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(Stock Exchange Code: 5333)
June 1, 2018

To Shareholders:

Taku Oshima
Representative Director and President
NGK INSULATORS, LTD.
2-56, Suda-cho, Mizuho-ku, Nagoya, Japan

CONVOCATION NOTICE OF THE 152ND ANNUAL SHAREHOLDERS' MEETING

Dear Shareholders:

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

You are cordially invited to attend the 152nd Annual Shareholders' Meeting of NGK INSULATORS, LTD. (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, etc. Please review the attached Reference Documents for the Shareholders' Meeting and exercise your voting rights by 5:15 p.m. on Monday, June 25, 2018, Japan time.

1. **Date and Time:** Tuesday, June 26, 2018 at 10:00 a.m., Japan time

2. **Place:** Conference room on the first floor of the main building of the Company located at 3-16, Mutsuno 1-chome, Atsuta-ku, Nagoya, Japan

3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 152nd Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board
2. Non-consolidated Financial Statements for the Company's 152nd Fiscal Year (April 1, 2017 - March 31, 2018)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Election of 12 Directors
Proposal 3: Election of 1 Audit & Supervisory Board Member
Proposal 4: Election of 1 Substitute Audit & Supervisory Board Member

4. Matters concerning the Exercise of Voting Rights:

If you exercise your voting right both in writing and via the Internet, the Company will only deem the exercise via the Internet valid.

Also, if you exercise your voting right multiple times via the Internet, the Company will only deem the last exercise valid. If you exercise your voting right by a personal computer, smartphone and mobile phone, the Company will only deem the last exercise valid.

◎ **When attending the meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception desk. Reception is scheduled to start at 8:45 a.m., Japan time on the day of the Meeting.**

◎ **Please note that persons who are not shareholders such as non-shareholding agents and companions are not allowed to attend the Meeting.**

Reference Documents for the Shareholders' Meeting

Proposal 1: Appropriation of Surplus

Taking into account such factors as strengthening of our business structure, future business development and earnings conditions, the year-end dividend for the year ended March 31, 2018 is proposed as follows.

Matters concerning the year-end dividend

(1) Type of property distributed as dividend:
Cash

(2) Matters concerning the allocation of the dividend property to shareholders and the total amount thereof:
23 yen per share of the Company's common shares, 7,400,618,345 yen in total

(3) Effective date of the dividend from surplus:
Wednesday, June 27, 2018

Proposal 2: Election of 12 Directors

The terms of office of all 13 Directors will expire at the conclusion of this Annual Shareholders' Meeting. Accordingly, the Company proposes the election of 12 Directors.

The candidates for Director are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>Taku Oshima
(July 14, 1956)</td><td>March 1980
June 2007
June 2011
June 2014</td><td>Joined the Company
Vice President of the Company
Senior Vice President of the Company
Representative Director and President of the Company (current position)</td><td>6,000</td></tr>
<tr><td colspan="4">[Reasons for the appointment of candidate for Director]
After joining the Company, Mr. Taku Oshima belonged to Manufacturing Engineering Division, and experienced start-up of manufacturing lines at overseas subsidiaries. In addition, he engaged in the development and massive-volume production of NAS® batteries from the beginning, working on design, manufacturing, and marketing as Head of the NAS battery business, the world first large scale energy storage system. He has been serving as Representative Director and President since 2014. We reappointed him as a candidate of Director because he has abundant experience at the Company and insights in business operations.</td></tr>
<tr><td rowspan="2">2</td><td>Yukihisa Takeuchi
(December 7, 1955)</td><td>March 1978
June 2004
June 2005
June 2008
June 2011
June 2014
June 2015

