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(Securities Code 6728)  
September 9, 2016

**To Shareholders with Voting Rights:**

Hisaharu Obinata  
President and Chief Executive  
Officer  
ULVAC, Inc.  
2500 Hagisono, Chigasaki,  
Kanagawa, Japan

**NOTICE OF  
THE 112TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 112th Ordinary General Meeting of Shareholders of ULVAC, Inc. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, etc. In this case, please review the "Reference Documents for the General Meeting of Shareholders" included herein, and exercise your voting rights by 5:00 p.m. on Wednesday, September 28, 2016, Japan time, by following the instructions provided below.

**1. Date and Time:** Thursday, September 29, 2016 at 10:00 a.m. Japan time

**2. Place:** 2nd Floor Conference Room of the C Building of the Company  
located at 2500 Hagisono, Chigasaki, Kanagawa, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 112th fiscal year (July 1, 2015 – June 30, 2016) and results of audits by the Independent Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 112th fiscal year (July 1, 2015 – June 30, 2016)

**Proposals to be resolved:**

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Partial Amendment to the Articles of Incorporation  
**Proposal No. 3:** Election of Six Directors  
**Proposal No. 4:** Election of One Substitute Audit & Supervisory Board Member  
**Proposal No. 5:** Revision of Compensation for Directors  
**Proposal No. 6:** Determination of the Amount of Stock-Based Compensation, etc. for Directors

#### 4. Information on Exercise of Voting Rights

- (1) Exercise of voting rights in writing:  
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:00 p.m. on Wednesday, September 28, 2016, Japan time.
- (2) Exercise of voting rights via the Internet, etc.:  
If you wish to exercise your voting rights via the Internet, etc., exercise your voting rights by 5:00 p.m. on Wednesday, September 28, 2016, Japan time.
- (3) If you have exercised your voting rights both in writing and via the Internet, etc., the exercise of your voting rights via the Internet, etc. will be deemed valid. Furthermore, if you have exercised your voting rights via the Internet, etc. multiple times, the most recent vote will be deemed valid.

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- The doors to the meeting room will open at 9:00 a.m., Japan time.
  - When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - Of the documents to be attached to this notice of the ordinary general meeting of shareholders, the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements” are posted on our website (<https://www.ulvac.co.jp/>) in accordance with laws and regulations and Article 16 of the Articles of Incorporation of the Company, and accordingly are not included in the documents attached to this notice.
  - In the event that the Reference Documents for the General Meeting of Shareholders, the Business Report, and/or the Consolidated Financial Statements and Non-consolidated Financial Statements are revised, the revised versions will be posted on the Company’s website (<https://www.ulvac.co.jp/>).

## Consolidated Financial Statements

### Consolidated Balance Sheets

(As of June 30, 2016)

(Unit: Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>143,616</b>	<b>Current liabilities</b>	<b>106,150</b>
Cash on hand and in banks	45,713	Notes and accounts payable, trade	35,303
Notes and accounts receivable, trade	57,958	Short-term borrowings	39,453
Merchandise and finished goods	4,645	Lease liabilities	319
Work in process	16,808	Accrued income taxes	2,039
Raw materials and supplies	8,009	Advances received	13,598
Deferred tax assets	4,746	Deferred tax liabilities	11
Other	6,356	Accrued bonuses for employees	2,206
Allowance for doubtful accounts	(621)	Accrued bonuses for directors and audit & supervisory board members	368
<b>Fixed assets</b>	<b>75,945</b>	Accrued warranty costs	1,964
<b>Property, plant and equipment</b>	<b>60,374</b>	Provision for loss on contract	558
Buildings and structures	33,367	Other	10,331
Machinery, equipment and vehicles	13,690	<b>Long-term liabilities</b>	<b>35,378</b>
Tools, furniture and fixtures	1,325	Long-term debt	23,237
Land	8,109	Lease liabilities	546
Leased assets	632	Deferred tax liabilities	1,399
Construction in progress	3,252	Net defined benefit liability	8,711
<b>Intangible fixed assets</b>	<b>3,916</b>	Accrued pension and severance costs for directors and audit & supervisory board members	319
Leased assets	112	Asset retirement obligations	336
Software	754	Other	831
Other	3,051	<b>Total liabilities</b>	<b>141,529</b>
<b>Investments and other assets</b>	<b>11,655</b>	<b>(Net Assets)</b>	
Investment securities	4,035	<b>Shareholders' equity</b>	<b>76,258</b>
Guarantee deposits	1,717	Common stock	20,873
Deferred tax assets	1,924	Capital surplus	4,582
Other	6,358	Retained earnings	50,813
Allowance for doubtful accounts	(2,379)	Treasury stock, at cost	(10)
		<b>Accumulated other comprehensive income</b>	<b>(3,359)</b>
		Unrealized gain (loss) on securities, net of taxes	130
		Foreign currency translation adjustment	(667)
		Remeasurements of defined benefit plans	(2,822)
		<b>Non-controlling interests</b>	<b>5,133</b>
		<b>Total net assets</b>	<b>78,032</b>
<b>Total assets</b>	<b>219,561</b>	<b>Total liabilities and net assets</b>	<b>219,561</b>

