

*Translation: Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of investors. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.*

TSE Code: 9697 ISIN: JP3218900003 SEDOL: 6173694 JP
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May 18, 2018

To: Shareholders

Notice of Convocation of the 39th Ordinary General Meeting of Shareholders

We are pleased to inform you that the 39th Ordinary General Meeting of Shareholders of the Company will be held as described below. Your presence at the Meeting is cordially requested.

If you are unable to attend the Meeting, it is still possible to exercise your voting rights by either the methods stated below. To exercise voting rights, please review the Reference Document Concerning the General Meeting of Shareholders below and exercise your rights by 5:30 PM on June 8, 2018 (Friday), JST.

[In case of exercising voting rights by mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your approval or disapproval of each proposal listed thereon and return the form to the Company before the deadline stated above.

[In case of exercising voting rights via the Internet]

*Note: Voting via the Internet other than ICJ platform is only available for registered shareholders in Japan with Japanese language only. The ICJ platform is an electronic voting platform for institutional investors via ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s).*

Exercising a voting right can only be made by accessing the website of Mitsubishi UFJ Trust and Banking Corporation, the administrator of shareholders' register ( <https://evote.tr.mufg.jp/> ). Please use the log-in ID and temporary password which are shown on the Voting Right Exercise Form. After logging in, please indicate your approval or disapproval of each proposal by following the instructions on the display screen before the deadline stated above.

Please see the Guidance for the Exercise of Voting Rights via the Internet attached below (p.\*-p.\* *note: intentionally omitted*).

The Company has participated in the electronic voting right execution platform for institutional investors operated by ICJ, Inc.

In case that a voting right is exercised both by the Voting Right Exercise Form and via the Internet, only the vote registered via the Internet will be recognized as valid.

*(Note)*

*Your vote is important. We will appreciate your participation in the Meeting through providing instruction to your custodian(s), broker(s), nominee(s), voting agent(s) or other authorized intermediaries to process your vote as soon as possible. We look forward to receiving your vote.*

Yours faithfully,

CAPCOM Co., Ltd.

1-3, Uchihirano-machi 3-chome, Chuo-ku,  
Osaka, Japan

By: Kenzo Tsujimoto  
Chairman and CEO  
Representative Director

Particulars

1. Date & Time: June11, 2018 (Monday) at 10:00 a.m.  
(Reception is scheduled to open at 9:00 a.m.)
2. Place: Osaka Castle Hotel, 6F Hall  
1-1, Tenmabashikyomachi Chuo-ku, Osaka
3. Agenda:

Matters to be reported:

- 1 Report on the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 39th Fiscal Year (from April 1, 2017 to March 31, 2018); and
- 2 Report on the Results of Audit for Consolidated Financial Statements for the 39th Fiscal Year (from April 1, 2017 to March 31, 2018) by Accounting Auditor and the Audit and Supervisory Committee.

Matters to be resolved:

- First proposal: Proposed Appropriation of Retained Earnings**
- Second proposal: Election of Eight (8) Directors (excluding Directors who are members of the Audit and Supervisory Committee)**
- Third proposal: Election of Three (3) Directors who are members of the Audit and Supervisory Committee**
- Fourth proposal: Election of One Director who is a substitute member of the Audit and Supervisory Committee**

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◎ When you attend the Meeting in person, please submit the Voting Right Exercise Form enclosed herewith to the receptionist at the place of the Meeting.

◎ For saving natural resources, please take this notice of convocation with you to the Meeting.

## Reference Document Concerning the General Meeting of Shareholders

### Proposals and reference matters:

#### First proposal: Proposed Appropriation of Retained Earnings

The Company considers returning profits to the shareholders to be one of the most important management issues. The Company, taking into account the future business development and changes in operating circumstances, makes best efforts to pay stable and continued dividends on the basis of fundamental policy under which consolidated payout ratio is 30%.

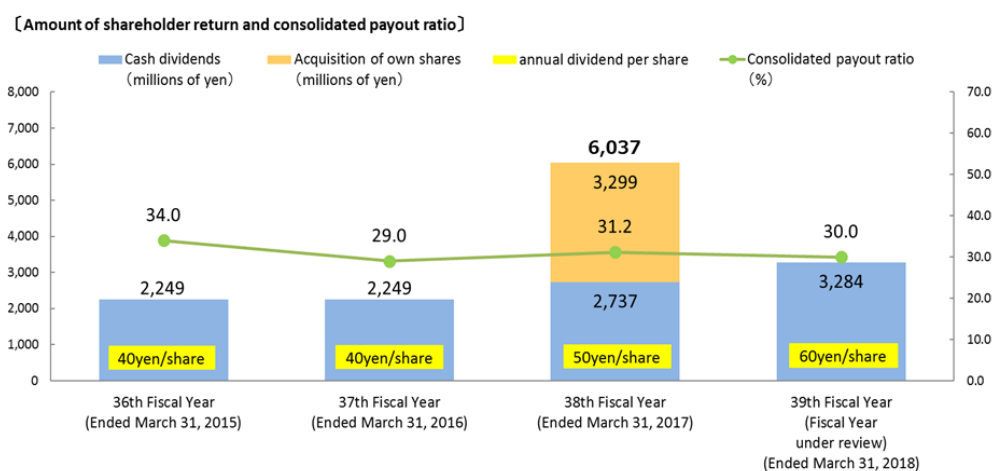
The Company, taking into account the policy set forth above, proposes to distribute ¥35 per share, as the year-end dividend for the fiscal year under review, an increase in ¥10 per share from previous fiscal year end as follows:

1. Type of dividend property: Cash
2. Matters concerning the allotment of dividend property and the total amount paid to shareholders:

¥35 per share of common stock of the Company; the total amount to be ¥1,916,061,000

For interim dividend the Company paid ¥25 per share, thus the annual dividend for the fiscal year under review is ¥60 per share and the consolidated payout ratio is 30.0 %.

