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Securities Code: 4064

June 9, 2017

To our shareholders:

Tokio Matsuo  
President and CEO  
**NIPPON CARBIDE INDUSTRIES CO., INC.**  
16-2, 2-Chome Konan, Minato-ku, Tokyo, Japan

## **NOTICE OF THE 118TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 118th Ordinary General Meeting of Shareholders of NIPPON CARBIDE INDUSTRIES CO., INC. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail. Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail to reach us no later than 5:40 p.m., Wednesday, June 28, 2017 (JST).

- 1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. (JST)
- 2. Venue:** Meeting room, NIPPON CARBIDE INDUSTRIES CO., INC.  
22nd floor, Taiyo-Seimei Shinagawa Building,  
16-2, 2-Chome Konan, Minato-ku, Tokyo, Japan

### **3. Purposes:**

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

1. Business Report and Consolidated Financial Statements for the 118th Term (from April 1, 2016 to March 31, 2017), and the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 118th Term (from April 1, 2016 to March 31, 2017)

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

- |                    |   |
|--------------------|---|
| <b>Proposal 1:</b> | Appropriation of Surplus                            |
| <b>Proposal 2:</b> | Consolidation of Shares                             |
| <b>Proposal 3:</b> | Partial Amendments to the Articles of Incorporation |
| <b>Proposal 4:</b> | Election of Three (3) Directors                     |
| <b>Proposal 5:</b> | Election of Two (2) Corporate Auditors              |
| <b>Proposal 6:</b> | Election of One (1) Substitute Corporate Auditor    |

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Matters related to year-end dividends

The Company aims to be a company that will develop its business in the future and respond to changes to its management environment. At the same time, it considers that the distribution of profits to shareholders is an important responsibility, and its basic policy is to realize long-term and stable dividend payments.

The Company proposes the year-end dividends for this term as follows, upon taking into account the business results of this term, future business development, retained earnings, and all other matters.

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property to shareholders and total amount thereof  
2 yen per common share of the Company  
Total amount of dividends: 163,757,296 yen
- (3) Effective date of distribution of dividends of surplus  
June 30, 2017

**Proposal 2:** Consolidation of Shares

1. Reasons for consolidation of shares

The Japan stock exchanges are advancing efforts to unify the unit of trading of common share (the number of shares per share unit) of domestic listed companies to 100 shares by October 1, 2018 in accordance with the “Action Plan for Consolidating Trading Units.”

The Company respects this purport as a company listed on the Tokyo Stock Exchange and it shall change the number of shares per share unit for the Company’s shares from 1,000 to 100. Likewise, the Company shall consolidate shares (ten (10) shares to one (1) share) for the purpose of adjusting to the standard unit for investment (50,000 yen or more but less than 500,000 yen) desired by the stock exchanges.

2. Ratio of consolidation

The Company proposes the consolidation of ten (10) shares into one (1) share of common share of the Company.

If any fractional shares less than one (1) share arise as a result of the consolidation of shares, the Company shall bundle and dispose of those fractional shares in accordance with the stipulations in the Companies Act and the proceeds shall be distributed to shareholders in proportion to the number of fractional shares they hold.

3. Effective date of consolidation of shares

October 1, 2017

4. Total number of shares authorized to be issued as of the effective date

12,000,000 shares

5. Conditions of consolidation of shares

This consolidation of shares is subject to the approval of Proposal 3, “Partial Amendments to the Articles of Incorporation,” in its original form. The Company requests the necessary items for other procedural matters be left to the discretion of its Board of Directors.

**Proposal 3:** Partial Amendments to the Articles of Incorporation

The Company proposes the following partial amendments to the current Articles of Incorporation:

1. Reasons for amendments

- (1) Subject to the approval of Proposal 2, “Consolidation of Shares,” in its original form, the Company proposes to change the number of shares per share unit from 1,000 to 100 to change the unit of trading for the Company’s shares to 100 shares while changing 120,000,000 shares to 12,000,000 shares in accordance with the ratio of consolidation of shares for the total number of shares authorized to be issued.
- (2) Supplementary provision shall be established to the effect that the aforementioned changes in (1) shall take effect on October 1, 2017, which is the effective date of the consolidation of shares, and the supplementary provision shall be deleted after the effective date.

