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(Securities Code: 6787)
March 15, 2016

To Shareholders with Voting Rights:

Yuichiro Naya
President & CEO
Meiko Electronics Co., Ltd.
5-14-15, Ogami, Ayase City,
Kanagawa Prefecture, Japan

NOTICE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

You are cordially invited to attend the Extraordinary Shareholders' Meeting of Meiko Electronics Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. Please read the Reference Documents for the Extraordinary Shareholders' Meeting (described hereinafter), indicate your approval or disapproval of the proposal on the enclosed Voting Rights Exercise Form, and return it by 5:20 p.m. on Tuesday, March 29, 2016 (JST).

- 1. Date and Time:** Wednesday, March 30, 2016 at 10:00 a.m. (JST)
- 2. Place:** 3rd Floor "La Rosa," Okura Frontier Hotel Ebina
2-9-50, Chuo, Ebina City, Kanagawa Prefecture, Japan
- 3. Meeting Agenda:**
Proposals to be resolved:
 - Proposal No. 1:** Partial Amendments to the Articles of Incorporation
 - Proposal No. 2:** Issuance of Class A Preferred Stock through Allotment to a Third Party
 - Proposal No. 3:** Election of One (1) Director
 - Proposal No. 4:** Election of One (1) Audit & Supervisory Board Member

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1. If attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on arrival.
 2. Any revision to the Reference Documents for the Extraordinary Shareholders' Meeting will be posted on the Company's website.
<The Company's website> <http://www.meiko-elec.com/ir/stock/meeting.html>

Reference Documents for the Extraordinary Shareholders' Meeting

Proposal and References

Proposal No. 1: Partial Amendments to the Articles of Incorporation

1. Reasons for proposal

In order to enable the issuance of Class A Preferred Stock, it is proposed that the Articles of Incorporation are to be partially revised by adding certain new provisions concerning Class A Preferred Stock and changing certain current provisions in association with the new provisions. The Partial Amendments to the Articles of Incorporation under this Proposal shall be subject to the approval of the Proposals No. 2, No. 3 and No. 4 at this Extraordinary Shareholders' Meeting.

2. Proposed amendments

The proposed amendments are as follows:

(Changes are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Total Number of Shares Authorized to be Issued)</p> <p>Article 6. The total number of shares authorized to be issued by the Company shall be <u>sixty three million two hundred thousand (63,200,000)</u>.</p>	<p>(Total Number of Shares Authorized to be Issued <u>and Total Number of Shares of Class Shares Authorized to be Issued</u>)</p> <p>Article 6. The total number of shares authorized to be issued by the Company shall be <u>seventy million (70,000,000)</u>, and the total number of shares for each class share authorized to be issued shall be as described below.</p> <p style="padding-left: 40px;"><u>Common Stock:</u> <u>seventy million (70,000,000)</u></p> <p style="padding-left: 40px;"><u>Class A Preferred Stock:</u> <u>fifty (50)</u></p>
<p>(Number of Shares Constituting One Unit of Stock)</p> <p>Article 7. The number of shares constituting one unit of stock of the Company shall be one hundred (100).</p>	<p>(Number of Shares Constituting One Unit of Stock)</p> <p>Article 7. The number of shares constituting one unit of stock of the Company shall be one hundred (100) <u>for Common Stock, and one (1) for Class A Preferred Stock.</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>CHAPTER II-2. CLASS A PREFERRED STOCK</u></p> <p><u>(Preferred Dividends)</u></p> <p><u>Article 9-2.</u></p> <p><u>1. When distributing surplus, the Company shall pay dividends for Class A Preferred Stock in the amount per share set forth in Paragraph 2 of this Article (hereinafter referred to as “Class A Preferred Dividends”) to the shareholders of Class A Preferred Stock (hereinafter referred to as “Class A Preferred Shareholder(s)”) or to the registered stock pledgees of Class A Preferred Stock (hereinafter referred to as “Class A Preferred Stock Pledgee(s)”) whose names are listed or registered in the last register of shareholders as of the record date for such dividends, in preference to the shareholders of Common Stock (hereinafter referred to as “Common Shareholder(s)”) or to the registered stock pledgees of Common Stock (hereinafter referred to as “Common Stock Pledgee(s)”). It shall be provided, however, that if all or part of the Class A Preferred Dividends (excluding the payment of Class A Preferred Accumulated Unpaid Dividends (as defined in Paragraph 3 of this Article), but including Class A Preferred Interim Dividends (as defined in Paragraph 5 of this Article; hereinafter the same shall apply)) with record date(s) falling in the same business year as the record date(s) for the aforementioned Class A Preferred Dividends have already been paid, the accumulated amount of the already paid Class A Preferred Dividends shall be deducted from the amount of such dividends to be paid.</u></p>
(New)	