(Responsibilities)
Assistant to President
Group Executive, Corporate R&D, and Development Committee Chair</td><td>Joined the Company
Director of the Company
Vice President of the Company
Senior Vice President of the Company
Director and Senior Vice President of the Company
Director and Senior Vice President of the Company
Representative Director and Executive Vice President of the Company (current position)</td><td>10,000</td></tr>
<tr><td colspan="4">[Reasons for the appointment of candidate for Director]
Mr. Yukihisa Takeuchi engaged in the commercialization of piezoelectric microactuators mainly developed in R&D division and established it as a core product. He worked diligently on the development of new products as Director, Senior Vice President, and Group Executive of Corporate R&D, and now he has been serving as Representative Director and Executive Vice President since 2015. We reappointed him as a candidate of Director because he has abundant experience at the Company and insights in business operations.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">3</td><td>Hiroshi Kanie
(July 9, 1957)</td><td>March 1981 Joined the Company
June 2010 Vice President of the Company
June 2012 Senior Vice President of the Company
June 2014 Director and Senior Vice President of the Company
June 2015 Director and Senior Vice President of the Company (current position)
(Responsibilities)
Responsible for Corporate Planning Office, New Business Planning Office, Secretarial Office, Corporate Communications Dept., Human Resource Dept., and General Affairs Dept., in charge of Power Business Group, Senior Officer in charge of Group Companies, General Manager of Osaka Site
Personal Information Supervisory Manager, Specific Personal Information, etc. Supervisory Manager, Licensed Construction Business Supervisory Manager.</td><td>6,000</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Director]
Mr. Hiroshi Kanie has gained a variety of practical experience in business operations and department management, by working in Industrial Process Division and serving as General Manager of Secretarial Office, Head Office, and Group Executive of Ceramic Products Business Group. He currently is responsible as Director and Senior Vice President for Corporate Planning Office and New Business Planning Office in Head Office. We reappointed him as a candidate of Director because he has an ample experience at the Company and knowledge in business operations.</td></tr>
<tr><td rowspan="2">4</td><td>Susumu Sakabe
(August 15, 1958)</td><td>March 1981 Joined the Company
June 2007 Vice President of the Company
June 2010 Director and Vice President of the Company
June 2011 Director and Senior Vice President of the Company
June 2015 Director and Senior Vice President of the Company (current position)
(Responsibilities)
In charge of Finance & Accounting Dept. and Purchasing Dept.
General Manager, Tokyo Main Office
(Significant concurrent position)
Outside Director, METAWATER Co., Ltd.</td><td>9,000</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Director]
After joining the Company, Mr. Susumu Sakabe accumulated business experience mainly in finance divisions and also served as General Managers of Business Planning Department in administrative divisions as well as operational divisions at the Company’s domestic and overseas subsidiaries. Currently, he serves as Director and Senior Vice President, actively engaging in the revision of internal rules mainly on accounting and taxation, organizational restructuring, and engagement in dialogue with investors, among other activities. We reappointed him as a candidate of Director because he has abundant experience in business operations at the Company and highly advanced knowledge in finance field.</td></tr>
</table>

