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Securities code: 7239
June 1, 2018

To Our Shareholders,

Taro Nakayama
Representative Director & President
TACHI-S CO., LTD.
3-3-7 Matsubara-cho, Akishima-shi, Tokyo

Notice of the 66th Annual General Meeting of Shareholders

The shareholders of TACHI-S CO., LTD. (the "Company") are invited to participate in the 66th Annual General Meeting of Shareholders of the Company, the details of which are set forth below.

If you are unable to attend the meeting in person, you are entitled to exercise your voting rights by mail or over the Internet. To do this, we cordially ask you to study the attached Reference Documents for the General Meeting of Shareholders, the Business Report, and exercise your voting rights by 5 p.m. on Thursday, June 21, 2018.

1. Date and time: 10:00 a.m. Friday, June 22, 2018
2. Venue: TACHI-S CO., LTD. Head Office (Auditorium on the third floor)
3-3-7 Matsubara-cho, Akishima-shi, Tokyo
3. Agenda:

Matters for reporting:

1. Business Report, the consolidated financial statements, and audit report of the consolidated financial statements by the Independent Auditors and Audit & Supervisory Board for the 66th term (from April 1, 2017 to March 31, 2018)
2. Report of the non-consolidated financial statements for the 66th term (from April 1, 2017 to March 31, 2018)

Matters for approval:

Proposal 1: Election of seven Directors
Proposal 2: Election of one Audit & Supervisory Board Member
Proposal 3: Determination of the Amount and Details of Performance-Linked Stock Compensation, etc., for Directors
Proposal 4: Payment of Bonuses to Directors

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* If you are attending the meeting on the scheduled day, please submit the enclosed voting form at the reception.
*"Notes to consolidated financial statements" of consolidated financial statements and "Notes to non-consolidated financial statements" of non-consolidated financial statements, which are generally attached to the Notice of Convocation are published on the Company's website (http://www.tachi-s.co.jp/en/) in accordance with laws and regulations and the provisions of Article 14 of the Company's Articles of Incorporation. For this reason, they are not attached to this Notice of Convocation.
Further, consolidated financial statements and non-consolidated financial statements described in the attached documents are part of documents audited by the Audit & Supervisory Board Member and the Independent Auditors when preparing audit reports.
* We will post any revisions we make to the attached Reference Documents for the General Meeting of Shareholders, the Business Report, or non-consolidated financial statements and consolidated financial statements on our website (http://www.tachi-s.co.jp/en/).

* If you wish to exercise your voting rights via the Internet, please enter your vote for or against each of the proposals on the following voting rights exercise website (https://www.web54.net).
* If voting rights are exercised more than once via the Internet, the most recent votes submitted via the Internet will be regarded as the effective votes.
* If voting rights are exercised both through indications on the voting right exercise form and through voting via the Internet, causing voting rights to be exercised more than once, the votes submitted via the Internet will be regarded as the effective votes.

Reference Documents for the General Meeting of Shareholders

Proposals and reference matters

Proposal 1: Election of seven Directors

The terms of office of all seven Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we propose to elect the following seven Director candidates.

The candidates for Director are as follows:

No.	Name	Current position and responsibility at the Company	Attendance at Board of Directors meetings
1	RE-nomination Taro Nakayama	Representative Director, President Chief Executive Officer & Chief Operating Officer In charge of Global Headquarters	14/14 (100%)
2	RE-nomination Yoshiyuki Nogami	Representative Director & Executive Vice President Chief of Administration Headquarters Division Manager of Administration and Management Control Division	14/14 (100%)
3	RE-nomination Kiyoshi Saito	Director & Senior Corporate Advisor	14/14 (100%)
4	RE-nomination Yuichiro Yamamoto	Director & Executive Vice President In charge of Compliance	10/10 (100%)
5	RE-nomination Mitsuo Shimazaki	Director & Senior Executive Officer Chief of Monozukuri Headquarters Division Manager of Production and Technology Division President of Regional Headquarters for Japan	9/10 (90%)
6	RE-nomination Outside Independent Director Toshio Kinoshita	Outside Director	12/14 (85%)
7	New Nominee Outside Hidetaka Mihara		-/- (%)

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief History, Position, Principal Duties and Key Concurrent Posts</th><th>Number of shares of the Company owned</th></tr>
<tr><td rowspan="2">1</td><td>RE-nomination

Taro Nakayama
(September 18, 1955)

