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(Stock Exchange Code 6309)
January 11, 2017

To Shareholders with Voting Rights:

Hitoshi Yamamoto
President
Tomoe Engineering Co., Ltd.
5-15 Kitashinagawa 5-chome,
Shinagawa-ku, Tokyo, Japan

**NOTICE OF
THE 87TH ANNUAL SHAREHOLDERS MEETING**

Dear Shareholders:

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

You are cordially invited to attend the 87th Annual Shareholders Meeting of Tomoe Engineering Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the Shareholders Meeting, indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Thursday, January 26, 2017, Japan time.

- 1. Date and Time:** Friday, January 27, 2017 at 10:00 a.m., Japan time
- 2. Place:** Green Wind, GardenCity Shinagawa on the 1st floor of SHINAGAWA GOOS located at 13-3, Takanawa 3-chome, Minato-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** (1) The Business Report, Consolidated Financial Statements for the Company's 87th Fiscal Year (from November 1, 2015 to October 31, 2016) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 - (2) Non-consolidated Financial Statements for the Company's 87th Fiscal Year (from November 1, 2015 to October 31, 2016)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Ten Directors (excluding Directors serving as Audit & Supervisory Committee Members)
- Proposal 4:** Election of Four Directors serving as Audit & Supervisory Committee Members
- Proposal 5:** Election of One Substitute Director serving as Audit & Supervisory Committee Member
- Proposal 6:** Establishment of the Amount of Remuneration, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members)
- Proposal 7:** Establishment of the Amount of Remuneration, etc. for Directors serving as Audit & Supervisory Committee Members
- Proposal 8:** Payment of Bonuses to Officers

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - ◎ Should the Reference Documents for the Shareholders Meeting, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<http://www.tomo-e.co.jp/>).
 - ◎ From among the documents to be attached to this notice, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are posted on the Company's website (<http://www.tomo-e.co.jp/>) in accordance with laws and ordinances and the Articles of Incorporation of the Company. Therefore, they are not stated in the Appendix provided with this notice.

Please be advised that no souvenirs will be provided to the shareholders attending the shareholders meeting.

Reference Documents for the Shareholders Meeting

Proposals and References

Proposal 1: Appropriation of Surplus

1. Matters regarding the year-end dividend

As its basic policy, the Company will implement appropriate and stable dividends while seeking to increase internal reserves to reinforce its financial position and management foundation, and by considering consolidated operating results, the group's medium-term business strategy and other factors in a comprehensive manner.

Based on the above policy, the year-end dividend of 22.50 yen per share for the current fiscal year is proposed by considering the operating results for the fiscal year ended October 31, 2016 and the future outlook.

- (1) Matters regarding the assignment of assets to be distributed to shareholders and the total amount thereof
22.50 yen per share of the Company's common stock, in a total amount of 224,516,993 yen
As the Company has already paid the interim dividend of 22.50 yen per share, the annual dividend for the fiscal year ended October 31, 2016 will amount to 45 yen per share.
- (2) The date on which dividends of retained earnings become effective
January 30, 2017

2. Matters regarding appropriation of surplus

Regarding the internal reserves, the Company proposes as follows to reinforce the management foundation in preparation for the future business development.

- (1) Item of surplus to be increased and the amount thereof
General reserve of 400,000,000 yen
- (2) Item of surplus to be decreased and the amount thereof
Retained earnings brought forward of 400,000,000 yen

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The Company has so far strengthened its corporate governance structure for the purposes of improving the soundness, transparency, and efficiency of business execution. Upon its shift to a company with Audit & Supervisory Committee, it intends to further reinforce the supervisory function of the Board of Directors and further enhance its corporate governance structure by vesting the Directors serving as Audit & Supervisory Committee Members (the majority of whom are Outside Directors) with voting rights at the Board of Directors meetings.

- (1) In accordance with its shift to a company with Audit & Supervisory Committee, the Company will establish new provisions relating to the Audit & Supervisory Committee and Audit & Supervisory Committee Members while deleting or otherwise amending provisions relating to Audit & Supervisory Board Members and the Audit & Supervisory Board.
- (2) The Company will establish a new provision that enables the Board of Directors, by its resolutions, to delegate all or a part of the decision-making on important business execution to Directors.
- (3) The Company will amend Article 28 (Exemption of Liability by Directors) of the current Articles of Incorporation to enable it to enter into liability limitation agreements with non-executive Directors so that Outside Directors and other non-executive Directors may fully perform their expected roles. Each Audit & Supervisory Board Member has previously given his/her approval to the amendment to the current Article 28.
- (4) To ensure the agile implementation of dividend and capital policies, the Company will establish a new Article 34 of the proposed amendments to enable the Company to determine the distribution of retained earnings, etc. by a resolution of the Board of Directors pursuant to the provision of Article 459, Paragraph 1 of the Companies Act, and at the same time delete Article 7 of the current Articles of Incorporation, which overlaps with a part of Article 34 of the proposed amendments.
- (5) In accordance with the establishment, amendment, and deletion of articles as described above, the Company will renumber relevant articles, adjust the wording, and add other necessary changes to the Articles of Incorporation.

