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(Stock Exchange Code 4987)
June 7, 2018

To Shareholders with Voting Rights:

Keishiro Teraoka
President and Representative Director
Teraoka Seisakusho Co., Ltd.
Head Office: 1-4-22 Hiromachi,
Shinagawa-ward, Tokyo

**NOTICE OF CONVOCATION
OF THE 108TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 108th Annual General Meeting of Shareholders of Teraoka Seisakusho Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. In this case, please review the attached Reference Documents for the General Meeting of Shareholders, and indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it shall be received by 5:20 p.m. on Thursday, June 21, 2018, Japan time.

1. Date and Time: Friday, June 22, 2018 at 10:00 a.m. Japan time (reception starts at 9:00 a.m.)

2. Place: The GOTENYAMA Ballroom, North, B1F
Tokyo Marriott Hotel
4-7-36 Kitashinagawa, Shinagawa-ward, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 108th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 108th Fiscal Year (April 1, 2017 - March 31, 2018)

Proposals to be resolved:

- Proposal 1:** Distribution of Surplus
Proposal 2: Election of 8 Directors
Proposal 3: Election of 1 Substitute Auditor

4. Matters to be Determined Upon Convocation:

Exercise of Voting Rights by Proxy

Proxies to whom the exercise of voting rights may be delegated are limited to one other shareholder who holds voting rights, in accordance with the Articles of Incorporation of the Company. If attending the meeting by proxy, please submit a written proof of the authority of representation (power of attorney, etc.) together with the Voting Rights Exercise Forms of the shareholder and proxy at the reception desk.

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Additionally, please bring this Notice with you for use as meeting material.
 - ◎ As congestion is expected just before the start of the meeting, we advise you to arrive early.
 - ◎ Should the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<http://www.teraokatape.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company considers the return of profits to shareholders as one of the most important management issues, and positions the continuation of stable dividends as a basic policy of returning profits. The Company's basic approach to the return of profits to shareholders is to make a decision after comprehensively taking into consideration various factors that affect the dividend level, including business performance for the fiscal year under review, financial position, cash flows, and the dividend payout ratio, in addition to future business strategy, business development policies, forecasts, and other factors, while also securing the funds for investment.

In accordance with this basic policy, the Company plans to pay a term-end dividend for the 108th fiscal year as follows.

Items Related to Term-end Dividend

- (1) Items related to the allocation of dividend property to shareholders and its total amount
6 yen per share of common stock Total of 151,997,718 yen
- (2) Effective date of distribution of surplus:
June 25, 2018

Proposal 2: Election of 8 Directors

The terms of office of all 6 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 8 Directors is proposed, an increase of 2 Directors in order to further strengthen the management system.

Regarding the policies and procedures for the determination of Director candidates, their selection and appointment are conducted by a resolution of the Board of Directors taking into comprehensive consideration of the following factors: the candidate has a deep understanding of the Company's corporate philosophy and management principles; may be expected to contribute to the further development of the Company; has the ability to accurately grasp issues in the divisions under their control and cooperate with other officers and employees to resolve issues; and possesses the attitude and knowledge to comply thoroughly with laws, regulations and the corporate ethics.

