

*Translation: Please note that the following purports to be an accurately translated excerpt of the original Japanese version prepared for the convenience of investors outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.*

Stock Exchange Code: 3105  
June 6, 2018

Dear Shareholders:

**Nisshinbo Holdings Inc.**  
2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo  
Masaya Kawata  
President and Director

## **Notice of Convocation of The 175th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 175th Ordinary General Meeting of Shareholders of Nisshinbo Holdings Inc. (the “Company”).

**If you are unable to attend the aforesaid meeting, you can exercise your votes through either of the methods stated below. The Company respectfully requests you to study the “Reference Document Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 5:00 p.m. (JST) June 27, 2018 (Wednesday):**

**[In case of exercising voting rights by mail]**

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval to the items on the agenda, and return the form to be received by the Company by mail on or before the time limit stated above.

**[In case of exercising voting rights via the Internet]**

Please log in and indicate whether you approve or disapprove the items on the agenda by the time limit stated above upon making reference to “Procedures for exercising voting rights by the Internet” (though available for Japanese resident shareholders only).

### **PARTICULARS**

**1. Date and Time of the Meeting:**

Thursday, June 28, 2018 at 10:00 a.m.

**2. Place of the Meeting:**

Large Conference Room, 7th Floor, Head Office of the Company at 2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo, Japan

**3. Matters to be dealt with at the Meeting:**

**Matters to be Reported:**

1. Report on the Business Report, the Consolidated Financial Statements for the 175th Fiscal Year (from April 1, 2017 to March 31, 2018) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Report on the Non-Consolidated Financial Statements for the 175th Fiscal Year (April 1, 2017 to March 31, 2018).

**Matters to be Resolved:**

**First Item of Business:** Partial Amendment to the Articles of Incorporation

**Second Item of Business:** Election of Ten (10) Directors

**Third Item of Business:** Election of One (1) Substitute Audit & Supervisory Board Member

**Fourth Item of Business:** Determination of Remuneration for Directors (excluding Outside Director) in the form of assignment of restricted shares

**4. Matters related to Exercise of Voting Rights:**

- (1) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- (2) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.
- (3) In the event that a shareholder exercises voting rights through an agent, the agent shall be a shareholder having a voting right. Furthermore, a document verifying the power of attorney shall be submitted to the Company.

**5. Matters related to document attached to the Notice of Convocation and Reference Document Concerning the General Meeting of Shareholders**

- (1) Among documents to be attached to the Notice of Convocation, following matters are made available on the Company's website pursuant to the relevant laws and regulations, and the Articles of Incorporation of the Company, but are not stated in the documents attached to the Notice of

Convocation.

- ( i ) Notes to Consolidated Financial Statements
- ( ii ) Notes to Non-Consolidated Financial Statements

- (2) If there is any amendment to the contents of the Reference Document Concerning the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements, the Company will announce such amendment on the Company's website (in only Japanese).

The Company's website: <a href="http://www.nisshinbo.co.jp/">http://www.nisshinbo.co.jp/</a>
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**[To Institutional Investors]**

You may use the "electronic proxy-voting platform" for electromagnetic voting for the General Shareholders Meeting of the Company.

## Reference Document Concerning the General Meeting of Shareholders

### Item of Business and reference matter

#### First Item of Business: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendments

The Company currently fixes the fiscal year to be started from April 1 of each year and ended on March 31 of the following year. By unifying the accounting period within the Nisshinbo Group (the “Group”), the Company aims to improve the efficiency of global business management and the transparency of the management through the timely and precise disclosure of the management information. As such, it is proposed that the Company’s fiscal year be amended to the year starting from January 1 of each year and ending on December 31, and Article 11, 12, 35 and 37 of the current Articles of Incorporation be amended to that effect.

Also, since the duration of 176th fiscal year shall become 9 months starting from April 1 and ending on December 31 upon amendments to the fiscal year, it is proposed that certain supplementary provisions as transitional measures be established.