2. Details of amendments

Details of the proposed amendments are as follows.

The partial amendments to the Articles of Incorporation under this proposal shall become effective at the conclusion of this Annual Shareholders Meeting.

(Underlined parts are amended)

Current Articles of Incorporation	Proposed Amendments
Chapter 1 General Provisions (Corporate Governance) Article 4. The Company shall have general meetings of shareholders, directors, and the following Corporate Governance in place: 1. Board of Directors <u>2. Corporate Auditors</u> <u>3. Board of Corporate Auditors</u> (Newly established) <u>4. Accounting Auditors</u>	Chapter 1 General Provisions (Corporate Governance) Article 4. The Company shall have general meetings of shareholders, directors, and the following Corporate Governance in place: 1. Board of Directors (Deleted) (Deleted) <u>2. Audit & Supervisory Committee</u> <u>3. Accounting Auditors</u>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 2 Shares</p> <p><u>(Acquisition of Treasury Stocks)</u> <u>Article 7. Pursuant to paragraph 2 of Article 165 of the Corporate Law, the Company may acquire treasury stocks on the open market under paragraph 1 of the said article by a resolution of the Board of Directors.</u></p> <p>Articles <u>8.-11.</u> (Omitted)</p>	<p style="text-align: center;">Chapter 2 Shares</p> <p style="text-align: center;">(Deleted)</p> <p>Articles <u>7.-10.</u> (Unchanged)</p>
<p style="text-align: center;">Chapter 3 General Meetings of Shareholders</p> <p>Articles <u>12.-13.</u> (Omitted)</p> <p><u>(Convener and Chairman)</u> Article <u>14.</u> The president and director shall convene general meetings of shareholders as the chairperson; (2) If the president and director cannot attend such meetings, one of the other directors shall convene the general meetings of shareholders and act as chairperson in order of precedence previously determined by the Board of Directors.</p>	<p style="text-align: center;">Chapter 3 General Meetings of Shareholders</p> <p>Articles <u>11.-12.</u> (Unchanged)</p> <p><u>(Convener and Chairman)</u> Article <u>13.</u> (Unchanged)</p> <p>(2) If the president and director cannot attend such meetings <u>or the position of the president and director is vacant</u>, one of the other directors shall convene the general meetings of shareholders and act as chairperson in order of precedence previously determined by the Board of Directors.</p>
<p>Articles <u>15.-18.</u> (Omitted)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p><u>(Number)</u> Article <u>19.</u> The number of directors of the Company shall not exceed twelve (12).</p> <p style="text-align: center;">(Newly established)</p>	<p>Articles <u>14.-17.</u> (Unchanged)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p><u>(Number)</u> Article <u>18.</u> The number of directors (<u>excluding directors serving as Audit & Supervisory Committee Members</u>) of the Company shall not exceed twelve (12). <u>(2) The number of directors serving as Audit & Supervisory Committee Members of the Company shall not exceed four (4).</u></p>
<p><u>(Method of Election)</u> Article <u>20.</u> All directors shall be elected at general meetings of shareholders;</p> <p>(2) With respect to resolutions for election specified in the foregoing paragraph, the presence of shareholders holding at least one-third (1/3) of voting rights who are entitled to exercise such voting rights shall be required, and resolutions shall be adopted by a majority of such voting rights. (3) Resolutions to elect directors shall not be made by cumulative voting.</p>	<p><u>(Method of Election)</u> Article <u>19.</u> All directors shall be elected at general meetings of shareholders <u>distinguishing between directors serving as Audit & Supervisory Committee Members and other directors;</u></p> <p style="text-align: center;">(Unchanged)</p> <p style="text-align: center;">(Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">(Newly established)</p> <p>(Term of Office) Article <u>21</u>. The term of office of directors shall expire at the close of the ordinary general meetings of shareholders for the last business year ending within <u>two (2) years</u> after election.</p> <p style="text-align: center;">(Newly established)</p> <p><u>(2) The term of office of directors elected to fill a vacancy or increase the number of directors shall expire when the term of office of the other directors then in office shall expire.</u></p> <p style="text-align: center;">(Newly established)</p> <p>(Representative Directors) Article <u>22</u>. Representative directors shall be elected by a resolution of the Board of Directors.</p> <p>(Directors with Specific Titles) Article <u>23</u>. (Omitted)</p> <p>(Meeting Notices of the Board of Directors) Article <u>24</u>. Meeting notices of the Board of Directors shall be sent to each director <u>and corporate auditor</u> three (3) days prior to the date of such meetings. Provided, however, the period may be shortened in an emergency. <u>(2) With the consent of all directors and corporate auditors</u>, meetings of the Board of Directors may be held without following the procedure to convene meetings.