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Securities Code: 5988

June 10, 2016

To Our Shareholders:

51 Iwai-cho, Hodogaya-ku,
Yokohama-shi, Kanagawa

Piolax, Inc.

Yukihiko Shimazu, President

Notice of the 100th Annual Meeting of Shareholders

The Company would hereby like to request shareholders to attend the Company's 100th Annual Meeting of Shareholders as described below.

If you are unable to attend the meeting on the date, you may also exercise your voting rights in writing. We kindly request you to read the following Reference Document for the Annual Meeting of Shareholders, indicate "for" or "against" on each agenda item on the voting form enclosed herewith, and return it no later than the end of business at 5:30 p.m., June 27, 2016 (Monday).

Sincerely yours,

- 1. Date:** 10:00 a.m., June 28 (Tuesday), 2016
- 2. Venue:** 4F Hall, Yokohama Technical Center, Piolax, Inc.
179 Kariba-cho, Hodogaya-ku, Yokohama-shi, Kanagawa
- 3. Purposes:**
 - Items to be reported:**
 1. The Business Report, the Consolidated Financial Statements and the Results of Consolidated Financial Statement Audits by the Accounting Auditor and the Board of Auditors for the 100th business period (April 1, 2015 to March 31, 2016)
 2. The Non-Consolidated Financial Statements for the 100th business period (April 1, 2015 to March 31, 2016)
 - Items to be resolved:**
 - Agenda No. 1:** Appropriation of Retained Earnings
 - Agenda No. 2:** Partial Amendment to the Articles of Incorporation
 - Agenda No. 3:** Election of Four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - Agenda No. 4:** Election of Three (3) Directors who are Audit and Supervisory Committee Members
 - Agenda No. 5:** Election of One (1) Director who is Substitute for Audit and Supervisory Committee Member
 - Agenda No. 6:** Decision of Amount of Remunerations for Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - Agenda No. 7:** Decision of Amount of Remunerations for Directors who are Audit and Supervisory Committee Members

- When you attend the meeting, we kindly request that you submit the enclosed voting form to the receptionist at the venue. Please also bring this notice to the meeting with you to help us preserve resources.
- Of the matters to be included in this notice, the following matters are not listed in this notice, but are put on the Company's website (<http://www.piolax.co.jp/en/>) in accordance with laws and regulations and the provisions of Article 19 of the Company's Articles of Incorporation.
 - Notes to the Consolidated Financial Statements
 - Notes to the Non-Consolidated Financial Statements
- The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Auditors and Accounting Auditors in the preparation of the Auditor's Report and the Accounting Auditor's Report respectively include the matters stated in the document attached to this notice. They also include matters to be reported in the Notes to the Consolidated Financial Statements and Notes to the Non-Consolidated Financial Statements.
- If there are any revisions to the Reference Document for the Annual Meeting of Shareholders, the Business Report, and/or the Non-Consolidated and the Consolidated Financial Statements, such revisions will be listed on the Company's website. (URL: <http://www.piolax.co.jp/en/>)

Reference Document for the Annual Meeting of Shareholders

Meeting Agenda and Referential Matters

Agenda No. 1: Appropriation of Retained Earnings

The Company's fundamental policy on the appropriation of profits is to execute balanced management on steady returns of earnings to shareholders and adequate internal reserves to strengthen the business foundations. Based on this policy, the Company proposes the year-end dividends and the appropriation of other retained earnings for the fiscal year under review as follows.

1. Year-end Dividend

- (1) Type in which dividends are paid

Cash payment

- (2) Allocation of dividends and total amount of dividends

The Company would like to disburse 45.00 yen per common share of the Company.

In this case, the total amount of dividends shall be 555,362,055 yen.

As a result, the dividends on an annual basis will be 80.00 yen per share including the interim dividends of 35.00 yen per share.

