



May 11, 2016

Company Name: USHIO INC.
Name and Title of Representative:
Kenji Hamashima
President and Chief Executive Officer
(Code Number: 6925,
the first section of the Tokyo Stock Exchange)
Name and Title of Contact Person:
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Notice Regarding Partial Amendments to Articles of Incorporation

USHIO INC. (USHIO) hereby announces that, at the Board of Directors meeting held today, it was resolved that a proposal for the partial amendments to the Articles of Incorporation would be submitted to the 53rd Annual General Meeting of Shareholders to be held on June 29, 2016 as follows.

1. Reason for the amendments

- (1) As separately disclosed in the “Notice Regarding the Transition to a Company with Audit and Supervisory Committee” dated March 28, 2016, as part of its efforts to reinforce corporate governance to ensure the transparency and efficiency of corporate management and realize speedy and resolute decision making, USHIO has decided to transition to a Company with an Audit and Supervisory Committee in order to further strengthen the supervisory function of the Board of Directors on condition that approval is obtained at the 53rd Annual General Meeting of Shareholders to be held on June 29, 2016. Accordingly, provisions concerning the Directors who are the Audit and Supervisory Committee Members and the Audit and Supervisory Committee will be newly established and amendments such as deletion of provisions concerning Audit and Supervisory Board Members and Audit and Supervisory Board will be made, and article numbers will also be adjusted.
- (2) To enable flexible responses for the operation of the Board of Directors meeting, a convener and chairperson of the Board of Directors meeting described in Article 23 (Convener and Chairperson of Board of Directors Meeting) of the current Articles of Incorporation will be changed to a Director who will be predetermined by the Board of Directors.
- (3) In association with a change in the scope of Directors with whom an agreement limiting liabilities may be entered into as a result of the amendment of the Companies Act, Article 26 (Exemption of Directors’ Liabilities), Paragraph 2 of the current Articles of Incorporation will be amended and it will be prescribed that an agreement limiting liabilities may be entered into with Non-Executive Directors so that Non-Executive Directors can fully play their expected role. The consent of each Audit and Supervisory Board Member has been obtained for such amendments.
- (4) The amendment for verbal correction and etc..

2. Details of amendments

The details of amendments are as described in the attachment.

3. Schedule

Date of the General Meeting of Shareholders to be held for amendments to Articles of Incorporation: June 29, 2016 (Wed.)

Effective date for amendments to Articles of Incorporation: June 29, 2016 (Wed.)

