

Securities identification code: 8012

June 6, 2017

To our shareholders:

Kenji Asakura
Representative Director and President
NAGASE & CO., LTD.
1-1-17, Shinmachi, Nishi-ku,
Osaka City, Osaka, Japan
5-1, Nihonbashi-Kobunacho, Chuo-ku,
Tokyo, Japan (Tokyo Head Office)

NOTICE OF THE 102ND ANNUAL SHAREHOLDERS MEETING

You are cordially invited to attend the 102nd Annual Shareholders Meeting of NAGASE & CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet. We request that you exercise your voting rights on or before 5:15 p.m. on Tuesday, June 27, 2017 after considering the following Reference Documents for the Annual Shareholders Meeting.

Meeting Details

1. **Date and time:** Wednesday, June 28, 2017 at 10:00 a.m. (Reception begins at 9:00 a.m.)
(Japan Standard Time)

2. **Venue:** Nomura Conference Plaza Nihonbashi
Large exhibition hall 6th floor, YUITO (Nihonbashi Muromachi Nomura Bldg.)
2-4-3, Nihonbashi-muromachi, Chuo-ku, Tokyo

3. **Purposes:**
Items to be reported:
 1. Business Report and Consolidated Financial Statements for the 102nd Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the 102nd Term (from April 1, 2016 to March 31, 2017)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Election of ten (10) Directors
- Proposal 3:** Election of one (1) Audit & Supervisory Board Member
- Proposal 4:** Election of one (1) substitute Audit & Supervisory Board Member

4. Other matters relating to this Notice:

Pursuant to laws and regulations and Article 14 of the Company's Articles of Incorporation, information concerning the following matters is contained on the Company's website (<http://www.nagase.co.jp/>) and consequently is not included in the provided documents.

(1) Notes to Consolidated Financial Statements

(2) Notes to Non-Consolidated Financial Statements

The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by Audit & Supervisory Board Members and the Accounting Auditor comprise Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements posted on the Company's website as well as each document attached to this Notice of the Shareholders Meeting.

5. Instructions on exercising voting rights:

Please refer to "Instructions on exercising voting rights." (Japanese only)

Reference Documents for the Shareholders Meeting

Proposal 1: Appropriation of surplus

The Company proposes the appropriation of surplus as follows:

Matters related to year-end dividends

The Company's fundamental policy is to improve earnings capacity, further enhance and strengthen its corporate character, and continuously pay stable dividends to shareholders based on consolidated financial results. The Company seeks to increase dividends per share, taking into consideration the consolidated payout ratio and the consolidated dividend on equity ratio. The Company also plans to effectively use internal reserves for future business activities and bolstering management foundations. The Company proposes the following year-end dividend for the fiscal year.

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

17 yen per common share of the Company

Total amount of dividends: 2,144,055,623 yen

(3) Effective date of distribution of dividends of surplus

June 29, 2017

Proposal 2: Election of ten (10) Directors


The terms of office of all nine Directors, Hiroshi Nagase, Reiji Nagase, Kenji Asakura, Mitsuro Naba, Osamu Morishita, Kohei Sato, Ichiro Wakabayashi, Hidenori Nishi, and Nobumasa Kemori expire at the conclusion of this meeting. Given the importance of ensuring an appropriate number of Directors, as well as the diversity of the Board of Directors, which enables productive discussions for the implementation and supervision of reforms, in order to achieve the **ACE-2020** Mid-Term Management Plan, the Company wishes to increase the number of Directors by one person, and accordingly, the proposal is for the election of ten Directors (including two outside Directors), including the re-election of nine Directors and new election of one Director.


The candidates for Directors are as follows:



No.	Name		Position and responsibility in the Company	Attendance of Board of Directors meetings	Length of service: (as of conclusion of this meeting)	Number of concurrent positions outside the Company
1	Hiroshi Nagase	[Inside Director] [Reelection]	Representative Director and Chairman	16 out of 16 (100%)	28	0
2	Reiji Nagase	[Inside Director] [Reelection]	Director and Vice Chairman	16 out of 16 (100%)	22	0
3	Kenji Asakura	[Inside Director] [Reelection]	Representative Director, President and CEO	16 out of 16 (100%)	4	0
4	Mitsuro Naba	[Inside Director] [Reelection]	Representative Director and Senior Managing Executive Officer, in charge of corporate Administration and Osaka Region	16 out of 16 (100%)	4	0
5	Osamu Morishita	[Inside Director] [Reelection]	Director and Managing Executive Officer, in charge of Hayashibara Co., Ltd., Nagase R&D Center and Manufacturing	16 out of 16 (100%)	5	0
6	Kohei Sato	[Inside Director] [Reelection]	Director and Executive Officer, in charge of Overseas Operations	16 out of 16 (100%)	2	0
7	Ichiro Wakabayashi	[Inside Director] [Reelection]	Director and Executive Officer, in charge of Sales & Marketing	16 out of 16 (100%)	2	0
8	Hidenori Nishi	[Outside Director] [Reelection] [Independent officer]	Outside Director	16 out of 16 (100%)	3	2
9	Nobumasa Kemori	[Outside Director] [Reelection] [Independent officer]	Outside Director	12 out of 12 (100%)	1	1
10	Takanori Yamauchi	[New election] [Inside Director]	(New election)	-	-	0



Notes:


1. The number of the Board of Directors meetings does not include resolutions approved in writing. The number of the Board of Directors meetings indicated with regard to attendance at meetings by Nobumasa Kemori is the number of meetings since he was elected as Director.
2. The number of concurrent positions outside the Company refers to the number of listed companies other than the Company, where the candidate holds a directorial position.


No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p data-bbox="284 338 544 360">[Inside Director] [Reelection]</p>  <p data-bbox="325 745 501 808">Hiroshi Nagase (July 18, 1949)</p> <p data-bbox="252 831 576 887">Length of service: Twenty eight years (as of conclusion of this meeting)</p> <p data-bbox="260 909 568 965">Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p data-bbox="592 338 1193 651"> April 1977 Joined the Company April 1988 General Manager of Plastics Dept. 2 June 1989 Director June 1995 Managing Director June 1997 Representative Director and Senior Managing Director June 1999 Representative Director and President June 2001 Representative Director, President and CEO April 2015 Representative Director and Chairman (present position) </p> <p data-bbox="592 689 1129 745">[Significant concurrent positions outside the Company] None</p>	2,948,495
<p data-bbox="252 1003 762 1025">Reasons for nomination as candidate for Director</p> <p data-bbox="272 1032 1417 1155">Hiroshi Nagase has exceptional knowledge and results in the plastics, electronics, and management (general) planning fields in which he has worked since joining the Company and has the character suitable as a manager of the Company. In light of his extensive experience in operations and management including serving as President from 1999 to 2015, Mr. Nagase is a candidate for reelection as a Director.</p>			


No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p data-bbox="284 338 544 365">[Inside Director] [Reelection]</p>  <p data-bbox="339 745 486 808">Reiji Nagase (June 24, 1955)</p> <p data-bbox="256 831 571 887">Length of service: Twenty two years (as of conclusion of this meeting)</p> <p data-bbox="256 909 571 965">Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p data-bbox="592 338 1190 427">April 1978 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p data-bbox="592 439 831 461">June 1994 Retired</p> <p data-bbox="592 472 959 495">July 1994 Joined the Company</p> <p data-bbox="592 506 1190 651">June 1995 Director, General Manager of Chemicals Management Office, Plastics and Industrial Materials Management Office, and Management Office and Equipment System Office</p> <p data-bbox="592 663 951 685">June 1999 Managing Director</p> <p data-bbox="592 696 1166 719">June 2001 Managing Director and Executive Officer</p> <p data-bbox="592 730 1094 786">April 2003 Managing Director and Managing Executive Officer</p> <p data-bbox="592 797 1166 819">June 2003 Director and Managing Executive Officer</p> <p data-bbox="592 831 1158 887">April 2009 Director and Senior Managing Executive Officer</p> <p data-bbox="592 898 1102 954">June 2010 Representative Director and Senior Managing Executive Officer</p> <p data-bbox="592 965 1126 1021">April 2015 Director and Vice Chairman (present position)</p> <p data-bbox="592 1043 1126 1167">[Significant concurrent positions outside the Company] Representative Director, Nagase Science and Technology Foundation Representative Director, Hayashibara Museum of ART</p>	85,896
<p data-bbox="248 1178 759 1200">Reasons for nomination as candidate for Director</p> <p data-bbox="272 1211 1358 1357">Reiji Nagase has exceptional knowledge and results in the chemical product and plastics fields in which he has worked since joining the Company and has the character suitable as a manager of the Company. In light of his outstanding operational abilities and extensive experience in operations and management gained by serving as president of a number of major manufacturing subsidiary companies of the Group, Mr. Nagase is a candidate for reelection as a Director.</p>			