- (3) Effective date on which dividends are disbursed from retained earnings

June 29, 2016

2. Appropriation of Other Retained Earnings

- (1) Increased retained earning item and its amount

General reserve 3,200,000,000 yen

- (2) Reduced retained earning item and its amount

Retained earnings brought forward 3,200,000,000 yen

Agenda No. 2: Partial Amendment to the Articles of Incorporation

1. Reasons for proposal

- (1) In response to the enforcement of the “Act on Partial Revision of Companies Act“ (Act No. 90 of 2014) on May 1, 2015, the system of a Company with Audit and Supervisory Committee was introduced as a new organizational design. Accordingly, the Company would like to shift from a Company with a Board of Auditors to a Company with Audit and Supervisory Committee. The aim of this is to enhance corporate governance with the strengthened supervisory function of the Board of Directors. For this purpose, the Company sets new provisions concerning a Director who is Audit and Supervisory Committee Member and the Audit and Supervisory Committee, deletes provisions concerning the Auditor and the Board of Auditors and makes other changes that are necessary for shifting from a Company with a Board of Auditors to a Company with Audit and Supervisory Committee.
- (2) With the revision of the Companies Act, the scope of Directors, etc. who may enter into a limited liability agreement changed. Even after such change, the Company should be able to enter into a limited liability agreement with Directors other than Executive Directors in order to bring valuable human resources on board as Directors on an ongoing basis. To this end, the Company proposes to amend Article 33, Paragraph 2 of the existing Articles of Incorporation. With regard to this amendment, the consent of all of the Auditors has been obtained.
- (3) Now that the business environment surrounding the Company has considerably changed from the time when the Company introduced the takeover defense measures and that legal procedures of large-scale purchase have also been developed in the Financial Instruments and Exchange Act, the purpose for which the Company introduced the existing countermeasures (i.e., securing information and time necessary for the shareholders to make appropriate decision) is guaranteed to a certain extent.

In response to the above changes in the situation and evaluation of the existing countermeasures by certain shareholders and investors, etc., the Company resolved to discontinue the existing countermeasures after the closing time of this Annual Meeting of Shareholders as a result of carefully discussing the future handling of the existing countermeasures internally and, accordingly, proposes to amend the Articles of Incorporation.

- (4) In addition to those mentioned above, necessary amendments such as modification of wordings shall be made in line with each of the above amendments.

2. The details of revision

The details of revision of the Articles of Incorporation are as follows.

Amendments to the Articles of Incorporation proposed in this agenda item shall take effect at the closing time of this Annual Meeting of Shareholders.

(Those to be amended are underlined.)

Current Articles of Incorporation	Proposed revisions
Chapter 1 General Provisions	Chapter 1 General Provisions
Articles 1 through 3 (provisions omitted)	Articles 1 through 3 (unchanged)
(Organs)	(Organs)
Article 4 The Company shall have a Meeting of Shareholders, Directors and the following organs in place.	Article 4 The Company shall have a Meeting of Shareholders, Directors and the following organs in place.
(1) Board of Directors	(1) Board of Directors
(2) Auditor	(2) <u>Audit and Supervisory Committee</u>
(3) <u>Board of Auditors</u>	(deleted)
(4) Accounting Auditor	(3) Accounting Auditor
Article 5 (provision omitted)	Article 5 (unchanged)
Chapter 2 Shares	Chapter 2 Shares
Articles 6 through 12 (provisions omitted)	Articles 6 through 12 (unchanged)
Chapter 3 Meeting of Shareholders	Chapter 3 Meeting of Shareholders
Articles 13 through 19 (provisions omitted)	Articles 13 through 19 (unchanged)
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
(Number of Directors)	(Number of Directors)
Article 20 The number of Directors of the Company shall be <u>ten</u> or less.	Article 20 The number of Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>) of the Company shall be <u>eight</u> or less.
(new provision)	2. <u>The number of Directors who are Audit and Supervisory Committee Members shall be five or less.</u>
(Method of Election)	(Method of Election)
Article 21 Directors shall be elected at a Meeting of Shareholders.	Article 21 Directors shall be elected at a Meeting of Shareholders <u>as Directors who are Audit and Supervisory Committee Members or other Directors, distinctively.</u>
2. (provision omitted)	2. (unchanged)
3. (provision omitted)	3. (unchanged)
(Term of office)	(Term of office)
Article 22 The term of office of each Director shall expire at the closing of an annual meeting of shareholders for the last fiscal year ending within one year following his/her election.	Article 22 The term of office of each Director (<u>excluding Directors who is Audit and Supervisory Committee Member</u>) shall expire at the closing of an annual meeting of shareholders for the last fiscal year ending within one year following his/her election.

Current Articles of Incorporation	Proposed revisions
<p style="text-align: center;">(new provision)</p> <p>2. <u>The term of office of a Director elected due to an increase in the number of Directors or as a substitute shall be the remainder of the term of office of other Directors.</u> (new provision)</p> <p style="text-align: center;">(new provision)</p>	<p>2. <u>The term of office of each Director who is Audit and Supervisory Committee Member shall expire at the closing of an Annual Meeting of Shareholders for the last fiscal year ending within two years following his/her election.</u> (deleted)</p> <p>3. <u>The term of office of a Director who is Audit and Supervisory Committee Member elected as a substitute for a Director who is Audit and Supervisory Committee Member who retired from office before the expiration of the term of office shall be the remainder of the term of office of such retired Director who is Audit and Supervisory Committee Member.</u></p> <p>4. <u>The effect of the resolution of election of a Director who is Audit and Supervisory Committee Member elected as a substitute under Article 329, Paragraph 3 of the Companies Act shall expire at the opening of an Annual Meeting of Shareholders for the last fiscal year ending within two years following his/her election.</u></p>
<p>Articles 23 through 24 (provisions omitted) (Board of Directors)</p> <p>Article 25 The Board of Directors shall decide matters set forth in laws and regulations, these Articles of Incorporation and other important matters concerning business execution of the Company.</p>	<p>Articles 23 through 24 (unchanged) (Board of Directors)</p> <p>Article 25 The Board of Directors shall decide matters set forth in laws and regulations, these Articles of Incorporation and other important matters concerning business execution of the Company. <u>However, the Board of Directors may, pursuant to the provision of Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of the decisions on important business execution (except for the matters set forth in each Item of Article 399-13, Paragraph 5) to a Director by resolution of the Board of Directors.</u></p>
<p>Article 26 (provision omitted)</p>	<p>Article 26 (unchanged)</p>

