

(Translation)

Securities Code: 8068

April 5, 2016

## NOTICE OF THE 56TH ANNUAL SHAREHOLDERS' MEETING

Dear Shareholders,

I would like to invite you to attend the 56th Annual Shareholders' Meeting to be held as described hereunder.

If you are unable to attend this Annual Shareholders' Meeting (the "Meeting") in person, you may exercise your voting rights in writing or via the Internet. Please peruse the attached Reference Documents for Annual Shareholders' Meeting and exercise your voting rights by returning the enclosed Exercise Voting Rights Form with your selections to us, or by accessing the Website for Exercising Voting Rights designated by us (<http://www.evotep.jp>) and inputting your selections, by 5:30 p.m. on April 26 (Tuesday), 2016.

Sincerely yours,

Takayoshi Oouchi  
President & COO  
Ryoyo Electro Corporation  
1-12-22 Tsukiji, Chuo-ku, Tokyo

- 1. Date and Time:** 10:00 a.m. on April 27 (Wednesday), 2016  
(the reception desk opens at 9:00 a.m.)
- 2. Venue:** JIJI PRESS HALL (on the 2nd floor of Jiji Press Building)  
5-15-8 Ginza, Chuo-ku, Tokyo
- 3. Agenda:**
- Matters to be reported:*
1. The business report, the consolidated financial statements, and the audit reports on the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board for the 56th term (from February 1, 2015 to January 31, 2016)

2. The non-consolidated financial statements for the 56th term  
(from February 1, 2015 to January 31, 2016)

*Matters to be proposed:*

Proposal No. 1	Appropriation of Surplus
Proposal No. 2	Election of One (1) Director
Proposal No. 3	Election of Four (4) Audit & Supervisory Board Members

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- \* When attending the Meeting in person, shareholders are requested to submit the enclosed Exercise Voting Rights Form at the reception desk on the above-mentioned date.
  - \* We will post any modification to the reference documents for the Meeting, the business report, the consolidated financial statements and the non-consolidated financial statements on our corporate website (<http://www.ryoyo.co.jp>).

*This is an English translation prepared for the convenience of non-resident shareholders. If there is any discrepancy between the translation and the original Japanese text, the latter shall prevail.*

## **Reference Documents for Annual Shareholders' Meeting**

### **Proposal No. 1: Appropriation of Surplus**

We propose that surplus be appropriated in the following manner:

#### **Matters related to year-end dividend**

With a stable dividend to our valued shareholders as a base and generally taking into consideration business performance for the term under review, retained earnings set aside for future plans for business development, and other factors, we propose that the year-end dividend for the 56th term be as follows:

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and its aggregate amount  
¥15 per share;  
Including the interim dividend, the dividend for the full year will be ¥30 per share, and the aggregate amount of dividend will be ¥369,540,135.
- (3) Effective date of dividend distribution  
April 28, 2016

**Proposal No. 2: Election of One (1) Director**

Incumbent Directors are eight (8), but Mr. Yutaka Horikiri will resign as Director at the conclusion of this Annual Shareholders' Meeting (we propose his election as Audit & Supervisory Board Member in Proposal No. 3). Accordingly, we propose the election of one (1) Director in order to fill the vacant position of Director. The term of office of newly elected Director runs until the conclusion of the 57th Annual Shareholders' Meeting to be held in April 2017, when the term of office of other serving Directors expires, as stipulated in Article 22 of the Company's Articles of Incorporation.

The candidate's profile is provided below.

Name (date of birth)	Career summary and positions and responsibilities at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
<New candidate> Kiyoshi Waki (October 22, 1959)	Apr. 1983    Joined The Mitsubishi Bank, Limited. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	5,000
	Nov. 2011    Seconded to Ryoyo Electro as General Manager, Corporate Strategy Div.	
	Feb. 2012    Executive General Manager, Corporate Strategy Div. and Executive Deputy General Manager, Overseas Marketing Div.	
	Apr. 2012    Joined Ryoyo Electro	
	Nov. 2012    Executive General Manager, Overseas Marketing Div.	
	Feb. 2014    Senior Executive General Manager, Overseas Marketing Div.	
	Oct. 2014    Registered as U.S. Certified Public Accountant	
	Feb. 2015    Senior Executive General Manager, Administration Div., Overseas Marketing Div., in charge of CSR Dept.	
	Nov. 2015    Senior Executive General Manager, Administration Div., in charge of CSR Dept.	
Feb. 2016    Senior Executive General Manager, Administration Div., General Manager of Accounting Dept., Administration Div., in charge of CSR Dept. (incumbent)		

Note: There is no special interest between the Company and the candidate for Director.

