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(Securities Code 6728)  
September 6, 2018

**To Shareholders with Voting Rights:**

Setsuo Iwashita  
President and Chief Executive  
Officer  
ULVAC, Inc.  
2500 Hagisono, Chigasaki,  
Kanagawa, Japan

**NOTICE OF  
THE 114TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 114th Ordinary General Meeting of Shareholders of ULVAC, Inc. (the "Company"). The meeting will be held for the purposes as described in the next page.

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 26, 2018, Japan time, by following the instructions provided below.

**1. Date and Time:** Thursday, September 27, 2018 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 114th fiscal year (July 1, 2017 – June 30, 2018) 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 114th fiscal year (July 1, 2017 – June 30, 2018)

**Proposals to be resolved:**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Election of 10 Directors

**Proposal No. 3:** Election of One Audit & Supervisory Board Member

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

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

**4. Information on Exercise of Voting Rights, etc.**

Please refer to "Information on Exercise of Voting Rights, etc." and "Exercise of Voting Rights via the Internet, etc." described on the following pages.

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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, 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. Consequently, the documents attached to this notice comprise a portion of the documents audited by the Audit & Supervisory Board Members and the Independent Auditor in the preparation of the Audit Report.
  - 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/>).

**The Company's Website: <https://www.ulvac.co.jp/>**

## Information on Exercise of Voting Rights, etc.

You can exercise your voting rights by the following three methods.

### Attendance at General Meeting of Shareholders

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Please submit the Voting Rights Exercise Form at the reception desk. (Not required to be sealed)

**Date and Time:**

Thursday, September 27, 2018 at 10:00 a.m. Japan time

**Place:**

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

### Exercise of voting rights via mail

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Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and send the form by postal mail without a stamp. If you do not indicate your vote for or against a proposal, your vote will be deemed as a vote in favor.

**Deadline for exercising voting rights:**

To be received no later than 5:00 p.m., Wednesday, September 26, 2018, Japan time

### Exercise of voting rights via the Internet

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Please access the Voting Rights Exercise Website (<https://www.web54.net>) via a personal computer or a smartphone and indicate your vote for or against the proposals by following the directions on the screen after entering the “voting rights exercise code” and “password” provided in the enclosed Voting Rights Exercise Form.

**Deadline for exercising voting rights:**

5:00 p.m., Wednesday, September 26, 2018, Japan time

- (1) Please note that, to prevent unauthorized access by persons other than the shareholders (“impersonation”) and any alterations to the contents of votes, the Company will request the shareholders who exercise the voting rights via the Internet to change their “password” on the Voting Rights Exercise Website.
- (2) The Company will inform you of new “voting rights exercise code” and “password” each time a General Meeting of Shareholders is convened.
- (3) The costs incurred when accessing the Voting Rights Exercise Website (such as Internet connection fee, phone charges, etc.) shall be borne by the shareholders.

# 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.

On the other hand, in an industry that undergoes significant changes in capital investment trends and technical innovations, the Company recognizes that, for further increasing its corporate value, it is necessary to enhance its internal reserves for further investments in R&D and strengthening its financial base. Therefore, the basic policy for the Company's distribution of profits to shareholders shall take into account such factors as its financial base, consolidated performance for each fiscal year, and payout ratio.

For the 114th fiscal year, the Company, based on the above policy, has determined that the year-end dividend will be ¥95 per share (an increase of ¥45 per share from the previous fiscal year), as per the following:

- |   |  |
|---|--|
| • <b>Type of dividend property</b>  | Cash   |
| • <b>Matters concerning the allotment of dividend property to shareholders and total amount thereof</b> | ¥95 per share of the Company's common stock<br>The total amount of dividends: ¥4,688,484,840 |
| • <b>Effective date of the distribution of surplus</b>  | September 28, 2018   |

## Proposal No. 2: Election of 10 Directors

The terms of office of all eight directors will expire at the close of this General Meeting of Shareholders. In an effort to enhance the effectiveness of the Board of Directors by enabling high-quality lively discussions appropriate for the Company's current business environment while ensuring diversity, the Company proposes to enrich the number of directors comprising the Board of Directors by increasing the number of candidates for directors by two and elect 10 directors.

The candidates for directors have been determined by the Board of Directors, following 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, impartial, and transparent discussions and to enhance the effectiveness of the Board.

The candidates for directors are as follows.