Current Articles of Incorporation	Proposed revisions
<p>(Calling Procedure of Meeting of Board of Directors)</p> <p>Article 27 A notice of calling a meeting of the Board of Directors shall be issued to each Director <u>and Auditor</u> at least three days prior to the date of the meeting together with the agenda items; provided, however, that the above notice period may be shortened in cases of an emergency.</p> <p>2. With the consent of all of the Directors <u>and Auditors</u>, a meeting of the Board of Directors may be held without the calling procedure.</p> <p>Article 28 (provision omitted)</p> <p>(Method of Resolution at Meeting of Board of Directors)</p> <p>Article 29 (provision omitted)</p> <p>2. With the consent of all of the Directors who are entitled to a <u>voting right</u> on an item to be resolved at a meeting of the Board of Directors in writing or by electromagnetic record, the Company may deem that such item to be resolved has been adopted <u>unless an Auditor raises an objection.</u></p> <p>(Minutes of Meeting of Board of Directors)</p> <p>Article 30 Procedures at a meeting of the Board of Directors shall be recorded in the minutes in accordance with laws and regulations and the Directors <u>and Auditors</u> who attended the meeting shall affix their name and seal thereto or electronically sign the minutes</p> <p>Article 31 (provision omitted)</p> <p>(Remuneration, etc.)</p> <p>Article 32 Financial benefits to be received from the Company as consideration for the execution of the duties such as remuneration and bonuses of Directors shall be determined by resolution of a Meeting of Shareholders.</p> <p>(Exemption from Liability of Director)</p> <p>Article 33 (provision omitted)</p>	<p>(Calling Procedure of Meeting of Board of Directors)</p> <p>Article 27 A notice of calling a meeting of the Board of Directors shall be issued to each Director at least three days prior to the date of the meeting together with the agenda items; provided, however, that the above notice period may be shortened in cases of an emergency.</p> <p>2. With the consent of all of the Directors, a meeting of the Board of Directors may be held without the calling procedure.</p> <p>Article 28 (unchanged)</p> <p>(Method of Resolution at Meeting of Board of Directors)</p> <p>Article 29 (unchanged)</p> <p>2. With the consent of all of the Directors who are entitled to a <u>vote</u> on an item to be resolved at a meeting of the Board of Directors in writing or by electromagnetic record, the Company may deem that such item to be resolved has been adopted.</p> <p>(Minutes of Meeting of Board of Directors)</p> <p>Article 30 Procedures at a meeting of the Board of Directors shall be recorded in the minutes in accordance with laws and regulations and the Directors who attended the meeting shall affix their name and seal thereto or electronically sign the minutes</p> <p>Article 31 (unchanged)</p> <p>(Remuneration, etc.)</p> <p>Article 32 Financial benefits to be received from the Company as consideration for the execution of the duties such as remuneration and bonuses of Directors shall be determined by resolution of a Meeting of Shareholders <u>for Directors who are an Audit and Supervisory Committee Members or for other Directors, distinctively.</u></p> <p>(Exemption from Liability of Director)</p> <p>Article 33 (unchanged)</p>