**Proposal No. 3: Election of Four (4) Audit & Supervisory Board Members**

As the term of office of all four (4) Audit & Supervisory Board Members will expire at the conclusion of this Annual Shareholders' Meeting, we propose to elect four (4) Audit & Supervisory Board Members.

We have obtained the consent of the Audit & Supervisory Board for this proposal.

The candidates' profiles are provided below.

No.	Name (date of birth)	Career summary and positions at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
1	<New candidate> Yutaka Horikiri (June 28, 1951)	Apr. 1975    Joined Taiyo Mutual Life Insurance (currently Taiyo Life Insurance) Jul. 1989    Joined Ryoyo Electro Feb. 2000    General Manager, Accounting Dept. Apr. 2001    Executive General Manager, Accounting Dept. Apr. 2003    Director in charge of Accounting Div. and Information Technology Dept. Apr. 2009    Managing Director in charge of General Affairs & Human Resources Div., Accounting Div. and CSR Promotion Div. Apr. 2011    Senior Managing Director & General Manager, Administration Div., Corporate Strategy Div. and CSR Promotion Div. Feb. 2014    Director & Senior Managing Executive General Manager, Administration Div., Corporate Strategy Div. and CSR Promotion Div. Feb. 2016    Director & Senior Managing Executive Officer in charge of Corporate Strategy Div. (incumbent)	4,000

No.	Name (date of birth)	Career summary and positions at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
2	<p>&lt;Reelection&gt; Ryoji Kimura (October 15, 1950) [Term of office: 4 years]</p>	<p>Apr. 1980 Registered as Attorney (Yokohama Bar Association) Apr. 1983 Established Ryoji Kimura Law Office Apr. 2006 President, Yokohama Bar Association Jun. 2007 Committee Member, Fairness Committee, Yokohama National University (incumbent) Apr. 2008 Vice President, Japan Federation of Bar Associations Apr. 2012 Head, Kanagawa District Office, Japan Legal Support Center (incumbent) Outside Audit &amp; Supervisory Board Member, Ryoyo Electro (incumbent)</p> <p>(Status of important concurrent occupations or positions at other organizations) Attorney, Ryoji Kimura Law Office</p>	0
3	<p>&lt;Reelection&gt; Tsutomu Nobechi (March 13, 1950) [Term of office: 4 years]</p>	<p>Apr. 1972 Joined Chuo Audit Corporation Sep. 1975 Registered as Certified Public Accountant Jun. 1988 Representative Partner, Chuo Audit Corporation Aug. 2006 Established Nobechi Certified Public Accountant Firm Feb. 2007 Representative Partner, Grant Thornton Taiyo ASG (currently Grant Thornton Taiyo LLC) Oct. 2007 Corporate Auditor, Uchida Yoko Co., Ltd. (incumbent) Apr. 2012 Outside Audit &amp; Supervisory Board Member, Ryoyo Electro (incumbent) Aug. 2013 Partner, Grant Thornton Taiyo ASG LLC (currently Grant Thornton Taiyo LLC) Aug. 2015 Representative, Grant Thornton Taiyo LLC (incumbent)</p> <p>(Status of important concurrent occupations or positions at other organizations) Corporate Auditor, Uchida Yoko Co., Ltd.</p>	0

No.	Name (date of birth)	Career summary and positions at the Company (status of important concurrent occupations or positions at other organizations)	Number of the Company's shares held
4	<New candidate> Kazumi Akiyama (March 13, 1955)	<p>Apr. 1978    Joined Ministry of Finance</p> <p>Jul. 1997    Director of Special Coordination Division, Planning and Coordination Bureau, National Land Agency</p> <p>Jul. 2006    Director-General, Shikoku Local Finance Bureau, Ministry of Finance</p> <p>Jun. 2007    Director-General, Nagoya Regional Taxation Bureau, National Tax Agency, Ministry of Finance</p> <p>Jun. 2008    Assistant Vice-Minister, Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism and Councillor, Cabinet Secretariat</p> <p>Jul. 2010    Director-General, Yokohama Customs, Ministry of Finance</p> <p>Jun. 2011    Audit &amp; Supervisory Board Member, East Nippon Expressway Company Limited</p> <p>Oct. 2014    Joined Mitsubishi-Hitachi Metals Machinery, Inc. (currently Primetals Technologies Japan, Ltd.) as Assistant to Director (incumbent)</p> <p>(Status of important concurrent occupations or positions at other organizations)</p> <p>Assistant to Director, Primetals Technologies Japan, Ltd.</p>	0