</p>	<p><u>(4) The resolution for the election of a substitute director serving as Audit & Supervisory Committee Member shall expire at the beginning of the ordinary general meetings of shareholders for the last business year ending within two (2) years after the resolution.</u></p> <p>(Term of Office) Article <u>20</u>. The term of office of directors <u>(excluding directors serving as Audit & Supervisory Committee Members)</u> shall expire at the close of the ordinary general meetings of shareholders for the last business year ending within <u>one (1) year</u> after election.</p> <p><u>(2) The term of office of directors serving as Audit & Supervisory Committee Members shall expire at the close of the ordinary general meetings of shareholders for the last business year ending within two (2) years after election.</u></p> <p style="text-align: center;">(Deleted)</p> <p><u>(3) The term of office of a director serving as Audit & Supervisory Committee Member elected to fill a vacancy caused by the retirement of another director serving as Audit & Supervisory Committee Member prior to the expiry of his/her term of office shall expire when the term of office of the retired director serving as Audit & Supervisory Committee Member expires.</u></p> <p>(Representative Directors) Article <u>21</u>. Representative directors shall be elected <u>from among directors (excluding directors serving as Audit & Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>(Directors with Specific Titles) Article <u>22</u>. (Unchanged)</p> <p>(Meeting Notices of the Board of Directors) Article <u>23</u>. Meeting notices of the Board of Directors shall be sent to each director three (3) days prior to the date of such meetings. Provided, however, the period may be shortened in an emergency. <u>(2) With the consent of all directors</u>, meetings of the Board of Directors may be held without following the procedure to convene meetings.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Omission of Resolutions by the Board of Directors) Article <u>25</u>. If all directors who are entitled to vote on proposals at meetings of the Board of Directors indicate their intention to agree to such proposals in writing or by means of electromagnetic record, the resolution to approve the applicable proposals shall be deemed to have been made at a meeting of the Board of Directors, <u>unless otherwise opposed by the corporate auditors</u>.</p> <p>(Newly established)</p>	<p>(Omission of Resolutions by the Board of Directors) Article <u>24</u>. If a director proposes matters to be <u>resolved by the Board of Directors and</u> all directors who are entitled to vote on <u>the applicable</u> proposals at meetings of the Board of Directors indicate their intention to agree to such proposals in writing or by means of electromagnetic record, the resolution to approve the applicable proposals shall be deemed to have been made at a meeting of the Board of Directors.</p> <p><u>(Delegation of Decision-making on Important Business Execution)</u> <u>Article 25. Pursuant to paragraph 6 of Article 399-13 of the Corporate Law, the Board of Directors of the Company may pass a resolution to delegate all or a part of the decision-making on important business execution (excluding matters specified in each item of paragraph 5 of the same article) to Directors.</u></p>
<p>(Regulations of the Board of Directors) Article 26. All matters related to the Board of Directors shall be governed by the Regulations of the Board of Directors determined <u>by</u> the Board of Directors other than as stipulated by laws, ordinances, or these Articles of Incorporation.</p>	<p>(Regulations of the Board of Directors) Article 26. All matters related to the Board of Directors shall be governed by the Regulations of the Board of Directors determined <u>at meetings of</u> the Board of Directors other than as stipulated by laws, ordinances, or these Articles of Incorporation.</p>
<p>(Remuneration) Article 27. Remuneration, bonuses, and other proprietary benefits (<u>hereinafter referred to as “remuneration”</u>) provided by the Company as compensation for the execution of the duties of directors shall be determined by a resolution of the general meetings of shareholders.</p>	<p>(Remuneration) Article 27. Remuneration, bonuses, and other proprietary benefits provided by the Company as compensation for the execution of the duties of directors shall be determined by a resolution of the general meetings of shareholders <u>distinguishing between directors serving as Audit & Supervisory Committee Members and other directors</u>.</p>