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

## Consolidated Statement of Income

(July 1, 2015 – June 30, 2016)

(Unit: Millions of yen)

Description	Amount	
<b>Net sales</b>		<b>192,437</b>
<b>Cost of sales</b>		<b>141,314</b>
<b>Gross profit</b>		<b>51,122</b>
<b>Selling, general and administrative expenses</b>		<b>33,259</b>
<b>Operating income</b>		<b>17,864</b>
<b>Non-operating income</b>		
Interest income	113	
Dividend income	251	
Rent income	360	
Foreign exchange gains	578	
Insurance and dividend income	541	
Share of profit of entities accounted for using equity method	299	
Other	477	2,619
<b>Non-operating expenses</b>		
Interest expenses	797	
Commission for syndicate loan	244	
Loss on valuation of inventories	277	
Other	793	2,110
<b>Ordinary income</b>		<b>18,373</b>
<b>Extraordinary income</b>		
Gain on sale of fixed assets	60	
Gain on reversal of impairment loss	241	301
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	749	
Impairment loss	31	
Loss on sales of investments in capital of subsidiaries and associates	109	888
<b>Income before income taxes</b>		<b>17,786</b>
Current income taxes	3,892	
Deferred income taxes	(3,433)	459
<b>Net income</b>		<b>17,327</b>
Net income attributable to non-controlling interests		629
<b>Net income attributable to owners of parent</b>		<b>16,698</b>

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

## Consolidated Statement of Changes in Equity

(July 1, 2015 – June 30, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	20,873	16,435	34,609	(10)	71,908
Changes of items during the period					
Dividends of surplus			(494)		(494)
Net income attributable to owners of parent			16,698		16,698
Purchase of treasury stock				(11,854)	(11,854)
Retirement of treasury stock		(11,853)		11,853	–
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(11,853)	16,204	(0)	4,350
Balance at the end of current period	20,873	4,582	50,813	(10)	76,258

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain (loss) on securities, net of taxes	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	718	7,462	(718)	7,462	5,559	84,928
Changes of items during the period						
Dividends of surplus						(494)
Net income attributable to owners of parent						16,698
Purchase of treasury stock						(11,854)
Retirement of treasury stock						–
Net changes of items other than shareholders' equity	(588)	(8,129)	(2,103)	(10,820)	(426)	(11,246)
Total changes of items during the period	(588)	(8,129)	(2,103)	(10,820)	(426)	(6,896)
Balance at the end of current period	130	(667)	(2,822)	(3,359)	5,133	78,032

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(As of June 30, 2016)

(Unit: Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>84,763</b>	<b>Current liabilities</b>	<b>79,373</b>
Cash on hand and in banks	27,864	Notes payable, trade	587
Notes receivable, trade	5	Electronically recorded obligations, operating	12,714
Electronically recorded monetary claims, operating	755	Accounts payable, trade	20,433
Accounts receivable, trade	36,163	Short-term borrowings	20,165
Finished goods	1,368	Current portion of long-term debt	7,768
Raw materials	1,586	Lease liabilities	76
Work in process	6,262	Accounts payable, other	3,131
Short-term loans receivable	3,151	Accrued income taxes	233
Accounts receivable, other	3,466	Advances received	7,576
Deferred tax assets	3,009	Deposits received	3,465
Other	1,799	Accrued bonuses for employees	507
Allowance for doubtful accounts	(666)	Accrued bonuses for directors and audit & supervisory board members	131
<b>Fixed assets</b>	<b>65,319</b>	Accrued warranty costs	1,131
<b>Property, plant and equipment</b>	<b>35,395</b>	Provision for loss on contract	511
Buildings	16,722	Other	944
Structures	342	<b>Long-term liabilities</b>	<b>23,939</b>
Machinery and equipment	10,122	Long-term debt	22,047
Vehicles	6	Lease liabilities	155
Tools, furniture and fixtures	410	Provision for retirement benefits	1,063
Land	5,617	Asset retirement obligations	156
Leased assets	150	Deferred tax liabilities	15
Construction in progress	2,026	Other	503
<b>Intangible fixed assets</b>	<b>3,349</b>	<b>Total liabilities</b>	<b>103,312</b>
Patent right	2,079	<b>(Net Assets)</b>	
Software	496	<b>Shareholders' equity</b>	<b>46,655</b>
Other	774	<b>Common stock</b>	<b>20,873</b>
<b>Investments and other assets</b>	<b>26,574</b>	<b>Capital surplus</b>	<b>4,582</b>
Investment securities	1,553	Legal capital surplus	105
Shares of subsidiaries and associates	12,742	Other capital surplus	4,477
Investments in capital of subsidiaries and associates	10,896	<b>Retained earnings</b>	<b>21,209</b>
Long-term loans receivable	194	Legal retained earnings	578
Guarantee deposits	601	Other retained earnings	20,631
Other	2,950	Reserve for advanced depreciation of fixed assets	781
Allowance for doubtful accounts	(2,362)	Retained earnings brought forward	19,851
		<b>Treasury stock, at cost</b>	<b>(9)</b>
		<b>Valuation and translation adjustments</b>	<b>114</b>
		Unrealized gain (loss) on securities, net of taxes	114
		<b>Total net assets</b>	<b>46,769</b>
<b>Total assets</b>	<b>150,081</b>	<b>Total liabilities and net assets</b>	<b>150,081</b>

