

(Securities Code: 6826)

June 4, 2019

To All Shareholders

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

### **Notice of Ordinary General Meeting of Shareholders**

Honda Tsushin Kogyo Co., Ltd. (the “Company”) will hold an ordinary general meeting of shareholders on Monday, June 24, 2019. You are kindly requested to attend the meeting or execute your voting rights.

■Date and time: 1:00 p.m., Monday, June 24, 2019

■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, 2019, 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 item.

First agenda item : Selection of eight Directors



Second agenda item : Selection of one Corporate Auditor




Third agenda item : Revision of total amount of Directors' compensation due to  
increase in stock-based compensation



## Reference Documents for the General Meeting of Shareholders

### First agenda item: Selection of eight Directors

You are requested to approve the reappointment of eight incumbent 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)	<Current position> President and Representative Director, Group CEO <Career summary> April 1981: Joined Matsushita Electric Works Co., Ltd. (now Panasonic Corporation) March 2004: Strategic planning office, Automation Controls Business Unit June 2008: Outside Director of the Company April 2009: Executive director of Panasonic Electric Works Co., Ltd. June 2009: Vice President and Representative Director of the Company after retiring from the company April 2010: President and Representative Director	45,200 shares
	Mr. Satani achieved strong business recoveries by implementing structural reform and new management strategies including “Segments No. 1” after taking office as President in 2010. 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.		
2	  Masami Yamamoto (March 31, 1957)	<Current position> Director in charge of sales administration <Career summary> November 1980: Joined the Company 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. June 2010: Director	16,800 shares
	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.”		

3	 <p>Kinji Kashio (July 12, 1967)</p>	<p>&lt;Current position&gt; Division director</p> <p>&lt;Career summary&gt; March 1988: Joined the Company October 2010: Group Manager in charge of product development &amp; 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>	11,600 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. He was also involved in the project of developing the corporate philosophy of "Value by Connecting" as the leader.			
4	 <p>Osamu Mizuno (May 25, 1958)</p>	<p>&lt;Current position&gt; Director in charge of planning and finance</p> <p>&lt;Career summary&gt; 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 planning and finance June 2017: Director</p>	10,000 shares
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.			
5	 <p>Eiji Masuta (March 26, 1965)</p>	<p>&lt;Current position&gt; Director in charge of production and quality administration</p> <p>&lt;Career summary&gt; March 1985: Joined the Company July 2009: General Manager of the Manufacturing April 2014: Operating Officer April 2017: General Manager of the Business Connector Sector June 2018: Director</p>	8,400 shares
Mr. Masuta engaged in assignments on production/manufacturing technologies after joining the Company. He completed important projects as a leader after becoming an operating officer in 2014. He has been overseeing the production and quality divisions companywide based on his extensive knowledge as a general manager, a position he has held since 2017.			

6	 <p>Osamu Sawada (December 7, 1945)</p>	<p>&lt;Current position&gt; Outside Director</p> <p>&lt;Career summary&gt; 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</p> <p>&lt;Important concurrent positions&gt; Outside Director of BrainSellers.com Corporation Outside Director of Bplats Co., Ltd.</p> <p>■ Attendance at meetings of the Board of Directors: Attended 11 meetings out of 13 meetings held ■ Number of years since assuming the position of an Outside Director of the Company: 4 years</p>	10,500 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	 <p>Takashi Hanazawa (May 9, 1951)</p>	<p>&lt;Current position&gt; Outside Director</p> <p>&lt;Career summary&gt; 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 June 2017: Outside Director of the Company</p> <p>&lt;Important concurrent positions&gt; Director (Audit and Supervisory Committee Member) of Wellnet Corporation Part-time instructor, Department of Policy Studies, Tsuda University</p> <p>■ Attendance at meetings of the Board of Directors: Attended 13 meetings out of 13 meetings held ■ Number of years since assuming the position of an Outside Director of the Company: 2 years</p>	2,300 shares
Mr. Hanazawa has been providing a range of managerial and technological advice based on his academic knowledge and experience in the communication field and his experience of serving public institutions as a technology committee member, in addition to a wealth of experience acquired through the management of companies.			