<p>(Exemption of Liability by Directors) Article 28. Pursuant to paragraph 1 of Article 426 of the Corporate Law, the Board of Directors of the Company may pass a resolution to exempt directors (including former directors) from liability for any damage that may result from failure to execute their duties to the extent required by laws and ordinances.</p>	<p>(Exemption of Liability by Directors) Article 28. (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(2) Pursuant to paragraph 1 of Article 427 of the Corporate Law, the Company may enter into agreements with <u>outside</u> directors that limit their liability for any damage that may result from failure to execute their duties to the amount of the minimum liability set forth under paragraph 1 of Article 425 of the Corporate Law.</p>	<p>(2) Pursuant to paragraph 1 of Article 427 of the Corporate Law, the Company may enter into agreements with directors (<u>excluding executive directors, etc.</u>) that limit their liability for any damage that may result from failure to execute their duties to the amount of the minimum liability set forth under paragraph 1 of Article 425 of the Corporate Law.</p>
<p><u>Chapter 5 Corporate Auditors and Board of Corporate Auditors</u></p>	<p>(Deleted)</p>
<p><u>Articles 30.-37.</u> (Omitted)</p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>Chapter 5 Audit & Supervisory Committee</u></p>
<p>(Newly established)</p>	<p><u>(Full-time Audit & Supervisory Committee Members)</u></p>
<p>(Newly established)</p>	<p><u>Article 30. The Audit & Supervisory Committee may appoint full-time Audit & Supervisory Committee Members by resolution.</u></p>
<p>(Newly established)</p>	<p><u>(Meeting Notices of the Audit & Supervisory Committee)</u></p>
<p>(Newly established)</p>	<p><u>Article 31. Meeting notices of the Audit & Supervisory Committee shall be sent to each Audit & Supervisory Committee Member three (3) days prior to the date of such meetings. Provided, however, that such period may be shortened in an emergency.</u></p>
<p>(Newly established)</p>	<p><u>(2) With the consent of all Audit & Supervisory Committee Members, meetings of the Audit & Supervisory Committee may be held without following the procedure to convene meetings.</u></p>
<p>(Newly established)</p>	<p><u>(Regulations of the Audit & Supervisory Committee)</u> <u>Article 32. All matters related to the Audit & Supervisory Committee shall be governed by the Regulations of the Audit & Supervisory Committee determined by the Audit & Supervisory Committee other than the laws, ordinances, or these Articles of Incorporation.</u></p>
<p>Chapter 6 Accounting</p>	<p>Chapter 6 Accounting</p>
<p>(Financial Year)</p>	<p>(Financial Year)</p>
<p>Article <u>38.</u> (Omitted)</p>	<p>Article <u>33.</u> (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Distribution of Retained Earnings)</u> <u>Article 39. Dividends from retained earnings shall be distributed to shareholders or registered share pledgees as specified or recorded in the final register of shareholders as of October 31 of every year.</u></p>	<p>(Deleted)</p>
<p><u>(Interim Dividends)</u> <u>Article 40. The Company may distribute dividends from retained earnings as set forth in paragraph 5 of Article 454 of the Corporate Law (referred as the “Interim Dividends”) to shareholders or registered share pledgees as specified or recorded in the register of shareholders as of April 30 of every year.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>(Decision-making Body for Distribution of Retained Earnings, etc.)</u> <u>Article 34. Unless otherwise provided by laws and ordinances, the matters specified in each item of paragraph 1 of Article 459 of the Corporate Law, including distribution of retained earnings, etc., may be determined by resolution of the Board of Directors of the Company.</u></p>
<p>(Newly established)</p>	<p><u>(Record Date for Distribution of Retained Earnings)</u></p>
<p>(Newly established)</p>	<p><u>Article 35. The record date for the year-end dividends of the Company shall be October 31 of every year.</u></p>
<p>(Newly established)</p>	<p><u>(2) The record date for the interim dividends of the Company shall be April 30 of every year.</u></p>
<p>(Newly established)</p>	<p><u>(3) In addition to the provisions of the foregoing two (2) paragraphs, the Company may distribute dividends from retained earnings by specifying any other record date.</u></p>
<p>(Annulment Term of Dividends) Article 41. (Omitted)</p> <p>(Newly established)</p>	<p>(Annulment Term of Dividends, etc.) Article 36. (Unchanged)</p> <p><u>Supplementary Provisions</u> <u>With respect to any acts performed prior to the conclusion of the 87th ordinary general meeting of shareholders, the Board of Directors of the Company may, pursuant to the provisions of paragraph 1 of Article 426 of the Corporate Law, pass a resolution to exempt corporate auditors (including former corporate auditors) from liability for any damage that may result from failure to execute their duties to the extent required by laws and ordinances.</u></p>