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

## Non-consolidated Statement of Income

(July 1, 2015 – June 30, 2016)

(Unit: Millions of yen)

Description	Amount	
<b>Net sales</b>		<b>110,309</b>
<b>Cost of sales</b>		<b>84,055</b>
<b>Gross profit</b>		<b>26,254</b>
<b>Selling, general and administrative expenses</b>		<b>17,884</b>
<b>Operating income</b>		<b>8,370</b>
<b>Non-operating income</b>		
Interest and dividend income	3,655	
Rent income	338	
Other	697	4,690
<b>Non-operating expenses</b>		
Interest expenses	607	
Assets for lease expenses	250	
Commission for syndicate loan	244	
Loss on valuation of inventories	229	
Other	545	1,874
<b>Ordinary income</b>		<b>11,185</b>
<b>Extraordinary income</b>		
Gain on sale of fixed assets	58	
Other	1	59
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	731	
Loss on valuation of investments in capital of subsidiaries and associates	548	
Impairment loss	31	
Other	4	1,313
<b>Income before income taxes</b>		<b>9,931</b>
Current income taxes	850	
Deferred income taxes	(3,410)	(2,560)
<b>Net income</b>		<b>12,491</b>

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

## Non-consolidated Statement of Changes in Equity

(July 1, 2015 – June 30, 2016)

(Unit: Millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Reserve for advanced depreciation of fixed assets	Retained earnings brought forward			
Balance at the beginning of current period	20,873	105	16,330	16,435	529	838	7,845	9,211	(9)	46,511
Changes of items during the period										
Dividends of surplus							(494)	(494)		(494)
Provision of legal retained earnings due to dividends of surplus					49		(49)	-		-
Reversal of reserve for advanced depreciation of fixed assets						(57)	57	-		-
Net income							12,491	12,491		12,491
Purchase of treasury stock									(11,854)	(11,854)
Retirement of treasury stock			(11,853)	(11,853)					11,853	-
Net changes of items other than shareholders' equity										
Total changes of items during the period	-	-	(11,853)	(11,853)	49	(57)	12,005	11,998	(0)	144
Balance at the end of current period	20,873	105	4,477	4,582	578	781	19,851	21,209	(9)	46,655

	Valuation and translation adjustments		Total net assets
	Unrealized gain (loss) on securities, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of current period	679	679	47,191
Changes of items during the period			
Dividends of surplus			(494)
Provision of legal retained earnings due to dividends of surplus			-
Reversal of reserve for advanced depreciation of fixed assets			-
Net income			12,491
Purchase of treasury stock			(11,854)
Retirement of treasury stock			-
Net changes of items other than shareholders' equity	(565)	(565)	(565)
Total changes of items during the period	(565)	(565)	(421)
Balance at the end of current period	114	114	46,769

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.



## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

The Company recognizes the sharing of profits with the shareholders as one of its most important policies.

In an industry that undergoes constant changes in capital investment trends and significant technical innovations, the Company intends to enhance its internal reserves, as necessary to make further investments in research and development and to strengthen its financial base. The Company adheres to the basic policy of implementing the distribution of profits to the shareholders in consideration of such factors as its financial base, consolidated results for each fiscal year, and payout ratio.

For the 112th fiscal year, the Company, based on the above policy, has determined that the year-end dividend will be ¥30 per share (an increase of ¥20 per share from the previous fiscal year), as per the following:

- (i) Type of dividend property  
Cash
- (ii) Matters concerning the allotment of dividend property to shareholders and total amount thereof  
¥30 per share of the Company's common stock  
The total amount of dividends shall be ¥1,480,580,250.
- (iii) Effective date of the distribution of surplus  
September 30, 2016

**Proposal No. 2: Partial Amendment to the Articles of Incorporation**

1. Reason for the proposal

(1) Given that the executive officer system, which was adopted by the Company in July 2012, has become firmly established, and in an effort to further encourage lively discussions and prompt decision-making by the Board of Directors, the Company proposes to reduce the number of directors indicated in Article 20 (Number of Directors) of the current Articles of Incorporation from not more than 18 to not more than 12.

It should be noted that if Proposal No. 3, "Election of Six Directors," is approved as proposed, the number of directors will be nine.