Candidate No.	Name	Current positions	Attributes			Attendance at Board of Directors meetings
1	<b>Setsuo Iwashita</b>	President and Chief Executive Officer	Reelection			100% (15/15)
2	<b>Hisaharu Obinata</b>	Chairman	Reelection			100% (15/15)
3	<b>Mitsuru Motoyoshi</b>	Director and Executive Vice President	Reelection			100% (15/15)
4	<b>Choong Ryul Paik</b>	Managing Executive Officer	New election			–
5	<b>Shigemitsu Sato</b>	Managing Executive Officer	New election			–
6	<b>Masahiko Ishiguro</b>	Managing Executive Officer	New election			–
7	<b>Akira Mihayashi</b>	External Director	Reelection	External		100% (15/15)
8	<b>Norio Uchida</b>	External Director	Reelection	External	Independent	100% (15/15)
9	<b>Kozo Ishida</b>	External Director	Reelection	External	Independent	100% (15/15)
10	<b>Yoshimi Nakajima</b>	–	New election	External	Independent	–

Reelection

Candidates for directors to be reelected

New election

New candidates for directors

External

Candidates for external directors

Independent

Registered as independent director with the Tokyo Stock Exchange

Candidate No. 1	Setsuo Iwashita  Date of birth February 4, 1953  Number of shares of the Company held 24,914 shares  Attendance at Board of Directors meetings 15/15  <b>Reelection</b>	Past experience, positions, and responsibilities	
		March 1984	Joined the Company
		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
		March 2006	Director and Chief Executive Officer of ULVAC (CHINA) HOLDING CO., LTD.
		October 2006	Chairman of ULVAC (Shanghai) Trading Co., Ltd. Chairman of ULVAC (SUZHOU) CO., LTD.
		September 2011	Director of the Company
		July 2012	Director and Executive Officer
		September 2013	Managing Executive Officer
July 2015	Senior Managing Executive Officer of the Company Chairman of ULVAC (CHINA) HOLDING CO., LTD.		
September 2016	Director and Senior Managing Executive Officer of the Company		
July 2017	President and Chief Executive Officer (current position)		
		(Responsibilities) Human Resource Center	
		(Significant concurrent positions) —	
		[Reasons for selection as a candidate for director] Mr. Setsuo Iwashita has accumulated extensive experience and achievements as a corporate manager in China as well as strived for medium- to long-term growth and improvement of sustainable corporate value as President and Chief Executive Officer. The Company has nominated Mr. Iwashita as a candidate for director based on its judgment that he will be able to continue contributing to the management of the Company.	

Candidate No. 2		Past experience, positions, and responsibilities	
		April 1972	Joined the Company
		July 1983	Manager of Business Division III
		July 1988	General Manager of Business Division III
Hisaharu Obinata	Date of birth September 25, 1949	July 1990	General Manager of Semiconductor Equipment Division
		September 1990	Director
		July 1997	Managing Director
		February 1998	President & CEO of ULVAC Technologies, Inc.
Number of shares of the Company held 31,048 shares	Attendance at Board of Directors meetings 15/15	July 2006	Director of the Company
		September 2006	President of ULVAC TECHNO, Ltd.
		July 2012	President and Executive Officer of the Company
		September 2012	President and Chief Executive Officer
Reelection		July 2017	Chairman (current position)
		May 2018	President of the Japan Vacuum Industry Association (current position)
		(Significant concurrent positions)	
		• President of the Japan Vacuum Industry Association	
		[Reasons for selection as a candidate for director] Mr. Hisaharu Obinata, having served as the President and Chairman of the Company, has strived to enhance sustainable corporate value with his extensive experience and achievements in the management of the Group. Mr. Obinata has also assumed the office of President of the Japan Vacuum Industry Association and contributes to the development of the vacuum industry. The Company has nominated Mr. Obinata as a candidate for director based on its judgment that he will be able to continue contributing to the management of the Company.	

Candidate No. 3		Past experience, positions, and responsibilities	
		<p>April 1980      Joined the Company</p> <p>July 1995      Senior Manager of Management Department, Ultra-High Vacuum Products Division</p> <p>January 1997    Staff Manager of Management Planning Department</p> <p>July 2000      Senior Manager of Accounting Department</p> <p>September 2005    Director</p> <p>July 2012      Director and Executive Officer</p> <p>July 2013      Chairman of ULVAC TAIWAN INC. (current position)</p> <p>July 2014      Director and Managing Executive Officer of the Company</p> <p>July 2015      Director and Senior Managing Executive Officer</p> <p>July 2016      Chairman of ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd.</p> <p>July 2017      General Manager of Business Strategy Headquarters</p> <p>Chairman of ULVAC (CHINA) HOLDING CO., LTD. (current position)</p> <p>Chairman of ULVAC (Shanghai) Trading Co., Ltd. (current position)</p> <p>Chairman of ULVAC (SUZHOU) CO., LTD. (current position)</p> <p>Chairman of ULVAC SINGAPORE PTE LTD (current position)</p> <p>Chairman of ULVAC MALAYSIA SDN. BHD. (current position)</p> <p>July 2018      Director and Executive Vice President (current position)</p>	
	Mitsuru Motoyoshi		
	Date of birth January 1, 1957		
	Number of shares of the Company held 8,800 shares		
	Attendance at Board of Directors meetings 15/15		
	<b>Reelection</b>	(Responsibilities)	Supervisor of Business Strategy, responsible for associate companies, Management Planning Department, Global Project Promotion Department and Global Market & Technology Strategy Division
		(Significant concurrent positions)	<ul style="list-style-type: none"> <li>• Chairman of ULVAC TAIWAN INC.</li> <li>• Chairman of ULVAC (CHINA) HOLDING CO., LTD.</li> <li>• Chairman of ULVAC (Shanghai) Trading Co., Ltd.</li> <li>• Chairman of ULVAC (SUZHOU) CO., LTD.</li> <li>• Chairman of ULVAC SINGAPORE PTE LTD</li> <li>• Chairman of ULVAC MALAYSIA SDN. BHD.</li> </ul>
		[Reasons for selection as a candidate for director]	Mr. Mitsuru Motoyoshi has accumulated extensive experience and knowledge primarily in the divisional administration, management planning and accounting departments of the Company and also has strived for the improvement of sustainable corporate value as the corporate manager of the Company and group companies. The Company has nominated Mr. Motoyoshi as a candidate for director based on its judgment that he will be able to continue contributing to the management of the Company.