Proposal 3: Election of Ten Directors (excluding Directors serving as Audit & Supervisory Committee Members)

The Company is to shift to a company with Audit & Supervisory Committee, subject to the approval of Proposal 2: Partial Amendments to the Articles of Incorporation. In line with this, the term of office of the current eleven Directors will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the election of ten Directors (excluding Directors serving as Audit & Supervisory Committee Members; hereinafter the same shall apply in this proposal) is proposed.

The resolution of this proposal shall become effective on the condition that Proposal 2: Partial Amendments to the Articles of Incorporation is approved as proposed and the amendments to the Articles of Incorporation become effective as a result of the resolution of Proposal 2.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
1	Hitoshi Yamamoto (July 20, 1955) <Reappointment>	April 1979 April 2003 January 2007 January 2009 January 2013 January 2015	Joined the Company General Manager, Industrial Machinery Sales Dept., Machinery & Equipment Div. Director Deputy General Manager, Machinery & Equipment Div. (in charge of Industrial Machinery Sales Dept.) Managing Director General Manager, Machinery & Equipment Div. Senior Managing Director General Manager, Chemical Product Div. President (current position)	24,584
		(Reasons for selecting the candidate for Director) Mr. Hitoshi Yamamoto has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business and chemical products business. Since assuming office as Representative Director in January 2015, he has duly performed his duties as a senior executive officer of the Group. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.		
2	Yoshito Honma (October 2, 1952) <Reappointment>	November 1975 January 2005 April 2008 January 2009 January 2011 January 2013	Joined the Company General Manager, Environmental Equipment Sales Dept., Machinery & Equipment Div. General Manager, Osaka Branch Office Director President, Tomoe Machinery Service Co., Ltd. Managing Director of the Company (current position) General Manager, Machinery & Equipment Div. (current position)	21,895
		(Reasons for selecting the candidate for Director) Mr. Yoshito Honma has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business. Since assuming office as a Director in January 2009, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
3	Tetsuo Yamada (March 29, 1951) <Reappointment>	April 1975 November 1999 April 2008 January 2009 November 2010 January 2011 January 2013 January 2015	Joined the Company General Manager, Electronic Materials Dept., Chemical Products Div. General Manager, Advanced Materials Dept. and General Manager, Nanotechnology Development Dept., Chemical Products Div. Director Deputy General Manager, Chemical Products Div. (in charge of Industrial Materials Dept. and Electronic Materials Dept.), General Manager, Advanced Materials Dept. and General Manager, Nanotechnology Development Dept., Chemical Products Div. Deputy General Manager, Chemical Products Div. (in charge of Industrial Materials Dept., Advanced Materials Dept., and Electronic Materials Dept.) Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept. and Electronic Materials Dept.) Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept., Electronic Materials Dept., and Fine Chemicals Dept.) Managing Director (current position) General Manager, Chemical Products Div. (current position)	17,977
		<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Tetsuo Yamada has abundant operational knowledge and experience on the Company's overall business with focus on the chemical products business. Since assuming office as a Director in January 2009, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.</p>		
4	Masayoshi Fukasawa (January 14, 1952) <Reappointment>	April 1975 April 2007 January 2011 April 2013 January 2015	Joined the Company General Manager, General Affairs Div. Director In charge of General Affairs Div. and Business Coordination Div. and General Manager, General Affairs Div. In charge of General Affairs Div. and Business Coordination Div. (current position) Managing Director (current position)	14,265
		<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Masayoshi Fukasawa has abundant operational knowledge and experience on the Company's overall business with focus on the administrative division. Since assuming office as a Director in January 2011, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.</p>		

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
5	Akitomo Tamai (February 12, 1957) <Reappointment>	<p>April 1980 Joined JDC CORPORATION</p> <p>April 1988 Joined Elkem Japan K.K.</p> <p>April 2000 Joined the Company</p> <p>November 2005 General Manager, Industrial Materials Dept., Chemical Products Div.</p> <p>January 2011 Director (current position) Deputy General Manager, Chemical Products Div. (in charge of Plastics Dept., Industrial Materials Dept., and Fine Chemicals Dept.)</p> <p>President, Tomoe Butsuryu Co., Ltd. (current position)</p> <p>November 2012 President, Tomoe Trading (Shenzhen) Co., Ltd. (current position)</p> <p>January 2013 Deputy General Manager, Chemical Products Div. (in charge of Plastics Dept. and Industrial Materials Dept.) and General Manager, China Business Promotion Dept., Chemical Products Div. of the Company</p>	16,509
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Akitomo Tamai has abundant operational knowledge and experience on the Company's overall business with focus on the chemical products business. Since assuming office as a Director in January 2011, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.</p>			
6	Jun Ohashi (March 4, 1953) <Reappointment>	<p>April 1976 Joined the Company</p> <p>November 2007 General Manager, Quality Assurance Dept., Machinery & Equipment Div.</p> <p>November 2010 General Manager, Production Control Dept., Machinery & Equipment Div.</p> <p>November 2011 General Manager, Sagami Factory, Machinery & Equipment Div.</p> <p>January 2013 Director (current position) Deputy General Manager, Machinery & Equipment Div. (in charge of production) and General Manager, Sagami Factory, Machinery & Equipment Div. (current position)</p>	12,025
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Jun Ohashi has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business. Since assuming office as a Director in January 2013, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
7	Akiyoshi Shinoda (August 23, 1961) <Reappointment>	April 1985 September 1989 November 2011	Joined Nippon Kaiji Kentei Kyokai Joined the Company General Manager, Chemical Products Sales Dept., Osaka Branch Office	10,926
		April 2014 January 2015 April 2015	General Manager, Fine Chemicals Dept., Chemical Products Div. Director (current position) Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept. and Electronic Materials Dept.) and General Manager, Fine Chemicals Dept. Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept., Electronic Materials Dept., and Fine Chemicals Dept.) (current position)	
(Reasons for selecting the candidate for Director) Mr. Akiyoshi Shinoda has abundant operational knowledge and experience on the Company's overall business with focus on the chemical products business. Since assuming office as a Director in January 2015, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.				
8	Masahiko Nakamura (March 10, 1956) <Reappointment>	April 1978 December 1978 August 1990 January 2009	Joined MARUDAI FOOD CO., LTD. Joined Kyushu Setsubi Kosha K.K. Joined the Company General Manager, Environmental Equipment Sales Dept., Machinery & Equipment Div.	3,679
		January 2015 April 2015	Director (current position) Deputy General Manager, Machinery & Equipment Div. and General Manager, Environmental Equipment Sales Dept. Deputy General Manager, Machinery & Equipment Div. (in charge of Environmental Equipment Sales Dept.) (current position)	
(Reasons for selecting the candidate for Director) Mr. Masahiko Nakamura has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business. Since assuming office as a Director in January 2015, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
9	Toshiaki Yakura (May 31, 1958) <Reappointment>	April 1981	Joined The Fuji Bank, Limited	3,009
		April 2008	General Manager, Americas Business Operations Department, Mizuho Corporate Bank, Ltd.	
		October 2012	Joined the Company General Manager assistant to Accounting Div.	
		April 2014	General Manager, Accounting Div.	
		January 2015	Director (current position) In charge of Management Planning Dept. and General Manager, Accounting Div. (current position)	
(Reasons for selecting the candidate for Director) Mr. Toshiaki Yakura has abundant knowledge and experience with regard to accounting and management planning. Since assuming office as a Director in January 2015, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.				
10	Katsuhiko Ito (September 21, 1964) <New appointment>	April 1987	Joined the Company	2,814
		April 2013	General Manager, Machinery & Equipment Dept. Osaka Branch Office (current position)	
(Reasons for selecting the candidate for Director) Mr. Katsuhiko Ito has been engaged in the machinery and equipment business since joining the Company and has abundant knowledge and experience on said business overall. Therefore, the Company expects that he is capable of duly performing his duties as a Director and appoints him as a candidate for Director.				