<table>
<tr><td>No.</td><td>Name
(Date of birth)</td><td>Career summary, positions, responsibilities
and significant concurrent positions</td><td>Number of shares of the Company held</td></tr>
<tr><td rowspan="2">5</td><td>Ryohei Iwasaki
(January 30, 1960)</td><td>March 1982 Joined the Company
June 2008 Vice President of the Company
June 2009 Director and Vice President of the Company
June 2012 Director and Senior Vice President of the Company
June 2016 Director and Senior Vice President of the Company (current position)
(Responsibilities)
Group Executive, Process Technology Business Group
Responsible for Management Operation</td><td>10,000</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Director]
Mr. Ryohei Iwasaki has accumulated a variety of practical experience in business operations including engagement in sales and marketing in Ceramic Products Business Group followed by overseas subsidiaries' management, as well as such position as General Manager of Corporate Strategy Office and Group Executive of Electronics Business Group and in management of Head Office. He currently serves as Director and Senior Vice President and Group Executive of Process Technology Business Group, leading the operation thereof. We reappointed him as a candidate of Director because he has an ample experience at the Company and knowledge in business operations.</td></tr>
<tr><td rowspan="2">6</td><td>Chiaki Niwa
(February 16, 1960)</td><td>March 1984 Joined the Company
June 2013 Vice President of the Company
June 2015 Director and Vice President of the Company
June 2016 Director and Senior Vice President of the Company (current position)
(Responsibilities)
Group Executive, Corporate Manufacturing Engineering, In charge of Quality Management Dept., Environmental Management Dept. and Safety and Health Management Dept., Facilities Committee Chair, Quality Committee Chair, NGK Environmental Protection Committee Chair and Safety and Health Committee Chair</td><td>6,000</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Director]
After his long engagement in engineering business division (currently, an independent company) and plant technology division in Industrial Process Division, Mr. Chiaki Niwa currently serves as Director, Senior Vice President and Group executive of Corporate Manufacturing Engineering, playing a role of promoting new/reformed manufacturing structures as a whole. We reappointed him as a candidate of Director because he has an ample experience at the Company as well as deep knowledge in project management and manufacturing technology.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">7</td><td>Shuhei Ishikawa
(December 10, 1959)</td><td>March 1984 Joined the Company
June 2010 Vice President of the Company
June 2014 Senior Vice President of the Company
June 2015 Director and Senior Vice President of the Company (current position)
(Responsibilities)
Group Executive, Electronics Business Group,
General Manager, Electronic Components Div., Electronics Business Group
(Significant concurrent position)
Chairman, NGK Electronics Devices Inc.</td><td>9,000</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Director]
After joining the Company, Mr. Shuhei Ishikawa has engaged in technology and development in New Metals Division and fostered his knowledge in manufacturing technology and new product development in the said Division. Following having served as General Manager of New Metals Division, he currently serves as Director, Senior Vice President, and Group Executive of Electronics Business Group, leading the operation thereof. We reappointed him as a candidate of Director because he has an ample experience at the Company and a wealth of knowledge in the electronics industry.</td></tr>
<tr><td rowspan="2">8</td><td>Nobumitsu Saji
(July 3, 1958)</td><td>March 1984 Joined the Company
June 2013 Vice President of the Company
June 2014 Director and Vice President of the Company
June 2015 Director and Senior Vice President of the Company (current position)
(Responsibilities)
In charge of Auditing Dept., Group Compliance Dept., Legal Dept., and Intellectual Property Dept., CSR Committee Chair, Internal Controls Committee Chair, Company-Wide Competition Laws Supervisory Manager, Data Protection Officer</td><td>4,000</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Director]
Following a variety of experience in such areas as sales and marketing in Power Business Group, finance division, overseas subsidiaries, and secondment to external organizations, Mr. Nobumitsu Saji served as General Managers of Business Planning Department in multiple business groups and assumed a position of General Manger of Legal Department afterwards. He currently serves as Director and Senior Vice President, responsible for legal affairs and compliance-related divisions, as well as leading the Company’s legal compliance system as a whole. We reappointed him as a candidate of Director because he has an ample experience at the Company and global insights in the legal field.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">9</td><td>New candidate
Atsushi Matsuda
（September 11, 1960）</td><td>March 1985 Joined the Company
April 2007 President of NGK EUROPE GmbH
June 2012 Vice President of the Company
June 2017 Senior Vice President of the Company (current position)
(Responsibilities)
Group Executive, Ceramic Products Business Group,
General Manager, Nagoya Site
(Significant concurrent position)
Chairman, NGK CERAMICS EUROPE S.A.
Chairman, NGK CERAMICS SUZHOU CO., LTD.</td><td>5,000</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Director]
After joining the Company, Mr. Atsushi Matsuda has engaged in sales and marketing in Industrial Process Division and Ceramic Products Business Group, and has gained management experience at overseas subsidiary. Following having served as General Manager, Worldwide Sales & Marketing Div., Ceramics Products Business Group, he currently serves as Group Executive of Ceramic Products Business Group, leading the operation thereof. We reappointed him as a candidate of Director because of his ample experience in business operations at the Company and knowledge in the business operation.</td></tr>
<tr><td rowspan="2">10</td><td>Hiroyuki Kamano
(July 21, 1945)</td><td>April 1971 Joined the Ministry of Foreign Affairs
April 1979 Legal Training and Research Institute, the Supreme Court
April 1981 Registered as attorney-at-law
October 1988 Managing Partner, Kamano Sogo Law Offices (current position)
June 2007 Outside Audit & Supervisory Board Member, Komatsu Ltd.
July 2007 Outside Director, SUMITOMO LIFE INSURANCE COMPANY
April 2009 Vice-President, Tokyo Bar Association
June 2011 Director of the Company (current position)
June 2015 Outside Audit & Supervisory Board Member, HOUSE FOOD GROUP INC. (current position)
(Significant concurrent position)
Managing Partner, Kamano Sogo Law Offices
Outside Audit & Supervisory Board Member, HOUSE FOOD GROUP INC.</td><td>0</td></tr>
<tr><td colspan="3">[Reasons for the appointment of candidate for Outside Director]
Having long engaged in legal practice as an attorney-at-law, Mr. Hiroyuki Kamano possesses a wealth of experience and achievements in the legal community, including his service as Vice-President of Tokyo Bar Association. By utilizing these careers, he has been appropriately fulfilling his duties as an Outside Director of the Company, by giving his opinion towards the management strategy and strengthening the compliance structure, as well as offering suggestions to the Company’s business operation and properly overseeing the management of the Company. Therefore, we reappointed him as a candidate for Outside Director.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
11	Toshio Nakamura (July 22, 1946)	April 1970 Joined the Ministry of International Trade and Industry June 1998 Vice-Minister for Policy Coordination, Minister's Secretariat September 1999 Director for Trade Bureau June 2000 Director-General of the Small and Medium Sized Enterprise Agency November 2007 President, The Japan Chamber of Commerce and Industry and President, The Tokyo Chamber of Commerce and Industry October 2009 Outside Director, the Enterprise Turnaround Initiative Corporation of Japan (currently, Regional Economy Vitalization Corporation of Japan) (current position) June 2011 Director of the Company (current position) March 2016 Chairman, National Association of Trade Promotion for Small and Medium Enterprises (current position) May 2016 Outside Director, Aoki Super Co., Ltd. (current position) June 2016 Outside Director, SMK Corporation (current position) (Significant concurrent positions) Outside Director, Regional Economy Vitalization Corporation of Japan Chairman, National Association of Trade Promotion for Small and Medium Enterprises Outside Director, Aoki Super Co., LTD. Outside Director, SMK Corporation	1,000
	[Reasons for the appointment of candidate for Outside Director] Having served as Director for Trade Bureau of the Ministry of International Trade and Industry, Director-General of the Small and Medium Sized Enterprise Agency, and President of The Japan Chamber of Commerce and Industry, Mr. Toshio Nakamura has long been playing a vital role in the promotion of commerce and industry. By leveraging his knowledge and abundant experience cultivated through these careers, he has been appropriately fulfilling his duties as an Outside Director of the Company by giving his opinion on the importance of clarifying the basis for business decisions, as well as offering suggestions to the Company's business operation and overseeing the management of the Company, therefore we reappointed him as a candidate for Outside Director.		

