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(Stock Exchange Code 3913)
March 15, 2016

To our shareholders

Mita43MT Building, 3-13-16 Mita,
Minato-ku, Tokyo
sMedio, Inc.
President: Shunsuke Tanaka

NOTICE OF THE 9TH ANNUAL SHAREHOLDERS' MEETING

Notice is hereby given that the 9th Annual Shareholders' Meeting of the Company will be held as specified below. You are cordially invited to attend the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights in writing. After reviewing the attached Documents for Reference for the Annual Shareholders' Meeting, please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to the Company so that it arrives no later than 6:30 p.m. on Tuesday, March 29, 2016, Japan time.

Notice of Meeting

1. **Date:** Wednesday, March 30, 2016 at 10:00 a.m. Japan time

2. **Place:** Room Houou (B1F) at Hotel JAL City Tamachi Tokyo
3-16-18 Shibaura, Minato-ku, Tokyo, Japan
(Please refer to the guide map for the venue of the Meeting shown at the end of this document.) (Japanese only)

3. **Objectives of Meeting:**

(Matters to Report)

1. Business Report, Consolidated Financial Statements for the Company's 9th period (January 1, 2015 to December 31, 2015) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 9th period (January 1, 2015 to December 31, 2015)

(Proposals)

1. Partial Amendment to Articles of Incorporation
2. Election of 5 Directors
3. Election of 1 Auditor

1. When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. Among the documents which should be provided together with this Notice, as the following notes are made available on the Company's website (http://www.smedio.co.jp/), pursuant to applicable laws and regulations and Article 14 of the Articles of Incorporation of the Company, these notes are not provided in this Notice.
   (1) Notes to the Consolidated Financial Statements
   (2) Notes to the Non-consolidated Financial Statements
3. Should the Documents for Reference for the Annual Shareholders' Meeting, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (http://www.smedio.co.jp/).
4. No souvenir will be made available to the attending shareholders. We sincerely request your understanding and acceptance.

Documents for Reference for the Annual Shareholders' Meeting

Proposals and References

Proposal 1: Partial Amendment to Articles of Incorporation

1. Reasons for the amendment

(1) In order to accelerate the Company's business operations in the future and further improve and strengthen its operating base, the Company shall add 2 more Directors from "no more than seven (7)" to "no more than nine (9)" as set forth in Article 19 in the proposed amendment.

(2) In order to promptly respond to a change in the Company's business environment and further clarify the management responsibility of the Directors, the term of office of the Directors shall be changed from two (2) years to one (1) year, and shall continue until the conclusion of the Annual Shareholders' Meeting for the last business year ending within one (1) year from the time of their election as set forth in Article 21, Paragraph 1 in the proposed amendment.

(3) Although the Company currently appoints only one (1) Representative Director, in order to accelerate the Company's business operations and deliver quicker decision-making in the future, the number of Representative Directors who can be elected by the resolution of the Board of Directors shall be changed as set forth in Article 22, Paragraph 1 in the proposed amendment. In addition, Paragraph 2 of the same Article shall need amendment as well.

(4) Under the enforcement of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014), the scope of corporate officers with whom a company can enter into an agreement for the purpose of limiting their liability was amended, and with regard to Directors who are not Executive Directors and Auditors who are not Outside Auditors, the Company can enter into an agreement with them for the purpose of limiting their liability. In line with this change, the provisions for these Directors and Auditors shall be changed as set forth in Articles 30 and 41 in the proposed amendment so that they can fully assume their expected roles. With regard to Article 30 in the proposed amendment, the Company has already obtained the approval of each Auditor.

2. Description of the amendment

Description of the amendment is as follows:

(Amended parts are underlined.)

Current	Proposed amendment
Chapter 4. Directors and Board of Directors (Number of Directors) Article 19. The number of the Company's Directors shall be no more than <u>seven (7)</u>. (Directors' Term of Office) Article 21. Directors' term of office shall continue until the conclusion of the Annual Shareholders' Meeting for the last business year ending within <u>two (2) years</u> from the time of their election. 2. <u>The term of office for Directors who are elected to fill a vacancy or increase the number shall continue until the expiration of the term of office for other incumbent Directors.</u>	Chapter 4. Directors and Board of Directors (Number of Directors) Article 19. The number of the Company's Directors shall be no more than <u>nine (9)</u>. (Directors' Term of Office) Article 21. Directors' term of office shall continue until the conclusion of the Annual Shareholders' Meeting for the last business year ending within <u>one (1) year</u> from the time of their election. 2. (Delete)