(Notes)

1. There are no special interests between each candidate and the Company.
2. The number of shares of the Company held by each candidate includes those held by the Tomoe Engineering officers' shareholding association or the Tomoe Engineering employees' shareholding association.

Proposal 4: Election of Four Directors serving as Audit & Supervisory Committee Members

The Company is to shift to a company with Audit & Supervisory Committee, subject to the approval of Proposal 2: Partial Amendments to the Articles of Incorporation. Accordingly, the election of four Directors serving as Audit & Supervisory Committee Members is proposed. The Audit & Supervisory Board has previously given its approval to this proposal.

The resolution of this proposal shall become effective on the condition that Proposal 2: Partial Amendments to the Articles of Incorporation is approved as proposed and the amendments to the Articles of Incorporation become effective as a result of the resolution of Proposal 2.

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

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
1	Mitsuo Matsumoto (April 14, 1951) <New Appointment>	July 1998 November 2007 April 2011 January 2013 January 2015	Joined the Company General Manager, Accounting Div. Accounting Director Director In charge of Accounting Div. and Management Planning Dept. Senior Standing Audit & Supervisory Board Member (current position)	10,123
		(Reasons for selecting the candidate for Director) Mr. Mitsuo Matsumoto served as a Director in charge of the Accounting Div. and Management Planning Dept. after experiencing operations at the accounting division and has considerable financial and accounting knowledge. Since assuming office as a Standing Audit & Supervisory Board Member in January 2015, he has been duly auditing the execution of duties by Directors and other matters. Therefore, the Company believes that he is qualified as a Director serving as Audit & Supervisory Committee Member and appoints him as a candidate for Director serving as Audit & Supervisory Committee Member.		
2	Toshiharu Murase (October 16, 1951) <Candidate for Independent Officer> <Candidate for Outside Director> <New appointment>	April 1975 April 2002 September 2003 June 2005 June 2008 January 2012 January 2013	Joined The Fuji Bank, Limited General Manager of Shinjuku Branch, Mizuho Bank, Ltd. Deputy Director-General, Mizuho Corporate Bank, Ltd Executive Officer, TAKACHIHO KOHEKI CO., LTD. Director and Vice President, Mizuho Factors, Limited Outside Audit & Supervisory Board Member of the Company Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company (current position)	3,159
		(Reasons for selecting the candidate for Outside Director) Mr. Toshiharu Murase has long been engaged in corporate management and the banking business and has considerable financial and accounting knowledge. Since assuming office as an Outside Audit & Supervisory Board Member in January 2012, he has been duly auditing the execution of duties by Directors and other matters. Therefore, the Company believes that he is qualified as an Outside Director serving as Audit & Supervisory Committee Member and appoints him as a candidate for Director serving as Audit & Supervisory Committee Member.		

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
3	Minoru Imai (January 22, 1947) <Candidate for Independent Officer> <Candidate for Outside Director> <Reappointment>	April 1969	Joined the Tokyo Regional Taxation Bureau	549
		July 1998	District Director, Kobayashi Tax Office	
		July 2000	District Director, Koto-nishi Tax Office	
		July 2005	District Director, Honjo Tax Office	
		September 2006	Opened Minoru Imai Certified Public Tax Accountant Office (to the present)	
		February 2012	Outside Audit & Supervisory Board Member, Kawasaki Geological Engineering Co., Ltd.	
		January 2015	Outside Director of the Company (current position)	
		February 2016	Outside Director (serving as Audit & Supervisory Committee Member), Kawasaki Geological Engineering Co., Ltd. (current position)	
		(Significant concurrent positions) Outside Director (serving as Audit & Supervisory Committee Member), Kawasaki Geological Engineering Co., Ltd.		
(Reasons for selecting the candidate for Outside Director) Although Mr. Minoru Imai has never been directly involved in corporate management other than as an outside officer, he has long been engaged in corporate taxation and has considerable financial and accounting knowledge. Since assuming office as an Outside Director in January 2015, he has been duly supervising the execution of duties by Directors and performing his roles and responsibilities. Therefore, the Company believes that he is qualified as an Outside Director serving as Audit & Supervisory Committee Member and appoints him as a candidate for Director serving as Audit & Supervisory Committee Member.				
4	Makoto Nakamura (September 28, 1955) <Candidate for Independent Officer> <Candidate for Outside Director> <New appointment>	April 1988	Admitted to the TOKYO BAR ASSOCIATION	1,188
		March 1993	Established Shinjuku Daiichi Law Office (to the present)	
		January 2011	Outside Audit & Supervisory Board Member of the Company (current position)	
(Reasons for selecting the candidate for Outside Director) Although Mr. Makoto Nakamura has never been directly involved in corporate management, he is well versed in corporate legal affairs as an attorney-at-law and has considerable financial and accounting knowledge. Since assuming office as an Outside Audit & Supervisory Board Member in January 2011, he has been duly auditing the execution of duties by Directors and other matters. Therefore, the Company believes that he is qualified as an Outside Director serving as Audit & Supervisory Committee Member and appoints him as a candidate for Director serving as Audit & Supervisory Committee Member.				