2. Description of the amendments

Description of the amendments is as follows:

(Amended parts are underlined)

Current	Proposed amendment
<p>(Record Date) Article 11 The Company shall fix the record date to be <u>March</u> 31 of each year. 2 (Omitted)</p> <p>(Convening of General Meetings) Article 12 The ordinary General Meeting of Shareholder of the Company shall be convened on <u>June</u> of each year. 2 (Omitted)</p> <p>(Fiscal Year) Article 35 The fiscal year of the Company shall being on <u>April</u> 1 of each year and end on <u>March</u> 31 of the following year.</p> <p>(Record Date of surplus dividends) Article 37 The record date for year-end dividends of the Company shall be <u>March</u> 31 of each year. 2 The record date for interim dividends of the Company shall be <u>September</u> 30 of each year. 3 (Omitted)</p>	<p>(Record Date) Article 11 The Company shall fix the record date to be <u>December</u> 31 of each year. 2 (As is )</p> <p>(Convening of General Meetings) Article 12 The ordinary General Meeting of Shareholder of the Company shall be convened on <u>March</u> of each year. 2 (As is)</p> <p>(Fiscal Year) Article 35 The fiscal year of the Company shall being on <u>January</u> 1 of each year and end on <u>December</u> 31.</p> <p>(Record Date of surplus dividends) Article 37 The record date for year-end dividends of the Company shall be <u>December</u> 31 of each year. 2 The record date for interim dividends of the Company shall be <u>June</u> 30 of each year. 3 (As is )</p>

(Amended parts are underlined)

Current	Proposed amendment
[Newly Established]	<p style="text-align: center;"><b><u>SUPPLEMENTARY PROVISIONS</u></b></p> <p><u>(Terms of 176th Fiscal Year)</u> <u>Article 1</u> <u>Notwithstanding Article 35, the duration of 176th fiscal year shall be 9 months starting from April 1 and ending on December 31.</u></p> <p><u>(Record Date of Interim Dividends for 176th Fiscal Year)</u> <u>Article 2</u> <u>Notwithstanding Article 37.2, the record date of interim dividends for 176<sup>th</sup> fiscal year shall be September 30, 2018.</u></p> <p><u>(Effective Terms of Supplementary Provisions)</u> <u>Article 3</u> <u>Preceding two Articles and this Article shall be effective until December 31, 2018 and shall be removed upon passing of the same date.</u></p>

## Second Item of Business: Election of Ten (10) Directors

The term of office of all of the ten (10) Directors will expire at the conclusion of this General Meeting. Accordingly, ten (10) Directors including four (4) Outside Directors are proposed to be elected.

The candidates are as follows:

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
1	Masaya Kawata (April 20, 1952)	<p>April 1975      Joined the Company</p> <p>June 2006      Managing Officer and General Manager of Human Resources Division of the Company</p> <p>April 2007      Deputy General Manager of Accounting and Finance Division of the Company (served concurrently)</p> <p>June 2007      Director of the Company</p> <p>April 2008      Deputy Chief of Business Support Center of the Company</p> <p>April 2009      President and Representative Director of Nisshinbo Brake Inc.</p> <p>June 2010      Director and Executive Managing Officer of the Company</p> <p>June 2011      Deputy Chief of Corporate Strategy Center and General Manager of Business Development Division of the Company (served concurrently)</p> <p>                    President and Representative Director of Nisshinbo Chemical Inc.</p> <p>June 2012      Director and Senior Executive Managing Officer of the Company</p> <p>                    President and Representative Director of Nisshinbo Mechatronics Inc.</p> <p>June 2013      President and Representative Director of the Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company)</p> <p>Director of New Japan Radio Co., Ltd.</p>	90,092
<p>[Reason for election of candidate for Director]</p> <p>After his assumption of office as a Director of the Company, Mr. Masaya Kawata served as President and Representative Director of three consolidated subsidiaries and chief officer of the Business Development Division. He has served as President and Representative Director of the Company since 2013. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial management experience and expertise. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings]</p> <p>All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
2	Masahiro Murakami (September 7, 1958)	<p>April 1982      Joined the Company</p> <p>April 2008      Managing Officer, Senior Manager of Corporate Governance Department of Corporate Strategy Center, Senior Manager of Human Resources &amp; Administration Service Department of Business Support Center (served concurrently) and General Manager of Property Management Department of the Company (served concurrently)</p> <p>April 2009      Deputy Chief of Business Support Center (served concurrently), Senior Manager of Corporate Strategy Department of Corporate Strategy Center (served concurrently) and Senior Manager of Finance and Accounting &amp; IT Service Department of Business Support Center of the Company (served concurrently)</p> <p>June 2010      Director and Chief of Business Support Center of the Company (served concurrently)</p> <p>January 2012    Responsible for Property Management Department of the Company (to the present)</p> <p>June 2012      Director, Executive Managing Officer and Deputy Chief of Corporate Strategy Center of the Company (served concurrently)</p> <p>June 2014      Chief of Corporate Strategy Center of the Company (served concurrently, to the present)</p> <p>June 2015      Director and Senior Executive Managing Officer of the Company (to the present)</p> <p>June 2016      Representative Director of the Company (to the present)</p>	22,000
<p>[Reason for election of candidate for Director]  After his assumption of office as a Director of the Company, Mr. Masahiro Murakami served as chief officer of the Finance and Accounting Department and the Administration Service Department. He presently serves as chief officer of the Corporate Strategy Department and the Property Management Department. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial administrative experience and expertise. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings]  All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
3	Kenji Ara (November 21, 1953)	<p>April 1976      Joined Japan Radio Co., Ltd.</p> <p>April 2002      General Manager of Government Business Department of System Electronics Division of Japan Radio Co., Ltd.</p> <p>January 2006    Deputy General Manager of System Equipment Division and General Manager of Government Business Department of Japan Radio Co., Ltd.</p> <p>April 2006      General Manager of Solution Business Department of Sales &amp; Marketing Headquarters of Japan Radio Co., Ltd.</p> <p>April 2008      Executive Officer and General Manager of Sales &amp; Marketing Headquarters of Japan Radio Co., Ltd.</p> <p>April 2009      Executive Officer and General Manager of Solution Business Division of Japan Radio Co., Ltd.</p> <p>June 2011      Director, Executive Officer, and General Manager of Solution Business Division of Japan Radio Co., Ltd.</p> <p>June 2012      Director of JRC System Service Co., Ltd.</p> <p>April 2013      Executive Officer and Deputy General Manager of Business Operation Headquarters of Japan Radio Co., Ltd.</p> <p>April 2014      Executive Officer and General Manager of Business Operation Headquarters of Japan Radio Co., Ltd.</p> <p>June 2014      Director, Executive Officer, and General Manager of Business Operation Headquarters of Japan Radio Co., Ltd.</p> <p>June 2016      President and Representative Director of Japan Radio Co., Ltd. (to the present)</p> <p>June 2017      Director and Senior Executive Managing Officer of the Company (served concurrently, to the present)</p> <p>(Significant concurrent positions at companies other than the Company) President and Representative Director of Japan Radio Co., Ltd. Director of New Japan Radio Co., Ltd.</p>	5,888
<p>[Reason for election of candidate for Director] Since 2016, Mr. Kenji Ara has served as President and Representative Director of Japan Radio Co., Ltd., which is a consolidated subsidiary of the Company. Since 2017, he also has served as Director of the Company. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial business experience and expertise in the electronics business. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings] All 13 meetings (after his appointment on June 29, 2017)</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
4	Ryo Ogura (October 1, 1948)	February 1985    Joined New Japan Radio Co., Ltd. June 1999        Director of New Japan Radio Co., Ltd. April 2001       General Manager of Standard IC Division of New Japan Radio Co., Ltd. June 2004        Managing Director of New Japan Radio Co., Ltd. April 2005        Executive of Semiconductor Business Divisions and General Manager of Semiconductor Technology Headquarters of New Japan Radio Co., Ltd. April 2006        General Manager of Semiconductor Production Headquarters of New Japan Radio Co., Ltd. June 2009        Representative Director and Executive Managing Director of NJR FUKUOKA CO., LTD. June 2011        President and Representative Director of New Japan Radio Co., Ltd. (to the present) June 2016        Director and Executive Managing Officer of the Company (to the present) (Significant concurrent positions at companies other than the Company) President and Representative Director of New Japan Radio Co., Ltd.	2,500
