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Securities Code: 5208
June 13, 2018

To our shareholders:

Yuta Arisawa
President and Representative Director
Arisawa Mfg. Co., Ltd.
5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata

Notice of the 70th Annual General Meeting of Shareholders

You are cordially invited to attend the 70th Annual General Meeting of Shareholders of Arisawa Mfg. Co., Ltd. (the "Company"), which will be held as stated below.
If you are unable to attend the meeting, you may exercise your voting rights in writing. Please consider the Reference Documents for General Meeting of Shareholders below and indicate your vote of approval or disapproval of each proposal on the enclosed voting form, and return it so that it arrives at the Company no later than 5:00 p.m. on Wednesday, June 27, 2018 (JST).

1. **Date and Time:** Thursday, June 28, 2018 at 10:00 a.m. (Reception will open at 9:00 a.m.) (JST)
2. **Venue:** Conference Room, Head Office of the Company
   5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata
3. **Purpose of the Meeting**

   Matters to be reported:

   1. Business Report and Consolidated Financial Statements for the 70th Fiscal Year (April 1, 2017 to March 31, 2018) and Audit Reports of Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
   2. Non-consolidated Financial Statements for the 70th Fiscal Year (April 1, 2017 to March 31, 2018)

   Matters to be resolved:

   Proposal No. 1 Appropriation of Surplus
   Proposal No. 2 Election of Two Corporate Auditors
   Proposal No. 3 Election of Two Substitute Corporate Auditors
   Proposal No. 4 Issuance of Share Acquisition Rights for Employees, etc. as Stock Options
4. **Arrangements Concerning Convocation of the Meeting**

   If you exercise your voting rights by proxy, another shareholder with a voting right may attend General Meeting of Shareholders as your proxy. In this case, please note that the proxy is requested to submit a written document certifying the authority of proxy.

When attending on the day of the meeting, please submit the enclosed voting form to reception.
Any changes in the Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company's website (http://www.arisawa.co.jp/).

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

With regard to the appropriation of surplus, the Company deems the return of earnings to shareholders an important management issue in line with the basic policy of maintaining stable dividends while considering the strengthening of its corporate structure and the development of future business. The proposed year-end dividend and other appropriation of surplus are as follows:

1. Year-end dividends
   (1) Type of dividend property
   Cash
   (2) Allotment of dividend property and their aggregate amount
   The Company proposes to pay a dividend of ¥34 per common share of the Company.
   Total amount: ¥1,224,579,360
   (3) Effective date of payment of surplus available for dividends
   June 29, 2018

2. Other appropriation of surplus
   (1) Item of surplus to be increased and amount of increase
   General reserve: ¥1,000,000,000
   (2) Item of surplus to be decreased and amount of decrease
   Retained earnings brought forward: ¥1,000,000,000

Proposal No. 2 Election of Two Corporate Auditors

Corporate Auditors Hiroshi Miyashita and Nobuya Tanaka will resign at the conclusion of the Annual General Meeting of Shareholders. Therefore, the Company proposes the election of two Corporate Auditors as their substitutes.

Since Koichi Sakai will be elected as a substitute for Hiroshi Miyashita and Shinjiro Kawai will be elected as a substitute for Nobuya Tanaka, as provided for in Article 31 of the Company's Articles of Incorporation, the respective term of office of the newly elected Corporate Auditors shall expire when the term of office of each retiring Corporate Auditor expires. The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidates for Corporate Auditor are as follows, and their career summaries, etc. are those as of June 1, 2018.

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Koichi Sakai (January 31, 1961)	Apr. 1984 Joined the Hachijuni Bank, Ltd. Feb. 2004 General Manager, Hata Branch June 2006 General Manager, Tokyo Liaison Office June 2008 General Manager, Prefectural Office Branch June 2011 General Manager, Suzaka Branch, Suzaka Area June 2013 General Manager, Ina Branch, Ina Area June 2014 Executive Officer and General Manager, Ina Branch, Ina Area June 2015 Executive Officer and General Manager, Loan Control Department June 2016 Full-time Audit & Supervisory Board Member (current position)	- shares
2	Shinjiro Kawai (May 19, 1959)	Apr. 1982 Joined the Daishi Bank, Ltd. June 2006 General Manager, Nagaoka Nishi Office Apr. 2008 Acting General Manager, Credit Supervision Division Mar. 2011 General Manager, Credit Supervision Division Feb. 2014 General Manager, General Affairs Division June 2014 Executive Officer and General Manager, Shibata Office Feb. 2016 Executive Officer and General Manager, Audit and Inspection Division June 2017 Director (Full-time Audit and Supervisory Committee Member) (current position)	- shares