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
12	Emiko Hamada (November 23, 1958)	April 1984 Joined TAIYO YUDEN CO., LTD. December 2001 General Manager, Technical Quality Assurance Control R Technology Dept., Technical Group, TAIYO YUDEN CO., LTD. September 2003 Chief Researcher, Basic Development Dept., General Research Center, Technical Group, TAIYO YUDEN CO., LTD. November 2008 Assistant Professor, National University Corporation Nagoya Institute of Technology Center for Social Contribution and Collaboration April 2011 Professor, Master's program majoring in Industrial Strategy Engineering, National University Corporation Nagoya Institute of Technology Center for Social Contribution and Collaboration April 2012 Professor, Center for Research on Assistive Technology for Building a New Community, National University Corporation Nagoya Institute of Technology Center for Social Contribution and Collaboration May 2015 Program Officer, Category No. 3, A-STEP, Japan Science and Technology Agency (current position) July 2016 Part-time lecturer, National University Corporation Nagoya Institute of Technology (current position) August 2016 Visiting Professor, National University Corporation Nagoya University (current position) June 2017 Director of the Company (current position) (Significant concurrent positions) Program Officer, Category No. 3, A-STEP, Japan Science and Technology Agency Part-time lecturer, National University Corporation Nagoya Institute of Technology Visiting Professor, National University Corporation Nagoya University	5,000
	[Reasons for the appointment of candidate for Outside Director] Ms. Emiko Hamada has made remarkable achievements such as leading the invention and the world's first commercialization of the CD-R (recordable CD) while working for TAIYO YUDEN CO., LTD. Since then, she has been engaged in research activities mainly through industry-academia-government collaborations as Professor at Nagoya Institute of Technology and Visiting Professor at Nagoya University. By utilizing the insights she has developed through her career, she has been appropriately fulfilling her duties as an Outside Director of the Company by giving her opinion in terms of strengthening technical capability, product development and commercialization, as well as offering suggestions to the Company's business operation and overseeing the management of the Company, therefore we reappointed her as a candidate for Outside Director.		