[Reason for election of candidate for Director] Since 2011, Mr. Ryo Ogura has served as President and Representative Director of New Japan Radio Co., Ltd., which is a consolidated subsidiary of the Company. Since 2016, he also has served as Director of the Company. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial business experience and expertise in the electronics business. Accordingly, he has been proposed as a candidate. [Attendance at the Board of Directors' meetings] All 16 meetings			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
5	Takayoshi Okugawa (September 13, 1957)	<p>April 1981      Joined the Company</p> <p>January 2007    Assistant Manager of Miai Plant of the Company</p> <p>July 2007      Joined ALOKA CO., LTD.</p> <p>June 2009      Director in charge of General Affairs and General Manager of Internal Control Promotion Department of ALOKA CO., LTD.</p> <p>June 2011      Managing Officer, Senior Manager of CSR Department and Corporate Strategy Department of Corporate Strategy Center (served concurrently), and Senior Manager of Overseas Administration Service Department of Business Support Center of the Company (served concurrently)</p> <p>June 2012      Director, Senior Executive Managing Officer and General Manager of Business Administration Department of Nisshinbo Mechatronics Inc.</p> <p>June 2014      Director, Managing Officer and Chief of Business Support Center of the Company (to the present)</p> <p>June 2016      Director and Executive Managing Officer of the Company (to the present)</p>	23,300
<p>[Reason for election of candidate for Director]  Mr. Takayoshi Okugawa previously served as Managing Officer of the Company and Director of a consolidated subsidiary. He presently serves as a Director of the Company, and concurrently serves as chief officer of the Finance and Accounting Department and the Administration Service Department. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial administrative experience and expertise. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings]  All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
6	Koji Nishihara (April 14, 1958)	<p>April 1981      Joined the Company</p> <p>April 2007      Managing Officer and General Manager of Strategic Planning Department and Overseas Operation Department of Brake Division of the Company (served concurrently)</p> <p>April 2009      Director, Executive Managing Officer and General Manager of Administration Division of Nisshinbo Brake Inc.</p> <p>April 2010      Director, Vice President and General Manager of Sales &amp; Marketing Division of Nisshinbo Brake Inc.</p> <p>April 2011      General Manager of Production Division of Nisshinbo Brake Inc.</p> <p>June 2011      Director and Managing Officer of the Company, President and Representative Director of Nisshinbo Brake Inc. (served concurrently)</p> <p>January 2012    Responsible for Brake Business of the Company</p> <p>June 2012      Responsible for Supervising Brake Business of the Company</p> <p>June 2015      Director and Executive Managing Officer of the Company (to the present)</p> <p>June 2017      Chairman and Representative Director of Nisshinbo Brake Inc. (served concurrently, to the present)</p> <p>(Significant concurrent positions at companies other than the Company) Chairman and Representative Director of Nisshinbo Brake Inc.</p>	22,460
<p>[Reason for election of candidate for Director] After his assumption of office as a Director of the Company, Mr. Koji Nishihara served as President and Representative Director of Nisshinbo Brake Inc., which is a consolidated subsidiary of the Company. He presently serves as Chairman and Representative Director of Nisshinbo Brake Inc. The Company has judged that he would be fully able to perform his duties as Director in light of his substantial business experience and expertise in the brake business. Accordingly, he has been proposed as a candidate.</p> <p>[Attendance at the Board of Directors' meetings] All 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
7	[Candidate for Outside Director] Tomofumi Akiyama (August 13, 1935)	<p>April 1959      Joined Fukoku Mutual Life Insurance Company</p> <p>July 1984      Director of Fukoku Mutual Life Insurance Company</p> <p>March 1989    Managing Director of Fukoku Mutual Life Insurance Company</p> <p>July 1998      President and Representative Director of Fukoku Mutual Life Insurance Company</p> <p>June 2003     Outside Audit &amp; Supervisory Board Member of the Company</p> <p>June 2006     Outside Director of the Company (to the present)</p> <p>July 2010      Chairman and Director of Fukoku Mutual Life Insurance Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company)</p> <p>Chairman and Director of Fukoku Mutual Life Insurance Company</p> <p>Outside Director of FUJIKYUKO CO., LTD.</p> <p>Outside Director of Imperial Hotel, Ltd.</p> <p>Outside Director of Tokyo Dome Corporation</p> <p>Outside Director of Showa Denko K.K.</p>	0
<p>[Reason for election of candidate for Outside Director] Mr. Tomofumi Akiyama has been involved with corporate management for many years as president of Fukoku Mutual Life Insurance Company. The Company appointed him as a candidate for Outside Director in the hope that he would be able to utilize his substantial management experience and expertise in the supervision of the management of the Group.</p> <p>[Attendance at the Board of Directors' meetings] 13 out of 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
8	<p>[Candidate for Outside Director] Noboru Matsuda (December 13, 1933)</p>	<p>April 1963 Public Prosecutor of Tokyo District Court Public Prosecutors Office</p> <p>January 1981 Director of Juvenile Division of Criminal Affairs Bureau of Ministry of Justice</p> <p>August 1985 Special Trial Director of Tokyo High Public Prosecutors Office</p> <p>August 1987 Special Investigation Director of Tokyo District Court Public Prosecutors Office</p> <p>September 1989 Public Prosecutor of Supreme Public Prosecutors Office</p> <p>December 1991 Chief Prosecutor of Mito District Court Public Prosecutors Office</p> <p>July 1993 Director-General of the Correction Bureau of Ministry of Justice</p> <p>July 1995 Director of the Criminal Affairs Bureau of Supreme Public Prosecutors Office</p> <p>June 1996 Governor of Deposit Insurance Corporation of Japan</p> <p>June 2004 Advisor of Deposit Insurance Corporation of Japan</p> <p>September 2004 Registered as attorney-at-law (to the present)</p> <p>June 2012 Outside Director of the Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company) Outside Director of Hakuholdo DY Holdings Inc. Outside Director of Mitsubishi UFJ NICOS Co., Ltd. Outside Director of Yomiuri Giants</p>	0
<p>[Reason for election of candidate for Outside Director] Mr. Noboru Matsuda has work experience as a prosecuting attorney and lawyer, and professional knowledge about laws, etc. The Company appointed him as a candidate for Outside Director in the hope that he would be able to utilize his significant expert knowledge, substantial experience and expertise in the supervision of the management of the Group. [Attendance at the Board of Directors' meetings] 15 out of 16 meetings</p>			

