

**NOTIFICATION OF
THE 82nd ORDINARY GENERAL MEETING OF SHAREHOLDERS**

To be held on June 29, 2017

**NICHICON CORPORATION
Kyoto, Japan**

Notes:

1. This is a translation of the Japanese notification of the 82nd ordinary general meeting of registered shareholders.
2. The financial statements of Nichicon Corporation are prepared in accordance with applicable laws and accounting principles generally accepted in Japan.

June 8, 2017

Nichicon Corporation
(Stock Code: 6996)
551, Nijoden-cho
Karasumadori Oike-agaru
Nakagyo-ku, Kyoto 604-0845
Japan

Dear Shareholders:

The 82nd ordinary general meeting of registered shareholders of Nichicon Corporation will be held as set forth below. Your attendance is cordially requested.

In the event that you are unable to attend the meeting, you are kindly requested to examine the attached reference materials and exercise your voting rights by mail or via the Internet no later than 5:15 p.m. on Wednesday, June 28, 2017. (The proxy form is not included in this translation.)

- Exercising voting rights by mail:
You are kindly requested to indicate your approval or disapproval on the enclosed form and return it to the Company by mail within the assigned time limit.
- Exercising voting rights via the Internet:
When using the Internet to exercise your voting rights, please read through the attached document titled "Exercising Voting Rights via the Internet."

1. Time and Date:

10:00 a.m. on Thursday, June 29, 2017

2. Venue:

Gosho-nishi Kyoto Heian Hotel 2nd Floor
Karasumadori, Kamichojamachi-agaru
Kamigyo-ku, Kyoto

3. Agenda:

Matters to Be Reported on:

1. Presentation of the business report and consolidated financial statements, as well as the reports of audits of consolidated financial statements that were conducted by the Accounting Auditor and the Board of Corporate Auditors, for the 82nd fiscal year ended March 31, 2017.
2. Presentation of the non-consolidated financial statements for the 82nd fiscal year ended March 31, 2017.

Proposals to Be Voted on:

Proposal 1: Matter concerning the surplus appropriation

Proposal 2: Election of seven Directors

Shigeo Yoshida
President and COO
Nichicon Corporation

Exercising Voting Rights via the Internet

1. Notes for Shareholders Exercising Voting Rights via the Internet

Please note the following six points if you choose to exercise your voting rights via the Internet:

- 1) You can exercise your voting rights via the Internet only from a specified website (see address below). You cannot gain access to the website via a mobile phone. You need to enter the Voting Rights Exercise Code and the Password provided in this document to exercise voting rights from the website.
- 2) The Voting Rights Exercise Code and the Password provided in this document are valid only for matters related to this Ordinary General Meeting of Shareholders. A new Voting Rights Exercise Code and a new Password will be issued for a future Ordinary General Meeting of Shareholders.
- 3) Exercise voting rights via the Internet no later than 5:15 p.m. on Wednesday, June 28, 2017.
- 4) If you exercise your voting rights both by mail and via the Internet, the vote cast via the Internet will count as the valid vote.
- 5) If you exercise your voting rights via the Internet twice or more, the last vote will count as the valid vote.
- 6) Shareholders shall bear the cost of accessing the Internet.

2. Steps to Exercise Voting Rights via the Internet

- 1) Go to the website set up for exercising voting rights at <http://www.it-soukai.com>.
- 2) Use the Voting Rights Exercise Code and the Password displayed on the bottom right of the enclosed Voting Rights Exercise Form to log in, then proceed by following the on-screen instructions. You are requested to change the password upon first login for security purposes.

Notes:

- The Password is a means to authenticate the identity of a person exercising the voting rights. Please note that we do not ask you for your Password via phone or email.
- Your Password will be locked after successive failed login attempts. If this happens, follow the instructions shown on the screen.
- The website set up for exercising voting rights has been verified to work on most devices with an Internet connection, but may not work on your device.

3. Contacting the Company

- 1) For inquiries relating to the use of computers to exercise voting rights via the Internet:

Mizuho Trust & Banking Co., Ltd., Securities Representative Department, Internet Helpline
Telephone: 0120-768-524 (toll-free within Japan)

Business hours: 9:00 a.m. to 9:00 p.m., closed on Saturdays, Sundays and Japanese holidays

2) For all other inquiries, including changes of address:

Mizuho Trust & Banking Co., Ltd., Securities Representative Department

Telephone: 0120-288-324 (toll-free within Japan)

Business hours: 9:00 a.m. to 5:00 p.m., closed on Saturdays, Sundays and Japanese holidays

Note: All time and dates are indicated in Japan Standard Time.

Note for Institutional Investors:

When exercising voting rights at the Nichicon's general meeting of shareholders, we ask that you use the voting platform for the exercise of voting rights by institutional investors, operated by ICJ, Inc.

Reference Materials

Business Report for the Fiscal Year Ended March 31, 2017

1. Matters Concerning the Current State of the Nichicon Group

(1) Results of Business Operations

In the twelve-month period from April 1, 2016, through March 31, 2017, the Japanese economy remained on a path of gradual recovery sustained by robust exports, even though the Japanese yen strengthened in the middle of the year. The U.S. economy largely maintained steady growth, buoyed by strong corporate earnings as well as robust consumer spending, while the European economy continued to recover partly due to the limited impact of the United Kingdom's decision to leave the European Union. In contrast, China and other emerging economies remained muted.

In the markets in which the Nichicon Group operates, while demand for capacitors for use in inverters was weak, partly due to a slowdown in the Chinese economy, demand for their use in automotive-related equipment was strong thanks to the increasingly wider use of electronic devices in automobiles. The market for environmental solutions remained brisk as demand for energy-efficient and environmental products and services continued to grow.

In this business environment, the Company continued to focus on the following four target markets that could be diversified by new key technologies such as IoT and AI: Energy, Environment & Medical equipment, Automotive & Railway-car related appliances, Household electrical appliances & Industrial inverters, and Information & Communications equipment. In the capacitor business, the Company developed new products in response to the demand from automobile market for vibration-resistance, high-temperature and low-ESR as well as a Hybrid Aluminum Electrolytic Capacitor for automotive and industrial equipment where higher growth would be expected. For industrial equipment, the Company developed and implemented not only the industry's smallest new products--contributing to the miniaturization of equipment--but also new products realizing the highest voltage resistance in the industry.

In addition, we established the NECST (Nichicon Energy Control System Technology) business as our new core business for the Company. In anticipation of the future energy-storage era, Nichicon, as a leading company in energy-storage technology, launched a hybrid energy-storage system, the "Home Power Station," that proved to be most suitable for energy production for residential consumption while responding to wider needs by adding a high-capacity and cost-effective single-function energy-storage system to our lineup. For electric vehicles (EVs), in preparation for the penetration of EV, we added an advanced model to our V2H System "EV Power Station" and expanded our lineup of quick chargers that contribute to the charger infrastructure.

As a result, the Group's consolidated net sales for the fiscal year ended March 31, 2017, amounted to ¥100,401 million, down 8.6% from the previous fiscal year. The Group posted an operating income of ¥3,019 million for the year, down 36.8% from the year before; ordinary income of ¥4,750 million, up 9.5% from the previous fiscal year due to ¥930 million of foreign exchange gains; and a ¥2,623 million net income attributable to shareholders of Nichicon Corporation, as compared with a ¥591 million net loss for the previous fiscal year.

By product sector, net sales of capacitors for electronics declined by 5.8% year on year to ¥65,662 million, with strong sales of capacitors for the automotive industry, while net sales of capacitors for household electrical appliances and inverters declined.

Net sales of capacitors for electric apparatus and power utilities as well as capacitor-applied systems and equipment fell by 3.5% year on year to ¥11,434 million, mainly due to weak sales of capacitors for electric apparatus and power utilities despite robust sales of devices.

Net sales of circuit products declined by 17.8% year on year to ¥22,544 million, mainly due to weak sales of power supplies and household energy-storage systems.

The Group's overseas business generated 9.3% less net sales than in the previous fiscal year. This was primarily because of slow sales of capacitors bound for home appliances in Asia. Net sales in Japan dropped by 7.6% year on year, reflecting weak sales of household energy-storage systems and other circuit products, despite strong sales of capacitors for use in automotive related equipment. As a result, net sales from outside Japan accounted for 57.4% of the Group's consolidated net sales for the year, down 0.5 percentage point from the previous fiscal year.

Net sales of the Nichicon Group broken down by product sector are as follows.

Product sector	81st Fiscal Year Ended March 31, 2016		82nd Fiscal Year Ended March 31, 2017		Year-on-year change	
	Net sales (Millions of yen)	Percentage (%)	Net sales (Millions of yen)	Percentage (%)	Net sales (Millions of yen)	Percentage of change (%)
Capacitors for electronics	69,669	63.4	65,662	65.3	(4,007)	(5.8)
Capacitors for electric apparatus and power utilities, and capacitor-applied systems and equipment	11,853	10.8	11,434	11.4	(418)	(3.5)
Circuit products	27,433	25.0	22,544	22.5	(4,889)	(17.8)
Other	859	0.8	760	0.8	(99)	(11.6)
Total	109,815	100.0	100,401	100.0	(9,414)	(8.6)

(2) Capital Investment

In the consolidated fiscal year ended March 31, 2017, we made a capital investment of ¥7,486 million primarily in technological development to sustain the growth of new business and in the strategic enhancement of our core business as well as acquisition of real estate in association with the consolidation of offices in the Tokyo area.

(3) Financing

Nothing special to note

(4) Key Issues to Be Addressed

In the past decade, the world has seen explosive population growth in developing countries and the aging of the population and low birthrates in developed countries. These demographic trends have brought about serious social challenges globally in, among other areas, energy, environment, and

advanced medical care needs mainly for senior citizens. Recognizing the pressing need to address these social issues, the Company has been creating values in the fields of power electronics, energy and environment, and advanced medical care.

a. Achieving stable, long-term growth of our capacitor business

While the capacitor market in general has reached maturity, some prospective areas such as ADAS (Advanced Driver Assistance System) and self-driving in the automotive field as well as the fusion of IoT and AI-powered robots in the power electronics field attract attention. We strive to achieve stable, long-term growth of our capacitor business by expanding product offerings aimed at the growing markets for automotive and railway-car related equipment, household electrical appliances, industrial invertors, and energy and environment equipment.

b. Expanding the NECST business

Anticipating that clean energy would provide viable solutions to energy and environmental problems, we became one of the first companies to develop and market household energy-storage systems. As a result, the accumulated sales volume of household energy-storage system as of the end of the period reached 36,000 units and we lead the market. With clean energy production for local consumption proceeding, the day will likely come soon when each household will have its own energy-storage system on its own premises. This will give us an opportunity to expand our household energy-storage system business as an industry leader in this field.

The Company has been offering on-board chargers and quick chargers for EVs as well as vehicle-to-home (V2H) power systems over the years, in anticipation that ecological cars will become the next big thing. With the market for plug-in hybrid vehicles (PHVs) and EVs taking off fast in China and elsewhere, and given the obvious shift from diesel engine to EV seen in Europe, demand for key components of EVs is likely to surge. With the marketing of the world's first V2H system that enables electricity stored in a fuel-cell vehicle (FCV) and large-capacity battery packs on board an EV to be used to power household appliances, we add value to FCVs and EVs by making them serve double duty as a source of household power and promote their market penetration.

In advanced medical care, an acceleration power-supply system that we developed using our proprietary super-high-precision power control technology, which has found its way into the SACLA X-ray free-electron laser facility operated by Riken/Institute of Physical and Chemical Research, is used to power a corpuscular ray therapy instrument for cancer treatment.

c. Developing internal talents/Academic-industrial alliance

In the belief that employees are the most valuable asset and the source of vitality in an organization, we have been continuously upgrading talent development programs for our employees. For instance, we have provided training in management of technology (MOT) in alliance with Ritsumeikan University to more than 300 employees with leadership potential, some of whom have played their parts in developing new products in the NECST business.

