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(Stock Exchange Code 6140)
June 9, 2015

To Shareholders with Voting Rights:

Kazuo Kawashima
President and Representative Director
Asahi Diamond Industrial Co., Ltd.
4-1, Kioi-cho, Chiyoda-ku, Tokyo

NOTICE OF THE 96TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are cordially invited to attend the 96th Annual General Meeting of Shareholders of Asahi Diamond Industrial 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 by submitting the Voting Rights Exercise Form.

If exercising your voting rights in writing, please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 6:00 p.m. on Wednesday, June 24, 2015, Japan time.

1. **Date and Time:** Thursday, June 25, 2015 at 10:00 a.m. Japan time
   (Reception desk opens at 9:00 a.m.)
2. **Place:** Conference room Orizuru Rei, The Main Bldg. Arcade Floor, Hotel New Otani at
   4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan
3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 96th Fiscal Year (April 1, 2014 - March 31, 2015) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 96th Fiscal Year (April 1, 2014 - March 31, 2015)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of Nine (9) Directors
Proposal 4: Election of One (1) Audit & Supervisory Board Member

◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. You are also kindly requested to bring this Notice of Convocation in order to save resources.
◎ We would appreciate it if you could come ahead of time to avoid last-minute congestion.
◎ Of the documents required to be provided with this Notice of Convocation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are, in accordance with laws and regulations as well as Article 19 of the Articles of Incorporation of the Company, posted on the Company's website (http://www.asahidia.co.jp/) and are therefore not included with the Attached Document. Furthermore, the Notes to the Consolidated Financial Statements and the Notes to the

Non-consolidated Financial Statements have been audited by the Accounting Auditor and Audit & Supervisory Board Members as part of the Non-consolidated Financial Statements and the Consolidated Financial Statements when preparing the Independent Auditor's Report and the Audit Report, respectively.

◎ Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements will be posted on the Company's website (http://www.asahidia.co.jp/).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

The Company positions returning profits to shareholders as an important issue. The Company's basic policy is to maintain a stable dividend while conducting R&D and capital investment, retaining appropriate internal reserve for future business development and enhancement of corporate value and as such, the Company intends to distribute profits according to consolidated performance.

Accordingly, it is proposed that a year-end dividend of ¥18 per share (an increase of ¥6 from the previous year) be paid out as forecast at the beginning of the fiscal year. As a result, the annual dividends for the year, including the interim dividend of ¥12, will amount to ¥30 per share (an increase of ¥8 from the previous year).

1. Type of dividend property
   Cash
2. Allocation of dividend property to shareholders and total amount thereof
   ¥18 per share of common stock of the Company
   Total amount of dividends: ¥1,038,595,968
3. Effective date of dividends from surplus
   June 26, 2015

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal

In line with the promulgation of the Law for Partial Revision of the Company Law (2014 Law No. 90), the scope of corporate officers with whom liability limitation agreements may be entered into has been changed. Accordingly, partial amendment of Article 30 (Exemption from Liability of Directors) and Article 39 (Exemption from Liability of Audit & Supervisor Board Members) of the Articles of Incorporation is proposed.

The consent of each Audit & Supervisory Board Member has been obtained for the amendment of Article 30.

2. Details of the amendment

The details of the amendment are as follows.

(Underlined portions are amended.)

Present Articles of Incorporation	Proposed Amendment
(Exemption from Liability of Directors) **Article 30** Pursuant to the provisions of Article 426, Paragraph 1 of the Company Law, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) from the liability under Article 423, Paragraph 1 of the said Law to the extent permitted by laws and regulations. Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may enter into agreements with <u>External</u> Directors that limit their liability under Article 423, Paragraph 1 of the said Law to the extent permitted by laws and regulations.	(Exemption from Liability of Directors) **Article 30** Pursuant to the provisions of Article 426, Paragraph 1 of the Company Law, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) from the liability under Article 423, Paragraph 1 of the said Law to the extent permitted by laws and regulations. Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may enter into agreements with Directors <u>(excluding Executive Directors, etc.)</u> that limit their liability under Article 423, Paragraph 1 of the said Law to the extent permitted by laws and regulations.
Articles 31-38 (Text omitted)	**Articles 31-38** (Same as the present)
(Exemption from Liability of Audit & Supervisory Board Members) **Article 39** Pursuant to the provisions of Article 426, Paragraph 1 of the Company Law, the Company may, by resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from the liability under Article 423, Paragraph 1 of the said Law within the statutory limit. Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may enter into agreements with <u>External</u> Audit & Supervisory Board Members that limit their liability under Article 423, Paragraph 1 of the said Law to the statutory amount.	(Exemption from Liability of Audit & Supervisory Board Members) **Article 39** Pursuant to the provisions of Article 426, Paragraph 1 of the Company Law, the Company may, by resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from the liability under Article 423, Paragraph 1 of the said Law within the statutory limit. Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may enter into agreements with <u>Audit & Supervisory Board Members</u> that limit their liability under Article 423, Paragraph 1 of the said Law to the statutory amount.
Articles 40-43 (Text omitted)	**Articles 40-43** (Same as the present)