No.	Name (Date of Birth)	Brief personal profile, title, responsibilities and significant concurrent positions at companies other than the Company	Number of Company's shares held
9	[Candidate for Outside Director] Yoshinori Shimizu (February 9, 1948)	<p>April 1989 Professor of Faculty of Commerce and Management of Hitotsubashi University</p> <p>August 2000 Dean of Graduate School of Commerce and Management and Faculty of Commerce and Management of Hitotsubashi University</p> <p>April 2003 Executive Vice President of Hitotsubashi University</p> <p>May 2004 President of Japan Society of Monetary Economics</p> <p>September 2004 Vice President of The Mont Pelerin Society</p> <p>April 2011 Professor Emeritus of Hitotsubashi University (to the present) and Specially Appointed Professor of Graduate School of Commerce and Management of Hitotsubashi University</p> <p>June 2012 Outside Director of the Company (to the present)</p> <p>(Significant concurrent positions at companies other than the Company) Outside Director of Tokyo Century Corporation</p>	0
<p>[Reason for election of candidate for Outside Director] Mr. Yoshinori Shimizu, as a university professor, has professional knowledge mainly about monetary and finance. The Company appointed him as a candidate for Outside Director in the hope that he would be able to utilize his significant expert knowledge, substantial experience and expertise in the supervision of the management of the Group.</p> <p>[Attendance at the Board of Directors' meetings] 15 out of 16 meetings</p>			
10	[Candidate for Outside Director] Shinobu Fujino (July 13, 1957)	<p>April 1987 Joined Ryoka Systems Inc.</p> <p>June 2003 Opened a counseling business office (to the present)</p> <p>June 2015 Outside Director of the Company (to the present)</p>	0
<p>[Reason for election of candidate for Outside Director] Ms. Shinobu Fujino, as a career counselor, has professional knowledge and experience mainly about human resources development. The Company appointed her as a candidate for Outside Director in the hope that she would be able to utilize her substantial knowledge and experience, as well as her female viewpoint and sensitivity in the supervision of the management of the Group and the promotion of diversity management.</p> <p>[Attendance at the Board of Directors' meetings] All 16 meetings</p>			

