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(Stock Exchange Code 3433)
June 3, 2016

To Shareholders with Voting Rights:

Noriyuki Mifune
President
TOCALO Co., Ltd.
13-4, Fukaekita-machi 4-chome,
Higashinada-ku, Kobe

NOTICE OF
THE 65TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are cordially invited to attend the 65th Annual General Meeting of Shareholders of TOCALO Co., Ltd. (the "Company"). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5 p.m. on June 23, 2016, Japan time.

1. **Date and Time:** Friday, June 24, 2016, at 10 a.m. Japan time

2. **Place:** "Kairaku" Meeting Room on the Main Building B1 floor of KOBE PORTOPIA HOTEL, located at 10-1, 6-chome, Minatojima Nakamachi, Chuo-ku, Kobe

3. **Meeting Agenda:**

Matters to be reported:
1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company's 65th Fiscal Year (April 1, 2015–March 31, 2016)
2. Results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements for the Company's 65th Fiscal Year (April 1, 2015–March 31, 2016)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of One (1) Director
Proposal 4: Election of Four (4) Auditors
Proposal 5: Election of the Accounting Auditor
Proposal 6: Determination of the Remuneration for Auditors

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Should the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (http://www.tocalo.co.jp).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Proposed appropriation of surplus for the 65th fiscal year is as follows:

Year-end dividends

The Company considers the returning of profits to be one of the most important managerial measures and makes it a basic policy to maintain the stable payment of dividends by reinforcing the corporate structure through the enhancement of earning capacity, while implementing the performance-based distribution of profits.

The year-end dividends for the fiscal year under review are proposed as follows.

1) Type of property for dividends
   Cash

2) Allotment of property for dividends and total amount thereof
   ¥37.50 per share of the Company's common stock
   Total amount: ¥569,958,450
   Combined with the interim dividend of ¥37.50 per share, which was already paid, the annual dividend will be ¥75 per share.

3) Effective date of distribution of surplus
   June 27, 2016

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendment
   (1) To reinforce the Company's auditing system, it is proposed to change the number of Auditors from not more than four to not more than five by so amending Article 28 (Number of Auditors) of the current Articles of Incorporation.
   (2) The Act for Partial Revision of the Companies Act (Act No. 90 of 2014), which took effect as of May 1, 2015, has enabled the conclusion of an agreement for limitation of liability with an Auditor who is not an Outside Auditor. Accordingly, it is proposed to partially amend the provision of Article 35 (Limitation of Liability of Auditors) so that Auditors can fulfill their expected roles.

2. Details of the amendment
   Details of the amendment are as follows:

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed amendment
(Number of Auditors) Article 28 The Company shall have not more than <u>four (4)</u> Auditors.	(Number of Auditors) Article 28 The Company shall have not more than <u>five (5)</u> Auditors.
Article 29 to 34 (Omitted)	Article 29 to 34 (Omitted)
(Limitation of Liability of Auditors) Article 35 2) In accordance with Article 427, Paragraph 1, of the Companies Act, the Company may enter into agreements with <u>Outside Auditors</u> to limit their liability for damages caused by negligence in executing their duties. However, the liability for damages under said agreement shall be limited to the amount stipulated by law.	(Limitation of Liability for Auditors) Article 35 2) In accordance with Article 427, Paragraph 1, of the Companies Act, the Company may enter into agreements with <u>Auditors</u> to limit their liability for damages caused by negligence in executing their duties. However, the liability for damages under said agreement shall be limited to the amount stipulated by law.

Proposal 3: Election of One (1) Director

Director Hiroyuki Kitaaki will resign from office as of the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of one (1) Director is proposed.

Dr. Masayuki Yoshiba is a candidate for Director to fill a vacancy created by the resigning Director Hiroyuki Kitaaki. Therefore, the candidate's term of office will be until the expiration of the term of other Director currently in office, in accordance with the Company's Articles of Incorporation.

