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Securities code: 1951
June 5, 2015

To our shareholders:

Fuminori Kozono
President and Representative Director
KYOWA EXEO CORPORATION
29-20, Shibuya 3-chome, Shibuya-ku, Tokyo

NOTICE OF THE 61st ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 61st Ordinary General Meeting of Shareholders of KYOWA EXEO CORPORATION (the "Company") on June 23, 2015, which will be held as described hereunder.

Meeting Details

- 1. Date and Time:** Tuesday, June 23, 2015 at 10:00 a.m. (Japan Standard Time)
(The reception of participants in the meeting will begin at 9:00 a.m.)
- 2. Venue:** 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo
KYOWA EXEO CORPORATION 3F Conference Room
- 3. Purposes:**
- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 61st fiscal year from April 1, 2014 to March 31, 2015 and Reports of Audit on the Consolidated Financial Statements by Financial Auditor and Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the 61st Fiscal Year (from April 1, 2014 to March 31, 2015)
- Matters to be resolved:**
- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendments to Articles of Incorporation
Proposal 3: Election of Eleven (11) Directors
Proposal 4: Election of One (1) Audit & Supervisory Board Member
Proposal 5: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal 6: Issuance of Subscription Rights to Shares as Stock Options

* Where any circumstances necessitating amendments to the contents of the Referential Document for the General Meeting of Shareholders, occur by the day immediately preceding the day of the General Meeting of Shareholders, those would be notified by mailing documents or posting them on the Company's website (<http://www.exeo.co.jp/>) (in Japanese only).

Reference Document for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

The Company's basic policy on the distribution of profits is to deliver stable and continuous dividend payments to shareholders while, considering the Company's business performance and the business environment ahead, aiming to strengthen its financial condition, secure investment for business expansion and retain the ability to flexibly acquire its stocks.

Based on this policy, we propose the following the year-end dividend for the fiscal year under review:

Matters concerning the year-end dividend

1. Type of dividend assets
Cash
2. Matters concerning allocation of dividend assets and the total amount
Dividend per common share of the Company: ¥16
Total amount of dividends: ¥1,578,351,392
Note: The annual dividend for the current fiscal year, being the total of the interim and year-end dividends, is ¥32 per share.
3. Effective date of dividend from surplus
June 24, 2015

Proposal 2: Partial Amendments to Articles of Incorporation

1. Reasons for Proposal

- (1) The Company plans to make amendments to Article 32 and Article 33 of the present Articles of Incorporation. The purpose of amendments is to stipulate the effective period of the resolution for the election of the Substitute Audit & Supervisory Board Member and clarify the term of office of the Substitute Audit & Supervisory Board Member in the event that he or she assumes office as Audit & Supervisory Board Member.
- (2) The Company plans to make amendments to Article 39 of the present Articles of Incorporation. This reflects changes to the law with respect to the scope of Directors and Audit & Supervisory Board Members who may enter into agreements limiting liability. These changes were introduced with the entry into force of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014). The proposal for amendment of Article 39 of the Articles of Incorporation has been consented to by all of the Audit & Supervisory Board Members.

2. Details of Amendments

The details of the amendments are as follows.

(Underlined portions are amended)

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| <p style="text-align: center;">CHAPTER 5 AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</p> <p>(Election) Article 32</p> <ol style="list-style-type: none"> 1. (Omitted) 2. (Omitted) <p>(Newly established)</p> <p>(Newly established)</p> <p>(Term) Article 33</p> <ol style="list-style-type: none"> 1. (Omitted) 2. If an Audit & Supervisory Board Member leaves office before the expiration of the term of office thereof, the term of office of the Audit & Supervisory Board Member elected to fill the vacancy left thereby shall continue until the expiration of the term of office of the Audit & Supervisory Board Member who left office. | <p style="text-align: center;">CHAPTER 5 AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</p> <p>(Election) Article 32</p> <ol style="list-style-type: none"> 1. (Same as the present) 2. (Same as the present) 3. <u>To provide for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by Article 329, paragraph 3 of the Companies Act, the Company may elect Substitute Audit & Supervisory Board Members at the General Meeting of Shareholders.</u> 4. <u>The period during which the resolution for election pursuant to the preceding paragraph remains effective shall expire at the commencement of the Ordinary General Meeting of Shareholders for the last fiscal year to end within four (4) years after the resolution.</u> <p>(Term) Article 33</p> <ol style="list-style-type: none"> 1. (Same as the present) 2. If an Audit & Supervisory Board Member leaves office before the expiration of the term of office thereof, the term of office of the Audit & Supervisory Board Member elected to fill the vacancy left thereby shall continue until the expiration of the term of office of the Audit & Supervisory Board Member who left office. <u>However, if a Substitute Audit & Supervisory Board Member fills the vacancy according to Article 32, paragraph 3, the term of office of the Substitute Audit & Supervisory Board Member will expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year ending within four (4) years after the election of the Substitute Audit & Supervisory Board Member.</u> |