Attendance at Board of Directors meetings
(14/14)</td><td>April 1980
April 2010

April 2011
June 2011

April 2012

April 2014
June 2014

April 2017
June 2017</td><td>Joined NISSAN MOTOR CO., LTD.
General Manager of Global Multi-Sourcing & Export Management Department
Joined TACHI-S CO., LTD. as Corporate Advisor
Director & Executive Vice President
Chief of Business Administration Headquarters
Division Manager of Overseas Division
Division Manager of Business Development and Sales
Director & Chief Operating Officer
Representative Director, President & Chief Operating Officer (incumbent)
In charge of Global Headquarters (incumbent)
Chief Executive Officer (incumbent)</td><td>12,400 shares</td></tr>
<tr><td colspan="4"><Reasons for selection as a Candidate for Director>
Mr. Taro Nakayama has developed broad experience and superior insight over the many years he has worked at overseas businesses. He has appropriately fulfilled his roles, such as determining priority management matters and supervising executive functions, and we have nominated him as a candidate to continue in his role as Director, as we have determined that he is necessary for the sustainable improvement of the Group’s corporate value, due to his exceptional leadership in promoting globalization of the Company’s businesses.</td></tr>
<tr><td rowspan="2">2</td><td>RE- nomination

Yoshiyuki Nogami
(January 9, 1952)

Attendance at Board of Directors meetings
(14/14)</td><td>April 1975
April 1998

January 2000
June 2003
June 2005
April 2007
June 2007
April 2008

April 2009
April 2010

April 2011

April 2016
June 2016</td><td>Joined Maeda Corporation
Deputy General Manager of Overseas Business Department
Joined TACHI-S CO., LTD.
Executive Officer
Senior Executive Officer
Division Manager of Business Control Division
Director & Senior Executive Officer
Division Manager of Administration and Management Control Division (incumbent)
Director & Executive Vice President
Chief of Administration and Management Control Headquarters
Chief of Business Headquarters
Chief of Administration and Management Control Headquarters
Division Manager of Overseas Division
Chief of Administration Headquarters (incumbent)
Representative Director & Executive Vice President (incumbent)</td><td>12,700 shares</td></tr>
<tr><td colspan="4"><Reasons for selection as a Candidate for Director>
Mr. Yoshiyuki Nogami has been nominated as a candidate to continue in his role as Director, as he has superior expertise and wide-ranging knowledge in the fields of management, finance, and corporate governance, and as we have determined that he is essential to the sustainable improvement of the Company’s corporate value as the person responsible for the Administration and Management Control Division.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief History, Position, Principal Duties and Key Concurrent Posts</th><th>Number of shares of the Company owned</th></tr>
<tr><td rowspan="2">3</td><td>RE- nomination

Kiyoshi Saito
(January 25, 1947)

Attendance at Board of Directors meetings
(14/14)</td><td colspan="2">March 1973 Joined TACHI-S CO., LTD.
June 1982 Director
June 1993 Managing Director
Chief of Production Headquarters
June 1996 Representative Director & President
June 2001 Representative Director, President & Chief Operating Officer
June 2005 Representative Director, Chairman & Chief Executive Officer
April 2014 Representative Director, Chairman
June 2014 Representative Director & Senior Corporate Advisor
June 2016 Director & Senior Corporate Advisor (incumbent)
(Key concurrent posts)
Outside Audit & Supervisory Board Member of YAMABIKO CORPORATION</td><td>736,028 shares</td></tr>
<tr><td colspan="4"><Reasons for selection as a Candidate for Director>
Mr. Kiyoshi Saito has been nominated as a candidate to continue in his role as Director, as he has wide-ranging knowledge of all aspects of the Group’s management and has appropriately carried out his functions, and we have determined that he is essential to the sustainable improvement of the Group’s corporate value, based on his extensive experience over many years as a manager at the Company.</td></tr>
<tr><td rowspan="2">4</td><td>RE- nomination

Yuichiro Yamamoto
(July 30, 1968)

