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(Stock Exchange Code 9422)
June 7, 2017

To Shareholders with Voting Rights:

Hiroo Inoue
President
CONEXIO Corporation
8-17-1 Nishi-Shinjuku, Shinjuku-ku,
Tokyo

NOTICE OF
THE 20TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 20th Annual General Meeting of Shareholders of CONEXIO Corporation (the "Company"). The meeting will be held for the purposes as described below.

You are also cordially invited to attend the Convivial Party for Shareholders to be held after the Annual General Meeting.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet.

If exercising your voting rights in writing or via the Internet, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by the deadline of 6:00 p.m. on Monday, June 26, 2017, Japan time by indicating your vote for or against the proposals.

1. **Date and Time:** Tuesday, June 27, 2017 at 10:30 a.m. Japan time
   (The reception is scheduled to open at 10:00 a.m.)

2. **Place:** Conference Center of BELLESALLE SHINJUKU GRAND, 5F SUMITOMO FUDOSAN SHINJUKU GRAND TOWER located at
   8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

3. **Meeting Agenda:**

   Matters to be reported: The Business Report and Financial Statements for the Company's 20th Fiscal Year (April 1, 2016 - March 31, 2017)

   Proposals to be resolved:

   Proposal 1: Reduction in the Amount of Legal Capital Surplus
   Proposal 2: Dividends of Surplus
   Proposal 3: Election of six (6) Directors
   Proposal 4: Election of two (2) Corporate Auditors
   Proposal 5: Election of one (1) Substitute Corporate Auditor
   Proposal 6: Payment of Bonuses to Directors
   Proposal 7: Revision of Compensation for Directors

Points to Note with Regard to the Annual General Meeting of Shareholders

1. The financial statements of the Company for the fiscal year ended March 31, 2017 are contained in the Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017.

2. Should the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website.

3. If you wish to exercise your voting rights by casting split votes, please notify the Company in writing to that effect, together with the reason(s) therefor, at least three days in advance of the General Meeting of Shareholders.

The Company's website: https://www.conexio.co.jp/

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Reduction in the Amount of Legal Capital Surplus

In order to set aside financial resources for the cancellation of treasury shares, pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, the Company proposes that the Company's legal capital surplus be reduced by the amount set forth below and that the entire amount be transferred to the account for other capital surplus.

[Matters Relating to the Reduction in the Amount of Legal Capital Surplus]

1. Amount of legal capital surplus to be reduced:
   ¥2,600,000,000 out of the total amount of legal capital surplus (¥3,180,921,652)
2. Effective date of the reduction in the amount of legal capital surplus:
   July 3, 2017

Proposal 2: Dividends of Surplus

The return of profit to our Shareholders is one of the top priorities for the management of the Company. Our basic policy for the allocation of profit is to endeavor to improve our operational results in order to achieve the continual and stable payment of dividends, with a target payout ratio of 40%.

Based on this policy, we propose the payment of ¥30.0 per share as the year-end dividend for the 20th fiscal year as described below, in comprehensive consideration of the operational results for the fiscal year under review, the stable distribution of dividends, and other factors.

This, together with ¥26.0 per share of the interim dividend, will result in a total annual dividend of ¥56.0 per share for the fiscal year under review, an increase of ¥8.0 per share compared with the previous year.

[Matters Relating to the Year-end Dividend]

1. Type of dividend property:
   Cash
2. Matters relating to the allocation of the dividend property and the aggregate amount:
   ¥30.0 per share of common stock of the Company
   Aggregate amount of the dividend: ¥1,342,138,140
3. Effective date of the dividend from surplus:
   June 28, 2017

Proposal 3: Election of six (6) Directors

The terms of office of all current seven (7) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. On this occasion, the Company intends to reduce the number of Directors by one (1) in order to allow the Board of Directors to perform more agile decision-making. Accordingly, the election of six (6) Directors is proposed.

