

To Our Shareholders

Nichia Steel Works, Ltd.

19, Nakahama-cho, Amagasaki, Hyogo, Japan

Jun Kunimine

Representative Director & President

**Notice of Convocation
of
the 66th Ordinary General Meeting of Shareholders**

You are cordially invited by this notice of convocation to attend the 66th Ordinary General Meeting of Shareholders of Nichia Steel Works, Ltd. (hereinafter referred to as the “Company”) to be held as detailed below.

If you are unable to attend the meeting on the date shown below, you may exercise your voting rights in writing by sending us the Voting Rights Form enclosed herewith, so that the form will reach us not later than Wednesday, June 27, 2018 at 5:30 p.m. (local time in Japan). In this case, you are requested to indicate your approval or disapproval on the form for each item on the agenda, after examining the Reference Documents for Ordinary General Meeting of Shareholders, shown below.

1. **Date and Time:** Thursday, June 28, 2018, starting at 10:00 a.m. (local time in Japan)

2. **Place:** Grand Hall of the Head Office of Nichia Steel Works, Ltd.

19, Nakahama-cho, Amagasaki, Hyogo, Japan

(Please refer to the venue guide map in the postscript)

3. **Purposes:**

Items to be reported:

1. Reports on the contents of the Business Report and Consolidated Financial Statements for the 66th Business Term (from April 1, 2017 to March 31, 2018) and on the Results of the Audits of the Consolidated Financial Statements by the Accounting Auditors and the Board of Statutory Auditors.
2. Reports on the contents of the Financial Statements for the 66th Business Term (from April 1, 2017 to March 31, 2018).

Items subject to resolutions:

Agenda Item 1: Appropriation of Surplus

Agenda Item 2: Election of One Reserve Statutory Auditor

4. **Matters Determined for Convocation**

Any shareholder may attend and exercise his or her voting right via a proxy, provided that such a proxy shall be another shareholder of the Company holding a voting right. Please understand that a shareholder exercising his or her voting right by proxy, or such proxy, shall submit to the Company a written certificate of authority to such a voting right.

Concluded

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- When attending the meeting on this date, you are requested to present the Voting Rights Form enclosed herewith to the receptionist at the meeting.
 - Any amendment to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Financial Statements will be posted on our website on the internet (<http://www.nichiasteel.co.jp/>).

Reference Documents for Ordinary General Meeting of Shareholders

Items on Agenda and Reference Matters

Agenda Item 1: Appropriation of Surplus

Matter relating to Term-End Dividends:

We consider the return of profits to our shareholders to be the vital duty of the management, and we make the continuation of stable payments of dividends our basic policy, while taking comprehensively into account the business results, the dividend payout ratio and the state of the equity capital of our shareholders, etc. during each business term.

The Company will mark the 110th anniversary of its foundation in July 2018.

Regarding the term-end dividends for the 66th business term, we would like to make the following payments, to express our deep gratitude to our shareholders, by adding 110th anniversary commemorative dividends to ordinary dividends taking into account our policy on stable payments of dividends,

(1) Type of Property for Dividends: Cash

(2) Allocation of Property for Dividends to Shareholders and Total Amount Thereof:

4 yen per one common share of the Company

(consists of 3 yen of ordinary dividend and 1 yen of 110th anniversary commemorative dividend)

Total Amount: 193,596,072 yen

(3) Effective Date of Dividends from Surplus:

June 29, 2018

Agenda Item 2: Election of One Reserve Statutory Auditor

The effect of the election of Mr. Shoji Kitabatake, Reserve Statutory Auditor elected at the 65th Ordinary General Meeting of Shareholders held on June 29, 2017, will expire at the time of opening of this General Meeting of Shareholders. Therefore, you are requested to elect one Reserve Statutory Auditor to prevent the number of Auditors from falling below the statutory requirement.

This item on the agenda has been approved by the Board of Statutory Auditors.

The particulars of the candidate for the Reserve Statutory Auditor are as follows:

Name (Date of Birth)	Brief Personal Record, Position and Status of Important Concurrent Posts	Number of Shares in the Company held by Candidate
[Outside Officer] Shoji Kitabatake (Feb. 14, 1947)	Apr. 1969: Joined Osaka Regional Taxation Bureau Jul. 1995: National Tax Lawsuit Officer of First Taxation Dept. of Above Bureau Jul. 1999: Controlling National Tax Investigator of Second Investigation Dept. of Above Bureau Jul. 2002: Superintendent of Nagata Taxation Office Jul. 2003: Director of Investigation and Examination Section of First Investigation Dept. of Osaka Regional Taxation Bureau Jul. 2004: Superintendent of Akashi Taxation Office Jul. 2006: Retired from Osaka Regional Taxation Bureau Aug. 2006: Registered as Licensed Tax Accountant	— shares

	Aug. 2006:	Became established as Kitabatake Licensed Tax	
	Jul. 2007:	Accountancy Firm (current)	
		Advisory Licensed Tax Accountant of Company (current)	

Notes:

1. Mr. Shoji Kitabatake has no special interest in the Company, and vice-versa.
2. Mr. Shoji Kitabatake is a candidate for the position of External Reserve Statutory Auditor.
3. We have made and entered into an agreement on advisory licensed tax accountancy with the Kitabatake Licensed Tax Accountancy Firm, represented by Mr. Shoji Kitabatake. The value of the transactions therewith during the current business term is about 0.02% of the consolidated sales expenses and general administrative expenses, which is unlikely to cause any conflict of interest with our shareholders. In addition, we have judged that such amount will not exert any influence on the independence of the External Statutory Auditor or the governance system.
4. Mr. Shoji Kitabatake has no experience of participating in any corporate management. However, he held increasingly important posts in the Taxation Bureau for many years and has expertise and practical experience as a licensed tax accountant. We have judged that, after assuming the office of Statutory Auditor, he will make good use of his rich store of knowledge in the audit of the Company. Therefore, you are invited to elect him as the External Reserve Statutory Auditor.
5. When Mr. Shoji Kitabatake assumes the office of External Statutory Auditor, we plan to make and enter into an agreement with him under the provision set forth in Article 427.1 of the Companies Act to limit the liability for compensation for damages set forth in Article 423.1 of the Act. The maximum amount of the liability for compensation for damages under such agreement shall be the minimum amount of the liability provided for in laws and regulations.

Concluded