No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p>[Inside Director] [Reelection]</p>  <p>Kenji Asakura (December 11, 1955)</p> <p>Length of service: Four years (as of conclusion of this meeting)</p> <p>Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p>April 1978 Joined the Company October 2006 General Manager of Automotive Solutions Dept. April 2009 Executive Officer and General Manager of Automotive Solutions Dept. June 2013 Director and Executive Officer April 2015 Representative Director, President and CEO (present position)</p> <p>[Significant concurrent positions outside the Company] None</p>	10,883
<p>Reasons for nomination as candidate for Director</p> <p>Kenji Asakura has exceptional knowledge and results in the electronics, automotive materials, and management (general) planning fields in which he has worked since joining the Company and has the character suitable as a manager of the Company. In light of his outstanding operational abilities gained through experience as General Manager of the Automotive Solutions Dept. and in other positions, Mr. Asakura is a candidate for reelection as a Director.</p>			
4	<p>[Inside Director] [Reelection]</p>  <p>Mitsuro Naba (July 1, 1954)</p> <p>Length of service: Four years (as of conclusion of this meeting)</p> <p>Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p>April 1978 Joined the Company April 2005 General Manager of Display Business Dept. April 2009 Executive Officer and General Manager of Specialty Chemicals Dept. June 2013 Director and Executive Officer April 2015 Representative Director and Managing Executive Officer April 2017 Representative Director and Senior Managing Executive Officer, in charge of corporate Administration and Osaka Region (present position)</p> <p>[Significant concurrent positions outside the Company] None</p>	12,942
<p>Reasons for nomination as candidate for Director</p> <p>Mitsuro Naba has exceptional knowledge and results in the plastics, electronics, and management (general) planning fields in which he has worked since joining the Company and has the character suitable as a part of the Company's management team. In light of his outstanding operational abilities gained through experience as General Manager of the Specialty Chemicals Dept. and in other positions, Mr. Naba is a candidate for reelection as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	<p>[Inside Director] [Reelection]</p>  <p>Osamu Morishita (January 2, 1957)</p> <p>Length of service: Five years (as of conclusion of this meeting)</p> <p>Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p>April 1979 Joined the Company</p> <p>April 2009 Executive Officer, COO of Shanghai Nagase Trading Co., Ltd.</p> <p>June 2012 Director and Executive Officer</p> <p>April 2015 Director and Managing Executive Officer</p> <p>April 2016 Director and Managing Executive Officer, in charge of Hayashibara Co., Ltd., Nagase R&D Center and Manufacturing (present position)</p> <p>[Significant concurrent positions outside the Company] None</p>	12,242
<p>Reasons for nomination as candidate for Director</p> <p>Osamu Morishita has exceptional knowledge and results in the chemical product and research and development fields in which he has worked since joining the Company and has the character suitable as a part of the Company's management team. In light of his outstanding operational abilities gained through experience as area manager of the Northeast Asia region and in other positions, Mr. Morishita is a candidate for reelection as a Director.</p>			
6	<p>[Inside Director] [Reelection]</p>  <p>Kohei Sato (March 25, 1959)</p> <p>Length of service: Two years (as of conclusion of this meeting)</p> <p>Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p>April 1981 Joined the Company</p> <p>April 2008 General Manager of Information and Functional Materials Dept.</p> <p>April 2011 Executive Officer, General Manager of Performance Chemicals Dept.</p> <p>June 2015 Director and Executive Officer</p> <p>April 2016 Director and Executive Officer, in charge of Overseas Operations (present position)</p> <p>[Significant concurrent positions outside the Company] None</p>	9,257
<p>Reasons for nomination as candidate for Director</p> <p>Kohei Sato has exceptional knowledge and results in the chemical product, electronics, and management (general) planning fields in which he has worked since joining the Company and has the character suitable as a part of the Company's management team. In light of his outstanding operational abilities gained through experience as General Manager of the Performance Chemicals Dept. and in other positions, Mr. Sato is a candidate for reelection as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	<p data-bbox="284 338 544 360">[Inside Director] [Reelection]</p>  <p data-bbox="300 745 528 768">Ichiro Wakabayashi</p> <p data-bbox="331 781 496 804">(October 25, 1957)</p> <p data-bbox="260 824 568 869">Length of service: Two years (as of conclusion of this meeting)</p> <p data-bbox="260 898 568 943">Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p data-bbox="592 338 1193 584"> April 1981 Joined the Company April 2008 General Manager of Industrial Material Dept. April 2010 Executive Officer, General Manager of Industrial Material Dept. June 2015 Director and Executive Officer April 2017 Director and Executive Officer, in charge of Sales & Marketing (present position) </p> <p data-bbox="592 622 1129 678"> [Significant concurrent positions outside the Company] None </p>	8,957
<p data-bbox="248 987 762 1010">Reasons for nomination as candidate for Director</p> <p data-bbox="272 1016 1409 1133">Ichiro Wakabayashi has exceptional knowledge and results in the plastics fields in which he has worked since joining the Company and has the character suitable as a part of the Company's management team. In light of his outstanding operational abilities gained through experience as area manager of the Southeast Asia region and in other positions, Mr. Wakabayashi is a candidate for reelection as a Director</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8	<p data-bbox="277 338 547 394">[Outside Director] [Reelection] [Independent officer]</p>  <p data-bbox="328 779 496 835">Hidenori Nishi (January 6, 1951)</p> <p data-bbox="256 864 571 916">Length of service: Three years (as of conclusion of this meeting)</p> <p data-bbox="256 943 571 994">Attendance at 16 out of 16 Board of Directors meetings (100%)</p>	<p data-bbox="592 338 1190 808"> April 1975 Joined KAGOME CO., LTD. June 2000 Director of KAGOME CO., LTD. June 2003 Director and Executive Officer of KAGOME CO., LTD. June 2005 Director and Managing Executive Officer of KAGOME CO., LTD. June 2008 Director and Senior Managing Executive Officer of KAGOME CO., LTD. April 2009 Representative Director and President of KAGOME CO., LTD. January 2014 Representative Director and Chairman of KAGOME CO., LTD. June 2014 Director of the Company (present position) March 2016 Director and Chairman of KAGOME CO., LTD. (present position) </p> <p data-bbox="592 846 1126 969"> [Significant concurrent positions outside the Company] Director and Chairman of KAGOME CO., LTD. Outside Director of Dynapac Co., Ltd. Chairman of Japan Cannery Association </p>	908
<p data-bbox="248 1032 839 1055">Reasons for nomination as candidate for outside Director</p> <p data-bbox="272 1066 1406 1211">Hidenori Nishi has been involved in management of KAGOME CO., LTD. for many years and possesses advanced knowledge and extensive experience regarding corporate management. He will use this knowledge and experience to make proposals concerning the Company's overall management from a perspective of familiarity with industry and is expected to enhance the Company's corporate governance. Accordingly, we request that Mr. Nishi be elected as an outside Director.</p>			
<p data-bbox="248 1245 831 1267">Special notes concerning candidates for outside Director</p> <p data-bbox="248 1279 1414 1402">1. Other than ownership of the Company's shares, Mr. Nishi has no personal relationships, capital relationships, business relationships, or other special relationships with the Company. Mr. Nishi is chairman of KAGOME CO., LTD., an outside director of Dynapac Co., Ltd., and chairman of the Japan Cannery Association, but the Company does not have any business relationships with these companies and organizations.</p> <p data-bbox="248 1413 1414 1626">2. Dynapac Co., Ltd., of which Mr. Nishi is an outside director, was subject to on-site inspections by the Fair Trade Commission in June and September of 2012 on the grounds of suspicion of violations of the Anti-monopoly Act in relation to cardboard box and cardboard sheet transactions, and the Fair Trade Commission made a finding of violation of Article 3 of the Anti-monopoly Act (prohibition of unreasonable restraint of trade) in June 2014. The Commission issued a cease-and-desist order and imposed fines on Dynapac. In response to this incident, Mr. Nishi has been fulfilling his responsibilities including conducting a thorough investigation to identify the causes and reinforcing the compliance system to ensure that there is no recurrence.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
9	<p data-bbox="277 338 550 394">[Outside Director] [Reelection] [Independent officer]</p>  <p data-bbox="304 779 523 837">Nobumasa Kemori (April 12, 1951)</p> <p data-bbox="264 857 563 902">Length of service: One year (as of conclusion of this meeting)</p> <p data-bbox="260 925 568 981">Attendance at 12 out of 12 Board of Directors meetings (100%)</p>	<p data-bbox="592 338 1193 394">September 1980 Joined Sumitomo Metal Mining Co., Ltd.</p> <p data-bbox="592 371 1193 427">June 2006 Director and Managing Executive Officer of Sumitomo Metal Mining Co., Ltd.</p> <p data-bbox="592 439 1193 495">June 2007 President and Representative Director of Sumitomo Metal Mining Co., Ltd.</p> <p data-bbox="592 506 1193 584">June 2013 Chairman of the Board and Representative Director of Sumitomo Metal Mining Co., Ltd.</p> <p data-bbox="592 595 1193 651">June 2016 Director and Chairman of Sumitomo Metal Mining Co., Ltd. (present position)</p> <p data-bbox="592 663 1193 696">June 2016 Director of the Company (present position)</p> <p data-bbox="592 719 1193 775">[Significant concurrent positions outside the Company] Director and Chairman of Sumitomo Metal Mining Co., Ltd.</p>	1,071
<p data-bbox="248 1014 839 1037">Reasons for nomination as candidate for outside Director</p> <p data-bbox="272 1048 1398 1196">Nobumasa Kemori has been involved in management of Sumitomo Metal Mining Co., Ltd. for many years and possesses advanced knowledge and extensive experience regarding corporate management. He will use this knowledge and experience to make proposals concerning the Company's overall management from a perspective of familiarity with industry and is expected to enhance the Company's corporate governance. Accordingly, we request that Mr. Kemori be elected as an outside Director.</p>			
<p data-bbox="248 1229 831 1252">Special notes concerning candidates for outside Director</p> <p data-bbox="272 1263 1414 1505">Mr. Kemori does not have any personal relationships, capital relationships, transactional relationships, or other interests with the Company, other than owning the Company's shares. Mr. Kemori is Chairman of Sumitomo Metal Mining Co., Ltd., and there are sales transactions between the Company and Sumitomo Metal Mining Co., Ltd., but the amount of those transactions in the fiscal year ended March 2017 was below 0.1% of the net sales of the Company, which in light of the scale of the Company's net sales, is not significant to give rise to a special relationship. Mr. Kemori is Chairman of the Japan Mining Engineering & Training Center, but the Company does not engage in any transactions with the Center, and Mr. Kemori believes that there is no likelihood of a conflict of interests with general shareholders arising from his status as an outside Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
10	<p>[Inside Director] [New election]</p>  <p>Takanori Yamauchi (September 18, 1961)</p>	<p>April 1984 Joined the Company</p> <p>April 2008 Management of Management Administration Office</p> <p>April 2013 Executive Officer and General Manager of Corporate Planning Office and Information Technology Div.</p> <p>April 2014 Executive Officer and General Manager of Human Resources & General Affairs Div.</p> <p>April 2015 Executive Officer and General Manager of Human Resources & General Affairs Div., Executive Officer of Logistics Management Div.</p> <p>April 2017 Executive Officer and General Manager of Human Resources & General Affairs Div., General Manager of BPR & Administration Div., in charge of Administration (present position)</p> <p>[Significant concurrent positions outside the Company] None</p>	9,781
<p>Reasons for nomination as candidate for Director</p> <p>Takanori Yamauchi has exceptional knowledge and results in the finance, human resources and management (general) planning fields in which he has worked since joining the Company and has the character suitable as a part of the Company's management team. In light of his outstanding operational abilities gained through experience as General Manager of Human Resources & General Affairs Div. and in other positions, Mr. Yamauchi is a candidate for election as a Director.</p>			

Notes:

1. Hidenori Nishi and Nobumasa Kemori are candidates for outside Director and is an independent officer pursuant to the regulations of financial instruments exchanges.
2. Special interests with the Company
 - (1) Candidate Reiji Nagase also serves as representative director of the Nagase Science and Technology Foundation, to which the Company makes contributions.
 - (2) Candidate Reiji Nagase also serves as representative director of the Hayashibara Museum of Art. Hayashibara Co., Ltd., a wholly owned subsidiary of the Company, makes contributions to the museum.
 - (3) There are no special interests between the other candidates and the Company.
3. Agreement limiting liability of outside Directors

Pursuant to the Articles of Incorporation, the Company has entered into an agreement with outside Directors Hidenori Nishi and Nobumasa Kemori, limiting liability to the Company for damages to a certain degree. If this resolution is approved, the Company plans to renew that agreement with Mr. Nishi under the same terms. In addition, if Nobumasa Kemori, a candidate for outside Director, is elected, the Company plans to enter into a similar agreement. A summary of the agreements is as follows:

If the Company incurs damage as a result of the failure of the outside director to perform his duties, as long as the outside Director performed his duties in good faith and without gross negligence, the liability for damage that the outside Director shall owe to the Company shall be limited to the minimum amount of liability specified in Article 425, paragraph 1 of the Companies Act.
4. The number of Board of Directors meetings does not include resolutions approved in writing. The number of Board of Directors meetings indicated with regard to attendance at meetings by Nobumasa Kemori is the number of meetings since he was elected as Director.
5. The number of shares of the Company owned by each candidate includes shares owned in the name of the NAGASE & CO., LTD. Officer Shareholding Association and NAGASE & CO., LTD. Own Share Investment Association.

Proposal 3: Election of one (1) Audit & Supervisory Board Member

The term of office of Masahiko Hamaguchi, the Audit & Supervisory Board Member, will expire at the conclusion of this meeting, and will depart from the Company, and accordingly, the proposal is for the election of one Audit & Supervisory Board Member.