Current	Proposed amendment
(Representative Director and Directors with Title) Article 22. The Company shall appoint one (1) Representative Director, who shall be elected from among the Directors by the resolution of the Board of Directors. 2. The Representative Director shall assume the role of company president, and shall represent the Company and execute the Company's business.	(Representative Director and Directors with Title) Article 22. The Company can elect a few Representative Directors from among the Directors by the resolution of the Board of Directors. 2. Each Representative Director shall represent the Company, and execute the Company's business according to the resolutions of the Shareholders' Meeting and the Board of Directors.
(Liability of Directors) Article 30. The Company can enter into an agreement with the Outside Directors to limit the liability if it corresponds to the requirements specified in the laws and regulations with respect to liability of the Companies Act Article 423, Paragraph 1. However, the maximum amount of liability under the agreement shall be the minimum liability amount prescribed by laws and regulations.	(Liability of Directors) Article 30. The Company can enter into an agreement with the Directors (excluding Executive Directors, etc.) to limit the liability if it corresponds to the requirements specified in the laws and regulations with respect to liability of the Companies Act Article 423, Paragraph 1. However, the maximum amount of liability under the agreement shall be the minimum liability amount prescribed by laws and regulations.
Chapter 5. Auditors and Board of Auditors (Liability of Auditors) Article 41. The Company can enter into an agreement with the Outside Auditors to limit the liability if it corresponds to the requirements specified in the laws and regulations with respect to liability of the Companies Act Article 423, Paragraph 1. However, the maximum amount of liability under the agreement shall be the minimum liability amount prescribed by laws and regulations.	Chapter 5. Auditors and Board of Auditors (Liability of Auditors) Article 41. The Company can enter into an agreement with the Auditors to limit the liability if it corresponds to the requirements specified in the laws and regulations with respect to liability of the Companies Act Article 423, Paragraph 1. However, the maximum amount of liability under the agreement shall be the minimum liability amount prescribed by laws and regulations.
Additional Clause (Newly Established)	Additional Clause (Transitional Measures concerning Term of Office of Directors) Article 1. Notwithstanding the provisions of Article 21 of the Articles of Incorporation, if the Company, as a surviving company, merges with and absorbs another company within the business year, the term of office of the Directors shall continue until the conclusion of the first Extraordinary Shareholders' Meeting which will be held after the absorption merger. 2. The term of office of the Directors elected as provided in the preceding Paragraph shall continue until the conclusion of the Annual Shareholders' Meeting for the last business year. 3. These Additional Clause shall be deleted when all the Directors retire in accordance with Paragraph 1.

Proposal 2: Election of 5 Directors

Subject to the approval and resolution of Proposal 1 "Partial Amendment to Articles of Incorporation," the term of office of all Directors will expire at the conclusion of this year's Annual Shareholders' Meeting. Accordingly, the election of five (5) Directors is proposed.

However, on the condition that Proposal 1 "Partial Amendment to Articles of Incorporation" is approved and resolved as originally proposed, and that the amendment to Articles of Incorporation comes into effect by the resolution of the same proposal, the resolution of this proposal shall come into effect.

The nominees for the Directors are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibility and significant concurrent positions	Number of shares of the Company held
1	Shunsuke Tanaka (February 11, 1962)	April 1984 Joined Matsushita Electric Trading Company (currently Panasonic Corporation) April 1985 Joined Ricoh Company Ltd. July 1987 Joined Ricoh America Inc. established in the USA July 1991 Joined Macronics Inc. Director, International Sales, Macronics Inc. September 1994 Established Sotec America Inc. Representative, Sotec America Inc. September 1997 Sales Director of Tokyo Office and Manager of System Sales Section, MegaChips Corporation Executive Officer, MegaFusion Corporation when separated and established September 2001 President, InterVideo Inc. March 2007 President, Corel Corp. when merged with InterVideo Inc. August 2008 President, VideACE, Inc. (currently sMedio, Inc.) (to present) [Significant concurrent positions] ・Director, sMedio Technology (Shanghai) Inc. ・Director, sMedio America Inc.	180,000
2	Sadanori Iwamoto (May 31, 1971)	July 1996 Product Manager, Nichimen Electronics Parts, Inc. (currently E-Globaledge Corporation) June 2002 OEM Sales Senior Director, InterVideo Inc. (currently Corel Corp.) February 2008 General Manager of Sales, VideACE, Inc. (currently sMedio, Inc.) March 2010 Director, General Manager of Sales & Marketing (to present) March 2015 Managing Director, sMedio, Inc. (to present) October 2015 Director, Johospace Co., Ltd. (to present) [Significant concurrent positions] ・Director, sMedio Technology (Shanghai) Inc. ・Director, Johospace Co., Ltd.	6,000