8	 <p>Mami Yamashita (May 23, 1978)</p>	<p>&lt;Career summary&gt;  May 2006: Received an MBA from the University of Missouri in the United States  December 2013: Founded Kokoruku Co., Ltd.  Assumed the position of representative director of the company  June 2018: Outside Director of the Company  &lt;Important concurrent positions&gt;  Representative Director of Kokoruku Co., Ltd.  Director of Learning Journey, a general incorporated association  ■ Attendance at meetings of the Board of Directors: Attended 10 meetings out of 10 meetings held  ■ Number of years since assuming the position of an Outside Director of the Company: 1 year</p>	300 shares
	<p>Ms. Yamashita went to the United States by herself after resigning from a large electric company and earned an MBA. Upon returning to Japan, she engaged in international operations and risk management in the financial industry. After having a child, she decided to establish Kokoruku to support childcare. She is a human resources development advisor for the Company's focus on women's contributions. She contributes to the diversification of the Board of Directors.</p>		

(Notes)

1. The candidates for Director have no special interest in the Company.
2. The Outside Directors meet the standard of independence specified by the Tokyo Stock Exchange and are registered as independent officers.
3. The Company has concluded limited liability agreements with the Outside Directors with the minimum limits specified in the Companies Act.

## Second agenda item: Selection of one Corporate Auditor

You are requested to approve the reappointment of one incumbent Auditor.

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	 Kazuo Moro (February 5, 1952)	<p>&lt;Current position&gt; Outside Auditor</p> <p>&lt;Career summary&gt;            July 1996: Deputy Director, Individual Taxation Division, Direct Tax Department, National Tax Agency            July 2009: Director, Tax Counsel Office, Management and Co-ordination Department, Tokyo Regional Taxation Bureau            July 2010: Representative of Moro Research Institute Tax Co.            June 2015: Outside Auditor of the Company</p> <p>&lt;Important concurrent positions&gt;            Representative of Moro Research Institute Tax Co.            Part-time instructor, Faculty of Economics, Kansai University            Auditor, Japan Deafblind Association Social welfare corporation            Auditor, Juridical Foundation for International Personnel Management</p> <p>             ■ Attendance at meetings of the Board of Directors:              Attended 13 meetings out of 13 meetings held              ■ Attendance at meetings of the Board of Corporate Auditors: Attended 13 meetings out of 13 meetings held              ■ Number of years since assuming the position of an Outside Auditor of the Company: 4 years           </p>	6,800 shares
He held important posts at the National Tax Agency and the Tokyo Regional Taxation Bureau as a national tax inspection official and retired from this position in 2010. He currently works as a management consultant and instructor at a college. He provides opinions and advice on a wide range of subjects based on his experience in financial accounting and administration.			

### (Notes)

1. The candidates for the corporate auditors have no special interest in the Company.
2. The Outside Auditor meets the standard of independence specified by the Tokyo Stock Exchange and is registered as an independent officer.
3. The Company has concluded limited liability agreements with the Outside Auditors with the minimum limits specified in the Companies Act.

### **Third agenda item: Revision of total amount of Directors' compensation due to increase in stock-based compensation**

The Company follows a policy of providing 20% of Directors' compensation as shares in the Company with the aim of motivating the Directors to increase the Company's corporate value and work aggressively to implement the Company's medium- and long-term growth strategies. At this Ordinary General Meeting of Shareholders, you are requested to approve the revision of the restricted stock compensation plan that was introduced in June 2017 and the addition of a performance-linked stock compensation plan to ensure that the above policy takes effect. In connection with this, the Company seeks the approval of its shareholders regarding the revision of the total amount of stock-based compensation to 60 million yen per year (including 5 million yen for Outside Directors).

- Outline of increase in stock-based compensation

Revision : Add Outside Directors to the stock compensation plan with restrictions on transfers for three years.

Addition : Add a stock compensation plan linked to ROE and other indicators for three years.

For details of the plan, refer to "Details of third agenda item" provided below.

- <Matter to be resolved> Revision of the total amount of compensation

Current : No more than 30 million yen per year is paid as stock-based compensation.

Revision : No more than 60 million yen per year (including 5 million yen for Outside Directors) will be paid as stock-based compensation.