The Audit & Supervisory Board has given its consent to this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
<p>[Inside Audit & Supervisory Board Member] [New election]</p>  <p>Masanori Furukawa (January 3, 1962)</p>	<p>April 1984 Joined the Company January 2008 Management of Accounting Div. April 2012 General Manager of Finance Div., General Manager of Accounting Div. April 2013 Executive Officer, General Manager of Finance Div., General Manager of Accounting Div. December 2013 Executive Officer, in charge of Hayashibara Co., Ltd. April 2017 Advisor (present position)</p> <p>[Significant concurrent positions outside the Company] None</p>	<p>6,187</p>
<p>Reasons for nomination as candidate</p> <p>Masanori Furukawa has exceptional knowledge and results in the finance and accounting fields in which he has worked since joining the Company. He also possesses extensive experience in operations and management gained at major manufacturing subsidiary companies of the Group and consequently, we determined that he will properly perform his duties. Accordingly, Mr. Furukawa is a candidate for election as External Audit & Supervisory Board Member.</p>		

Notes:

1. There are no special interests between Masanori Furukawa and the Company.
2. The number of shares of the Company owned by Masanori Furukawa includes shares owned in the name of the NAGASE & CO., LTD. Own Share Investment Association.

Proposal 4: Election of one (1) substitute Audit & Supervisory Board Member

The Company proposes to elect one (1) substitute Audit & Supervisory Board Member to prepare for a contingency in which the Company does not have the number of Audit & Supervisory Board Members required by laws and regulations.

The Audit & Supervisory Board has given its consent to this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
<p>[External Audit & Supervisory Board Member] [Reelection] [Independent officer]</p> <p>Hidekado Miyaji (February 11, 1952)</p>	<p>April 1975 Official at Income Tax Division of National Tax Agency</p> <p>July 1982 Superintendent of Mikuni Tax Office, Kanazawa Regional Taxation Bureau</p> <p>July 1987 Director of Administrative Services Bureau, Iwate Prefectural Police Headquarters</p> <p>July 1991 Consul of the Consulate General of Japan in New York</p> <p>July 1996 Director, National Tax Agency</p> <p>July 1999 Director of Second Large Enterprise Examination Department, Tokyo Regional Taxation Bureau</p> <p>July 2002 Director, Research Department, National Tax College</p> <p>August 2003 Professor, Department of Social-Human Environmentology, Daito Bunka University (present position)</p> <p>[Significant concurrent positions outside the Company] None</p>	0
<p>Reasons for nomination as candidate for substitute external Audit & Supervisory Board Member</p> <p>Hidekado Miyaji does not have direct managerial experience, but he has held a number of important posts in public service. Based on his high degree of specialization relating to taxes and corporate accounting and experience in perspective as a university professor, we determined that he will properly perform his duties as external Audit & Supervisory Board member, and we request his election.</p>		
<p>Special notes concerning candidates for substitute external Audit & Supervisory Board Member</p> <p>There is no special interest between the candidate and the Company.</p>		

Notes:

1. Hidekado Miyaji is a candidate for substitute external Audit & Supervisory Board Member, and if he is elected, the Company plans to file notice as an independent officer pursuant to the regulations of financial instruments exchanges.
2. Agreement limiting liability of substitute external Audit & Supervisory Board Members
 Agreements limiting the liability of candidate substitute external Audit & Supervisory Board Members.
 If Hidekado Miyaji, a candidate for external Audit & Supervisory Board Member, is elected, the Company plans to enter into an agreement with Mr. Miyaji pursuant to the Articles of Incorporation limiting liability to the Company for damages to a certain degree. A summary of the agreements is as follows:

 If the Company incurs damage as a result of the failure of the external Audit & Supervisory Board Member to perform his duties, as long as the external Audit & Supervisory Board Member performed his duties in good faith and without gross negligence, the liability for damage that the external Audit & Supervisory Board Member shall owe to the Company shall be limited to the minimum amount of liability specified in Article 425, paragraph 1 of the Companies Act.

1. Nagase Group business conditions

(1) Development and results of business operations

During the fiscal year, Japanese economy experienced a modest upturn overall with improved corporate performance, as well as improvements in the conditions surrounding employment and income, albeit with weak personal consumption. The global economy as a whole maintained moderate growth, while facing some concerns such as slowing economic growth in emerging countries, including China, uncertainties surrounding the economic and trade policies of the new administration in the U.S., and the UK's exit from the EU.

Under these circumstances, results during the fiscal year were domestic sales of 369.36 billion yen (up 1.7% from the previous fiscal year), overseas sales of 353.01 billion yen (down 6.9%) due to the impact of a rising yen compared to the previous fiscal year, and net sales of 722.38 billion yen (down 2.7%).

With regard to profit, as a result of the lower revenues, the gross profit was 91.5 billion yen (down 0.2%). Operating income was 15.03 billion yen (down 16.6%) mainly due to an increase in retirement benefit expense in connection with the amortization of actuarial losses. Ordinary income was 16.36 billion yen (down 11.0%). Profit attributable to owners of parent was 10.33 billion yen, down 16.1%, despite reporting Gain on sale of investment securities, as a result of reporting impairment loss in relation to business assets and lower tax expenses in conjunction with application of the consolidated taxation system from the fiscal year ending March 2017 in the previous fiscal year.

	Fiscal Year Ended	Fiscal Year Ended	Year on Year	
	March 31, 2016	March 31, 2017	(million yen)	(%)
Net sales	742,194	722,384	(19,809)	(2.7%)
Operating income	18,024	15,030	(2,993)	(16.6%)
Ordinary income	18,390	16,361	(2,028)	(11.0%)
Profit attributable to owners of parent	12,316	10,331	(1,984)	(16.1%)

Overview by Segment

<Functional Materials>

Net sales

153.5 billion yen (down 2.3% from the previous fiscal year)

The Functional Materials segment reported a slight decrease in net sales in both domestic and overseas markets.

The performance Chemicals business recorded slightly lower overall sales due to decreases in sales of coating raw materials and urethane materials centered in Japan and Greater China caused by the impact of lower naphtha prices.

The specialty chemicals business recorded slightly lower overall net sales. While sales of plastic additives and silicone materials in Americas were strong, sales decreased in other regions.

As a result, the segment recorded net sales of ¥153.54 billion, representing a ¥3.6 billion (2.3%) decrease year on year. Operating income for the segment, however, was ¥4.18 billion, representing a ¥0.5 billion (13.7%) increase. This increase was mainly due to reduced cost of raw materials procurement among the Company's domestic manufacturing subsidiaries.

<Advanced Materials & Processing>

Net sales

242.6 billion yen (down 5.0% from the previous fiscal year)

The Advanced Materials & Processing segment reported lower net sales in both domestic and overseas markets.

The colors and imaging business recorded lower net sales overall, despite increased sales of conductive materials, etc. by domestic manufacturing subsidiaries. Domestic and overseas sales of digital print processing materials such as plastic resins for packaging applications were down.

The polymer global account business, which mainly engages in sales of plastics to the office equipment, appliance, and video game device markets, reported lower overall sales. While the sales of thermoplastic resins by domestic manufacturing subsidiaries increased, revenues from Greater China and other overseas regions were lower.

As a result, net sales for the segment amounted to ¥242.6 billion, a ¥12.89 billion (5.0%) decrease. Operating income, however, increased ¥110 million (2.3%), reaching ¥5.09 billion for the period mainly due to improved product mix and implementation of cost reduction measures among the Company's domestic manufacturing subsidiaries.

<Electronics>

Net sales

127.7 billion yen (down 0.2% from the previous fiscal year)

Net sales for the Company's Electronics segment were level with the previous fiscal year overall. While sales increased in domestic market centered on manufacturing subsidiaries, overseas sales declined.

The electronic chemicals business recorded increased sales, driven by higher sales of formulated epoxy resin to the electronic components and semiconductor industries.

The electronic materials business recorded lower net sales, mainly due to lower sales of materials for touch panels and thin glass processing.

As a result, the segment recorded net sales of ¥127.72 billion, representing a ¥0.2 billion (0.2%) decrease. Operating income, however, amounted to ¥6.33 billion, which was ¥70 million (1.2%) higher. This result was due to increased profit contributed among the Company's domestic manufacturing subsidiaries.

<Automotive & Energy>

Net sales

112.9 billion yen (down 2.1% from the previous fiscal year)

The Automotive Solutions business reported a slight decrease in net sales overall. While sales in Japan increased due to higher sales of resins business, sales in overseas decreased caused by the impact of lower naphtha prices.

As a result, segment net sales amounted to ¥112.95 billion, a ¥2.39 billion (2.1%) decrease. Operating income, however, was ¥1.53 billion, representing a ¥230 million (18.4%) increase. This result was mainly due to improved gross profit ratios among the Company's domestic manufacturing subsidiaries.

<Life & Healthcare>

Net sales

84.9 billion yen (down 0.8% from the previous fiscal year)

The Life & Healthcare segment reported slightly lower overall net sales. While sales were level in Japan, revenues from Greater China and other overseas regions were lower.

The life & healthcare products business reported a slight decrease in domestic sales of TREHA and other products to the food materials industry and a decrease in overseas sales. In the skin care and toiletries field, although the business recorded lower sales of AA2G to major customers in Japan, sales of raw materials were higher in the same field in both domestic and overseas. In the pharmaceuticals and medicals fields, while sales of raw pharmaceuticals and intermediates, and significantly increased, sales of medical materials decreased. As a result, the business reported a slight decrease in overall net sales.

The beauty care products business, which includes sales of cosmetics and health foods, reported a decrease in overall net sales. Net sales growth for new products could not compensate for the sluggishness in existing product sales.

As a result, segment net sales amounted to ¥84.9 billion, which was an ¥660 million (0.8%) decrease. Operating income decreased ¥530 million (13.8%), reaching ¥3.33 billion, due to a decline in profit resulting from lower sales of cosmetics and health foods

<Other>

No special matters to disclose.

(2) Status of capital investment, etc.

During the fiscal year, the Group made 12.17 billion yen in capital investment (including intangible fixed assets), including 2.93 billion yen in capital investment by Hayashibara Co., Ltd., to stabilize supplies of functional sugar products and enhance competitiveness (in the Life & Healthcare segment).

A breakdown of capital investment amounts by segment is set forth below.

Segment	Amount (million yen)
Functional Materials	297
Advanced Materials & Processing	3,561
Electronics	1,825
Automotive & Energy	284
Life & Healthcare	4,906
Other	1,297
Total	12,173

(3) Status of capital procurement

During the fiscal year, the Group's short-term loans increased by 3.2 billion yen as a result of increases in working capital. The Group repaid 9.1 billion yen in long-term loans using cash flows from operating activities as the source of funds, and at the same time, in order to meet the demand for capital investment, etc. by Group companies in Japan, the Group procured 900 million yen in long-term loans. As a result of the above and effects from fluctuations in foreign exchange rates and other factors, the Group's interest-bearing liabilities decreased by 5.5 billion yen.

Domestic Group companies, particularly wholly owned subsidiaries, in principle do not procure capital from outside the Group, and the Company performs centralized capital management. Also, the Group cash management system has been introduced in the U.S. and China to unify capital procurement and raise capital efficiency.