We actively promote research and development activities by having entered into an alliance to promote a comprehensive collaborative research agreement with the Institute of Industrial Science, the University of Tokyo, with the aim of developing local forms of energy production for local consumption, contributing to the creation of a smart society. This accord targets the development of next-generation devices employing groundbreaking new technologies and innovative techniques that cannot be achieved simply through the expansion of existing technologies. It will focus on the

development of smaller and higher-performance next-generation NECST products that are operating at higher frequencies than conventional SiC (silicon carbide) and other power semiconductors. We aim to create new value and cultivate human resources to handle new business launches.

d. Enhancing compliance

In addition to implementing these growth initiatives, we will continue to enhance systems for ensuring the appropriate execution of business and the reliability of financial reporting by raising awareness of compliance policies and practices throughout the organization. This will help us maintain a higher level of internal control and increase our corporate value.

The Company and some of its overseas sales subsidiaries have been under investigation by the Japan Fair Trade Commission (JFTC) and regulatory authorities of the EU, the United States, and other bodies since March 2014 on suspicion of violating applicable competition laws regarding the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors in respective regions and countries.

In March 2016, the Company received from the JFTC a cease-and-desist order and an order to pay a surcharge for the investigation in Japan. In September 2016, we expressed dissatisfaction with the findings and judgement upon which the JFTC based its orders and filed a lawsuit, with the result that a review is currently underway.

In December 2015, Nichicon (Hong Kong) Ltd., the Company's subsidiary, received a penalty from the Taiwan Fair Trade Commission. In February 2016, the Company expressed dissatisfaction with the findings and judgement upon the Commission based its orders and filed a lawsuit, with the result that a review is currently underway.

The above surcharge and penalty had been already paid within the due period in order to avoid the risk of delinquent charges. Other investigations by overseas regulatory authorities are ongoing, and the Company and Nichicon Group companies will continue to cooperate with the authorities in their investigations. We will also continue to deal appropriately with class action lawsuits filed against us in the United States and Canada over the alleged violation of applicable laws.

We sincerely apologize to our shareholders, customers, and other stakeholders for causing concerns over these allegations.

As stated earlier, the Company does not agree with the findings and judgment upon which the JFTC and other regulatory authorities based their orders, and we will seek a fair judgment from the court. In the meantime, we have stepped up our efforts to institute more stringent compliance with competition laws and raise employees' awareness of legal compliance by updating internal rules, upgrading our internal compliance system, and training and educating employees on compliance. We will spare no effort to ensure that legal compliance is enforced to the letter throughout the organization.

(5) Financial and Profit/Loss Indicators

Fiscal year	79th Fiscal Year Ended March 31, 2014	80th Fiscal Year Ended March 31, 2015	81st Fiscal Year Ended March 31, 2016	82nd Fiscal Year Ended March 31, 2017
Net sales (millions of yen)	104,689	107,294	109,815	100,401
Ordinary income (millions of yen)	5,816	5,655	4,337	4,750
Net income or loss attributable to shareholders of Nichicon Corporation (millions of yen)	3,183	2,258	(591)	2,623
Net income or loss per share (yen)	44.56	31.65	(8.49)	37.68
Total assets (millions of yen)	135,049	141,252	136,683	141,206
Net assets (millions of yen)	97,785	104,955	98,440	101,783
Net assets per share (yen)	1,349.49	1,473.12	1,390.80	1,436.19

Note:

Net income or loss per share is calculated based on the average number of issued shares less treasury stocks during the period; and net asset per share is calculated based on the number of issued shares less treasury stocks as of the end of the period.

(6) Important Status of Parent Company and Subsidiaries

(a) Relationship with parent company

Not applicable

(b) Principal consolidated subsidiaries

Company	Capital	Percentage of voting rights held by the Company	Core business
Nichicon Hi-Tech Foil Corporation	¥80 million	100.0	Manufacture of electrode foils for aluminum electrolytic capacitors
Nichicon (Kusatsu) Corporation	¥80 million	100.0	Manufacture of capacitors for electric apparatus and power utilities, film capacitors, and capacitor-applied systems and equipment
Nichicon (Kameoka) Corporation	¥80 million	100.0	Manufacture of function modules, V2H systems and PTC thermistors

Nichicon (Ohno) Corporation	¥80 million	100.0	Manufacture of aluminum electrolytic capacitors and electric double-layer capacitors
Nichicon (Iwate) Corporation	¥100 million	100.0	Manufacture of aluminum electrolytic capacitors
Nichicon (Wakasa) Corporation	¥84 million	100.0	Manufacture of various power supplies and household energy-storage system
Torishima Electric Works, Ltd.	¥30 million	100.0	Manufacture and sale of various transformers and reactors
Nippon Liniac Co., Ltd.	¥15 million	100.0	Manufacture and sale of pressure sensors and various measuring instruments
Yutaka Electric Mfg. Co., Ltd.	¥330 million	100.0	Development, design, manufacture, and sale of power supply systems
Nichicon (America) Corporation	US \$3 million	100.0	Sale of various capacitors
Nichicon (Austria) GmbH	1 million EUR	100.0	Sale of various capacitors
Nichicon (Hong Kong) Ltd.	HK \$5 million	100.0	Sale of various capacitors
Nichicon (Singapore) Pte. Ltd.	S \$8 million	100.0	Sale of various capacitors
Nichicon (Taiwan) Co., Ltd.	NT \$30 million	100.0	Sale of various capacitors
Nichicon (Thailand) Co., Ltd.	20 million baht	49.0	Sale of various capacitors
Nichicon Electronics Trading (Shanghai) Co., Ltd.	US \$500,000	100.0	Sale of various capacitors
Nichicon Electronics Trading (Shenzhen) Co., Ltd.	US \$300,000	100.0	Services associated with the sale of capacitors and circuit products
Nichicon (Malaysia) Sdn. Bhd.	M \$63 million	100.0	Manufacture and sale of aluminum electrolytic capacitors
Nichicon Electronics (Wuxi) Co., Ltd.	US \$75 million	100.0	Manufacture and sale of aluminum electrolytic capacitors and various power supplies
Nichicon Electronics (Suqian) Co, Ltd	US \$39 million	100.0	Manufacture and sale of aluminum electrolytic capacitors
Wuxi Nichicon Electronics R&D Center Co., Ltd.	5 million yuan	100.0	Development and designing of various power supplies and aluminum electrolytic capacitors

Notes:

1. The above percentage of voting rights held by the Company includes voting rights held by the Company's subsidiaries.
2. The Company has 21 consolidated subsidiaries and two companies accounted for under the equity method.

(7) Principal Businesses of the Nichicon Group (As of March 31, 2017)

The Nichicon Group engages in the manufacture and sale of capacitors for electronics, circuit products,

and capacitors for electric apparatus and power utilities.

The principal product sectors are as follows.

Product sector	Principal products
Capacitors for electronics	Aluminum electrolytic capacitors, film capacitors, PTC thermistors
Capacitors for electric apparatus and power utilities, and capacitor-applied system and equipment	Film capacitors, EV quick chargers, energy-storage system for public and industrial use, accelerator power supplies, momentary voltage sag compensator, power outage compensator, power transformers, pressure sensors
Circuit products	Household energy-storage systems, V2H systems, switching power supplies, function modules, uninterruptible power-supply systems
Other	Other products

(8) Principal Offices and Factories of the Nichicon Group (As of March 31, 2017)

Nichicon Corporation	Head Office		Nakagyo-ku, Kyoto
	Sales offices and other facility	Tokyo Sales Office	Chuo-ku, Tokyo
		Nagoya Sales Office	Naka-ku, Nagoya
		West Japan Sales Office	Nakagyo-ku, Kyoto
		Power Supply Center	Chuo-ku, Tokyo
Nichicon Hi-Tech Foil Corp.	Ohmachi, Nagano; Ohno, Fukui		
Nichicon (Kusatsu) Corp.	Kusatsu, Shiga		
Nichicon (Kameoka) Corp.	Kameoka, Kyoto		
Nichicon (Ohno) Corp.	Ohno, Fukui; Azumino, Nagano		
Nichicon (Iwate) Corp.	Iwate-cho, Iwate; Shiwa-cho, Iwate; Hachimantai, Iwate		
Nichicon (America) Corp.	Illinois, United States		
Nichicon (Austria) GmbH	Vienna, Austria; Camberley, United Kingdom		
Nichicon (Hong Kong) Ltd.	Hong Kong, China		
Nichicon (Taiwan) Co., Ltd.	Taipei, Taiwan		
Nichicon (Malaysia) Sdn. Bhd.	Selangor, Malaysia		
Nichicon Electronics (Wuxi) Co., Ltd.	Wuxi, China		
Nichicon Electronics (Suqian) Co, Ltd.	Suqian, China		

(9) Employees (As of March 31, 2017)

(a) Employees of the Nichicon Group

Number of employees: 5,183

Change in the number of employees from end of the previous consolidated fiscal year:
an increase of 365 employees

(b) Employees of the Company

Number of employees	Change from end of the previous fiscal	Average age	Average length of service (years)
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	year		
454	Increase of 60	42.1	9.2

(10) Major Lenders (As of March 31, 2017)

Lender	Loan outstanding
Mizuho Bank, Ltd.	¥500 million
The Bank of Kyoto, Ltd.	¥500 million
Sumitomo Mitsui Banking Corporation	¥500 million
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥300 million

(11) Other Important Matters Concerning the Current State of the Company Group

Not applicable

2. Matters Concerning Company Shares

(1) Authorized Number of Shares: 137,000,000

(2) Number of Issued Shares: 69,639,053 (excluding 8,360,947 shares of treasury stock)

(3) Number of Shareholders: 7,439

(4) Ten Largest Shareholders

Name of shareholder	Number of shares held (1,000 shares)	Percentage of shareholdings to total shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust account)	3,875	5.6
The Bank of Kyoto, Ltd	3,479	5.0
Nichicon suppliers' stock ownership program	2,959	4.3
Mizuho Bank, Ltd.	2,690	3.9
Nippon Life Insurance Company	2,670	3.8
Sumitomo Mitsui Banking Corporation	2,200	3.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	2.9
The Master Trust Bank of Japan (Trust account)	1,723	2.5
DFA INTL SMALL CAP VALUE PORTFOLIO	1,520	2.2
Nichicon employees' stock ownership program	1,501	2.2

Notes:

1. The Company holds 8,360,947 shares of treasury stock, which are excluded from the above table.
2. The percentage of shareholdings to total shares issued is calculated after deduction of treasury stock.
3. The number of shares held is rounded down to the nearest thousand shares.

3. Matters Concerning Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2017)

Title	Name	Position in the Company and important positions held in other companies or organizations
Chairman and Chief Executive Officer	Ippei Takeda	Chief Executive Officer
President and Chief Operating Officer	Shigeo Yoshida	Chief Operating Officer
Director and Senior Executive Operating Officer	Hitoshi Chikano	General Manager of Financial & Accounting Headquarters and General Manager of Investor Relations Office
Director and Senior Operating Officer	Akihiro Yano	General Manager of Corporate Planning Headquarters
Director	Kazumi Matsushige	Professor emeritus at Kyoto University, President of Shikoku University and Shikoku University Junior College Director of Awa Paper Mfg. Co., Ltd.
Director	Yasuhisa Katsuta	Statutory Auditor of Otsuka Pharmaceutical Co., Ltd., Trustee of Osaka University of Economics
Director	Shigenobu Aikyo	Director of Hashimoto Sogyo Holdings Co., Ltd, Director of MODEC, Inc, Director of Sanyo Chemical Industries, Ltd, Director of DAIHEN Corporation and Director of SCSK Corporation
Standing Corporate Auditor	Sachihiko Araki	
Standing Corporate Auditor	Atsushi Abe	Senior researcher at the Center for Global MOT Research in the OIC Research Organization at Ritsumeikan University
Corporate Auditor	Hideki Ohnishi	
Corporate Auditor	Masahiro Morise	Chairman and Representative Director of Kyoto Research Institute, Inc.

