

(Securities Code: 6826)

June 6, 2017

To All Shareholders

Shinichiro Satani
President and Representative Director
Honda Tsushin Kogyo Co., Ltd.

Notice of Ordinary Meeting of Shareholders for the Fiscal Year Ended March 31, 2017

Honda Tsushin Kogyo Co., Ltd. (the “Company”) will hold an ordinary meeting of shareholders for the fiscal year ended March 31, 2017 on Monday, June 26, 2017. You are kindly requested to attend the meeting or execute your voting rights.

■Date and time: 1:00 p.m., Monday, June 26, 2017

■Venue:

Osaki Bright Core Hall

(3F, Osaki Bright Core Hall, 5-5-15, Kitashinagawa. Shinagawa-ku, Tokyo)

■Purpose:

The Company will report on its financial results and business conditions for the fiscal year ended March 31, 2017, as well as the result of audits conducted by the accounting auditor/Board of Corporate Auditors. You are then requested to discuss the following agenda items.

First agenda item: Selection of seven Directors

Second agenda item: Selection of two corporate auditors

Third agenda item: Establishment of the range of compensation for Directors as a result of the introduction of stock-based compensation

Reference Documents for the General Meeting of Shareholders

First agenda item: Selection of seven Directors

You are requested to approve the reappointment of five incumbent Directors and appointment of two new Directors, because the Company is establishing a structure that includes two outside Directors.

Candidate No.	Name (Date of birth)	Overview of current position, career summary, responsibilities, and important positions held concurrently	Number of the Company's shares held
1	Shinichiro Satani (November 28, 1957)	<p><Current position> President and Representative Director</p> <p><Career summary> April 1981: Joined Matsushita Electric Works Co., Ltd. (now Panasonic Corporation)</p> <p>March 2004: General manager of the strategic planning office for the control equipment business of the company</p> <p>June 2008: Outside Director of the Company</p> <p>April 2009: Executive director of Panasonic Electric Works Co., Ltd.</p> <p>June 2009: Vice President and Representative Director of the Company after retiring from the company</p> <p>April 2010: President and Representative Director</p>	14,200 shares
<p>Mr. Satani restored profitability by changing management strategies and implementing structural reform after taking office as President. He conducts more than 50 IR activities a year in person, and also spearheads the development of next-generation management teams and managers. Mr. Satani's motto is "Every day is a new day," referring to efforts to make continuous progress.</p>			
2	Masami Yamamoto (March 31, 1957)	<p><Current position> Director in charge of sales administration</p> <p><Career summary> November 1980: Joined the Company</p> <p>July 2002: Manager of the Business Development Department and concurrently Manager of Sales Department II. Subsequently took on a series of important positions in sales divisions.</p> <p>June 2010: Director</p>	4,900 shares
<p>Mr. Yamamoto developed his career in sales mainly through the cultivation of new markets such as the in-vehicle and medical areas. After becoming an officer, he took on the position of a divisional manager and broadened his duties. He has been in his current position since 2013. His motto is "We can do it. We will do it until we get it."</p>			

3	Shingo Hiramatsu (October 9, 1952)	<p><Current position> Director in charge of production/quality administration and concurrently the General Manager of the Production Center.</p> <p><Career summary> March 1971: Joined Matsushita Electric Works Co., Ltd. (now Panasonic Corporation) June 2002: Manager of the connector metal/molded component division of the company. Subsequently took on a series of important positions in the manufacturing division. June 2020: Outside Director of the Company April 2012: Director (full-time) of the Company October 2012: Retired from Panasonic Corporation</p>	4,400 shares
		Mr. Hiramatsu has engaged consistently in production since he joined Matsushita Electric Works Co., Ltd. Since 2012, he has been promoting the manufacture of varieties of models in small quantities as the head of the Company's production division.	
4	Kinji Kashio (July 12, 1967)	<p><Current position> Director and Manager of the Automotive Connector Division</p> <p><Career summary> March 1988: Joined the Company October 2010: Group Manager in charge of product development & design of automotive connectors April 2014: Operating Officer Deputy General Manager of the Automotive/Consumer Connector Business April 2015: General Manager of the Automotive Connector business June 2016: Director</p>	2,300 shares
		Mr. Kashio engaged in the design and development of automotive connectors after completing his tenure in North America. He contributed to the advance of the core businesses by successfully entering the business of in-vehicle cameras.	
5	Osamu Mizuno (May 25, 1958)	<p><Current position> Operating Officer in charge of the Corporate Center</p> <p><Career summary> April 1982: Joined Mitsubishi Bank, Ltd. (now the Bank of Tokyo-Mitsubishi UFJ, Ltd.) March 2001: Manager of Credit Department II of the bank February 2013: Joined the Company (accounting division) April 2015: Operating Officer in charge of the Corporate Center</p>	1,300 shares (Employee shareholding association)
		Mr. Mizuno joined the Company after 30 years' service as a banker. He has a wealth of financial knowledge and experience of corporate reconstruction and management support. He made successful arrangements for a transfer to the first section of Tokyo Stock Exchange as the head of the administration office.	

6	Osamu Sawada (December 7, 1945)	<Current position> Outside Director <Career summary> April 1968: Joined Mitsubishi Corporation June 2004: President and Representative Director of Net One Systems Co., Ltd. March 2014: Resigned from the company after serving as Chairman and Adviser June 2015: Outside Director of the Company <Important concurrent positions> President of the Cloud Business Alliance Director of BrainSellers.com Corporation	2,500 shares
Mr. Sawada undertook many important duties at Net One Systems Co., Ltd, a listed company where he served as the president for eight years. He has been providing advice based on his international approach, incubation capabilities, and expertise in the ICT area, as well as his extensive management experience.			
7	Takashi Hanazawa (May 9, 1951)	<Career summary> April 1976: Joined Nippon Telegraph and Telephone Public Corporation (now NTT) June 2007: Director of the company June 2010: President and Representative Director of NTT Advanced Technology Corporation (abbreviated to NTT-AT) June 2016: Retired from the company after serving as a director and adviser <Important concurrent positions> Adviser of Wellnet Corporation	– shares
Mr. Hanazawa became the president of NTT-AT, an important NTT group company, after completing his tenure as a director of NTT. He served public institutions as a committee member, leveraging his academic knowledge and experience in the telecommunication area. The Company relies on his advice from managerial and technological perspectives.			