(4) Status of transfers of business, absorption-type company split or corporate divisions

No relevant matters.

(5) Status of acquisition of business of other companies

No relevant matters.

(6) Status of assumption of rights and duties relating to the business of other companies through absorption-type or company split

No relevant matters.

(7) Status of acquisition or disposal of shares, other equity interests, or share options and the like of other companies

No relevant matters.

(8) Issues to be addressed

The Company sees the Long-Term Management Policy and the issues raised in the **ACE-2020** Mid-Term Management Plan as issues to be addressed and is working to raise corporate value.

Long-Term Management Policy

As we approach year 2032, our 200th anniversary, we planned Long-Term Management Policy to aim normalization of 3 times of profit of today through “Challenges for growth” and “Reinforce the management platform for growth.”

Realize a significant growth by allocating management resources to focused business and by shifting operation from Japan-centrism to multinational management system under “Challenges for growth.” To lead growth challenges to success, construct a management platform that will contribute to business expansion and globalization with “Reinforce the management platform for growth.”

Mid-Term Management Plan **ACE-2020**

To achieve our Long-Term Management Plan, we divide 17 years of its term into three and start stage 1: “Reform” as the beginning of the Mid-Term Management Plan, **ACE-2020**. **ACE-2020** stands for Accountability, Commitment and Efficiency by throughout 2020.

With **ACE-2020**, we strings all the groups together to create and provide new value to the world through 6 key functions; Trading, Manufacturing, R&D, Global Network, Logistics and Investment.

Under this plan, we will set aside 100.0 billion yen for growth investments to increase group profits. This fund will be financed as a rule through operating cash flows and interest-bearing debt. At the same time, we will ensure a stronger financial foundation and long-term, stable dividends through working capital efficiencies and asset replacement.

The following table shows the quantitative targets of **ACE-2020**:

	Targets
Consolidated Sales	1 trillion yen<
Consolidated Operating Income	30.0 billion yen<
ROE	6.0%<

* Our goal is to normalize the above target.

Framework of Mid-Term Plan

ACE-2020 enforces two kinds of reform, “Reform Profit Structure” and “Reform Corporate Culture.”

(1) Reform Profit Structure

Focused Measures (1)-1: Portfolio Optimization

Under **ACE-2020**, we divide entire businesses into 4 sectors, “Growth/Emerging,” “Focus,” “Base” and “Improvement,” focusing on growth potential, profitability and business scale, in order to gain maximum efficiency of management resources, and expand business by executing strategies for each area.

Focus Area: Life & Healthcare, Electronics

During this fiscal year, in Life & Healthcare, a “Focus” area, we expanded production facilities for functional sugar TREHA and added a new building dedicated for high potency injection drugs aimed at increasing production capacity. In Electronics, also a “Focus” area, we worked to strengthen partnerships by acquiring shares in Inkron Ltd. aimed at boosting displays, touch panels and wearables businesses.

Within the “Growth/Emerging” area, we started to cooperate with external companies. As part of this effort, we joined the IBM Research Frontiers Institute, which was established by IBM (International Business Machines Corporation”), and established a new NVC (New Value Creation) department to build a framework for accelerating the business expansion that will drive growth in the future.

Concerning the “Base” and “Improvement” areas, we sold shares of some of our subsidiaries and affiliates, integrated functions of the beauty care products business and our subsidiaries and took other measures to secure and reallocate management resources.

Focused Measures (1)-2: Expand and Strengthen Revenue Base

Under **ACE-2020**, trading and manufacturing business sector stands individual KPI and implement measures to improve each function and create new business by leveraging their functions.

Our trading business sector will further accelerate globalization through increased overseas sales, and the manufacturing business sector will pursue management stability (improvement in the break-even point) by supporting to raise “Focus” business and cost-down.

During this fiscal year, the trading business sector reviewed its regional management framework in Greater China, ASEAN and the Americas and consolidated functions at some of local subsidiaries for more streamlined control to build a framework for improving profitability.

The manufacturing business sector carried out such measures as review of the materials procurement function and utilities-related expenses, integration of the sales and development functions, to bring down the break-even point of the manufacturing business sector as a whole.

(2) Reform Corporate Culture

Focused Measures (2)-1: Build Stronger Mindset

Under **ACE-2020**, we establish four mindset concepts for creating a corporate culture in which the entire NAGASE Group is aligned toward the same goals: Build Accountability, Responsibility and Risk Awareness, Share Management’s Message, Thorough Monitoring and PDCA.

During this fiscal year, we delegated authority, changed the structures of meetings and monitoring, and worked to accelerate the PDCA cycle for action planning and implementation, in order to encourage accountability and make decisions promptly. We also took measures, such as sending our Chairman and Vice-chairman on an initiative aimed at sharing visions and values within the Group and distributing messages of the management to familiarize employees with the Mid-term management plan and share information.

Focused Measures (2)-2: Strengthen Management Platform

Under **ACE-2020**, we “Pursue Efficiency” to improve consolidated SG&A ratio by 0.5%. We also accelerate “HR Development” to increase group competitiveness and sustainable development.

During this period, we updated our investment guidelines aimed at improving investment quality, in order to select those to be subject to focused controls and strengthen the KPI monitoring system, while also establishing an M&A promotion project team, an across-the-company organization, in order to support projects and raise awareness in the entire company.

As part of measures for “Pursue Efficiency,” we launched the “Sophistication and Streamlining of the Back Office Section Routine Project,” reviewed functions and organizational structure of back office sections, and integrated some of them. As a follow-up organization for this project, we launched BPR & Administration Division to continue to streamline our back office sections.

As a part of the HR development measures, we reexamined HR policies.

(9) Changes in Assets and Profit/Loss

(Unit: million yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Net sales	723,212	759,713	742,194	722,384
Ordinary income	17,905	20,366	18,390	16,361
Profit attributable to owners of parent	11,663	11,318	12,316	10,331
Profit per share (Unit: yen)	91.86	89.10	96.96	81.65
Total asset	498,141	546,525	512,081	530,775
Net asset	251,892	287,500	279,149	295,198

Note: Amounts indicated in units of 1 million yen are rounded down to the nearest 1 million yen.

(10) Status of parent company and main subsidiaries (As of March 31, 2017)

a) Status of parent company

No applicable information.

b) Status of main subsidiaries

Company name	Capital	Percentage of voting rights held	Primary business
Hayashibara Co., Ltd.	7,500 million yen	100.0%	Development, manufacture, and sale of food raw materials, pharmaceutical raw materials, cosmetics raw materials, health foods raw materials, and functional dies
Nagase ChemteX Corporation	2,474 million yen	100.0%	Manufacture of epoxy resins, enzymes, and chemical industry products
Totaku Industries, Inc.	270 million yen	100.0%	Manufacture and sale of plastic products
Shanghai Hua Chang Trading Co., Ltd.	(thousand) RMB 19,864	70.0% (53.8%)	Sale of plastics and related products
Nagase (Hong Kong) Ltd.	(thousand) HK\$ 3,120	100.0%	Import/export, intermediate trade, market development, information collection
Nagase (Thailand) Co., Ltd.	(thousand) BAHT 321,000	100.0%	Import/export, intermediate trade, market development, information collection
Nagase Plastics Co., Ltd.	310 million yen	100.0%	Sale of plastic products
Shanghai Nagase Trading Co., Ltd.	(thousand) RMB 8,120	100.0%	Import/export, intermediate trade, market development, information collection
Nagase America Corporation	(thousand) US\$ 3,500	100.0%	Import/export, intermediate trade, market development, information collection
Nagase Chemical Co., Ltd.	60 million yen	100.0%	Sale of Coating Raw Materials, dyestuffs, industrial chemicals, chemicals for manufacturing paper, plastics, etc.

Notes:

- Figures in parentheses under percentage of voting rights held indicate indirect ownership (included in total equity holdings).
- As of the end of the fiscal year, there were no specified wholly owned subsidiaries.

(11) Main business activities (As of March 31, 2017)

The Nagase Group conducts import and export of a diverse range of products, conducts domestic transactions, and manufactures, sells, and services products.

Business Segment	Products Handled or Services Provided
Functional Materials	Paints and inks raw materials, urethane materials and auxiliaries, plastics, plastic additives, oil materials, surfactants, fluorochemicals, sealant materials, silicone materials, others
Advanced Materials & Processing	Dyestuff, pigments, functional coloring materials, information printing-related products, thermoplastic resins, thermosetting resins, conductive paints, synthetic rubber, inorganic materials, plastic materials, plastic moldings and molds and dies, inspection equipment, others
Electronics	LCD and semiconductor processing materials and equipment, display panel components and materials, semiconductor assembly materials and equipment, low-temperature vacuum equipment, high-performance epoxy resins, electronic precision abrasives, others
Automotive & Energy	Synthetic plastics, thermoplastic resins, thermosetting resins, silicone products, plastic moldings and molds, battery materials, solar cells and rechargeable battery-related components and materials, others
Life & Healthcare	Pharmaceutical and agricultural ingredients, research reagents, test chemicals, enzymes, food additives, cosmetics additives, feed and fertilizer, surfactants, radiation measuring services, cosmetics, health foods, beauty foods, others
Other	Logistics services, information processing services, vocational services, others

(12) Main Offices and Plants (As of March 31, 2017)

NAGASE & CO., LTD.	Domestic Sales Branch	Head office	Osaka Head Office (Osaka, Osaka)
		Branch	Tokyo Head Office (Chuo-ku, Tokyo), Nagoya Branch Office (Nagoya, Aichi)
		Sales branch	Sakai Sales Office (Sakai, Osaka)
	Domestic R&D Center	Nagase R&D Center (Kobe, Hyogo), Nagase Application Workshop (Amagasaki, Hyogo)	
Subsidiaries	Domestic Sales Branch	Nagase Plastics Co., Ltd. (Osaka, Osaka), Nagase Chemical Co., Ltd. (Chuo-ku, Tokyo), and others	
	Domestic Manufacturing Plant	Hayashibara Co., Ltd.: Okayama 1 st Plant, 2 nd Plant, Okayama Functional Sugar Plant, Fujita Plant and Fujita Formulation Plant (Okayama, Okayama) Nagase ChemteX Corporation: Harima Plant, (Tatsuno, Hyogo), Fukuchiyama Plant (Fukuchiyama, Kyoto), Sakai Plant (Sakai, Osaka) Totaku Industries, Inc.: Kansai Rinku Plant (Sennan, Osaka) and others	
	Domestic R&D Center	Hayashibara Co., Ltd. R&D Center (Okayama, Okayama), Nagase ChemteX Corporation R&D Center (Tatsuno, Hyogo), and others	
	Overseas Sales Branch	Shanghai Hua Chang Trading Co., Ltd., Nagase (Hong Kong) Ltd., Nagase (Thailand) Co., Ltd. Shanghai Nagase Trading Co., Ltd., Nagase America Corporation, and others	

(13) Status of employees (As of March 31, 2017)

a) Status of the Group's employees

Business Segment	Number of employees
Functional Materials	517
Advanced Materials & Processing	1,540
Electronics	1,726
Automotive & Energy	348
Life & Healthcare	1,099
Other	232
Company-wide (common)	779
Total	6,241

Notes:

1. The number of employees indicates the number of persons employed.
2. The number of employees indicated as "Company-wide (common)" refers to employees who are assigned to management divisions that cannot be categorized in a particular business segment.

b) Status of the Company's employees

Number of employees	Change from the end of the previous fiscal year	Average age	Average length of service
944	-27	40.6	14.6 years

Note: The number of employees indicates the number of persons employed.