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="815 215 1417 976">2. <u>The amount of Class A Preferred Dividends to be paid per share shall be calculated by multiplying one hundred million (100,000,000) yen (for Dividends whose record dates are to come on or after the first day of the business year after the year following the business year when the Class A Preferred Stock is issued, however, one hundred million (100,000,000) yen multiplied by 101 % per annum (compounded annual rate on a year-by-year (business year) basis) for the period from the first day of the business year after the year following the business year when the Class A Preferred Stock is issued, to the last day of the business year of the latest record date for such Dividends (both days included)) by 7 % per annum (any fractions of less than one (1) yen resulting from the calculation shall be rounded up). The aforementioned calculation shall be performed on a per diem basis assuming that each year has 365 days, with the division process coming last. Provided, however, the amount of Class A Preferred Dividends to be paid per share whose record date falls in the business year ending March 31, 2016 shall be zero (0) yen.</u></p> <p data-bbox="815 987 1417 1908">3. <u>In case where the aggregate amount of distribution of surplus to be paid per share to Class A Preferred Shareholders or Class A Preferred Stock Pledgees (excluding Class A Preferred Accumulated Unpaid Dividends, but including Class A Preferred Interim Dividends, both of which shall be defined below) with record dates all belonging to a single business year do not reach the amount of Class A Preferred Dividends for such business year, the deficiency will be accumulated with interest calculated at a compound annual rate of 7 % on a year-by-year basis for the period from the first day of the business year following such business year to the day on which the deficiency is actually paid (both days included). The aforementioned calculation shall be performed on a per diem basis assuming that each year has 365 days, with the division process coming last, and the amount shall be calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place. The accumulated deficiency (hereinafter referred to as “Class A Preferred Accumulated Unpaid Dividends”) shall be paid to Class A Preferred Shareholders or Class A Preferred Stock Pledgees in preference to Class A Preferred Dividends and dividends to be paid to Common Shareholders or Common Stock Pledgees.</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p data-bbox="815 215 1417 622">4. <u>The Company shall not distribute surplus to Class A Preferred Shareholders or Class A Preferred Stock Pledges in amounts exceeding the Class A Preferred Dividend. Provided, however, that this shall not apply to the distribution of surplus as stipulated by Article 758, Item 8 (b) or Article 760, Item 7 (b) of the Companies Act in the course of an absorption-type demerger proceeding to be carried out by the Company or to the distribution of surplus as stipulated by Article 763, Item 12 (b) or Article 765, Paragraph 1, Item 8 (b) in the course of an incorporation-type demerger proceeding to be carried out by the Company.</u></p> <p data-bbox="815 633 1417 1368">5. <u>When distributing surplus with a record date of September 30 of each year, the Company shall pay an amount equivalent to one-half of the Class A Preferred Dividends to be paid for the business year which the record date falls in (any fractions of less than one (1) yen shall be rounded up) (hereinafter referred to as “Class A Preferred Interim Dividends”) to the Class A Preferred Shareholders or Class A Preferred Stock Pledges whose names are listed or registered in the last register of shareholders as of September 30 of each year, in preference to Common Shareholders or Common Stock Pledges. Provided, however, that if all or part of the Class A Preferred Dividends (excluding the payment of Class A Preferred Accumulated Unpaid Dividends) with record date(s) falling in the same business year as the record date for the aforementioned Class A Preferred Interim Dividends have already been paid, the accumulated amount of the already paid Class A Preferred Dividends shall be deducted from the amount of such dividends to be paid.</u></p> <p data-bbox="815 1413 1185 1442"><u>(Distribution of Residual Assets)</u></p> <p data-bbox="815 1451 946 1480"><u>Article 9-3.</u></p> <p data-bbox="815 1489 1417 1776">1. <u>When distributing residual assets, the Company shall pay the amount calculated based on the formula set forth in Paragraph 2 of this Article (hereinafter referred to as “Base Value”), as the amount of distribution of residual assets to be paid per share for Class A Preferred Stock, to Class A Preferred Shareholders or Class A Preferred Stock Pledges in preference to Common Shareholders or Common Stock Pledges.</u></p> <p data-bbox="815 1785 1417 1870">2. <u>The amount of distribution of residual assets to be paid per share for Class A Preferred Stock shall be calculated based on the formula described below.