Attendance at Board of Directors meetings
(10/10)</td><td colspan="2">April 1997 Joined TACHI-S CO., LTD.
April 2005 General Manager of Overseas Business Team
October 2005 Seconded to TACHI-S Engineering U.S.A., Inc.
General Manager
August 2006 Seconded to TACLE Seating U.S.A., LLC (currently TACHI-S Automotive Seating U.S.A., LLC)
President
April 2011 Executive Officer
Deputy General Manager of Overseas Division
April 2012 In Charge of Nissan Business and Overseas Business Management
April 2014 In Charge of China Business
Seconded to TACHI-S China Co., Ltd.
President
April 2015 Senior Executive Officer
April 2016 In Charge of Compliance (incumbent)
April 2017 Executive Vice President
President, Regional Headquarters for Japan
June 2017 Director & Executive Vice President (incumbent)</td><td>94,900 shares</td></tr>
<tr><td colspan="4"><Reasons for selection as a Candidate for Director>
Mr. Yuichiro Yamamoto has been nominated as a candidate to continue in his role as Director, as he has valuable knowledge in the Marketing and Overseas Division, and many years of experience and results as a manager at overseas subsidiaries in North America and China, and we have determined that he is essential to promoting globalization at the Group and the sustainable improvement of the Group’s corporate value.</td></tr>
</table>

No.	Name (Date of birth)	Brief History, Position, Principal Duties and Key Concurrent Posts		Number of shares of the Company owned
5	RE- nomination Mitsuo Shimazaki (July 4, 1955) Attendance at Board of Directors meetings (9/10)	April 1979 April 2010 October 2010 April 2011 April 2012 April 2014 April 2016 April 2017 June 2017 April 2018	Joined TACHI-S CO., LTD. Director of R&D Administration Department General Manager of Management Planning Office General Manager of Management Planning Office Executive Officer Senior Executive Officer Division Manager of R&D Engineering Division Chief of Monozukuri Headquarters (incumbent) Division Manager of R&D and Technology Division Division Manager of Production and Technology Division (incumbent) Director & Senior Executive Officer (incumbent) President of Regional Headquarters for Japan (incumbent)	7,400 shares
	<Reasons for selection as a Candidate for Director> Mr. Mitsuo Shimazaki has extensive experience in divisions involved with Monozukuri, such as the R&D and Technology Division, as well as superior insight and ability as the Division Manager of Production and Technology Division. He has been nominated as a candidate to continue in his role as Director as we have determined that he is essential to further strengthen the Company's global development framework going forward in locations such as North America, Central and South America, and China.			

No.	Name (Date of birth)	Brief History, Position, Principal Duties and Key Concurrent Posts	Number of shares of the Company owned
6	RE- nomination Outside Independent Director Toshio Kinoshita (April 12, 1949) Attendance at Board of Directors meetings (12/14)	January 1980 Jointed Coopers & Lybrand, Japan (currently PricewaterhouseCoopers Aarata LLC) July 1983 Registered as Certified Public Accountant February 1985 Audit Manager of Coopers & Lybrand, US (currently PricewaterhouseCoopers LLP) New York Office November 1985 Managing partner of the Japanese Business Network of Midwest, Coopers & Lybrand, US Detroit Office June 1995 Managing partner of the Japanese Business Network of US, Coopers & Lybrand, US National Office July 1998 Managing partner of the Japanese Business Network of North America, PricewaterhouseCoopers LLP New York Office July 2005 Management Board Member for International Business of Chuo Aoyama Audit Corporation (renamed Misuzu Audit Corporation) July 2013 Established Kinoshita CPA Firm, Owner and Managing Partner of the firm (incumbent) June 2015 Outside Director of TACHI-S CO., LTD. (incumbent) (Key concurrent posts) Chief Executive Officer of Kinoshita CPA Firm Outside Audit & Supervisory Board Member of Cool Japan Fund Inc. Outside Audit & Supervisory Board Member of Panasonic Corporation Outside Audit & Supervisory Board Member of Weathernews Inc. Outside Director of ASATSU-DK INC. Outside Audit & Supervisory Board Member of Denka Company Limited Outside Director of Mizuho Bank, Ltd. Representative Director, President of Global Professional Partners Co., Ltd.	0 shares
	<Reasons for selection as a Candidate for Outside Director> Mr. Toshio Kinoshita has superior judgment as a certified public accountant and plentiful experience performing auditing functions at overseas locations over many years, and he has been nominated as a candidate to continue in his role as Outside Director as he is contributing to the appropriate decision-making of the Board of Directors from an objective and global standpoint. He will have served as an Outside Director of the Company for three years as of the conclusion of this Shareholders' Meeting.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief History, Position, Principal Duties and Key Concurrent Posts</th><th>Number of shares of the Company owned</th></tr>
<tr><td rowspan="2">7</td><td>New Nominee
Outside

Hidetaka Mihara
(July 8, 1958)