(Notes)

1. There are no special interests between each candidate and the Company.
2. The number of shares of the Company held by each candidate includes those held by the Tomoe Engineering officers' shareholding association.
3. Messrs. Toshiharu Murase, Minoru Imai and Makoto Nakamura are candidates for Outside Director.
4. Messrs. Toshiharu Murase, Minoru Imai and Makoto Nakamura satisfy the criteria for independence of the outside officers stipulated by the Company, in addition to the criteria for independent officers stipulated by the Tokyo Stock Exchange. Therefore, the Company believes that each candidate's independence has been fully secured. If this proposal is approved, the Company will notify the Tokyo Stock Exchange of each candidate as an independent officer stipulated by the Exchange.
5. Mr. Minoru Imai is currently serving as Outside Director of the Company. He will have served as Outside Director for two years at the conclusion of this Annual Shareholders Meeting.
6. There are no special interests between the Company and Kawasaki Geological Engineering Co., Ltd., a company Mr. Minoru Imai serves as Outside Director.
7. Mr. Mitsuo Matsumoto is currently serving as Standing Audit & Supervisory Board Member of the Company. He will

have served as Standing Audit & Supervisory Board Member for two years at the conclusion of this Annual Shareholders Meeting.

8. Messrs. Toshiharu Murase and Makoto Nakamura are currently serving as Outside Audit & Supervisory Board Members of the Company. They will have served as Outside Audit & Supervisory Board Members for five and six years, respectively, at the conclusion of this Annual Shareholders Meeting.
9. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Minoru Imai, current Outside Director, and Messrs. Toshiharu Murase and Makoto Nakamura, current Outside Audit & Supervisory Board Members, to limit their liabilities stipulated in Article 423, Paragraph 1 of the Companies Act. The limit on liability for damages under the agreement is the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act. If this proposal is approved and the four candidates are elected as Directors serving as Audit & Supervisory Committee Members, the Company intends to enter into liability limitation agreements with each of them under the same terms and conditions.

Proposal 5: Election of One Substitute Director serving as Audit & Supervisory Committee Member

The Company is to shift to a company with Audit & Supervisory Committee, subject to the approval of Proposal 2: Partial Amendments to the Articles of Incorporation. Accordingly, in preparation for the contingency that the number of Directors serving as Audit & Supervisory Committee Members falls below the number stipulated by laws and ordinances, the election of one Substitute Director serving as Audit & Supervisory Committee Member is proposed. The Audit & Supervisory Board has previously given its approval to this proposal.

The resolution of this proposal shall become effective on the condition that Proposal 2: Partial Amendments to the Articles of Incorporation is approved as proposed and the amendments to the Articles of Incorporation become effective as a result of the resolution of Proposal 2. In addition, the resolution of this proposal will expire at the beginning of the annual shareholders meeting held for the last business year ending within two years after the resolution.

The candidate for Substitute Director serving as Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
Tatsuo Hasunuma (September 8, 1952) <Candidate for independent officer> <Candidate for Outside Director> <New appointment>	April 1971 July 2002 July 2008 July 2012 September 2013	Joined the Tokyo Regional Taxation Bureau Professor, Research Department, National Tax College Chief Examiner, Second Examination Group, Tokyo Regional Taxation Bureau District Director, Nerima-nishi Tax Office Opened Tatsuo Hasunuma Certified Public Tax Accountant Office (to the present)	0
(Reasons for selecting the candidate for Substitute Outside Director) Although Mr. Tatsuo Hasunuma has never been directly involved in corporate management, he has long been engaged in corporate taxation and has considerable finance and accounting knowledge. Therefore, the Company believes that he is qualified as an Outside Director serving as Audit & Supervisory Committee Member and appoints him as a candidate for Substitute Director serving as Audit & Supervisory Committee Member.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Tatsuo Hasunuma is a candidate for Outside Director.
3. Mr. Tatsuo Hasunuma satisfies the criteria for independence of the outside officers stipulated by the Company, in addition to the criteria for independent officers stipulated by the Tokyo Stock Exchange. Therefore, the Company believes that his independence has been fully secured.
4. In the event that Mr. Tatsuo Hasunuma assumes office as a Director serving as Audit & Supervisory Committee Member, the Company will, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an agreement to limit his liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act. The limit on liability for damages under the agreement will be the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act.

