

To our shareholders

5-3 Hikarinooka  
Yokosuka-shi, Kanagawa  
**Nifco Inc.**  
Toshiyuki Yamamoto, President

## NOTICE OF THE 65<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to announce that the 65<sup>th</sup> Annual General Meeting of Shareholders will be held as stated below and you are cordially invited to attend the meeting.

**If you are unable to attend this meeting in person, you can exercise your voting rights using either of the following methods. Please review the attached Reference Documents and exercise your voting rights.**

### [Exercising Voting Rights by Mail]

**Please indicate your vote for or against the resolutions on the enclosed proxy form which should be returned to the company to reach us no later than 5:30 p.m. on 22<sup>nd</sup> June, 2017.**

### [Exercising Voting Rights via the Internet]

**Please access the Company's designated voting website at <http://www.it-soukai.com>, use the "Voting Rights Exercise Code" and "Password," displayed on the enclosed proxy form, and input your vote for or against the resolutions by following the on-screen guidance. Please be sure to vote no later than 5:30 p.m. on 22<sup>nd</sup> June, 2017.**

**If you exercise your voting rights via the Internet, please confirm "Instructions for voting via the Internet" on page 2.**

**The proxy will be voted as directed by the shareholders but, if there is no indication of approval or disapproval for particular resolutions, the shareholder will be construed as having approved the resolution in question.**

### Details of the Meeting

- 1. Date and Time:** 10 a.m., 23<sup>rd</sup> June, 2017 (Friday)
- 2. Location:** 5-2 Hikarinooka, Yokosuka-shi, Kanagawa, Second Floor Auditorium, Nifco Technology Development Centre, Nifco Inc.
- 3. Agenda:**
  - Reports:**
    1. The business report (1<sup>st</sup> April, 2016 ~ 31<sup>st</sup> March, 2017), and the consolidated accounts together with the report of the Statutory Auditors and the Public Accountants thereon.
    2. The accounts (1<sup>st</sup> April, 2016 ~ 31<sup>st</sup> March, 2017)

### Resolutions:

- |                     |  |
|---------------------|--|
| <b>Resolution 1</b> | Appropriation of Retained Earnings                             |
| <b>Resolution 2</b> | Election of two candidates as Director                         |
| <b>Resolution 3</b> | Election of one candidate as Statutory Auditor                 |
| <b>Resolution 4</b> | Election of one candidate as Statutory Auditor to fill vacancy |
| <b>Resolution 5</b> | Revision of Remuneration for Statutory Auditors                |

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If you attend the AGM, please present the enclosed voting form to the receptionist at the meeting. Also, should there be any amendments to the Reference Documents, the business report, the accounts, or the consolidated accounts, they will be published on the Company's web site. (<https://www.nifco.com/>)

## Instructions for voting via the Internet

### 1. Exercising voting rights via the Internet

- (1) In lieu of exercising voting rights in writing, you may exercise your voting rights through the Company's designated "Voting Website" (URL below). If you wish, you may use the "Voting Rights Exercise Code" and "Password" displayed on the right part of the enclosed proxy form to log into the site and input your vote for or against the resolutions by following the on-screen guidance. For security purposes, you are required to change your password when logging in for the first time.

<http://www.it-soukai.com>

- (2) Please vote for or against the resolutions no later than 5:30 p.m. on 22<sup>nd</sup> June, 2017. Please exercise your rights early.
- (3) If you vote both in writing on the proxy form and via the Internet, only your vote placed via the Internet will be valid. In addition, if you submit your vote multiple times via the Internet, only the last vote will be valid.
- (4) The password (including your changed password) will be used only for this general meeting. A new password will be issued for the next General Meeting of Shareholders.
- (5) Costs incurred when accessing the voting website such as Internet connection charges are borne by shareholders.

(Notes)

- The password is an important means required for confirming that a person who has voted is a shareholder. The Company would never ask you for your password.
- If you input the wrong password more than a certain number of times, your password will be locked out. If your password is locked out, please follow the on-screen guidance to issue a new password.
- Voting Website is verified using general Internet connection devices, but you may not be able to use it depending on the device you use.