The candidates for Director are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	[Reelection] Keishiro Teraoka (November 6, 1951)	January 1986 June 1988 March 1992 June 1994 June 2000	Joined the Company Director Director; Factory Manager, Ibaraki plant Senior Managing Director; Executive General Manager, Administrative Division President and Representative Director (to present)	890,909 shares
	<p>[Reason for nomination as a candidate for Director]</p> <p>Since his appointment as President and Representative Director in 2000, Mr. Keishiro Teraoka has led the management of the Company and the group companies("the Group") with the aim of ensuring the growth of the Group businesses and enhancing corporate value, with his strong leadership based on abundant experience and wide-ranging insight as a manager of the Group in Japan and overseas over many years. Based on these knowledge and ability, the Group has judged that he will be able to appropriately perform various forms of management judgment and decision-making and execute business operations, in addition to supervising management from an objective perspective, and has thus renominated him as a candidate for Director.</p>			
2	[Reelection] Kenichi Tsuji (September 3, 1960)	April 1984 April 2010 May 2012 June 2012 June 2015 April 2017 April 2018	Joined ITOCHU Corporation Deputy General Manager, Industrial Textile & Lifestyle Department Seconded to the Company Managing Director Senior Managing Director Senior Managing Director, in charge of Sales Division, Research & Development Division and Manufacturing Division Transferred to the Company, Senior Managing Director, in charge of overall management (to present)	5,000 shares
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Kenichi Tsuji has abundant experience and achievements in sales fields in ITOCHU Corporation, and has been promoting drastic structural reforms and focused on strengthening management foundations since he was seconded to the Company. He also directed the formulation of "Teraoka 100," the Second Medium-term Management Plan, and realized a recovery in profit levels, in addition to possessing a complete knowledge of the global competitive environment surrounding the Company. Based on these knowledge and ability, the Company has judged that he will be able to appropriately perform various forms of management judgment and decision-making and execute business operations, in addition to supervising management from an objective perspective, and has thus renominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>[Reelection]</p> <p>Masakazu Naitou (September 27, 1955)</p>	<p>April 1980 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>September 2009 Joined the Company</p> <p>April 2010 General Manager, Accounting and Finance Department</p> <p>October 2011 Deputy Executive General Manager, Administrative Division; General Manager, Accounting and Finance Department</p> <p>January 2012 Deputy Executive General Manager, Administrative Division; General Manager, Corporate Planning Department; General Manager, Accounting and Finance Department</p> <p>April 2012 Executive General Manager, Administrative Division; General Manager, Corporate Planning Department; General Manager, Accounting and Finance Department</p> <p>June 2012 Director; Executive General Manager, Administrative Division; General Manager, Corporate Planning Department; General Manager, Accounting and Finance Department</p> <p>December 2013 Director; Executive General Manager, Administrative Division; Executive General Manager, PTI Business Division; General Manager, Corporate Planning Department; General Manager, Accounting and Finance Department</p> <p>April 2014 Director; Executive General Manager, Administrative Division; Executive General Manager, PTI Business Division; General Manager, Corporate Planning Department</p> <p>June 2015 Managing Director; Executive General Manager, Administrative Division; Executive General Manager, PTI Business Division; General Manager, Corporate Planning Department</p> <p>April 2017 Managing Director; in charge of Administrative Division and Corporate Planning Department</p> <p>April 2018 Managing Director; in charge of overall management, Quality Assurance Department and Corporate Planning Department (to present)</p>	10,000 shares
<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Masakazu Naitou has abundant experience, achievements, and insight regarding corporate planning, business administration, corporate governance, and overseas strategy, including having managed the administrative division of the Group and the Group's overseas production subsidiaries. Based on these knowledge and ability, the Company has judged that he will be able to appropriately perform various forms of management judgment and decision-making and execute business operations, in addition to supervising management from an objective perspective, and has thus renominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	[Newly elected] Taiji Namekawa (October 20, 1959)	April 1983 November 2009 June 2010 January 2012 January 2014 April 2015 June 2016 April 2018	Joined the Company Factory Manager, Sano plant Operating Officer; plant Manager, Sano Factory Operating Officer; Director, plant Manager, PT. Teraoka Seisakusho Indonesia Operating Officer; President and Director, PT. Teraoka Seisakusho Indonesia Operating Officer; Deputy Executive General Manager, PTI Business Division Operating Officer; President and Director, PT. Teraoka Seisakusho Indonesia (reelection) Operating Officer; General Manager, Technical Division (to present)	6,476 shares
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Taiji Namekawa has abundant experience and knowledge of production sites and deeply specialized abilities, including having participated in technical and manufacturing operations related to adhesive tapes over many years, in addition to managing overseas production subsidiaries, and subsequently exerting his efforts to stabilize a production structure. Based on these knowledge and ability, the Company has judged that he will be able to appropriately perform various forms of management judgment and decision-making and execute business operations, in addition to supervising management from an objective perspective, and has thus nominated him as a candidate for Director.</p>			
5	[Newly elected] Nobuhisa Ishizaki (January 4, 1956)	April 1980 October 2005 April 2006 December 2013 April 2016 June 2016 April 2017 April 2018	Joined the Daiwa Bank, Ltd. (currently Resona Bank, Limited.) Joined the Company General Manager, General Research & Administrative Department Deputy Executive General Manager, Administrative Division; General Manager, General Research & Administrative Department Deputy Executive General Manager, Administrative Division; General Manager, General Affairs Department Operating Officer; Deputy Executive General Manager, Administrative Division; General Manager, General Affairs Department Operating Officer; General Manager, Administrative Integration Department; General Manager, General Affairs Department Operating Officer; Executive General Manager, Administrative Division; General Manager, General Affairs Department (to present)	1,133 shares
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Nobuhisa Ishizaki has abundant experience, achievements, and insight regarding business administration and corporate governance, including having managed the administrative division of the Group and the internal audit. Additionally, he has contributed to strengthening the compliance system and the effective operation and establishment of the corporate governance of the Company, and it is determined that he significantly contributed to strengthening the internal management system which is a priority issue of the Company. Based on these knowledge and ability, the Company has judged that he will be able to appropriately perform various forms of management judgment and decision-making and execute business operations, in addition to supervising management from an objective perspective, and has thus nominated him as a candidate for Director.</p>			
6	[Newly elected] Tatsuya Kubo (November 7, 1961)	April 1985 October 2013 April 2018	Joined ITOCHU Corporation Seconded to Guangzhou GKI Car Interior Parts Co., Ltd. (Chairman and President) Seconded to the Company; Executive General Manager, Sales Division (to present)	-
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Tatsuya Kubo has abundant experience and achievements in sales fields in ITOCHU Corporation, and the knowledge of the global business management through involvement in the corporate management in China. Based on these knowledge and ability, the Company has judged that he will be able to appropriately perform various forms of management judgment and decision-making and execute business operations, in addition to supervising management from an objective perspective, and has thus nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
7	[Reelection] [Outside] Noriya Hashimoto (July 10, 1962)	April 1986 April 2015 June 2015	Joined ITOCHU Corporation General Manager, Industrial Textile & Lifestyle Department (current position) Director, the Company (to present)	710 shares
	[Significant concurrent positions] General Manager, Industrial Textile & Lifestyle Department, ITOCHU Corporation Outside Director, SAKASE ADTECH CO., LTD.			
[Reason for nomination as a candidate for External Director] Mr. Noriya Hashimoto has abundant experience and achievements in sales fields in ITOCHU Corporation, and actively provides comments and advice from the perspective of promoting management reform at meetings of the Board of Directors. The Company has judged that he is independent from the management team engaged in business execution, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company, and has thus renominated him as a candidate for Outside Director.				
8	[Reelection] [Outside] [Independent] Noriyoshi Shiraishi (March 28, 1953)	April 1997 April 2001 April 2006 April 2010 June 2015	Professor, College of Sociology, Rikkyo University Dean, College of Sociology Professor, College of Business Senior Vice President Executive Director, Rikkyo Gakuin, Incorporated Educational Institution Director, the Company (to present)	-
	[Significant concurrent positions] Executive Director, Rikkyo Gakuin, Incorporated Educational Institution Senior Vice President, Rikkyo University			
[Reason for nomination as a candidate for External Director] Mr. Noriyoshi Shiraishi has engaged in research in the field of business over many years in Rikkyo University, and has abundant experience and wide-ranging insight as an expert. The Company has judged that he is independent from the management team engaged in business execution, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company, and has thus renominated him as a candidate for External Director.				