The structure of the Board of Directors, the policy and proceedings for nominating candidates for Directors, and the candidates for Directors are as follows:

(Structure of the Board of Directors)

As for the structure of the Board of Directors, we will ensure a certain number of the Directors and Corporate Auditors (excluding Outside Directors and Outside Corporate Auditors) as appropriate to handle sales, control, administration and management planning functions, and thereupon will select Outside Directors and Outside Corporate Auditors from among persons who are possessed of versatile professional knowledge and backgrounds and are familiar with management, legal affairs, accounting and finance, in order to diversify the knowledge, experience and capabilities of the Board members. In order to agilely establish an optimum management system of Directors, the Articles of Incorporation of the Company stipulate that the number of Directors shall be 10 or less and their terms of office shall be one (1) year.

(Policy and Proceedings for Nominating Candidates for Directors)

For the nomination of candidates for Directors, following a deliberation by the Nomination and Compensation Committee, the President proposes a roster to the Board of Directors in accordance with the nomination criteria set by the Board (see below), and the Board of Directors thereupon makes a decision on the proposed roster.

[Nomination Criteria for Directors (Excluding Outside Directors)]

Persons of integrity who have sufficient practical experience in the information and communications technology industry and/or high level of capabilities and insight for management.

Note: The nomination criteria for Outside Directors / Outside Corporate Auditors and the criteria for judging their independence are disclosed on pages 13-14.

(The List of Candidates for Directors)

No.	Name	Current positions and responsibilities in the Company	Attendance at the meetings of the Board of Directors
1	[Re-appointed] **Hiroo Inoue**	President Chairman of the Nomination and Compensation Committee Member of the Governance Committee	100% (17/17)
2	[Re-appointed] **Riichiro Metoki**	Director and Senior Managing Executive Officer, Responsible for Sales (in charge of Consumer Business)	100% (17/17)
3	[Re-appointed] **Hiroshi Suguta**	Director and Managing Executive Officer, Responsible for Operational Functions Chief Compliance Officer Officer in charge of Investor Relations Chief Operating Officer, Management Planning Division Member of the Governance Committee	100% (17/17)
4	[Re-appointed] **Hiroshi Kajiwara**	Member of the Nomination and Compensation Committee Member of the Governance Committee	100% (14/14)
5	[Re-appointed] **Kazuo Hosoi** [Outside Director] [Independent Officer]	Chief Independent Outside Director Member of the Nomination and Compensation Committee Chairman of the Governance Committee	100% (17/17)
6	[Re-appointed] **Hajime Miyamoto** [Outside Director] [Independent Officer]	Member of the Nomination and Compensation Committee Member of the Governance Committee	100% (17/17)

Note: As Mr. Hiroshi Kajiwara was newly elected and assumed office as a Director at the 19th Annual General Meeting of Shareholders held on June 23, 2016, his attendance at the meetings of the Board of Directors mentioned above is stated for the period after his assumption of office.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 Hiroo Inoue (August 21, 1952) [Re-appointed] Term of office as a Director: 5 years	April 1975 Joined ITOCHU Corporation April 2008 President, Space, Information & Multimedia Company, ITOCHU Corporation June 2008 Representative Director and Managing Director, ITOCHU Corporation April 2009 President, ICT, Aerospace & Electronics Company, ITOCHU Corporation April 2010 Representative Director and Managing Executive Officer, ITOCHU Corporation April 2011 Senior Managing Executive Officer, Officer in charge of Services Business Segment and Officer responsible for Maintenance and Operations Services Business Group of ITOCHU Techno-Solutions Corporation June 2011 Director and Senior Managing Executive Officer, ITOCHU Techno-Solutions Corporation April 2012 Vice President and Executive Officer of the Company June 2012 Director, Vice President, Executive Officer, Executive Advisory Officer and Responsible for Sales Division 3 of the Company October 2012 Director, Vice President, Executive Officer, Executive Advisory Officer and Chief Operating Officer, Corporate Business Division of the Company April 2013 President of the Company (to present) December 2014 Vice Chairman of National Association of Mobile-phone Distributors (to present) Reasons for nominating Mr. Hiroo Inoue as a candidate for Director: Mr. Hiroo Inoue has garnered sufficient experience in the ICT business and as a Director. He also has acquired great knowledge and insight for management in his positions and Vice President of the Company, and has served as the Chairman of the Board of Directors as the President of the Company since 2013.	21,400