Notes:

1. Kazumi Matsushige, Yasuhisa Katsuta and Shigenobu Aikyo are External Directors. The Company has designated Kazumi Matsushige, Yasuhisa Katsuta and Shigenobu Aikyo as Independent Executives in accordance with the rules established by the Tokyo Stock Exchange, and registered accordingly with the stock exchange.
2. Hideki Ohnishi and Masahiro Morise are External Corporate Auditors.
3. Hideki Ohnishi, Corporate Auditor, is a certified tax accountant and has considerable knowledge of financial affairs and accounting.
4. Masahiro Morise, Corporate Auditor, has been engaged for many years in financial management and has considerable knowledge of financial affairs and accounting.
5. The names of Directors who were newly appointed or retired during the fiscal year under review are as follows:
 - Shigenobu Aikyo was elected as Director and Sachihiko Araki and Atsushi Abe as Standing Corporate Auditors at the 81st Ordinary General Meeting of Shareholders held on June 29, 2016.
 - Atsushi Abe retired from the position of Director and Keiji Nishihata and Kazunari Yamamoto from the positions of Standing Corporate Auditors at the conclusion of the 81st Ordinary General Meeting of Shareholders held on June 29, 2016.

6. The following Directors assumed new positions and responsibilities:

Date	Name	New position and responsibilities	Old position and responsibilities
October 1, 2016	Akihiro Yano	Senior Operating Officer General Manager of Corporate Planning Headquarters	Senior Operating Officer General Manager of Corporate Planning Headquarters and General Manager of Corporate Planning Division

(2) Remuneration to Directors and Corporate Auditors

	Amount of remuneration paid (millions of yen)	Amount of remuneration by type (millions of yen)		Number of persons compensated
		Salary	Bonus	
Directors	138	138	-	8
Corporate Auditors	36	36	-	6
Total	175	175	-	14

Notes:

- The amount of remuneration to Directors is limited to ¥280 million per year, and the amount of remuneration to Corporate Auditors is limited to ¥50 million per year by a resolution adopted at the general meeting of shareholders held on June 28, 2007.
- The above amount of remuneration paid to Directors includes remuneration paid to one Director who retired during the fiscal year under review.
- The above amount of remuneration paid to Corporate Auditors includes remuneration paid to two Corporate Auditors who retired during the fiscal year under review.
- The above amount of remuneration paid to Directors does not include employee salaries or bonuses paid to Directors who are also employees of the Company.
- The above amount of remuneration paid to Directors includes ¥19 million for four External Directors.
- The above amount of remuneration paid to Corporate Auditors includes ¥14 million for two External Corporate Auditors.

(3) External Corporate Officers

- The Company's relationship with the companies or organizations in which External Directors or Corporate Auditors have representation: None
- Main activities of external corporate officers during the fiscal year under review

Position	Name	Main activities
Director	Kazumi Matsushige	Attended eight out of nine meetings of the Board of Directors convened during the fiscal year, providing expert insight based on his wealth of knowledge and experience gained through academic studies.
Director	Yasuhisa Katsuta	Attended eight out of nine meetings of the Board of Directors convened during the fiscal year, providing expert insight based on his wealth of knowledge and

		experience in finance and accounting gained from years of involvement in financial management.
Director	Shigenobu Aikyo	Attended all six meetings of the Board of Director after he was elected as Director on June 29, 2016, providing expert insight based on his wealth of knowledge and experience in finance and accounting gained from years of involvement in financial management.
Corporate Auditor	Hideki Ohnishi	Attended all nine meetings of the Board of Directors and all seven meetings of the Board of Corporate Auditors convened during the fiscal year, providing expert insight as a certified tax accountant.
Corporate Auditor	Masahiro Morise	Attended all nine meetings of the Board of Directors and all seven meetings of the Board of Corporate Auditors convened during the fiscal year, providing expert insight based on his wealth of experience and achievements.

Note:

In addition to the meetings of the Board of Directors mentioned above, one resolution in writing was made based on the assumption that the meetings of the Board of Directors were held in accordance with Article 370 of the Companies Act of Japan and Article 26, paragraph 2 of the Articles of Incorporation of the Company.

- c. Overview of Limited Liability Contracts into which the Company entered with External Directors and External Corporate Auditors

In accordance with Article 427, paragraph 1 of the Companies Act of Japan and Article 31, paragraph 2 and Article 43, paragraph 2 of the Articles of Incorporation of the Company, the Company has entered into limited liability contracts with its External Directors and External Corporate Auditors, which limit the amount of liability for damage as described in Article 423, paragraph 1 of the Companies Act of Japan to the total amount of the amounts described in each of the items in Article 425, paragraph 1 of the Act.

4. Matters Concerning Accounting Auditor

(1) **Name of Accounting Auditor:** Deloitte Touche Tohmatsu LLC

(2) **Amount of Compensation Paid to the Accounting Auditor**

	Amount paid (millions of yen)
Amount of compensation for the fiscal year under review	43
Total amount of cash and other property gains to be paid to the Accounting Auditor by the Company and its subsidiaries	43

Notes:

- In the contract between the Company and the Accounting Auditor, the amount of compensation is not divided into compensation for an audit conducted under the Companies Act of Japan and compensation for an audit conducted under the Financial Instruments and Exchange Act of Japan. Therefore, the above amount of compensation paid to the Accounting Auditor for the fiscal year under review indicates the total amount.
- The Company's Board of Corporate Auditors agreed on the amount of compensation to the Accounting Auditor in accordance with Article 399, paragraph 1 of the Companies Act of Japan,

after having reviewed the audit plan presented by the Accounting Auditor as well as the Auditor's performance of its auditing duties.

(3) Non-Audit Services Entrusted to the Accounting Auditor

The Company pays compensation to the Accounting Auditor for its non-audit services that are outside the services prescribed in Article 2, paragraph 1 of the Certified Public Accountants Act of Japan.

(4) Policy on Decisions Concerning Dismissal or Non-Reappointment of the Accounting Auditor

The Board of Corporate Auditors shall determine the content of the proposal to be submitted to a general meeting of shareholders concerning the dismissal or non-reappointment of the Accounting Auditor when the Board of Corporate Auditors deems it necessary to do so such as in the event that the Accounting Auditor's duty is hindered from being executed.

Furthermore, if the Accounting Auditor is determined to fall under any of the items set forth in Article 340, paragraph 1 of the Companies Act of Japan, the Board of Corporate Auditors, with the unanimous consent of its members, shall dismiss the Accounting Auditor. If this is the case, a Corporate Auditor selected by the Board of Corporate Auditors shall report the dismissal of the Accounting Auditor and reasons for the dismissal at the first general meeting of shareholders to be held after said dismissal.

(5) Agreements on Limitation of Responsibility with the Accounting Auditor

Not applicable

(6) Matters Concerning an Order to the Accounting Auditor to Suspend Business

Not applicable

(7) Audit of Financial Reports of the Company's Subsidiaries Conducted by a CPA or an Auditing Firm other than the Company's Accounting Auditor

Not applicable

(8) Matters Concerning the Accounting Auditor Who Resigned during the Fiscal Year under Review

Not applicable

5. Systems for Ensuring Appropriate Execution of Business and Their Post-Implementation Status

The matters resolved by the Board of Directors with regard to the systems for the Company to ensure the appropriate execution of business and the post-implementation status of those systems are as follows:

(1) System for Ensuring that Directors and Employees Comply with Laws and Regulations and the Articles of Incorporation of the Company in the Execution of their Duties

- a. We aim to foster a sound corporate culture in which Directors and employees of the Company and Nichicon Group companies are educated and trained to comply not only with laws and regulations and the Articles of Incorporation and internal rules of the Company, but also with social codes and ethics as outlined in the Nichicon Group Code of Conduct—which was originally adopted in October 2002 and revised in April 2013—when they perform their duties and fulfill the Company's Mission Statement. The revised Code of Conduct follows the requirements set forth by the Electronic Industry Code of Conduct with regard to labor, environment, health and safety, and ethics. In addition, we have in place the CSR Promotion Committee, chaired by the President of the Company, as an instrument to serve these purposes.
- b. We seek to ensure compliance by having Directors and employees participate in compliance awareness-raising activities and education held in various meetings and all-hands gatherings at the beginning of workdays on a regular basis. We also have in place an internal reporting system (compliance hotline). The Compliance Subcommittee and Competition Law Compliance Subcommittee in the CSR Promotion Committee is responsible for developing and implementing an internal system to ensure that Directors and employees adhere to laws and regulations and the Company rules, and for regularly providing training and materials for compliance-training sessions.
- c. The Audit and Legal Affairs Office conducts regular internal audits of the Company and Nichicon Group companies to ensure that proper compliance practices are followed and determine if an internal control system is working.
- d. We also have a system in place that enables Corporate Auditors to present their opinions and request improvements when they identify a problem with respect to compliance with laws and regulations and the Articles of Incorporation by the Company and Nichicon Group companies.
- e. The Nichicon Group Code of Conduct stipulates that the Company takes a firm stance against, maintains no relationships with, and provides no support for the activities of any antisocial forces or bodies that pose a threat to the order and safety of society and that the Company conduct its business in a fair and ethically sustainable manner. We take an uncompromising stance in this matter and have been improving our systems by establishing response control departments, gathering information, collaborating with external specialists, and conducting in-house educational activities.

(2) System for Preserving and Managing Information Concerning the Execution of Duties by Directors

In order to preserve and manage information concerning the execution of duties by Directors of the Company and Nichicon Group companies, we have expanded and updated the rules related to information, including the Information Management Rules and the Document Management Rules,

based on the Basic Policy on Information Security. In accordance with these rules, information concerning the execution of duties by Directors is recorded in written documents (including electronic storage media), and preserved and managed in an appropriate and easy-to-access manner.

(3) Rules and System for Managing Risks of Potential Loss

- a. The Company and Nichicon Group companies have in place and practice the Risk Management Rules to avoid losses and risks and to mitigate damages in the event that risks materialize.
- b. To protect the Company from diverse losses and risks, and to continue to earn the trust of society, we have in place the CSR Promotion Committee, chaired by the President and Chief Operating Officer of the Company. Under this committee is the Risk Management Subcommittee, which works with the CSR Office and the General Affairs Division to regularly identify and evaluate potential risks on a companywide basis and monitor the management of losses and risks. The subcommittee also provides employees with education and training on risk management.

Losses and risks associated with business operations include legal compliance, human rights and labor, safety and health, natural disasters, quality, environment, information security, export control, and credit administration. We have in place a system for mitigating and eliminating these risks that may have a significant impact on business management.

- c. We apply lessons we learned from the Great East Japan Earthquake in March 2011 to ensure we have a system in place to protect human lives and ascertain the safety of employees and their families in the event of a disaster, while reviewing and upgrading our Business Continuity Planning (BCP) and Business Continuity Management (BCM) in an effort to ensure uninterrupted business operations and prompt resumption of operations after interruptions occur.
- d. To ensure the accuracy and reliability of financial reporting, we have implemented viable risk management by evaluating and ensuring the execution of internal control activities in accordance with relevant laws and regulations. For the purpose of ensuring the effectiveness of internal control, we also have in place the Internal Control Promotion Committee, chaired by the President and Chief Operating Officer of the Company.

(4) System for Ensuring the Efficient Execution of Duties by Directors

- a. To accelerate decision-making by Directors and ensure efficient business operations, we have streamlined the Board of Directors to a functional size and convene its meetings as needed to facilitate prompt and appropriate decision-making.

The Board of Directors regularly monitors the execution of business operations throughout the organization to make continual improvements to them for greater efficiency.