(Notes)

1. There is no special interest between each candidate for Director and the Company.
2. Matters concerning the candidates for Outside Director are as follows.
   (1) Mr. Hiroyuki Kamano, Mr. Toshio Nakamura and Ms. Emiko Hamada are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has filed Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate Mr. Hiroyuki Kamano, Mr. Toshio Nakamura and Ms. Emiko Hamada as Independent Directors. If the appointment of Mr. Hiroyuki Kamano, Mr. Toshio Nakamura and Ms. Emiko Hamada is approved at this Annual Shareholders' Meeting, the Company plans to file Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate each of them as Independent Directors.
   (2) In January 2018, the Company confirmed that, in some cases, insulators and related products did not properly undergo delivery tests required under agreements. Although Mr. Hiroyuki Kamano, Mr. Toshio Nakamura and Ms. Emiko Hamada were not aware of this fact until this issue became known, they have been regularly expressing their opinions in terms of strengthening of compliance at the Board of Directors. They have been also suggesting to investigate the actual conditions and the causes, and develop preventive measures through activities of the committee established followed by this issue.
   (3) Although Mr. Hiroyuki Kamano, Mr. Toshio Nakamura and Ms. Emiko Hamada have never been involved in corporate management except as Outside Director or Outside Audit & Supervisory Board Member, the Company has judged that they are capable of performing their duties appropriately as Outside Directors due to the reasons

stated in Reasons for the appointment of candidate for Outside Director above.

(4) Messrs. Hiroyuki Kamano and Toshio Nakamura are currently in office as Outside Directors of the Company, and will have served for seven years as Outside Directors at the conclusion of this Annual Shareholders' Meeting. Ms. Emiko Hamada is currently in office as Outside Director of the Company, and will have served for one year as Outside Director at the conclusion of this Annual Shareholders' Meeting.

(5) Overview of the liability limitation agreement

The Company has entered into a liability limitation agreement with each of Mr. Hiroyuki Kamano, Mr. Toshio Nakamura and Ms. Emiko Hamada, which provides that if an Outside Director is without knowledge and is not grossly negligent in performing his/her duties, the liability of the Director to the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided in Article 425, Paragraph 1 of the Companies Act. Subject to the approval of the reappointment of them, the Company intends to continue the liability limitation agreements with them.