\* Maximum number of shares: 105,000 shares per year  
(including 20,000 shares for Outside Directors)

\* (Reference) Dilution ratio: No more than 0.5% per year  
(percentage of total number of shares outstanding after deducting treasury shares as of March 31, 2019)

#### Details of third agenda item

##### **1. Revision of the current plan <restricted stock compensation plan>**

###### ○ Overview

In each business year, common shares of the Company with restrictions on transfers for three years are provided for the service provision. The specific time of delivery and allocation to the applicable recipients are determined at the Board of Directors' meeting. Based on the resolution of the Company's Board of Directors, the applicable recipients will receive all monetary compensation claims arising from this agenda item as contributed assets and the issuance or disposal of the Company's common shares. The

amount paid for each share will be the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding of the date of the Board of Directors' resolution (if no trading is reported on the preceding day, the closing price on the latest trading day).

- Revision

Add the Outside Directors to the recipients (eight Directors after this Ordinary General Meeting of Shareholders (including three Outside Directors))

- Purpose of the revision

When increasing the level of compensation paid to the Company's Outside Directors to a generally accepted level, also apply this plan to the Outside Directors to increase their incentive to improve the medium- and long-term performance in an effort to increase the Company's corporate value in the medium to long term.

\* The other details of the plan remain the same as those proposed at the Ordinary General Meeting of Shareholders held on June 26, 2017.

## **2. Overview of the new plan <performance-linked stock compensation plan>**

- Overview

The number of common shares of the Company calculated according to the ROE and other indicators in the performance evaluation period (three business years) will be provided after the performance evaluation period. The specific time of delivery and allocation to the applicable recipients are determined at the Board of Directors' meeting within the following range.

- Purpose of introducing the plan

Motivate the Directors to contribute to the improvement of the Company's medium- to long-term performance and continuous improvement of corporate value more than in the past by providing stock-based compensation linked to the financial results.

- Scheme

- (1) Recipients of the stock-based compensation: Directors excluding the Outside Directors and those living overseas (five Directors after this Ordinary General Meeting of Shareholders)
- (2) Performance evaluation period: Three consecutive business years  
The initial performance evaluation period will be from the business year ending March 31, 2020 to the business year ending March 31, 2022. Subsequently, the evaluation will be undertaken every business year based on the decision of the



Board of Directors and within the range of approval provided at the Ordinary General Meeting of Shareholders.

- (3) Shares issued: In principle, the shares will be issued after the performance evaluation period based on the following formula.

[Formula] number of shares issued = base number of shares issued to each recipient x issuance ratio\*

\* The issuance ratio is determined within a range from 0% to 120% according to the level of achievement of the numerical targets (initially set to the ROE in the entire period of the performance evaluation) for the Company's business results during the performance evaluation period. Details are provided in the securities report.

\* If the total number of shares calculated using this formula or the total amount of monetary compensation claims calculated using the method in (5) exceeds the limit approved by the shareholders, the number or amount will be reduced to the approved range through a rational method determined by the Board of Directors.

- (4) Amount paid for each share

The closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors (if no trading is reported on the preceding day, the closing price on the latest trading day).

- (5) Provision method

In terms of the monetary claims for the recipients to provide an investment in kind, the Company will provide each recipient with monetary compensation claims in the amount resulting from multiplying the number of shares issued to each recipient determined in (3) above by the amount paid for each share in (4) above. Each recipient will invest all of the monetary compensation claims in kind to receive the Company's common shares in the number to be issued.

- (6) Other

- The number of shares issued to a person who has assumed the position of a Director during the performance evaluation period or a person who has retired from the position of a Director for a reason that is deemed appropriate by the Board of Directors will be calculated by a reasonable method determined by the Company's Board of Directors, irrespective of the formula in (3) above.
- If the total number of the Company's shares outstanding has increased or decreased due to, for instance, a reverse stock split, a stock split, or the free allotment of shares, the maximum number of shares will be adjusted according to

the percentage of the increase or decrease.

- If the Company has undergone a restructuring or another organizational change during the performance evaluation period, a different treatment from the above may be applied within the range of the total amount of compensation under this plan, which has been approved at the Meeting of Shareholders.