3. Date when dividends of retained earnings take effect: June 12, 2018(Tuesday)



**Second proposal: Election of Eight (8) Directors (excluding Directors who are members of the Audit and Supervisory Committee)**

The term of office for all seven (7) Directors (excluding Directors who are members of the Audit and Supervisory Committee) shall expire at the closing of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes to elect eight (8) Directors adding one (1) more Director to strengthen its management structure.

For the purpose of selecting Candidates for Directors, the Nominating Committee, majority of which consists of External Directors and of which the Chairman is an External Director so as to enhance transparency and objectivity, was referred to and the Board of Directors decided Candidates for Directors upon receipt of the recommendation of the Nominating Committee.

Furthermore, it was reported that the Audit and Supervisory Committee expressed its opinion that this Second proposal is appropriate upon deliberation.

Therefore, the Company proposes to elect eight (8) Directors.

Candidates for Directors are as follows:

Candidate No.	Name	Career position and assignment in the Company	Term of office as a Director*	Attendance of the Board of Directors meetings
1	Kenzo Tsujimoto <input type="checkbox"/> Internal <input type="checkbox"/> Re-election	Chairman and Representative Director Chief Executive Officer (CEO)	35 years	15/15 times (100%)
2	Haruhiro Tsujimoto <input type="checkbox"/> Internal <input type="checkbox"/> Re-election	Representative Director President and Chief Operating Officer (COO), in charge of Global Marketing Business and Arcade Operations Business	21 years	15/15 times (100%)
3	Yoichi Egawa <input type="checkbox"/> Internal <input type="checkbox"/> Re-election	Director Executive Corporate Officer, in charge of Consumer Games Development and Pachinko & Pachislo・Amusement Equipment Business Division	5 years	15/15 times (100%)
4	Kenkichi Nomura <input type="checkbox"/> Internal <input type="checkbox"/> Re-election	Director Executive Corporate Officer, Chief Financial Officer (CFO) in charge of Corporate Management, Head of Finance, Accounting & Public Relations Division	2 years	15/15 times (100%)
5	Kunio Neo <input type="checkbox"/> Internal <input type="checkbox"/> New Candidate	Executive Corporate Officer, Head of Global Marketing Group	—	—
6	Masao Sato <input type="checkbox"/> External <input type="checkbox"/> Re-election <input type="checkbox"/> Independent Director	Director	2 years	15/15 times (100%)

7	Toru Muranaka External Re-election Independent Director	Director	2 years	15/15 times (100%)
8	Yutaka Mizukoshi External New Candidate Independent Director	—	—	—


\*The term of office as Director represents the period from assumption at the closing of this General Meeting of Shareholders.

For your immediate reference:

**【Criteria of Independence of External Director】**

The Company established judgment criteria of independence of External Director by which the Company makes judgment that he/she should be independent External Director if he/she does not fall under any of the following events:

- (i) A business executer of the Company group (“the Company and its consolidated subsidiaries” and the same applicable hereinafter) currently or in the past ten (10) years;
- (ii) A main business partner or a business executer of such business partner (enterprise and the like), “main” meaning that consolidated net sales or trading value between the Company group and the business partner accounts for not less than one (1) % of the Company group and the business partner (as the case may be) on an annual basis;
- (iii) A person or enterprise having main business relationship with the Company group or a business executer of such enterprise, “main” meaning that consolidated net sales or trading value between the Company group and such enterprise accounts for not less than one (1) % of the Company group and such enterprise (as the case may be) on an annual basis;
- (iv) The principle shareholders of the Company (holding not less than 10% of the total voting rights) or a business executer of such shareholder or corporation of which the Company group is principle shareholder;
- (v) A business executer of organization or corporation to which the Company group donated, financed or guaranteed in a large amount;
- (vi) A business executer of corporation with which the Company group has cross directorship;
- (vii) Lawyer, certified public accountant, consultant and the like who received ¥10 million or more in cash or assets per annum (in case of corporation or association who receives such assets, person belonging to such corporation or association that an amount involved in transactions between the Company group accounts for not less than one (1) % of the consolidated net sales or trading value of the Company group (as the case may be) on an annual basis) and ¥10 million or more.
- (viii) In case of (ii) to (vii) above, person falling under any of business year in the past five (5) years; and
- (ix) Spouse or relative within the second degree of kinship of the person falling under any of (i) to (viii) above.