2. Details of the amendments

The details of the amendments are as follows:

(Underlined text indicates amended sections)

Current Articles of Incorporation	Proposed Amendments
<p>Article 6. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>120,000,000</u>.</p>	<p>Article 6. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>12,000,000</u>.</p>
<p>Article 7. (Number of Shares per Share Unit) The number of shares per share unit of the Company shall be <u>1,000</u>.</p>	<p>Article 7. (Number of Shares per Share Unit) The number of shares per share unit of the Company shall be <u>100</u>.</p>
<p>(Newly established)</p>	<p style="text-align: center;"><u>Supplementary Provision</u> <u>The effective date for the amendments to Article 6 and Article 7 shall be October 1, 2017. This supplementary provision shall be deleted after the effective date.</u></p>

**Proposal 4:** Election of Three (3) Directors

The term of office of Directors Fumio Nishimura, Hiroshi Serizawa and Motoi Kondo will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of three (3) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Fumio Nishimura (October 15, 1957)	<p>Apr. 1981      Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>May 2001      General Manager of Himonya Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Jan. 2003      Deputy General Manager of Credit Division, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Mar. 2005      General Manager of Tsukiji Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2007      General Manager of Nakano-Ekimae Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Sept. 2008     General Manager of Omiya Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2010     Managing Director, MST Insurance Service Co., Ltd.</p> <p>June 2011     Senior Managing Director, MST Insurance Service Co., Ltd.</p> <p>May 2013      Counselor of the Company</p> <p>June 2013      Managing Director, in charge of Administrative Department, Manager of Corporate Administration Office and Internal Auditing Section</p> <p>Apr. 2014      Managing Director and Overall Business Management (Corporate), Manager of Internal Auditing Section</p> <p>Apr. 2016      Managing Director and Overall Business Management (Corporate), in charge of Internal Auditing Section</p> <p>June 2016      Representative Director and Senior Managing Executive Officer, Overall Business Management (Corporate), in charge of Internal Auditing Section</p> <p>Apr. 2017      Representative Director and Senior Managing Executive Officer, Overall Business Management (Corporate), in charge of Internal Auditing Section, General Manager of Corporate Planning Department (present position)</p>	10,000
<p>[Reasons for his nomination as a candidate for Director] Fumio Nishimura served as Senior Managing Director of MST Insurance Service Co., Ltd. and, at the Company, has assisted in overall management as Representative Director and Senior Managing Executive Officer, acquiring a wealth of corporate management experience. He is expected to draw on such experience and expertise and contribute fully as a Director to the Company's significant decision-making processes and supervision of other Directors in their execution of duties. In consideration of these reasons, the Company proposes his election as Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Hiroshi Serizawa (February 28, 1958)	<p>Apr. 1980      Joined the Company.</p> <p>Apr. 2004      Leader of Toner Resin Business Unit, Chemical Division</p> <p>Apr. 2007      Leader of Specialty Polymers Business Unit and Toner Resin Business Unit, Chemical Division</p> <p>Apr. 2011      General Manager of Chemicals &amp; Specialty Polymers Division and Leader of Specialty Polymers Business Unit</p> <p>June 2011      Director, General Manager of Chemicals &amp; Specialty Polymers Division and Leader of Specialty Polymers Business Unit</p> <p>Apr. 2012      Director, General Manager of Chemicals &amp; Specialty Polymers Division</p> <p>Apr. 2013      Director, General Manager of Electronic Materials Division, Operational Headquarters of Electronic and Optical Products</p> <p>Apr. 2015      Director, Senior General Manager of Operational Headquarters of Functional Products</p> <p>June 2016      Director and Executive Officer, in charge of Technology, Senior General Manager of Operational Headquarters of Functional Products (present position)</p>	30,000
<p>[Reasons for his nomination as a candidate for Director]</p> <p>Hiroshi Serizawa has overseen various operations of the Company for many years and he is in charge of the promotion of corporate strategy and technical departments. Given his expertise and a wealth of experience as Director, he is expected to contribute fully as a Director to the Company's significant decision-making processes and supervision of other Directors in their execution of duties. In consideration of these reasons, the Company proposes his election as Director.</p>			
3	Motoi Kondo (May 26, 1961)	<p>Apr. 1985      Appointed as employee of Niigata Prefecture</p> <p>Mar. 1987      Resigned from employee of Niigata Prefecture</p> <p>Apr. 1987      Appointed as Judicial Apprentice</p> <p>Apr. 1989      Registered as an attorney at law (present position)</p> <p>                    Joined Ono Takao Law Firm</p> <p>July 2008      Attorney at Law (Partner), Ono Sogo Legal Profession Corporation</p> <p>June 2013      Director of the Company (present position)</p> <p>July 2015      Representative Partner, Ono Sogo Legal Profession Corporation (present position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Attorney at law</p> <p>Representative Partner, Ono Sogo Legal Profession Corporation</p>	0
<p>[Reasons for his nomination as a candidate for Outside Director]</p> <p>Motoi Kondo has utilized his abundant experience and specialist knowledge as an attorney at law for the Company's management from an independent position, and is expected to contribute to strengthening the Company's corporate governance. In consideration of these reasons, the Company proposes his election as Outside Director. He has never been directly involved in the management of a company except as an outside officer. However, the Company judges he will continue to appropriately fulfill his duties as an Outside Director based on the above reasons. At the conclusion of this Ordinary General Meeting of Shareholders, his tenure as Outside Director will have been four (4) years.</p>			