Notes:
1. Koichi Sakai and Shinjiro Kawai are new candidates for Corporate Auditor
2. There is no special interest between any of the candidates for Corporate Auditor and the Company.
3. The number of the Company's shares owned is based on the shareholder register as of March 31, 2018.
4. Koichi Sakai and Shinjiro Kawai are candidates for outside Corporate Auditor as defined in Article 2, paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.
5. The Company plans to enter into a limited liability agreement with each of candidates for outside Corporate Auditors Koichi Sakai and Shinjiro Kawai pursuant to Article 427, paragraph 1 of the Companies Act, if they are elected. The outline of the limited liability agreement is as follows:
   - If an outside Corporate Auditor is liable to the Company for failing to perform his/her duties, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph 1 of the Companies Act.
   - The said limited liability agreement shall be effective as long as the person had acted in good faith and without gross negligence in performing his/her duties that caused the damage.
6. The reasons for nominating the candidates for Corporate Auditor are as follows:
   (ii) Koichi Sakai was nominated as a candidate for outside Corporate Auditor because he is a full-time Audit & Supervisory Board Member of the Hachijuni Bank, Ltd., has an excellent personality and knowledge, and it was considered that he could provide management checks and advice as a management expert due to his experience as an officer of a company. The Hachijuni Bank, Ltd. is one of the Company's main financing banks.

(ii) Shinjiro Kawai was nominated as a candidate for outside Corporate Auditor because he is a Director (Audit and Supervisory Committee Member) of the Daishi Bank, Ltd., has an excellent personality and knowledge, and it was considered that he could provide management checks and advice as a management expert due to his experience as an officer of a company. The Daishi Bank, Ltd. is one of the Company's main financing banks.

Proposal No. 3 Election of Two Substitute Corporate Auditors

The Company proposes the election of two substitute Corporate Auditors in advance to be ready to fill vacant positions should the number of Corporate Auditors fall below the number required by laws and regulations. The consent of the Board of Corporate Auditors has been obtained for this proposal.
The candidates for substitute Corporate Auditor are as follows: Yukio Takashima is to be elected as a substitute for Corporate Auditor Koji Ohta, and Hideyuki Baba is to be elected as a substitute for outside Corporate Auditors Koichi Sakai and Shinjiro Kawai.
The Company shall reserve the right to nullify the validity of their election by resolution of the Board of Directors as long as the consent of the Board of Corporate Auditors is obtained; provided, however, that it is only in a time before they assume office.
The candidates for substitute Corporate Auditor are as follows, and their career summaries, etc. are those as of June 1, 2018.

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yukio Takashima (October 30, 1949)	Mar. 1972 Joined the Company July 1996 General Manager, Manufacturing Dept. 1 June 1998 Director June 2001 Managing Director June 2003 Managing Director and Senior Operating Officer June 2003 President and Representative Director, Arisawa Fiber Glass Co., Ltd. June 2005 Director and Senior Operating Officer, the Company June 2014 Director and Senior Managing Operating Officer May 2017 Retired as President and Representative Director, Arisawa Fiber Glass Co., Ltd. (Significant concurrent positions outside the Company) Outside Director, Polatechno Co., Ltd.	44,887 shares
2	Hideyuki Baba (March 29, 1964)	Apr. 1998 Registered at Niigata Bar Association Apr. 2003 Representative, Hideyuki Baba Law Office (current position)	- shares

Notes: 1. There is no special interest between any of the candidates for substitute outside Corporate Auditor and the Company other than the monthly payment of advisory fees of ¥35,000 to Hideyuki Baba for legal advisory.
2. The number of the Company's shares owned is based on the shareholder register as of March 31, 2018.
3. Hideyuki Baba is a candidate for substitute outside Corporate Auditor.
He was nominated as a candidate for substitute outside Corporate Auditor in the expectation that he would use his advanced professional knowledge as an attorney at law for the Company's compliance. He has never been directly involved in the management of a company in the past. However, the Company judges he will appropriately fulfill his duties as an outside Corporate Auditor based on the above reasons.
4. If Hideyuki Baba is elected as outside Corporate Auditor, the Company intends to enter into a limited liability agreement with him pursuant to Article 427, paragraph 1 of the Companies Act, and the outline of the limited liability agreement is as follows:
- If an outside Corporate Auditor is liable to the Company for failing to perform his/her duties, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph 1 of the Companies Act.
- The said limited liability agreement shall be effective as long as the person had acted in good faith and without gross negligence in performing his/her duties that caused the damage.