Candi- date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
1	<p data-bbox="312 488 507 521">Kenzo Tsujimoto</p>  <p data-bbox="389 831 651 869">Internal Re-election</p> <ul data-bbox="323 887 715 1294" style="list-style-type: none"> <li>• Date of birth: December 15, 1940</li> <li>• Term of office as Director: 35 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Number of shares of the Company held: 2,009,490 shares</li> </ul>	<p data-bbox="738 517 1382 573">July 1985: President and Representative Director of the Company</p> <p data-bbox="738 573 1374 678">Apr. 1997: Head of The Association of Copyright for Computer Software (Currently The General Incorporated Association of Copyright for Computer Software) (to present)</p> <p data-bbox="738 678 1422 734">Apr. 2001: Chief Executive Officer (CEO) of the Company (to present)</p> <p data-bbox="738 734 1386 790">July 2007: Chairman and Representative Director of the Company (to present)</p> <p data-bbox="738 790 1430 846">Feb. 2010: Representative Director of Kenzo Estate Winery Japan Co., Ltd. (to present)</p> <p data-bbox="738 864 1422 999">[Important concurrent office of other organizations] Representative Director of Kenzo Estate Winery Japan Co., Ltd. Head of The General Incorporated Association of Copyright for Computer Software</p>

**【Reasons for nomination】**


Mr. Kenzo Tsujimoto has promoted the Company with his strong leadership as a top of management, in addition to exceeded ability to grasp future development and abundant experiences, by virtue of his power for swift determination and execution. His existence as a charismatic founder of the Company is mental pole as well as centripetal force of the Company's officers, and employees.

Taking into consideration the results of the Company until today, the Company continues to ask shareholders to elect him as Director since the Company could expect him to contribute to the enhancement of the corporate value of the Company hereafter.

**【Special Interests between the candidate and the Company】**

He is concurrently the representative director of Kenzo Estate Winery Japan Co., Ltd., with which the Company has a trading relationship including purchase of its products, etc.



Candi -date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
2	<p data-bbox="312 488 568 521">Haruhiro Tsujimoto</p>  <p data-bbox="384 831 651 869">Internal Re-election</p> <ul data-bbox="320 887 719 1263" style="list-style-type: none"> <li>• Date of birth: October 19, 1964</li> <li>• Term of office as Director: 21 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Number of shares of the Company held: 2,018,350 shares</li> </ul>	<p data-bbox="735 517 1177 551">Apr. 1987: Entered into the Company</p> <p data-bbox="735 551 1166 584">June 1997: Director of the Company</p> <p data-bbox="735 584 1286 618">Feb. 1999: Managing Director of the Company</p> <p data-bbox="735 618 1366 651">Apr. 2001: Senior Managing Director of the Company</p> <p data-bbox="735 651 1430 685">July 2004: Director and Executive Corporate Officer of the Company</p> <p data-bbox="735 685 1390 719">Apr. 2006: Director and Executive Vice President of the Company</p> <p data-bbox="735 719 1398 808">July 2007: President and Representative Director, Chief Operating Officer (COO) of the Company (to present)</p> <p data-bbox="735 808 1437 898">Feb. 2015: President and Representative Director, and Director in charge of Consumer Games Business of the Company</p> <p data-bbox="735 898 1437 987">July 2016: President and Representative Director, and Director in charge of Global Marketing Business of the Company</p> <p data-bbox="735 987 1437 1077">Aug. 2016: President and Representative Director, and Director in charge of Global Marketing Business and Arcade Operations Business of the Company (to present)</p>


**【Reasons for nomination】**

Mr. Haruhiro Tsujimoto has, since assumption of the office of President, been engaged in deep plowing of the existing business and diversifying business fields such as strengthening software development, the core business of the Company and promoting one contents multi-use development. He contributed to strengthening steadily management base by agile management suited for environment changes and steady management method.

The Company continues to ask shareholders to elect him as Director since the Company could expect him to contribute to the development of the Company hereafter.

**【Special Interests between the candidate and the Company】**

There is no special interest relationship between Mr. Tsujimoto and the Company.


Candi -date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
3	<p data-bbox="308 488 467 521">Yoichi Egawa</p>  <p data-bbox="379 831 643 869">Internal Re-election</p> <ul data-bbox="320 891 715 1272" style="list-style-type: none"> <li>• Date of birth: November 15, 1963</li> <li>• Term of office as Director: 5 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Number of shares of the Company held: 1,800 shares</li> </ul>	<p data-bbox="738 517 1177 551">Apr. 1985: Entered into the Company</p> <p data-bbox="738 551 1313 600">Apr. 1999: General Manager of Creative Division 5 of the Company</p> <p data-bbox="738 600 1326 649">Aug. 1999: Corporate Officer, General Manager of Creative Division 5 of the Company</p> <p data-bbox="738 649 1294 734">Apr. 2005 Corporate Officer, Head of Contents Expansion Business Division of the Company</p> <p data-bbox="738 734 1378 784">Apr. 2006: Corporate Officer, Head of Pachinko &amp; Pachislo Business Division of the Company</p> <p data-bbox="738 784 1278 833">Apr. 2011: Managing Corporate Officer of the Company</p> <p data-bbox="738 833 1273 882">Apr. 2013: Executive Corporate Officer of the Company (to present)</p> <p data-bbox="738 882 1369 967">June 2013: Director, in charge of Arcade Business and Pachinko &amp; Pachislo Business of the Company</p> <p data-bbox="738 967 1378 1052">Apr. 2015: Director, in charge of Amusement Equipment Business and Arcade Operations Business of the Company</p> <p data-bbox="738 1052 1342 1178">July 2016: Director, in charge of Amusement Equipment Business, Arcade Operations Business and Consumer Games Development of the Company</p> <p data-bbox="738 1178 1353 1263">Aug. 2016: Director, in charge of Consumer Games Development and Amusement Equipment Business of the Company</p> <p data-bbox="738 1263 1362 1379">Apr. 2017: Director, in charge of Consumer Games Development and Pachinko &amp; Pachislo · Amusement Equipment Business Division of the Company (to present)</p>

**【Reasons for nomination】**

Mr. Yoichi Egawa has, since his entrance into the Company, been engaged in development, manufacture, sales and operation of amusement facilities for many years so that he owns high profession, abundant experiences and know-how. He is fully acquainted with a wide range of knowledge and practice with respect to overall games and it is expected for him to contribute to expansion of the Company's overall business hereafter so that the Company asks shareholders to continue to elect him as Director.