The candidate for Director is as follows:

Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
Masayuki Yoshiba (February 28, 1951)	April 1985	Received a Doctoral Degree of Engineering from Tokyo Metropolitan University	0
	April 1999	Professor, Tokyo Metropolitan University, Graduate School of Engineering (majored in mechanical engineering)	
	April 2005	Professor, Tokyo Metropolitan University, Faculty of Urban Liberal Arts (School of Science and Engineering, Department of Mechanical Engineering)	
	April 2006	Professor, Tokyo Metropolitan University, Graduate School of Science and Engineering (majored in mechanical engineering)	
	March 2016	Retired from Tokyo Metropolitan University (to present)	

(Notes)

1. There are no special interests between Dr. Masayuki Yoshiba and the Company. Dr. Yoshiba is newly nominated for Director.
2. Dr. Yoshiba is a candidate for Outside Director.
3. Dr. Yoshiba was selected as a candidate for Outside Director because we believe his considerable experience and expertise in mechanical engineering accumulated by long engaging in research in that field as a professor at Tokyo Metropolitan University make him capable of performing the duties of an Outside Director of the Company.
4. If Dr. Masayuki Yoshiba assumes the office of Outside Director, the Company will conclude an agreement to limit the liability for damages as set forth in Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability under said agreement will be the amount stipulated by law.
5. Dr. Masayuki Yoshiba satisfies the requirements for independent officers prescribed by Tokyo Stock Exchange, Inc. The Company therefore plans to notify said Exchange that Dr. Yoshiba is an independent officer.

Proposal 4: Election of Four (4) Auditors

The terms of office of all four (4) Auditors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of four (4) Auditors is proposed.

This proposal has received the prior approval of the Board of Auditors.

The candidates for Auditor are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
1*	Hiroyuki Kitaaki (August 1, 1952)	April 1976 April 1993 June 2007 June 2013	Joined the Company Division Manager, Sales Division, Akashi Plant Director; Assistant General Manager, Sales Division Managing Director; General Manager, Sales Division (to present)	42,800
2	Yoshio Namba (October 3, 1951)	April 1977 March 2006 April 2006 April 2012 June 2014	Joined Kobe Steel, Ltd. Retired from Kobe Steel, Ltd. Joined the Company; Division Manager, R&D Laboratories Division Manager, Corporate Planning Division Full-time Auditor of the Company (to present)	2,200
3*	Toshihiko Yoshida (August 6, 1955)	April 1978 April 2004 June 2007 October 2007 June 2008 April 2009 June 2012	Joined Taiyo-Kobe Bank Limited (currently Sumitomo Mitsui Banking Corporation) General Manager of Kobe Corporate Business Office III of Sumitomo Mitsui Banking Corporation General Manager, Corporate Planning Department of, Sanyo Special Steel Co., Ltd. (temporarily transferred) General Manager, Internal Inspection Department of Sanyo Special Steel Co., Ltd. (temporarily transferred) Transferred to Sanyo Special Steel Co., Ltd. General Manager, General Administration Department of Sanyo Special Steel Co., Ltd. Corporate Auditor of Sanyo Special Steel Co., Ltd. (to present)	0
4	Takuya Nakata (January 21, 1952)	April 1970 July 2007 July 2010 July 2012 August 2012 August 2012 June 2015	Joined Osaka Regional Taxation Bureau District Director, Tennoji Tax Office District Director, Sumiyoshi Tax Office Retired from the same Registered as Certified Public Tax Accountant Established Nakata Takuya Accountant Office Outside Auditor of the Company (to present)	0

(Notes)

1. There are no special interests between each candidate for Auditor and the Company. An asterisk (*) indicates a new candidate for Auditor.
2. Mr. Toshihiko Yoshida and Mr. Takuya Nakata are candidates for Outside Auditor.
3. (1) Mr. Toshihiko Yoshida was selected as a candidate for Outside Auditor because we believe his significant experience and knowledge in corporate audits acquired through the experience as a Standing Auditor of a listed company make him capable of performing the auditing duties as an Auditor of the Company.
   (2) Mr. Takuya Nakata was selected as a candidate for Outside Auditor because he has served as an Outside Auditor of the Company for one year, and we believe his considerable experience as a Certified Public Tax Accountant and professional expertise in financial and accounting matters makes him capable of performing the auditing duties of an Auditor of the Company.
4. Mr. Takuya Nakata will have served as an Outside Auditor of the Company for one (1) year at the conclusion of this General Meeting of Shareholders.
5. The Company has an agreement with Mr. Nakata to limit the liability as set forth in Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability under said agreement will be the amount stipulated by law. If the election of Mr. Yoshida is approved, the Company will conclude the same agreement with him.
   In addition, if the election of Mr. Hiroyuki Kitaaki and Mr. Yoshio Namba is approved and Proposal 2 is approved as originally proposed, the Company will conclude the same agreement with each of them.