Candidate No. 4	Choong Ryul Paik	Past experience, positions, and responsibilities	
		April 1991	Joined the Company
		September 1999	Joined ULVAC KOREA, Ltd. as Senior Director
		September 2000	President
		September 2012	Executive Officer of the Company
Date of birth February 1, 1959		July 2015	Managing Executive Officer
Number of shares of the Company held 10,000 shares		September 2016	Chairman of ULVAC KOREA, Ltd. (current position)
		July 2018	Managing Executive Officer, General Manager of R&D Headquarters of the Company (current position)
		(Responsibilities) Responsible for Institute for Super Materials, Future Technology Research Laboratory and Materials Division	
		(Significant concurrent positions) • Chairman of ULVAC KOREA, Ltd.	
		[Reasons for selection as a candidate for director] Dr. Choong Ryul Paik has accumulated extensive experience and achievements as the corporate manager of a group company in South Korea and has strived for the improvement of sustainable corporate value. The Company has nominated Dr. Paik as a candidate for director based on its judgment that such knowledge and experience will contribute to the management of the Company.	

Candidate No. 5	<p>Shigemitsu Sato</p> <p>Date of birth October 10, 1962</p> <p>Number of shares of the Company held 4,046 shares</p> <p>New election</p>	Past experience, positions, and responsibilities	
		April 1983	Joined the Company
		July 1996	Chief of 2G, Section I, Technology Department I, Advanced Electronics Equipment Division
		July 1997	Manager of Section I, Technology Department I, Advanced Electronics Equipment Division
		July 2003	Senior Manager of Technology Department I, FPD Division I
		July 2009	Senior Manager of Technology Department I, FPD Division
		July 2012	General Manager of FPD•PV Division
		July 2015	Executive Officer, General Manager of FPD•PV Division
		July 2017	Managing Executive Officer, General Manager of FPD•PV Division
		January 2018	Managing Executive Officer, General Manager of FPD•PV Division and Advanced Manufacturing Division
March 2018	Chairman of ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd. (current position)		
July 2018	Managing Executive Officer, General Manager of Advanced Manufacturing Division of the Company (current position)		
		(Responsibilities) Responsible for FPD•PV Division, Industrial Equipment Division, Procurement Center, Control System Development Center and Manufacturing Technology Center	
		(Significant concurrent positions) • Chairman of ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd.	
		[Reasons for selection as a candidate for director] Mr. Shigemitsu Sato has accumulated extensive experience and achievements primarily in the mainstay FPD•PV business and has strived for the improvement of sustainable corporate value. The Company has nominated Mr. Sato as a candidate for director based on its judgment that such knowledge and experience will contribute to the management of the Company.	

Candidate No. 6	Masahiko Ishiguro  Date of birth October 14, 1957  Number of shares of the Company held 5,000 shares  New election	Past experience, positions, and responsibilities	
		July 1984	Joined ULVAC CRYOGENICS INCORPORATED
		July 1991	Manager of Specialty Section, Corporate Sales & Marketing Department I
		July 1995	Deputy Senior Manager of Corporate Sales & Marketing Department I
		July 1998	Senior Manager of Service Technology Department
		September 2002	Director, Senior Manager of Service Technology Department
		September 2012	President
		July 2018	Chairman (current position) Managing Executive Officer, General Manager of Corporate Sales & Marketing Division and Senior Manager of Marketing Department of the Company (current position) Chairman of ULVAC EQUIPMENT SALES, Inc. (current position)
		(Significant concurrent positions)	
		<ul style="list-style-type: none"> <li>• Chairman of ULVAC CRYOGENICS INCORPORATED</li> <li>• Chairman of ULVAC EQUIPMENT SALES, Inc.</li> </ul>	
		[Reasons for selection as a candidate for director] Mr. Masahiko Ishiguro has accumulated extensive experience and achievements as the corporate manager of group companies and has strived for the improvement of sustainable corporate value. The Company has nominated Mr. Ishiguro as a candidate for director based on its judgment that such knowledge and experience will contribute to the management of the Company.	