**【Special interests between the candidate and the Company】**

There is no special interested relationship between Mr. Egawa and the Company.

Candi- date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
4	<p data-bbox="312 488 528 517">Kenkichi Nomura</p>  <p data-bbox="384 831 651 869">Internal Re-election</p> <ul data-bbox="320 887 715 1234" style="list-style-type: none"> <li>• Date of birth: May 18, 1955</li> <li>• Term of office as Director: 2 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Number of shares of the Company held: 1,700 shares</li> </ul>	<p data-bbox="735 517 1369 573">Apr. 1979: Entered into The Fuji Bank Ltd. (Currently Mizuho Bank Ltd.)</p> <p data-bbox="735 573 1414 651">Apr. 2007: Corporate Officer and Division Manager of Finance and Foreign Exchange Administration Service Division of Mizuho Bank Ltd.</p> <p data-bbox="735 651 1414 707">Apr. 2009: Corporate Officer in charge of Internal Control of the Company</p> <p data-bbox="735 707 1350 786">July 2010: Managing Corporate Officer in charge of Financial and Accounting Division of the Company</p> <p data-bbox="735 786 1398 887">Jun. 2015: Managing Corporate Officer in charge of Financial and Accounting Division and Secretarial Affairs, PR and IR Division of the Company</p> <p data-bbox="735 887 1358 965">Apr. 2016: Executive Corporate Officer and Head of Finance, Accounting and Public Relations Division (to present)</p> <p data-bbox="735 965 1414 1066">June 2016: Director, Chief Financial Officer (CFO) and in charge of Corporate Management of the Company (to present)</p>

**【Reasons for nomination】**

Mr. Kenkichi Nomura has expertise on a wide range of business fields including finance, accounting, IR and public relations and the like so that Mr. Nomura oversees overall management and duly discharges his duties. The Company asks shareholders to continue to elect him as Director since he is expected to contribute to development of the Company.

**【Special Interests between the candidate and the Company】**

There is no special interested relationship between Mr. Nomura and the Company.


Candi -date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
5	<p data-bbox="312 488 443 517">Kunio Neo</p>  <p data-bbox="363 831 676 869">Internal New Candidate</p> <ul data-bbox="323 887 663 1008" style="list-style-type: none"> <li>• Date of birth: February 12, 1948</li> <li>• Number of shares of the Company held: 0 share</li> </ul>	<p data-bbox="738 495 1174 524">Oct. 2012: Entered into the Company</p> <p data-bbox="738 524 1398 573">Feb. 2013: Chief Executive Officer (CEO) of CE Europe Ltd.</p> <p data-bbox="738 573 1171 602">Dec. 2014: Left from CE Europe Ltd.</p> <p data-bbox="738 602 1161 631">Apr. 2015: Advisor of the Company</p> <p data-bbox="738 631 1393 692">Apr. 2016: Managing Corporate Officer, Head of Global Marketing Group of the Company</p> <p data-bbox="738 692 1401 752">May 2018: Executive Corporate Officer, Head of Global Marketing Group of the Company (to present)</p>

**【Reasons for nomination】**

Mr. Kunio Neo has expertise on game markets and business environments and has affluent experiences and broad knowledges. He has brought off good results in overseas business of the Company as a Head of Global Marketing. It is expected for him to contribute to expansion of the Company's overall business hereafter so that the Company asks shareholders to elect him as a new Director.

**【Special Interests between the candidate and the Company】**

There is no special interested relationship between Mr. Neo and the Company.

Candi- date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
6	<p data-bbox="312 488 448 517">Masao Sato</p>  <p data-bbox="384 831 655 916"> <span data-bbox="384 831 496 869">External</span> <span data-bbox="496 831 655 869">Re-election</span>  <span data-bbox="384 882 655 916">Independent Director</span> </p> <ul data-bbox="323 936 715 1279" style="list-style-type: none"> <li>• Date of birth: Feb 25, 1951</li> <li>• Term of office as Director: 2 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Number of shares of the Company held: 200 shares</li> </ul>	<p data-bbox="738 517 1433 837"> Apr. 1975: Entered into the National Police Agency  Nov. 1995: Chief of Ehime Prefectural Police Headquarters  Jan. 2001: Chief of Miyagi Prefectural Police Headquarters  Aug. 2005: Chief of Chiba Prefectural Police Headquarters  Jan. 2007: Director General of Kanto Regional Police Bureau  Mar. 2008: Resigned from the National Police Agency  June 2008: External Corporate Auditor of the Chugoku Electric Power Co., Inc.  June 2016: External Director of the Company (to present)  June 2017: Director, Public Interest Corporation, Furuoka Scholarship Foundation (to present) </p>

**【Reasons for nomination】**

Mr. Masao Sato has no direct management experiences for private companies other than acting as an External Director or an External member of Corporate Auditors, but he had been engaged in administration of the National Police Agency for many years so that he is acquainted with a wide range of professional knowledges and abundant experiences on overall laws, and he makes presentations from the standpoint of neutral and objective views.

Since it is expected that he will contribute to strengthen audit and supervision of the Board of Directors from the viewpoint of risk management and securing legitimacy, the Company asks shareholders to continue to elect him as External Director.