Proposal 3: Election of Nine (9) Directors

The terms of office of all (9) Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

In order to ensure management transparency and further strengthen corporate governance, the Company intends to increase the number of External Directors by one (1). Accordingly, the election of nine (9) Directors (of whom two (2) are External Directors) is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Kazuki Kataoka (March 5, 1952)	April 1976 Joined the Company July 2005 General Manager, Engineering Department, Marketing Division June 2008 Director; Marketing Division Deputy Director June 2011 Managing Director; Business Planning Division Director and Marketing Division Deputy Director June 2013 Executive Managing Director; Managing Division Director (present)	30,500
2	Kazuo Kogawa (January 2, 1957)	April 1979 Joined the Company July 2008 General Manager, Planning Department, Business Planning Division June 2009 Executive Officer; Business Planning Division Director June 2011 Director; Tamagawa Factory General Manager June 2013 Managing Director; Business Planning Division Director (present)	22,400
3	Takeo Okui (April 19, 1950)	December 1984 Joined the Company July 2001 Mie Factory Deputy General Manager July 2006 Executive Officer; Mie Factory Deputy General Manager June 2008 Director; Mie Factory General Manager June 2013 Managing Director; Production and Engineering Division Director and Mie Factory General Manager (present)	31,200
4	Ming-Shong Lan (March 4, 1953)	September 1994 Joined the Company; Deputy Director Reporting to Managing Division Director July 1996 Left the Company June 2005 Director; International Department (present) [Significant concurrent positions] President, Asahi Diamond Industrial Co., Ltd. (present)	3,306
5	Kazuaki Taniguchi (April 23, 1950)	April 1973 Joined the Company July 2005 General Manager, Production and Engineering Department, Chiba Tsurumai Factory July 2008 Executive Officer; Chiba Tsurumai Factory Deputy General Manager June 2011 Director; Chiba Tsurumai Factory Deputy General Manager June 2013 Director; Chiba Tsurumai Factory General Manager (present)	11,300

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
6	Toru Suzuki (October 2, 1952)	April 1978 Joined the Company October 2008 General Manager, General Affairs Department, Administration Division June 2011 Executive Officer; Administration Division Deputy Director June 2013 Director; Administration Division Director (present)	7,700
7	Toshimasa Hagiwara (November 10, 1959)	April 1982 Joined the Company December 2004 Nagoya Branch Deputy General Manager June 2009 Executive Officer; Nagoya Branch General Manager June 2014 Director; Nagoya Branch General Manager April 2015 Director; Representative of China Division (present) [Significant concurrent positions] President, Shanghai XuHui Diamond Industrial Co., Ltd.	7,030
8	Osamu Koyama (August 8, 1948)	April 2005 Executive Officer, Mitsui & Co., Ltd. and Executive Vice President, Mitsui & Co. (U.S.A.), Inc. April 2009 Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute January 2013 Director, Keimei Gakuen (present) June 2014 Director of the Company (External Director) (present)	0
9	*Shinichi Nagata (January 31, 1948)	July 1998 Associate Director-General, Loan Planning Department, The Fuji Bank, Ltd. (current Mizuho Bank, Ltd.) June 1999 Director, Fine Credit Co., Ltd. (current Yamato Credit & Finance Co., Ltd.) July 2000 Managing Director; Fine Credit Co., Ltd. July 2006 Managing Executive Officer; Fine Credit Co., Ltd. June 2008 Audit & Supervisory Board Member (External Audit & Supervisory Board Member) of the Company	1,000

(Notes)

1. * indicates a new candidate for Director.
2. Mr. Ming-Shong Lan, a candidate for Director, also serves as the president of Asahi Diamond Industrial Co., Ltd., a subsidiary of the Company, with which the Company has a business relationship, including sales of products.
   No special interest exists between other candidates for Director and the Company.
3. Matters concerning candidates for External Directors are as follows:
   (1) Messrs. Osamu Koyama and Shinichi Nagata are candidates for External Directors.
   (2) 1) Mr. Osamu Koyama is a current External Director of the Company. Mr. Koyama will have served as an External Director for one year at the conclusion of this Annual General Meeting of Shareholders.
   2) Mr. Shinichi Nagata is a current External Audit & Supervisory Board Member of the Company. Mr. Nagata will have served as an External Audit & Supervisory Board Member for seven years at the conclusion of this Annual General Meeting of Shareholders.
   If the proposal on election of Directors pertaining to him is approved at this Annual General Meeting of Shareholders, Mr. Nagata will resign as Audit & Supervisory Board Member of the Company at the conclusion of this Annual General Meeting of Shareholders.
   (3) Reasons for selection as the candidates for External Directors
   1) Mr. Koyama was selected as a candidate for External Director in the expectation that he will supervise management and provide advice for overall management, drawing on his great experience and extensive knowledge as a manager, and contribute to strengthening of corporate governance.
   2) Mr. Shinichi Nagata has great experience in operations and extensive knowledge about finance and accounting. As an External Audit & Supervisory Board Member of the Company, Mr. Nagata is appropriately supervising management. Mr. Nagata was selected as a candidate for External Director in the expectation that he will continue to supervise management from a neutral and an objective perspective and contribute to management transparency.
   (4) Liability limitation agreement with an External Director
   1) The Company has entered into an agreement with Mr. Osamu Koyama to limit his liability pursuant to Article 423, Paragraph 1 of the Company Law so that he can fulfill his expected role. If his reelection is approved, the Company intends to renew the liability limitation agreement with him. The outline of the agreement is as follows:

i) If an External Director neglects his/her duties, he/she shall be liable to the Company for damages arising as a result thereof up to the minimum liability amount provided for in Article 427, Paragraph 1 of the Company Law.

ii) The limitation of liability stated above is only applicable if an External Director is without knowledge and is not grossly negligent in performing his duties.

2) If election of Mr. Shinichi Nagata is approved, the Company intends to enter into a similar agreement with him.

(5) Independent directors/auditors pursuant to Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

The Company registered External Audit & Supervisory Board Member Mr. Shinichi Nagata as independent director/auditor. If his election as Director is approved, the Company intends to continue his registration as independent director/auditor.

1) Mr. Osamu Koyama previously worked for Mitsui & Co., Ltd. with which the Company has no business relationship. The Company considers that Mr. Koyama has no potential conflicts of interest with general shareholders and he satisfies the criteria for independence, and as such registered him as independent director/auditor.

2) Mr. Shinichi Nagata previously worked for The Fuji Bank, Ltd. (current Mizuho Bank, Ltd.). However, over 10 years have passed since he left the bank. Moreover, the Company has no loans from Mizuho Bank, Ltd.

The Company considers that Mr. Nagata has no potential conflicts of interest with general shareholders and he satisfies the criteria for independence.

The Company registered Mr. Nagata, who currently serves as an External Audit & Supervisory Board Member, as independent director/auditor. If his election as Director is approved, the Company intends to continue his registration as independent director/auditor.

Proposal 4: Election of One (1) Audit & Supervisory Board Member

Provided that Proposal 3 is approved, current Audit & Supervisory Board Member Mr. Shinichi Nagata will be appointed Director and resign as Audit & Supervisory Board Member at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of one (1) Audit & Supervisory Board Member is proposed for substitution.

As this candidate for Audit & Supervisory Board Member will be elected as a substitute for Audit & Supervisory Board Member Mr. Shinichi Nagata, the term of office of the Audit & Supervisory Board Member to be elected will be until the expiration of the term of office of the resigning Audit & Supervisory Board Member in accordance with the provisions of the Articles of Incorporation of the Company.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
Yukio Otaka (October 23, 1955)	May 2004	Chief Representative, Bahrain Representative Office, Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)	0
	June 2007	General Manager, Dubai Branch; Chief Representative, Bahrain Representative Office, Mizuho Corporate Bank, Ltd.	
	October 2010	Executive General Manager, Overseas Business Division, Zebra Co., Ltd.	

(Notes)

1. There is no special interest between Mr. Yukio Otaka and the Company.
2. Matters concerning the candidate for External Audit & Supervisory Board Member are as follows:
   (1) Mr. Yukio Otaka is a candidate for External Audit & Supervisory Board Member.
   (2) Reasons for selection as the candidate for External Audit & Supervisory Board Member
   Mr. Yukio Otaka was selected as a candidate for External Audit & Supervisory Board Member because he has abundant business experience overseas and extensive knowledge and the Company considers that he is suitable to serve as an External Audit & Supervisory Board Member of the Company.
   (3) Liability limitation agreement with an External Audit & Supervisory Board Member
   If election of Mr. Yukio Otaka is approved, the Company intends to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Company Law so that he can fulfill his expected role. The outline of the agreement is as follows:
   1) If an External Audit & Supervisory Board Member neglects his/her duties, he/she shall be liable to the Company for damages arising as a result thereof up to the minimum liability amount provided for in Article 427, Paragraph 1 of the Company Law.
   2) The limitation of liability stated above is only applicable if an External Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his duties.
   (4) Mr. Yukio Otaka previously worked for Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.). The Company has no loans from Mizuho Bank, Ltd. The Company considers that he has no potential conflicts of interest with general shareholders and he satisfies the criteria for independence.
   The Company intends to register Mr. Yukio Otaka as independent director/auditor pursuant to Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. and he is a candidate for independent director/auditor.