Current Articles of Incorporation	Proposed revisions
<p>2. The Company may, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into a contract with an <u>External Director</u> to limit the liability of such <u>External Director</u> for damages caused as a result of such <u>External Director's</u> negligence of duties; provided, however, that the limited amount of liability under such contract shall be the amount stipulated by laws and regulations.</p>	<p>2 The Company may, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into a contract with a <u>Director (other than Executive Director)</u> to limit the liability of such Director for damages caused as a result of such Director's negligence of duties; provided, however, that the limited amount of liability under such contract shall be the amount stipulated by laws and regulations.</p>
<p><u>Chapter 5 Auditors and Board of Auditors</u></p>	<p>(deleted)</p>
<p><u>(Number of Auditors)</u></p>	<p>(deleted)</p>
<p><u>Article 34 The number of Auditors of the Company shall be four or less.</u></p>	<p>(deleted)</p>
<p><u>(Method of Election)</u></p>	<p>(deleted)</p>
<p><u>Article 35 Auditors shall be elected at a Meeting of Shareholders.</u></p>	
<p>2. <u>A resolution to elect an Auditor shall be adopted in the presence of voting shareholders who, entitled to exercise their vote, holding at least one-third of all of the votes and the affirmative votes of the majority of the votes held by the voting shareholders so present.</u></p>	
<p><u>(Term of Office)</u></p>	<p>(deleted)</p>
<p><u>Article 36 The term of office of each Auditor shall expire at the closing of an Annual Meeting of Shareholders for the last fiscal year ending within four years following his/her election.</u></p>	
<p>2. <u>The term of office of an Auditor elected as a substitute for an Auditor who retired from office before the expiration of the term of office shall be the remainder of the term of office of such retired Auditor.</u></p>	
<p><u>(Full-time Auditor)</u></p>	<p>(deleted)</p>
<p><u>Article 37 The Board of Auditors shall appoint a full-time Auditor by resolution of the Board of Auditors.</u></p>	

Current Articles of Incorporation	Proposed revisions
<p><u>(Board of Auditors)</u> <u>Article 38 The Board of Auditors shall decide matters set forth in laws and regulations, these Articles of Incorporation and other matters concerning execution of duties of the Auditors such as audit policies of the Company, and method of assessment of the business operation and assets of the Company.</u></p>	(deleted)
<p><u>(Calling Procedure of Meeting of Board of Auditors)</u> <u>Article 39 A meeting of the Board of Auditors shall be called by each Auditor.</u> <u>2. A notice of calling a meeting of the Board of Auditors shall be issued to each Auditor at least three days prior to the date of the meeting; provided, however, that the above notice period may be shortened in cases of an emergency.</u> <u>3. With the consent of all of the Auditors, a meeting of the Board of Auditors may be held without the calling procedure.</u></p>	(deleted)
<p><u>(Method of Resolution at Meeting of Board of Auditors)</u> <u>Article 40 Resolution of the Board of Auditors shall be adopted with the affirmative vote of the majority of the Auditors unless otherwise provided for in laws and regulations.</u></p>	(deleted)
<p><u>(Minutes of Meeting of Board of Auditors)</u> <u>Article 41 Procedures at a meeting of the Board of Auditors shall be recorded in the minutes in accordance with laws and regulations and the Auditors who attended the meeting shall affix their name and seal thereto or electronically sign the minutes.</u></p>	(deleted)
<p><u>(Rules of Board of Auditors)</u> <u>Article 42 Matters concerning the Board of Auditors shall be subject to laws and regulations, these Articles of Incorporation and the Rules of Board of Auditors separately established by the Board of Auditors.</u></p>	(deleted)

Current Articles of Incorporation	Proposed revisions
<p>(Remuneration, etc.) <u>Article 43 Financial benefits to be received from the Company as consideration for the execution of the duties such as remuneration and bonuses of Auditors shall be determined by resolution of a Meeting of Shareholders.</u></p>	<p>(deleted)</p>
<p>(Exemption from Liability of Auditor) <u>Article 44 The Company may, pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, exempt the liability of an Auditor (including a person who used to be an Auditor) for damages caused as a result of such Auditor's negligence of duties by resolution of the Board of Directors to the extent permitted by laws and regulations.</u> <u>2. The Company may, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into a contract with an External Auditor to limit the liability of such External Auditor for damages caused as a result of such External Auditor's negligence of duties; provided, however, that the limited amount of liability under such contract shall be the amount stipulated by laws and regulations.</u></p>	<p>(deleted)</p>
<p>(new provision)</p>	<p><u>Chapter 5 Audit and Supervisory Committee</u></p>
<p>(new provision)</p>	<p><u>(Calling Procedure of Meeting of Audit and Supervisory Committee)</u></p>
	<p><u>Article 34 A notice of calling a meeting of the Audit and Supervisory Committee shall be issued to each Audit and Supervisory Committee Member at least three days prior to the date of the meeting; provided, however, that the above notice period may be shortened in cases of an emergency.</u> <u>2. With the consent of all of the Audit and Supervisory Committee Members, a meeting of the Audit and Supervisory Committee may be held without the calling procedure.</u></p>