**【Special interests between the candidate and the Company】**

There is no special interested relationship between Mr. Sato and the Company.


**【Independence】**

The Company filed him to the Tokyo Stock Exchange, Inc., as an independent director so defined therein. In the event that he is re-elected, the Company plans to continue filing him to the Tokyo Stock Exchange, Inc., to be an independent director.

For Criteria of Independence of External Director, please refer to P.7.

**【Liability limit agreement】**

The Company has entered into a liability limit agreement pursuant to Article 427, Paragraph 1 of the Companies Act, limiting compensation liability for damages provided for in Article 423, Paragraph 1 of the Companies Act. The limit of compensation liability for damages under the aforesaid agreement is the minimum amount provided for in the laws and ordinances. When he is re-elected, the Company is scheduled to continue the subject liability limit agreement.

Candi- date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
7	<p data-bbox="312 488 496 517">Toru Muranaka</p>  <p data-bbox="384 835 655 920">External Re-election Independent Director</p> <ul data-bbox="323 936 715 1281" style="list-style-type: none"> <li>• Date of birth: June 3, 1965</li> <li>• Term of office as Director: 2 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15times (100%)</li> <li>• Number of shares of the Company held: 200 shares</li> </ul>	<p data-bbox="738 517 1382 595">Apr. 1995: Registered Lawyer (Osaka Bar Association) Entered into Daiichi Law Office (Currently Daiichi Law Office, P.C.)</p> <p data-bbox="738 595 1422 629">Dec. 2007: Partner of Daiichi Law Office, P.C. (to present)</p> <p data-bbox="738 629 1406 678">May 2014: External Corporate Auditor of Furuno Electric Co., Ltd. (to present)</p> <p data-bbox="738 678 1434 728">Jun. 2015: External Corporate Auditor of Suzuken Co., Ltd. (to present)</p> <p data-bbox="738 728 1401 757">June 2016: External Director of the Company (to present)</p> <p data-bbox="738 786 1326 815">[Important concurrent office of other organizations]</p> <p data-bbox="738 815 1374 891">Partner of Daiichi Law Office, P.C. External Corporate Auditor of Furuno Electric Co., Ltd. External Corporate Auditor of Suzuken Co., Ltd.</p>

**【Reasons for nomination】**

Mr. Toru Muranaka has not participated in management of companies other than in the way as an External Director or an External Corporate Auditor. He is a lawyer specialized in the field of the Companies Act, Financial Instruments and Exchange Act and others, and holds a high level of professional knowledges and a wide range of insights, opinions and thoughts so that he makes presentations and advice to the Company on legitimacy and appropriateness from a view point of profession.

It is expected that he will contribute to strengthen audit and supervision of the Board of Directors from the legal viewpoint. Accordingly, the Company asks shareholders to elect him as External Director.

Furthermore, he is a member of Legal Professional Corporation (LPC) Daiichi Law Office, P.C. with which the Company has entered into legal counsel agreement. Since the total amount involved in transactions between the two parties on an annual basis accounts for less than one (1) % of consolidated net sales of the Company and the P.C. and less than ¥10 million, the Company made judgment that such agreement does not affect the independence of External Director as he meets the criteria laid down by the Company.

**【Special interests between the candidate and the Company】**

There is no special interested relationship between Mr. Muranaka and the Company.

**【Independence】**


The Company filed him to the Tokyo Stock Exchange, Inc., as an independent director so defined therein. In the event that he is re-elected, the Company plans to continue filing him to the Tokyo Stock Exchange, Inc., to be an independent director.

For Criteria of Independence of External Director, please refer to P.7.

**【Liability limit agreement】**

The Company has entered into a liability limit agreement pursuant to Article 427, Paragraph 1 of the Companies Act, limiting compensation liability for damages provided for in Article 423, Paragraph 1 of the Companies Act. The limit of compensation liability for damages under the aforesaid agreement is the minimum amount provided for in the laws and ordinances. When he is re-elected, the Company is scheduled to continue the subject liability limit agreement.



Candi- date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
8	<p data-bbox="316 488 531 517">Yutaka Mizukoshi</p>  <div data-bbox="357 831 683 920" style="border: 1px solid black; padding: 2px; display: inline-block;"> <span data-bbox="357 831 472 869">External</span> <span data-bbox="472 831 683 869">New Candidate</span>  <span data-bbox="379 882 660 920">Independent Director</span> </div> <ul data-bbox="323 936 708 1023" style="list-style-type: none"> <li>• Date of birth: August 29, 1956</li> <li>• Number of shares of the Company held: 0 share</li> </ul>	<p data-bbox="738 517 1382 595">Apr. 1980: Entered into Nippon Steel Corporation (Currently Nippon Steel &amp; Sumitomo Metal Corporation)</p> <p data-bbox="738 595 1430 651">May 2004: Senior Vice President of The Boston Consulting Group</p> <p data-bbox="738 651 1430 680">Jan. 2005: Japan Co-chair of The Boston Consulting Group</p> <p data-bbox="738 680 1398 736">Jan. 2016: Senior Partner and Managing Director of The Boston Consulting Group</p> <p data-bbox="738 736 1430 792">June 2016: External Director of Lifenet Insurance Company (to present)</p> <p data-bbox="738 792 1362 848">External Director of Asagami Corporation (to present)</p> <p data-bbox="738 848 1437 904">Jan. 2018: Senior Advisor of The Boston Consulting Group, Tokyo (to present)</p> <p data-bbox="738 916 1378 1023">[Important concurrent office of other organizations] Senior Advisor of The Boston Consulting Group, Tokyo External Director of Lifenet Insurance Company External Director of Asagami Corporation</p>

**【Reasons for nomination】**

Mr. Yutaka Mizukoshi has expertise in management analysis and planning management strategy developments accumulated through years of experience in consultancy business and wide knowledge and view. It is expected that he will contribute to strengthen supervision and management structure of the Board of Directors by providing proactive opinion and proposal from independent position based on an insight and international sense about various businesses. Accordingly, the Company asks shareholders to elect him as External Director.