Attendance at Board of Directors meetings
(-/-)</td><td>April 1986

October 1987

July 1990
January 1993
January 2000

April 2016</td><td>Registered with Dai-Ichi Tokyo Bar Association
Joined Hashidate Law Office
Joined Blakemore & Mitsuki
(renamed Tsunematsu Yanase & Sekine)
Seconded to Nomura International plc, London
Partner at Tsunematsu Yanase & Sekine
Partner at Nagashima Ohno & Tsunematsu
(incumbent)
Executive Vice president of Dai-Ichi Tokyo Bar Association</td><td>0 shares</td></tr>
<tr><td colspan="2">(Key concurrent posts)
Partner at Nagashima Ohno & Tsunematsu
Expert Advisor of Ministry of Land, Infrastructure, Transport and Tourism, Land Policy Council Land Policy Subcommittee Special Section (Owner unknown land problem examination)</td></tr>
<tr><td></td><td colspan="4">< Reasons for selection as a Candidate for Outside Director >
Although Mr. Hidetaka Mihara has no experience in being directly involved with corporate management, other than serving as an Outside Director, he has been nominated as a new candidate for Director, as he has expert knowledge and experience of matters such as corporate law as a lawyer, and we hope to utilize this in the strengthening of the Group’s corporate governance.</td></tr>
</table>

Notes:

1: The above candidates have no conflicts of interest with the Company.

2: Mr. Toshio Kinoshita and Mr. Hidetaka Mihara are candidates for Outside Director. Notification has been submitted to the Tokyo Stock Exchange for Mr. Kinoshita to be listed as an independent officer according to the rules of the Exchange, and the Exchange will be notified again that he is an independent officer if he is re-elected.

3: The Company has concluded an agreement with Mr. Toshio Kinoshita to limit his damage liability as stipulated in Article 423, Paragraph 1 of the Companies Act, based on the regulations specified in Article 427, Paragraph 1 of the Companies Act. Should the reappointment of Mr. Kinoshita as Outside Director be approved, the Company intends to maintain the Liability Limitation Agreement with him. Should the appointment of Mr. Hidetaka Mihara as Outside Director be approved, the Company intends to conclude the Liability Limitation Agreement with him. The maximum amount of liability for damage based on the Liability Limitation agreement is the minimum liability as stipulated in Article 425, Paragraph 1 of the Companies Act.

<For Reference> Criteria for Assessing Independence of Outside Directors/ Audit & Supervisory Board Members

The Company establishes following standards in order to ensure the independence of Outside Directors/ Audit & Supervisory Board Members.

1. The person in question is not a current or former Executive[1] of the Company or a related company ("Group Companies").
2. Over the past 5 years a Close Relative[2] of the person has not been an Executive[1] of any Group Companies.
3. The following items are not currently applicable to the person and have not been applicable to the person in the past 5 years:
   (1) The person is a large shareholder of the Company (a person who directly or indirectly controls voting rights worth 10% or more of total voting rights in the Company) or an Executive[1] of such a large shareholder.
   (2) The person directly or indirectly controls voting rights worth 10% or more of total voting rights in Group Companies or is an Executive[1] of such a large shareholder.
   (3) The person is a Person for whom Group Companies are Important Clients[3] or who is an Executive[1] of such an entity.
   (4) The person is an Executive[1] of an Important Client of Group Companies[4].
   (5) The person is an Executive[1] of an Important Lender to Group Companies[5].
   (6) The person is affiliated with an auditing firm performing the Company's statutory audits.
   (7) The person is a consultant, an accounting professional or a legal professional (in the case that a group such as a corporation or association performs such a role, a person affiliated with that group) that has received from Group Companies money compensation or other assets to a total value of more than 10 million yen annually.
   (8) The person is a recipient of donations or grants from Group Companies (in the case that a group such as a legal corporation or association is such a recipient, a person affiliated with that group) of more than 10 million yen annually.
   (9) The person is an Executive[1] of a company to which Group Companies appoint Directors (regardless of whether such Directors are executive or non-executive).
4. None of the person's Close Relatives are persons in regards to whom Items (1) to (9) of paragraph 3 above apply (but limited to cases where such a Close Relative is an Important Person[6]).

(Notes)

[1] An Executive is defined as a person who is either a Director (excluding an Outside Director) of a company or organization, an Executive Director, an Executive Officer, an employee who manages operations, a Senior General Manager or other equivalent person or employee who manages operations.