Candidate No. 7		Past experience, positions, and responsibilities	
		<p>April 1978      Joined Nippon Life Insurance Company</p> <p>March 1999      Branch General Manager of Ota Branch</p> <p>March 2001      General Manager of Metropolitan Area Corporate Finance Dept.</p> <p>March 2002      General Manager of Actuarial Dept.</p> <p>July 2005      Director, General Manager of Marketing Planning Dept. and Marketing and Working Dept., Sales Manager and Head of Operational Reform Office</p> <p>January 2007    Director and Executive Officer, General Manager of Sales Representatives Operations Management Dept. and Head of New Sales Operations Promotion Office</p> <p>March 2007      Director and Executive Officer, General Manager of Sales Representatives Operations Management Dept. and Deputy Director-General (Corporate Planning Dept.)</p> <p>March 2008      Managing Executive Officer, General Manager of Risk Management Dept.</p> <p>July 2008      Director and Managing Executive Officer, General Manager of Risk Management Dept.</p> <p>April 2009      Advisor of Nissay Credit Guarantee Co., Ltd.</p> <p>June 2009      President (current position)</p> <p>June 2010      External Statutory Auditor of RAITO KOGYO CO., LTD.</p> <p>September 2014 External Director of the Company (current position)</p>	
	<p><b>Akira Mihayashi</b></p> <p>Date of birth March 9, 1956</p> <p>Number of shares of the Company held None</p> <p>Attendance at Board of Directors meetings 15/15</p> <p style="text-align: center;"><b>Reelection</b></p> <p style="text-align: center;">External</p>		
			<p>(Significant concurrent positions)</p> <ul style="list-style-type: none"> <li>• President of Nissay Credit Guarantee Co., Ltd.</li> </ul> <p>[Reasons for selection as a candidate for external director] Mr. Akira Mihayashi has extensive experience and advanced insight as a corporate manager of other companies. He has been providing appropriate advice on the overall management of the Company based on his broad perspective and properly supervising the management. The Company has nominated Mr. Mihayashi as a candidate for external director based on its judgment that he will be able to continue to properly carry out his duties as an external director of the Company.</p>

Candidate No. 8		Past experience, positions, and responsibilities	
		<p>April 1973      Joined Tokyo Optical Co., Ltd. (currently TOPCON CORPORATION)</p> <p>June 1980      General Manager of Topcon Singapore Pte. Ltd.</p> <p>February 1989      President of Topcon Australia Pty Ltd.</p> <p>October 1994      Senior Vice President of Topcon Laser Systems, Inc. (currently Topcon Positioning Systems, Inc.)</p> <p>July 1999      President of Topcon Laser Systems Japan, Inc.</p> <p>June 2003      Executive Officer of TOPCON CORPORATION</p> <p>July 2003      President of Topcon Sales Corporation</p> <p>June 2005      Director and Executive Officer of TOPCON CORPORATION</p> <p>June 2007      Director and Managing Executive Officer</p> <p>June 2010      Director and Senior Managing Executive Officer</p> <p>June 2011      Representative Director, President &amp; CEO</p> <p>June 2013      Advisor to the Board</p> <p>June 2015      External Director of Nabtesco Corporation (current position)</p> <p>September 2015      External Director of the Company (current position)</p>	
	<p>Norio Uchida</p> <p>Date of birth October 22, 1950</p> <p>Number of shares of the Company held None</p> <p>Attendance at Board of Directors meetings 15/15</p> <p style="text-align: center;"><b>Reelection</b></p> <p style="text-align: center;">External</p> <p style="text-align: center;">Independent</p>	<p>(Significant concurrent positions)</p> <ul style="list-style-type: none"> <li>• External Director of Nabtesco Corporation</li> </ul> <p>[Reasons for selection as a candidate for external director]</p> <p>Mr. Norio Uchida has extensive experience and advanced insight as a corporate manager of other companies in Japan and overseas. He has been providing appropriate advice on the overall management of the Company based on his broad perspective and properly supervising the management. The Company has nominated Mr. Uchida as a candidate for external director based on its judgment that he will be able to continue to properly carry out his duties as an external director of the Company.</p> <p>In addition, as Mr. Uchida meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company has registered Mr. Uchida as an independent director with the Tokyo Stock Exchange.</p>	