Attachment

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter I. General Provisions</p> <p>Articles 1 through 3 (Omitted)</p> <p>Article 4 (Organization) The Company shall establish the following organizations, in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) <u>Audit and Supervisory Board Members;</u> (3) <u>Audit and Supervisory Board ; and</u> (4) <u>Financial Auditors.</u></p> <p>Article 5 (Omitted)</p> <p style="text-align: center;">Chapter II. Shares</p> <p>Articles 6 through 11 (Omitted)</p> <p style="text-align: center;">Chapter III. General Meeting of Shareholders</p> <p>Articles 12 through 17 (Omitted)</p> <p style="text-align: center;">Chapter IV. Directors and Board of Directors</p> <p>Article 18 (Number of Directors) The Company shall have not more than <u>fifteen (15)</u> Directors. (Newly established)</p> <p>Article 19 (Method of Election) (Newly established)</p> <p>1. The resolution for the election of Directors shall be adopted by a majority of the voting rights represented by the shareholders present at the meeting where the shareholders holding one-third (1/3) or more of voting rights of the shareholders who are entitled to exercise their votes are present.</p> <p>2. Cumulative voting shall not be used for the purpose of election of Directors.</p> <p>Article 20 (Term of Office) The term of office of a Director shall expire at the close of the Annual General Meeting of Shareholders for the last business year ending within one (1) year from his or her election. (Newly established)</p>	<p style="text-align: center;">Chapter I. General Provisions</p> <p>Articles 1 through 3 (Not amended)</p> <p>Article 4 (Organization) The Company shall establish the following organizations, in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) <u>Audit and Supervisory Committee; and</u> (Deleted) (3) <u>Financial Auditors.</u></p> <p>Article 5 (Not amended)</p> <p style="text-align: center;">Chapter II. Shares</p> <p>Articles 6 through 11 (Not amended)</p> <p style="text-align: center;">Chapter III. General Meeting of Shareholders</p> <p>Articles 12 through 17 (Not amended)</p> <p style="text-align: center;">Chapter IV. Directors and Board of Directors</p> <p>Article 18 (Number of Directors) 1. The Company shall have not more than <u>twelve (12) Directors (excluding those who are Audit and Supervisory Committee Members).</u> 2. <u>The Company shall have not more than five (5) Directors who are Audit and Supervisory Committee Members</u></p> <p>Article 19 (Method of Election) 1. Directors shall be elected at a General Meeting of Shareholders by separating Directors who are Audit and Supervisory Committee Members and other Directors. 2. (Not amended)</p> <p>3. (Not amended)</p> <p>Article 20 (Term of Office) 1. The term of office of a Director <u>(excluding those who are Audit and Supervisory Committee Members)</u> shall expire at the close of the Annual General Meeting of Shareholders for the last business year ending within one (1) year from his or her election. 2. <u>The term of office of a Director who is an Audit and Supervisory Committee Member</u></p>

Current Articles of Incorporation	Proposed amendments
<p>(Newly established)</p>	<p><u>shall expire at the close of the Annual General Meeting of Shareholders for the last business year ending within two (2) years from his or her election.</u></p> <p>3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member and elected to fill a vacancy of a Director who is Audit and Supervisory Committee Member and retired prior to the expiration of the term of office shall be by the time when the term of office of the retired Director who was an Audit and Supervisory Committee Member expires.</u></p>
<p>Article 21 (Omitted)</p>	<p>Article 21 (Not amended)</p>
<p>Article 22 (Convocation of Board of Directors Meeting)</p> <ol style="list-style-type: none"> 1. To convene a Board of Directors meeting, a notice of convocation shall be dispatched to each Director <u>and each Audit and Supervisory Board Members</u> at least three (3) days prior to the date of such meeting; provided, however, that such notice period may be shortened in case of emergency. 2. A Board of Directors meeting may be convened without following the procedures for convocation if all Directors <u>and Audit and Supervisory Board Members</u> give their consent. 	<p>Article 22 (Convocation of Board of Directors Meeting)</p> <ol style="list-style-type: none"> 1. To convene a Board of Directors meeting, a notice of convocation shall be dispatched to each Director at least three (3) days prior to the date of such meeting; provided, however, that such notice period may be shortened in case of emergency. 2. A Board of Directors meeting may be convened without following the procedures for convocation if all Directors give their consent.
<p>Article 23 (Convenor and Chairperson of Board of Directors Meeting)</p> <ol style="list-style-type: none"> 1. Unless otherwise provided for in the laws or regulations, <u>the President of the Board</u> shall convene and preside over the Board of Directors meeting. 2. If <u>the President of the Board</u> is unable to preside over any such meeting, another Director shall take his or her place in the order predetermined by the Board of Directors. 	<p>Article 23 (Convenor and Chairperson of Board of Directors Meeting)</p> <ol style="list-style-type: none"> 1. Unless otherwise provided for in the laws or regulations, <u>a Director who has been predetermined by the Board of Directors</u> shall convene and preside over the Board of Directors meeting. 2. If <u>the Director described in the preceding Paragraph</u> is unable to preside over any such meeting, another Director shall take his or her place in the order predetermined by the Board of Directors.
<p>(Newly established)</p>	<p><u>Article 24 (Delegation of Decisions on Execution of Important Operations)</u></p> <p><u>The Board of Directors may delegate all or part of decisions on the execution of important operations (excluding matters listed in Items of Article 399-13, Paragraph 5 of the Companies Act) to Directors by its resolution, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act.</u></p>
<p>Articles <u>24</u> and <u>25</u> (Omitted)</p>	<p>Articles <u>25</u> and <u>26</u> (Not amended)</p>
<p>Article <u>26</u> (Exemption of Directors' Liabilities)</p> <ol style="list-style-type: none"> 1. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the 	<p>Article <u>27</u> (Exemption of Directors' Liabilities)</p> <ol style="list-style-type: none"> 1. (Not amended)