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(Base Value Calculation Formula)</u></p> <p><u>Amount of distribution of residual assets to be paid per share = Initial amount to be paid + Class A Preferred Accumulated Unpaid Dividends + Unpaid Class A Preferred Dividends for the Preceding Business Year + Unpaid Preferred Dividends for the current business year + Amount to be calculated by multiplying the initial amount to be paid by 1 % per annum for the period from the issuance date of the Class A Preferred Stock to the Residual Assets Distribution Date (both days included) (excluding the business year of the issuance date, a compound annual rate on a year-by-year (business year) basis shall apply; and the amount for any period of less than a whole business year shall be calculated on a per diem basis assuming that each year has 365 days, with the division process coming last) (calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place).</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>For the purpose of the above formula, “Class A Preferred Accumulated Unpaid Dividends” shall be an amount calculated pursuant to Paragraph 3 of the preceding Article, assuming that the date on which the residual assets are to be distributed (hereinafter referred to as “Residual Assets Distribution Date”) is the date on which such amount is actually paid; “Unpaid Class A Preferred Dividends for the Preceding Business Year” shall be, regardless of the record date, the amount of deficiency in Class A Preferred Dividends for the business year preceding the business year which the Residual Assets Distribution Date falls in (hereinafter in this Paragraph referred to as “Preceding Business Year”) in the case where there are any Class A Preferred Dividends that have actually been unpaid by the Residual Assets Distribution Date (excluding the amount to be included in Class A Preferred Accumulated Unpaid Dividends); and the “Unpaid Preferred Dividends for the Current Business Year” shall be the amount of Class A Preferred Dividends whose record date falls in the business year which the Residual Assets Distribution Date falls in, calculated on a per-diem basis with respect to the actual number of days in the period from the first day of the business year of the Residual Assets Distribution Date to the Residual Assets Distribution Date (both days included), less the amount of dividends (if any) with record date(s) falling in the business year which the Residual Assets Distribution Date falls in that were paid to Class A Preferred Shareholders or Class A Preferred Stock Pledges on or after the first day of such business year (excluding the payment of Class A Preferred Accumulated Unpaid Dividends and Class A Preferred Dividends for the Preceding Business Year). The aforementioned calculation shall be performed on a per diem basis assuming that each year has 365 days, with the division process coming last, and the amount shall be calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place.</u></p> <p><u>3. The Company shall not distribute residual assets other than those described in this Article to Class A Preferred Shareholders or Class A Preferred Stock Pledges.</u></p> <p><u>(Voting Rights)</u></p> <p><u>Article 9-4. Unless otherwise provided by laws and regulations, Class A Preferred Shareholders have no voting rights at the Shareholders’ Meeting (including Class Shareholders’ Meeting).</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p data-bbox="815 215 1417 1137"> <u>2. The acquisition price per share for Class A Preferred Stock shall be the aggregate amount of: (i) the initial amount to be paid, (ii) Class A Preferred Accumulated Unpaid Dividends, (iii) Unpaid Class A Preferred Dividends for the Preceding Business Year, (iv) Unpaid Preferred Dividends for the Current Business Year, and (v) Amount to be calculated by multiplying the initial amount to be paid by 1 % per annum for the period from the issuance date of Class A Preferred Stock to the Acquisition Date (both days included) (excluding the business year which the issuance date falls in, the compound annual rate on a year-by-year (business year) basis shall apply; and the amount for any period of less than a whole business year shall be calculated on a per diem basis assuming that each year has 365 days, with the division process coming last) (calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place). For the calculation of “Class A Preferred Accumulated Unpaid Dividends,” “Unpaid Class A Preferred Dividends for the Preceding Business Year,” and “Unpaid Preferred Dividends for the Current Business Year,” the procedure for calculating the Base Value set forth in Article 9-3, Paragraph 2 shall apply, provided that the term “Residual Assets Distribution Date” shall be substituted with “Acquisition Date.”</u> </p> <p data-bbox="815 1182 1235 1216"> <u>(Call Option for Cash Consideration)</u> </p> <p data-bbox="815 1223 946 1256"> <u>Article 9-7.</u> </p> <p data-bbox="815 1263 1417 1706"> <u>1. Effective on the date to arrive on or after March 31, 2018 as determined by the Board of Directors of the Company (hereinafter in this article referred to as “Acquisition Date”), the Company may acquire all or part of Class A Preferred Stock in exchange for cash, to the extent permitted by laws and regulations, regardless of the intention of Class A Preferred Shareholders or Class A Preferred Stock Pledgees. When the Company acquires part of such shares, the number of shares to be acquired shall be determined on a pro-rata basis or on any other reasonable basis to be stipulated by the Board of Directors of the Company.</u> </p>