[2] A Close Relative is defined as a dependent, a relative to the second degree or a cohabitating relative.

[3] A Person for whom Group Companies are Important Clients is defined as a person who has received 2% or more of their consolidated annual gross revenues from Group Companies during that person's most recent fiscal year.

[4] An Important Client of Group Companies is defined as a person who has paid 2% or more of the gross annual consolidated revenues of Group Companies in the Company's most recent fiscal year.

[5] An Important Lender to Group Companies is defined as a person who has provided finance to Group Companies that represents an amount worth 2% or more of consolidated total assets as of the end of the Company's most recent fiscal year.

[6] An Important Person is defined as a person who is either a Director, an Audit & Supervisory Board Member, an Executive Officer and a General Manager or above.

Proposal 2: Election of one Audit & Supervisory Board Member

The term of office of the Audit & Supervisory Board Member, Mr. Fumio Harada, will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we propose to elect the following one Audit & Supervisory Board Member candidate.

The Audit & Supervisory Board has already approved this proposal.

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

Name (Date of birth)	Brief History, Position and Key Concurrent Posts		Number of shares of the Company owned
New Nominee Naozumi Matsui (October 25, 1960) Attendance at Board of Directors meetings (-/-) Attendance at Board of Audit & Supervisory Board Members meetings (-/-)	April 1985 October 2009 July 2012 January 2013 April 2013 April 2014 April 2015 April 2016 April 2018	Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) Principal Examiner of Internal Audit Department Joined TACHI-S CO., LTD. Registered as Certified Public Accountant Director of Managing Related Companies Director of Business Administration Department Director of Finance & Accounting Department Seconded to TACHI-S Engineering U.S.A., Inc. General Manager General Manager of Administration and Management Control Division	0 shares
<Reasons for selection as a Candidate for Audit & Supervisory Board Member > Mr. Naozumi Matsui has been nominated as a new candidate for Audit & Supervisory Board Member, as he has a wealth of expert knowledge on accounting as a certified public accountant, and we hope to utilize extensive experience on financial institutions and overseas subsidiaries in the auditing of the Company.			

Notes: The above candidate has no conflicts of interest with the Company.

Proposal 3: Determination of the Amount and Details of Performance-Linked Stock Compensation, etc., for Directors

1. Reason for the proposal and reason such a compensation system is considered appropriate

Compensation for Company Directors currently consists of a base compensation and bonuses, and the Company proposes to obtain approval to introduce a new performance-linked stock compensation system (hereinafter referred to as the "System") for the Company's Directors (excluding Outside Directors and non-Executive Directors; the same applies hereinafter). The details shall be decided by the Board of Directors within the framework of 2., below.

The System aims at improving the Directors' awareness of contributing to improving the medium- to long-term performance and growth of corporate value by making clearer the link between compensation for Directors and the Company's performance and stock value, and by Directors sharing profit and risks based on stock price fluctuations with shareholders. The Company considers such a compensation system appropriate.

This proposal is to provide Directors in office for three fiscal years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021 (hereinafter referred to as the "System Period") with the new performance-linked stock compensation, separate from the maximum amount of compensation for Directors (280 million yen per year (for Outside Directors, 20 million yen per year), but not including employee salaries) approved at the 58th Annual General Meeting of Shareholders held on June 25, 2010.

If Proposal 1, "Election of seven Directors", is approved as proposed, four directors will become eligible for the System.

2. Amount and other Details about Compensation, etc., under the System

(1) Outline of the System

The System is a stock compensation system in which the trust (hereinafter referred to as "the Trust"), which the Company establishes through a money contribution, acquires Company shares, and Company shares that are equivalent to the number of points granted to each Director by the Company are delivered to each Director through the Trust.

The period in which Directors receive the Company's shares is, in principle, the time of retirement of Directors.

(i)	Eligible Directors for the System	Directors of the Company, excluding Outside Directors and non-Executive Directors
(ii)	The initial trust period	About 3 years
(iii)	The maximum money that the Company contributes as funds for acquiring the Company shares necessary for delivering them to Directors for the initial Trust period in (ii)	Total amount: 200 million yen
(iv)	Method of acquisition of the Company shares	Disposal of treasury shares or acquisition from the exchange market (including after-hours trading)
(v)	The maximum number of total points granted to Directors in (i)	168,000 points for 3 fiscal years
(vi)	Standard for granting points	Grant points based on position and the degree of attainment of performance targets
(vii)	Period for delivering the Company shares to Directors in (i)	In principle, at the time of retirement

(2) The Maximum Amount of Money Contributed by the Company

The initial trust period for the Trust will be about three years and the Company will contribute the maximum total amount of 200 million yen as funds for the acquisition of the Company shares necessary for provision to Directors who are in office for the System period as compensation, and establish the Trust for Directors who meet certain requirements as beneficiaries. The Trust shall acquire the Company shares

through money entrusted by the Company as funds through methods such as disposal of treasury shares by the Company or acquisition from the exchange market (including after-hours trading).