**【Special interests between the candidate and the Company】**

There is no special interested relationship between Mr. Mizukoshi and the Company.

**【Independence】**

In the event that he is elected, the Company plans to file him to the Tokyo Stock Exchange, Inc., to be a new independent director.

For Criteria of Independence of External Director, please refer to P.7.

**【Liability limit agreement】**

When his election is approved, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company is scheduled to enter into a liability limit agreement limiting a compensation liability provided for in Article 423, Paragraph 1 of the Companies Act with him. The limit of compensation liability for damages under the aforesaid agreement is the minimum amount provided for in the laws and ordinances.

### Third proposal: Election of Three (3) Directors who are members of the Audit and Supervisory Committee

The term of office for all four (4) Directors who are members of the Audit and Supervisory Committee shall expire at the closing of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes to elect three (3) Directors who are members of the Audit and Supervisory Committee by reducing one (1) Director who is a member of the Audit and Supervisory Committee to enable prompt decision-making and flexible audit based on the enhanced internal audit structure.

For the purpose of selecting Candidates for Directors who are members of the Audit and Supervisory Committee, the Nominating Committee, majority of which consists of External Directors and of which the Chairman is an External Director so as to enhance transparency and objectivity, was referred to and the Board of Directors decided Candidates for Directors upon receipt of the recommendation of the Nominating Committee.

The Audit and Supervisory Committee has given consent to this proposal.

Candidates for Directors who are members of the Audit and Supervisory Committee are as follows:

Candidate No.	Name	Career position and assignment in the Company	Term of office as a Director <sup>1</sup>	Attendance of the Board of Directors meetings	Attendance of the Audit and Supervisory Committee meeting
1	Kazushi Hirao Internal Re-election	Director (Full-time member of the Audit and Supervisory Committee)	2 years	15/15 times (100%)	16/16 times (100%)
2	Yoshihiko Iwasaki External Re-election Independent Director	Director (Full-time member of the Audit and Supervisory Committee)	2 years	15/15 times (100%)	16/16 times (100%)
3	Makoto Matsuo External Re-election Independent Director	Director (Member of the Audit and Supervisory Committee)	11 years	15/15 times (100%)	16/16 times (100%)

Notes :

1. The term of office as Director represents the period from assumption at the closing of this General Meeting of Shareholders.
2. Mr. Yoshihiko Iwasaki was an External Corporate Auditor for four (4) years before being elected as an External Director who is a member of the Audit and Supervisory Committee.
3. Mr. Makoto Matsuo was an External Director for nine (9) years before being elected as an External Director who is a member of the Audit and Supervisory Committee.

Candi-date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Attendance of the Audit and Supervisory Committee meeting, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
1	<p data-bbox="316 584 483 613">Kazushi Hirao</p>  <p data-bbox="389 927 651 965">Internal Re-election</p> <ul data-bbox="323 983 715 1458" style="list-style-type: none"> <li>• Date of birth: September 25, 1951</li> <li>• Term of office as Director: 2 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Attendance of the Audit and Supervisory Committee meeting: 16/16 times (100%)</li> <li>• Number of shares of the Company held: 5,100 shares</li> </ul>	<p data-bbox="738 613 1434 958"> June 1988: Entered into the Company  Apr. 1997: General Manager of Overseas Business Dept. of the Company  July 1999: Corporate Officer, General Manager of Overseas Business Dept. of the Company  Oct. 2002: General Manager of General Affairs Dept. of the Company  Apr. 2004: Senior Manager of Investor Relations Section of the Company  June 2004: Corporate Auditor of the Company (full-time)  June 2016: Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present) </p>

**【Reasons for nomination】**

Mr. Kazushi Hirao has been enriched with international sense based on experience of engagement in overseas affiliates for a long period and has audited the Company and domestic and overseas subsidiaries of the Company from the global viewpoints.


As it is expected that he will hereafter contribute to strengthen audit and supervision of the Board of Directors based on professional knowledges and experiences cultivated through activities as Corporate Auditor and Director who is a member of the Audit and Supervisory Committee. Accordingly the Company asks shareholders to re-elect him as a member of the Audit and Supervisory Committee.

**【Special Interests between the candidate and the Company】**

There is no special interested relationship between Mr. Hirao and the Company.

**【Liability Limit Agreement】**

The Company has entered into a liability limit agreement pursuant to Article 427, Paragraph 1 of the Companies Act, limiting compensation liability for damages provided for in Article 423, Paragraph 1 of the Companies Act. The limit of compensation liability for damages under the aforesaid agreement is the minimum amount provided for in the laws and ordinances. When he is re-elected, the Company is scheduled to continue the subject liability limit agreement.