(14) Main lenders and loan amounts (As of March 31, 2017)

Lenders	Loan Amounts
Sumitomo Mitsui Banking Corporation	13,972 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,790 million yen
Mizuho Bank, Ltd.	6,019 million yen

Note: Amounts of less than 1 million yen are rounded down.

(15) Other materials matters relating to the current state of the Corporate Group

No relevant data.

2. Matters relating to the Company's shares (As of March 31, 2017)

- | | | |
|-----|-----------------------------------|-------------|
| (1) | Total number of shares authorized | 346,980,000 |
| (2) | Total number of shares issued | 127,408,285 |
| (3) | Number of shareholders | 10,394 |
| (4) | Major shareholders (top 10) | |

Major Shareholders	Number of shares owned (thousand shares)	Holdings percentage (%)
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,836	5.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,161	4.89
Sumitomo Mitsui Trust Bank, Limited	5,776	4.58
Japan Trustee Services Bank, Ltd. (Trust Account)	4,539	3.60
Sumitomo Mitsui Banking Corporation	4,377	3.47
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,193	3.33
Nippon Life Insurance Company	3,589	2.85
Reiko Nagase	3,555	2.82
Hiroshi Nagase	2,948	2.34
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,797	2.22

Notes:

- The Company holds 1,287,366 shares of treasury stock, and holdings percentages are calculated with this quantity excluded.
- Quantities of less than 1,000 shares are rounded down.
- The number of shares owned by Hiroshi Nagase includes shares held in the name of the NAGASE & CO., LTD. Officer's Shareholding Association.

- (5) Other materials matters relating to shares

No applicable information.

3. Matters relating to share options for the Company's stock

(1) Status of share options held by the Company officers as of the end of the fiscal year

No applicable information.

(2) Status of share options granted to employees and others during the fiscal year

No applicable information.

(3) Other material matters relating to share options

No applicable information.

4. Matters relating to officers

(1) Status of the Company officers (As of March 31, 2017)

Position	Name	Areas of responsibility or profession	Significant concurrent positions outside the Company
Representative Director and Chairman	Hiroshi Nagase		
Director and Vice Chairman	Reiji Nagase		Director, Nagase Science Technology Foundation Representative Director, Hayashibara Museum of ART
Representative Director and President	Kenji Asakura		
Representative Director	Mitsuro Naba	In charge of Administration and Osaka	
Director	Osamu Morishita	In charge of Hayashibara Co., Ltd., Nagase R&D Center and Manufacturing	
Director	Kohei Sato	In charge of Overseas Business	
Director	Ichiro Wakabayashi	In charge of Sales, General Executive of Advanced Materials & Processing Segment and Electronics Segment, in charge of Manufacturing Division, Nagase Application Workshop	
Director	Hidenori Nishi		Director of Chairman of KAGOME CO., LTD. Outside Director of Dynapac Co., Ltd. Chairman of Japan Canners Association
Director	Nobumasa Kemori		Director and Chairman of Sumitomo Metal Mining Co., Ltd.
Full-time Audit & Supervisory Board Member	Kenichi Matsuki		
Full-time Audit & Supervisory Board Member	Masahiko Hamaguchi		
Full-time Audit & Supervisory Board Member	Nobuyuki Shirafuji		
Audit & Supervisory Board Member	Toshio Takano	Lawyer	Outside Corporate Auditor of Kakaku.com, Inc. Outside Corporate Auditor of Daicel Corporation Outside Corporate Auditor of FANCL CORPORATION

Notes:

1. Directors Hidenori Nishi and Nobumasa Kemori are outside directors and are independent officers pursuant to the regulations of financial instruments exchanges.

2. Full-time Audit & Supervisory Board Member Nobuyuki Shirafuji and Audit & Supervisory Board Member Toshio Takano are External Audit & Supervisory Board Members and are independent officers pursuant to the regulations of financial instruments exchanges.
3. Full-time Audit & Supervisory Board Member Nobuyuki Shirafuji has many years of experience in financial institutions and possesses considerable knowledge regarding finance and accounting.
4. Audit & Supervisory Board Member Toshio Takano has many years of experience in the legal field as an attorney and possesses considerable knowledge regarding compliance and governance.
5. Pursuant to its Articles of Incorporation, the Company has entered into agreements limiting the liability for damage specified in Article 423, Paragraph 1 of the Companies Act with Outside Directors Hidenori Nishi and Nobumasa Kemori and External Audit & Supervisory Board Members Nobuyuki Shirafuji and Toshio Takano. The maximum amount of liability pursuant to those agreements is the minimum amount of liability specified in Article 425, Paragraph 1 of the Companies Act.
6. The Company has adopted an executive officer system, and with the exception of Directors Hiroshi Nagase and Reiji Nagase and Outside Directors Hidenori Nishi and Nobumasa Kemori, all directors are also executive officers.
7. Changes in Directors and Audit & Supervisory Board Members during the fiscal year
 - (1) Appointments
Nobumasa Kemori was newly elected and appointed as Directors and Nobuyuki Shirafuji was newly elected and appointed as an Audit & Supervisory Board Member at the 101st ordinary general meeting of shareholders held on June 29, 2016.
 - (2) Resignations
Director Hiroshi Hanamoto and Audit & Supervisory Board Member Hideo Yamashita resigned effective as of the conclusion of the 101st Annual Shareholders Meeting held on June 29, 2016.
 - (3) Changes in status or areas of responsibility of directors during the fiscal year
The areas of responsibility of Directors as of April 1, 2016 were as set forth below.

Position	Name	New	Old
Representative Director	Mitsuro Naba	In charge of Administration and Osaka	In charge of corporate Administration
Director	Osamu Morishita	In charge of Hayashibara Co., Ltd., Nagase R&D Center and Manufacturing	General Executive of Life & Healthcare Segment, in charge of Hayashibara Co., Ltd., Nagase R&D Center, Osaka region
Director	Kohei Sato	In charge of Overseas Business	General Executive of Functional Materials Segment, Automotive & Energy Segment, in charge of America and Europe
Director	Ichiro Wakabayashi	In charge of Sales, General Executive of Advanced Materials & Processing Segment and Electronics Segment, in charge of Manufacturing Division, Nagase Application Workshop	General Executive of Advanced Materials & Processing Segment, in charge of Asia, CEO of ASEAN, India and Korea

Position	Name	New	Old
Director	Hiroshi Hanamoto		General Executive of Electronics Segment, in charge of Manufacturing Division, Nagase Application Workshop and Manufacturing

<Reference>

1. The areas of responsibility of directors as of April 1, 2017 were as set forth below.

Position	Name	New	Old
Director	Mitsuro Naba	In charge of corporate Administration and Osaka region	In charge of Administration and Osaka region
Director	Ichiro Wakabayashi	In charge of Sales	In charge of Sales, General Executive of Advanced Materials & Processing Segment and Electronics Segment, in charge of Manufacturing Division, Nagase Application Workshop

2. Status of executive officers (excluding executive officers who are also directors)

Executive officers were elected on April 1, 2017, and their areas of responsibility are as set forth below.

Status	Name	Areas of responsibility
Managing Executive Officer	Akihiko Isono	In charge of Nagase ChemteX Corporation
Executive Officer	Katsuhisa Yamaguchi	Greater China CEO
Executive Officer	Mitsuru Kanno	Nagase (Europa) GmbH CEO
Executive Officer	Takanori Yamauchi	General Manager of Human Resources & General Affairs Division and BPR & Administration Division, in charge of Administration
Executive Officer	Masatoshi Kamada	General Manager of Electronic Materials Department
Executive Officer	Satoru Morita	General Manager of Intellectual Property Office and Officer in charge of support of management for affiliated manufacturing companies
Executive Officer	Naoki Yasuba	General Executive of Life & Healthcare Segment and Life & Healthcare Products Department
Executive Officer	Masaya Ikemoto	General Manager of Automotive & Energy Segment and Automotive Solutions Department and Manager of Nagoya Branch
Executive Officer	Yasuhiro Mihara	General Executive of Functional Materials Segment and Specialty Chemicals Department
Executive Officer	Takahiro Okumura	General Manager of Electronic Chemicals Department
Executive Officer	Kusuo Ota	General Executive of Advanced Materials & Processing Segment, and Colors & Advanced Processing Dept., in charge of Manufacturing Division, Nagase Application Workshop
Executive Officer	Hiroyuki Ueshima	General Manager of Corporate Planning Division
Executive Officer	Koichi Sagawa	General Executive of Polymer Global Account Dept.

(2) Total remuneration paid to Directors and Audit & Supervisory Board Members

Status	Number	Amount	Remuneration Limit decided by the Resolutions of Annual Shareholders Meeting
Director	11	354 million yen	450 million yen annually (Resolution of Meeting on June 24, 2015)
Audit & Supervisory Board Member	5	73 million yen	80 million yen annually (Resolution of Meeting on June 28, 2006)
Total	16	427 million yen	

Notes:

- Included in the above is 48 million yen in total remuneration paid to the six outside directors.
- The total amount paid to directors indicated above includes 79 million yen which is reported as an expense of accrued bonuses for directors during the fiscal year.
- In addition to the above, 31 million yen in employee salaries was paid to directors who also serve as employees.
- The amount of remuneration indicated above includes remuneration paid to two directors and one Audit & Supervisory Board Member who resigned effective as of the conclusion of the 101st Annual Shareholders Meeting of shareholders held in June 29, 2016.
- Policy on determination of officer remuneration amounts

Remuneration paid to officers other than outside Directors and outside External Audit & Supervisory Board Members comprises base remuneration and performance-linked remuneration (bonuses) and is calculated in accordance with the Officer Remuneration Rules and determined by resolution of the Board of Directors. With regard to performance-linked remuneration (bonuses), a base payment amount is determined based on performance during the relevant period and reflects individual assessment performed in accordance with a target management system.

In addition, the Officer Compensation Committee investigates the suitability of remuneration levels and systems and reports to and submits information to the Board of Directors to enhance the objectivity and transparency of the officer remuneration determination process.

