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Securities identification code: 4064

June 10, 2016

**To our shareholders:**

Yasutoshi Hirata  
President and CEO

**NIPPON CARBIDE INDUSTRIES CO., INC.**

16-2, 2-Chome Konan, Minato-ku, Tokyo, Japan

**NOTICE OF THE 117TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 117th 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., Tuesday, June 28, 2016.

**Meeting Details**

- 1. Date and time:** Wednesday, June 29, 2016 at 10:00 a.m.
- 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 117th Term (from April 1, 2015 to March 31, 2016), 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 117th Term (from April 1, 2015 to March 31, 2016)
  - Items to be resolved:**
    - Proposal 1:** Appropriation of surplus
    - Proposal 2:** Election of three (3) Directors
    - Proposal 3:** Election of one (1) Corporate Auditor
    - Proposal 4:** Election of one (1) substitute Corporate Auditor
    - Proposal 5:** Revision of the remuneration for Directors

## 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: 163,758,336 yen
- (3) Effective date of distribution of dividends of surplus  
June 30, 2016

**Proposal 2: Election of three (3) Directors**

The term of office of Directors Yasutoshi Hirata, Takashi Hayase, Toshimichi Fujikawa and Masami Uemae will expire and Director Hidenori Nitta will resign at the conclusion of this Ordinary General Meeting of Shareholders. In light of the introduction of the post of Executive Officers, we propose a decrease in the number of Directors and the election of three 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	*Tokio Matsuo (April 26, 1957)	<p>April 1980      Joined Asahi Glass Co., Ltd.</p> <p>January 2006    General Manager of Engineering Center, Asahi Glass Co., Ltd.</p> <p>January 2010    Executive Officer, General Manager of CSR Office, Asahi Glass Co., Ltd.</p> <p>January 2016    Executive Officer, Assistant to CEO, Asahi Glass Co., Ltd.</p> <p>March 2016     Counselor of the Company (present position)</p> <p>[Reasons for his nomination as a candidate for Director] Tokio Matsuo comes from the engineering division of Asahi Glass Co., Ltd., and has many years of experience managing that division. He has been in the role of Executive Officer and General Manager of the CSR Office since 2010 and has 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>	0

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Toshimichi Fujikawa (May 31, 1956)	<p>April 1979      Joined the Company.</p> <p>April 2007      General Manager of Chemical Division</p> <p>June 2008      Director, General Manager of Chemical Division</p> <p>April 2010      Director, General Manager of China Business Strategy Office</p> <p>October 2011   Director, General Manager of Functional Films Division and General Manager of China Business Strategy Office</p> <p>April 2013      Director, Senior General Manager of Operational Headquarters of Functional Products</p> <p>June 2013      Managing Director, Senior General Manager of Operational Headquarters of Functional Products and General Manager of Corporate Planning Section</p> <p>December 2013 Managing Director, Senior General Manager of Operational Headquarters of Functional Products, and General Manager of Corporate Planning Section and General Manager of Purchasing Department</p> <p>April 2014      Managing Director, Senior General Manager of Operational Headquarters of Electronic and Optical Products, and General Manager of Corporate Planning Section (present position)</p>	68,000
		<p>[Reasons for his nomination as a candidate for Director]</p> <p>Toshimichi Fujikawa has overseen various operations of the Company for many years and he is in charge of corporate strategy. 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>	

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	*Nobukazu Kotake (January 1, 1951)	<p>April 1974      Joined Komatsu Ltd.</p> <p>June 2000      General Manager of Construction Equipment Technical Center 1, Development Division, Komatsu Ltd.</p> <p>April 2003      Executive Officer, General Manager of Construction Equipment Technical Center 1, Development Division, Komatsu Ltd.</p> <p>January 2004    Executive Officer, Vice President of Development Division, Komatsu Ltd.</p> <p>April 2007      Senior Executive Officer, President of Development Division, Komatsu Ltd.</p> <p>April 2010      Deputy Representative of All China Operations, Komatsu Ltd.</p> <p>April 2013      Senior Fellow, Komatsu Ltd. (present position)</p>	0
		<p>[Reasons for his nomination as a candidate for Outside Director]</p> <p>Nobukazu Kotake comes from the engineering division of Komatsu Ltd. He has worked overseas and has a wealth of corporate management experience. By utilizing his experience and expertise, he is expected to make suggestions regarding the Company's management in general and to contribute to strengthening the Company's corporate governance. In consideration of these reasons, the Company proposes his election as Outside Director.</p>	