Candi-date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Attendance of the Audit and Supervisory Committee meeting, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
2	<p>Yoshihiko Iwasaki</p>  <p>External Re-election Independent Director</p> <ul style="list-style-type: none"> <li>• Date of birth: May 19, 1952</li> <li>• Term of office as Director: 2 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Attendance of the Audit and Supervisory Committee meeting: 16/16 times (100%)</li> <li>• Number of shares of the Company held: 3,200 shares</li> </ul>	<p>Apr. 1979: Entered into National Tax Agency  July 1986: District Director of Ijuin Tax Office  July 1997: Deputy Commissioner (Revenue Management and Collection) of Hiroshima Regional Taxation Bureau  July 1999: Deputy Commissioner (Large Enterprise Examination and Criminal Investigation) of Hiroshima Regional Taxation Bureau  July 2003: Director of Commissioner's Secretariat, the National Tax Agency  July 2007: Assistant Regional Commissioner (Management and Co-ordination) of Nagoya Regional Taxation Bureau  July 2008: Executive Director of National Tax College  July 2009: Director-General of Kanazawa Regional Tax Tribunal  July 2010: Director-General of Sapporo Regional Tax Tribunal  July 2011: Vice President of National Tax College  June 2012: External Corporate Auditor of the Company (full-time)  June 2016: External Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)</p>

**【Reasons for nomination】**

Though Mr. Yoshihiko Iwasaki has no direct management experiences for the private companies other than acting as an External Director and External Corporate Auditor, he holds knowledge on finance and accounting in addition to professional knowledge and abundant experience on tax administration, he delivers advice and assistance from the viewpoint of external officer to the extent of External Corporate Auditor's duties.

In the light of tax matters, finance and accounting, as it is expected that he will contribute to strengthen audit and supervision of the Board of Directors, the Company asks shareholders to re-elect him as External Director who is a member of the Audit and Supervisory Committee.

**【Special Interests between the candidate and the Company】**

There is no special interested relationship between Mr. Iwasaki and the Company.


**【Independence】**

The Company filed him to the Tokyo Stock Exchange, Inc., as an independent director so defined therein. In the event that he is re-elected, the Company plans to continue filing him to the Tokyo Stock Exchange, Inc., to be an independent director.

For Criteria of Independence of External Director, please refer to P.7.

**【Liability Limit Agreement】**

The Company has entered into a liability limit agreement pursuant to Article 427, Paragraph 1 of the Companies Act, limiting compensation liability for damages provided for in Article 423, Paragraph 1 of the Companies Act. The limit of compensation liability for damages under the aforesaid agreement is the minimum amount provided for in the laws and ordinances. When he is re-elected, the Company is scheduled to continue the subject liability limit agreement.

Candi-date No.	Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Attendance of the Audit and Supervisory Committee meeting, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
3	<p data-bbox="316 584 517 613">Makoto Matsuo</p>  <p data-bbox="384 931 655 1014">External Re-election Independent Director</p> <ul data-bbox="323 1032 703 1469" style="list-style-type: none"> <li>• Date of birth: May 28, 1949</li> <li>• Term of office as Director: 11 years (At the closing of this Ordinary General Meeting of Shareholders)</li> <li>• Attendance of the Board of Directors meetings: 15/15 times (100%)</li> <li>• Attendance of the Audit and Supervisory Committee meeting: 16/16 times (100%)</li> <li>• Number of shares of the Company held: 4,200 shares</li> </ul>	<p data-bbox="738 591 1414 645">Apr. 1975: Admitted to Japanese Bar (The Dai-ichi Tokyo Bar Association) Ozaki &amp; Momo-o</p> <p data-bbox="738 645 1318 674">Aug. 1978: Weil, Gotshal &amp; Manges in New York</p> <p data-bbox="738 674 1190 703">Mar. 1979: Admitted to New York Bar</p> <p data-bbox="738 703 1355 757">Apr. 1989: Partner of Momo-o, Matsuo &amp; Namba (to present)</p> <p data-bbox="738 757 1406 810">Apr. 1997: Lecturer of Nihon University, Faculty of Law: International Transaction Law</p> <p data-bbox="738 810 1418 864">June 1999: External Corporate Auditor of Victor Company of Japan, Limited</p> <p data-bbox="738 864 1398 918">June 2000: External Corporate Auditor of Billing System Corporation</p> <p data-bbox="738 918 1374 972">June 2003: External Corporate Auditor of Yamanouchi Pharmaceutical, Co., Ltd.</p> <p data-bbox="738 972 1318 1001">June 2004: External Director of the said Company</p> <p data-bbox="738 1001 1422 1055">Apr. 2005: External Director of Astellas Pharma Inc. Lecturer of Hitotsubashi University Faculty and Graduate School of Law: World Business Law</p> <p data-bbox="738 1055 1422 1108">June 2007: External Director of the Company</p> <p data-bbox="738 1108 1434 1162">Oct. 2008: External Director of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="738 1162 1422 1216">June 2009: External Corporate Auditor of Toray Industries, Inc.</p> <p data-bbox="738 1216 1406 1270">Mar. 2014: External Corporate Auditor of Solasia Pharma K.K. (to present)</p> <p data-bbox="738 1270 1422 1301">Mar. 2015: External Director of TonenGeneral Sekiyu K.K.</p> <p data-bbox="738 1301 1386 1355">June 2016: External Director (Member of the Audit and Supervisory Committee) of the Company (to present)</p> <p data-bbox="738 1391 1430 1469">[Important concurrent office of other organizations] Partner of Momo-o, Matsuo &amp; Namba Audit &amp; Supervisory Board Member of Solasia Pharma K.K.</p>

**【Reasons for nomination】**

Although Mr. Makoto Matsuo has no direct management experiences for the private companies other than acting as External Directors and/or External Corporate Auditors, he actively engages in the legal community based on a high level of professional knowledges and a wide range of insight and thought as a lawyer as well as is acquainted with the business world through abundant experience accumulated by a lot of career as external officer of many number of listed companies, he delivers guidances and advices from legal and other viewpoints at the Board of Directors and the like.