(3) Matters relating to outside officers

a) Main concurrent positions and relationship with the Company

Status	Name	Significant concurrent positions outside the Company	Special Relationship with the Company
Outside Director	Hidenori Nishi	Chairman of KAGOME CO., LTD.	No special relationship
		Outside Director of Dynapac Co., Ltd.	No special relationship
		Chairman of Japan Cannery Association	No special relationship
Outside Director	Nobumasa Kemori	Director and Chairman of Sumitomo Metal Mining Co., Ltd.	The Company sells products to and engages in other transactions with Sumitomo Metal Mining Co., Ltd.
External Audit & Supervisory Board Member	Toshio Takano	Outside Corporate Auditor of Kakaku.com, Inc.	No special relationship
		Outside Corporate Auditor of Daicel Corporation	The Company sells products to and engages in other transactions with Daicel Corporation.
		Outside Corporate Auditor of FANCL CORPORATION	No special relationship

b) Relationships with main trading partners and other special-interest businesses

No applicable information.

c) Main business activities during the fiscal year

Status	Name	Main Business Activities
Outside Director	Hidenori Nishi	Attended 16 of 16 Board of Directors meetings held during the business year (attendance rate: 100%) and presented opinions, gave advice, and made other statements as appropriate from a perspective of familiarity with industry.
	Nobumasa Kemori	Attended 12 of 12 Board of Directors meetings held since June 29, 2016 when he took office (attendance rate: 100%) and presented opinions, gave advice, and made other statements as appropriate from a perspective of familiarity with industry.
External Audit & Supervisory Board Member	Nobuyuki Shirafuji	Attended 12 of 12 Board of Directors meetings held since June 29, 2016 when he took office (attendance rate: 100%) and all 12 meetings of the Audit & Supervisory Board held since June 29, 2016 when he took office (attendance rate: 100%) presented opinions, gave advice, and made other statements as appropriate based on broad insight by making use of many years of overseas experience in financial institutions.
	Toshio Takano	Attended 16 of 16 Board of Directors meetings held during the business year (attendance rate: 93%) and all 16 meetings of the Audit & Supervisory Board held during the business year (attendance rate: 100%) and presented opinions, gave advice, and made other statements as appropriate from a professional perspective as an attorney.

Note: The number of Board of Directors meetings indicated above does not include resolutions adopted in writing.

5. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Summary of Liability Limiting Agreement

The Company has not entered into a liability limiting agreement specified in Article 423, Paragraph 1 of the Companies Act with its accounting auditor.

(3) Amount of remuneration paid to Accounting Auditor during the fiscal year

	Amount of remuneration (million yen)
Amount of remuneration, etc. paid by the Company to accounting auditor in relation to business specified in Article 2, Paragraph 1 of the Certified Public Accountants Act	95
Amount of remuneration, etc. paid by the Company to accounting auditor in relation to business other than that specified above	0
Total remuneration, etc. paid by the Company and its consolidated subsidiaries to accounting auditor	140

Notes:

1. The accounting agreement between the Company and the accounting auditor does not distinguish between audit remuneration for audits performed pursuant to the Companies Act and audits performed pursuant to the Financial Instruments and Exchange Act and remuneration cannot practically be categorized in this manner, and accordingly, the total amount is reported as remuneration, etc. paid to the accounting auditor during the business year.
2. The Audit & Supervisory Board receives materials necessary for investigating the amount of the accounting auditor's remuneration from relevant internal divisions, directors, Accounting Auditor, and so on, receives explanations from the accounting auditor of a summary of the accounting plan for the relevant fiscal year, audit times for each audit item, and so on, and based on the results of its confirmation of the audit plans for prior years and implementation of those plans determined that the remuneration, etc. paid to the accounting auditor is appropriate and gave its consent pursuant to Article 399, Paragraph 1 of the Companies Act.

(4) Details of duties other than audits

Non-audit services includes advisory services in relation to tax returns.

(5) Status of audits of financial statements of the Company's main subsidiaries by Certified Public Accountants or Audit Firms other than the Company's Accounting Auditor

Of the Company's primary subsidiaries, three overseas subsidiaries including Nagase (Hong Kong) Ltd. and Nagase (Thailand) Co., Ltd. were audited by certified public accountants or an audit firm (including persons with corresponding qualifications in a foreign country) other than the Company's accounting auditor.

(6) Policy on determination to dismiss or not to reappoint Accounting Auditor

In addition to dismissal of the accounting auditor by the Audit & Supervisory Board as specified in Article 340 of the Companies Act, if the Company determines that it would be difficult for the accounting auditor to properly perform its duties because of a violation of laws and regulations by the accounting auditor, the occurrence of events that impair the accounting auditor's qualifications or independence, and so on or if the Company determines that changing the accounting auditor would be suitable for enhancing the appropriateness of audits, the Company's policy is to propose at the Shareholders Meeting to dismiss or not to reappoint the accounting auditor.

- (7) Matters relating to orders for suspension of operations received by the Accounting Auditor in the past two years

Details of order for suspension of operations issued by the Financial Services Agency on December 22, 2015

- a) Subject of penalty

Ernst & Young ShinNihon LLC

- b) Details of penalty

Prohibition of conducting business in relation to new agreements executed during the three months from January 1 to March 31, 2016

- c) Reasons for the penalty

False statements made through the negligence of employees

Substantial impropriety in accounting audit operations

6. Company systems and policies

(1) Systems for Ensuring the Proper Implementation of Business and Status of Operation of those Systems

Summary of resolution on systems for ensuring the proper implementation of business (internal control systems)

The Company's Board of Directors adopted a resolution on basic policy for creating internal control systems entitled "Creation of Systems to Ensure that Directors Perform their Duties in Accordance with Laws and Regulations and the Articles of Incorporation and Other Systems Specified by Ministry of Justice Ordinance Necessary for Ensuring the Proper Implementation of Business by a Stock Corporation and the Corporate Group Comprising that Corporation and its Subsidiaries." Details of the policy are set forth below. Based on this basic policy, the Company will ensure the appropriateness of its business operations and conduct ongoing reviews and continuous improvement in order to appropriately reinforce governance systems even further in light of changes in the Company's business environment.

a) Systems to Ensure that Directors and Employees Perform their Duties in Accordance with Laws and Regulations and the Articles of Incorporation

Based on its long-standing management principle of "recognizing that the Company is a member of society and acting in good faith," the Company established a Risk and Compliance Committee, established a Compliance Basic Policy, and created systems for ensuring that all officers and employees including those of Group companies conduct corporate activities in accordance with the Nagase Group Compliance Code of Conduct in order to create and maintain compliance systems. The Risk and Compliance Committee is made up of multiple directors and employees, and the members make all determinations relating to risk management and compliance in accordance with their consciences. When necessary, the Committee engages outside experts and works to prevent violations of laws and regulations and the Articles of Incorporation. If an employee becomes aware of a problem such as a legal violation within the Company or a Group company, the employee immediately reports to and consults with a supervisor or the relevant division and then reports to the Risk and Compliance Committee, and the Committee immediately reports to the Board of Directors and the Audit & Supervisory Board and its members. In addition, a hotline has been created under the internal reporting system to enable officers and employees including those of Group companies to directly report and consult. Furthermore, awareness regarding legal compliance among officers and employees including those of Group companies is raised by conducting courses taught by outside experts and through other means, and efforts are made to disseminate information regarding management principles.

b) Systems for retaining and managing information relating to the performance of duties by directors

Information relating to the performance of duties by directors is recorded on paper or electromagnetically in accordance with internal rules and is retained and managed. Directors and Audit & Supervisory Board members can access and view these documents at any time.

c) Rules relating to management of loss-related risks and other systems

The Board of Directors established the Risk and Compliance Committee as the organization that performs comprehensive management relating to loss-related risks for the Company and Group companies, determined the committee's responsibilities and authority, and created a system that clarifies its roles and responsibilities. Under this system, each responsible division establishes rules and guidelines, conducts training, prepares and distributes manuals, and takes other measures concerning individual risks relating to the business activities of the Company and Group companies. When new risks arise, the responsible division is promptly designated, and when an incident occurs within the Group, information is promptly and appropriately conveyed and emergency procedures are implemented as necessary.

d) Systems for ensuring the efficient execution of duties by directors

The Board of Directors is clearly positioned as the decision-making body regarding management policies and strategies and the body that oversees the execution of business operations as the foundation for ensuring that directors efficiently perform their duties. The Board of Directors holds regular monthly meetings as well as extraordinary meetings when necessary. With regard to the performance of business in accordance with the decisions of the Board of Directors, organizational operations rules and divisions of work responsibilities

established under an executive officer system specify responsible parties, their responsibilities, and procedures for carrying out those responsibilities.

- e) Systems for ensuring the proper conduct of business by the corporate group comprising a stock company and its subsidiaries

In principle, the Company dispatches officers to Group companies and ensures the proper conduct of business by those companies by establishing operational standards and establishing a system that requires approval from or reporting to the Company before Group companies make decisions on certain matters. Under the Mid-term management plan and a system of annual budgets, clear targets are set and budget and results management is performed for the Company and each Group company. In order to enhance the reliability of financial reports, the status of internal controls companywide as well as the process for preparing financial statements have been codified in light of the Financial Instruments and Exchange Act and evaluation and improvement efforts are made on a consolidated basis.

The Company performs Group-wide risk management with the Risk and Compliance Committee mentioned above playing a central role. Important matters relating to Group-wide compliance are discussed and decisions are made based on deliberations and determinations regarding issues relating to implementation and countermeasures addressing those issues.

- f) Matters pertaining to employees when Audit & Supervisory Board members request the appointment of employees to assist them in the performance of their duties

Upon request from Audit & Supervisory Board members, in order to ensure the effectiveness of audits performed by those members, the Company appoints employees to assist those members in the performance of their duties. Such employees are assigned to the Audit Office.

- g) Matters pertaining to ensuring the independence of employees specified in the preceding item from directors and ensuring the effectiveness of instructions from Audit & Supervisory Board members

In order to ensure the independence of the employees specified in the preceding paragraph from the directors, when such employees are transferred, evaluations are conducted, and so on, prior consultations are conducted with Audit & Supervisory Board members and their opinions are sought. In addition, efforts are made to ensure the effectiveness of instructions to such employees, adequately taking into consideration the selection of such employees and the period for which they will work supporting the performance of duties by Audit & Supervisory Board members.

- h) Systems for directors and employees to report to Audit & Supervisory Board members and other systems for reporting to Audit & Supervisory Board members

Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings, exchange opinions with managers, review requests for decisions, reports, and so on so that they can understand the status of operations of the Company and Group companies at all times. Furthermore, the directors, employees, and so on of the Company and Group companies can report to Audit & Supervisory Board and its members regarding the following matters individually or through the Risk Compliance Committee or the Board of Directors as necessary.

- i. Improper conduct, violations of laws and regulations or the Articles of Incorporation, or other compliance-related issues regarding the performance of duties by directors;
- ii. Facts that pose a risk of substantial harm to the Company;
- iii. Disclosure of material information; and
- iv. Facts reported to internal reporting systems and other matters.

Detrimental treatment of persons who make reports is prohibited in cases where a report is made by a Company director or employee directly to a Company Audit & Supervisory Board member. This information is distributed throughout the Group and is clearly stated within internal reporting systems.

i) Other systems to ensure that audits are conducted effectively by Audit & Supervisory Board members

In order to raise awareness and understanding of the importance and usefulness of audits by Audit & Supervisory Board members, the representative directors and the outside directors hold periodic meetings for the exchange of opinions with Audit & Supervisory Board members. There are also systems that allow for close collaboration and mutual support among the accounting auditor, Audit Office, and Audit & Supervisory Board members of affiliated companies so that Audit & Supervisory Board members can efficiently and effectively perform audit operations. When advice is sought from attorneys, certified public accountants, and other outside professionals or expenses are requested for outsourcing investigations, appraisals, or other administrative tasks so that the Audit & Supervisory Board or its members can perform audits, the Company may not refuse such requests except when the expenses relating to a request are not necessary for the performance of duties by the Audit & Supervisory Board or its members.