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| <p style="text-align: center;">CHAPTER 6</p> <p style="text-align: center;">AGREEMENTS LIMITING LIABILITY FOR OUTSIDE DIRECTORS, OUTSIDE AUDIT & SUPERVISORY BOARD MEMBERS AND FINANCIAL AUDITORS</p> <p>(Partial Exemption of Compensation for Damages) Article 39</p> <ol style="list-style-type: none"> 1. (Omitted) 2. The Company and each <u>Outside Director, Outside Audit & Supervisory Board Member</u> and Financial Auditor may execute an agreement limiting the liability for damages for negligence of his/her duties pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. However, the limit of the liability under such agreements shall be the amount prescribed by laws and regulations. | <p style="text-align: center;">CHAPTER 6</p> <p style="text-align: center;">AGREEMENTS LIMITING LIABILITY FOR OUTSIDE DIRECTORS, OUTSIDE AUDIT & SUPERVISORY BOARD MEMBERS AND FINANCIAL AUDITORS</p> <p>(Partial Exemption of Compensation for Damages) Article 39</p> <ol style="list-style-type: none"> 1. (Same as the present) 2. The Company and each <u>Director (excluding Executive Directors, etc.), Audit & Supervisory Board Member</u> and Financial Auditor may execute an agreement limiting the liability for damages for negligence of his/her duties pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. However, the limit of the liability under such agreements shall be the amount prescribed by laws and regulations. |

Proposal 3: Election of Eleven (11) Directors

The terms of office of all twelve (12) Directors will expire at the conclusion of this meeting. In order to enhance the efficiency of the management system, the Company proposes to decrease the total number of Directors by one (1) and elect eleven (11) Directors.

The candidates for these positions are as follows:

| No. | Name (Date of birth) | Career summary, positions and areas of responsibility in the Company, and important concurrent positions | Number of the Company's shares held |
|-----|--|---|---|
| 1 | Kunio Ishikawa (Sep. 2, 1948) Candidate for Reelection | <p>Jun. 2004 Senior Executive Vice President, NTT DoCoMo, Inc.</p> <p>Jun. 2007 Vice President, General Manager of IT Solutions Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2008 President, KYOWA EXEO CORPORATION</p> <p>Jun. 2013 Chairman, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) Corporate Director, Tokyo Electron Device Ltd. *Board of Directors meeting attendance during the year ended March 31, 2015: 15 of 15 times (100%) *Term of the office served as the Company's Director: 8 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 69,100 |
| 2 | Fuminori Kozono (Nov. 21, 1952) Candidate for Reelection | <p>Jul. 2009 Senior Executive Vice President, Executive Manager of Corporate Sales Promotion Headquarters, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2012 Vice President, General Manager of Business Solutions Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2013 President, KYOWA EXEO CORPORATION (present position)</p> <p>*Board of Directors meeting attendance during the year ended March 31, 2015: 15 of 15 times (100%) *Term of the office served as the Company's Director: 3 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 19,100 |
| 3 | Takayuki Watanabe (May 13, 1951) Candidate for Reelection | <p>Jun. 2004 Senior Vice President, General Manager, Accounts and Finance Department, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION</p> <p>Jun. 2007 Director, General Manager of Communication Network Headquarters, KYOWA EXEO CORPORATION</p> <p>Jul. 2010 Director and Managing Operating Officer, General Manager of Communication & Business Network Headquarters and Corporate Sales in the Headquarters KYOWA EXEO CORPORATION</p> <p>Jun. 2011 Director and Managing Operating Officer, General Manager of Accounts & Finance Division, KYOWA EXEO CORPORATION</p> <p>Jun. 2013 Director and Executive Operating Officer, General Manager of Accounts & Finance Division, KYOWA EXEO CORPORATION (present position)</p> <p>*Board of Directors meeting attendance during the year ended March 31, 2015: 15 of 15 times (100%) *Term of the office served as the Company's Director: 8 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 23,000 |