Current Articles of Incorporation	Proposed revisions
(new provision)	<u>(Method of Resolution at Meeting of Audit and Supervisory Committee)</u>
(new provision)	<u>Article 35 A resolution of the Audit and Supervisory Committee shall be adopted in the presence of the majority of the Audit and Supervisory Committee Members who are entitled to participate in the vote and the affirmative votes of the majority of the Audit and Supervisory Committee Members so present.</u>
(new provision)	<u>(Minutes of Meeting of Audit and Supervisory Committee)</u> <u>Article 36 Procedures at a meeting of the Audit and Supervisory Committee shall be recorded in the minutes in accordance with laws and regulations and the Audit and Supervisory Committee Members who attended the meeting shall affix their name and seal thereto or electronically sign the minutes.</u>
(new provision)	<u>(Rules of Audit and Supervisory Committee)</u> <u>Article 37 Matters concerning the Audit and Supervisory Committee shall be subject to laws and regulations, these Articles of Incorporation and the Rules of Audit and Supervisory Committee separately established by the Audit and Supervisory Committee.</u>
Chapter 6 Accounting Auditors	Chapter 6 Accounting Auditors
Articles <u>45</u> through <u>47</u> (provisions omitted)	Articles <u>38</u> through <u>40</u> (unchanged)
Chapter 7 Accounting	Chapter 7 Accounting
Articles <u>48</u> through <u>51</u> (provisions omitted)	Articles <u>41</u> through <u>44</u> (unchanged)
<u>Chapter 8 Takeover Defense Measures</u>	(deleted)
<u>(Introduction of Takeover Defense Measures)</u>	(deleted)
<u>Article 52 The Company may decide, also at a Meeting of Shareholders, on the introduction, continuation or change of takeover defense measures against takeovers by a person who is disqualified in light of the basic policy concerning a concept of the person to control the policies on the Company's financial and business matters.</u>	

Current Articles of Incorporation	Proposed revisions
<p data-bbox="220 232 774 293"><u>(Organ to Decide Allotment of Share Options without Contribution)</u></p> <p data-bbox="220 297 805 665"><u>Article 53 The Company may allot share options without contribution by resolution of the Board of Directors, resolution of Meeting of Shareholders or resolution of the Board of Directors under a delegation resolved by a Meeting of Shareholders, pursuant to the procedures set forth in the takeover defense measures under the preceding article.</u></p> <p data-bbox="416 669 608 701">(new provision)</p>	<p data-bbox="1066 232 1176 264">(deleted)</p> <p data-bbox="831 669 1393 763"><u>Supplementary Provisions (Transitional Measures Concerning Exemption from Liability of Auditor)</u></p> <p data-bbox="831 768 1414 1198"><u>Article 1 The Company may, pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, exempt the liability of an Auditor (including a person who used to be an Auditor) for damages caused as a result of such Auditor’s negligence of duties regarding the acts before the closing of the 100th Annual Meeting of Shareholders by resolution of the Board of Directors to the extent permitted by laws and regulations.</u></p>

Agenda No. 3: Election of Four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Provided that Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as drafted, the Company shall shift to a Company with Audit and Supervisory Committee and all five (5) Directors will retire due to the expiration of their terms of office at the time when the partial amendment to the Articles of Incorporation becomes effective.

Accordingly, the Company hereby proposes the election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members, and hereinafter the same shall be applied). This agenda shall become effective provided that the amendment to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Articles of Incorporation” comes into effect.

The candidates for Directors are as follows.

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company’s shares owned
	Kazuhiko Kato (April 12, 1940)	<p>October 1966 Joined Piolax, Inc.</p> <p>November 1968 Director General Manager, Materials Department, Piolax, Inc.</p> <p>June 1977 Managing Director, Piolax, Inc.</p> <p>June 1984 President, Piolax, Inc.</p> <p>April 2010 Chairman, Piolax, Inc. (incumbent)</p> <p>(Significant concurrent positions) Chairman, Piolax Medical Devices, Inc.</p>	335,000
1	<p>Reason for the election:</p> <p>As President and Representative Director of the Company during the period from June 1984 to March 2010, Mr. Kazuhiko Kato led the Company toward growth and has made contributions as a keystone for the formation of the corporate culture of the Company. After taking the post as Chairman and Representative Director of the Company in April 2010, Mr. Kato has provided a broad range of directions to the Group in light of the development of business strategies. In addition, he currently holds the concurrent position of Chairman and Director of Piolax Medical Devices, Inc., the Company’s subsidiary specialized in the manufacture of medical devices.</p> <p>The Company believes that Mr. Kato would continue to make use of his abundant experience, considerable insight and extensive networks gained over the years for contributing to decision-making at the Board of Directors and bringing benefits for business development on a global scale and improvement in corporate value. Accordingly, the Company proposes that he be a candidate for Director.</p>		