We have in place an operating officer system to separate the function of executing business operations from that of management oversight, which enables expedited management and effective and efficient business operations through clearly defined division of duties and authority and through flexible decision-making that takes into consideration the nature of each operating division.

- b. We have in place the Rules on Division of Duties, Office Rules, and Rules on Management of Affiliated Companies. These rules, which define the duties and responsibilities that come with each job position and the responsibilities of each organizational unit, are applicable to Directors and employees of the Company and Nichicon Group companies to ensure efficient management.

We audit regularly to ascertain whether said duties are carried out in line with these rules.

(5) System for Ensuring the Appropriate Execution of Business by the Company Group Consisting of the Company and its Subsidiaries

We ensure that the Company and Nichicon Group companies share the common values thereby compliance shall be promoted, law-abiding spirit shall be raised, business ethics shall be observed, risk management shall be implemented, and social responsibility shall be fulfilled.

In addition, based on the Rules on Management of Affiliated Companies and the Rules on Internal Control over Financial Reporting, we enhance the coordination between the Company and Nichicon Group companies—via directions, guidance, and reports—in promoting the internal control system. The Company asks Nichicon Group companies to report on their business conditions and financial results on a regular and continuous basis in order to achieve soundness and efficiency in business as a company group and to ensure reliability of the Group's financial reporting.

Corporate Auditors and the Audit and Legal Affairs Office carry out audits and diagnostic evaluations of the Company and Nichicon Group companies, and report results and findings to the Board of Directors.

(6) Matters Concerning Employees Assigned to Assist Corporate Auditors and the Assurance that Such Employees Remain Independent from Directors, and Matters Concerning the Effectiveness of the Instructions Provided to Such Employees

Directors, in consultation with the Board of Corporate Auditors, appointed and assigned employees to the Auditor's Office, which was established on April 1, 2015, to assist Corporate Auditors.

These employees are placed under the direction of Corporate Auditors, and personnel matters including the appointment, transfer, appraisal, and remuneration of these employees are discussed in advance with the Board of Corporate Auditors and determined upon in order to ensure their independence from Directors.

(7) Systems for Directors and Employees to Report to Corporate Auditors and to Other Corporate Auditors, and for Ensuring that Audits are Conducted Effectively by Corporate Auditors

Directors and employees of the Company and Nichicon Group companies report to Corporate Auditors without delay in the event that a matter arises that may have a significant impact on their respective companies. Corporate Auditors may, at any time, ask Directors and employees of the Company and Nichicon Group companies to provide reports as needed.

In addition, we have a system in place that allows Corporate Auditors to attend meetings of the Board of Directors and other important meetings of the Company and Nichicon Group companies and express their opinions, and to request important documents, approval documents, and reports from Directors or employees as necessary. Corporate Auditors perform audits by investigating the execution of duties by Directors as well as business operations and assets of the Company and Nichicon Group companies, and by reviewing approval documents on important matters.

To ensure greater effectiveness of audits, Corporate Auditors receive regularly or as needed updates on internal audits from the Accounting Auditor and from the Audit and Legal Affairs Office.

Directors and employees of the Company and Nichicon Group companies who report to Corporate Auditors on important matters according to the abovementioned policies are protected from any unfair

treatments.

(8) Post-Implementation Status of Systems for Ensuring Appropriate Execution of Business

- a. During the fiscal year under review, the Company's Board of Directors, which comprises seven Directors, including three External Directors, met nine times to make important management decisions pursuant to relevant laws as well as the Company's Articles of Incorporation and Regulations Governing the Board of Directors, and to report on the execution of the Company's business. The Board also reviewed and revised such important internal rules as the Rules on Division of Duties, the Office Rules, and the Rules on Internal Reporting.
- b. The Company held Management Meetings every month, in which the implementation and progress of business plans were reviewed, and important business topics and issues were reported on and discussed.
- c. During the fiscal year under review, the Company's Board of Corporate Auditors, which comprises four Corporate Auditors, including two External Corporate Auditors, met seven times to report on and exchanged ideas about audit plans and results. Corporate Auditors attended meetings of the Board of Directors and other important meetings of the Company, and advised the Company and Nichicon Group companies as needed on important management matters after having received reports from Directors and employees, reviewed approval documents, and conducted on-site audits to understand business issues and risks. The Company has in place three types of audit: an audit by Corporate Auditors; an audit by an Accounting Auditor; and an internal audit. Corporate Auditors, the Accounting Auditor, and the Auditing & Legal Affairs Office (responsible for conducting internal audits) collaborated with each other through exchanges of information.
- d. The Auditing & Legal Affairs Office, an organization unit independent of operating divisions of the Company, regularly conducted internal audits of the Company and Nichicon Group companies as part of efforts to enhance legal compliance, and reported the results and findings to the Board of Directors and the Board of Corporate Auditors.
- e. To ensure the accuracy and reliability of financial reporting, the Internal Control Promotion Committee regularly evaluated the Company and Nichicon Group companies for their performance in company-wide controls, financial reporting process controls, work process controls, general IT controls, and IT application controls, and reported the results and findings to the Board of Directors and the Board of Corporate Auditors.
- f. The CSR Promotion Committee, which comprises the Compliance Subcommittee, the Competition Law Compliance Subcommittee, the Risk Management Subcommittee, the Environmental Management Subcommittee, and the Information Security Subcommittee, held joint sessions every month to promote the implementation of CSR initiatives by the Company and Nichicon Group companies, and provided progress reports to the Board of Directors and the Board of Corporate Auditors.

6. Basic Policy Concerning Corporate Governance

As stated in our mission statement, we strive to attain a better global environment and to dedicate ourselves to creating valued products that will contribute to a brighter future for society. We also strive to live up to our ethical and social responsibilities and to diligently work to exceed the expectations of our shareholders and all other stakeholders, and aim to maximize our corporate value by way of "ko-do*" (Think and Work).

Based on the mission statement above, in the event that an acquisition offer is made to us, our basic policy concerning corporate governance sets out that a final decision to accept it or not should be made by the shareholders of the Company. In such a case, for the establishment and enhancement of the company's value and the shareholders' common interest, we will ensure that all of our shareholders will have sufficient information and an extended review period to make an informed judgment through fair and transparent procedures for confirming shareholder intentions.

*"ko-do" is a word coined by the Company meaning "Think and Work".

Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2017

1. Consolidated Balance Sheet
2. Consolidated Statement of Income
3. Consolidated Statement of Changes in Shareholders' Equity
4. Notes on Consolidated Financial Statements

Karasumadori Oike-agaru, Nakagyo-ku, Kyoto

NICHICON CORPORATION

Shigeo Yoshida, President and COO

Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Assets		Liabilities	
Current Assets	80,250	Current Liabilities	31,035
Cash and cash deposits	22,498	Trade notes payable and accounts payable	18,151
Trade notes receivable and accounts receivable	30,325	Short-term bank loans	1,800
Marketable securities	5,030	Non-trade accounts payable	2,132
Finished products	7,227	Accrued expenses	5,624
Work in progress	4,838	Income taxes payable	792
Raw materials and supplies	5,733	Allowance for employees' bonuses	999
Deferred tax assets	676	Provision for directors' bonuses	30
Other current assets	3,971	Notes payable for equipment	796
Allowance for doubtful accounts	(51)	Other current liabilities	708
		Long-term Liabilities	8,387
Fixed Assets	60,955	Lease obligations	390
Tangible fixed assets	25,296	Deferred tax liabilities	3,643
Buildings and structures	13,155	Allowance for product warranty	1,282
Machinery and transportation equipment	4,880	Net defined benefit liability	2,426
Land	5,418	Other long-term liabilities	644
Lease assets	473		
Construction in progress	336	Total Liabilities	39,423
Other tangible fixed assets	1,031	Net Assets	
Intangible fixed assets	754	Shareholders' equity	90,870
		Common stock	14,286
Investments and other assets	34,904	Capital surplus	17,068
Investment securities	32,741	Retained earnings	69,636
Long-term loans receivable	1,216	Treasury stock	(10,121)
Deferred tax assets	180	Accumulated other comprehensive income	9,143
Other assets	1,002	Unrealized gain on available-for-sale securities	8,492
Allowance for doubtful accounts	(237)	Foreign currency translation adjustments	650
		Non-controlling Interests	1,768
		Total Net Assets	101,783
Total Assets	141,206	Total Liabilities and Net Assets	141,206

Consolidated Statement of Income

(For the Fiscal Year Ended March 31, 2017)

(Millions of yen)

Line Item	Amount
Net sales	100,401
Cost of sales	82,621
Gross profit	17,780
Selling, general and administrative expenses	14,761
Operating income	3,019
Non-operating income	1,857
Interest and dividend income	523
Share of profit of entities accounted for using equity method	99
Foreign exchange gains	930
Other	304
Non-operating expense	126
Interest expense	24
Other	101
Ordinary income	4,750
Extraordinary gain	265
Gain on sale of fixed assets	224
Gain on sales of investment securities	40
Extraordinary loss	947
Loss on sale or disposal of fixed assets	75
Impairment loss on long-lived assets	217
Provision for surcharge payments under the Antimonopoly Act	586
Loss on valuation of investment securities	68
Income before income taxes	4,067
Income taxes (current)	1,095
Income taxes (deferred)	70
Net income	2,901
Net income attributable to non-controlling interests	277
Net income attributable to shareholders of Nichicon Corporation	2,623

Consolidated Statement of Changes in Shareholders' Equity

(For the Fiscal Year Ended March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	14,286	17,068	67,346	(10,120)	88,580
Changes in the consolidated fiscal year					
Cash dividends paid			(1,392)		(1,392)
Net income attributable to shareholders of Nichicon Corporation			2,623		2,623
Increase in treasury stock				(0)	(0)
Disposal of treasury stock		(0)		0	0
Change of scope of equity method			1,059		1,059
Changes (net) other than shareholders' equity in the consolidated fiscal year					
Total changes in the consolidated fiscal year	—	(0)	2,290	(0)	2,290
Balance as of March 31, 2017	14,286	17,068	69,636	(10,121)	90,870

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2016	5,273	3,000	8,273	1,585	98,440
Changes in the consolidated fiscal year					
Cash dividends paid					(1,392)
Net income attributable to shareholders of Nichicon Corporation					2,623
Increase in treasury stock					(0)
Disposal of treasury stock					0
Change of scope of equity method					1,059
Changes (net) other than shareholders' equity in the consolidated fiscal year	3,219	(2,349)	870	182	1,053
Total changes in the consolidated fiscal year	3,219	(2,349)	870	182	3,343
Balance as of March 31, 2017	8,492	650	9,143	1,768	101,783

Notes on Consolidated Financial Statements

I. Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated Subsidiaries

- Number of consolidated subsidiaries: 21
- Subsidiaries:
Nichicon Hi-Tech Foil Corp.; Nichicon (Kusatsu) Corp.; Nichicon (Kameoka) Corp.; Nichicon (Ohno) Corp.; Nichicon (Iwate) Corp.; Nichicon (Wakasa) Corp.; Torishima Electric Works, Ltd.; Nippon Liniac Co., Ltd.; Yutaka Electric Mfg. Co., Ltd.; Nichicon (America) Corp.; Nichicon (Austria) GmbH; Nichicon (Hong Kong) Ltd.; Nichicon (Singapore) Pte. Ltd.; Nichicon (Taiwan) Co., Ltd.; Nichicon (Thailand) Co., Ltd.; Nichicon Electronics Trading (Shanghai) Co., Ltd.; Nichicon Electronics Trading (Shenzhen) Co., Ltd.; Nichicon (Malaysia) Sdn. Bhd.; Nichicon Electronics (Wuxi) Co., Ltd.; Nichicon Electronics (Suqian) Co., Ltd.; Wuxi Nichicon Electronics R&D Center Co., Ltd.
- Change in the scope of consolidation:
FPCAP Electronics (Suzhou) Co., Ltd was excluded from the consolidation due to the completion of liquidation.

