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(Stock Exchange Code 6309)  
January 12, 2018

**To Shareholders with Voting Rights:**

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

## **NOTICE OF THE 88TH 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 88th 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 Monday, January 29, 2018, Japan time.**

- 1. Date and Time:** Tuesday, January 30, 2018 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 88th Fiscal Year (from November 1, 2016 to October 31, 2017) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
    - (2) Non-consolidated Financial Statements for the Company's 88th Fiscal Year (from November 1, 2016 to October 31, 2017)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
  - Proposal 2:** Election of Ten Directors (excluding Directors serving as Audit & Supervisory Committee Members)
  - Proposal 3:** 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 (<https://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 (<https://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. The Consolidated Financial Statements and Non-consolidated Financial Statements stated in the Appendix provided with this notice are part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Audit & Supervisory Committee and the Accounting Auditor in preparing audit reports and accounting audit reports, respectively.

# 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, 2017 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 224,513,618 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, 2017 will amount to 45 yen per share.
- (2) The date on which dividends of retained earnings become effective  
January 31, 2018

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 900,000,000 yen
- (2) Item of surplus to be decreased and the amount thereof  
Retained earnings brought forward of 900,000,000 yen

**Proposal 2: Election of Ten Directors (excluding Directors serving as Audit & Supervisory Committee Members)**

The term of office of all ten Directors (excluding Directors serving as Audit & Supervisory Committee Members; hereinafter the same shall apply in this proposal) will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the election of ten Directors is proposed.

With regard to the election of Directors, the Company received a report from the Audit & Supervisory Committee that there were no items to be pointed out.

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)	26,661
		(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)	23,574
		(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	Masayoshi Fukasawa (January 14, 1952) <Reappointment>	April 1975 April 2007 January 2011	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.	15,763
		April 2013 January 2015	In charge of General Affairs Div. and Business Coordination Div. (current position) Managing Director (current position)	
(Reasons for selecting the candidate for Director) 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.				
4	Akitomo Tamai (February 12, 1957) <Reappointment>	April 1980 April 1988 April 2000 November 2005	Joined JDC CORPORATION Joined Elkem Japan K.K. Joined the Company General Manager, Industrial Materials Dept., Chemical Products Div.	17,628
		January 2011 November 2012 January 2013 November 2017	Director (current position) Deputy General Manager, Chemical Products Div. (in charge of Plastics Dept., Industrial Materials Dept., and Fine Chemicals Dept.) President, Tomoe Butsuryu Co., Ltd. (current position) President, Tomoe Trading (Shenzhen) Co., Ltd. (current position) 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 Deputy General Manager, Chemical Products Div. (in charge of Plastics Dept. and Industrial Materials Dept.) (current position)	
(Reasons for selecting the candidate for Director) 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.				

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
5	Jun Ohashi (March 4, 1953) <Reappointment>	April 1976 November 2007 November 2010 November 2011 January 2013	Joined the Company General Manager, Quality Assurance Dept., Machinery & Equipment Div. General Manager, Production Control Dept., Machinery & Equipment Div. General Manager, Sagami Factory, Machinery & Equipment Div. Director (current position) Deputy General Manager, Machinery & Equipment Div. (in charge of production) and General Manager, Sagami Factory, Machinery & Equipment Div. (current position)	14,007
		(Reasons for selecting the candidate for Director) 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.		
6	Akiyoshi Shinoda (August 23, 1961) <Reappointment>	April 1985 September 1989 November 2011 April 2014 January 2015 April 2015	Joined Nippon Kaiji Kentei Kyokai Joined the Company General Manager, Chemical Products Sales Dept., Osaka Branch Office 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)	13,630
		(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.		

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
7	Masahiko Nakamura (March 10, 1956) <Reappointment>	April 1978 December 1978 August 1990 January 2009  January 2015  April 2015	Joined MARUDAI FOOD CO., LTD. Joined Kyushu Setsubi Kosha K.K. Joined the Company General Manager, Environmental Equipment Sales Dept., Machinery & Equipment Div. 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)	5,151
		(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.		
8	Toshiaki Yakura (May 31, 1958) <Reappointment>	April 1981 April 2008  October 2012  April 2014 January 2015	Joined The Fuji Bank, Limited General Manager, Americas Business Operations Department, Mizuho Corporate Bank, Ltd. Joined the Company General Manager assistant to Accounting Div. General Manager, Accounting Div. Director (current position) In charge of Management Planning Dept. and General Manager, Accounting Div. (current position)	5,105
		(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.		

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
9	Katsuhiko Ito (September 21, 1964) <Reappointment>	April 1987	Joined the Company	4,437
		April 2013	General Manager, Machinery & Equipment Dept., Osaka Branch Office	
		January 2017	Director (current position) Deputy General Manager, Machinery & Equipment Div. (in charge of Industrial Machinery Sales Dept. and Overseas Sales Dept.) (current position)	
(Reasons for selecting the candidate for Director) Mr. Katsuhiko Ito 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 2017, 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	Tetsuyuki Azuma (August 16, 1960) <New appointment>	April 1984	Joined the Company	5,866
		November 2009	General Manager, Advanced Materials Dept., Chemical Products Div. (current position)	
(Reasons for selecting the candidate for Director) Mr. Tetsuyuki Azuma has been engaged in the chemical products 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 3: Payment of Bonuses to Officers**

By considering the operating results for the fiscal year ended October 31, 2017 and other factors, payment of bonuses to four Directors (excluding Directors serving as Audit & Supervisory Committee Members) and four Directors serving as Audit & Supervisory Committee Members in the total amount of 60,784,000 yen (42,479,000 yen for Directors (excluding Directors serving as Audit & Supervisory Committee Members), and 18,305,000 yen for Directors serving as Audit & Supervisory Committee Members) is proposed.

With regard to the payment of bonuses to Directors (excluding Directors serving as Audit & Supervisory Committee Members), the Company received a report from the Audit & Supervisory Committee that there were no items to be pointed out.



**(Reference)**

**Selection criteria for Outside Directors of the Company**

Outside Directors and the candidates for Outside Director 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 Directors of the Company**

Outside Directors and the candidates for Outside Director 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