### 2. Contact

If you have any questions, please contact the Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. (below), the Transfer Agent and Registrar.

- (1) Dedicated contact on how to operate Voting Website  
Toll-free number: 0120-768-524 (Operating hours: 9:00 a.m. to 9:00 p.m. weekday)
- (2) Contact for matters related to stock transfers other than the above  
Toll-free number: 0120-288-324 (Operating hours: 9:00 a.m. to 5:00 p.m. weekday)

## Reference Documents for the General Meeting of Shareholders

### **Resolution 1** Appropriation of Retained Earnings

With respect to the year-end dividend for the 65<sup>th</sup> fiscal year, the Company hereby proposes the following in consideration of the operating results for the year under review and future business development.

Matters concerning year-end dividend

1) Form of dividend

Cash

2) Matters concerning allocation of dividend and total amount thereof

We propose to pay 70 yen per share as the year-end ordinary dividend (an ordinary dividend of 67 yen plus a commemorative dividend of 3 yen for the 50<sup>th</sup> anniversary of the Company's establishment).

Total dividend will be 3,566,288,040 yen.

This will bring the annual dividend to 120 yen per share, including the interim dividend.

3) Effective date of dividends

26<sup>th</sup> June, 2017

## Resolution 2 Election of two candidates as Director

The terms of office of the current two Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we propose that the re-election of Kiyohiko Fukawa and Keiji Tachikawa be approved.

The candidates as Director are as follows.

No.	Name (Date of birth)	Career summary, position and assignment at the Company (Significant concurrent positions)	Number of shares of the Company held	Special interests with the Company	
1	Kiyohiko Fukawa (14 <sup>th</sup> May, 1953)	April 1976	Joined the Company	11,500 shares	None
		June 2004	Executive Officer of the Company, Senior Vice President of Nifco U.K. Ltd.		
June 2006		Senior Managing Director in charge of production of the Company, President of Nifco U.K. Ltd.			
June 2012		Senior Executive Officer of the Company			
March 2015		Vice President of Nifco Korea Inc. (to present)			
June 2015		Director and Senior Executive Managing Officer, General Manager of Planning Division of the Company			
September 2015		Director and Senior Executive Managing Officer in charge of purchases of the Company (to present)			
	Reasons for proposing the candidate as Director	It is proposed that Mr. Fukawa be reappointed as Director due to his ability to develop and execute business strategies with strong leadership in a timely and appropriate manner, as well as his broad experience of global management gained in corporate management including his current position as Vice President of an overseas subsidiary.			
2	Keiji Tachikawa (27 <sup>th</sup> May, 1939)	April 1962	Joined Nippon Telephone and Telecommunication Co., Ltd.	- shares	None
		June 1998	President of NTT Mobile Communication Network, Inc. (currently NTT DOCOMO, INC.)		
June 2004		Adviser of NTT DOCOMO, INC.			
November 2004		President of Japan Aerospace Exploration Agency			
March 2013		Retired from President of Japan Aerospace Exploration Agency			
June 2015		External Director of the Company (to present)			
	Reasons for proposing the candidate as External Director	It is proposed that Mr. Tachikawa be reappointed as External Director because he contributes as External Director to improving the Company's corporate governance with his professional experience and insights pertaining to corporate management cultivated through his career as the president of top-class company.			

(Notes)

1. Keiji Tachikawa is a candidate as External Director.
2. The Company designated and filed Keiji Tachikawa as an independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc. If this Resolution is passed and his re-election is approved, he will continue to be an independent officer.
3. Keiji Tachikawa will have served as External Director for two years at the close of this Ordinary General Meeting of Shareholders.
4. The Company has concluded an agreement with Keiji Tachikawa to limit his liabilities for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages under this agreement is the greater of either 20

million yen or the minimum total liability stipulated by laws and regulations. The Company plans to extend the aforementioned limited liability agreement if he is reappointed

### Resolution 3 Election of one candidate as Statutory Auditor

The term of the current Statutory Auditor Toshiyuki Arai will expire at the close of this General Meeting of Shareholders. Accordingly, we propose the election of one candidate as Statutory Auditor.