(2) Non-Consolidated Subsidiaries

- Non-consolidated subsidiaries: Harbor Electronics Co., Ltd. and four other companies
- These companies were excluded from the scope of consolidation due to their insignificance in light of their assets, net sales, net income or loss (to the extent of the Company's equity position), retained earnings (to the extent of the Company's equity position) and other factors. Their exclusion does not impede reasonable judgment as to the financial condition or performance of the Nichicon Group.

2. Application of the Equity Method

(1) Non-Consolidated Subsidiaries or Affiliated Companies Accounted for under the Equity Method

- Number of non-consolidated subsidiaries and affiliated companies accounted for under the equity method is applied: two
- Name of affiliated company accounted for under the equity method: Samwha Electric Co., Ltd. and Taicon Corporation
- Change in the scope of application of the equity method: Taicon Corporation is included in the scope of equity method because it becomes material.

(2) Non-Consolidated Subsidiaries or Affiliated Companies Not Accounted for under the Equity Method

- Name of affiliated companies not accounted for under the equity method: Harbor Electronics Co., Ltd., and six other companies
- These companies are not accounted for under the equity method due to their insignificance in light of their net income or loss (to the extent of the Company's equity position), retained earnings (to the extent of the Company's equity position) and other factors. Their exclusion

does not impede reasonable judgment as to the financial condition or performance of the Nichicon Group.

(3) Special Note on the Procedure of Equity Method Application

For those companies that are accounted for under the equity method and whose balance sheet dates are different from the consolidated balance sheet date, financial statements as of their balance sheet dates are used in preparing the consolidated financial statements.

3. Balance Sheet Dates of Consolidated Subsidiaries

Five of the consolidated subsidiaries have balance sheet dates different from the consolidated balance sheet date.

The balance sheet date established by Nichicon Electronics Trading (Shenzhen) Co., Ltd. is December 31. When preparing the consolidated financial statements, we used the pro-forma financial statements prepared by these two subsidiaries as of the consolidated balance sheet date.

The balance sheet date established by four other subsidiaries in China is December 31. We have used the pro-forma financial statements prepared by these four subsidiaries as of the consolidated balance sheet date and made adjustments to reflect significant transactions occurred between the balance sheet date of the subsidiaries and the consolidated balance sheet date when preparing the consolidated financial statements.

4. Accounting Policies

(1) Standards and Methods Used to Value Significant Assets:

(a) Standards and methods used to value securities

Held-to-maturity debt securities: Held-to-maturity debt securities are amortized in equal installments over the term held. (Straight-line method)

Available-for-sale securities

- **Marketable securities:** Marketable securities are stated at their fair values based on market prices on the consolidated balance sheet date. (Unrealized gains and losses are all directly charged or credited to the net assets. Cost of sales is determined principally by the moving average method.)
- **Non-marketable securities:** Non-marketable securities are stated principally at cost determined by the moving average method.

(b) Standards and methods used to value inventories

- **Finished products and work in process:** Finished products and work in process are principally valued at cost determined by the weighted average method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)
- **Raw materials and supplies:** Raw materials and supplies are principally valued at cost determined by the moving average method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)

(2) Methods Used to Depreciate Significant Depreciable Assets

(a) Tangible fixed assets (lease assets not included)

Depreciation of fixed assets is computed using the declining-balance method. The straight-line method is applied to buildings acquired on and after April 1, 1998, (excluding other facilities) and facilities attached to buildings and structures acquired after April 1, 2016.

The range of useful lives for major buildings and equipment are as follows:

- Buildings and structures: 7 to 50 years
- Machinery and equipment, vehicles and transportation equipment: 4 to 11 years

(b) Intangible fixed assets (lease assets not included)

Depreciation of intangible fixed assets is computed using the straight-line method.

Software for internal use is amortized using the straight line method over an estimated useful life of five years.

(c) Lease assets

Depreciation of lease assets is computed using the straight-line method with useful lives being the lease period and with no residual value.

(3) Standards Used to Account for Significant Allowance

(a) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on a historical write-off ratio, and for bad receivables based on a case-by-case determination of collectibility by management.

(b) Allowance for product warranty

The Company records an allowance for product warranty based on historical experience and estimated costs of providing—during a warranty period—free-of-charge services for the products it sells.

(c) Allowance for employees' bonuses

To facilitate bonus payments to employees, the Company makes provisions in the amount accrued in the fiscal year under review based on estimated amount of payment.

(d) Provision for directors' bonuses

To facilitate bonus payments to directors, the Company makes provisions in the amount accrued in the fiscal year under review based on the estimated amount of payment.

(4) Standards Used to Translate Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen based on exchange rates in effect on the consolidated balance sheet date, and foreign exchange gains or losses are recognized as non-operating income or expenses. Assets and liabilities of our overseas subsidiaries are translated into Japanese yen based on exchange rates in effect on the consolidated balance sheet date, and their earnings and cost are converted in to Japanese yen using the average rates of the period concerned; foreign exchange gains and losses are included in foreign currency translation adjustments and non-controlling interests in the net assets section of the consolidated balance sheet.

(5) Significant Hedge Accounting Method

The deferred hedge accounting method is principally applied. Exchange contracts that fulfill the conditions for appropriation are appropriated.

(6) Other Significant Factors in Preparing Consolidated Financial Statements

(a) Standards used to account for net defined benefit liability

The amount of benefit obligations projected at the end of the fiscal year under review with the amount of pension assets deducted was recorded as net defined benefit liability in order to prepare for payment of retirement benefits to employees. Actuarial differences and past service costs were handled as a lump-sum expense in the fiscal year of their incurrence.

(b) Japanese consumption taxes

Japanese consumption taxes are excluded from transaction amounts.

II. Notes on Changes in Accounting Policy

Practical Solution Concerning Changes in Depreciation Methods Subsequent to FY2016 Tax Revisions

Incident to revisions to the Corporation Tax Act, the Company applied “Practical Solution Concerning Changes in Depreciation Methods Subsequent to FY2016 Tax Revisions” (Practical Issues Task Force No. 32, June 17, 2016) beginning from the current consolidated fiscal year. As a result, the depreciation method for buildings and accompanying facilities and structures acquired after April 1, 2016, was switched from the declining balance method to the straight line method. The impact of these changes on the Company's consolidated financial statements is immaterial.

(Additional Information)

Application of guidance concerning the recoverability of deferred tax assets

“ASBJ Guidance Concerning the Recoverability of Deferred Tax Assets” (ASBJ Guidance NO.26, March 28, 2016) are applied from the current consolidated fiscal year.

III. Notes on the Consolidated Balance Sheet

1. Accumulated Depreciation on Tangible Fixed Assets: ¥129,877 million

2. Deduction Entries for Fixed Assets Eliminated from Acquisition Cost:

Buildings and structures	¥1,795 million
Machinery and transportation equipment	¥4,142 million
Land, etc.	¥1,166 million

3. Investigations by the Regulatory Authorities

The Nichicon Group has been under investigation by regulatory authorities of the EU, the United States, and other bodies regarding the sale of capacitors. On November 6, 2015, the Company and its European subsidiary received from the European Commission a Statement of Objections that alleged that we violated the EU Competition Law in connection with the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors in the EU zone. The Nichicon Group will continue to cooperate with these authorities in their investigations.

The Company and its U.S. subsidiary face class action lawsuits in the United States and Canada over the alleged violation of applicable laws. We will continue to deal appropriately with the lawsuits.

These investigations and legal proceedings are ongoing, and their outcomes may affect the Nichicon Group's business and financial performance.

IV. Notes on the Consolidated Statement of Income

Impairment Loss on Long-Lived Assets

The Nichicon Group recorded impairment loss on the assets shown below in the consolidated fiscal year under review.

Application	Location	Type	Amount of impairment loss (millions of yen)
Business assets	Chichibu-shi, Saitama	Buildings and structures	217

In principle, the Group classifies its business assets into groups based on types of business and considers each of its idle assets to constitute a group by itself.

In the consolidated fiscal year under review, due to the deterioration of business profitability, the Group reduced the book value of the business assets held by Yutaka Electric Mfg. Co., Ltd. to their recoverable amount and recorded the amount of reduction as impairment loss under extraordinary loss. The recoverable amount of the asset group is measured by net realizable value and calculated based on appraisal value.

V. Notes on the Consolidated Statement of Changes in Shareholders' Equity

1. Matters Concerning Total Shares Issued

(Unit: 1000 shares)

Types of shares	Number of shares as of April 1, 2016	Number of shares that increased in the consolidated fiscal year under review	Number of shares that decreased in the consolidated fiscal year under review	Number of shares as of March 31, 2017
Common stock	78,000	—	—	78,000

2. Matters Concerning the Number of Treasury Stocks

(Unit: 1000 shares)

Types of shares	Number of shares as of April 1, 2016	Number of shares that increased in the consolidated fiscal year under review	Number of shares that decreased in the consolidated fiscal year under review	Number of shares as of March 31, 2017
Common stock	8,360	0	0	8,360

Note: The increase of less than 1,000 shares of treasury stock was due to the repurchase of fractional shares. The decrease of less than 1,000 shares of treasury stock was due to purchase demand for fractional shares.

3. Matters Concerning Dividends of Surplus

(1) Dividends Paid in the Fiscal Year Ended March 31, 2017

(a) Matters concerning dividends according to the resolution adopted at the 81st Ordinary General Meeting of Shareholders held on June 29, 2016

- Aggregate amount of dividends ¥696 million
- Dividend per share ¥10.00
- Record date March 31, 2016
- Effective date June 30, 2016

(b) Matters concerning dividends according to the resolution adopted at the meeting of the Board of Directors held on November 4, 2016

- Aggregate amount of dividends ¥696 million
- Dividend per share ¥10.00
- Record date September 30, 2016
- Effective date December 2, 2016

(2) Dividends with Record Dates on or before March 31, 2017 and Effective Dates on or after April 1, 2017

A proposal will be made as follows at the 82nd Ordinary General Meeting of Shareholders to be held on June 29, 2017.

- Aggregate amount of dividends ¥766 million
- Source of dividends Retained earnings
- Dividend per share ¥11.00
- Record date March 31, 2017
- Effective date June 30, 2017

VI. Notes on Financial Instruments

1. Matters Concerning the Status of Financial Instruments

(1) Policy on Financial Instruments

The Nichicon Group manages its funds through financial assets with low risk and raising operating capital through bank loans. We use derivatives only to hedge currency risks associated with trade credits denominated in foreign currencies and not for speculative purposes.

(2) Details of Financial Instruments and their Risks and Risk Management System

Trade credits such as notes receivable and accounts receivable are subject to credit risks posed by our customers. To manage such credit risks, we keep track of due dates and an account balance of each customer and perform a by-customer credit review annually pursuant to our credit management rules. Accounts receivable denominated in foreign currencies are subject to foreign exchange risks.

Pursuant to our securities management rules, we hold securities and held-to-maturity debt securities classified as investment securities only with high credit ratings to minimize their credit risks. Stocks we hold as investment securities are those issued by corporations with which we have business relationships and are subject to market risks. We review, on an on-going basis, the risk of owning such stocks by monitoring their market prices and the issuers' (our business partners') financial soundness regularly and by taking into consideration the relationships we have with them.

Long-term loans receivable are to our affiliated companies, whose financial soundness we monitor regularly.

The majority of trade debts such as notes payable and accounts payables in our possession have due dates within one year.

We engage in and manage derivative transactions in accordance with our derivative management rules. To minimize credit risks associated with derivative transactions, we enter into transactions only with financial institutions with high credit ratings.

Trade debts and borrowings are subject to liquidity risks (risks of failing to pay liabilities on due dates). Each company in the Nichicon Group devises a monthly cash management plan to manage its liquidity risks.