(6) The relationship between each concurrent organization of Outside Director candidates and the Company is as follows:

Candidate for Outside Director	Concurrent organization	Relationship with the concurrent organization as seen from the Company	Scale of transactions during the current consolidated fiscal year
Hiroyuki Kamano	Kamano Sogo Law Offices	None	―
	HOUSE FOOD GROUP INC.	None	―
Toshio Nakamura	Regional Economy Vitalization Corporation of Japan	None	―
	National Association of Trade Promotion for Small and Medium Enterprises	None	―
	Aoki Super Co., LTD.	None	―
	SMK Corporation	None	―
Emiko Hamada	TAIYO YUDEN CO., LTD.	Sales of ceramic products, etc.	Less than 0.1% of the Company's consolidated net sales
			Less than 0.1% of the consolidated operating expenses of the concurrent organization for the fiscal year ended March 31, 2018
	National University Corporation Nagoya Institute of Technology	Payment of research expenses, etc.	Less than 0.1% of the Company's consolidated operating expenses
			Less than 1% of the ordinary income of the concurrent organization for the fiscal year ended March 31, 2017
	Japan Science and Technology Agency	None	―
	National University Corporation Nagoya University	Sales of products for electronics industry, etc.	Less than 0.1% of the Company's consolidated net sales
			Less than 0.1% of the ordinary expenses of the concurrent organization for the fiscal year ended March 31, 2017

		Payment of research expenses, etc.	Less than 0.1% of the Company’s consolidated operating expenses
			Less than 0.1% of the ordinary income of the concurrent organization for the fiscal year ended March 31, 2017

(7) Ms. Emiko Hamada's name on the family register is Emiko Kato.

Proposal 3: Election of 1 Audit & Supervisory Board Member

Mr. Ichiro Terato, Audit & Supervisory Board Member, will resign his office at the conclusion of this Annual Shareholders' Meeting. Accordingly, the Company proposes the election of 1 Audit & Supervisory Board Member.

This proposal has been approved in advance by the Audit & Supervisory Board.

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

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company held
New candidate Junichi Ito (November 26, 1950)	April 1975 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) June 2002 Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) May 2005 Managing Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) June 2005 Managing Director, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) January 2006 Managing Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) May 2009 Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) June 2011 Senior Executive Vice President, CFO and Representative Director, NIKON CORPORATION June 2016 Counselor, NIKON CORPORATION (current position) Outside Audit & Supervisory Board Member, The Hyakujushi Bank, Ltd. June 2017 Outside Director (Audit and Supervisory Committee Member), The Hyakujushi Bank, Ltd. (current position) (Significant concurrent positions) Counselor, NIKON CORPORATION Outside Director (Audit and Supervisory Committee Member), The Hyakujushi Bank, Ltd.	0

[Reasons for the appointment of candidate for Outside Audit & Supervisory Board Member]
Mr. Junichi Ito has been engaged in the management of companies for many years, by serving as Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) and Senior Executive Vice President, CFO and Representative Director, NIKON CORPORATION. We appointed him as a candidate for Outside Audit & Supervisory Board Member because we expect that he can appropriately fulfill his duties for strengthening of the Company's corporate governance by leveraging his abundant experience as an expert of company management and knowledge cultivated through his career.

(Notes)

1. There is no special interest between the candidate for Audit & Supervisory Board Member and the Company.
2. Matters concerning the candidate for Outside Audit & Supervisory Board Member are as follows.
   (1) Mr. Junichi Ito is candidate for Outside Audit & Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. If the appointment of Mr. Junichi Ito is approved at this Annual Shareholders' Meeting, the Company plans to file Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate him as Independent Auditor.
   (2) If the appointment of Mr. Junichi Ito is approved at this Annual Shareholders' Meeting, the Company intends to enter into a liability limitation agreement with Mr. Junichi Ito, which provides that if an Outside Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his/her duties, the liability of the Audit & Supervisory Board Member to the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided in Article 425, Paragraph 1 of the Companies Act.
   (3) The relationship between each concurrent organization of the candidate for Outside Audit & Supervisory Board Member and the Company is as follows:

Candidate for Outside Auditor	Concurrent organization	Relationship with the concurrent organization as seen from the Company	Scale of transactions during the current consolidated fiscal year
Junichi Ito	NIKON CORPORATION	Sales of ceramic products, etc.	Less than 0.1% of the Company's

			consolidated net sales
			Less than 0.1% of the consolidated operating expenses of the concurrent organization for the fiscal year ended March 31, 2018
	The Hyakujushi Bank, Ltd.	None	―

