the three (3) fiscal years after the extension of the trust period will become the new Applicable Period. The Company will provide additional funds within the scope of the total of ¥540 million for each extended trust period. The Company will continue to grant points to Directors, etc. during the extended trust period and the Trust will continue the issuance, etc., of the Company's stock, etc., during the extended trust period. However, when providing such additional funds, if the Company's stock (excluding the Company's stock equivalent to points granted to Directors, etc., for which issuance, etc., has not been completed) and money (hereinafter, "Residual Stock, etc.") remains within the trust assets on the final day of the trust period prior to extension, the total amount of the Residual Stock, etc. and additional trust funds to be contributed shall be no more than ¥540 million.

Also, if at the end of the trust period Directors, etc. are still in office that possibly could satisfy the beneficiary requirements, although points will no longer be granted to Directors, etc., the trust period of the Trust may be extended up to ten (10) years until the completion of the issuance, etc., of the Company's stock, etc., to these Directors, etc.

- (3) Calculation method of the number of the Company's stock, etc. to be acquired by Directors, etc., and the maximum number

During the trust period, the following two types of points will be granted at the prescribed time each year, and in principle, at the time of the retirement of Directors, etc., the issuance, etc., of the Company's stock, etc., will be carried out based on the cumulative value of these points (hereinafter, "Cumulative Points").

(i) Points stipulated according to position (substitute for stock compensation-type stock options)

(ii) The total value of points added-subtracted to the points stipulated according to position based on the level of achievement of the Company's business indicators cited in the medium-term management plan (in the current medium-term management plan, these indicators are consolidated net sales, consolidated ordinary profit, and profit attributable to owners of parent) after the end of the Applicable Period.

Furthermore, one point shall equal one share of the Company's stock. If the Company's stock in the Trust increases or decreases due to a stock split, free allocation of stock, or reverse stock split, etc., the Company will adjust the number of the Company's stock for issuance, etc., per point based on the increase or decrease of this ratio.

The total number of points granted to Directors, etc., during the trust period of the Trust shall not exceed 56,000 points per fiscal year (this maximum assumes the points will be added in the greatest value possible for the level of achievement of the Company's business indicators cited in the medium-term management plan after the end of the Applicable Period). The number of shares to be acquired by the Trust during the Applicable Period (hereinafter, "Number of Acquired Shares") shall be the number of shares equivalent to the number of shares equal to the maximum number of points granted in the year (56,000 shares) multiplied by three (3), the number of years of the trust period (168,000 shares; however, for the System which will be established in 2018,

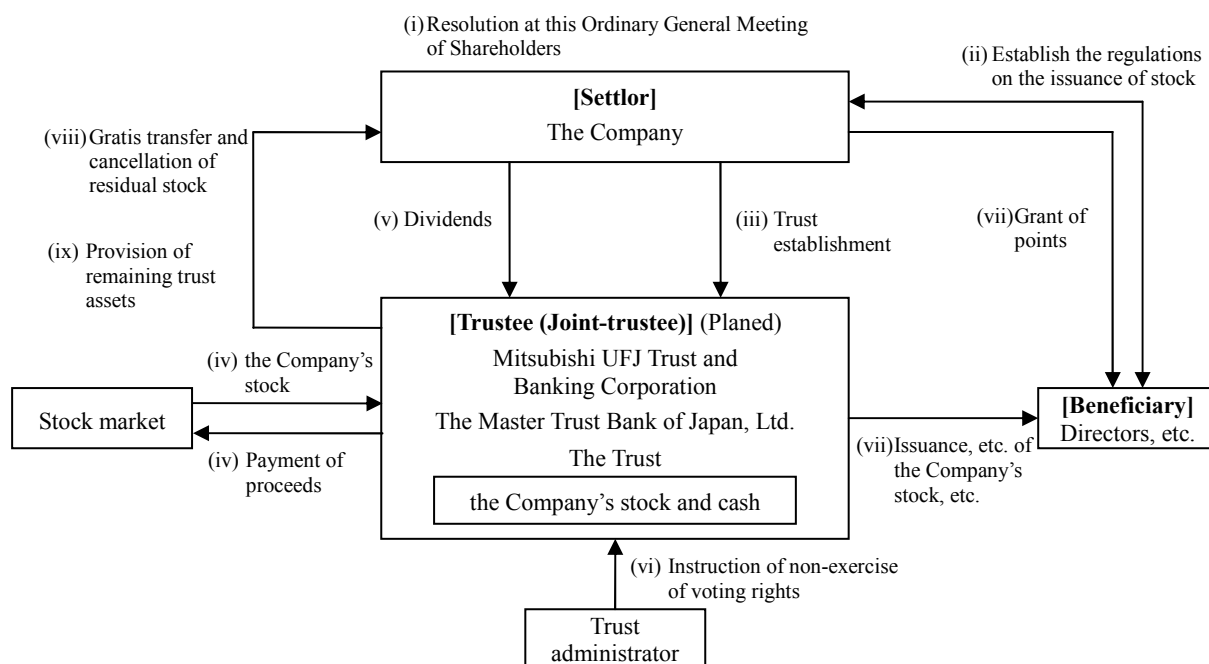


this number shall be 112,000 which is equivalent to the number of shares multiplied by two (2), the number of years of the trust period). If the above adjustment to points is made, the maximum Number of Acquired Shares will also be adjusted based on this adjustment.