2. Matters Concerning Fair Values of Financial Instruments

The following table shows the amounts of financial instruments recognized on the consolidated balance sheet, their fair values, and the differences between them as of March 31, 2017, which was the balance sheet date of the consolidated fiscal year under review. Items whose fair values are deemed extremely difficult to determine are excluded from the table below. (See Note 2 below)

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and cash deposits	22,498	22,498	-
(2) Trade notes receivable and accounts receivable	30,325	30,325	-
(3) Marketable securities and investment securities			
a. Held-to-maturity debt securities	10,802	10,817	14
b. Available-for-sale securities	23,121	23,121	-
c. Investments in affiliated companies	478	855	376
(4) Long-term loans receivable	1,216		
Allowance for doubtful accounts*	(2)		
	1,213	1,213	-
Total assets	88,440	88,831	391
(1) Trade notes payable and accounts payable	18,151	18,151	-
(2) Short-term bank loans	1,800	1,800	-
Total liabilities	19,951	19,951	-
Derivative transactions	-	-	-

* Allowance for doubtful accounts reserved for each long-term loan is excluded.

Note 1: Calculation method of fair values of financial instruments and matters concerning securities and derivative transactions:

Assets

(1) Cash and cash deposits and (2) Trade notes receivable and accounts receivable

As these items are settled within a relatively short period of time and their fair values approximate their book values, we deem their book values to be their fair values.

(3) Marketable securities and investment securities

Fair values of stocks are based on prices on securities exchanges and those of bonds are based on prices on securities exchanges or valuations obtained from brokers.

Notes on securities by type are as follows:

- a. The following table shows the amount of held-to-maturity debt securities by type recognized on the consolidated balance sheet, their fair values, and the differences between them. We sold no held-to-maturity debt securities in the consolidated fiscal year under review.

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Securities whose fair values exceed consolidated balance sheet amount	(1) Local government bonds	100	100	0
	(2) Corporate bonds	7,869	7,893	23
	Subtotal	7,969	7,993	23
Securities whose fair values do not exceed consolidated balance sheet amount	Corporate bonds	2,833	2,823	(9)
Total		10,802	10,817	14

- b. The following table shows the acquisition cost of available-for-sale securities by type, their consolidated balance sheet amount, and the differences between them.

(Millions of yen)

	Type	Acquisition cost	Consolidated balance sheet amount	Difference
Securities whose consolidated balance sheet amount exceeds acquisition cost	Stocks	7,969	20,203	12,233
Securities whose consolidated balance sheet amount does not exceed acquisition cost	(1) Stocks	986	899	(86)
	(2) Other	2,019	2,019	-
	Subtotal	3,005	2,918	(86)
Total		10,974	23,121	12,147

(4) Long-term loans

As these long-term loans carry variable interest rates and their fair values approximate their book values, we deem their book values to be their fair values.

Liabilities

(1) Trade notes payable and accounts payable, and (2) Short-term bank loans

As these items are settled within a relatively short period of time and their fair values approximate their book values, we deem their book values to be their fair values.

Derivative transactions

Not applicable

Note 2: Financial instruments whose fair values are extremely difficult to determine

Classification	Consolidated balance sheet amount (Millions of yen)
Unlisted stocks	3,368

As there are no market values for these unlisted stocks and their fair values are deemed extremely difficult to determine, they are excluded from "(3) Marketable securities and investment securities."

Note 3: Amounts to be redeemed of monetary credits and securities with maturity following the consolidated balance sheet date

(Millions of yen)

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years or more
Cash and cash deposits	22,498	-	-	-
Trade notes receivables and accounts receivables	30,325	-	-	-
Securities and investment securities				
Held-to-maturity debt securities	3,011	7,791	-	-
Negotiable deposit	2,019	-	-	-
Long-term loans	-	611	310	294
Total	57,854	8,402	310	294

VII. Notes on Investment and Rental Property

We omit a statement due to the immateriality of the gross amount of investment and rental property.

VIII. Notes on Per-share Information

1. Net assets per share: ¥1,436.19
2. Net income per share: ¥37.68

IX. Notes on Important Subsequent Events

Not applicable

X. Other Notes

Japanese yen accounts are presented in millions of yen and are rounded down to the nearest million yen.

Non-consolidated Financial Statements

For the Fiscal Year Ended March 31, 2017

1. Balance Sheet

2. Statement of Income

3. Statement of Changes in Stockholders' Equity

4. Notes on Non-consolidated Financial Statements

Karasumadori Oike-agaru, Nakagyo-ku, Kyoto

NICHICON CORPORATION

Shigeo Yoshida, President and COO

Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Assets		Liabilities	
Current Assets	41,780	Current Liabilities	20,222
Cash and cash deposits	9,422	Trade notes payable	1,221
Trade notes receivable	5,167	Trade accounts payable	13,062
Trade accounts receivable	22,225	Short-term bank loans	1,800
Marketable securities	2,709	Non-trade accounts payable	239
Finished products	942	Accrued expenses	2,901
Raw materials and supplies	41	Income taxes payable	103
Deferred tax assets	360	Allowance for employees' bonuses	263
Other current assets	941	Provision for directors' bonuses	30
Allowance for doubtful accounts	(31)	Other current liabilities	600
		Long-term Liabilities	6,711
		Deferred tax liabilities	3,574
		Allowance for employees' retirement benefits	1,296
Fixed Assets	62,881	Allowance for product warranty	1,207
		Other long-term liabilities	632
Tangible fixed assets	13,814	Total Liabilities	26,934
Buildings	8,691	Net Assets	
Structures	63	Shareholders' equity	69,249
Machinery and equipment	72	Common stock	14,286
Vehicles and transportation equipment	7	Capital surplus	17,068
Tools and fixtures	324	Legal capital surplus	17,065
Land	4,646	Other capital surplus	3
Lease asset	8	Retained earnings	48,015
		Legal reserve	2,141
Intangible fixed assets	385	Other retained earnings	45,873
		Reserve for advance depreciation	57
Investments and other assets	48,681	General reserves	41,517
Investment securities	27,640	Retained earnings carried forward	4,299
Shares of affiliated companies	14,088	Treasury stock	(10,121)
Long-term loans receivable	13,312	Valuation and translation difference	8,478
Other assets	664	Unrealized gain on available-for-sale securities	8,478
Allowance for doubtful accounts	(7,024)	Total net assets	77,728
Total Assets	104,662	Total liabilities and net assets	104,662

Statement of Income

(For the Fiscal Year Ended March 31, 2017)

(Millions of yen)

Line Item	Amount
Net sales	70,305
Cost of sales	65,055
Gross profit	5,250
Selling, general and administrative expenses	6,715
Operating loss	1,464
Non-operating income	2,515
Interest and dividend income	1,741
Foreign exchange gains	347
Technical guidance fee	339
Other	86
Non-operating expenses	407
Interest expense	6
Provision of allowance for doubtful accounts	368
Other	33
Ordinary income	642
Extraordinary gain	434
Gain on sales of investment securities	40
Gain on liquidation of subsidiaries	393
Extraordinary loss	395
Loss on sale or disposal of fixed assets	60
Loss on valuation of stocks of subsidiaries and affiliates	335
Net income before income taxes	681
Income taxes (current)	73
Income taxes (deferred)	100
Net Income	507

Statement of Changes in Shareholders' Equity

(For the Fiscal Year Ended March 31, 2017)

(Millions of yen)

	Shareholders' equity										
	Common Stock	Capital surplus			Legal reserve	Retained earnings			Total Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings					
						Reserve for advance depreciation	General reserves	Retained earnings carried forward			
Balance as of April 1, 2016	14,286	17,065	3	17,068	2,141	57	41,517	5,184	48,900	(10,120)	70,135
Changes in the fiscal year											
Cash dividends paid								(1,392)	(1,392)		(1,392)
Reversal of reserve for advance depreciation						(0)		0	—		—
Net income								507	507		507
Increase in treasury stock										(0)	(0)
Disposal of treasury stock			(0)	(0)						0	0
Changes (net) other than shareholders' equity in the fiscal year											
Total changes in the fiscal year	—	—	(0)	(0)	—	(0)	—	(885)	(885)	(0)	(885)
Balance as of March 31, 2017	14,286	17,065	3	17,068	2,141	57	41,517	4,299	48,015	(10,121)	69,249

	Valuation and translation difference		Total net assets
	Unrealized gain on available-for-sale securities	Total valuation and translation difference	
Balance as of April 1, 2016	5,260	5,260	75,395
Changes in the fiscal year			
Cash dividends paid			(1,392)
Reversal of reserve for advance depreciation			—
Net income			507
Increase in treasury stock			(0)
Disposal of treasury stock			0
Changes (net) other than shareholders' equity in the fiscal year	3,218	3,218	3,218
Total changes in the fiscal year	3,218	3,218	2,332
Balance as of March 31, 2017	8,478	8,478	77,728

Notes on the Non-consolidated Financial Statements

I. Significant Accounting Policies Applied for the Preparation of the Non-consolidated Financial Statements

1. Standards and Methods Used to Value Assets

(1) Held-to-Maturity Debt Securities

Held-to-maturity debt securities are amortized in equal installments over the term held.
(Straight-line method)

(2) Stock of Subsidiaries and Affiliated Companies

Stock of subsidiaries and affiliated companies is valued at cost determined by the moving average method.

(3) Available-for-Sale Securities

- Marketable securities: Marketable securities are stated at fair value based on market prices on the balance sheet date. (Unrealized gains and losses are all directly charged or credited to the net assets. Cost of sales is determined by the moving average method.)
- Non-marketable securities: Non-marketable securities are valued at cost determined by the moving average method.

(4) Standards and Methods Used to Value Inventories

- Finished products: Finished products are valued at cost determined by the individual method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)
- Raw materials and supplies: Raw materials and supplies are valued at cost determined by the moving average method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)

2. Depreciation Method of Fixed Assets

(1) Tangible Fixed Assets (lease assets not included)

Depreciation of tangible fixed assets is computed using the declining balance method. The straight-line method is applied to buildings acquired on and after April 1, 1998, (excluding other facilities) and facilities attached to buildings and structures acquired after April 1, 2016.

The range of useful lives for major buildings and equipment are as follows:

Buildings: 7 to 50 years

Machinery and equipment: 4 to 10 years

(2) Intangible Fixed Assets (lease assets not included)

Depreciation of intangible fixed assets is computed using the straight-line method.

Software for internal use is amortized using the straight-line method over an estimated useful life of five years.

(3) Lease Assets

Depreciation of lease assets is computed using the straight-line method with useful lives being the lease period and with no residual value.

3. Standards Used to Account for Allowances

(1) Allowance for Doubtful Accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables is provided for as general receivables based on a historical write-off ratio, and bad receivables based on a case-by-case determination of collectability by management.

(2) Allowance for Product Warranty

The Company records an allowance for product warranty based on historical experience and estimated costs of providing—during a warranty period—free-of-charge services for the products it sells.

(3) Allowance for Employees' Bonuses

To provide for bonus payments to employees, the Company makes provisions in the amount accrued in the fiscal year under review based on estimated payments.

(4) Provision for Directors' Bonuses

To provide for bonus payments to directors, the Company makes provisions in the amount accrued in the fiscal year under review based on the estimated payments.

(5) Allowance for Employees' Retirement Benefits

This allowance was posted in order to prepare for retirement benefits for employees based on the liabilities for retirement benefits and the estimated amount of pension assets at the end of the fiscal year under review. Differentials caused in the calculation are handled as a lump-sum expense in the fiscal year under review.

4. Standards Used to Translate Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen according to exchange rates on the balance sheet date, and foreign exchange gains or losses are recognized as non-operating income or expenses.

5. Important Hedge Accounting Method

The deferred hedge accounting method is applied. As for exchange contracts, those that fulfill the conditions for appropriation are appropriated.

6. Other Important Factors in Compiling Financial Statements

Japanese consumption taxes are excluded from transaction amounts.