- Notes:
1. There are no special interests between the Company and these candidates for Audit & Supervisory Board Member.
  2. The term of office of candidates up for reelection indicates the period from the time when they assumed their office to the conclusion of this Annual Shareholders' Meeting.
  3. Ryoji Kimura, Tsutomu Nobechi and Kazumi Akiyama are candidates for outside Audit & Supervisory Board Member.
  4. Reasons for recommending each candidate for Audit & Supervisory Board Member are as follows.
    - Yutaka Horikiri has gained accounting and management experience in the Company's Administration Div. and Corporate Strategy Div., and has considerable knowledge regarding finance and accounting based on that experience. We believe that he is suitable for Audit & Supervisory Board Member, and that he will execute the duties of his office appropriately if he assumes his office as Audit & Supervisory Board Member of the

Company. Although he currently serves as a Director of the Company, he will retire upon his resignation from the position of Director as of the conclusion of this Annual Shareholders' Meeting.

- Ryoji Kimura has engaged in activities as an attorney for many years. He has acquired highly professional insight into overall corporate legal affairs based on his scholarly wisdom and professional experiences. We believe that he is suitable for outside Audit & Supervisory Board Member, and that he will execute the duties of his office appropriately.
  - Tsutomu Nobechi has had many years of employment at audit corporations and has considerable insight into financial and accounting matters. We believe that he is suitable for outside Audit & Supervisory Board Member, and that he will execute the duties of his office appropriately.
  - Kazumi Akiyama has a wealth of insight based on many years of employment experience at central government offices. We believe that he is suitable for outside Audit & Supervisory Board Member, and that he will execute the duties of his office appropriately if he assumes his office as outside Audit & Supervisory Board Member of the Company.
5. Agreements for limitation of liability concluded with outside Audit & Supervisory Board Members are outlined below.

Currently, the Company has concluded agreements for limitation of liability for damages with Ryoji Kimura and Tsutomu Nobechi in accordance with the provisions of Article 34 of the Articles of Incorporation. Provided that the proposal of their reelection as Audit & Supervisory Board Member is approved, the Company will maintain the agreements that offer limitation of liability with them.

The Company also intends to conclude an agreement for limitation of liability with Kazumi Akiyama provided that he is elected as outside Audit & Supervisory Board Member.

Outline of the agreement for limitation of liability is as follows.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, when the outside Audit & Supervisory Board Members cause damages to the Company arising from their negligence of their duties, the Company shall limit their liability to the Company to either ¥8 million or the minimum liability amount as stipulated by Article 425, Paragraph 1 of the Companies Act, whichever is higher, if the relevant outside Audit & Supervisory Board Members are without knowledge and are not grossly negligent in performing their duties. The Company naturally exempts the outside Audit & Supervisory Board Members from the exceeding liability thereof.

6. The Company has given notice of Ryoji Kimura and Tsutomu Nobechi to Tokyo Stock

Exchange, Inc. as independent audit & supervisory board members. Also, Kazumi Akiyama satisfies the independent audit & supervisory board member requirements pursuant to the provisions of Tokyo Stock Exchange, Inc., and the Company intends to give notice of him as an independent audit & supervisory board member to the said exchange.

7. In order to ensure the independence of the candidates it recommends for outside officer (outside Director and outside Audit & Supervisory Board Member), the Company has formulated criteria for the selection of outside officers.

The criteria for the selection of outside officers require that candidates shall not fall under any of the following categories.

- (1) A party who is or has been a Director, an Auditor or an employee at the Ryoyo Group in the past ten years or a relative within the second degree of kinship of such a party
- (2) A party that is or has been a Director, an Auditor or an employee of a major business partner (\*1) of the Ryoyo Group in the past five years
- (3) A shareholder that holds 10% or more of the voting rights of the Company' shares (in the case of an institutional shareholder, this shall apply to business executives at such an institutional shareholder)
- (4) A provider of specialist services (\*2) that has received ¥10 million or more of remuneration on an annual basis from the Ryoyo Group in the past five years
- (5) A party that has received a donation of ¥10 million or more on an annual basis from the Ryoyo Group in the past five years
- (6) A party that has a relationship with the Ryoyo Group in which exchange of Directors is carried out by mutual dispatch
- (7) Any other party with a significant interest in the Ryoyo Group

\*1. This signifies a business partner that has a relationship with the Ryoyo Group that constitutes 2% or more of the consolidated net sales of the Ryoyo Group in the most recent fiscal year.

\*2. This signifies an attorney, a certified public accountant, a certified public tax accountant, a judicial scrivener, a consultant or an advisor.