(2) In order to clarify the management accountability of the directors and establish a management structure capable of swiftly responding to changes in the business environment, the Company proposes to shorten the term of office of directors from two years to one year, and to make the necessary changes to Article 22 (Term of Office of Directors) of the current Articles of Incorporation. At the same time, the Company proposes the addition of a supplementary provision to clarify that, with regard to the terms of office of those directors who were elected at the 111th Ordinary General Meeting of Shareholders held on September 29, 2015, the provisions which were then in force shall remain applicable.

2. Details of amendment

The details of the amendment are shown as follows:

(The amended parts are underlined.)

Current Articles	Proposed Amendment
<p style="text-align: center;">CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 20. The number of directors of the Company shall be not more than <u>eighteen (18)</u>.</p> <p>(Term of Office of Directors) Article 22. The term of office of a director shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within <u>two (2)</u> years from his/her election to office.</p> <p style="text-align: center;">(New)</p>	<p style="text-align: center;">CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 20. The number of directors of the Company shall be not more than <u>twelve (12)</u>.</p> <p>(Term of Office of Directors) Article 22. The term of office of a director shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within <u>one (1)</u> year from his/her election to office.</p> <p><u>SUPPLEMENTARY PROVISION</u> <u>Notwithstanding the provisions of Article 22, the term of office of directors who were elected at the 111th Ordinary General Meeting of Shareholders held on September 29, 2015 shall expire upon conclusion of the Ordinary General Meeting of Shareholders to be held in 2017.</u> <u>After such period has elapsed, this supplementary provision shall be deleted.</u></p>

### Proposal No. 3: Election of Six Directors

The terms of office of four directors, Messrs. Hisaharu Obinata, Hideyuki Odagi, Akira Mihayashi, and Syuzo Ikeda, will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes to increase the number of directors by two, in an effort to strengthen its management structure and enhance its corporate governance, and elect six directors.

The candidates for director are as follows.

This Proposal has already undergone consultation procedures with the Nomination and Compensation Committee, which was established as an advisory body to the Board of Directors in an effort to materialize more fair, neutral, and highly transparent discussions and to enhance the effectiveness of the Board.

Directors Akinori Bo, Mitsuru Motoyoshi, and Norio Uchida, who are currently in office, will continue to serve as directors.

Candidate No. 1	Past experience, positions, responsibilities, and significant concurrent positions	
<p>Hisaharu Obinata</p> <p>Date of birth September 25, 1949</p> <p>Number of shares of the Company held 30,548 shares</p>	April 1972	Joined the Company
	July 1983	Manager of Business Division III
	July 1988	General Manager of Business Division III
	July 1990	General Manager of Semiconductor Equipment Division
	September 1990	Director
	July 1997	Managing Director
	February 1998	President & CEO of ULVAC Technologies, Inc.
	July 2006	Director of the Company
	September 2006	President and Representative Director of ULVAC TECHNO, Ltd.
	July 2012	President and Executive Officer of the Company
September 2012	President and Chief Executive Officer (current position)	
(Responsibilities)		Responsible for the Internal Auditing Office
[Reasons for selection as a candidate for director]		Mr. Hisaharu Obinata, with his accumulated experience and achievements primarily in the semiconductor business, has served as the corporate manager of group companies in both Japan and overseas. The Company has nominated Mr. Obinata as a candidate for director based on its judgment that, in light of his efforts to enhance corporate value through his proactive involvement in structural reforms since his appointment as the President of the Company in 2012, he will be able to continue contributing to the management of the Company.

Candidate No. 2	Setsuo Iwashita*	Past experience, positions, responsibilities, and significant concurrent positions	
		March 1984	Joined the Company
		July 1986	Manager of Shanghai Service Center, China Office, Overseas Business Division
		June 1990	Manager Assisting General Manager of Overseas Business Division
		July 1991	Manager of Overseas Sales G Office, Industrial Equipment Division
		August 1992	Manager of Beijing Business Office and Shanghai Business Office, Overseas Operation Division
		September 1995	Director and Chief Executive Officer of ULVAC (NINGBO) CO., Ltd.
		July 1998	General Manager of Chinese Region, Asia Division of the Company
		July 1999	General Manager of Chinese Region, Overseas Business Promotion Department
		January 2005	General Manager of Chinese Region
March 2006	Director and Chief Executive Officer of ULVAC (CHINA) HOLDING CO., LTD.		
Date of birth February 4, 1953	September 2011	Director of the Company	
Number of shares of the Company held 24,136 shares	July 2012	Director and Executive Officer	
	September 2012	Executive Officer	
	July 2013	Vice Chairman and Chief Executive Officer of ULVAC (CHINA) HOLDING CO., LTD.	
	September 2013	Managing Executive Officer of the Company	
	July 2015	Senior Managing Executive Officer of the Company (current position) Chairman of ULVAC (CHINA) HOLDING CO., LTD. (current position)	
	July 2016	General Manager of Management Planning Headquarters of the Company (current position)	
	(Responsibilities) Responsible for Secretarial Department		
	(Significant concurrent positions) • Chairman of ULVAC (CHINA) HOLDING CO., LTD. • Chairman of ULVAC (Shanghai) Trading Co., Ltd. • Chairman of ULVAC (SUZHOU) CO., LTD.		
	[Reasons for selection as a candidate for director] Mr. Setsuo Iwashita has accumulated experience and achievements primarily in businesses in China. The Company has nominated Mr. Iwashita as a candidate for director based on its judgment that, in light of his efforts to enhance the corporate value of group companies while serving as a corporate manager of such companies, he will be able to contribute to the management of the Company.		