Current Articles of Incorporation	Proposed amendments
<p>Company may, by resolution of the Board of Directors, exempt a Director (including a former Director) from liabilities for damages as a result of neglect his or her duties to the extent permitted by laws and regulations.</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an <u>Outside Director</u> to limit the liabilities for damages as a result of neglect his or her duties; provided, however, that the limit of liability under such agreement shall be the amount prescribed by laws and regulations.</p>	<p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with a <u>Director (excluding a Director who is an Executive Director, etc.)</u> to limit the liabilities for damages as a result of neglect his or her duties; provided, however, that the limit of liability under such agreement shall be the amount prescribed by laws and regulations.</p>
<p><u>Chapter V. Audit and Supervisory Board Members and Audit and Supervisory Board</u></p>	<p>(Deleted)</p>
<p><u>Article 27 (Number of Audit and Supervisory Board Members)</u></p> <p><u>The Company shall have not more than six (6) Audit and Supervisory Board Members.</u></p>	<p>(Deleted)</p>
<p><u>Article 28 (Method of Election)</u></p> <p><u>The resolution for the election of Audit and Supervisory Board Members shall be adopted by a majority of the voting rights represented by the shareholders present at the meeting where the shareholders holding one-third (1/3) or more of voting rights of the shareholders who are entitled to exercise their votes are present</u></p>	<p>(Deleted)</p>
<p><u>Article 29 (Term of Office)</u></p> <p>1. <u>The term of office of an Audit and Supervisory Board Member shall expire at the close of the Annual General Meeting of Shareholders for the last business year ending within four (4) years from his or her election.</u></p> <p>2. <u>The term of office of an Audit and Supervisory Board Member elected to fill a vacancy of an Audit and Supervisory Board Member who retired prior to the expiration of the term of office shall be by the time when the term of office of the retired Audit and Supervisory Board Member expires.</u></p>	<p>(Deleted)</p>
<p><u>Article 30 (Full-Time Audit and Supervisory Board Member)</u></p> <p><u>The Audit and Supervisory Board shall elect full-time Audit and Supervisory Board Members by its resolution.</u></p>	<p>(Deleted)</p>
<p><u>Article 31 (Convocation of Audit and Supervisory Board Meeting)</u></p> <p>1. <u>To convene an Audit and Supervisory Board meeting, a notice of convocation</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter VI. Accounting</p> <p>Articles <u>34</u> through <u>36</u> (Omitted)</p> <p style="text-align: center;">(Newly established) (Newly established)</p>	<p><u>these Articles of Incorporation, matters pertaining to the Audit and Supervisory Committee shall be subject to the Audit and Supervisory Committee Rules established by the Audit and Supervisory Committee.</u></p> <p style="text-align: center;">Chapter VI. Accounting</p> <p>Articles <u>30</u> through <u>32</u> (Not amended)</p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1 (Transitional Measures for Exemption of Audit and Supervisory Board Members' Liabilities)</u></p> <p><u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit and Supervisory Board Member (including a former Audit and Supervisory Board Member) from liabilities for damages as a result of neglect his or her duties prior to the close of the 53rd Annual General Meeting of Shareholders to the extent permitted by laws and regulations.</u></p>

*In the Proposed amendments above, the articles of verbal correction without practically amending content are omitted.