Candi date No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
2	Yukihiko Shimazu (September 10, 1957)	<p>March 1981 Joined Piolax, Inc.</p> <p>July 1999 General Manager, Overseas Sales Department, Piolax, Inc.</p> <p>August 2001 President, Piolax Corporation</p> <p>June 2005 Director, Piolax, Inc.</p> <p>June 2006 Director General Manager, Overseas Sales Department, Piolax, Inc.</p> <p>April 2010 President, Piolax, Inc. (incumbent)</p> <p>(Responsibility) Supervision of Sales Department (Significant concurrent positions) CEO, Wuhan Piolax Co., Ltd. CEO, Dongguan Piolax Co., Ltd.</p>	15,700
<p>Reason for the election:</p> <p>Mr. Yukihiko Shimazu served as President and Representative Director of the Company from April 2010 up to the present and has led domestic and overseas the Company group companies under the slogan, "ONE PIOLAX," toward growth. He had undertaken the role of President of the U.S. subsidiary of the Company from August 2001 to May 2006, and currently has the concurrent position of CEO (Chairman) of two Chinese subsidiaries of the Company, thus having made contributions to transforming the Company as a global entity.</p> <p>The Company believes that Mr. Shimazu would continue to make use of his abundant experience, considerable insight and extensive networks gained over the years for contributing to decision-making of the Board of Directors, and bringing benefits for business development on a global scale as well as improvement in corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</p>			

Candi date No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
3	Michio Nagamine (March 15, 1957)	<p>April 1979 Joined Japan Development Bank (current Development Bank of Japan Inc.)</p> <p>June 2003 General Manager, Information Resources Department, Development Bank of Japan Inc.</p> <p>June 2007 Senior Executive Officer, Piolax, Inc.</p> <p>July 2007 Senior Executive Officer General Manager, ERP Promotion Department, Piolax, Inc.</p> <p>April 2008 Senior Executive Officer General Manager, Purchasing Department, Piolax, Inc.</p> <p>June 2008 Director General Manager, Purchasing Department, Piolax, Inc.</p> <p>June 2012 Director General Manager, HR Office, Piolax, Inc.</p> <p>April 2013 Managing Director General Manager, HR Office, Piolax, Inc.</p> <p>April 2015 Managing Director, Piolax, Inc. (incumbent)</p> <p>(Responsibility) Supervision of Planning and Administration Department, Purchasing Department, Information Technology Department, and affiliated companies</p>	-
<p>Reason for the election:</p> <p>Mr. Michio Nagamine has served as Managing Director of the Company since April 2013 up to the present, and contributed to the growth of the Company by undertaking roles as General Manager responsible for Planning and Administration, Purchasing, and Information Technology Departments, as well as operations of the affiliates of the Company. He has gained considerable knowledge and insight in IT and finance fields through managerial jobs including the management of Development Bank of Japan Inc. prior to joining the Company in June 2007.</p> <p>The Company believes that Mr. Nagamine would continue to make use of his abundant experience, sufficient insight and extensive networks gained over the years for contributing to decision-making of the Board of Directors, and bringing benefits for business development on a global scale as well as improvement in corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</p>			

Candi date No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
4	Seiichi Sato (May 31, 1955)	<p>March 1978 Joined Piolax, Inc.</p> <p>October 2002 President, Piolax OC Systems Co., Ltd.</p> <p>April 2004 Executive Officer, Piolax, Inc. President, Piolax OC Systems Co., Ltd.</p> <p>June 2011 Managing Executive Officer Director General Manager, Design Department, Piolax, Inc.</p> <p>June 2014 Managing Director General Manager, Design Department, Piolax, Inc. (incumbent)</p> <p>(Responsibility) Supervision of Design Department, Production and Logistics Department, and Quality Assurance Department</p>	8,500
<p>Reason for the election:</p> <p>Mr. Seiichi Sato has served as Managing Director of the Company since June 2014 up to the present, and contributed to the growth of the Company by undertaking roles as General Manager responsible for Design, Production and Logistics, and Quality Assurance Departments. He also gained managerial experience through the role as President of the Company's subsidiary from October 2002 to September 2005 and accumulated knowledge and insight in the fields of finance as well as design and production.</p> <p>The Company believes that Mr. Sato would continue to make use of his abundant experience, sufficient insight and extensive networks gained over the years for contributing to decision-making of the Board of Directors, and bringing benefits for business development on a global scale as well as improvement in corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</p>			

Note: There are no special conflicts of interests between the candidates and the Company.

Agenda No. 4: Election of Three (3) Directors who are Audit and Supervisory Committee Members

Provided that Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as drafted, the Company shall shift to a Company with Audit and Supervisory Committee.

The Company hereby proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

With regard to this agenda item, the consent of the Board of Auditors has been obtained.