Candidate No. 3	Junki Fujiyama*	Past experience, positions, responsibilities, and significant concurrent positions	
		April 1980	Joined the Company
		July 1989	Manager of Inspection Section, Manufacturing Department, IM Division
		July 1996	Senior Manager of Technology Department I, Semiconductor Equipment Division II
		July 1998	General Manager of Semiconductor Equipment Division II
		September 2005	Director
Date of birth December 5, 1953	July 2009	General Manager of Semiconductor & Electronics Equipment Global Business Unit	
Number of shares of the Company held 13,500 shares	July 2012	President and Representative Director of ULVAC TECHNO, Ltd.	
	July 2015	Managing Executive Officer of the Company	
	July 2016	Senior Managing Executive Officer (current position)	
		Senior General Manager of Corporate Sales & Marketing Division I (current position)	
		(Responsibilities) Supervisor of Corporate Sales & Marketing, responsible for Corporate Sales & Marketing Division II, Semiconductor Equipment Division, and Advanced Electronics Equipment Division	
		[Reasons for selection as a candidate for director] Mr. Junki Fujiyama has accumulated experience and achievements primarily in the semiconductor business and the corporate sales & marketing division. The Company has nominated Mr. Fujiyama as a candidate for director based on its judgment that, in light of his efforts to enhance the corporate value of group companies while serving as a corporate manager of such companies, he will be able to contribute to the management of the Company.	

Candidate No. 4	Hideyuki Odagi  Date of birth June 30, 1958  Number of shares of the Company held 26,500 shares	Past experience, positions, responsibilities, and significant concurrent positions	
		April 1981	Joined the Company
		July 1991	Manager of 4G Office, Design Department, Electronics and Ion Equipment Division
		July 1997	Senior Manager of Design Department, Advanced Electronics Equipment Division
		July 1998	Senior Manager of Design Department, Advanced Electronics Equipment Division I
		July 2001	Senior Manager of Technology Department I, Advanced Electronics Equipment Division II
		July 2003	General Manager of Advanced Electronics Equipment Division
		September 2006	Director
		January 2008	General Manager of Electronics and Advanced Technology Equipment Division
		July 2009	General Manager of Advanced Electronics Equipment Division
July 2012	Director and Executive Officer Senior General Manager of 3S Promotion Division		
July 2013	Senior Deputy Manager of Corporate Sales & Marketing Division		
July 2014	Senior General Manager of Advanced Manufacturing Division (current position)		
July 2015	Director and Managing Executive Officer (current position)		
		(Responsibilities) Supervisor of Manufacturing	
		(Significant concurrent positions) • Chairman of ULVAC SOFTWARE CREATIVE TECHNOLOGY, CO., LTD.	
		[Reasons for selection as a candidate for director] The Company has nominated Mr. Hideyuki Odagi as a candidate for director based on its judgment that, in light of his accumulated experience and achievements primarily in the advanced electronics equipment business, the corporate sales & marketing division, and the manufacturing division, he will be able to continue contributing to the management of the Company.	

Candidate No. 5	Past experience, positions, responsibilities, and significant concurrent positions	
<p data-bbox="316 981 536 1016">Akira Mihayashi</p> <p data-bbox="316 1048 485 1111">Date of birth March 9, 1956</p> <p data-bbox="316 1142 612 1236">Number of shares of the Company held None</p>	April 1978	Joined Nippon Life Insurance Company
	March 1998	Deputy General Manager of Marketing Planning Dept. of Nippon Life Insurance Company
	March 1999	Branch General Manager of Ota Branch of Nippon Life Insurance Company
	March 2001	General Manager of Metropolitan Area Corporate Finance Dept. of Nippon Life Insurance Company
	March 2002	General Manager of Actuarial Dept. of Nippon Life Insurance Company
	March 2005	General Manager of Marketing Planning Dept. and Marketing and Working Dept., Sales Manager and Head of Operational Reform Office of Nippon Life Insurance Company
	July 2005	Director, General Manager of Marketing Planning Dept. and Marketing and Working Dept., Sales Manager and Head of Operational Reform Office of Nippon Life Insurance Company
	March 2006	Director, General Manager of Sales Representatives Operations Management Dept. and Head of New Sales Operations Promotion Office of Nippon Life Insurance Company
	January 2007	Director and Executive Officer, General Manager of Sales Representatives Operations Management Dept. and Head of New Sales Operations Promotion Office of Nippon Life Insurance Company
	March 2007	Director and Executive Officer, General Manager of Sales Representatives Operations Management Dept. and Deputy Director-General (Corporate Planning Dept.) of Nippon Life Insurance Company
	July 2007	Executive Officer, General Manager of Sales Representatives Operations Management Dept. and Deputy Director-General (Corporate Planning Dept.) of Nippon Life Insurance Company
	March 2008	Managing Executive Officer, General Manager of Risk Management Dept. of Nippon Life Insurance Company
	July 2008	Director and Managing Executive Officer, General Manager of Risk Management Dept. of Nippon Life Insurance Company
	March 2009	Director of Nippon Life Insurance Company
April 2009	Advisor of Nissay Credit Guarantee Co., Ltd.	
June 2009	President of Nissay Credit Guarantee Co., Ltd. (current position)	
June 2010	External Statutory Auditor of RAITO KOGYO CO., LTD. (current position)	
September 2014	External Director of the Company (current position)	