II. Notes on Changes in Accounting Policy

Practical Solution Concerning Changes in Depreciation Methods Subsequent to FY2016 Tax Revisions

Incident to revisions to the Corporation Tax Act, the Company applied “Practical Solution Concerning Changes in Depreciation Methods Subsequent to FY2016 Tax Revisions” (Practical Issues Task Force No. 32, June 17, 2016) beginning from the current consolidated fiscal year. As a result, the

depreciation method for buildings and accompanying facilities and structures acquired after April 1, 2016, was switched from the declining balance method to the straight line method.

The impact of these changes on the Company's consolidated financial statements is immaterial.

(Additional Information)

Application of guidance concerning the recoverability of deferred tax assets

“ASBJ Guidance Concerning the Recoverability of Deferred Tax Assets” (ASBJ Guidance NO.26, March 28, 2016) are applied from the current consolidated fiscal year.

III. Notes on the Balance Sheet

1. Receivables and Payables with Affiliated Companies:

Short-term receivables	¥11,064 million
Long-term receivables	¥13,312 million
Short-term payables	¥11,997 million

2. Monetary Liabilities to Directors and Corporate Auditors: ¥253 million

3. Accumulated Depreciation on Tangible Fixed Assets: ¥30,757 million

4. Deduction Entries for Fixed Assets Eliminated from Acquisition Cost:

Buildings	¥1,263 million
Land	¥1,048 million

5. Investigations by the Regulatory Authorities

The Nichicon Group has been under investigation by regulatory authorities of the EU, the United States, and other bodies regarding the sale of capacitors. On November 6, 2015, the Company and its European subsidiary received from the European Commission a Statement of Objections that alleged that we had violated the EU Competition Law in connection with the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors in the EU zone. The Nichicon Group will continue to cooperate with these authorities in their investigations.

The Company and its U.S. subsidiary face class action lawsuits in the United States and Canada over the alleged violation of applicable laws. We will continue to deal appropriately with the lawsuits.

These investigations and legal proceedings are ongoing, and their outcomes may affect the Company's business and financial performance.

IV. Notes on the Statement of Income

Transactions with affiliated companies

(1) Sales	¥27,984 million
(2) Purchases	¥55,682 million
(3) Non-sales transactions	¥1,888 million

V. Notes on the Statement of Changes in Stockholders' Equity

Matters concerning the number of treasury stocks (Unit: 1,000 shares)

Types of shares	Number of shares as of April 1, 2016	Number of shares that increased in the fiscal year under review	Number of shares that decreased in the fiscal year under review	Number of shares as of March 31, 2017
Common stock	8,360	0	0	8,360

Note: The increase of less than 1,000 shares of treasury stock was due to the repurchase of fractional shares. The decrease of less than 1,000 shares of treasury stock was due to purchase demand for fractional shares.

VI. Notes on the Tax Effect Accounting

Breakdown of significant reasons for the recording of deferred taxes assets and deferred tax liabilities

Deferred tax assets	
Amount exceeding the limit for the inclusion in the allowance for bad debt	¥2,158 million
Amount exceeding the limit for the inclusion in allowance for employees' bonuses	¥81 million
Amount exceeding the limit for the accrued employees' retirement benefits	¥397 million
Cost of environmental measures	¥804 million
Loss on valuation of stock of affiliated companies	¥3,964 million
Deficit carried forward	¥229 million
<u>Other</u>	<u>¥832 million</u>
Subtotal	¥8,468 million
<u>Valuation reserve</u>	<u>¥7,991 million</u>
Total	¥477 million
Deferred tax liabilities	
Unrealized gains on available-for-sale securities	¥3,666 million
Reserve for reduction entry of land	¥23 million
<u>Other</u>	<u>¥1 million</u>
Total	<u>¥3,691 million</u>
Net amount of deferred tax liabilities	<u>¥3,214 million</u>

VII. Notes on Related-Party Transactions

(Millions of yen)

Attribute	Name of company	Percentage of voting rights held by the Company	The Company's relationship with related parties	Nature of transaction	Transaction amount	Account	Balance at year end
Subsidiary	Nichicon Hi-Tech Foil Corporation	Directly owned 100%	Interlocking of director Lease of land and buildings, etc.	Sale of raw materials ⁽³⁾	14	Account receivable	1,984
				Purchase of raw materials ⁽³⁾	10,022	Account payable	1,948
	Nichicon (Kusatsu) Corporation	Directly owned 100%	Interlocking of director Lease of land and buildings, etc.	Purchase of products ⁽³⁾	8,739	Account payable	2,255
	Nichicon (Kameoka) Corporation	Directly owned 100%	Financial support Interlocking of director Lease of land and buildings etc.	Lending of fund ⁽¹⁾	767	Long-term loan ⁽²⁾	5,283
				Receipt of interest ⁽¹⁾	54		
	Nichicon (Ohno) Corporation	Directly owned 100%	Financial support Interlocking of director Lease of land and buildings, etc.	Purchase of products ⁽³⁾	13,873	Account payable	2,575
				Receipt of interest ⁽¹⁾	26	Long-term loan ⁽²⁾	2,367
	Nichicon (Iwate) Corporation	Directly owned 100%	Interlocking of director Lease of land and buildings, etc.	Purchase of products ⁽³⁾	7,851	Account Payable	3,678
	Yutaka Electric Mfg. Co., Ltd.	Directly owned 100%	Financial support Interlocking of director	Receipt of interest ⁽¹⁾	33	Long-term loan ⁽²⁾	3,000
	Nichicon (Austria) GmbH	Directly owned 100%	Interlocking of director	Sale of products ⁽³⁾	5,245	Account Receivable	1,861
	Nichicon (Hong Kong) Ltd.	Directly owned 100%	Interlocking of director	Sale of products ⁽³⁾	4,072	Account Receivable	1,969
Nichicon (Taiwan) Co., Ltd.	Directly owned 100%	Financial support Interlocking of director	Sales of products ⁽³⁾	3,163	Account Receivable	981	
Nichicon Electronics Trading (Shanghai) Co., Ltd	Directly owned 80% Indirectly owned 20%	Interlocking of director	Sales of products ⁽³⁾	5,525	Account Receivable	1,612	
Nichicon Electronics (Wuxi) Co., Ltd.	Directly owned 100%	Financial support Interlocking of director	Receipt of technical guidance fee ⁽⁴⁾	297	Other current assets	69	

Notes:

1. The interest rate on the loan was determined rationally with due consideration of market

interest rates. Collateral was not accepted.

2. A total of ¥6,794 million allowance for doubtful accounts is reserved for long-term loans to subsidiaries. A total of ¥368 million of provision of allowance for doubtful accounts were recorded in the fiscal year under review.
3. Purchase and sale prices of products and raw materials were determined by reference to their market prices.
4. The amount of technical guidance fee was, by contract, determined based on sales amount.

VIII. Notes on Per-share Information

1. Net assets per share	¥1,116.16
2. Net income per share	¥7.29

IX. Notes on Important Subsequent Events

Not applicable

X. Other Notes

Japanese yen accounts are presented in millions of yen and are rounded down to the nearest million yen.

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 6, 2017

To the Board of Directors of
Nichicon Corporation

Deloitte Touche Tohmatsu LLC

Masayoshi Matsuo, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner,

Hideya Sudo, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner,

Pursuant to the provisions of Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2017, of Nichicon Corporation (the "Company"), and the related consolidated statements of income and changes in shareholders' equity, and the related notes for the consolidated fiscal year ended March 31, 2017.

Management responsibility for consolidated financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with generally accepted accounting principles in Japan, and for such internal control that management determines to be necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express our opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence as to the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes an evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the Company, as well as an evaluation of the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the above-mentioned consolidated financial statements present fairly, in all material respects, the financial position of the company group comprising the Company and its consolidated subsidiaries as of March 31, 2017, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in the Note concerning "Investigations by the Regulatory Authorities," the Group received a Statement of Objections alleging breaches of the European Competition Law with regard to its sale of capacitors, and is undergoing an inspection by U.S. authorities and the regulatory authorities of other countries. In addition, a proposed class action has been filed against the Group in the United States and Canada. These events do not affect our audit opinion.

Interest

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

-End-

Note: The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 6, 2017

To the Board of Directors of
Nichicon Corporation

Deloitte Touche Tohmatsu LLC

Masayoshi Matsuo, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner,

Hideya Sudo, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner,

Pursuant to the provisions of Article 436, paragraph 2, item 1 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2017, of Nichicon Corporation (the "Company"), and the related statements of income and changes in shareholders' equity, and the related notes for the 82nd fiscal year ended March 31, 2017, and the accompanying supplemental schedules.

Management responsibility for financial statements

Management is responsible for the preparation and fair presentation of financial statements and the accompanying supplemental schedule in accordance with generally accepted accounting principles in Japan, and for such internal control that management determines to be necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplemental schedule that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express our opinion on the financial statements and the accompanying supplemental schedule based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedule are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedule. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedule, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the Company, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedule. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the above-mentioned financial statements and the accompanying supplemental schedule present fairly, in all material respects, the financial position of the Company as of March 31, 2017, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in the Note concerning "Investigations by the Regulatory Authorities," the Group received a Statement of Objections alleging breaches of the European Competition Law with regard to its sale of capacitors, and is undergoing an inspection by U.S. authorities and the regulatory authorities of other countries. In addition, a proposed class action has been filed against the Group in the United States and Canada.

These events do not affect our audit opinion.

Interest

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

-End-

Note: The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(Translation)

AUDIT REPORT

The Board of Corporate Auditors received audit reports prepared by Corporate Auditors concerning the Directors' execution of their duties during the 82nd fiscal year ended March 31, 2017. After discussing the audit results on the basis of those reports, we have prepared this Audit Report and hereby report as follows.

1. Methods and details of audits conducted by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors formulated the audit policy, allocated duties to each Corporate Auditor, and received reports on the execution and results of the audit from each of them. In addition, the Board of Corporate Auditors received from Directors and the Accounting Auditor reports on the status of the execution of their duties and requested additional explanations as necessary.
- (2) Each Corporate Auditor, in accordance with the standards for conducting audits established by the Board of Corporate Auditors and pursuant to the audit policy and the allocation of duties, interviewed the Directors and employees in the internal audit department and other departments to collect information and to improve the environment, and conducted audits in the following manner:
 - (i) We attended meetings of the Board of Directors and other important meetings, received reports on the status of the execution of duties from the Directors and employees, requested additional explanations as necessary, reviewed important decision-making documents, and examined the status of business operations and assets at the Head Office and principal offices and factories. We communicated and exchanged information with Directors and Corporate Auditors of the subsidiaries, and received reports on their business as needed.
 - (ii) We received from Directors and employees periodic reports on and requested explanations on the establishment and operations of systems necessary to ensure the execution of duties, which are described in the Business Report, by Directors complies with laws and ordinances and the Articles of Incorporation, and the contents of resolutions adopted by the Board of Directors on the development of other systems stipulated in Article 100-1 and Article 100-3 of the Ordinance for Enforcement of the Companies Act of Japan as systems required for ensuring the appropriateness of operations of a corporate group consisting of a stock company and its subsidiaries and the systems established in accordance with such resolutions (internal control systems) , and expressed our opinions.
 - (iii) We reviewed the basic policy set forth in Article 118-3-i of the Ordinance for Enforcement of the Companies Act of Japan, which is discussed in the Business Report, based on the deliberations executed at the meetings of the Board of Directors and other meetings.
 - (iv) We monitored and verified whether the Accounting Auditor maintained independence and conducted audits properly, received reports from it on the status of the execution

of its duties and requested explanations as necessary. Furthermore, we received reports from the Accounting Auditor that it had a system in place for ensuring that it executes its duties properly (as described in each item under Article 131 of the Ordinance for Corporate Accounting) pursuant to the "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), and requested additional explanations as necessary.