(Notes)

1. Mr. Ryo Ogura is president and representative director of New Japan Radio Co., Ltd., a subsidiary of the Company, with which the Company has a transactional relationship for lending funds, etc.
2. There is no special interest between each of the other candidates and the Company.
3. Mr. Tomofumi Akiyama, Mr. Noboru Matsuda, Mr. Yoshinori Shimizu and Ms. Shinobu Fujino are candidates for Outside Directors.
4. Mr. Tomofumi Akiyama, Mr. Noboru Matsuda, Mr. Yoshinori Shimizu and Ms.

Shinobu Fujino have been designated as Independent Officers provided for by the stock exchanges on which the Company's shares are listed and have been filed with the relevant stock exchanges.

5. The term of office of candidates for Outside Directors and other related information are as follows:
  - (1) The term of office of Mr. Tomofumi Akiyama as Outside Director of the Company will have been twelve (12) years at the conclusion of this General Meeting. Furthermore, he had been in the office of Outside Audit & Supervisory Board Member of the Company for three (3) years prior to his assumption of the office of Outside Director of the Company.
  - (2) The term of office of Mr. Noboru Matsuda as Outside Director of the Company will have been six (6) years at the conclusion of this General Meeting.
  - (3) The term of office of Mr. Yoshinori Shimizu as Outside Director of the Company will have been six (6) years at the conclusion of this General Meeting.
  - (4) The term of office of Ms. Shinobu Fujino as Outside Director of the Company will have been three (3) year at the conclusion of this General Meeting. Furthermore, her name on the Family Registration is Ms. Shinobu Kato but her name on business is Ms. Shinobu Fujino.
6. Japan Radio Co., Ltd., where Mr. Noboru Matsuda served as Outside Director until June 2015, was subject to an on-site investigation by Japan Fair Trade Commission on November 18, 2014 regarding transactions involving the delivery of fire-fighting and emergency radio communication equipment. Subsequently, on February 2, 2017, the Commission issued a cease-and-desist order and an administrative surcharge payment order to the company for a suspected violation of the Antimonopoly Act of Japan. Although Mr. Matsuda had routinely given guidance and advice from the perspective of compliance at the company's board of directors meetings, he served his responsibility as Outside Director to require investigation of facts and strengthen its systems and structure to prevent recurrence after an on-site investigation by the Commission.
7. The Company has entered into a liability limiting agreement with Mr. Tomofumi Akiyama, Mr. Noboru Matsuda, Mr. Yoshinori Shimizu and Ms. Shinobu Fujino under which the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act shall be limited to the prescribed 5 million yen, or the amount provided for in laws and regulations, whichever is higher, on the assumption that he/she discharges his/her duties in good faith and without gross negligence. In the event that each of them is reelected, the agreement will be continued.

### Third Item of Business: Election of One (1) Substitute Audit & Supervisory Board Member

In preparation for a case in which the number in the office of Audit & Supervisory Board Members becomes less than the minimum number provided for in laws and regulations, we would like to ask shareholders to elect one (1) Substitute Audit & Supervisory Board Member in advance.

The Board of Audit & Supervisory Board Members has consented to this Item of Business.

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

Name (Date of Birth)	Brief personal profile, title and significant concurrent positions at companies other than the Company	Number of Company's shares held
(candidate for Substitute Audit & Supervisory Board Member) Atsushi Yamashita (March 5, 1958)	<p>April 1988 Registered as an attorney-at-law (to the present)</p> <p>April 1988 Joined Tanaka &amp; Takahashi Law Office</p> <p>May 2001 Joined Clifford Chance Law Office</p> <p>May 2011 Joined K&amp;L Gates LLP</p> <p>October 2014 Joined Sonderhoff &amp; Einsel Law and Patent Office (to the present)</p>	0
<p>[Reason for election of candidate for Substitute Audit &amp; Supervisory Board Member]</p> <p>Mr. Atsushi Yamashita has work experience as a lawyer and professional knowledge about international legal affairs. The Company appointed him as a candidate for Substitute Audit &amp; Supervisory Board Member in the hope that he would be able to utilize his significant expert knowledge, substantial experience and expertise in the supervision of the management of the Group.</p>		