Note: Money that the Company actually entrusts to the Trust shall be the combined amount of the estimated amount of the necessary costs, including trust fees and trust administration fees, in addition to the above funds for acquiring Company shares

At the maturity of the Trust period (after extension if the System is continued by extending the trust period according to the following procedures), the System may be continued by extending the Trust period every three years (including the actual extension of the Trust period by transferring assets of the Trust to the Trust for the same purpose as the Trust established by the Company. The same applies hereinafter.) by a resolution of the Company's Board of Directors. In this case, the Company will additionally contribute the maximum amount of 200 million yen to the Trust by the extended trust period as additional funds to acquire Company shares necessary for provision to Directors by the System. In addition, in this case, the Company shall extend the System period according to the continuation of such System and the extension of the trust period and continue granting points as in the following (3) and the delivery of the Company's shares for the extended trust period.

In addition, even if the Company does not continue the System by extending the trust period as above, if there is a Director who has not yet retired, although points had already been granted at the maturity of the trust period, the trust period of the Trust may be extended until that Director retires and delivery of the Company shares is completed.

(3) Method for Calculating Number of Company Shares to be Provided to Directors, and Maximum Number

(i) Methods of granting points to Directors

The Company will grant each Director points based on position and the degree of attainment of performance targets at the date of granting points prescribed in the provision of shares during the trust period based on the provision of shares specified by the Company's Board of Directors.

However, the maximum number of total points granted to Directors by the Company will be 168,000 points per three fiscal years.

(ii) Delivery of Company Shares based on Number of Points Granted

Directors shall receive Company shares in accordance with the procedures in the following (iii) based on the points granted in the above (i).

One point shall equal one Company share. However, with regard to the Company's shares, in the case of events in which adjustments of the number of Company shares to be delivered, such as a share split or consolidation of shares, are reasonably considered, a reasonable adjustment shall be made based on the split ratio or ratio of consolidation of shares, etc.

(iii) Delivery of Company Shares to Directors

Delivery of Company shares in the above (ii) to each Director shall be made by the Trust by conducting the prescribed procedures determining the beneficiaries at the time of their retirement.

However, with regard to a certain percentage of Company shares among them, the Company may deliver money instead of shares after selling them to convert into money in the Trust in order to withhold tax fees, such as withholding income tax. In addition, if the Company shares in the Trust are converted into money, such as a case in which the Company shares in the Trust are settled upon applying for a takeover bid, the Company may deliver money instead of shares.

(4) Exercise of Voting Rights

Voting rights concerning the Company shares in the Trust shall not be exercised in the same way based on the instructions of the trust administrator independent from the Company and its officers. The Company plans to ensure neutrality in the Company's management with regard to the exercise of voting rights concerning the Company's shares in the Trust by using such a method.

(5) Handling dividends

The dividends for Company shares in the Trust shall be received by the Trust and allocated for payment for acquiring the Company's shares and trust fees, etc. of trustees concerning the Trust.

(Reference)
Please refer to "Notice concerning the Introduction of Performance-Linked Stock Compensation System for Officers" as of May 14, 2018 with regard to the framework of the System.

Proposal 4: Payment of Bonuses to Directors

The Company proposes to pay Bonuses to five of the seven Directors excluding the Outside Directors as of the end of the fiscal year under review amounting to a total of ¥75,000,000, in recognition of the business performance and other factors for the fiscal year under review. The Company would like to leave it to the Board of Directors to decide on the amount of bonus for each Director.