- Notes:
1. There are no special interests between the candidates and the Company.
  2. Motoi Kondo is a candidate for Outside Director.
  3. The Company has submitted notification to the Tokyo Stock Exchange that Motoi Kondo has been appointed as an independent officer. If his reelection is approved, the Company plans to continue the notification that he has been appointed as an independent officer.
  4. The Company has concluded with Motoi Kondo an agreement to limit his liability for damages under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the same act. If his

reelection is approved, the Company plans to renew the agreement. The maximum amount of the liability for damages under said agreement will be the minimum amount stipulated by the laws and regulations.

5. The Company disclosed its discovery of improper accounting at a consolidated subsidiary on October 19, 2016. Although Motoi Kondo was unaware of the fact until it was revealed, he has routinely made comments from the perspective of legal compliance at the Board of Directors' meetings and other occasions. After this incident was revealed, he has fulfilled his duties by offering opinions on enhancement of legal compliance and measures to prevent reoccurrence.

**Proposal 5: Election of Two (2) Corporate Auditors**

The term of office of Corporate Auditor Hiroshi Akagi will expire and Corporate Auditor Kazuto Hayata will resign at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of two (2) Corporate Auditors.

The Board of Corporate Auditors has given its consent to this proposal.

The candidates for Corporate Auditor are as follows:

No.	Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)		Number of the Company's shares owned
1	Takashi Shimbo (April 9, 1958)	Apr. 1982	Joined Asahi Glass Co., Ltd.	0
		Jan. 2007	General Manager of Purchase & Logistics Center, Asahi Glass Co., Ltd.	
Jan. 2010	Executive Officer, General Manager of Purchase & Logistics Center, Asahi Glass Co., Ltd.			
Jan. 2012	Executive Officer, Asahi Glass Co., Ltd. President, AGC (China) Holdings Co., Ltd.			
Jan. 2013	Executive Officer and Chief Representative of AGC Group for China, Asahi Glass Co., Ltd. Director, AGC (China) Holdings Co., Ltd.			
Jan. 2017	Executive Officer, Assistant to CEO, Asahi Glass Co., Ltd.			
Mar. 2017	Resigned as Executive Officer, Asahi Glass Co., Ltd.			
[Reasons for his nomination as a candidate for Outside Corporate Auditor] Takashi Shimbo is former Executive Officer of Asahi Glass Co., Ltd. who had involved in purchasing and logistics, and China business for many years, and has a corporate management experience in China. The Company proposes his election as Outside Corporate Auditor, as he is expected to utilize his experience and knowledge and apply them in playing the role as Corporate Auditor.				
2	Shukichi Umemoto (April 12, 1950)	Apr. 1973	Joined Asahi Glass Co., Ltd.	0
		Mar. 2004	General Manager of Finance & Accounting Center, Asahi Glass Co., Ltd.	
June 2004	Corporate Auditor of the Company			
Mar. 2005	Executive Officer, General Manager of Finance & Accounting Center, Asahi Glass Co., Ltd.			
Apr. 2005	Executive Officer, General Manager of Corporate Finance, Asahi Glass Co., Ltd.			
Jan. 2007	Senior Executive Officer, General Manager of Corporate Finance, Asahi Glass Co., Ltd.			
June 2007	Resigned as Corporate Auditor of the Company			
Jan. 2008	Senior Executive Officer, General Manager of Corporate Finance, Asahi Glass Co., Ltd.			
July 2009	Senior Executive Officer, General Manager of Finance & Control Office, Asahi Glass Co., Ltd.			
Jan. 2013	Senior Executive Officer, Assistant to CEO, Asahi Glass Co., Ltd.			
Mar. 2013	Corporate Auditor (full-time), Asahi Glass Co., Ltd.			
Mar. 2017	Resigned as Corporate Auditor (full-time), Asahi Glass Co., Ltd.			
[Reasons for his nomination as a candidate for Outside Corporate Auditor] Shukichi Umemoto is former Corporate Auditor of Asahi Glass Co., Ltd. Furthermore, he had been in charge of accounting and finance for many years and served as Senior Executive Officer. The Company proposes his election as Outside Corporate Auditor, as he is expected to utilize his experience and knowledge and apply them in playing the role as Corporate Auditor.				