| No. | Name (Date of birth) | Career summary, positions and areas of responsibility in the Company, and important concurrent positions | Number of the Company's shares held |
|-----|--|--|---|
| 4 | Takashi Sakai (Nov. 10, 1951) Candidate for Reelection | <p>Jun. 2006 Director and General Manager, Business Integration Division, NTT COMWARE CORPORATION</p> <p>Jun. 2009 Senior Operating Officer, Manager of Nishi-Nippon NTT Head Office, NTT Sales Head Office, KYOWA EXEO CORPORATION</p> <p>Jun. 2011 Managing Operating Officer, General Manager, Corporate Planning Division, KYOWA EXEO CORPORATION</p> <p>Jun. 2012 Director and Managing Operating Officer, General Manager, Corporate Planning Division, KYOWA EXEO CORPORATION (present position)</p> <p>*Board of Directors meeting attendance during the year ended March 31, 2015: 15 of 15 times (100%) *Term of the office served as the Company's Director: 3 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 12,400 |
| 5 | Yoshiaki Matsuzaka (Jan. 25, 1955) Candidate for Reelection | <p>Jun. 2009 Managing Director, General Manager, Network Service Business Division, NTT-ME CORPORATION</p> <p>Jun. 2010 Director and Executive Officer, General Manager of Engineering Headquarters, Daiwa Densetsu Corporation</p> <p>Jun. 2011 President and Representative Director, Daiwa Densetsu Corporation (present position)</p> <p>Jun. 2011 Director, KYOWA EXEO CORPORATION</p> <p>Jun. 2013 Director and Managing Operating Officer, Branch Manager of Tohoku Branch (present position)</p> <p>(Important concurrent positions) President and Representative Director, Daiwa Densetsu Corporation *Board of Directors meeting attendance during the year ended March 31, 2015: 15 of 15 times (100%) *Term of the office served as the Company's Director: 4 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 5,600 |
| 6 | Noritsugu Totani (Apr. 15, 1955) Candidate for Reelection | <p>Jun. 2008 Senior Vice President, Branch Manager of Osaka Branch, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION</p> <p>Jun. 2011 President and Representative Director, NTT NEOMEIT CORPORATION</p> <p>Jun. 2013 Director and Managing Operating Officer, General Manager of Communication & Business Network Headquarters (present position)</p> <p>*Board of Directors meeting attendance during the year ended March 31, 2015: 15 of 15 times (100%) *Term of the office served as the Company's Director: 2 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 3,400 |

| No. | Name (Date of birth) | Career summary, positions and areas of responsibility in the Company, and important concurrent positions | Number of the Company's shares held |
|-----|--|--|---|
| 7 | Tsutomu Ota (Aug. 26, 1953) Candidate for Reelecion | <p>Apr. 1976 Joined KYOWA EXEO CORPORATION</p> <p>Jun. 2010 Operating Officer, Branch Manager of Tokai Branch, KYOWA EXEO CORPORATION</p> <p>Jun. 2011 Operating Officer, General Manager, Procurement Division, KYOWA EXEO CORPORATION</p> <p>Jun. 2012 Managing Operating Officer, General Manager, Procurement Division, KYOWA EXEO CORPORATION</p> <p>Jun. 2014 Director and Managing Operating Officer, Carrier Business Headquarters, KYOWA EXEO CORPORATION (present position)</p> <p>*Board of Directors meeting attendance during the year ended March 31, 2015: 11 of 11 times (100%) *Term of the office served as the Company's Director: 1 year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 12,600 |
| 8 | Yasuo Otsubo (Feb. 9, 1959) New Candidate | <p>Jul. 2009 General Manager, Research and Development Department of Network Business Headquarters, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2012 Director, General Manager of IT Innovation Department, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2014 Director and Managing Operating Officer, NTT Business, and Network Engineering Department of NTT Business, KYOWA EXEO CORPORATION (present position)</p> | 800 |
| 9 | Yuki Sakuyama (Mar. 19, 1958) Candidate for Reelecion | <p>Jun. 2010 Vice President, Head of NTT Access Network Service Systems Laboratories, NTT Information Sharing Laboratory Group, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>Jul. 2012 Vice President, Ikeno Tsuken Co., Ltd.</p> <p>Dec. 2012 President and Representative Director, Ikeno Tsuken Co., Ltd. (present position)</p> <p>June 2013 Director, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) President and Representative Director, Ikeno Tsuken Co., Ltd. To be appointed President and Representative Director, EXEO TECH CORPORATION *Board of Directors meeting attendance during the year ended March 31, 2015: 15 of 15 times (100%) *Term of the office served as the Company's Director: 2 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 1,200 |