No.	Name (Date of birth)	Past experience, positions, responsibility and significant concurrent positions	Number of shares of the Company held
3	Qiling Huang (November 11, 1970)	June 1997 Engineering Manager, AMLOGIC, INC. August 2000 Software Engineering Manager, InterVideo Inc. (USA) (currently Corel Inc.) January 2008 Engineering & General Manager, Rolltech Technology Inc. (currently sMedio Technology (Shanghai) Inc.) June 2010 Director, sMedio, Inc. (to present) [Significant concurrent positions] ・President, sMedio Technology (Shanghai) Inc. ・Director, sMedio America Inc.	13,200
4	Yoshinobu Nakamura (January 4, 1963)	October 1986 Joined Eiwa Auditing Firm (currently KPMG AZSA LLC) June 1988 Registered as a Certified Public Accountant April 1998 Joined Tommy Inc. December 1999 Joined Seiyu Audit Corp. April 2005 Established Nakamura Yoshinobu Accountant Office February 2006 Joined Yurakucho CPA Firm June 2007 Joined HLB Meisei Audit Corporation (currently HLB Meisei LLC) March 2011 Director, General Manager of Corporate Control, sMedio, Inc. (to present)	8,000
5	Yoji Ochiai (March 29, 1964)	April 1987 Joined the Legal Training and Research Institute, Supreme Court of Japan April 1989 Prosecutor of the Tokyo District Public Prosecutor's Office September 2000 Employed at Yahoo Japan Corporation October 2000 Registered as an attorney-at-law (the Tokyo Bar Association) November 2001 Joined Yaesu Daiichi Law Office September 2008 Established Sengakujimae Law Office (to present) April 2010 Designated Professor, Law School, Tokai University (to present) December 2013 External Statutory Auditor, WebCrew Inc. (to present) March 2015 Outside Director, sMedio, Inc. (to present) [Significant concurrent positions] ・Representative, Sengakujimae Law Office ・Designated Professor, Law School, Tokai University ・External Statutory Auditor, WebCrew Inc.	-

(Notes)

1. No special conflicts of interest exist between the Company and each nominee.
2. Mr. Yoji Ochiai is a nominee for Outside Director.
3. The reasons why the Company nominated Mr. Yoji Ochiai as an Outside Director are as follows: the Company judged that he will provide suggestions concerning all aspects of the Company's corporate management including its corporate governance by using his ample career and experience so that its management system can be further strengthened; and judging from his experience and insights, he will properly carry out his duty as an Outside Director.
4. Mr. Yoji Ochiai, a nominee for Outside Director, is a current Outside Director of the Company, and he will have been in office for one (1) year at the conclusion of this Annual Shareholders' Meeting.
5. The Company has entered into an agreement with Mr. Yoji Ochiai for the purpose of limiting the liability for damages in accordance with Article 423, Paragraph 1 of the Companies Act, and when he is reelected as a Director, the Company will continue the agreement. The maximum amount of the liability for damages under the agreement is the amount stipulated by laws and regulations.

Proposal 3: Election of 1 Auditor

Mr. Seiji Mitsuoka will resign from office as an Auditor at the conclusion of this Annual Shareholders' Meeting. Since the number of Auditors will be two (2), which is less than a quorum of three (3) members of the Board of Auditors, the election of one (1) Auditor is proposed.

Mr. Tomofumi Watanabe is a nominee for the substitute Auditor for Mr. Seiji Mitsuoka, and Mr. Watanabe's term of office shall be the remaining term of the predecessor.

In addition, the Company has already obtained the approval for this proposal from the Board of Auditors.

The nominee for the Auditor is as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Tomofumi Watanabe (July 28, 1952)	December 1977 Joined Seino Certified Tax Accountant Office October 1984 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) March 1988 Registered as a Certified Public Accountant July 2012 Established Watanabe Tomofumi CPA Firm (to present) July 2013 Outside Auditor, Mirai Securities Co., Ltd. (to present) March 2015 Outside Director, sMedio, Inc. December 2015 Outside Director, Paraca Inc. (to present) [Significant concurrent positions] ・Representative, Watanabe Tomofumi CPA Firm ・Outside Director, Paraca Inc. ・Outside Auditor, Mirai Securities Co., Ltd.	-

(Notes)

1. No special conflicts of interest exist between the Company and the nominee.
2. Mr. Tomofumi Watanabe is currently an Outside Director of the Company. However, subject to the approval and resolution of Proposal 1 "Partial Amendment to Articles of Incorporation," he will retire due to the expiration of his term of office at the conclusion of this Annual Shareholders' Meeting.
3. The Company has entered into an agreement with Mr. Tomofumi Watanabe for the purpose of limiting the liability for damages in accordance with Article 423, Paragraph 1 of the Companies Act, and when he is elected as an Auditor, the Company will continue the agreement. The maximum amount of the liability for damages under the agreement is the amount stipulated by laws and regulations.