Current Articles of Incorporation	Proposed Amendments
<p>(New)</p>	<p><u>2. The acquisition price per share of Class A Preferred Stock shall be the aggregate amount of: (i) the initial amount to be paid, (ii) Class A Preferred Accumulated Unpaid Dividends, (iii) Unpaid Class A Preferred Dividends for the Preceding Business Year, (iv) Unpaid Preferred Dividends for the Current Business Year, and (v) Amount to be calculated by multiplying the initial amount to be paid by 1 % per annum for the period from the issuance date of Class A Preferred Stock to the Acquisition Date (both days included) (excluding the business year which the issuance date falls in, the compound annual rate on a year-by-year (business year) basis shall apply; and the amount for any period of less than a whole business year shall be calculated on a per diem basis assuming that each year has 365 days, with the division process coming last) (calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place). For the calculation of “Class A Preferred Accumulated Unpaid Dividends,” “Unpaid Class A Preferred Dividends for the Preceding Business Year,” and “Unpaid Preferred Dividends for the Current Business Year,” the procedure for calculating the Base Value set forth in Article 9-3, Paragraph 2 shall apply, provided that the term “Residual Assets Distribution Date” shall be substituted with “Acquisition Date.”</u></p> <p><u>(Put Option for Common Stock Consideration)</u></p> <p><u>Article 9-8. Class A Preferred Shareholders may request the Company to acquire all or part of their Class A Preferred Stock in exchange for Common Stock as consideration thereof during the period for request set forth in Item (1) of this Article, under the terms and conditions set forth in Item (2) of this Article.</u></p> <p><u>(1) Period for request for acquisition</u> <u>On or after March 31, 2020</u></p> <p><u>(2) Property to be delivered in exchange for acquisition</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="927 208 1417 846"><u>(I) When Class A Preferred Shareholders exercise their rights to request the acquisition of shares, the Company shall deliver Common Stock of the Company to such Class A Preferred Shareholders in exchange for acquiring the Class A Preferred Stocks held by such Class A Preferred Shareholders, under the terms and conditions described below (hereinafter in this Article, the day when such acquisition is be carried out is referred to as the “Acquisition Date”). In the calculation of the number of shares of Common Stock to be delivered to Class A Preferred Shareholders, any fraction of less than one share shall be rounded down, and no cash adjustment set forth in Article 167, Paragraph 3 of the Companies Act shall be made.</u></p> <p data-bbox="927 891 1182 925"><u>(Calculation Formula)</u></p> <p data-bbox="967 929 1417 1088"><u>Number of shares of Common Stock to be delivered in exchange for acquisition = Acquisition price per share for Class A Preferred Stock / Conversion Price</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>The “Acquisition price per share for Class A Preferred Stock” shall be the aggregate amount of: (i) the initial amount to be paid, (ii) Class A Preferred Accumulated Unpaid Dividends, (iii) Unpaid Class A Preferred Dividends for the Preceding Business Year, (iv) Unpaid Preferred Dividends for the Current Business Year, and (v) Amount to be calculated by multiplying the initial amount to be paid by 1 % per annum for the period from the issuance date of Class A Preferred Stock to the Acquisition Date (both days included) (excluding the business year which the issuance date falls in, the compound annual rate on a year-by-year (business year) basis shall apply; and the amount for any period of less than a whole business year shall be calculated on a per diem basis assuming that each year has 365 days, with the division process coming last) (calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place). For the calculation of the acquisition price in the above formula, the procedure for calculating the Base Value set forth in Article 9-3, Paragraph 2 shall apply, provided that the term “Residual Assets Distribution Date” shall be substituted with “Acquisition Date.”</u></p> <p><u>(II) Conversion Price</u></p> <p><u>(A) Initial Conversion Price</u></p> <p><u>The initial Conversion Price shall be two hundred and fifty (250) yen.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="938 208 1321 241"><u>(B) Revision of Conversion Price</u></p> <p data-bbox="979 241 1418 1785"><u>On September 30, 2016 and on the semi-annual corresponding dates thereafter (if the JASDAQ Market of Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Stock Exchange”) is not open for trading on such date, the next trading day shall apply, hereinafter referred to as the “Conversion Price Revision Date”), the Conversion Price shall be revised to an amount equal to 90% of the Market Price on the respective Conversion Price Revision Dates (hereinafter referred to as “Revised Conversion Price”). Provided, however, when the Revised Conversion Price is less than 50% of the initial Conversion Price (hereinafter referred to as “Minimum Conversion Price”), the Revised Conversion Price shall be the Minimum Conversion Price; and when the Revised Conversion Price is more than 150% of the initial Conversion Price (“Maximum Conversion Price”), the Revised Conversion Price shall be the Maximum Conversion Price. In addition, when the Conversion Price is adjusted according to Item (C) below, the Minimum Conversion Price and the Maximum Conversion Price shall also be adjusted in the same manner. The aforementioned “Market Price” shall be the simple average of closing prices (including quotation) of all days for regular transactions of Common Stock of the Company on the Stock Exchange for 30 transaction days commencing on and from the 45th transaction day before the corresponding Conversion Price Revision Date (excluding any day on which there is no closing price, and calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place).</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="938 208 1353 241"><u>(C) Adjustment of Conversion Price</u></p> <p data-bbox="954 248 1417 757"><u>(a) When the number of shares of Common Stock will or could be changed for the reasons described in any of the items of (b) below after the issuance of Class A Preferred Stock, the Company shall adjust the Conversion Price by applying the calculation formula described below (hereinafter referred to as “Conversion Price Adjustment Formula”). Provided, however, no adjustment shall be made when the consent of Class A Preferred Shareholders who hold shares equivalent to the majority of Class A Preferred Stock is obtained.