The maximum number of the Company's stock, etc. for issuance, etc., to Directors, etc., will be established referencing the most recent stock price, etc., taking into account the maximum trust funds in (2) above.

- (4) Timing of the issuance, etc. of the Company's stock, etc. to Directors, etc.  
Directors, etc., who satisfy the beneficiary requirements will receive issuance, etc., of the Company's stock, etc., in an amount calculated pursuant to (3) above at the time of said Directors, etc. retirement. At that time, said Directors, etc. will receive the Company's stock (rounded off for shares less than the share-trading unit) equivalent to a 50% share of the Cumulative Points, and will receive payment of money equivalent to the converted value upon being converted into cash within the Trust, with respect to the remaining 50%.  
If Directors, etc., die during the trust period, the Company's stock based on the Cumulative Points granted at that time will all be converted into cash within the Trust and money equivalent to the converted amount shall be paid to the heirs of the said Director, etc.  
If Directors, etc., become non-residents of Japan during the trust period, the Company's stock based on the Cumulative Points granted at that time will all be converted into cash within the Trust and money equivalent to the converted amount shall be paid to the said Directors, etc.
- (5) Voting rights concerning the Company's stock within the Trust  
The voting rights of the Company's stock within the Trust shall not be exercised during the trust period in order to ensure neutrality toward the Company's management.
- (6) Other details of the System  
Other details concerning the System will be prescribed by the Board of Directors as needed, including establishment of the Trust, amendments to the trust agreement and additional funds provided to the Trust.  
The details of the System can be found in "Notice concerning the Introduction of a Stock Compensation System for Officers" (see below: excerpt from press release dated May 11, 2018).

(Excerpt from press release dated May 11, 2018)



- (i) The Company will obtain approval for officer compensation at this Ordinary General Meeting of Shareholders with regard to the introduction of the System.
- (ii) The Company will establish the regulations on the issuance of stock related to the System at a meeting of the Board of Directors.
- (iii) The Company will establish the Trust with Directors, etc., who satisfy the beneficiary requirements as beneficiaries by providing funds to the trustee that will fund the compensation for Directors, etc., within the scope for which approval is received by this Ordinary General Meeting of Shareholders in (i).
- (iv) The Trust will acquire the Company's stock from the stock market using funds contributed by the Company in (iii), following the instructions of the trust administrator. The number of shares to be acquired by the Trust shall be within the scope approved by resolution at this Ordinary General Meeting of Shareholders in (i).
- (v) Dividends will be paid for the Company's stock in the Trust as with all other shares of the Company's stock.
- (vi) The voting rights of the Company's stock in the Trust shall not be exercised anytime during the trust period.
- (vii) During the trust period, Directors, etc., will receive a prescribed number of points following the regulations on the issuance of stock, and issuance, etc. of the Company's stock, etc., will be provided to the said Directors, etc. who satisfy certain beneficiary requirements based on the Cumulative Points at the time of their retirement.
- (viii) If any residual stock is generated at the end of the trust period due to the failure to achieve the business targets, the following actions will be taken. Such residual stock will either continue to be used by the System or by the Trust as a new but similar type of stock compensation system through the amendment of the trust agreement and provision of additional trust funds. Or the residual stock will be transferred gratis to the Company from the Trust, and, per resolution of the Board of Directors, the stock will either be canceled, or the stock converted into cash on the stock market and donated to an organization with no special interests with the Company and Directors, etc.
- (ix) Remaining trust assets after the distributions to beneficiaries at the expiration of the Trust will belong to the Company within the scope of the reserve fund for trust expenses after deducting share acquisition funds from the trust money. Surplus amounts from reserve fund for trust expenses plan to be donated to an organization with no special interests with the Company and Directors, etc.

**Proposal 6:** Revision of Compensation Amount for Audit & Supervisory Board Members

The compensation of the Company's Audit & Supervisory Board Members consists of "base pay" as monetary compensation and "stock compensation-type stock options" as stock compensation. The maximum monetary compensation of ¥60 million per year was approved at the 128th Ordinary General Meeting of Shareholders held on June 28, 2007. Pursuant to approval at 129th Ordinary General Meeting of Shareholders held on June 27, 2008 for stock compensation, the Company has provided compensation of stock acquisition rights allocated as stock options separate from monetary compensation up to a maximum of ¥15 million per year. Stock options have not been granted to Audit & Supervisory Board Members since fiscal 2014.

Pursuant to the Basic Stance on Revisions to Compensation for Directors (and other Officers) on page 13, the compensation of Audit & Supervisory Board Members will consist of base pay as a fixed monetary compensation. In addition, the Company proposes that the maximum monetary compensation of Audit & Supervisory Board Members not exceed ¥80 million per year, in light of changes in management situation and management environment.

With the aim of reinforcing independence of Audit & Supervisory Board Members and enhancing corporate governance, compensation as stock compensation-type stock options will be abolished and new stock options will no longer be granted to Audit & Supervisory Board Members.

If Proposal 2: "Election of Three (3) Audit & Supervisory Board Members" is approved as proposed, the number of Audit & Supervisory Board Members will be four (4) (of which two (2) are Outside Audit & Supervisory Board Members).