(Notes)

1. There is no special interest between the candidate and the Company.
2. Mr. Atsushi Yamashita is a candidate for Substitute Outside Audit & Supervisory Board Members.
3. In the event that Mr. Atsushi Yamashita assumes the office of Outside Audit & Supervisory Board Member, the Company is scheduled to report Independent Officers provided for by the stock exchanges on which the Company's shares are listed and will be filed with the relevant stock exchanges.
4. Kuroda Electric Co., Ltd., where Mr. Atsushi Yamashita assumed office as an Outside Director until March 2018, received a representation by one of its shareholders with regard to the proposal of electing directors submitted by the shareholder and rejected at the extraordinary meeting of shareholders held on August 21, 2015. Prior to the extraordinary meeting of shareholders, the statement was published under the name of "Jiseikai Group and All Employees" to express opposition against the proposal. Kuroda was claimed by the shareholder that the statement had been prepared wrongfully by some of Kuroda's executive managers. In order to address this issue, Mr. Yamashita took the lead in the establishment of an outside investigation committee and personnel selection to track down the facts. In addition, he was actively involved with the imposition of disciplinary punishment of persons concerned, the implementation of recurrence prevention measures and other necessary actions.
5. In the event that Mr. Atsushi Yamashita assumes the office of Outside Audit &

Supervisory Board Member, the Company is scheduled to enter into a liability limiting agreement with him, under which the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act shall be limited to the prescribed 5 million yen, or the amount provided for in laws and regulations, whichever is higher, on the assumption that he discharges his duties in good faith and without gross negligence.

#### **Fourth Item of Business: Determination of Remuneration for Directors (excluding Outside Directors) in the form of assignment of restricted shares**

The total amount of remuneration, etc. to Directors of the Company is not more than 400 million yen per year (excluding a portion of salaries paid to Directors who work concurrently as employees) which has been approved at the 162nd Ordinary General Meeting of Shareholders of the Company held on June 29, 2005. Furthermore, the Ordinary General Meeting of Shareholders of the Company approved each and every year to determine the amount of remuneration, etc. in the form of stock subscription rights as stock option for Directors (excluding Outside Directors), separately from the aforesaid total amount of remuneration to Directors.

The Directors (excluding Outside Directors) should share furthermore with shareholders merits and risks associated with fluctuation of the market price of the Company's shares so that to further enhance motivation of Directors (excluding Outside Directors) contributing to the enhancement of share price and the corporate value of the Company more seriously than the current level, the Company would like to hereby propose to assign to Directors (excluding Outside Directors) common shares with restricted transferable period and subject to acquisition of the restricted shares, free of charge, by the Company (hereinafter referred to as the "restricted shares"), instead of the aforesaid current stock subscription rights as stock option.

The Company hereby proposes to discontinue the resolution of the 174th Ordinary General Meeting of Shareholders of the Company held on June 29, 2017 by which remuneration amount in the form of stock subscription rights as stock option to Directors (excluding Outside Directors) was resolved upon. Then, the pecuniary remuneration credit amount equal to the total amount of the remuneration by way of the assignment of restricted shares shall be not more than 40 million yen per year, in addition to the total amount of remuneration, etc. as aforesaid, taking into account overall conditions including various factors such as a degree of contributions by Directors to the Company. Furthermore, assignment of restricted shares has been determined taking into account overall conditions including various factors such as a degree of contributions by Directors to the Company so that the contents are reasonable in the Company's judgement.

Moreover, the number of Directors of the Company is currently ten (10) (including four (4) Outside Directors) and even if the Second Item of Business is approved as proposed the number of Directors is the same.