</u></p> <p data-bbox="938 801 1193 835"><u>(Calculation Formula)</u></p> <p data-bbox="979 842 1417 1171"><u>Conversion Price after adjustment = Conversion Price before adjustment × (Number of shares outstanding of Common Stock + ((Number of shares of Common Stock to be delivered × Amount to be paid per share) / Market price per share)) / (Number of shares outstanding of Common Stock + Number of shares of Common Stock to be delivered)</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>For the purpose of the above Conversion Price Adjustment Formula, the “Number of shares outstanding of Common Stock” shall be the number of shares of Common Stock of the Company issued and outstanding as of the record date described in items (i) to (v) of (b) below (where such record date for the corresponding transaction is set for Common Shareholders) or as of the day one month prior to the day when the Conversion Price after adjustment is applied (if no such record date is set); less the number of shares of Common Stock held by the Company as of such date; plus the number of shares of Common Stock which is deemed to be the number of shares of Common Stock to be delivered according to (b) or (d) below and has yet to be delivered before the adjustment of the Conversion Price. For the purpose of the above Conversion Price Adjustment Formula, the “Number of shares of Common Stock to be delivered” shall be as follows: when a share split is carried out, the number of shares of Common Stock to be increased due to the share split (excluding the increased number of shares with respect to Common Stock held by the Company as of the record date); and when a share consolidation is carried out, the number of shares of Common Stock to be decreased due to the share consolidation, which number shall be applied as a negative value in the calculation (excluding a decreased number of shares with respect to Common Stock held by the Company as of the effective date). For the purpose of the above Conversion Price Adjustment Formula, the “Amount to be paid per share” shall be zero (0) yen for the cases set forth in items (i), (ii), and (iv) of (b) below; or the amount to be paid stipulated in item (iii) of (b) for the cases set forth in such item (when any property other than cash is contributed, the fair and reasonable value shall apply); or the amount of consideration stipulated in item (vi) of (b) for the cases set forth in item (v) of (b).</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="954 215 1417 465"><u>(b) The circumstances for which the Conversion Price for Class A Preferred Stock is to be adjusted by applying the above Conversion Price Adjustment Formula, and the periods for applying the Conversion Price after adjustment shall be as set forth below.</u></p> <p data-bbox="970 477 1417 701"><u>(i) When a share split of Common Stock is carried out</u> The Conversion Price after adjustment shall be applied on or after the day following the record date for the share split of Common Stock</p> <p data-bbox="970 712 1417 1093"><u>(ii) When a gratis allotment of shares of Common Stock is carried out</u> The Conversion Price after adjustment shall be applied on or after the day following the effective date of such gratis allotment. Provided, however, that when the Company has set the record date for the gratis allotment of shares, the Conversion Price after adjustment shall be applied on or after the day following such record date.</p> <p data-bbox="970 1104 1417 1832"><u>(iii) When Common Stock is delivered in exchange for payment of an amount less than the Market Price set forth in item (ii) of (c) below (excluding cases where Common Stock is delivered in exchange for the acquisition of shares subject to call, shares with put options, or subscription rights to shares subject to call (including those attached to bonds with subscription rights to shares, hereinafter in this Item (C) the same shall apply) issued by the Company; or cases where Common Stock is delivered upon the exercise of subscription rights to shares to request delivery of Common Stock (including those attached to bonds with subscription rights to shares, hereinafter in this Item (C) the same shall apply) or any other conversion, exchange, or exercise of securities or rights)</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>The Conversion Price after adjustment shall be applied on or after the day following the payment due date (when the payment period for subscription has been set, the last day of such period; hereinafter the same shall apply). Provided, however, that when the Company has set the record date for granting Common Shareholders rights to receive allotments of shares offered by the Company, the Conversion Price after adjustment shall be applied on or after the day following such record date.</u></p> <p><u>(iv) When a share consolidation of Common Stock is carried out</u> <u>The Conversion Price after adjustment shall be applied on or after the day following the record date for determining shareholders from whom shares shall be acquired due to a share consolidation of the Common Stock of the Company (when no such record date has been set, the effective date of the share consolidation).</u></p> <p><u>(v) When shares with put options, shares subject to call, or subscription rights to shares subject to call with a provision stating that the Company shall deliver Common Stock in exchange for acquisition thereof for a consideration less than the Market Price described in item (ii) of (c) below (including gratis allotment) are delivered; or when subscription rights to shares or other securities or rights that entitle their holders to request delivery of Common Stock for a consideration less than the Market Price described in item (ii) of (c) below (including gratis allotment) are delivered.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>The Conversion Price after adjustment shall be calculated by applying the Conversion Price Adjustment Formula <i>mutatis mutandis</i>, assuming that all of the shares with put option, shares subject to call, subscription rights to shares subject to call, or subscription rights to shares or other securities or rights (hereinafter referred to as “Shares with Put Options, etc.”) are acquired, converted, exchanged, or exercised and Common Stock is delivered, under the initial terms and conditions. The Conversion Price after adjustment shall be applied on or after the day following the date of delivery or the effective date of gratis allotment. Provided, however, that when the Company has set the record date for granting Common Shareholders rights to receive allotments of Shares with Put Options, etc. offered by the Company or the record date for gratis allotment, the Conversion Price after adjustment shall be applied on or after the day following such record date.</u></p> <p><u>Notwithstanding the foregoing, when the amount of consideration for Common Stock to be delivered upon such acquisition, conversion, exchange, or exercise has yet to be fixed at the time described above, the Conversion Price after adjustment shall be calculated by applying the Conversion Price Adjustment Formula <i>mutatis mutandis</i>, assuming that all of the Shares with Put Options, etc. delivered at the time such consideration is fixed are acquired, converted, exchanged, or exercised and the Common Stock is delivered, under the terms and conditions at such time. In such case, the Conversion Price after adjustment shall be applied on or after the day following the day when such amount of consideration is fixed.