Proposal No. 4 Issuance of Share Acquisition Rights for Employees, etc. as Stock Options

The Company proposes to delegate to the Company's Board of Directors determining the terms and conditions for allocating share acquisition rights issued as stock options for the employees of the Company, etc. pursuant to Article 236, Article 238 and Article 239 of the Companies Act.

1. Reason for the need for offering share acquisition rights under particularly favorable terms
   The purpose of issuing share acquisition rights in gratis as stock options to employees of the Company and Directors and employees of wholly owned subsidiaries is to further increase motivation and morale concerning the performance of the Company group (the "Group") and to secure talented personnel.
2. Content of the share acquisition rights
   (1) Eligible persons for share acquisition rights to be allocated
   Employees of the Company and Directors and employees of wholly owned subsidiaries who are approved by the Company's Board of Directors
   (2) Number of share acquisition rights to be issued
   Up to 2,573 (100 shares per share acquisition right)
   (3) Number of shares underlying the share acquisition rights
   Up to a total of 257,300 shares
   (4) Amount of payment for the share acquisition rights, method of calculation thereof, and need for payment
   Issued in gratis, no need for payment.
   (5) Total amount payable upon exercise of share acquisition rights and method of calculation
   The amount to be paid when exercising share acquisition rights is the amount obtained by multiplying the amount to be paid per share determined on the day of allotment of share acquisition rights ("payment amount") by the number of shares underlying each share acquisition right. The payment amount shall be the amount obtained by multiplying the simple average of the closing price of the Company's shares in regular trading on the Tokyo Stock Exchange on the day of allotment of share acquisition rights and the six days immediately preceding that date (or the seven days immediately preceding that date if there is no closing price on that date) by 1.05. Any amount less than one yen shall be rounded up to the nearest yen. However, if that amount is less than the closing price on the day of allotment of the share acquisition rights (or the immediately preceding closing price if there is no closing price on the day of allotment), the closing price of the day of allotment of share acquisition rights shall be used.
   The following equation shall be used to adjust the payment amount if the Company performs a share split or share consolidation after issuing the share acquisition rights. Any amount adjusted shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Payment amount before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

   Furthermore, the following equation shall be used to adjust the payment amount if the Company issues new shares at an amount less than market value (excluding the issuance of new shares due to the exercise of stock options) or disposes of treasury shares. Any amount adjusted shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Payment amount before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares newly issued} \times \text{Payment amount per share}}{\text{Market value per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

   "Number of shares newly issued" shall be replaced by "Number of treasury shares disposed of" when disposing of treasury shares.
   (6) Exercise period
   From July 1, 2020 until June 30, 2023
   (7) Conditions for the exercise of share acquisition rights
      (i) A person who has received allotment of share acquisition rights shall have the status of Director, advisor or employee of the Company or Director, advisor or employee of a subsidiary of the Company when exercising the rights.

(ii) The rights shall not be assigned, pledged, otherwise disposed of or inherited.

(8) Matters related to the increase in capital stock and legal capital surplus when issuing shares due to the exercise of share acquisition rights

(i) If shares are issued due to the exercise of stock options, common stock shall increase by half the limit for increase in common stock calculated pursuant to Article 17, paragraph 1 of the Ordinance on Accounting of Companies. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) If shares are issued due to the exercise of stock options, additional paid-in capital shall increase by the amount remaining after deducting the increase in common stock prescribed in (i) from the limit for increase in common stock in (i).

(9) Provisions for the acquisition of share acquisition rights

The Company may acquire free of charge share acquisition rights in respect of items below if approved by General Meeting of Shareholders unless the obligation of granting share acquisition rights is succeeded by the surviving company (in case of (i)) or the Company's wholly owning parent company (in case of (ii)): (i) Proposal for approval of a merger agreement under which the Company is to be dissolved; (ii) Proposal for approval of a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary.

(10) Restrictions applicable to the acquisition of share acquisition rights by transfer

Approval is required by resolution of the Board of Directors for the acquisition of share acquisition rights by transfer of ownership.

(11) Other matters pertaining to offering share acquisition rights shall be determined in meetings of the Board of Directors separately held.