Overview of the Status of Implementation of Systems for Ensuring Proper Implementation of Business

An overview of the status of implementation of systems for ensuring the proper implementation of business is set forth below.

- a) Systems to ensure that directors and employees perform their duties in accordance with laws and regulations and the Articles of Incorporation

The Company established a Basic Compliance Policy setting forth a code of conduct with which all officers and employees must comply, conducts all business activities in accordance with the Nagase Group Compliance Code of Conduct, and complies with laws and regulations and the Articles of Incorporation.

In addition, a hotline has been created and is appropriately operated under the internal reporting system to enable officers and employees including those of Group companies to directly report and consult.

Courses and other programs contributing to legal compliance are conducted as necessary for officers and employees including the officers and employees of Group companies.

- b) Systems for retaining and managing information relating to the performance of duties by directors

Board of Directors meeting minutes, Shareholders Meeting minutes, requests for decisions, and other documents are managed by the respective responsible divisions, and a system is in place that allows directors and Audit & Supervisory Board members to view them at any time.

- c) Rules relating to management of loss-related risks and other systems

With regard to organizations that perform comprehensive management of loss-related risks, the Risk and Compliance Committee was established and in principle meets twice annually. The Risk and Compliance Committee was established to create and maintain compliance systems in accordance with the management principle of “recognizing that the Company is a member of society and acting in good faith,” and a system has been established to define the functions and authority of the Committee and clarify its roles and responsibilities. Under this system, each responsible division responds to individual risks relating to the business activities of the Company and each Group company, and when new risks arise, the responsible division is promptly designated, and when an incident occurs within the Group, information is promptly and appropriately conveyed and emergency measures are implemented as necessary.

- d) Systems for ensuring the efficient execution of duties by directors

The Board of Directors is positioned as the decision-making body regarding management policies and strategies and the body that oversees the execution of business operations. The Board of Directors holds regular monthly meetings and meets a total of 16 times annually (not including resolutions approved in writing). With regard to the performance of business in accordance with the decisions of the Board of Directors, organizational operations rules and divisions of work responsibilities established under an executive officer system specify responsible parties and their responsibilities, and business is efficiently executed in accordance with those rules.

- e) Systems for ensuring the proper conduct of business by the corporate Group comprising a stock company and its subsidiaries

Operational standards have been established between the Company and its Group companies, and a system has been established that requires approval from a reporting to the Company after Group companies make decisions on certain matters. In addition, decision-making authority and responsibilities are clarified by the operational standards and the Company dispatches officers to Group companies to ensure the proper and efficient conduct of business. Under the Mid-term management plan and a system of annual budgets, clear targets are set and budget and results management is performed for the Company and each Group company. Furthermore, the status of internal controls Companywide as well as the process for preparing financial statements has been codified in light of the Financial Instruments and Exchange Act and evaluation and improvement efforts are made on a consolidated basis.

The Company also performs Group-wide risk management using risk management tables, and important matters relating to Group-wide compliance are discussed and decisions are made based on deliberations and determinations regarding issues relating to implementation and countermeasures addressing those issues.

- f) Matters pertaining to employees when Audit & Supervisory Board members request the appointment of employees to assist them in the performance of their duties

In order to ensure the effectiveness of audits performed by Audit & Supervisory Board members, the Company has appointed two employees to from Audit Office, the internal audit department.

- g) Matters pertaining to ensuring the independence of employees specified in the preceding item from directors and ensuring the effectiveness of instructions from Audit & Supervisory Board members

In order to ensure the independence of the employees specified in the preceding paragraph from the directors, when such employees are transferred, evaluations are conducted, and so on, prior consultations are conducted with Audit & Supervisory Board members and their opinions are sought. In addition, efforts are made to ensure the effectiveness of instructions to such employees, adequately taking into consideration the selection of such employees and the period for which they will work supporting the performance of duties by Audit & Supervisory Board members.

- h) Systems for directors and employees to report to Audit & Supervisory Board members and other systems for reporting to Audit & Supervisory Board members

By creating a system that enables Audit & Supervisory Board members to review requests for decision, reports, and so on while attending meetings of the Board of Directors and other important meetings, and conducting discussions with managers, systems have been established to enable them to understand the overall status of operations of the Company and Group companies. Furthermore, the directors, employees, and so on of the Company and Group companies can report to Audit & Supervisory Board and its members regarding the matters specified above in h) (i) to (iv), Systems to Ensure that Directors and Employees Perform their Duties in Accordance with Laws and Regulations and the Articles of Incorporation, individually or through the Risk Compliance Committee or the Board of Directors as necessary. Detrimental treatment of persons who make reports is prohibited in cases where a report is made by a Company director or employee directly to a Company Audit & Supervisory Board member. This information is distributed throughout the Group and is clearly stated within the Compliance Consultation Hotline Rules that have been established.

- i) Other systems to ensure that audits are conducted effectively by Audit & Supervisory Board members

Audit & Supervisory Board members meet with the representative directors, the outside directors, the accounting auditor, employees from the Audit office, and Audit & Supervisory Board members of affiliated companies, and systems are in place for the efficient and effective performance of audit operations. When advice is sought from attorneys, certified public accountants, and other outside professionals or expenses are requested for outsourcing investigations, appraisals, or other administrative tasks so that Audit & Supervisory Board or its members can perform audits, requests may be made to the Company except when the expenses relating to a request are not necessary for the performance of duties by Audit & Supervisory Board or its members.

In principle, Audit & Supervisory Board creates budgets in accordance with annual audit plans and submits requests to the Company.

- (2) Basic Policy on the Ideal Status of Persons with Control over Decision-making Regarding the Company's Financial and Business Policies

- a) Details of Basic Policy

Since the Company is listed, its shareholders are in principle determined through free trading of shares, and the Company believes that the final decision on whether a proposal for large-scale purchasing conduct that involves a transfer of control over the Company will be agreed to should be made according to the intent of individual shareholders. It is from this perspective that the Company believes that enhancing the corporate value of the Company is the Company's duty, and determination of who will control the Company's policies on finance and business should not be determined by the Company.

The Company believes, however, that occasionally situations arise in the market whereby the value of the Company, which makes good-faith efforts to enhance its corporate value, is not properly assessed. Some

large-scale purchase conduct involving the Company's shares may seek to capitalize on the situation and based on its objectives, may seek only short-term gains at the expense of the Company's corporate value and the common interests of its shareholders.

The Company believes that persons who conduct such large-scale purchase conduct that would harm the corporate value of the Company and the common interests of its shareholders are not appropriate as persons who control determination of the Company's policies on finances and business.

b) Structures that contribute to carrying out the basic policy

In order to carry out the Basic Policy discussed above, the Company has adopted a Long-Term Management Policy looking ahead to 2032, when the Company will commemorate 200 years since its foundation, and the ACE-2020 Mid-Term Management Plan covering five years starting in April 2016, while working to increase our corporate value. The essentials of the Long-Term Management Policy involve challenges for growth and reinforce the management platform for growth. By investing management resources in priority fields and shifting away from business that is reliant on Japan, the Company will take on the challenge to grow with the aim of achieving dramatic growth that cannot be achieved only by extending its existing business, and will reinforce the management foundations that support growth with the aim of building foundations that can contribute to the expansion and globalization of business for the purpose of leading the challenge to grow to a successful conclusion. In order to achieve the objectives of the Long-Term Management Policy, the Company has divided the 17-year period from the 2016 fiscal year into three stages, with the five years from fiscal 2016 to 2020 as Stage 1, positioned as a period of reform, and launched the ACE-2020 Mid-Term Management Plan ("ACE" stands for Accountability, Commitment, and Efficiency).

Under the ACE-2020 Mid-Term Management Plan, we will shift from trading-company oriented thinking to viewing a trading-company as one group function; make maximum use of manufacturing, research, overseas networks, logistics, and investment; and strive to work together as a unified group to create and provide new value to the world. The essentials of the ACE-2020 Mid-Term Management Plan are two reforms comprised of reform of the profit structure and reform of the corporate culture. The prioritized measures for reforming the profit structure will be to optimize the portfolio and expand and strengthen revenue base. The prioritized measures for reforming the corporate culture will be to comprehensively develop mindsets and strengthen management platform. Growth investment as a means of increasing earnings will be set at 100 billion yen, and funds exceeding cash flows from business activities will be procured primarily through interest-bearing bonds, while increased efficiency in the use of operating capital and replacement of assets will support a stronger financial foundation and stable dividends over the long term.

As discussed above, we will elevate management efficiency and transparency while building harmonious relationships with shareholders, customers, trading partners, employees, regional communities, and other stakeholders in order to move toward an improvement of our corporate value.

c) Measures to prevent control of the Company's financial and business policies by a person who is inappropriate in light of the basic policy

A response policy concerning large-scale purchase conduct regarding the Company's shares (takeover defense measures) (referred to as the "Plan") was renewed pursuant to a resolution of the Board of Directors adopted at a meeting held on May 23, 2016 and a resolution of the 101st Annual Shareholders Meeting held on June 29, 2016, as a means of preventing control of the Company's financial and business policies by a person who is inappropriate in light of the basic policy discussed above. The effective term of the Plan is until the conclusion of the Company's Annual Shareholders Meeting to be held in 2019.

In the case where large-scale purchase conduct is conducted, under the Plan, the large-scale purchaser is requested to submit information regarding the large-scale purchase conduct in advance, and the Company will secure a period to gather information and investigate the large-scale purchase conduct and for management to present a plan or alternative proposal to the shareholders, conduct negotiations with the large-scale purchaser, and take other measures with the aim of securing and enhancing the Company's corporate value and the common interests of its shareholders.

If the large-scale purchaser does not follow those procedures, defensive measures (allotment of share options without contribution) can be taken upon approval by the Board of Directors or the general Shareholders

Meeting. If those defensive measures are initiated, it is possible that a large-scale purchaser who does not comply with the procedures will incur some detriment including economic losses as a result. On the other hand, if the large-scale purchaser does follow the procedures, defensive measures shall in principle not be implemented, but if a determination is made that the large-scale purchase conduct is contrary to securing and enhancing the Company's corporate value and the common interests of its shareholders, the defensive measures (allotment of share options without contribution) may be implemented.

For the specific details of the Plan, please refer to the May 23, 2016 news release entitled "Response Policy Concerning Large-Scale Purchase Conduct regarding the Company's Shares (Takeover Defense Measures)" (<http://www.nagase.co.jp/assetfiles/tekijikaiji/20160523.pdf>).

Note: Prior to expiration of the Plan's effective term, on May 23, 2016, the Board of Directors adopted a resolution to partially revise the details of the Plan and to renew the basic policy concerning large-scale purchase conduct regarding the Company's shares subject to the approval of shareholders at this Annual Shareholders Meeting.

For details, please refer to the Proposed Resolution 5: Renewal of Response Policy Concerning Large-Scale Purchase Conduct regarding the Company's Shares (Takeover Defense Measures) (see page 13).

d) Decisions of the Board of Directors concerning specific measures and reasons for those decisions

The Company's long-term business policy, and ACE-2020 Mid-Term Management Plan discussed in b) above were adopted as specific policies for continuously and sustainably enhancing the Company's corporate value and the common interests of its shareholders and are not intended to maintain the positions of the Company's officers.