| No. | Name (Date of birth) | Career summary, positions and areas of responsibility in the Company, and important concurrent positions | Number of the Company's shares held |
|-----|--|---|---|
| 10 | Kumiko Kitai (Oct. 29, 1952) Candidate for Reelection Outside Director Independent Director | <p>Apr. 1976 Entered Ministry of Labor</p> <p>Apr. 1996 Director of Women's Policy Planning Division, Women's Bureau, Ministry of Labor</p> <p>Jul. 1999 Vice Governor of Shizuoka Prefecture</p> <p>Aug. 2003 Deputy Director-General, Ministry of Health, Labor and Welfare (in charge of Equal Employment, Children and Families Bureau)</p> <p>Aug. 2005 Director-General, Equal Employment, Children and Families Bureau, Ministry of Health, Labor and Welfare</p> <p>Sep. 2006 Director-General of the Secretariat of Central Labor Relations Commission</p> <p>Aug. 2007 Executive Director, Japan Industrial Safety & Health Association</p> <p>Jun. 2011 Audit & Supervisory Board Member, TAKARA HOLDINGS INC. (present position)</p> <p>Apr. 2012 Registered as Attorney (Daini Tokyo Bar Association)</p> <p>Apr. 2012 Advisor TMI Associates</p> <p>Oct. 2012 Commissioner, Tokyo Metropolitan Public Safety Commission (present position)</p> <p>June 2014 Director, KYOWA EXEO CORPORATION (present position)</p> <p>June 2014 Director, Sumitomo Mitsui Construction Co., Ltd. (present position)</p> <p>July 2014 Attorney, Kachidoki Law Firm (present position)</p> <p>(Important concurrent positions) Attorney, Kachidoki Law Firm Commissioner, Tokyo Metropolitan Public Safety Commission Audit & Supervisory Board Member, TAKARA HOLDINGS INC. Director, Sumitomo Mitsui Construction Co., Ltd. *Board of Directors meeting attendance during the year ended March 31, 2015: 11 of 11 times (100%) *Term of the office served as the Company's Director: 1 year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> | 0 |
| 11 | Kazuteru Kanazawa (Oct. 10, 1944) New Candidate Outside Director Independent Director | <p>Jun. 2001 Managing Executive Officer, Kawasaki Steel Corporation</p> <p>Apr. 2003 Member of the Board and Executive Officer, General Manager of Tsurumi Engineering & Manufacturing Center, JFE Engineering Corporation</p> <p>Sep. 2003 Member of the Board and Senior Executive Officer, JFE Holdings, Inc.</p> <p>Jun. 2006 Full-time Audit & Supervisory Board Member, JFE Shoji Holdings Inc.</p> <p>Apr. 2009 Visiting Professor, Dept. of Civil Engineering, Chubu University (present position)</p> <p>Jun. 2010 Audit & Supervisory Board Member, KYOWA EXEO CORPORATION (retired in Jun. 2013)</p> | 3,100 |

- Notes:
1. There are no conflicts of interest between any of the candidates and the Company.
 2. Effective July 1, 2015, WAKO ENGINEERING CORP., and Ikeno Tsuken Co., Ltd., where Mr. Yuki Sakuyama serves as President and Representative Director, will conduct an absorption-type merger whereby Wako Engineering will be the surviving company and Ikeno Tsuken will be the extinguished company. The surviving company will change its trade name to EXEO TECH CORPORATION on the same date. Mr. Hiroki Sakuyama is expected to assume office as Director and President of the