- Notes:
1. There are no special interests between the candidates and the Company.
  2. Takashi Shimbo and Shukichi Umemoto are candidates for Outside Corporate Auditor.

3. If the election of Takashi Shimbo and Shukichi Umemoto is approved, in accordance with the provisions of Article 427, paragraph 1 of the Companies Act, the Company will conclude with them agreements to limit their liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of the liability for damages under said agreements will be the minimum amount stipulated by the laws and regulations.
4. Takashi Shimbo and Shukichi Umemoto are newly nominated.

**Proposal 6:** Election of One (1) Substitute Corporate Auditor

Since the election of substitute Corporate Auditor Takashi Hayase, who was elected at the 117th Ordinary General Meeting of Shareholders held on June 29, 2016, will cease to be effective at the commencement of this Ordinary General Meeting of Shareholders, the Company proposes that one (1) substitute Corporate Auditor be elected to prepare for a case where the number of Corporate Auditors falls below the number stipulated by laws and regulations.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Takashi Hayase (May 29, 1952)	Apr. 1975      Joined the Company.	92,000
	Apr. 2004      General Manager of Electronic Materials Division	
	June 2004      Director, responsible for President's special missions (sales), General Manager of Electronic Materials Division	
	June 2007      Director, in charge of Manufacturing Technology Department, Quality and Environment Management Department, and Factory Manager of Uozu and Hayatsuki Factory	
	June 2010      Managing Director, responsible for Uozu and Hayatsuki Factory, Manufacturing Technology Department and Purchasing Department, and General Manager of Electronic Materials Division	
	June 2012      Senior Managing Director, in charge of Technology, and General Manager of Electronic Materials Division	
	Apr. 2013      Senior Managing Director, in charge of Technology, Senior General Manager of Operational Headquarters of Electronic and Optical Products, and General Manager of Research and Development Center	
	June 2013      Representative Director and Senior Managing Director, in charge of Technology, Senior General Manager of Operational Headquarters of Electronic and Optical Products, and General Manager of Research and Development Center	
	Apr. 2014      Representative Director and Senior Managing Director, and Overall Business Management (Technology), General Manager of Research and Development Center	
	Apr. 2015      Representative Director and Senior Managing Director, and Overall Business Management (Technology), in charge of Group-wide Safety and Quality Improvement	
June 2016      Counselor of the Company (present position)		
<p>[Reasons for his nomination as a candidate for substitute Corporate Auditor] Takashi Hayase has overseen the Company's business and technology divisions and has served as Representative Director and Senior Managing Director, acquiring a wealth of experience about the Company's management. The Company proposes his election as substitute Corporate Auditor, as he is expected to utilize his experience and knowledge and apply them in playing the role as Corporate Auditor.</p>		

- Notes:
1. There are no special interests between the candidate and the Company.
  2. If Takashi Hayase assumes the office of Corporate Auditor, in accordance with the provisions of Article 427, paragraph 1 of the Companies Act, the Company will conclude with him an agreement to limit his liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of the liability for damages under said agreement will be the minimum amount stipulated by the laws and regulations.