The Plan discussed in c) above was introduced as a means of preventing control of the Company's financial and business policies by a person who is inappropriate in light of the Company's basic policy for the purpose of securing and enhancing the Company's corporate value and the common interests of its shareholders. In addition, an independent committee will be established as an advisory body to eliminate any arbitrary decisions by the Board of Directors and to ensure that objective and practical decisions are made on behalf of shareholders with regard to the implementation of defensive measures. The decisions of the Board of Directors will give maximum deference to the recommendations of the independent committee, and when defensive measures are implemented, the intent of shareholders may be confirmed depending on the circumstances, and those decisions are not intended to maintain the positions of the Company's officers.

(3) Policy on Decisions concerning Distribution of Surplus

The Company's basic policy is to continuously pay stable dividends to shareholders based on consolidated financial results while raising earnings capacity and further reinforcing the Company's business structures, and the Company works to raise the payout ratio per share, taking into consideration the consolidated payout ratio and the ratio of dividends to consolidated net assets. The Company will also effectively use internal reserves of funds for future business activities and to reinforce the management platform.

Consolidated Financial Statements
 Consolidated Balance Sheets (As of March 31, 2017)

(Amount less than 1 million yen is rounded down)

ASSETS	(million yen)
Current assets	321,215
Cash and time deposits	39,830
Notes and accounts receivable	206,846
Merchandise and finished goods	58,162
Work in process	1,309
Raw materials and supplies	3,648
Deferred tax assets	2,375
Other	9,681
Less allowance for doubtful accounts	(638)
Non-current assets	209,559
Property, plant and equipment	67,619
Buildings and structures	24,032
Machinery, equipment and vehicles	15,376
Land	21,939
Other	6,271
Intangible fixed assets	40,742
Goodwill	23,034
Technology-based assets	13,791
Other	3,916
Investments and other assets	101,197
Investments in securities	94,548
Long-term loans receivable	482
Net defined benefit asset	1
Deferred tax assets	1,524
Other	4,930
Less allowance for doubtful accounts	(289)
Total assets	530,775

LIABILITIES	(million yen)
Current liabilities	166,494
Notes and accounts payable	102,076
Short-term loans	28,162
Current portion of long-term loans	3,522
Current portion of bonds	10,000
Accrued income taxes	1,849
Deferred tax liabilities	37
Accrued bonuses for employees	4,512
Accrued bonuses for directors	171
Other	16,161
Long-term liabilities	69,082
Bonds	20,000
Long-term loans	20,078
Deferred tax liabilities	13,503
Liability for retirement benefits	14,625
Other	874
Total liabilities	235,576
NET ASSETS	
Shareholders' equity	239,674
Common stock	9,699
Capital surplus	11,590
Retained earnings	219,721
Less treasury stock, at cost	(1,337)
Accumulated other comprehensive income (loss)	50,542
Net unrealized holding gain on securities	47,683
Deferred (loss) gain on hedges	4
Translation adjustments	3,129
Retirement benefit liability adjustments	(274)
Non-controlling interests	4,981
Total net assets	295,198
Liabilities and net assets	530,775

Consolidated Statements of Income (April 1, 2016 – March 31, 2017) (Amount less than 1 million yen is rounded down)

	Amount	
	(million yen)	(million yen)
Net sales		722,384
Cost of sales		630,881
Gross profit		91,503
Selling, general and administrative expenses		76,472
Operating income		15,030
Non-operating income		
Interest income	195	
Dividend income	1,616	
Rent income	296	
Equity in earnings of affiliates	217	
Other	589	2,915
Non-operating expenses		
Interest expenses	1,032	
Foreign exchange losses	79	
Other	473	1,584
Ordinary income		16,361
Extraordinary gains		
Gain on sale of non-current assets	239	
Gain on sale of investment securities	2,006	
Subsidy income	314	
Other	79	2,639
Extraordinary losses		
Loss on sale of non-current assets	60	
Loss on disposal of non-current assets	227	
Loss on reduction of non-current assets	290	
Impairment loss	1,398	
Loss on sale of investment securities	25	
Loss on valuation of investment securities	106	
Loss on sales of shares of subsidiaries and associates	290	
Other	500	2,901
Profit before income taxes		16,100
Income taxes - current	5,020	
Income taxes - deferred	417	5,437
Profit		10,662
Profit attributable to non-controlling interests		330
Profit attributable to owners of parent		10,331

Consolidated Statement of Change in Net Assets (April 1, 2016 – March 31, 2017)

(Amount less than 1 million yen is rounded down)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance, beginning of period	9,699	11,615	213,572	(230)	234,657
Changes					
Cash dividends			(4,050)		(4,050)
Profit attributable to owners of parent			10,331		10,331
Purchase of treasury stock				(1,107)	(1,107)
Disposal of treasury stock		0		0	0
Changes in parent's ownership interest due to transactions with non-controlling interests		(25)			(25)
Change in resulting from merger with unconsolidated subsidiaries			0		0
Change of scope of equity method			(132)		(132)
Changes other than shareholders' equity accounts (net)					
Total changes	-	(25)	6,149	(1,107)	5,016
Balance, end of period	9,699	11,590	219,721	(1,337)	239,674

	Accumulated other comprehensive income (loss)					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred (loss) gain on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, beginning of period	37,074	(9)	4,411	(2,169)	39,305	5,185	279,149
Changes							
Cash dividends							(4,050)
Profit attributable to owners of parent							10,331
Purchase of treasury stock							(1,107)
Disposal of treasury stock							0
Changes in parent's ownership interest due to transactions with non-controlling interests							(25)
Change in resulting from merger with unconsolidated subsidiaries							0
Change of scope of equity method							(132)
Changes other than shareholders' equity accounts (net)	10,609	14	(1,281)	1,895	11,236	(204)	11,032
Total changes	10,609	14	(1,281)	1,895	11,236	(204)	16,049
Balance, end of period	47,683	4	3,129	(274)	50,542	4,981	295,198

Non-Consolidated Balance Sheets (As of March 31, 2017)

(Amount less than 1 million yen is rounded down)

	Amount
ASSETS	(million yen)
Current assets	207,881
Cash and time deposits	24,843
Notes receivable - trade	4,603
Electronically recorded monetary claims - operating	8,436
Accounts receivable	131,287
Merchandise	16,772
Goods in transit	1,375
Deferred tax assets	990
Short-term loans receivable from subsidiaries and affiliates	18,793
Other	5,782
Less allowance for doubtful accounts	(5,004)
Non-current assets	178,707
Property, plant and equipment	15,304
Buildings	4,539
Structures	706
Machinery and equipment	335
Tools, furniture and fixtures	1,256
Land	8,302
Other	164
Intangible assets	2,239
Software	2,086
Other	153
Investments and other assets	161,162
Investment securities	84,336
Shares of subsidiaries and affiliates	37,195
Investments in capital of subsidiaries and affiliates	4,729
Long-term loans receivable from subsidiaries and affiliates	39,292
Claims provable in bankruptcy, claims provable in rehabilitation and other	202
Other	534
Less allowance for doubtful accounts	(5,128)
Deferred assets	56
Bond issuance cost	56
Total assets	386,644

	Amount
LIABILITY	(million yen)
Current liabilities	125,844
Notes payable - trade	398
Electronically recorded obligations - operating	1,581
Accounts payable - trade	73,788
Short-term loans payable	8,501
Current portion of long-term loans payable	2,668
Current portion of bonds	10,000
Accounts payable - other	4,312
Income taxes payable	666
Deposits received	20,608
Accrued bonuses for employees	1,243
Other	2,073
Long-term liabilities	66,814
Bond	20,000
Long-term loans payable	19,809
Deferred tax liabilities	18,431
Provision for retirement benefits	8,292
Other	281
Total liabilities	192,658
NET ASSETS	
Shareholders' equity	146,885
Common stock	9,699
Capital surplus	9,634
Legal capital surplus	9,634
Other capital surplus	0
Retained earnings	128,888
Legal retained earnings	2,424
Other retained earnings	126,463
Reserve for special depreciation	2
Reserve for reduction entry	2,897
General reserve	95,510
Retained earnings brought forward	28,053
Treasury shares	(1,337)
Valuation and translation adjustments	47,101
Valuation difference on available-for-sale securities	47,101
Deferred gains or losses on hedges	0
Total net assets	193,986
Liabilities and net assets	386,644

Non-Consolidated Statements of Income (April 1 2016 – March 31, 2017)

(Amount less than 1 million yen is rounded down)

	Amount	
	(Million yen)	(Million yen)
Net sales		423,845
Cost of sales		394,658
Gross profit		29,186
Selling, general and administrative expenses		30,010
Operating income (loss)		(824)
Non-operating income		
Interest income	634	
Dividend income	4,560	
Rent income	652	
Foreign exchange gains	303	
Other	713	6,864
Non-operating expenses		
Interest expenses	550	
Amortization of bond issuance cost	24	
Cost of lease revenue	130	
Other	246	952
Ordinary income		5,088
Extraordinary income		
Gain on sales of non-current assets	11	
Gain on sales of investment securities	2,006	
Gain on sales of shares of subsidiaries and associates	1,754	
Reversal of provision for loss on guarantees	75	3,847
Extraordinary losses		
Loss on sales of non-current assets	31	
Loss on disposal of non-current assets	86	
Loss on sales of investment securities	24	
Loss on valuation of investment securities	62	
Loss on valuation of shares of subsidiaries and associates	202	
Provision of allowance for doubtful accounts for subsidiaries and associates	2,027	
Settlement package	290	2,726
Profit before income taxes		6,209
Income taxes - current	2,583	
Income taxes - deferred	(1,071)	1,511
Profit		4,697

Non-Consolidated Statement of Change in Net Assets (April 1 2016 – March 31, 2017)

(Amount less than 1 million yen is rounded down)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings	
					Reserve for special depreciation	Reserve for reduction entry	General reserve	Retained earnings brought forward		
Balance, beginning of period	9,699	9,634	-	9,634	2,424	200	2,916	95,510	27,189	128,241
Changes										
Reversal of reserve for special depreciation						(197)			197	-
Reversal of reserve for reduction entry							(19)		19	-
Cash dividends									(4,050)	(4,050)
Profit									4,697	4,697
Purchase of treasury stock										
Disposal of treasury stock			0	0						
Changes other than shareholders' equity accounts (net)										
Total changes	-	-	0	0	-	(197)	19	-	864	646
Balance, end of period	9,699	9,634	0	9,634	2,424	2	2,897	95,510	28,053	128,888

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance, beginning of period	(230)	147,345	36,851	(9)	36,841	184,187
Changes						
Reversal of reserve for special depreciation		-				-
Reversal of reserve for reduction entry		-				-
Cash dividends		(4,050)				(4,050)
Profit		4,697				4,697
Purchase of treasury stock	(1,107)	(1,107)				(1,107)
Disposal of treasury stock	0	0				0
Changes other than shareholders' equity accounts (net)			10,249	10	10,260	10,260
Total changes	(1,107)	(460)	10,249	10	10,260	9,799
Balance, end of period	(1,337)	146,885	47,101	0	47,101	193,986

NAGASE Management Philosophy

We recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

NAGESE Vision

To realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, Identify, Develop and Expand thorough daily activities.

NAGASE Group Slogan

Bringing it all together