- surviving company on July 1, 2015.
3. Mr. Tsutomu Ota and Ms. Kumiko Kitai were both elected and appointed as Directors at the 60th General Meeting of Shareholders held on June 24, 2014. The figures regarding their attendance at Board of Directors meetings are for the period from on and after their appointment.
 4. Ms. Kumiko Kitai and Mr. Kazuteru Kanazawa are both candidates for Outside Director. Also, each has been selected as a candidate for Independent Director pursuant to the regulations of the Tokyo Stock Exchange, Inc.
 5. Reasons for selecting the candidates for Outside Director:
 - 1) Ms. Kumiko Kitai has specialized knowledge as an attorney and we expect that she can fulfil the role of Director, leveraging her extensive insight gained from performing important duties at various central government agencies and other organizations. Thus, we have selected her as a candidate for Outside Director.
Though she has had no involvement in company management other than as an Outside Director, we judge that, for the above reasons, she will be able to properly perform the duties required of an Outside Director.
 - 2) Mr. Kazuteru Kanazawa has been a Member of the Board and Senior Executive Officer of JFE Holdings, Inc. for a number of years. As he has a wealth of experience in corporate management and wide range of insight, we expect that he can fulfill the role of Director. Thus we have selected him as a candidate for Outside Director.
 6. Ms. Kumiko Kitai currently serves as an Outside Director of the Company, and she will have served in this position for one year as at the conclusion of this Ordinary General Meeting of Shareholders.
 7. Mr. Kazuteru Kanazawa resigned from the position of Audit & Supervisory Board Member of the Company at the conclusion of 59th General Meeting of Shareholders held on June 21, 2013.
 8. Liability Limitation Agreements with Outside Directors
In order for the Outside Directors to more effectively perform in their expected roles, Article 39 of the current Articles of Incorporation of the Company provides that the Company may enter into agreement with its Outside Directors limiting their liability for failure to properly perform their respective duties. Ms. Kumiko Kitai, a candidate for Outside Director, has entered into an agreement with the Company that limits her liability for damages under by Article 423(1) of the Companies Act to the minimum amount prescribed by laws and regulations. If her reelection is approved, the Company intends to have this liability limitation agreement continue. Also, the Company intends to enter into a liability limitation agreement with Mr. Kazuteru Kanazawa, after his election as an Outside Director, which will limit his liability under Article 423(1) of the Companies Act to the minimum amount prescribed by laws and regulations.

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

The term of office of Audit & Supervisory Board Member Mr. Shigeru Tanaka will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of one (1) Audit & Supervisory Board Member.

The Company has obtained the consent of the Audit & Supervisory Board to this proposal.

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

| Name (Date of birth) | Career summary, positions in the Company, and important concurrent positions | Number of the Company's shares held |
|---|---|---|
| Haruhiko Watanabe (Sep. 16, 1953) New Candidate | Apr. 2003 Deputy Manager of ALC Solution Department, Mizuho Bank, Ltd. | 17,700 |
| | Apr. 2005 Manager of Operational Auditing Department, Mizuho Bank, Ltd. | |
| | Jan. 2006 Joined KYOWA EXEO CORPORATION General Manager, Credit Management, Corporate Planning Division, KYOWA EXEO CORPORATION | |
| | Jun. 2010 Operating Officer, General Manager, Group Business Promotion Division, and General Manager, Credit Management, Corporate Planning Division, KYOWA EXEO CORPORATION | |
| | Jun. 2013 Managing Operating Officer, General Manager, Group Business Promotion Division, and General Manager, Credit Management, Corporate Planning Division, KYOWA EXEO CORPORATION | |
| | Jun. 2014 Managing Operating Officer, General Manager, Group Business Promotion Division, KYOWA EXEO CORPORATION (present position) | |

Note: There are no conflicts of interest between the candidate and the Company.

Proposal 5: Election of One (1) Substitute Audit & Supervisory Board Member
 The effective period for which Mr. Kazuteru Kanazawa has been elected Substitute Audit & Supervisory Board Member, a position to which he was elected at the 60th Ordinary General Meeting of Shareholders held on June 24, 2014, will expire as of commencement of the Meeting. Accordingly, in order to prepare for a possible situation in which the number of Audit & Supervisory Board Member falls below the number required by laws and regulations, the Company again proposes the election of one (1) Substitute Audit & Supervisory Board Member. If the Proposal 2 is resolved and approved as originally proposed, the period during which the resolution for election remains effective shall expire at the commencement of the General Meeting of Shareholders for the last business year to end within four (4) years after the election. Note that we may cancel this election by a resolution of the Board of Directors after obtaining the consent to the cancellation of the Audit & Supervisory Board, provided that the resolution for cancellation is approved before he takes office.
 The Company has obtained the consent of the Audit & Supervisory Board to Proposal 5.
 The candidate for Substitute Audit & Supervisory Board Member is as follows:

| Name (Date of birth) | Career summary, positions in the Company, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|
| Toshikazu Funo (Dec. 4, 1945) New Candidate Substitute Outside Audit & Supervisory Board Member Independent Auditor | Jun. 2002 | Director, General Manager of Accounting & Treasury Department of Tokyo Electric Power Company, Incorporated | 0 |
| | Jun. 2004 | Full-time Audit & Supervisory Board Member of Tokyo Electric Power Company, Incorporated | |
| | Jun. 2007 | Representative Director, President of TOKO ELECTRIC CORPORATION | |
| | Jun. 2012 | Adviser of TOKO ELECTRIC CORPORATION | |

- Notes:
- There are no conflicts of interest between the candidate and the Company.
 - Mr. Toshikazu Funo is the candidate for Substitute Outside Audit & Supervisory Board Member. He satisfies the requirements for Independent Auditor as provided for in the regulations of the Tokyo Stock Exchange.
 - Reasons for selecting Mr. Toshikazu Funo as the candidate for Substitute Outside Audit & Supervisory Board Member:
 Since he has extensive experience, having been involved in matters such a corporate management as an Officer at several companies such as Tokyo Electric Power Company, Incorporated, as well as the specialized financial and accounting knowledge that he has cultivated through his experience, we can expect that he can fulfil the role of Audit & Supervisory Board Member. Thus, we have chosen him as the candidate for Substitute Outside Audit & Supervisory Board Member.
 - Liability Limitation Agreements with Outside Audit & Supervisory Board Member
 In order for our Outside Audit & Statutory Board Members to more effectively perform in their expected roles, Article 39 of the current Articles of Incorporation of the Company provides that the Company may enter into agreement with its Outside Audit & Supervisory Board Members limiting their liability for failure to properly perform their respective duties. If Mr. Toshikazu Funo assumes office as an Outside Audit & Supervisory Board Member, it is intended that he will enter into an agreement with the Company that limits his liability for damages under Article 423(1) of the Companies Act to the minimum amount prescribed by laws and regulations.

Proposal 6: Issuance of Subscription Rights to Shares as Stock Options

The shareholders are asked to approve entrusting the Board of Directors of the Company with the task of determining the terms of the Issuance of Subscription Rights to Shares as Stock Options to Directors (excluding Outside Directors), Executive Officers and employees of the Company, and Directors of the Company's subsidiaries under the provisions of Articles 236, 238 and 239 of the Companies Act.

The issuance of Subscription Rights to Shares to the Directors is within the annual limit of 20,000,000 Yen approved as Subscription Rights to Shares that may be offered as remuneration for the Directors at the Ordinary General Meeting of Shareholders held on June 21, 2013.

If Proposal No. 3 is approved and adopted as proposed, the number of Directors of the Company subject to this Proposal will be eight (8).

1. Reasons for Issuing the Subscription Rights to Shares on particularly favorable conditions
The reason for issuing Subscription Rights to Shares as stock options free of charge to the Directors, Executive Officers and employees of the Company, and Directors of the Company's subsidiaries is to provide an incentive to improve business performance, increase corporate value and enhance a management focus on shareholder interests.
2. Persons to whom Subscription Rights to Shares will be allotted
Directors, Executive Officers and employees of the Company, and Directors of the Company's subsidiaries will be allotted Subscription Rights to Shares.
3. Details and maximum number of Subscription Rights to Shares (etc.) for which offering terms may be determined based on the matters resolved at the Meeting
 - (1) Class and Number of Shares to be issued upon exercise of Subscription Rights to Shares
The total number of shares subject to Subscription Rights to Shares shall not exceed 300,000 shares of common stock of the Company. Of which, the number of the Subscription Rights to Shares to be allotted to Directors of the Company shall not exceed 70,000 shares of common stock of the Company.