6. Mr. Nakata has been registered as an independent officer as set forth by Tokyo Stock Exchange, Inc. Mr. Yoshida satisfies the requirements for independent officers as set forth by said Exchange, and therefore the Company intends to notify said Exchange that he is an independent officer.
7. Mr. Yoshida is from Sumitomo Mitsui Banking Corporation ("SMBC"), but he retired therefrom in June 2008. As of the end of March 2016, the Company's loans payable to SMBC were less than 0.5% of the Company's total consolidated assets. In addition, Mr. Yoshida has been with Sanyo Special Steel Co., Ltd. ("Sanyo") since he retired from SMBC. (Currently, he is a Corporate Auditor of Sanyo and plans to retire therefrom upon the conclusion of its general meeting of shareholders to be held on June 28, 2016.) Although the Company has business transactions with Sanyo, including sales of surface treatment to Sanyo and purchases of materials from Sanyo, the Company's sales to Sanyo for the fiscal year ended March 31, 2016, accounted for less than 0.2% of the Company's consolidated net sales, whereas the amount of the Company's purchases from Sanyo accounted for less than 0.1% of Sanyo's consolidated net sales. For these reasons, the Company's business relationship with Sanyo does not affect the independence of Mr. Yoshida as an Outside Auditor of the Company.

Proposal 5: Election of the Accounting Auditor

The term of office of the Company's Accounting Auditor, Ernst & Young ShinNihon LLC, will expire and retire at the conclusion of this General Meeting of Shareholders. It is therefore proposed to elect a new Accounting Auditor.

This proposal is based on the decision made by the Company's Board of Auditors.

The candidate for Accounting Auditor is as follows.

(As of March 31, 2016)

Name	PricewaterhouseCoopers Kyoto
Offices	Principal offices: Kyoto: Kyoto Mitsui Building, 7th Floor Shijo-dori Karasuma, Higashi iru, Naginata Bokocho 8, Shimogyo-ku, Kyoto Tokyo: World Trade Center Building, 5th Floor 2-4-1 Hamamatsu-cho, Minato-ku, Tokyo
History	March 2007 Established March 2013 Became a member firm of PricewaterhouseCoopers International Limited
Profile	Capital: ¥302 million Staffing: 25 partners 98 CPAs 52 assistant CPAs 93 others 268 in total Number of clients: 223

Note: The Company's Board of Auditors selected PricewaterhouseCoopers Kyoto as the candidate for Accounting Auditor, because we judge that the candidate is expected to perform audits from a new perspective, considering the extended period of service of the current Accounting Auditor; that it has the professional expertise, independence and appropriateness required for the Company's Accounting Auditor; and that it has a system in operation for ensuring the appropriate and adequate performance of accounting audits of the Company.

Proposal 6: Determination of the Amount of Remuneration for Auditors

The aggregate amount of remuneration for the Company's Auditors was approved to be within ¥60 million per year at the 55th Annual General Meeting of Shareholders held on June 22, 2006, which is still in effect.

To prepare for reinforcement of the Company's auditing system in the near future, we have presented Proposal 2 to increase the number of Auditors from not more than four (4) to not more than five (5). Currently, the Company has four Auditors, which will remain unchanged as presented in Proposal 4, subject to the approval thereof. To reinforce the auditing system, however, we plan to change the configuration of the Board of Auditors from two full-time and two part-time Auditors to three full-time and one part-time Auditors at a meeting of the Board of Auditors to be held after the conclusion of this General Meeting of Shareholders. Taking this into account, it is proposed to increase the amount of remuneration for Auditors to not more than ¥100 million per year.

End