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(vi) The amount of consideration described in (v) above shall be the paid amount of contribution or other payments that have the nature of considerations for delivery of Shares with Put Options, etc. (for subscription rights to shares that entitle its holders to request delivery of Common Stock for a consideration less than Market Price, the value of the property to be contributed upon the exercise thereof shall be added), less the value of property other than Common Stock to be delivered to the holders of Shares with Put Options, etc. upon the acquisition, conversion, exchange, or exercise thereof, divided by the number of shares of Common Stock to be delivered upon the acquisition, conversion, exchange, or exercise thereof.</u></p> <p><u>(c) (i) For the calculation in the Conversion Price Adjustment Formula, the amount shall be calculated to the second decimal place of any amount of less than one (1) yen and then rounded down to the first decimal place.</u></p> <p><u>(ii) For the purpose of the above Conversion Price Adjustment Formula, the Market Price shall be the simple average of closing prices (including quotation) of all days of regular transactions of Common Stock on the Stock Exchange for 30 transaction days commencing on and from the 45th transaction day before the date when the Conversion Price after adjustment shall apply (excluding any day on which there is no closing price; and the amount shall be calculated to the second decimal place of any amount of less than one (1) yen and rounded off to the first decimal place).</u></p> <p><u>(d) In addition to the circumstances where the Conversion Price is to be adjusted pursuant to (b) above, the Company shall adjust the Conversion Price as required when the Board of Directors reasonably decides that any of the provisions described below apply.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p>(i) <u>When the Conversion Price is required to be adjusted due to a merger in which the Company is to become the surviving company; due to the succession of rights and obligations of another company in the course of an absorption-type demerger proceeding carried out by such company; or due to the acquisition of all of the outstanding shares of another company in the course of a share-for-share exchange carried out by such company.</u></p> <p>(ii) <u>When two or more events that give rise to adjustments of the Conversion Price successively occur in a short period of time, and in the calculation of the Conversion Price after adjustment due to one event, the Market Price to be applied thereto is to be determined with reference to the effect of the other event.</u></p> <p>(iii) <u>When the Conversion Price has to be adjusted due to any other events that will or could give rise to a change of the “number of shares outstanding of Common Stock” applied in the Conversion Price Adjustment Formula.</u></p> <p>(e) <u>When the difference between the Conversion Price after adjustment calculated by applying the Conversion Price Adjustment Formula and the Conversion Price before adjustment is less than one (1) yen, no adjustment shall be made to the Conversion Price. Provided, however, that the adjustment omitted pursuant to this item (e) shall be carried over, and taken into account in the calculation of adjustment thereafter.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(f) When the Conversion Price is to be adjusted pursuant to items (a) to (e) above, the Company shall give prior notice to the Class A Preferred Shareholders whose names are listed or registered in the register of shareholders, which notice shall describe the intended adjustment and reason therefor, the Conversion Price before adjustment, the Conversion Price after adjustment, and the date when the adjustment applies, as well as any other matters required to be disclosed. Provided, however, that when the aforementioned notice cannot be issued by the day preceding the date of application, the notice shall be issued promptly on or after the date of application.</u></p> <p><u>(g) As the Conversion Price is to be constructed with a view to preventing dilution and to ensuring substantially fair treatment among shareholders of different classes, the Board of Directors shall make an appropriate adjustment of the Conversion Price or take any other reasonably required actions in any case where the Conversion Price is difficult to calculate or the result of such calculation turns out to be unreasonable.</u></p> <p><u>(3) Recipient of request for acquisition</u> <u>Shareholder register administrator:</u> <u>Sumitomo Mitsui Trust Bank, Limited,</u> <u>Stock Transfer Agency Business</u> <u>Planning Dept.</u></p> <p><u>(4) Effective point of acquisition</u> <u>When the written request for acquisition has arrived at the recipient of the request for acquisition described in Item (3) of this Article, the Company shall acquire such Class A Preferred Stock, and the shareholders who have requested the acquisition shall become shareholders of Common Stock to be delivered by the Company in exchange for the acquisition.</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>(Call Option for Common Stock Consideration)</u> <u>Article 9-9. The Company shall acquire Class A Preferred Stock that is yet to be acquired by the Company as of March 31, 2026, in exchange for Common Stock of the Company on April 1, 2026 (hereinafter referred to as “General Acquisition Date”). In this case, the number of shares of Common Stock to be delivered in exchange for the acquisition of one (1) share of Class A Preferred Stock shall be equal to the number of shares calculated according to Item (2) (I) of the preceding Article, assuming that the General Acquisition Date shall be the effective date of the request for acquisition; provided that any fraction of less than one (1) share in the calculation of the number of shares of Common Stock to be delivered to Class A Preferred Shareholders shall be treated in accordance with Article 234 of the Companies Act.</u></p>
(New)	<p><u>(Limitation on Transfer)</u> <u>Article 9-10. Any acquisition of Class A Preferred Stock through transfer shall be subject to the approval of the Board of Directors of the Company.</u></p>
(Record Date) Article 10. 1. The Company shall deem the shareholders with voting rights whose names are registered in the register of shareholders of the Company as of the date of March 31 of each year as shareholders entitled to exercise the rights of shareholders at the Annual Shareholders’ Meeting for such fiscal term.	(Record Date) Article 10. 1. The Company shall deem the shareholders with voting rights whose names are <u>listed or</u> registered in the register of shareholders of the Company as of the date of March 31 of each year as shareholders entitled to exercise the rights of shareholders at the Annual Shareholders’ Meeting for such fiscal term.
2. (Omitted)	2. (Unchanged)
(New)	<p><u>(Class Shareholders’ Meeting)</u> <u>Article 15-2.</u> <u>1. The provisions of Article 10 shall apply <i>mutatis mutandis</i> to the Class Shareholders’ Meeting to be held on the same day as the Annual Shareholders’ Meeting.</u> <u>2. The provisions of Article 11, Article 12, Article 13, Paragraph 1, Article 14 and Article 15 shall apply <i>mutatis mutandis</i> to the Class Shareholders’ Meeting.</u> <u>3. The provision of Article 13, Paragraph 2 shall apply <i>mutatis mutandis</i> to the resolution of the Class Shareholders’ Meeting pursuant to Article 324, Paragraph 2 of the Companies Act.</u></p>