Candidate No. 9		Past experience, positions, and responsibilities	
		<p>March 1970      Joined HORIBA, Ltd.</p> <p>June 1982      General Manager of Product Department I, Development and Sales Division</p> <p>June 1988      Director</p> <p>June 1991      Managing Director</p> <p>June 1996      Senior Managing Director</p> <p>June 2002      Vice President and Director</p> <p>June 2005      Executive Vice President</p> <p>March 2011     Director and Advisor of HORIBA STEC Co., Ltd.</p> <p>March 2014     Vice Chairman and Representative Director of HORIBA, Ltd.</p> <p>March 2016     Senior Advisor</p> <p>September 2016 External Director of the Company (current position)</p> <p>March 2017     External Director of Seiko Electric Co., Ltd. (current position)</p> <p>April 2018      Fellow of HORIBA, Ltd. (current position)</p> <p>(Significant concurrent positions)</p> <ul style="list-style-type: none"> <li>• Fellow of HORIBA, Ltd.</li> <li>• External Director of Seiko Electric Co., Ltd.</li> </ul>	
	<p>Kozo Ishida</p> <p>Date of birth November 4, 1944</p> <p>Number of shares of the Company held 300 shares</p> <p>Attendance at Board of Directors meetings 15/15</p> <p style="text-align: center;"><b>Reelection</b></p> <p style="text-align: center;">External</p> <p style="text-align: center;">Independent</p>		<p>[Reasons for selection as a candidate for external director]</p> <p>Dr. Kozo Ishida has extensive experience as a corporate manager of other companies as well as technical expertise. He has been providing appropriate advice on the overall management of the Company based on his broad perspective and properly supervising the management. The Company has nominated Dr. Ishida as a candidate for external director based on its judgment that he will be able to continue to properly carry out his duties as an external director of the Company.</p> <p>In addition, as Dr. Ishida meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company has registered Dr. Ishida as an independent director with the Tokyo Stock Exchange.</p>

Candidate No. 10	Yoshimi Nakajima  Date of birth December 16, 1956  Number of shares of the Company held None	Past experience, positions, and responsibilities	
		April 1980	Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
		February 1982	Joined AVON PRODUCTS CO., LTD.
		May 1997	Joined Citibank, N.A. as Vice President
		June 2000	Joined Societe Generale Securities Services as Senior General Manager
		April 2002	Joined American Express International, Inc. as Vice President in charge of Global Traveler's Check & Prepaid Card Service, Japan Branch
		August 2011	Country Manager in Singapore (President)
		February 2014	Senior Vice President of Japan Branch
		April 2014	President and Representative Director of American Express Japan Co., Ltd.
		June 2017	Outside Director of Yamaha Corporation (current position)
			Outside Director of AEON Financial Service Co., Ltd. (current position)
		June 2018	Outside Director of Japan Freight Railway Company (current position)
		(Significant concurrent positions)	
		<ul style="list-style-type: none"> <li>• Outside Director of Yamaha Corporation</li> <li>• Outside Director of AEON Financial Service Co., Ltd.</li> <li>• External Director of Japan Freight Railway Company</li> </ul>	
		[Reasons for selection as a candidate for external director]	
		<p>Ms. Yoshimi Nakajima has extensive experience and advanced insight as a corporate manager of other companies in Japan and overseas. The Company has nominated Ms. Nakajima as a candidate for external director based on its judgment that she will be able to provide appropriate advice on the overall management of the Company based on her broad perspective and properly supervise the management.</p> <p>In addition, as Ms. Nakajima meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company will register Ms. Nakajima as an independent director with the Tokyo Stock Exchange, in the event that she assumes the office of director.</p>	

- (Notes)
1. No special interests exist between any of the candidates for director and the Company.
  2. Messrs. Akira Mihayashi and Norio Uchida, Dr. Kozo Ishida and Ms. Yoshimi Nakajima are candidates for external director. Messrs. Akira Mihayashi and Norio Uchida and Dr. Kozo Ishida currently serve as external directors of the Company, and Mr. Mihayashi will have served for four years, Mr. Uchida will have served for three years and Dr. Ishida will have served for two years as external director at the close of this General Meeting of Shareholders.
  3. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Messrs. Akira Mihayashi and Norio Uchida and Dr. Kozo Ishida to limit their liability for damages, which is stipulated in Article 423, Paragraph 1 of the Companies Act. The Company plans to continue this liability limitation agreement with them if their election is approved as proposed at this General Meeting of Shareholders, as well as plans to newly enter into the same agreement with Ms. Yoshimi Nakajima. The amount of the liability limit under such agreement shall be the amount provided for by the relevant laws and regulations.

### Proposal No. 3: Election of One Audit & Supervisory Board Member

The term of office of the audit & supervisory board member, Mr. Seiichi Takahashi, will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes to elect one audit & supervisory board member.