If the Company makes any share split or share consolidation, the number of shares subject to Subscription Rights to Shares shall be adjusted using the following formula, provided that, such adjustment shall be made with regard to the number of the shares subject to Subscription Rights to Shares that have not been exercised at such time, and that if any fraction less than one (1) share arises as a result of such adjustment, such fraction shall be discarded:

$$\begin{array}{l} \text{Number of} \\ \text{shares after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Number of} \\ \text{shares prior to} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Ratio of} \\ \text{split/consolidation} \end{array}$$

Furthermore, if any unavoidable event other than those set forth above arises after the Allotment Date of the Subscription Rights to Shares that makes it necessary to adjust the number of shares, the Company shall make the necessary adjustment to the extent reasonable.

- (2) Number of Subscription Rights to Shares
The number of the Subscription Rights to Shares to be issued shall not exceed 3,000

units (of which, the number to be allotted to Directors of the Company shall not exceed 700 units).

The number of shares for each Subscription Right to Shares (hereinafter referred to as the “Number of Granted Shares”) shall be 100 shares; provided, however, if a share number adjustment set forth in “1) Class and Number of Shares to be issued upon exercise of Subscription Rights to Shares” above is conducted, similar adjustment shall be applied to the Number of Granted Shares.

- (3) Amount to be paid in exchange for the Subscription Rights to Shares
There shall be no requirement for payment in exchange for the Subscription Rights to Shares.
- (4) Value of property to be contributed when Subscription Rights to Shares are exercised
Amount to be paid when Subscription Rights to shares are exercised shall be the paid amount per share that can be delivered by exercising the Subscription Rights to Shares (hereinafter referred to as the “Exercise Price”), multiplied by the Number of Granted Shares concerning the relevant Subscription Rights to Shares.

The Exercise Price will be the average value of closing price in regular trading of the Company’s common stock on the Tokyo Stock Exchange (hereinafter referred to as the “Closing Price”) on each day of the previous month of the date when the Subscription Rights to Shares are allotted, multiplied by 1.05. Note that the date when the trade was not effective is not included. Fractions of less than 1 Yen will be rounded up. However, in the case the amount is lower than the Closing Price of the Allotment Date (when no Closing Price is published on that day, Closing Price of the nearest previous date shall be applied), it will be the Closing Price on the Allotment Date.

After the Allotment Date, in an event of a share split or share consolidation of the Company’s common stock, or other event where it is necessary to adjust the Exercise Price, it will be adjusted by the following formula, with fractions of less than 1 Yen rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

In addition, after the Allotment Date of the Subscription Rights to Shares, in an event where the Company issues new shares of common stock or disposes of treasury shares of common stock at a price lower than market price, the Exercise Price will be adjusted by the following formula, with fractions of less than 1 Yen rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of shares newly issued} \times \text{Paid-in amount per share}}{\text{Current market price per share}}}{\text{Number of outstanding shares} + \text{Number of shares newly issued}}$$

The “Number of outstanding shares” in the above formula shall be the total number of the shares of common stock issued less treasury shares of common stock owned by the Company, and in the case of disposition of treasury shares, the “Number of shares

newly issued” shall read as “Number of treasury shares to be disposed of.”

In addition to the above, if any unavoidable event such as a merger, a company split or capital reduction of the Company arises after the Allotment Date where the Exercise Price must be adjusted, the Company may adjust the Exercise Price to a reasonable extent, subject to a resolution of the Board of Directors.

- (5) Period during which Subscription Rights to Shares can be exercised
From July 3, 2017 to June 30, 2021.
- (6) Conditions for exercise of Subscription Rights to Shares
 - 1) Any person who has been allotted Subscription Rights to Shares (hereinafter referred to as a “Holder of Subscription Rights to Shares”) must at the time of exercising such rights have a position in the Company as a Director, Executive Officer, or employee, or a Director of a subsidiary of the Company.