This agenda shall become effective provided that the amendment to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Articles of Incorporation” comes into effect.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

Candi date No.	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company’s shares owned
1	Yukio Nagamura (February 19, 1956)	April 1978 Joined The Industrial Bank of Japan, Limited (current Mizuho Bank, Ltd.) May 2004 Joined Piolax, Inc. December 2004 General Manager, Management and Planning Department, Piolax, Inc. General Manager, IR Department, Piolax, Inc. August 2011 Senior Executive Officer, Piolax, Inc. General Manager, Management and Planning Department, Piolax, Inc. President and Director, Piolax Business Service, Co. Ltd. (incumbent) (Significant concurrent positions) President and Director, Piolax Business Service, Co. Ltd.	3,400
Reason for the election: Mr. Yukio Nagamura has served as General Manager of the Management and Planning Department from December 2004 up to the present, and also undertaken the managerial role of President of the Company’s subsidiary since August 2011 to date. He gained experience in the investment banking business of Japanese local subsidiary in Europe when he worked at the financial institution, and accumulated considerable knowledge and insight in overall business management and planning including business planning, finance, accounting and internal control, as well as investor relations. The Company expects him to make use of his abundant experience and extensive knowledge gained over the years for auditing the Company’s business execution from an objective point of view, and accordingly proposes that he be a candidate for Director who is Audit and Supervisory Committee Member.			

Candidate No.	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
2	Hiroyuki Imanishi (September 22, 1966)	<p>July 1998 Director, Certified Public Accountant, Hiroyuki Imanishi's Office (incumbent)</p> <p>October 2001 Director, Runsystem Co., Ltd.</p> <p>March 2003 Employee, Imanishi Tax and Accounting Corporation (incumbent)</p> <p>March 2005 External Auditor, Asahi Net, Inc. (incumbent)</p> <p>June 2005 Auditor, Piolax, Inc. (incumbent)</p> <p>June 2008 External Auditor, Sockets Inc. (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Director, Certified Public Accountant, Hiroyuki Imanishi's Office</p> <p>Employee, Imanishi Tax and Accounting Corporation</p> <p>External Auditor, Asahi Net, Inc.</p> <p>External Auditor, Sockets Inc.</p>	100
		<p>Reason for the election:</p> <p>Given that Mr. Hiroyuki Imanishi is qualified as a certified public accountant and has served as Auditor of the Company since June 2005 up to the present, the Company expects him to make use of his experience and knowledge gained over the years for auditing the Company's business execution from an objective point of view. Accordingly, the Company proposes that he be a candidate for Director who is Audit and Supervisory Committee Member.</p>	
3	Kenichi Asano (December 11, 1967)	<p>April 1996 Registered with Daiichi Tokyo Bar Association</p> <p>February 2001 External Auditor, Naigai TEC Corporation (incumbent)</p> <p>June 2004 External Auditor, Shibaura Electronics Co., Ltd. (incumbent)</p> <p>October 2004 Representative, Ueno and Asano Law Firm (incumbent)</p> <p>November 2004 Director, Credit Guarantee Servicer Incorporated (incumbent)</p> <p>June 2011 Auditor, Piolax, Inc. (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Representative, Ueno and Asano Law Firm</p> <p>External Auditor, Naigai TEC Corporation</p> <p>External Auditor, Shibaura Electronics Co., Ltd.</p> <p>Director, Credit Guarantee Servicer Incorporated</p>	-
		<p>Reason for the election:</p> <p>Given that Mr. Kenichi Asano is qualified as an attorney and has served as Auditor of the Company since June 2011 up to the present, the Company expects him to make use of his experience and knowledge gained over the years for auditing the Company's business execution from an objective point of view. Accordingly, the Company proposes that he be a candidate for Director who is Audit and Supervisory Committee Member.</p>	

Notes:

1. There are no special conflicts of interest between the candidates and the Company.
2. Mr. Hiroyuki Imanishi and Mr. Kenichi Asano are the candidates for External Directors.
3. Mr. Hiroyuki Imanishi and Mr. Kenichi Asano currently serve as External Auditors of the Company. Mr. Hiroyuki Imanishi will have held office as External Auditor of the Company for eleven (11) years, while Mr. Kenichi Asano for five (5) years at the closing time of this Annual Meeting of Shareholders.
4. The Company designated Mr. Hiroyuki Imanishi and Mr. Kenichi Asano as Independent Directors in conformity with the regulation of the Tokyo Stock Exchange, Inc. and registered them as such at the Tokyo Stock Exchange, Inc. Provided that these two candidates are approved at the election of Directors, they will continue to be Independent Directors.
5. In the event that these candidates are appointed to Directors who are Audit and Supervisory Committee Members, provided that Agenda No. 2 is approved as drafted, the Company plans to enter into a contract with each of them to limit the liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act in accordance with the provision of Article 427, Paragraph 1 thereof. The limited amount of liability under such contracts shall be the amount stipulated in laws and regulations.

Agenda No. 5: Election of One (1) Director who is Substitute for Audit and Supervisory Committee Member

Provided that Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as drafted, the Company shall shift to a Company with Audit and Supervisory Committee.