Based on the methods described above, we reviewed the Business Report as well as the Supplementary Schedules, Financial Statements for the fiscal year under review—namely, the Balance Sheet, Statement of Income, Statement of Changes in Shareholders' Equity, and Notes on Non-consolidated Financial Statements—as well as the Supplemental Schedules, and the Consolidated Financial Statements for the fiscal year under review—namely, the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity, and Notes on the Consolidated Financial Statements.

2. Results of Audit

(1) Audit results of the Business Report

- (i) We have confirmed that the Business Report and the Supplemental Schedules accurately represent the state of the Company as of March 31, 2017, pursuant to the applicable laws and regulations, and the Articles of Incorporation of the Company.
- (ii) We have not discovered any misconduct concerning the execution of duties by the Directors or serious violations of applicable laws and regulations or the Articles of Incorporation of the Company.
- (iii) We have confirmed that resolutions adopted by the Board of Directors concerning the internal control system were reasonable. Moreover, we have found nothing that constitutes discrepancies concerning the description of the internal control system in the Business Report or the execution of duties by the Directors.

As discussed in the Business Report, since March 2014 the Company and some overseas subsidiaries have been investigated on suspicion of having violated the Antimonopoly Act and other competition laws in relation to the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors from the Japan Fair Trade Commission and overseas competition authorities mainly in the United States and the European Union. In March 2016, the Company received from the Japan Fair Trade Commission a cease and desist order as well as an order to pay a surcharge. In September 2016, the Company expressed its dissatisfaction with the findings and judgement upon which the Commission based its orders and took legal action to have the order rescinded, since when a review has been underway. As the Board of Corporate Auditors, we confirmed that the Group has always ensured compliance with all laws and ordinances, and thus we continue to strive to further enhance our auditing capacities in order to strengthen and reinforce the Company's compliance systems and corporate ethics.

- (iv) We have found nothing that constitutes discrepancies with regard to the basic policy concerning

corporate governance, described in the Business Report.

(2) Audit results of Financial Statements, the Supplemental Schedules, and the Consolidated Financial Statements

We have confirmed that the methods of audits used by and their results produced by Deloitte Touche Tohmatsu LLC were appropriate.

May 11, 2017

The Board of Corporate Auditors, Nichicon Corporation

Sachihiko Araki, Standing Corporate Auditor (seal)

Atsushi Abe, Standing Corporate Auditor (seal)

Hideki Ohnishi, External Corporate Auditor (seal)

Masahiro Morise, External Corporate Auditor (seal)

Note: The above represents a translation, for convenience only, of the original report issued in the Japanese language.

-End-

Information about General Meeting of Shareholders Proposals and Referential Information

Proposal 1: Matter Concerning the Surplus Appropriation

We believe it an important management policy to return our profit to our shareholders. We are determined to enhance our corporate value and strengthen our corporate structure thereby to increase our profit, which will in turn result in a steady increase in dividends.

In light of the above described policy and accumulated retained earnings, we propose the following term-end dividend.

As a result, an annual dividend of ¥21.00 per share, an increase of ¥1.00 per share from the previous fiscal year, will be executed.

Matters concerning term-end dividend

- (1) Matters concerning the allocation of dividends to shareholders and total amount of dividends
¥11.00 per common stock. Total amount of ¥766,029,583
- (2) Effective date of dividend payment
June 30, 2017

Proposal 2: Election of Seven Directors

All seven Directors of the Company will reach the expiration of their terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, we hereby propose the election of seven Directors.

The candidates for the positions of Director are as follows:

Candidate No.	Name (Date of birth)	Career profile, title and position in the Company, and important positions concurrently held in other companies or organizations	Number of Company shares held
1	Ippei Takeda (January 11, 1941)	<p>March 1963 Joined the Company</p> <p>February 1978 Representative Director of Nichicon (America) Corp.</p> <p>June 1983 Director of the Company</p> <p>December 1983 General Manager of International Affairs Division</p> <p>July 1995 General Manager of Ohno Factory and Overseas Sales</p> <p>June 1997 Managing Director of the Company</p> <p>June 1998 Representative Director and President of the Company</p> <p>June 2003 Representative Director and President and Chief Operating Officer of the Company</p> <p>June 2007 Representative Director and Chairman and Chief Executive Officer of the Company</p> <p>June 2013 Representative Director and Chairman and CEO of the Company (currently in office)</p>	15,000

2	Shigeo Yoshida (September 7, 1959)	April 1982	Joined the Company	10,000
		August 1988	Manager of Nichicon (Singapore) Pte. Ltd.	
		June 2003	Deputy General Manager of Overseas Sales Division at Sales Headquarters	
		November 2004	General Manager of Administration at Power Supply Division	
		April 2007	Director of Nichicon (Hong Kong) Ltd.	
		November 2008	In charge of sales in East Asia	
		June 2009	Director and Operating Officer of the Company	
			General Manager of Sales Headquarters	
		May 2011	General Manager of Production Headquarters	
		July 2011	Senior Operating Officer of the Company	
October 2012	Representative Director of Nichicon Hi-Tech Foil Corporation			
June 2013	Representative Director and President and COO of the Company (currently in office)			

3	Hitoshi Chikano (December 5, 1960)	<p>April 1983</p> <p>March 1990</p> <p>June 2003</p> <p>August 2004</p> <p>December 2004</p> <p>June 2006</p> <p>June 2007</p> <p>July 2008</p> <p>February 2010</p> <p>October 2013</p> <p>July 2015</p>	<p>Joined the Company</p> <p>Manager of Nichicon (Hong Kong) Ltd.</p> <p>General Manager of IR Office</p> <p>General Manager of Accounting Division at Administration Headquarters and General Manager of IR Office</p> <p>General Manager of Accounting Division at Administration Headquarters</p> <p>Operating Officer of the Company</p> <p>Director of the Company (currently in office)</p> <p>General Manager of Administration Headquarters</p> <p>Senior Operating Officer of the Company</p> <p>General Manager of IR Office (currently in office)</p> <p>General Manager of Financial & Accounting Headquarters of the Company (currently in office)</p> <p>Senior Executive Operating Officer of the Company (currently in office)</p>	5,000
4	Akihiro Yano (December 18, 1957)	<p>April 1980</p> <p>April 2001</p> <p>May 2005</p> <p>December 2009</p> <p>October 2010</p> <p>May 2011</p> <p>July 2011</p> <p>June 2013</p> <p>July 2015</p>	<p>Joined Pioneer Corporation</p> <p>Director of Pioneer Europe NV</p> <p>General Manager of Corporate Planning Department</p> <p>President of Pioneer Electronics Deutschland GmbH</p> <p>Joined the Company, Deputy General Manager, Production Management Division, Production Headquarters</p> <p>Deputy General Manager, Corporate Planning Headquarters</p> <p>General Manager, Corporate Planning Headquarters (currently in office)</p> <p>Operating Officer of the Company</p> <p>Director of the Company (currently in office)</p> <p>Senior Operating Officer of the Company (currently in office)</p>	3,000

5	Kazumi Matsushige (August 15, 1947)	April 1981	Assistant Professor of the Research Institute of Applied Dynamics at Kyushu University	2,000
		May 1990	Professor of the Engineering Department at Kyushu University	
		April 1993	Professor of Electrical Engineering at the Graduate School of Engineering at Kyoto University	
		July 1996	Director of the Venture Business Laboratory at Kyoto University	
		April 2001	Director of the International Innovation Center at Kyoto University	
		April 2004	Vice President at Kyoto University (in charge of academic-industrial alliance and intellectual property)	
		April 2005	Director of the International Innovation Institute at Kyoto University	
		April 2012	Professor Emeritus at Kyoto University (currently in office) Special Contract Professor at Ryukoku University	
		June 2012	Director of the Company (currently in office)	
		April 2013	President of Shikoku University and Shikoku University Junior College (currently in office)	
		June 2016	Director of Awa Paper Mfg., Ltd. (currently in office)	

6	Yasuhisa Katsuta (February 20,1942)	April 1965	Joined Daiwa Bank Limited (currently Resona Bank Limited.)	None
		July 1991	Director and General Manager of Sales Headquarters, Daiwa Bank	
		June 2001	Representative Director and President of Daiwa Bank	
		October 2002	Representative Director and President of Resona Holdings, Inc.	
		March 2003	Representative Director and President of Resona Bank Limited.	
		April 2005	Special Contract Professor, The Department of Business Administration and Information Technology, Osaka University of Economics	
		June 2005	Director of Funai Electric Co., Ltd.	
		June 2006	Statutory Auditor of Otsuka Pharmaceutical Co., Ltd. (currently in office)	
		July 2008	Chairman of Board of Trustees, Osaka University of Economics	
		July 2014	Trustee, Osaka University of Economics (currently in office)	
June 2015	Director of the Company (currently in office)			

7	Shigenobu Aikyo (October 1, 1949)	April 1972	Joined the Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)	None
		June 2005	Managing Director and Managing Executive Officer of the Sumitomo Bank, Limited	
		April 2006	Director and Executive Vice President of the Sumitomo Bank, Limited Executive Vice President of Sumitomo Mitsui Financial Group, Inc.	
		April 2007	Director and Executive Vice President of the Sumitomo Mitsui Banking Corporation Officer in charge of directing the corporate banking division	
		April 2010	Chairman and Representative Director of Nikko Cordial Securities Inc.	
		April 2011	Chairman and Representative Director of SMBC Nikko Securities Inc.	
		June 2015	Director of Hashimoto Sogyo Holdings Co., Ltd. (currently in office)	
		March 2016	Director of MODEC Inc. (currently in office)	
		June 2016	Director of Sanyo Chemical Industries, Ltd. (currently in office)	
		June 2016	Director of DAIHEN Corporation (currently in office)	
		June 2016	Director of SCSK Corporation (currently in office)	
		June 2016	Director of the Company (currently in office)	

Notes:

1. There is no conflict of interest between each candidate and the Company.
2. Mr. Kazumi Matsushige is a candidate for External Director. We nominated Mr. Kazumi Matsushige for the post based on the belief that he would provide appropriate advice on our management based on his deep insight and wealth of experience gained as a scholar over the years in various positions as a university professor, which are expected to further strengthen our management structure. Although the candidate has not been directly involved in the management of a company, we determined that he would perform his role as an External Director appropriately due to the reason stated above. He will have been in the position of External

Director of the Company for five years at the conclusion of this Ordinary General Meeting of Shareholders.

3. Mr. Yasuhisa Katsuta is a candidate for External Director. We nominated Mr. Yasuhisa Katsuta for the post based on the belief that he would provide appropriate advice on our management based on his wealth of insightful knowledge and expertise in finance and accounting, nurtured through his extensive years of professional experience in the financial field, in addition to his established track record in serving as a director and auditor of the other entities in addition to being a university professor, which is expected to further strengthen our management structure. He will have been in position of External Director of the Company for two years at the conclusion of this Ordinary General Meeting of Shareholders.
4. Mr. Shigenobu Aikyo is a candidate for External Director. We nominated Mr. Shigenobu Aikyo for the post on the belief that he would provide appropriate advice on our management based on his wealth of insightful knowledge and expertise in finance and accounting, nurtured through extensive years of professional experience in financial field, in addition to his established track record in serving as a director of other entities, which is expected to further strengthen our management structure. He will have been in position of External Director of the Company for one year at the conclusion of this Ordinary General Meeting of Shareholders.
5. The Company, pursuant to the provision of Article 427, paragraph 1 of the Companies Act, has entered into limited liability contracts with Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta and Mr. Shigenobu Aikyo, which sets forth the limitation on their damage compensation liabilities as described in Article 423, paragraph 1 of the Act, provided that the amount of the limitation on the damage compensation under said contracts shall be the amount provided by laws or ordinances. If the said candidates are reelected as External Directors, the Company plans to continue said contracts described herein with them.
6. The Company designated Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta and Mr. Shigenobu Aikyo as independent officers pursuant to the provisions of the Tokyo Stock Exchange and notified the Exchange of the matter.

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