Proposal No. 2: Issuance of Class A Preferred Stock through Allotment to a Third Party

For the purpose of confirming the intention of shareholders in accordance with Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, Inc., the issuance of Class A Preferred Stock is proposed for approval at this meeting by means of an extraordinary resolution.

The issuance of shares offered under this Proposal shall be subject to the approval of the Proposals No. 1, No. 3, and No. 4 at this Extraordinary Shareholders' Meeting.

1. Matters related to offering for subscription

(1) Class and number of stock to be offered	Class A Preferred Stock: 50 shares
(2) Amount to be paid	¥5,000,000,000 (¥100,000,000 per share)
(3) Due date for payment	March 31, 2016
(4) Matters related to capital stock and legal capital surplus to be increased	Amount of capital stock to be increased ¥2,500,000,000 Amount of legal capital surplus to be increased ¥2,500,000,000
(5) Method of subscription or allotment (party to whom stock is to be allotted)	Allotment to third party (Chiiki Chukakukigyo Kasseika Fund)
(6) Content of Class A Preferred Stock	Please see the attached "Guidelines for Subscription of Class A Preferred Stock"

2. Reasons for fundraising through the issuance of Preferred Stock

In the course of reviewing various possible measures for stabilizing our financial base with due consideration of effects on current shareholders, the Company has come to the conclusion, that it needs to improve its financial structure urgently by strengthening its equity capital through fundraising for capital enhancement, in light of the considerable decrease of net assets of the Company to ¥26,702 million as of the end of second consolidated fiscal quarter (September 30, 2015) as compared with the end of the preceding consolidated fiscal year.

With respect to the fundraising measures available under the current circumstances, in light of the amount to be issued being large than the market capitalization of the Company's outstanding shares, as well as factors such as the current conditions of the economy and capital markets, the business environment surrounding the Company, and the financial position and operating results of the Company, the Company has concluded that fundraising by an issuance of common stock would be inappropriate because such a measure would result in an immediate and substantial dilution that would lead to a potential loss of value for the Company's current shareholders. Meanwhile, we believe that a capital increase through an issuance of class stock is the option most likely to ensure fundraising for the capital expenditure required for the Company's future growth strategy and the option most appropriate for stabilizing the Company's financial structure without causing an immediate dilution of common stock.

Based on the above, the Company has deliberated the matter with a focus on potential investors who show interest in the capital increase of the Company through the issuance of class stock, while considering various factors such as the characteristics of the investors, the amount of funds to be raised, and relevant economic conditions. In the course of this deliberation, the Company received an offer concerning subscription for the Preferred Stock from Chiiki Chukakukigyo Kasseika Fund. After carefully examining the conditions of the offer and carrying out prudent negotiations and discussions with Chiiki Chukakukigyo Kasseika Fund, the Company and the Partnership agreed on the issuance of the Preferred Stock as a means of fundraising and capital increase assuming cash redemption.

The Company believes that the issuance of the Preferred Stock to Chiiki Chukakukigyo Kasseika Fund, an entity that deeply understands the business objectives and management policy of the Company, should be the best option, for the following reasons: i) the issuance of the Preferred Stock will minimize the dilution of common stock of the Company through the exercise of put options for common stock consideration; ii) the dividend rate of the Preferred Stock should be at an adequate level under the current environment for fundraising via preferred stock in mezzanine financing; and iii) if the Company accumulates profit going forward and is enabled to achieve early redemption and cancellation of the Preferred Stock, the Company will stabilize its financial position and be able to maintain or reduce the cost of raising funds or enhance its capacity to raise funds from financial institutions in the future.