(4) Although Mr. Junichi Ito held the posts at MUFG Bank, Ltd., a shareholder and one of the principal lenders of the Company, the bank only holds 3.14% of the Company's share at the end of the current fiscal year. Also, the Company deals with a number of financial institutions and does not depend on the bank to the extent there are no alternatives for the bank in terms of fund procurement. Moreover, it has been about seven years since Mr. Junichi Ito retired from the bank. Therefore, the Company believes that, after the appointment of Mr. Junichi Ito, the relationship between the bank and the Company in terms of shareholdings and borrowing of funds will not affect the management of the Company. Scale of transactions during the current consolidated fiscal year between the Company and NIKON CORPORATION for which Mr. Junichi Ito serves as Counselor is less than 0.1% of the consolidated net sales. For the reasons above, we deem that his independence is sufficiently assured.

Proposal 4: Election of 1 Substitute Audit & Supervisory Board Member

Mr. Shuzo Hashimoto was elected as Substitute Audit & Supervisory Board Member at the 148th Annual Shareholders' Meeting of the Company held on June 27, 2014, however, the effective period of the election of Mr. Shuzo Hashimoto will expire at the beginning of this Annual Shareholders' Meeting. To prepare for cases where the number of Audit & Supervisory Board Members falls below the number required by laws and regulations, the Company proposes the election of Mr. Shuzo Hashimoto as Substitute Outside Audit & Supervisory Board Member in advance.

The effectiveness of the election of Mr. Shuzo Hashimoto may be cancelled based on the resolution of the Board of Directors, provided, however, that such cancellation is done only prior to the assumption of the office and with the consent of the Audit & Supervisory Board.

This proposal has been approved in advance by the Audit & Supervisory Board.

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

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company held
Shuzo Hashimoto (April 5, 1956)	April 1987 Registered as attorney-at-law (Nagoya Bar Association) Joined Oguri Law Office April 1992 Established Hashimoto Law Office, Representative Partner (current position) April 2004 Vice-President, Nagoya Bar Association (currently, Aichi Bar Association) (Significant concurrent positions) Representative Partner, Hashimoto Law Office	0
[Reasons for the appointment of candidate for Substitute Outside Audit & Supervisory Board Member] We appointed him as a candidate for Substitute Outside Audit & Supervisory Board Member because we expect that he can appropriately fulfill his duties for strengthening of the Company's corporate governance by leveraging his professional knowledge and abundant experience as attorney.		

(Notes)

1. There is no special interest between the candidate for Substitute Outside Audit & Supervisory Board Member and the Company.
2. Mr. Shuzo Hashimoto is a candidate for Substitute Outside Audit & Supervisory Board Member. If the appointment of Mr. Shuzo Hashimoto is approved at this Annual Shareholders' Meeting and Mr. Shuzo Hashimoto assumes office, the Company plans to file Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate him as Independent Auditor.
3. Although Mr. Shuzo Hashimoto has never been involved in corporate management, the Company has judged that he is capable of performing his duties appropriately as Outside Audit & Supervisory Board Member due to the reasons

stated in Reasons for the appointment of candidate for Substitute Outside Audit & Supervisory Board Member above.

4. If the appointment of Mr. Shuzo Hashimoto is approved at this Annual Shareholders' Meeting and Mr. Shuzo Hashimoto assumes office, the Company intends to enter into a liability limitation agreement with Mr. Shuzo Hashimoto, which provides that if an Outside Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his/her duties, the liability of the Audit & Supervisory Board Member to the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided in Article 425, Paragraph 1 of the Companies Act.
5. The relationship between each concurrent organization of the candidate for Substitute Outside Audit & Supervisory Board Member and the Company is as follows:

Candidate for Outside Auditor	Concurrent organization	Relationship with the concurrent organization as seen from the Company	Scale of transactions during the current consolidated fiscal year
Shuzo Hashimoto	Hashimoto Law Office	None	―