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

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

<p>Mitsuru Yahagi</p> <p>Date of birth April 27, 1959</p> <p>Number of shares of the Company held 3,893 shares</p> <p style="background-color: #cccccc; padding: 2px;">New election</p>	Past experience and positions	
	April 1983	Joined the Company
	July 1995	Manager of Product Development Section, Vacuum Pumps Department, Precision Machinery Division
	July 1996	Manager of Section I, Product Development Department, Components Division
	July 1999	Manager of Section II, Precision Machinery Technology Department, Components Division
	July 2004	Senior Manager of Research Department II, Research and Development Division
	June 2011	General Manager of Research and Development Division
	July 2018	Adviser to Senior Manager of Management Planning Department (current position)
	(Significant concurrent positions)	
	None	
	[Reasons for selection as a candidate for audit & supervisory board member]	
	Mr. Mitsuru Yahagi has extensive knowledge and experience in development and departmental management as the person in charge of development departments at the Company. The Company has nominated Mr. Yahagi as a candidate for audit & supervisory board member, based on its expectation that he will leverage such knowledge and experience in the audits of the Company.	

- (Notes)
1. No special interests exist between Mr. Mitsuru Yahagi and the Company.
  2. The number of shares of the Company held includes the number of equity shares held through the ULVAC Shareholding Association.
  3. In the event that Mr. Mitsuru Yahagi 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. Yahagi 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.



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

The effective tenure of Mr. Takao Nonaka, who was elected as substitute audit & supervisory board member at the 113th Ordinary General Meeting of Shareholders held on September 28, 2017, 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.

<p>Takao Nonaka</p> <p>Date of birth January 29, 1949</p> <p>Number of shares of the Company held None</p> <p style="text-align: center;">External</p> <p style="text-align: center;">Independent</p>	Past experience and positions	
	April 1971	Joined Banyu Pharmaceutical Co., Ltd. (currently MSD K.K.)
	March 1982	Registered as Certified Public Tax Accountant
	April 1982	Opened Takao Nonaka Certified Public Tax Accountant Office President of Takao Nonaka Certified Public Tax Accountant Office (current position)
	January 1989	President and Representative Director of Melies Co., Ltd.
	March 1991	Audit & Supervisory Board Member of Kinashi Denki Co., Ltd. (current position)
	September 2009	External Audit & Supervisory Board Member of the Company
	June 2011	Advisor of Kyobashi Branch, Tokyo Certified Public Tax Accountants' Association (current position)
	May 2012	Auditor of Incorporated Educational Institution Ishida Gakuen
	May 2013	Director (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) Audit & Supervisory Board Member of Nichizei Mutual Aid Co., Ltd. (current position)	
February 2017	Audit & Supervisory Board Member of FIT Leadintex, Inc. (current position)	
(Significant concurrent positions)		
<ul style="list-style-type: none"> <li>• President of Takao Nonaka Certified Public Tax Accountant Office</li> </ul>		
<p>[Reasons for selection as a candidate for substitute external audit &amp; supervisory board member]</p> <p>Mr. Takao Nonaka has insight gained through extensive experience as a certified public tax accountant and experience as an audit &amp; supervisory board member. The Company has nominated Mr. Nonaka as a candidate for substitute external audit &amp; supervisory board member, based on its expectation that he will leverage such knowledge and experience in the audits of the Company.</p> <p>In addition, as Mr. Nonaka meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company will register Mr. Nonaka as an independent audit &amp; supervisory board member with the Tokyo Stock Exchange, in the event that he assumes the office of audit &amp; supervisory board member.</p>		

- (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. In addition, Mr. Nonaka has served as an external audit & supervisory board member of the Company in the past.
  3. In the event that Mr. Takao Nonaka assumes the office of external 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.

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

The amount of compensation for directors of the Company has been approved to be a maximum of ¥500 million per annum (including a maximum of ¥30 million for external directors) at the 112th Ordinary General Meeting of Shareholders held on September 29, 2016.

The Company has proposed to increase the number of external directors by one and increase the number of external directors to four with the aim of enhancing corporate value by further strengthening corporate governance. Therefore, revision on the compensation for directors is requested only for the portion for external directors to be increased to a maximum of ¥60 million per annum.

The amount of compensation for external directors is composed solely of fixed monthly compensation. While the number of directors is currently eight (including three external directors), the number will be changed to 10 (including four external directors), if Proposal No. 2 “Election of 10 Directors” is approved.

This proposal has been determined by the Board of Directors, following 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, impartial, and transparent discussions and to enhance the effectiveness of the Board.

If this Proposal is approved, the amount of compensation for directors will be as follows.