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		<p>(continued from the previous page)  (Significant concurrent positions)</p> <ul style="list-style-type: none"> <li>• President of Nissay Credit Guarantee Co., Ltd.</li> <li>• External Statutory Auditor of RAITO KOGYO CO., LTD.</li> </ul> <p>[Reasons for selection as a candidate for director]</p> <p>The Company has once again nominated Mr. Akira Mihayashi as a candidate for director based on its expectation that he will leverage the extensive business experience and knowledge he acquired while serving mainly at Nippon Life Insurance Company in the management of the Company, and that he will provide appropriate advice on the overall management of the Company based on his broad perspective.</p>
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Candidate No. 6	Past experience, positions, responsibilities, and significant concurrent positions	
<p data-bbox="316 504 491 533">Kozo Ishida*</p> <p data-bbox="316 571 528 629">Date of birth November 4, 1944</p> <p data-bbox="316 667 612 757">Number of shares of the Company held 300 shares</p>	March 1970	Joined HORIBA, Ltd.
	June 1982	General Manager of Product Department I, Development and Sales Division of HORIBA, Ltd.
	June 1988	Director of HORIBA, Ltd.
	June 1991	Managing Director of HORIBA, Ltd.
	June 1996	Senior Managing Director of HORIBA, Ltd.
	June 2002	Vice President and Director of HORIBA, Ltd.
	June 2005	Executive Vice President of HORIBA, Ltd.
	March 2011	Director and Advisor of HORIBA STEC Co., Ltd.
	March 2014	Vice Chairman and Representative Director of HORIBA, Ltd.
	March 2016	Senior Advisor of HORIBA, Ltd. (current position)
	(Significant concurrent positions)	
	• Senior Advisor of HORIBA, Ltd.	
	[Reasons for selection as a candidate for director]	
	The Company has nominated Mr. Kozo Ishida as a candidate for director based on its expectation that he will leverage the extensive business experience and technical knowledge he acquired while serving at HORIBA, Ltd. in the management of the Company, and that he will provide appropriate advice on the overall management of the Company based on his broad perspective.	

- (Notes)
1. Asterisks indicate new candidates for director.
  2. No special interests exist between any of the candidates for director and the Company.
  3. Messrs. Akira Mihayashi and Kozo Ishida are candidates for external director. Mr. Akira Mihayashi currently serves as external director of the Company, and will have served for two years as external director at the close of this General Meeting of Shareholders.
  4. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Akira Mihayashi to limit his liability for damages, which is stipulated in Article 423, Paragraph 1 of the Companies Act. The Company will continue this liability limitation agreement with him if his election is approved as proposed at this General Meeting of Shareholders. The amount of the liability limit under such agreement shall be the amount provided for by the relevant laws and regulations.  
In addition, if the election of Mr. Kozo Ishida is approved as proposed at this General Meeting of Shareholders, the Company will enter into the same agreement as the above liability limitation agreement with Mr. Ishida.
  5. The Company will register Mr. Kozo Ishida as an independent director with the Tokyo Stock Exchange.

#### Proposal No. 4: Election of One Substitute Audit & Supervisory Board Member

The effective tenure of Mr. Minoru Hara, who was elected as substitute audit & supervisory board member at the 111th Ordinary General Meeting of Shareholders held on September 29, 2015, will expire at the start of this General Meeting of Shareholders. Accordingly, in order to prepare for the contingency in which the Company does not have the number of audit & supervisory board members required by laws and regulations, the Company proposes to elect one substitute audit & supervisory board member.

This Proposal has received prior consent from the Audit & Supervisory Board.

The candidate for substitute audit & supervisory board member is as follows.