Therefore, the Company asks shareholders to elect him as External Director who is a member of the Audit and Supervisory Committee.

Furthermore, he is a partner lawyer of *Momoo Matsuo & Nanba* with which the Company has entered into legal counsel agreement. Since the total amount involved in transactions between the two parties on an annual basis accounts for less than one (1) % of consolidated net sales of he Company and less than ¥10 million, the Company made judgment that such agreement does

not affect the independence of External Director as he meets to the criteria laid down by the Company.

**【Special Interests between the candidate and the Company】**

There is no special interested relationship between Mr. Matsuo and the Company.

**【Independence】**

The Company filed him to the Tokyo Stock Exchange, Inc., as an independent director so defined therein. In the event that he is re-elected, the Company plans to continue filing him to the Tokyo Stock Exchange, Inc., to be an independent director.

For Criteria of Independence of External Director, please refer to P.7.

**【Liability Limit Agreement】**

The Company has entered into a liability limit agreement pursuant to Article 427, Paragraph 1 of the Companies Act, limiting compensation liability for damages provided for in Article 423, Paragraph 1 of the Companies Act. The limit of compensation liability for damages under the aforesaid agreement is the minimum amount provided for in the laws and ordinances. When he is re-elected, the Company is scheduled to continue the subject liability limit agreement.




**Fourth proposal: Election of One (1) Substitute Director who shall be a member of the Audit and Supervisory Committee**

In preparation of the case in which the number of Directors who are Audit and Supervisory Committee members falls below the number legally required, the Company asks shareholders to elect one (1) substitute Director who shall be member of the Audit and Supervisory Committee in advance. For the purpose of selecting Candidate for Substitute Director who is member of the Audit and Supervisory Committee, the Nominating Committee, majority of which consists of External Directors and of which the Chairman is an External Director so as to enhance transparency and objectivity, was referred to and the Board of Directors decided Candidate for Director upon receipt of the recommendation of the Nominating Committee.

The Audit and Supervisory Committee has given consent to this proposal.

The following is candidate for substitute Director who shall be a member of the Audit and Supervisory Committee:

Name (Date of birth, Term of office as Director, Attendance of the Board of Directors meetings, Attendance of the Audit and Supervisory Committee meeting, Number of shares of the Company held)	Resume, position, responsibility, important concurrent office of other organizations
<p>Hitoshi Kanamori</p>  <div data-bbox="236 882 620 1010" style="border: 1px solid black; padding: 5px; text-align: center;"> Substitute Director who is a member of the Audit and Supervisory Committee </div> <ul style="list-style-type: none"> <li>• Date of birth: August 1, 1954</li> <li>• Number of shares of the Company held: 0 shares</li> </ul>	<p>Apr. 1984: Public Prosecutor of Tokyo District Public Prosecutors Office</p> <p>Apr. 1985: Public Prosecutor of Yamagata District Public Prosecutors Office</p> <p>Apr. 1988: Public Prosecutor of Niigata District Public Prosecutors Office</p> <p>Apr. 1990: Public Prosecutor of Tokyo District Public Prosecutors Office</p> <p>Apr. 1992: Registered Lawyer (Tokyo Bar Association)</p> <p>Apr. 1993: Partner of Sanno Law Office (to present)</p> <p>Feb. 1996: Director of the Board, Social Welfare Corporation Musashinokai (to present)</p> <p>Apr. 2002: Trustee of the Association for International Manpower Development of Medium and Small Enterprises, Japan (Currently International Manpower Development Organization, Japan) (to present)</p> <p>Apr. 2005: Visiting Professor of University of Tsukuba Law School</p> <p>June 2012: Substitute Corporate Auditor of the Company</p> <p>June 2015: External Audit and Supervisory Board Member of Astellas Pharma Inc. (to present)</p> <p>June 2016: Substitute Director who shall be a member of the Audit and Supervisory Committee (to present)</p> <p>[Important concurrent office of other organizations]  Partner of Sanno Law Office  External Audit and Supervisory Board Member of Astellas Pharma Inc.</p>

**【Reasons for nomination as a Candidate of Substitute Director as a member of the audit and supervisory committee】**

Although Mr. Hitoshi Kanamori has no direct management experiences for the private companies, he holds knowledges and abundant experiences as a lawyer. Since it is expected that he will contribute to the enhancement of audit and supervision of the Board of Directors by virtue of adequate and due guidance and advice as legal profession, the Company asks shareholders to elect him as External Substitute Director as a member of the Audit and Supervisory Committee. He is scheduled to be notified to Tokyo Stock Exchange, Inc. as an independent officer when assigned for External Director who is a member of the Audit and Supervisory Committee.

**【Special Interested Relationship between the candidate and the Company】**

There is no special interested relationship between Mr. Kanamori and the Company.

**【Liability Limit Agreement】**

When his election is approved, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company is scheduled to enter into a liability limit agreement limiting a compensation liability provided for in Article 423, Paragraph 1 of the Companies Act with him.

Furthermore, the limited amount of compensation liability is the minimum liability limit provided for in laws and ordinances.

-End-