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
2	 Riichiro Metoki (September 3, 1959) [Re-appointed] Term of office as a Director: 3 years	April 1982 October 2003 April 2004 June 2007 April 2010 June 2012 October 2012 April 2013 June 2014 April 2015 June 2015 April 2016 April 2017	Joined ITOCHU Corporation Manager, Broadband Business Section, ICT Business Department of ITOCHU Corporation Assistant Chief Operating Officer, Solution Business Division of the Company Executive Officer, Chief Operating Officer, Sales Division 3 and General Manager, Solution Business Department of the Company Executive Officer and General Manager, Management Planning Department of the Company Managing Executive Officer and General Manager, Management Planning Department of the Company Managing Executive Officer and Chief Operating Officer, Management Planning Division of the Company Managing Executive Officer and Chief Operating Officer, Corporate Business Division of the Company Director, Managing Executive Officer and Chief Operating Officer, Corporate Business Division of the Company Director, Managing Executive Officer Responsible for Sales and Chief Operating Officer, Corporate Sales Division 2 of the Company Director, Senior Managing Executive Officer Responsible for Sales and Chief Operating Officer, Corporate Sales Division 2 of the Company Director and Senior Managing Executive Officer Responsible for Sales of the Company Director and Senior Managing Executive Officer Responsible for Sales (in charge of Consumer Business) of the Company (to present)	30,600
		Reasons for nominating Mr. Riichiro Metoki as a candidate for Director: Mr. Riichiro Metoki has garnered sufficient experience in the ICT business and great knowledge and insight in sales and marketing as the Chief Operating Officer of each Sales Division and Management Planning Division and the Executive Officer Responsible for Sales of the Company, and is currently responsible for the sales operations regarding consumer business of the Company as a whole as the Director and Senior Managing Executive Officer Responsible for Sales (in charge of Consumer Business).		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 Hiroshi Suguta (September 8, 1957) [Re-appointed] Term of office as a Director: 3 years	April 1981 Joined ITOCHU Corporation April 2006 General Manager, Planning & Administration Department and Chief Information Officer, Space, Information & Multimedia Company of ITOCHU Corporation April 2008 Deputy Chief Operating Officer, Information Industry Division of ITOCHU Corporation April 2009 General Manager, Overseas Market Department of ITOCHU Corporation April 2011 Deputy Chief Operating Officer, ICT Division of ITOCHU Corporation April 2012 President and CEO of ITOCHU Cable Systems Corporation April 2014 Managing Executive Officer and Chief Operating Officer, Management Planning Division of the Company June 2014 Director, Managing Executive Officer and Chief Operating Officer, Management Planning Division of the Company April 2017 Director, Managing Executive Officer Responsible for Operational Functions and Chief Compliance Officer and Chief Operating Officer, Management Planning Division of the Company (to present) Reasons for nominating Mr. Hiroshi Suguta as a candidate for Director: Mr. Hiroshi Suguta has garnered sufficient experience in the ICT business and as a manager. He has also acquired great knowledge and insight in management planning as he has been in charge of general management of the Management Planning Division, and currently serves as the Director, Managing Executive Officer Responsible for Operational Functions in charge of management functions of the Company as a whole, and Chief Operating Officer in the Management Planning Division of the Company.	4,200
4	 Hiroshi Kajiwara (December 23, 1966) [Re-appointed] Term of office as a Director: 1 year	April 1990 Joined ITOCHU Corporation July 2010 Director of ITOCHU Cable Systems Corporation (to present) June 2012 Outside Director of SPACE SHOWER NETWORKS INC. (to present) March 2013 CEO of FI Media Project, Inc. (to present) April 2013 Deputy General Manager, Communication & Mobile Business Department of ITOCHU Corporation March 2015 Outside Director of Asurion Japan K.K. (to present) April 2015 General Manager, Communication & Mobile Business Department of ITOCHU Corporation April 2016 Representative Director of ITOCHU Fuji Partners, Inc. (to present) June 2016 Director of the Company (to present) April 2017 Deputy Chief Operating Officer, ICT Division, ICT & Financial Business Company of ITOCHU Corporation (to present) Reasons for nominating Mr. Hiroshi Kajiwara as a candidate for Director: Mr. Hiroshi Kajiwara has deep knowledge about the Company's business affairs and management status as the Deputy Chief Operating Officer of ICT Division of ITOCHU Corporation, the parent company of the Company, and has experience serving as an outside director of another company. Based on such experience and knowledge, we believe that Mr. Kajiwara is able to provide advices on the management of the Company as a whole and to help strengthen the Company's function to monitor the execution of duties by the Directors.	-