		Past experience and significant concurrent positions	
Takao Nonaka	April 1971	Joined Banyu Pharmaceutical Co., Ltd.	
	March 1982	Registered as Certified Public Tax Accountant	
	April 1982	Opened Takao Nonaka Certified Public Tax Accountant Office	
	January 1989	President and Representative Director of Melies Co., Ltd.	
	March 1991	Audit & Supervisory Board Member of Kinashi Denki Co., Ltd. (current position)	
	July 1991	Standing Member of Japan Association of Tax Accounting, Tokyo Certified Public Tax Accountants' Association	
	July 2003	Vice President of Japan Association of Tax Accounting, Tokyo Certified Public Tax Accountants' Association	
	January 2005	Audit & Supervisory Board Member of Management Literacy Research Institute Co., Ltd.	
	Date of birth	March 2005	Director of Kinoshita Timber Co., Ltd.
	January 29, 1949	July 2005	Deputy Branch Manager of Kyobashi Branch, Tokyo Certified Public Tax Accountants' Association
	Number of shares of the Company held	September 2009	External Audit & Supervisory Board Member of the Company
	None	June 2011	Advisor of Kyobashi Branch, Tokyo Certified Public Tax Accountants' Association (current position)
		July 2011	Secretary-General of Kyobashi Certified Public Tax Accountants Political League
		May 2012	Auditor of Incorporated Educational Institution Ishida Gakuen
		May 2013	Director of Incorporated Educational Institution Ishida Gakuen (current position)
	October 2013	Advisor of Kyobashi Certified Public Tax Accountants Political League (current position)	
	June 2015	Auditor of Mutual Aid Association of Certified Public Tax Accountants in Japan (current position)	
	June 2015	Audit & Supervisory Board Member of Nichizei Mutual Aid Co., Ltd. (current position)	

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	(continued from the previous page) (Significant concurrent positions) • President of Takao Nonaka Certified Public Tax Accountant Office
	[Reasons for selection as a candidate for substitute audit & supervisory board member] The Company has nominated Mr. Takao Nonaka as a candidate for substitute audit & supervisory board member, based on its expectation that he will leverage his extensive experience and knowledge accumulated through his experience as a certified public tax accountant in the audit activities of the Company, and that he will provide appropriate advice on the overall management of the Company based on his broad perspective.

- (Notes)
1. No special interests exist between the candidate for substitute audit & supervisory board member and the Company.
  2. Mr. Takao Nonaka is a candidate for substitute external audit & supervisory board member. Mr. Nonaka is a certified public tax accountant and possesses considerable knowledge in finance and accounting.
  3. In the event that Mr. Takao Nonaka assumes the office of audit & supervisory board member, the Company, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, intends to enter into an agreement with Mr. Nonaka to limit his liability for damages, which is stipulated in Article 423, Paragraph 1 of the Companies Act. The amount of the liability limit under such agreement shall be the amount provided for by the relevant laws and regulations.
  4. In the event that Mr. Takao Nonaka assumes the office of external audit & supervisory board member, the Company intends to register Mr. Nonaka as an independent audit & supervisory board member with the Tokyo Stock Exchange.

#### **Proposal No. 5: Revision of Compensation for Directors**

The maximum amount of aggregate compensation for directors was resolved to be ¥800 million per annum at the 102nd Ordinary General Meeting of Shareholders held on September 28, 2006, with no revision to date. However, the Company proposes to revise the amount of such aggregate compensation to a maximum of ¥500 million per annum (including a maximum of ¥30 million for external directors), in consideration of such factors as the scheduled change in the number of directors, i.e. the reduction of six members from the current 18 to 12, if Proposal No. 2, “Partial Amendment to the Articles of Incorporation,” is approved as proposed. The aforementioned compensation is composed of fixed compensation and performance-linked compensation (bonuses) based on the business results for the corresponding fiscal year as well as other factors.

This Proposal has already undergone consultation procedures of the Nomination and Compensation Committee.

While the number of directors is currently seven (including three external directors), the number will be changed to nine (including three external directors), if Proposal No. 3, “Election of Six Directors,” is approved as proposed.

## **Proposal No. 6: Determination of the Amount of Stock-Based Compensation, etc. for Directors**

### **1. Reason for the proposal and basis of its rationality**

The Company intends to introduce for directors (excluding external directors) and executive officers of the Company (hereinafter collectively “directors, etc.”) a new stock-based compensation system called Board Benefit Trust (BBT) (hereinafter the “System”). Therefore, the Company requests shareholders’ approval on the amount of compensation, etc. for directors.

The System’s introduction is considered appropriate as it aims at clarifying the linkage between the compensation, etc. for directors, etc. and the Company’s business results and stock value, as well as sharing with shareholders not only the merit of increase in stock prices but also the risk of fall of stock prices, to promote the motivation of directors, etc. in contributing to the medium- to long-term enhancement of business results and corporate value.

As this Proposal involves the payment of stock-based compensation to directors of the Company, separately from that provided in Proposal No. 5, “Revision of Compensation for Directors,” the Company requests shareholders’ approval on the amount of such stock-based compensation. Meanwhile, shareholders are also asked to entrust the Company’s Board of Directors with the decision on the System’s details within the framework set out under 2. below.

This Proposal has already undergone consultation procedures of the Nomination and Compensation Committee.

If Proposal No. 3, “Election of Six Directors,” is approved as proposed, the System shall apply to six directors of the Company excluding three external directors.