Notes:

1. There are no special interests between the candidates and the Company.
2. Nobukazu Kotake is a candidate for Outside Director. He is also a candidate for Independent Officer as prescribed by the Tokyo Stock Exchange, Inc.
3. If the election of Nobukazu Kotake is approved, 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 damages under said agreement will be the minimum amount stipulated by the laws and regulations.
4. Candidates marked with an asterisk (\*) are newly nominated.

### Proposal 3: Election of one (1) Corporate Auditor

Since Corporate Auditor Yoshiro Nagashima will resign at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes that one (1) Corporate Auditor be elected.

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

The candidate for 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
Shinsuke Kumazawa (April 26, 1956)	April 1979	Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
	May 1999	General Manager of Toritsu Daigaku Ekimae Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
	January 2001	General Manager of Himonya Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
	May 2001	Deputy General Manager of Corporate Business Department, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
	May 2003	General Manager of Retail HR Office, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
	May 2006	General Manager of Shibuya Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
	June 2008	Representative Director and President of Mitsubishi UFJ Loan Business Co., Ltd.
	February 2012	Corporate Auditor, JALCARD, INC. (present position)
	[Reasons for his nomination as a candidate for Outside Corporate Auditor] Shinsuke Kumazawa has many years of experience working for a financial institution as well as Mitsubishi UFJ Loan Business Co., Ltd. and JALCARD, INC. As it expects him to utilize his experience and knowledge and apply them in the performing of audit functions, the Company proposes his election as Outside Corporate Auditor.	

Notes:

1. There are no special interests between the candidate and the Company.
2. Shinsuke Kumazawa is a candidate for Outside Corporate Auditor.
3. If the election of Shinsuke Kumazawa is approved, 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 damages under said agreement will be the minimum amount stipulated by the laws and regulations.
4. Shinsuke Kumazawa is newly nominated.

**Proposal 4: Election of one (1) substitute Corporate Auditor**

Since the election of substitute Corporate Auditor Tatsuo Yoshida, who was elected at the 116th Ordinary General Meeting of Shareholders held on June 26, 2015, 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)	April 1975      Joined the Company.	90,000
	April 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	
	April 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	
	April 2014      Representative Director and Senior Managing Director, and Overall Business Management (Technology), General Manager of Research and Development Center	
April 2015      Representative Director and Senior Managing Director, and Overall Business Management (Technology), in charge of Group-wide Safety and Quality Improvement (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. As it expects him to utilize this experience and knowledge and apply them in the performing of audit functions, the Company proposes his election as substitute Corporate Auditor.</p>		

Notes:

1. There are no special interests between the candidate and the Company.
2. If the election of Takashi Hayase is approved, 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 damages under said agreement will be the minimum amount stipulated by the laws and regulations.

### **Proposal 5: Revision of the remuneration for Directors**

It was decided at the 114th Ordinary General Meeting of Shareholders held on June 27, 2013 that the maximum total remuneration for the Company's Directors should be 240 million yen annually (of which maximum allocation for Outside Directors should be 15 million yen annually), and it has stayed the same to this day.

We are proposing this year in Proposal 2 that we elect one additional Outside Director in order to reinforce the supervisory function of the Board of Directors. In light of the increasing roles and responsibilities expected of Outside Directors, the Company proposes that, while keeping the maximum total Directors' remuneration unchanged at 240 million yen annually, the allocation to Outside Directors be raised to maximum 30 million yen.

Directors' remuneration shall continue to not include the employee compensation given to persons who are concurrently serving as both employee and Director.

There are currently eight Directors (including one Outside Director). If Proposal 2 is approved as is, there will be six Directors (including two Outside Directors).