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	 Kazuo Hosoi (February 1, 1959) [Re-appointed] [Outside Director] [Independent Officer] Term of office as an Outside Director: 2 years	February 1986 Joined IBM Japan, Ltd. April 2008 Representative Director of Cognos Japan June 2009 Managing Executive Officer of Sun Microsystems Japan June 2010 Executive Officer of Oracle Corporation Japan March 2012 President and Representive Director of Gexeed Co., Ltd. May 2014 Senior Executive Officer and General Manager, Solution Division of T.D.I.CO.,LTD. (Technological Development of Information-processing) June 2015 Outside Director of the Company (to present) April 2016 Senior Executive Officer and Chief Operating Officer, Solution Division of T.D.I.CO.,LTD. (to present) Reasons for nominating Mr. Kazuo Hosoi as a candidate for Outside Director: Mr. Kazuo Hosoi has sufficient experience as a manager. Based on his broad knowledge and insight as a manager, we believe he is able to help strengthen the Company's function to monitor the execution of duties by the Directors.	-
6	 Hajime Miyamoto (July 8, 1948) [Re-appointed] [Outside Director] [Independent Officer] Term of office as an Outside Director: 2 years	April 1986 Joined KYOCERA Corporation March 1992 General Manager, Domestic Printer Sales Department, Communication and Information System Business Division of KYOCERA Corporation April 1997 Director, DDI Engineering Corporation April 2001 Deputy Chief Operating Officer, Communication System Sales Division of KYOCERA Communication Systems Co., Ltd. July 2004 Chief Operating Officer, Corporate Strategy Planning Division of KYOCERA Document Solutions Inc. June 2015 Outside Director of the Company (to present) Reasons for nominating Mr. Hajime Miyamoto as a candidate for Outside Director: As Mr. Hajime Miyamoto has experience as a director of another company and sufficient experience and insight in the ICT business, we believe he is able to help strengthen the Company's function to monitor the execution of duties by the Directors.	-

Notes:

1. None of the candidates have any special interests in the Company.
2. Mr. Hiroshi Kajiwara is an executive of ITOCHU Corporation, the parent company of the Company.
3. The positions and responsibilities of the candidates for the past 5 years (including current positions and responsibilities) as executives of the parent company (including subsidiaries thereof) are disclosed above in "Past experience, positions, responsibilities and significant concurrent positions."
4. Following are matters relating to the liability limitation agreements with Messrs. Hiroshi Kajiwara, Kazuo Hosoi and Hajime Miyamoto:

   The current Articles of Incorporation of the Company stipulate that the Company may enter into agreements with the Directors (excluding the Executive Directors etc.) to limit their liabilities for damages to the Company to a certain extent in order to enable the Directors (excluding the Executive Directors etc.) to sufficiently perform their expected duties. In accordance with these provisions, the Company has entered into the liability limitation agreements with Messrs. Hiroshi Kajiwara, Kazuo Hosoi and Hajime Miyamoto. The Company will also enter into such agreements with Messrs. Hiroshi Kajiwara, Kazuo Hosoi and Hajime Miyamoto if the proposed election of the respective candidates is approved. A summary of the liability limitation agreement is as follows:

- If the Director (excluding the Executive Director, etc.) is liable for damages to the Company due to neglect of his duties, the Director shall be liable for such damages up to the minimum liability amount prescribed in Article 427, Paragraph 1 of the Companies Act or ¥10 million (10,000,000), whichever is higher.
- The abovementioned limitation of liabilities shall be applied only if the Director (excluding the Executive Director, etc.) acted in good faith and without gross negligence in performing the duties that gave rise to the liabilities.