### **Current compensation for directors**

A maximum of ¥500 million per annum (including a maximum of ¥30 million for external directors)

### **Revised proposal**

A maximum of ¥500 million per annum (including a maximum ¥60 million for external directors)

**Consolidated Financial Statements**  
**Consolidated Balance Sheets**  
(As of June 30, 2018)

(Unit: Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>197,058</b>	<b>Current liabilities</b>	<b>118,845</b>
Cash on hand and in banks	57,074	Notes and accounts payable, trade	55,566
Notes and accounts receivable, trade	87,276	Short-term loans payable	21,539
Merchandise and finished goods	4,615	Lease obligations	300
Work in process	23,618	Income taxes payable	4,534
Raw materials and supplies	10,847	Advances received	16,739
Deferred tax assets	5,032	Deferred tax liabilities	16
Other	9,509	Accrued employees' bonuses	3,185
Allowance for doubtful accounts	(914)	Accrued directors' bonuses	512
<b>Non-current assets</b>	<b>100,697</b>	Accrued warranty costs	1,742
<b>Property, plant and equipment</b>	<b>64,297</b>	Provision for loss on order received	1,074
Buildings and structures	31,814	Other	13,637
Machinery, equipment and vehicles	16,382	<b>Long-term liabilities</b>	<b>24,840</b>
Tools, furniture and fixtures	1,839	Long-term loans payable	14,150
Land	8,624	Lease obligations	607
Leased assets	731	Deferred tax liabilities	343
Construction in progress	4,907	Net defined benefit liability	8,370
<b>Intangible assets</b>	<b>3,454</b>	Accrued directors' retirement benefits	272
Leased assets	81	Accrued stock compensation costs for directors	134
Software	844	Asset retirement obligations	395
Other	2,529	Other	568
<b>Investments and other assets</b>	<b>32,946</b>	<b>Total liabilities</b>	<b>143,685</b>
Investment securities	25,562	<b>(Net Assets)</b>	
Deferred tax assets	2,620	<b>Shareholders' equity</b>	<b>131,756</b>
Other	6,812	Capital stock	20,873
Allowance for doubtful accounts	(2,048)	Capital surplus	3,912
		Retained earnings	107,238
		Treasury shares	(266)
		<b>Accumulated other comprehensive income</b>	<b>15,775</b>
		Valuation difference on available-for-sale securities	14,950
		Foreign currency translation adjustment	2,579
		Remeasurements of defined benefit plans	(1,753)
		<b>Non-controlling interests</b>	<b>6,538</b>
		<b>Total net assets</b>	<b>154,069</b>
<b>Total assets</b>	<b>297,754</b>	<b>Total liabilities and net assets</b>	<b>297,754</b>

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

## Consolidated Statements of Income

(July 1, 2017 – June 30, 2018)

(Unit: Millions of yen)

Description	Amount	
<b>Net sales</b>		<b>249,271</b>
<b>Cost of sales</b>		<b>176,163</b>
<b>Gross profit</b>		<b>73,108</b>
<b>Selling, general and administrative expenses</b>		<b>37,757</b>
<b>Operating income</b>		<b>35,351</b>
<b>Non-operating income</b>		
Interest income	157	
Dividend income	470	
Rent income	300	
Insurance and dividend income	463	
Foreign exchange gains	352	
Share of profit of entities accounted for using equity method	426	
Other	464	2,631
<b>Non-operating expenses</b>		
Interest expenses	349	
Other	727	1,076
<b>Ordinary income</b>		<b>36,907</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	2,002	2,002
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	382	382
<b>Income before income taxes</b>		<b>38,527</b>
Current income taxes	7,309	
Deferred income taxes	(5,937)	1,372
<b>Net income</b>		<b>37,155</b>
Net income attributable to non-controlling interests		1,250
<b>Net income attributable to owners of parent</b>		<b>35,904</b>

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

## Consolidated Statements of Changes in Equity

(July 1, 2017 – June 30, 2018)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	20,873	3,912	73,801	(271)	98,315
Changes of items during the period					
Dividends of surplus			(2,468)		(2,468)
Net income attributable to owners of parent			35,904		35,904
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				5	5
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	33,437	4	33,441
Balance at the end of current period	20,873	3,912	107,238	(266)	131,756

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	491	2,480	(2,599)	372	6,229	104,917
Changes of items during the period						
Dividends of surplus						(2,468)
Net income attributable to owners of parent						35,904
Purchase of treasury shares						(0)
Disposal of treasury shares						5
Net changes of items other than shareholders' equity	14,459	98	846	15,403	309	15,712
Total changes of items during the period	14,459	98	846	15,403	309	49,153
Balance at the end of current period	14,950	2,579	(1,753)	15,775	6,538	154,069

(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, 2018)