The Board of Statutory Auditors' consent has been obtained for this Resolution.

The candidate as Statutory Auditors is as follows.

Name (Date of birth)	Career summary, position at the Company (Significant concurrent positions)	Number of shares of the Company held	Special interests with the Company
Toshiyuki Arai (5 <sup>th</sup> February, 1970)	April 1997 Registered as attorney-at-law (Tokyo Bar Association) June 2012 Statutory Auditor to fill vacancy (External) of the Company February 2013 Established Arai Tokyo Law Office and became Representative Lawyer. (to present) June 2013 Statutory Auditor (External) of the Company (to present)	- shares	None
Reasons for proposing the candidate as External Statutory Auditor	Mr. Toshiyuki Arai is proposed as a candidate as External Statutory Auditor because he contributes to audit operations of the Company by bringing expert perspectives and extensive insights into corporate management as a lawyer, even though he has never been directly involved in corporate management except as External Officer.		

(Notes)

1. Toshiyuki Arai is a candidate as External Statutory Auditor.
2. The Company designated and filed Toshiyuki Arai as an independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc. If this Resolution is passed and his re-election is approved, he will continue to be an independent officer.
3. Toshiyuki Arai will have served as External Statutory Auditor for four years at the close of this Ordinary General Meeting of Shareholders.
4. The Company has concluded an agreement with Toshiyuki Arai to limit his liabilities for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages based on this agreement is the greater of either 10 million yen or the minimum total liability stipulated by laws and regulations. The Company plans to maintain such a limited liability agreement with Toshiyuki Arai if he is re-elected as an External Statutory Auditor.

#### **Resolution 4** Election of one candidate as Statutory Auditor to fill vacancy

To prepare for a contingency in which the Company does not have the number of Statutory Auditors required by laws and regulations, the Company proposes to elect one candidate as Statutory Auditor to fill vacancy.

The Board of Statutory Auditors' consent has been obtained for this Resolution.

The candidate as Statutory Auditor to fill vacancy is as follows and is proposed to fill vacancy for any one of the Statutory Auditors. The term of office of a Statutory Auditor assumed by Statutory Auditor to fill vacancy shall be the remaining term of office of the retiring Statutory Auditor.

Name (Date of birth)	Career summary (Significant concurrent positions)	Number of shares of the Company held	Special interests with the Company
Masakazu Wakabayashi (30 <sup>th</sup> January, 1963)	October, 1988    Joined Century Audit Corporation December 1997    Partner of Century Audit Corporation April 2007        Joined Yasumori Audit Corporation May 2008         Representative Partner of Yasumori Audit Corporation (to present)	- shares	None
Reasons for proposing the candidate as External Statutory Auditor to fill vacancy	Mr. Masakazu Wakabayashi is proposed as External Statutory Auditor to fill a vacancy because he has the extensive insights required to audit the corporate management as a Certified Public Accountant, and the Company expects him to use his broad knowledge and experience for the Company's audit structure if he is appointed, even though he has never been directly involved in corporate management.		

(Notes)

1. Masakazu Wakabayashi is a candidate as External Statutory Auditor to fill vacancy.
2. The Company has concluded an agreement with External Statutory Auditors to limit their respective liabilities for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages based on this agreement is the greater of either 10 million yen or the minimum total liability stipulated by laws and regulations. The Company also plans to conclude a limited liability agreement with Masakazu Wakabayashi as an External Auditor if he is elected as a Statutory Auditor.

**Resolution 5** Revision of Remuneration for Statutory Auditors

The Company's remuneration for Statutory Auditors of up to JPY 50 million per year was approved at the 63<sup>rd</sup> Ordinary Meeting of Shareholders held on June 25, 2015.

To encourage flexible recruitment for strengthening the auditing capability, the Company plans to raise the amount of the upper limit to JPY 80 million per year.

The current number of Statutory Auditors is four (4), which will remain unchanged even if Resolution 3 is approved in its original form.