(Notes)

1. There are no special interests between each of the candidates and the Company.
2. The number of shares of the Company held by each candidate includes shares held in the shareholding association.
3. Mr. Noriya Hashimoto and Mr. Noriyoshi Shiraishi are candidates for External Director.
4. Mr. Noriya Hashimoto is an executive at ITOCHU Corporation which has important business relationship with the Company (major trading partner).
5. The terms of office of Mr. Noriya Hashimoto and Mr. Noriyoshi Shiraishi as External Directors of the Company shall be 3 years as of the conclusion of this Annual General Meeting of Shareholders.
6. As described in the Business Report, during the terms of office of Mr. Noriya Hashimoto and Mr. Noriyoshi Shiraishi as External Directors, an inappropriate conduct related to some products of the Company was unveiled. Although both of them were unaware of the fact until it came to light, they had regularly made proposals from the viewpoint of legal compliance at the Board of Directors, etc. After the fact was unveiled, they dictated a thorough investigation into the fact and the prevention of recurrence, and have been conducting their duties properly.

Proposal 3: Election of 1 Substitute Auditor

In order to prepare for the contingency in which the number of Auditors falls below that required by laws and regulations, we propose the election of 1 Substitute Auditor.

The Board of Auditors has previously given the approval to this proposal.

The candidate for Substitute Auditor is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
[Newly elected] [Outside] Yasuaki Norikane (December 13, 1958)	April 1981 June 2004	Joined KANADEN CORPORATION General Manager, General Affairs and Personnel Division, Administration Department	-
	April 2014	Executive Officer; General Manager, General Affairs and Personnel Office	
	April 2016	Executive Officer; General Manager, Compliance Office	
	June 2017	Executive Officer; Senior General Manager, Internal Auditing Division (to present)	
[Reason for nomination as a candidate for Substitute External Auditor] Mr. Yasuaki Norikane is involved in the audit operations at KANADEN CORPORATION, and we believe that if appointed as External Auditor, he will be able to utilize his abundant experience and wide-ranging insight in the auditing operations of the Company and supervise Directors' execution of duties from an objective and fair perspective, and have thus nominated him as a candidate for Outside Auditor.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Yasuaki Norikane is a candidate for Substitute Outside Auditor.
3. If Mr. Yasuaki Norikane is appointed Auditor, the Company intends to register him as an independent auditor with Tokyo Stock Exchange, Inc.

End