Consolidated Balance Sheet

(As of March 31, 2018)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
(Assets)		**(Liabilities)**	
Total current assets	**115,338**	**Total current liabilities**	**69,992**
Cash, time deposits and other cash equivalents	47,713	Accounts and notes payable	48,300
Accounts and notes receivable	47,672	Short-term bank loans	890
Marketable securities	170	Income taxes payable	3,799
Goods and merchandises	2,082	Deferred tax liabilities	239
Work in process	1,038	Reserve for directors' bonuses	75
Raw materials and supplies	10,250	Other	16,687
Deferred income taxes	1,124	**Total fixed liabilities**	**13,875**
Other	5,330	Long-term debt	6,500
Allowance for bad debts	-43	Deferred tax liabilities	5,573
Fixed assets	**69,103**	Retirement allowance for directors and audit & supervisory board	12
Property, plant and equipment	**38,852**	Net defined benefit liability	1,126
Buildings and structures	13,497	Other	662
Machinery and vehicles	13,970	**Total liabilities**	**83,867**
Land	8,008	**(Net assets)**	
Construction in progress	939	**Total shareholders' equity**	**84,505**
Other	2,435	Common stock	9,040
Intangibles and deferred charges	**2,106**	Additional paid-in capital	9,201
Goodwill	28	Retained earnings	67,706
Other	2,077	Treasury stock	-1,442
Investments and other assets	**28,144**	**Valuation and translation adjustments**	**9,503**
Investments in securities	18,939	Net unrealized gain on securities	4,898
Long-term loans	42	Foreign currency translation adjustments	4,333
Deferred income taxes	2,799	Remeasurements of defined benefit plans	271
Net defined benefit assets	150	**Non-controlling interests**	**6,563**
Other	6,341		
Allowance for bad debts	-129	**Total net assets**	**100,573**
Total assets	**184,441**	**Total liabilities and net assets**	**184,441**

Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Unit: Million yen)

Account Name	Amount	
Net sales		**295,470**
Cost of sales		**267,219**
Gross profit		**28,250**
Selling, general and administrative expenses		**19,587**
Operating income		**8,663**
Non-operating income		
Interest income	389	
Dividend income	320	
Equity in earnings of subsidiaries and associates	2,158	
Foreign exchange gains	235	
Other	401	3,505
Non-operating expenses		
Interest expenses	39	
Other	193	233
Ordinary income		**11,934**
Extraordinary income		
Gain on sales of fixed assets	17	
Gain on sales of shares of subsidiaries and associates	310	
Gain on step acquisitions	137	
Gain on bargain purchase	3,649	4,115
Extraordinary loss		
Loss on disposal of fixed assets	86	
Impairment loss	264	
Loss on valuation of investments in capital of subsidiaries and associates	78	428
Net income before taxes and adjustments		**15,621**
Income taxes	5,823	
Income taxes - deferred	-291	5,531
Net income		**10,089**
Net income attributable to non-controlling interests		1,915
Net income attributable to owners of parent		**8,174**

Consolidated Statement of Changes in Net Assets

(From April 1, 2017 to March 31, 2018)

(Unit: Million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2017	9,040	9,247	60,240	-1,441	77,087
Change of items during the period					
Cash dividends			-708		-708
Net income attributable to owners of parent			8,174		8,174
Treasury stock purchased				-0	-0
Change of scope of equity method		-46			-46
Other			0		0
Net changes of items other than shareholders' equity					
Total of changes during the fiscal year	—	-46	7,465	-0	7,418
Balance at March 31, 2018	9,040	9,201	67,706	-1,442	84,505

(Unit: Million yen)

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at April 1, 2017	4,810	5,713	42	10,566	5,223	92,877
Change of items during the period						
Cash dividends						-708
Net income attributable to owners of parent						8,174
Treasury stock purchased						-0
Change of scope of equity method						-46
Other						0
Net changes of items other than shareholders' equity	87	-1,380	228	-1,063	1,340	277
Total of changes during the fiscal year	87	-1,380	228	-1,063	1,340	7,696
Balance at March 31, 2018	4,898	4,333	271	9,503	6,563	100,573

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Non-consolidated Balance Sheet