5. Messrs. Kazuo Hosoi and Hajime Miyamoto are the candidates for Outside Directors. The Company has filed with Tokyo Stock Exchange, Inc. a notification designating each of them as an independent officer. The Company's nomination criteria for Outside Directors / Outside Corporate Auditors and the criteria for judging their independence are disclosed on pages 13-14.

Proposal 4: Election of Two (2) Corporate Auditors

The term of office of Mr. Takashi Endo will expire and Mr. Tokuichiro Yoshimura will retire from office at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of two (2) Corporate Auditors is proposed.

The Board of Corporate Auditors has previously given its approval to this proposal.

The policy and proceedings for nominating candidates for Corporate Auditors, and the candidates for Corporate Auditors are as follows:

(Policy and Proceedings for Nominating Candidates for Corporate Auditors)

For the nomination of candidates for Corporate Auditors, following a deliberation by the Nomination and Compensation Committee, the President proposes a roster to the Board of Directors in accordance with the nomination criteria set by the Board (see below), and the Board of Directors makes a decision on the proposed roster upon approval of the Board of Corporate Auditors.

[Nomination Criteria for Corporate Auditors (Excluding Outside Corporate Auditors)]

Persons of integrity who have sufficient knowledge in management of the Company as well as sufficient practical experience and professional knowledge in the area of either law, accounting/tax, labor, or IT.

Note: The nomination criteria for Outside Directors / Outside Corporate Auditors and the criteria for judging their independence are disclosed on pages 13-14.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	 Tatsushi Iwasaki (November 3, 1964) [Newly-appointed] Term of office as a Corporate Auditor: -	April 1988 Joined ITOCHU Corporation September 2004 Deputy Chief Officer, Consolidated Accounting Team of Space, Information & Multimedia Management Department of ITOCHU Corporation February 2009 Chief Operating Officer, Accounting Service Division of ITOCHU Shared Management Services, Inc. June 2010 Director & CFO of Excite Japan Co., Ltd. (to present) April 2011 Chief Operating Officer, Finance and Accounting Division of Excite Japan Co., Ltd. April 2012 Chief Operating Officer, Management Administration Division of Excite Japan Co., Ltd. April 2013 Chief Operating Officer, Management Administration Office of Excite Japan Co., Ltd. Reasons for nominating Mr. Tatsushi Iwasaki as a candidate for Corporate Auditor: We believe that the knowledge and experience in finance and accounting Mr. Tatsushi Iwasaki has accumulated so far as a CFO of another company will be very helpful for the Company's audit system.	-

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	 Takashi Endo (September 17, 1952) [Re-appointed] [Outside Corporate Auditor] [Independent Officer] Term of office as an Outside Corporate Auditor: 12 years	April 1982 Registered as an attorney at law Joined Ichikawa Law Firm July 1997 Established Endo Law Firm President (to present) June 2005 Outside Corporate Auditor of the Company (to present) Reasons for nominating Mr. Takashi Endo as a candidate for Outside Corporate Auditor: Mr. Takashi Endo has served as an Outside Corporate Auditor of the Company for many years and is familiar with the Company's business. His great knowledge and experience accumulated as an attorney of law will be very helpful for the Company's audit system.	-

Notes:

1. None of the candidates have any special interests in the Company.
2. Mr. Tatsushi Iwasaki is an executive of ITOCHU Corporation, the parent company of the Company.
3. The positions and responsibilities of the candidates for the past 5 years (including current positions and responsibilities) as executives of the parent company (including subsidiaries thereof) are disclosed above in "Past experience, positions and significant concurrent positions."
4. The reasons why the Company believes that Mr. Takashi Endo will be able to perform the duties of Outside Corporate Auditor even though he has not been involved in the management of a company in any capacity beyond outside director or outside corporate auditor are disclosed above in "Reasons for nominating Mr. Takashi Endo as a candidate for Outside Corporate Auditor."
5. Following are matters relating to the liability limitation agreements with Mr. Tatsushi Iwasaki:
   The current Articles of Incorporation of the Company stipulate that the Company may enter into agreements with Corporate Auditors to limit their liabilities for damages to the Company to a certain extent in order to enable the Corporate Auditors to sufficiently perform their expected duties. In accordance with these provisions, the Company will enter into such an agreement with Mr. Tatsushi Iwasaki if the proposed election of the candidate is approved. A summary of the liability limitation agreement is as follows:
   - If a Corporate Auditor is liable for damages to the Company due to neglect of his duties, the Corporate Auditor shall be liable for such damages up to the minimum liability amount prescribed in Article 427, Paragraph 1 of the Companies Act or ¥10 million (10,000,000), whichever is higher.
   - The abovementioned limitation of liabilities shall be applied only if the Corporate Auditor acted in good faith and without gross negligence in performing the duties that gave rise to the liabilities.
6. Mr. Takashi Endo is the candidate for Outside Corporate Auditor. The Company has filed with Tokyo Stock Exchange, Inc. a notification designating him as an independent officer. The Company's nomination criteria for Outside Directors / Outside Corporate Auditors and the criteria for judging their independence are disclosed on pages 13-14.

Reference: The nomination criteria for Outside Directors / Outside Corporate Auditors and the criteria for judging their independence

[Nomination criteria]

(1) A person who has a practical point of view based on extensive experience as a senior management executive of a company.
(2) A person who has an objective and expert point of view based on strong knowledge of social and economic trends.
(3) A person who is a professional at (1), (2), or management, law, accounting/tax, labor, IT, etc.

[Independence criterion]

The Company designates a person who does not fall under any of the following criteria as an independent officer:

1. Outside Director

(1) A person who currently holds or had held anytime during the last 10 years before the assumption of office any of the following positions at the Company or its subsidiary:
   a. Executive (meaning executive director, executive officer, or employee; the same shall apply hereinafter);
   b. Non-executive director (limited to those who had been an executive of the Company or its subsidiary anytime during the last 10 years before the assumption of office as a non-executive director); or
   c. Corporate auditor (limited to those who had been an executive of the Company or its subsidiary anytime during the last 10 years before the assumption of office as a corporate auditor).
(2) A person who currently holds or had held anytime during the last 5 years before the assumption of office any of the following positions at the parent company of the Company:
   a. Executive or
   b. Non-executive director.
(3) A person who currently is or had been anytime during the last 1 year before the assumption of office an executive of a fellow subsidiary of the Company:
(4) A person who currently is or had been anytime during the last 1 year before the assumption of office a person whose main business partner is/was the Company or an executive of such a person.
(5) A person who currently is or had been anytime during the last 1 year before the assumption of office a person who is/was a main business partner of the Company or an executive of such a person.
(6) A person who currently is or had been anytime during the last 1 year before the assumption of office a consultant, accounting expert, or legal expert who receives/received a significant amount of money or other property from the Company other than remuneration as an officer of the Company (if the person who receives/received such property is an organization, such as a juridical person, association, etc., a person who belongs to such an organization).
(7) A close relative of a person who falls under the following description (excluding those who are insignificant):
   a. A person who currently is or had been anytime during the last 1 year an executive of the Company or its subsidiary.
(8) A close relative of a person who currently is a non-executive director of the Company.
(9) A close relative of a person who falls under any of (2) through (6) above (excluding those who are insignificant):

2. Outside Corporate Auditor

(1) A person who currently holds or had held anytime during the last 10 years before the assumption of office any of the following positions at the Company or its subsidiary:
   a. Executive;
   b. Non-executive director; or
   c. Corporate auditor (limited to those who had been an executive or non-executive director of the Company or its subsidiary anytime during the last 10 years before the assumption of office as a corporate auditor).
(2) A close relative of a person who falls under any of the following descriptions (excluding those who are insignificant):
   a. A person who currently is or had been anytime during the last 1 year an executive of the Company or

its subsidiary; or

b. A person who currently is or had been anytime during the last 1 year a non-executive director of the Company or its subsidiary.