However this requirement does not apply in the case where the person concerned no longer has this position due to, in the case of Directors of the Company or Directors of the Company’s subsidiaries, expiry of his/her term of office, in the case of employees of the Company, retirement at mandatory retirement age, or other circumstances where it is justifiable that this requirement not apply.
 - 2) Other terms and conditions shall be as specified in the “Subscription Rights to Shares Allotment Agreement” to be entered into between the Company and holders of the Subscription Rights to Shares based on a resolution of the Board of Directors.
- (7) Restriction on a Transfer of Subscription Rights to Shares
The acquisition of Subscription Rights to shares by transfer shall require approval by a resolution of the Board of Directors.
- (8) Reasons and conditions for acquisition of Subscription Rights to Shares
 - 1) If a proposal for the approval of a merger agreement under which the Company ceases to exist, a proposal for the approval of a company split agreement or a plan under which the Company is split, a proposal for the approval of a share exchange agreement or a share-transfer plan under which the Company becomes a wholly owned subsidiary is approved at the General Meeting of Shareholders (or at the Board of Directors if approval at the General Meeting of Shareholders is unnecessary), the Company may acquire the Subscription Rights to Shares without compensation
 - 2) In the event that a Holder of Subscription Rights to Shares becomes no longer eligible to exercise his/her Subscription Rights to Shares, the Company may acquire the Subscription Rights to Shares without compensation.
- (9) Matters regarding capital and capital reserves that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares
 - 1) The amount of the capital to be increased by issuance of shares at the time of exercise of the Subscription Rights to Shares shall be half of the maximum amount of increase of the capital, etc. which is calculated in accordance with Article 17, paragraph 1 of the Corporate Accounting Rules, and any fraction less than one (1) Yen as a result of the said calculation shall be rounded up.
 - 2) The amount of capital reserves to be increased by issuance of shares at the time of

exercise of Subscription Rights to Shares shall be obtained by subtracting the capital being increased in 1) above from the maximum amount of increase of capital, etc. in 1) above.

- (10) Handling of Subscription Rights to Shares at the time of restructuring action
If the Company is to engage in a merger (limited to cases where the Company ceases to exist as a result of such merger), absorption-type company split, incorporation-type company split, or subject to a share exchange or share transfer (all of which are collectively referred to as a “Restructuring Action”), Subscription Rights to shares in the company as listed under Article 236, paragraph 1, item 8 (a) through (e) of the Companies Act (such company limited hereafter referred to as the “Restructured Company”) shall in each case be issued in accordance with applicable conditions below to holders of the Subscription Rights to shares that remain in effect as of the effective date of the Restructuring Action (hereinafter referred to as the “Remaining Subscription Rights to Shares”). In this case, the Remaining Subscription Rights to Shares shall cease to exist, and the Restructured Company shall issue new Subscription Rights to Shares. However, such issuance shall be limited to the cases where issuance of the Subscription Rights to shares of the Restructured Company under the following conditions is prescribed in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the plan of the share transfer.
- 1) Number of Subscription Rights to Shares to be issued by the Restructured Company
The holders of the Remaining Subscription Rights to Shares shall be granted the Subscription Rights to Shares of which the number is equivalent to the number of such Rights held at the Restructured Company.
 - 2) Class and Number of Shares to be issued by the Restructured Company upon exercise of Subscription Rights to Shares
The class of shares to be delivered upon exercise of the Subscription Rights to shares shall be the common shares of the Restructured Company, and the number of the shares to be delivered upon exercise of subscription rights to Shares shall be determined in accordance with (1) above, taking into consideration the conditions, etc. of the Restructuring Action.
 - 3) Value of property to be contributed when Subscription Rights to Shares are exercised
The value of property to be contributed upon exercise of each Subscription Right to Shares to be delivered shall be the amount obtained by multiplying the amount per share to be paid in after reorganization obtained by adjusting the Exercise Price set forth in (4) above by the number of shares to be delivered upon exercise of relevant stock acquisition rights as determined in accordance with 2) above, taking into consideration the conditions, etc. of the Restructuring Action.
 - 4) Period during which Subscription Rights to Shares can be exercised
The exercise period shall begin on either the first date of the exercise period for the Subscription Rights to Shares stipulated in (5) above, or on the date that the Restructuring Actions take effect, whichever comes later, and shall continue to the final date of the exercise period stipulated in (5) above.
 - 5) Matters concerning acquisition of Subscription Rights to Shares
To be determined in accordance with (8) above.
 - 6) Restrictions on Assignment of Subscription Rights to Shares

Any acquisition of the Subscription Rights to shares by assignment requires approval by a resolution of the Board of Directors of the Restructured Company.

- 7) Matters regarding capital and capital reserves that will be increased in cases where shares will be issued as a result of the exercise of Subscription Rights to shares To be determined in accordance with (9) above.
- (11) Method of calculating the fair value of Subscription Rights to Shares
The Black-Scholes model, etc. shall be used to calculate the fair value of the subscription rights to Shares based on the various conditions applicable on Allotment Date.
- (12) Other requirements concerning Subscription Rights to Shares may be decided by resolution at separately held meetings of the Board of Directors.