### **2. The amount of compensation under the System and reference information**

#### **(1) Overview of the System**

The System is a stock-based compensation system, whereby the Company’s shares are purchased through a trust (hereinafter the trust established based on the System is referred to as the “Trust”) using the money contributed by the Company, and directors, etc. are granted the Company’s shares and money equivalent to the fair value of the Company’s shares at the date of retirement (hereinafter collectively the “Company’s shares, etc.”) through the Trust, in accordance with the Rules for Granting Shares to Officers set out by the Company. Directors, etc. shall be granted the Company’s shares, etc. at the time of their retirement, in principle.

#### **(2) Persons subject to the System**

The System shall apply to directors (excluding external directors) and executive officers of the Company. It should be noted that the System does not apply to audit & supervisory board members.

#### **(3) Method for calculating the number of the Company’s shares, etc., to be granted to directors, etc. and the upper limit thereto**

Directors, etc. are granted a number of points for each fiscal year in accordance with the Rules for Granting Shares to Officers. The points are determined based on factors including individual rank and level of achievement of performance targets. The aggregate total points to be granted to all directors, etc. for each consecutive three fiscal years shall not exceed 76,500 points (including 45,000 points for directors). This upper limit is considered appropriate as it was decided upon consideration of various aspects including the current level of executive compensation as well as current and future trends in the number of directors, etc. Each point granted to a director, etc. shall be converted to one share of common stock of the Company when the Company’s shares, etc. are granted, as described in (6) below; provided, however, in the event of a share split, gratis allotment of shares, share consolidation, etc. of the Company’s shares subsequent to the approval of this Proposal, the aforementioned rate of conversion shall be subject to reasonable adjustment in consideration of the relevant ratios involved in such events.

The number of points granted to a director, etc., which serves as the basis for granting the Company’s shares, etc. as described in (6) below, is finalized by the total number of points granted to him/her up to the date of retirement (hereinafter the “finalized number of points”).

#### **(4) Method of purchasing the Company’s shares and number of shares to be purchased**

The purchase of the Company’s shares through the Trust is carried out either through the stock market or by subscribing for the disposed treasury shares of the Company, using the funds contributed via the procedure described in (5) below.

In the initial applicable period (as defined in (5) below), the Trust shall, immediately following the establishment of the Trust (scheduled in November or December of 2016), purchase a number of the Company’s shares not exceeding 76,500 (including 45,000 shares for directors), as shares to be granted to directors, etc. Details of the method, etc. for purchasing the Company’s shares through

the Trust will be announced once it is determined.

- (5) The amount to be contributed to the Trust by the Company (the amount of compensation, etc.)

Subject to the approval of this Proposal, the Company will establish the Trust by contributing an amount necessary for the Trust to purchase for a certain period in advance a number of shares reasonably expected to be necessary for granting the Company's shares, etc., in accordance with (3) above and (6) below. The Trust, as described in (4) above, will purchase the Company's shares by using the funds contributed by the Company.

Specifically, the Company will establish the Trust by contributing an amount not exceeding ¥300 million (including ¥180 million for directors) in total, as the funds necessary for purchasing shares during the three consecutive fiscal years from the fiscal year ending June 30, 2017 up to the fiscal year ending June 30, 2019 (hereinafter the "initial applicable period").

Furthermore, the Company shall, in principle, for each three fiscal years subsequent to the lapse of the initial applicable period up to the termination of the System (hereinafter the "subsequent applicable period"), make additional contributions not exceeding ¥300 million (including ¥180 million for directors) in total to the Trust. In the event of such additional contributions, if the Company's shares (excluding the Company's shares corresponding to the number of points granted to directors, etc., for which the granting of the Company's shares, etc. to directors, etc. is yet to be complete), and money (hereinafter collectively the "residual shares, etc.") remain in the trust asset on the day immediately preceding the commencement of the subsequent applicable period during which the additional contribution is intended, such residual shares, etc. shall be used as the funds for granting under the System in the subsequent applicable period. The maximum amount of funds that the Company may additionally contribute shall not exceed ¥300 million (including ¥180 million for directors) in total less the amount of residual shares, etc. (shares are converted into money using the fair value on the date immediately preceding the commencement of such subsequent applicable period.) The Company will make timely and appropriate disclosure whenever it makes decisions on additional contributions.

- (6) Timing of the granting of the Company's shares, etc.

When a director, etc. of the Company retires and meets the beneficiary requirements set out in the Rules for Granting Shares to Officers, after retirement, he/she is entitled to be granted from the Trust the Company's shares corresponding to the finalized number of points, by following the predetermined beneficiary confirmation procedure. However, if he/she meets certain requirements separately set out under the Rules for Granting Shares to Officers, on top of the beneficiary requirements, he/she receives, in lieu of the grant of the Company's shares, the payment of money in the amount equivalent to the fair value of the Company's shares at the date of retirement corresponding to a certain portion of the points granted to directors, etc. The Trust may sell the Company's shares to make payment of money.

(Reference)

For further details of the System, please refer to the "Notice on the introduction of the Board Benefit Trust (BBT)" disclosed on August 26, 2016.