(Notes)

1. The candidates for Director have no special interest in the Company.
2. The Company will apply for the registration of Outside Directors as independent officers because they meet the independence criteria specified by the Tokyo Stock Exchange.
3. The Company has concluded or will conclude limited liability agreements with the Outside Directors with the minimum limits specified in the Companies Act.

Second agenda item: Selection of two corporate auditors

The Company requests the reappointment of two corporate auditors.

Candidate No.	Name (Date of birth)	Overview of current position, career summary, responsibilities, and important positions held concurrently	Number of the Company's shares held
1	Masahiro Uchiyama (March 30, 1959)	<p><Current position> Full-time auditor</p> <p><Career summary> April 1982: Joined Matsushita Electric Works Co., (now Panasonic Corporation)</p> <p>December 2003: Manager of the administrative department of the control device division of the company. Took on important positions in the accounting division.</p> <p>June 2013: Outside Auditor of the Company</p> <p>June 2015: Retired from Panasonic Corporation. Full-time auditor of the Company</p>	800 shares
		Mr. Uchiyama engaged in the administration/accounting of sales and business units at Matsushita Electric Works since he joined the company. He implemented the supervision of directors and internal control activities according to his principle of integrity and objectivity, leveraging his expertise acquired from broad business experience.	
2	Jun Takeuchi (October 13, 1961)	<p><Current position> Outside auditor</p> <p><Career summary> April 1989: Registered as a lawyer</p> <p>June 2009: Outside auditor of the Company</p> <p><Important concurrent positions> Ishii Law Office</p>	– shares
		Mr. Takeuchi is a lawyer who is familiar with antimonopoly laws and corporate legal matters. He has been providing guidance and advice from a broad range of perspectives, mainly in the governance and legal areas.	

(Notes)

1. The candidates for the corporate auditors have no special interest in the Company.
2. The Company will apply for the registration of the Outside Auditors as independent officers because they meet the independence criteria specified by the Tokyo Stock Exchange.
3. The Company has concluded limited liability agreements with the Outside Auditors with the minimum limits specified in the Companies Act.

Third agenda item: Establishment of the range of compensation for directors as a result of the introduction of stock-based compensation

The Company has decided to implement a policy of making 20% of each director's remuneration stock-based compensation in order to achieve the following objectives:

- (i) Encourage the implementation of aggressive initiatives for growth strategies and structural reform from medium- to long-term perspectives.
- (ii) Increase motivation for the enhancement of corporate value (stock prices).

According to this policy, the remuneration system for directors is changed as follows:

- Monthly compensation (basic remuneration based on titles and responsibilities): 50%
- Bonus (performance-linked remuneration based on single year-based corporate and individual business performance): 30%
- Stock-based compensation (medium- to long-term incentives): 20%

The Company requests approval for the additional compensation range of 30 million yen in addition to the previously resolved range (240 million yen) to introduce "stock-based compensation with transfer restrictions," which will account for 10% of all remuneration in FY2017.

The Company will continue to examine stock-based compensation for the remaining 10%.

[Previous scheme] A maximum of 240 million yen per year (including bonuses)

[Revised scheme] A maximum of 240 million yen per year (including bonuses) plus a maximum of 30 million yen per year as a medium- to long-term incentive

<Outline of stock-based compensation with transfer restrictions that will be introduced>

The Company's common shares will be provided to Directors in the form of shares with transfer restrictions every business year, essentially.

The specific timing of the provision and ratio of distribution for eligible Directors will be decided by the Board of Directors.

(1) Eligible persons (amount of stock-based compensation and upper limit of the number of shares to be provided per year)

Directors excluding Outside Directors and those who reside overseas (upper limit of stock-based compensation: 30 million yen, upper limit of the number of shares to be provided: 30,000 shares)

* The number of eligible Directors will be five if the first agenda item for the general meeting is approved as originally proposed.

(2) Outline of transfer restrictions: Restricted transfer period of three years

(i) The restricted period will be removed on the condition that the eligible person continues to take on the position of Director or other applicable titles.

(ii) The eligible person shall not carry out a transfer, establish any mortgage, or engage in any other type of disposal during the restricted period.

(iii) If the eligible person retires before the end of the restricted period, the Company shall acquire shares with transfer restrictions provided to the person at no charge, except where the provision of such shares is considered reasonable by the Board of Directors.

(iv) In the case of organizational changes, etc., transfer restrictions shall be removed based on reasonable criteria resolved at Board of Directors' meetings.

(3) Paid-in amount per share

The amount shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately before the day on which a resolution is made by the Board of Directors (or the closing price on an immediately preceding transaction day if no transaction is established on the day).

(4) Method of the provision of shares with transfer restrictions

In this system, the Company provides eligible persons with monetary remuneration claims against the Company and obliges them to contribute all of the relevant monetary remuneration claims in kind to the Company in order to allocate shares with transfer restrictions. By doing so, the Company provides the eligible persons with its own common shares acquired by such persons. The Company establishes transfer restrictions for the relevant common shares by concluding an agreement for the allocation of stock with transfer restrictions that includes the conditions in (2) above with the eligible persons.