(As of March 31, 2018)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
(Assets)		**(Liabilities)**	
Total current assets	**50,006**	**Total current liabilities**	**32,126**
Cash, time deposits and other cash equivalents	18,835	Notes payable	19
Notes receivable	42	Electronically recorded monetary claims - operating	7,075
Electronically recorded monetary claims - operating	3,519	Accounts payable	18,158
Accounts receivable	22,086	Subsidiaries' and associates' funds entrusted for investment	930
Goods and merchandises	346	Accounts payable - other	357
Work in process	1,156	Accrued expenses	2,521
Raw materials and supplies	2,058	Income taxes payable	1,950
Advance payments	1,342	Deposits received	284
Deferred income taxes	457	Notes payable - facilities	343
Short-term loans receivable	522	Unearned revenue	409
Other	1,218	Reserve for directors' bonuses	75
Allowance for bad debts	-1,579	**Total fixed liabilities**	**9,459**
Fixed assets	**53,415**	Long-term debt	6,500
Property, plant and equipment	**13,275**	Deferred tax liabilities	1,915
Buildings	5,703	Reserve for retirement benefits	452
Structures	165	Other	590
Machinery	2,071	**Total liabilities**	**41,585**
Vehicles	1	**(Net assets)**	
Equipment	487	**Total shareholders' equity**	**56,940**
Land	4,816	**Common stock**	**9,040**
Construction in progress	29	**Additional paid-in capital**	**9,193**
Intangibles and deferred charges	**1,064**	Legal capital surplus	8,592
Software	1,048	Other	601
Other	16	**Retained earnings**	**40,149**
Investments and other assets	**39,075**	Legal retained earnings	480
Investments in securities	13,379	Other retained earnings	39,668
Stock of subsidiaries and associates	17,705	Reserve for advanced depreciation of fixed assets	21
Investments in capital	0	General reserve	15,000
Investments in subsidiaries and associates	7,592	Retained earnings brought forward	24,646
Long-term loans receivable	33	**Treasury stock**	**-1,442**
Long-term prepaid expenses	12	**Total valuation, translation adjustments and others**	**4,895**
Other	362	**Net unrealized gain on securities**	**4,895**
Allowance for bad debts	-10	**Total net assets**	**61,836**
Total assets	**103,422**	**Total liabilities and net assets**	**103,422**

Non-consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Unit: Million yen)

Account Name	Amount	
Net sales		**123,931**
Cost of sales		**115,164**
Gross profit		**8,766**
Selling, general and administrative expenses		**7,774**
Operating income		**991**
Non-operating income		
Interest and dividend income	3,493	
Other	137	3,631
Non-operating expenses		
Interest expenses	40	
Other	3	43
Ordinary income		**4,579**
Extraordinary income		
Gain on sales of fixed assets	5	
Gain on sales of shares of subsidiaries and associates	6,764	6,770
Extraordinary loss		
Loss on disposal of fixed assets	51	
Loss on valuation of shares of subsidiaries and associates	1,172	
Loss on valuation of investments in capital of subsidiaries and associates	854	
Loss on sales of investments in capital of subsidiaries and associates	56	
Provision of allowance for doubtful accounts for subsidiaries and associates	1,501	3,635
Net income before taxes		**7,713**
Income taxes	2,403	
Income taxes - deferred	216	2,620
Net income		**5,093**

Non-consolidated Statement of Changes in Net Assets

(From April 1, 2017 to March 31, 2018)

(Unit: Million yen)

	Shareholders' equity					
		Additional paid-in capital			Retained earnings	
	Common stock	Legal capital surplus	Other additional paid-in capital	Total additional paid-in capital	Legal retained earnings	Other retained earnings
						Reserve for advanced depreciation of fixed assets
Balance as of April 1, 2017	9,040	8,592	601	9,193	480	21
Change of items during the period						
Cash dividends						
Net income						
Reversal of reserve for advanced depreciation of fixed assets						-0
Treasury stock purchased						
Net changes of items other than shareholders' equity						
Total of changes during the fiscal year	—	—	—	—	—	-0
Balance as of March 31, 2018	9,040	8,592	601	9,193	480	21

(Unit: Million yen)

	Shareholders' equity					Evaluation, exchange differences		
	Retained earnings			Treasury stock	Total shareholders ' equity	Net unrealized gain on securities	Total evaluation, exchange differences	Total net assets
	Other retained earnings		Total retained earnings					
	Special reserve	Retained earnings brought forward						
Balance as of April 1, 2017	15,000	20,262	35,764	-1,441	52,556	4,807	4,807	57,364
Change of items during the period								
Cash dividends		-708	-708		-708			-708
Net income		5,093	5,093		5,093			5,093
Reversal of reserve for advanced depreciation of fixed assets		0	—		—			—
Treasury stock purchased				-0	-0			-0
Net changes of items other than shareholders' equity						87	87	87
Total of changes during the fiscal year	—	4,384	4,384	-0	4,384	87	87	4,471
Balance as of March 31, 2018	15,000	24,646	40,149	-1,442	56,940	4,895	4,895	61,836