Proposal No. 3: Election of One (1) Director

According to the designation by the Chiiki Chukakukigyo Kasseika Fund, the entity that has entered into the share subscription agreement for Class A Preferred Stock described in Proposal No. 1 with the Company, it is proposed that one (1) Outside Director be elected.

The candidate for Director is as follows:

Name (Date of birth)	Career summary, positions and significant concurrent position(s)	Number of shares of the Company held (Thousands of shares)
Hajime Nakano (March 12, 1976)	<p>October 1999 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>June 2003 Registered as Certified Public Account of Japan</p> <p>June 2004 Joined Shinko Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)</p> <p>August 2010 Joined Enterprise Turnaround Initiative Corporation of Japan (currently Regional Economy Vitalization Corporation of Japan)</p> <p>August 2011 Director of SHOWA MOLD & ENGINEERING Co., Ltd. Director of Sagamihara Buhin Kogyo Co., Ltd. Director of SOL-PLUS CO., LTD.</p> <p>May 2015 Seconded to REVIC Partners Co., Ltd. (current position)</p> <p>January 2016 Director of Regional Economy Vitalization Corporation of Japan (current position) (to present)</p> <p>(Director of REVIC is a person who leads or supervises a particular area of the organization. This title does not mean a board member of the organization.)</p> <p>[Significant concurrent positions] Director of Regional Economy Vitalization Corporation of Japan REVIC Partners Co., Ltd.</p>	0

Notes:

1. Mr. Hajime Nakano concurrently serves as Director of the Regional Economy Vitalization Corporation of Japan, an entity that invests in the Chiiki Chukakukigyo Kasseika Fund, the party that has entered into the share subscription agreement for Class A Preferred Stock with the Company.
2. Mr. Nakano is a candidate for Outside Director.
3. Special notes related to the candidate for Outside Director are as follows:
 - (1) Reasons for appointing Mr. Nakano as a candidate for Outside Director
The Company proposes the election of Mr. Hajime Nakano as an Outside Director in the belief that he will reflect his expertise in finance and accounting areas into the management and supervision of the Company based on his abundant experience and broad knowledge in corporate management as a certified public accountant.
 - (2) Liability limitation agreement
If the election of Mr. Hajime Nakano is approved, the Company will enter into an agreement with Mr. Nakano that limits his liability as stipulated by Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the said Act and with the provisions of the Articles of Incorporation of the Company. Under the agreement, his liability for damages as stipulated by Article 423, Paragraph 1 of the said Act shall be limited to a predetermined amount of no less than ¥5 million or an amount stipulated by laws and regulations, whichever is higher.

Proposal No. 4: Election of One (1) Audit & Supervisory Board Member

According to the designation by the Chiiki Chukakukigyo Kasseika Fund, the entity that has entered into the share subscription agreement for Class A Preferred Stock described in Proposal No. 1 with the Company, it is proposed that one (1) Audit & Supervisory Board Member be elected.

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

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

Name (Date of birth)	Career summary, positions and significant concurrent position(s)	Number of shares of the Company held (Thousands of shares)
Arifumi Sunada (April 8, 1977)	October 2005 Registered as Attorney at Law June 2013 Joined GREE, Inc. September 2014 Director of Glossom, Inc. September 2015 Director of Regional Economy Vitalization Corporation of Japan (current position) Seconded to REVIC Partners Co., Ltd. (current position) (to present) (Director of REVIC is a person who leads or supervises a particular area of the organization. This title does not mean a board member of the organization.) [Significant concurrent positions] Director of Regional Economy Vitalization Corporation of Japan REVIC Partners Co., Ltd.	0

Notes:

1. Mr. Arifumi Sunada concurrently serves as Director of the Regional Economy Vitalization Corporation of Japan, an entity that invests in the Chiiki Chukakukigyo Kasseika Fund, the party that has entered into the share subscription agreement for Class A Preferred Stock with the Company.
2. Mr. Sunada is a candidate for Outside Audit & Supervisory Board Member.
3. Special notes related to the candidate for Outside Audit & Supervisory Board Member are as follows:
(1) Reasons for appointing Mr. Sunada as a candidate for Outside Audit & Supervisory Board Member
The Company proposes the election of Mr. Arifumi Sunada as an Outside Audit & Supervisory Board Member in the belief that he will reflect his expertise into the auditing of the Company based on his abundant experience and broad knowledge in corporate legal affairs as an attorney.
Although Mr. Sunada does not have experience of being directly involved in corporate management in the past, his election is requested on the judgement that he will be able to execute his duty as an Outside Audit & Supervisory Board Member appropriately in light of the aforementioned expertise and field experience.
(2) Liability limitation agreement
If the election of Mr. Arifumi Sunada is approved, the Company will enter into an agreement with Mr. Sunada that limits his liability as stipulated by Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the said Act and with the provisions of the Articles of Incorporation of the Company. Under the agreement, his liability for damages as stipulated by Article 423, Paragraph 1 of the said Act shall be limited to a predetermined amount of no less than ¥5 million or an amount stipulated by laws and regulations, whichever is higher.