To prepare for a contingency where the number of Directors who are Audit and Supervisory Committee Members does not reach the number required under laws and regulations, the Company hereby proposes an appointment of one (1) Director who is Substitute for Audit and Supervisory Committee Member.

With regard to this agenda item, the consent of the Board of Auditors has been obtained.

This agenda shall become effective provided that the amendment to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Articles of Incorporation” comes into effect.

The candidate for Director who is Substitute for Audit and Supervisory Committee Member is as follows.

Name (Date of birth)	Brief profile (Significant concurrent positions)	Number of the Company’s shares owned
Yasuo Aizawa (December 18, 1942)	April 1966 Joined Japan Finance Corporation for Small and Medium Enterprise (current Japan Finance Corporation) May 2000 Director, Japan Finance Corporation for Small and Medium Enterprise June 2003 Auditor, Tokyo Small and Medium Business Investment and Consultation Co., Ltd. March 2005 Managing Director, Tokyo Small and Medium Business Investment and Consultation Co., Ltd. July 2007 Retired Tokyo Small and Medium Business Investment and Consultation Co., Ltd. July 2007 Representative, AY Associates Inc. (incumbent) (Significant concurrent positions) Representative, AY Associates Inc.	-
Reason for the election: After retiring from the post of Director of Japan Finance Corporation for Small and Medium Enterprise, Mr. Yasuo Aizawa, as Representative of AY Associates Inc., a management consulting company, has provided managerial guidance to medium-sized enterprises since July 2007. He has served as a member of the Company’s Special Committee in charge of anti-takeover measures for four years since June 2012. The Company expects him to make use of the wealth of experience and knowledge gained over the years for auditing the Company’s business execution from an objective viewpoint, and accordingly proposes that he be a candidate for Director who is Substitute for Audit and Supervisory Committee Member.		

Notes:

1. There are no special conflicts of interest between the candidate and the Company.
2. Mr. Yasuo Aizawa is a candidate for Substitute for External Director.
3. In the event that Mr. Yasuo Aizawa is appointed as Director who is Audit and Supervisory Committee Member, the Company plans to enter into a contract with him to limit liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act in conformity with the provision of Article 427, Paragraph 1 of thereof. The limited amount of liability under such contracts shall be the amount stipulated in laws and regulations.

Agenda No. 6: Decision of Amount of Remunerations for Directors (excluding Directors who are Audit and Supervisory Committee Members)

Pursuant to the resolution of the 91st Annual Meeting of Shareholders held on June 28, 2007, the Company set the remuneration limit for Directors at 250,000,000 yen per year (excluding salaries paid as the employee portion for Directors who also work as employees). Provided that Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as drafted, the Company shall shift to a Company with Audit and Supervisory Committee. Considering various circumstances including economic conditions in recent years, the Company hereby proposes that after the shift to a Company with Audit and Supervisory Committee, the remuneration limit for Directors (excluding Directors who are Audit and Supervisory Committee Members, and the same shall be applied hereinafter) shall be set at 250,000,000 per year, and decisions on the specific remuneration amount for each Director and the timing for payments, etc. shall be determined at resolutions of the Board of Directors’ Meetings.

The aforementioned remuneration shall exclude salaries paid as the employee portion for Directors who also work as employees.

While the Company has five (5) Directors currently, provided that Agenda No. 2, “Partial Amendment to the Articles of Incorporation” and Agenda No. 3, “Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)” are approved as drafted, the number of Directors shall become four (4).

This agenda shall come into effect provided that the amendment to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Article of Incorporation” becomes effective.

Agenda No. 7: Decision of Amount of Remunerations for Directors who are Audit and Supervisory Committee Members

Provided that Agenda No. 2, “Partial Amendment to the Articles of Incorporation” is approved as drafted, the Company shall shift to a Company with Audit and Supervisory Committee. Considering various circumstances including economic conditions in recent years, the Company hereby proposes that after the shift to a Company with Audit and Supervisory Committee, the remuneration limit for Directors who are Audit and Supervisory Committee Members shall be set at 50,000,000 per year, and decisions on the specific remuneration amount for each Director who is Audit and Supervisory Committee Member and the timing for payments, etc. shall be determined through discussions among Directors who are Audit and Supervisory Committee Members.

Provided that Agenda No. 2, “Partial Amendment to the Articles of Incorporation” and Agenda No. 4, “Election of three (3) Directors who are Audit and Supervisory Committee Members” are approved as drafted, the number of Directors who are Audit and Supervisory Committee Members shall become three (3), of which two (2) shall be External Directors.

This agenda shall come into effect provided that the amendment to the Articles of Incorporation under Agenda No. 2, “Partial Amendment to the Article of Incorporation” becomes effective.