(Unit: Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>125,424</b>	<b>Current liabilities</b>	<b>93,189</b>
Cash on hand and in banks	27,674	Notes payable, trade	1,047
Notes receivable, trade	1	Electronically recorded obligations, operating	19,559
Electronically recorded monetary claims, operating	1,024	Accounts payable, trade	34,882
Accounts receivable, trade	59,767	Short-term loans payable	9,792
Finished goods	1,226	Current portion of long-term loans payable	6,984
Raw materials	2,620	Lease obligations	46
Work in process	8,672	Accounts payable, other	3,667
Short-term loans receivable	14,069	Income taxes payable	1,469
Accounts receivable, other	5,372	Advances received	6,944
Deferred tax assets	3,538	Deposits received	3,461
Other	2,291	Accrued employees' bonuses	549
Allowance for doubtful accounts	(828)	Accrued directors' bonuses	200
<b>Non-current assets</b>	<b>87,536</b>	Accrued warranty costs	915
<b>Property, plant and equipment</b>	<b>37,340</b>	Provision for loss on order received	1,025
Buildings	15,533	Other	2,648
Structures	313	<b>Long-term liabilities</b>	<b>14,744</b>
Machinery and equipment	11,877	Long-term loans payable	13,558
Vehicles	11	Lease obligations	77
Tools, furniture and fixtures	555	Provision for retirement benefits	459
Land	5,603	Accrued stock compensation costs for directors	134
Leased assets	86	Asset retirement obligations	209
Construction in progress	3,363	Other	308
<b>Intangible assets</b>	<b>2,744</b>	<b>Total liabilities</b>	<b>107,933</b>
Patent right	1,623	<b>(Net Assets)</b>	
Software	468	<b>Shareholders' equity</b>	<b>90,109</b>
Other	652	<b>Capital stock</b>	<b>20,873</b>
<b>Investments and other assets</b>	<b>47,452</b>	<b>Capital surplus</b>	<b>4,582</b>
Investment securities	22,286	Legal capital surplus	105
Shares of subsidiaries and associates	12,742	Other capital surplus	4,477
Investments in capital of subsidiaries and associates	10,842	<b>Retained earnings</b>	<b>64,919</b>
Long-term loans receivable	549	Legal retained earnings	973
Guarantee deposits	254	Other retained earnings	63,947
Deferred tax assets	504	Reserve for advanced depreciation of non-current assets	654
Other	2,590	Retained earnings brought forward	63,293
Allowance for doubtful accounts	(2,315)	<b>Treasury shares</b>	<b>(265)</b>
		<b>Valuation and translation adjustments</b>	<b>14,918</b>
		Valuation difference on available-for-sale securities	14,918
<b>Total assets</b>	<b>212,961</b>	<b>Total net assets</b>	<b>105,028</b>
		<b>Total liabilities and net assets</b>	<b>212,961</b>

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

## Non-consolidated Statements of Income

(July 1, 2017 – June 30, 2018)

(Unit: Millions of yen)

Description	Amount	
<b>Net sales</b>		<b>148,493</b>
<b>Cost of sales</b>		<b>109,862</b>
<b>Gross profit</b>		<b>38,630</b>
<b>Selling, general and administrative expenses</b>		<b>19,769</b>
<b>Operating income</b>		<b>18,862</b>
<b>Non-operating income</b>		
Interest and dividend income	5,250	
Rent income	406	
Other	391	6,047
<b>Non-operating expenses</b>		
Interest expenses	270	
Assets for lease expenses	306	
Foreign exchange losses	101	
Other	201	879
<b>Ordinary income</b>		<b>24,030</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	2,002	2,002
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	358	358
<b>Income before income taxes</b>		<b>25,674</b>
Current income taxes	2,284	
Deferred income taxes	(6,297)	(4,013)
<b>Net income</b>		<b>29,687</b>

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



## Non-consolidated Statements of Changes in Equity

(July 1, 2017 – June 30, 2018)

(Unit: Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	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 non-current assets	Retained earnings brought forward			
Balance at the beginning of current period	20,873	105	4,477	4,582	726	717	36,257	37,700	(269)	62,885
Changes of items during the period										
Dividends of surplus							(2,468)	(2,468)		(2,468)
Provision of legal retained earnings due to dividends of surplus					247		(247)	-		-
Reversal of reserve for advanced depreciation of non-current assets						(63)	63	-		-
Net income							29,687	29,687		29,687
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares									5	5
Net changes of items other than shareholders' equity										
Total changes of items during the period	-	-	-	-	247	(63)	27,036	27,220	4	27,224
Balance at the end of current period	20,873	105	4,477	4,582	973	654	63,293	64,919	(265)	90,109

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	458	458	63,344
Changes of items during the period			
Dividends of surplus			(2,468)
Provision of legal retained earnings due to dividends of surplus			-
Reversal of reserve for advanced depreciation of non-current assets			-
Net income			29,687
Purchase of treasury shares			(0)
Disposal of treasury shares			5
Net changes of items other than shareholders' equity	14,460	14,460	14,460
Total changes of items during the period	14,460	14,460	41,684
Balance at the end of current period	14,918	14,918	105,028

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