Proposal 6: Establishment of the Amount of Remuneration, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members)

Remuneration for Directors of the Company was approved in the amount of 20 million yen or less per month at the 79th Annual Shareholders Meeting held on January 29, 2009, with no subsequent changes. The Company is to shift to a company with Audit & Supervisory Committee, subject to the approval of Proposal 2: Partial Amendments to the Articles of Incorporation. Accordingly, by considering economic conditions and other factors, remuneration for Directors (excluding Directors serving as Audit & Supervisory Committee Members) is proposed in the same amount of 20 million yen or less per month.

In addition, the amount of remuneration for Directors (excluding Directors serving as Audit & Supervisory Committee Members) shall not include the employee salaries for Directors who serve concurrently as employees.

The current number of Directors is eleven (of which, one is Outside Director). If Proposal 2 and Proposal 3 are approved as proposed, the Company will have ten Directors (excluding Directors serving as Audit & Supervisory Committee Members).

The resolution of this proposal shall become effective on the condition that Proposal 2: Partial Amendments to the Articles of Incorporation is approved as proposed and the amendments to the Articles of Incorporation become effective as a result of the resolution of Proposal 2.

Proposal 7: Establishment of the Amount of Remuneration, etc. for Directors serving as Audit & Supervisory Committee Members

The Company is to shift to a company with Audit & Supervisory Committee, subject to the approval of Proposal 2: Partial Amendments to the Articles of Incorporation. Accordingly, by considering economic conditions and other factors, remuneration for Directors serving as Audit & Supervisory Committee Members is proposed in the amount of 5 million yen or less per month.

If Proposal 2 and Proposal 4 are approved as proposed, the Company will have four Directors serving as Audit & Supervisory Committee Members.

The resolution of this proposal shall become effective on the condition that Proposal 2: Partial Amendments to the Articles of Incorporation is approved as proposed and the amendments to the Articles of Incorporation become effective as a result of the resolution of Proposal 2.

Proposal 8: Payment of Bonuses to Officers

By considering the operating results for the fiscal year ended October 31, 2016 and other factors, payment of bonuses to five Directors (of which, one is Outside Director) and three Audit & Supervisory Board Members in the total amount of 46,280,000 yen (32,386,000 yen for Directors excluding Outside Director, 1,833,000 yen for an Outside Director, and 12,061,000 yen for Audit & Supervisory Board Members) is proposed.

(Reference)

Selection criteria for outside officers of the Company

Outside officers and the candidates for outside officer of the Company shall be the individuals satisfying the following criteria:

1. The individuals who are capable of directly supervising the matters regarding management in general, financial and legal affairs, corporate governance and other issues that are deliberated or resolved at the Board of Directors meetings.
2. The individuals who have insight, expertise and experience conducive to the sustainable growth and medium- to long-term enhancement of corporate value of the Company, and are capable of expressing useful opinions and giving advice regarding the matters related to corporate management, including business strategy, formulation of medium-term management plan, etc.

Criteria for independence of outside officers of the Company

Outside officers and the candidates for outside officer of the Company shall be the individuals that do not fall under the following criteria 1 to 5. The applicable period for the criteria 2 to 5 shall be the present and the past ten years.

1. Individual related to the Group
Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), Accounting Advisor, Executive Officer, Operating Officer or employee (hereinafter, "Executive, etc.") of the Company, or subsidiaries and affiliates of the Company (hereinafter, "the Group")
2. Shareholder and individual related thereto
 - (1) A shareholder who holds 10% or more of the Company's voting rights, or Executive, etc. of such shareholder
 - (2) An Executive, etc. of the company in which the Group holds 10% or more of voting rights
3. Individual related to business partner
 - (1) Executive, etc. of a business partner that records a transaction amount with the Group equivalent to 2% or more of said entity's consolidated net sales or; Executive, etc. of a business partner with which the Group records a transaction amount equivalent to 2% or more of the Group's consolidated net sales
 - (2) Executive, etc. of a financial institution from which the Group is borrowing an amount equivalent to 2% or more of the Group's consolidated total assets
4. Attorney-at-law, certified public accountant, tax accountant, etc.
 - (1) Certified public accountant, or employee or partner of an audit corporation, which is the Accounting Auditor of the Group
 - (2) An individual who receives an annual remuneration of 10 million yen or more from the Group as attorney-at-law, certified public accountant, tax accountant or other consultant, in addition to the remuneration as an officer
5. Others
 - (1) A spouse or any family within the second degree of kinship of the individual that falls under the above criteria 1 to 4
 - (2) Executive, etc. of a company, between which and the Group directors are mutually appointed
 - (3) Executive, etc. of a company, between which and the Group mutually hold shares