(3) A person who currently is or had been anytime during the last 5 year before the assumption of office a corporate auditor of the parent company of the Company:

(4) A person who falls under any of 1(2) through (6) above.

(5) A close relative of a person who falls under any of 2(3) through (4) above (excluding those who are insignificant).

* An executive of the Company or its subsidiary (excluding those who are insignificant) means an executive director and an employee who holds a position as a general manager, a branch office manager or a position that is equivalent thereto or above.

* A close relative means a relative within the second degree of kinship.

Proposal 5: Election of one (1) Substitute Corporate Auditor

As a precaution to fill any vacancy resulting in a shortfall in the number of Corporate Auditors prescribed by the laws and regulations, the Company proposes the election of one (1) Substitute Corporate Auditor to stand ready as a substitute for Mr. Nobuji Shibata, the Corporate Auditor of the Company (if the election of Mr. Tatsushi Iwasaki is approved under Proposal 4, as a substitute for Messrs. Nobuji Shibata and Tatsushi Iwasaki, the Corporate Auditors of the Company, to prepare for the contingency that both of them retire from office), in accordance with Article 329, Paragraph 3 of the Companies Act.

The effectiveness of election based on this Proposal may be cancelled by a resolution of the Board of Directors, but only with the consent of the Board of Corporate Auditors and only before the appointment.

The Board of Corporate Auditors has previously given its approval to this proposal.

The candidate for a Substitute Corporate Auditor is as follows:

Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
Masaru Tsuda (January 3, 1956)	April 1974	Joined Hitachi Automobile Appliances Sales Co., Ltd. (currently Hitachi Auto Parts & Service Co., Ltd.)	-
	July 2008	General Manager, Planning Department, Sales Division 4 of the Company	
	April 2009	General Manager, Shop Support Department, Sales Division 2 of the Company	
	April 2010	General Manager, Sales Promotion Department, Sales Division 4 of the Company	
	April 2011	General Manager, Business Administration Department, Function Division of the Company	
	April 2013	Assigned to Internal Audit Department of the Company (to present)	

Note: The candidate does not have any special interests in the Company.

Proposal 6: Payment of Bonuses to Directors

The payment of bonuses totaling ¥30,374,400 to four (4) out of seven (7) Directors incumbent as of the end of the fiscal year under review as compensation for the contributions they made during the fiscal year under review is proposed.

The aggregate amount of bonuses is calculated based on the achievement rate of our performance indicators such as profit for the term, and the amounts to be paid to the respective Directors will be left to the determination of the Board of Directors.

Proposal 7: Revision of Compensation for Directors

The current amount of compensation for Directors is set at a maximum total of ¥250 million per year (out of which the maximum amount payable to Outside Directors is ¥20 million per year), as approved by the shareholders at the 15th Annual General Meeting of Shareholders held on June 20, 2012, and has been unchanged to date. As the development of the Company's corporate governance system has progressed, the Company proposes that the amount of compensation for Directors from the beginning of the fiscal year ending March 31, 2018 be set at the same level as the current maximum total of ¥250 million per year (out of which the maximum amount payable to Outside Directors is to be ¥20 million per year), inclusive of the bonuses payable to Directors.

As before, the amount of compensation for Directors who serve concurrently as employees shall not include any salaries payable to such Directors as employees, and the amounts to be paid to the respective Directors will be left to the determination of the Board of Directors.

Currently, seven (7) Directors (including two (2) Outside Directors) are in office. If Proposal 3 is approved as proposed, six (6) Directors (including two (2) Outside Directors) will be in office.