#### **PARTICULAES**

Details and Maximum Number of Restricted Shares Assigned to Directors of the Company (excluding Outside Directors)

##### **1. Assignment of and payment for restricted shares**

Based on resolution of the Board of Directors of the Company, the Company will provide Directors (excluding Outside Directors) with pecuniary remuneration credit in the aforesaid range of the annual amount in the form of restricted shares, and each Director shall receive all the pecuniary remuneration credit in the form of investment in kind which is assignment of restricted shares.

Furthermore, the payment amount for restricted shares will be determined at the Board of Directors of the Company on the basis of the closing price of the common shares of the Company on the day preceding to the trading day (if no closing price is reported on that day, the closing price reported immediately preceding day) in the Tokyo Stock Exchange on which the Company decides the issue or disposal of the subject shares with under-market-value not to excess.

Moreover, the aforesaid pecuniary remuneration credit will be provided on conditions that each Director has agreed on receipt of the investment in kind and entered into assignment agreement of restricted shares providing for the details stated in 3 below.

## 2. Total number of restricted shares

The maximum total number of restricted shares assigned to Directors (excluding Outside Directors) during each business year shall be 50,000.

Provided, however, that if any event such as stock split of common shares of the Company (including free distribution of common shares of the Company) takes place necessitating to make adjustment of the total number of restricted shares, the Company is entitled to make adjustment of the total number of restricted shares to the reasonable extent.

## 3. Details of the assignment agreement of restricted shares

The assignment agreement of restricted shares based on resolution of the Board of Directors of the Company shall consist of the following.

### (1) Details of restricted transfer

Director who receives the assignment of restricted shares shall not render any disposal at all on restricted shares such as to transfer to any third party, create pawn or transfer collateral, make lifetime gift or gift by will during a period (hereinafter referred to as the "transfer restricted period") to be determined by the Board of Directors of the Company within the period of three years to five years.

### (2) Acquisition free of charge of restricted shares

The Company will acquire free of charge restricted shares (hereinafter referred to as the "subject restricted shares") assigned to Director who has retired as the position of Director, Managing Officer or employee of the Company or Company's subsidiary or severed from the Company or Company's subsidiary on or after the commencement day of the transfer restricted period before the day preceding the day on which the Ordinary General Meeting of Shareholders of the Company is held first following the commencement of the transfer restricted period except in which the Board of Directors of the Company deems it reasonable that the aforesaid should not be applicable.

Furthermore, the Company will acquire as a matter of course free of charge the restricted shares which have not been released from the restricted transfer pursuant to the provisions of (3) below at the termination of the restricted transfer period stated in (1) above.

### (3) Release from restricted transfer

If Director who has been assigned restricted shares continues to have position of Director, Managing Officer or employee of the Company or the Company's subsidiary until the day on which the Ordinary General Meeting of Shareholders first held after the commencement day of the transfer restricted period, the restricted transfer will be released on all the subject restricted shares at the termination of the transfer restricted period.

However, if Director retires as Director, Managing Officer or employee of the Company or the Company's subsidiary or severs from the Company or the Company's subsidiary before the termination of the restricted transfer period for the reason the Company deems reasonable, the Company will render adjustment with respect to the number of the restricted shares and the timing as to which the restricted transfer is released reasonably as necessary.

### (4) Treatment in connection with reorganization, etc. of the Company

In the event that proposal for merger agreement in which the Company is an absorbed company, or share exchange agreement or share transfer plan in which the Company is wholly the owned subsidiary of the opponent party, reorganization, etc. of the Company is approved at the General Meeting of the Company (however, is approved at the Board of Directors of the Company in case the subject reorganization shall not be required at the General Meeting of the Company), the Company will release the restricted transfer before the effective date of the subject reorganization, etc. with respect to such reasonable number of the subject restricted shares as the Board of Directors of the Company resolves upon taking into account the period from the commencement date of the transfer restricted period to the date of approval of the subject reorganization, etc.

In this case, the Company will acquire free of charge the subject restricted shares which

have not yet been released from the restricted transfer pursuant to the above immediately after the time the aforesaid release taking effect.

(Reference)

The Company is schedule to assign restricted shares similar to the restricted shares stated above to Managing Officer and employees of the Company after the close of this Ordinary General Meeting of Shareholders of the Company.

- End -