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Stock Code: 8154  
June 10, 2016

To all of our shareholders

20 Kandamatsunagacho, Chiyoda-ku, Tokyo, Japan  
KAGA ELECTRONICS CO., LTD.  
President & COO Ryoichi Kado

## Notice of the 48th Ordinary General Meeting of Shareholders

Dear Shareholders:

Thank you very much for your continuing support for the Company.

We hereby inform you of the 48th ordinary general meeting of shareholders of the Company to be held as follows and your attendance is most sincerely requested.

If you are unable to attend the general meeting, you can exercise your voting rights in writing; so please read the attached Reference Documents for the General Meeting of Shareholders, express your approval or disapproval of the proposals in the enclosed Exercise Voting Rights Form, and return it to us by no later than 5:30 p.m. on June 28, 2016 (Tuesday), the day before the day on which the general meeting will be held.

### Details

1. **Time and date** 10:00 a.m. on June 29, 2016 (Wednesday)
  2. **Place** 1-1 Akihabara, Taito-ku, Tokyo  
Akihabara Business Center 5F, AP Akihabara
  3. **Agenda of the meeting**
    1. The Business Report and Consolidated Financial Statements for the 48th fiscal year (from April 1, 2015 to March 31, 2016), and results of the Audit Reports by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the 48th fiscal year (from April 1, 2015 to March 31, 2016)
- Matters to be resolved**
- |                       |   |
|-----------------------|---|
| <b>Proposal No. 1</b> | Distribution of Surplus                             |
| <b>Proposal No. 2</b> | Partial Amendments to the Articles of Incorporation |
| <b>Proposal No. 3</b> | Election of One (1) Auditor                         |
| <b>Proposal No. 4</b> | Election of One (1) Substitute Auditor              |

If you are attending please present the enclosed Exercise Voting Rights Form at the reception on arrival at the meeting.

In the event of any changes to the Reference Documents for the General Meeting of Shareholders or the Business Report, Non-Consolidated Financial Statements and Consolidated Financial Statements, they will be posted on the Company's website on the Internet (<http://www.taxan.co.jp>).

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Distribution of Surplus

The Company intends to distribute the surplus as follows.

Matters related to year-end dividends

We propose a year-end dividend for the 48th fiscal year as follows, taking into account the Company's business results in the fiscal year under review and business development, etc. going forward.

(1) Type of dividend property

It shall be money.

(2) Allotment of dividend property and the total amount

The Company proposes a regular dividend of 20 yen per share of common stock of the Company plus a special dividend of 15 yen, for a total dividend payout of 35 yen per share.

Note that the total amount of the dividends in this case would be 988,935,290 yen.

As a result, combined with the interim dividend of 20 yen per share already paid, the annual dividend payout would be 55 yen per share and the total amount of the annual dividends would be 1,554,045,530 yen.

(3) Effective date of distribution of surplus

It is planned to be June 30, 2016.

**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for the Amendments

In preparation for expansion of the content of business operations and future business development, the Company would add objective entries to Article 2 of the current Articles of Incorporation and conduct a subsequent renumbering of entries so as to ensure that it can conduct nursing care business such as the lending and sale of care goods along with the operation of welfare facilities etc.

2. Details of the proposed amendments

The details of the proposed amendments are as follows:

(Underlined parts of the English text are amended.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 1: General Provisions (Objective) Article 2: The Company makes the running of the following businesses its objective. 1. to 17. (Articles Omitted) (New)  (New)  (New)  (New)  (New)  (New)  (New)  (New)  (New)  18. to 19. (Articles Omitted)</p>	<p>Chapter 1: General Provisions (Objective) Article 2: The Company makes the running of the following businesses its objective. 1. to 17. (Unchanged) <u>18. In-home service business in accordance with the Long-Term Care Insurance Act.</u> <u>19. Community-based service business in accordance with the Long-Term Care Insurance Act.</u> <u>20. In-home long-term care support business in accordance with the Long-Term Care Insurance Act.</u> <u>21. Facility service business in accordance with the Long-Term Care Insurance Act.</u> <u>22. Preventive long-term care service business in accordance with the Long-Term Care Insurance Act.</u> <u>23. Community-based service for preventive long-term care business in accordance with the Long-Term Care Insurance Act.</u> <u>24. Preventive long-term care support business in accordance with the Long-Term Care Insurance Act.</u> <u>25. Establishment and operation of fee-based homes for the elderly.</u> <u>26. Elderly housing business.</u> 27. to 28. (Unchanged)</p>

**Proposal No. 3: Election of One (1) Auditor**

We propose that one (1) Auditor be elected as the term of office of auditor Masatoshi Sase will expire at the conclusion of this general meeting.

The Board of Auditors has given its acknowledgment of this proposal.

Candidate for the auditor is as follows.

Name (Date of birth)	Career summary, position in the Company (significant positions concurrently held)	Number of the Company's shares held
Isamu Yonekawa (October 22, 1952) [New candidate]	April 1980 Admitted to the bar April 1986 Established and became a partner in Sase and Yonekawa Law Offices (currently Alpha Partners Law Offices) (current position)	-

(Notes) 1. No conflict of interest exists between the candidate and the Company.

2. Isamu Yonekawa is a candidate for the outside auditor.

3. Reasons for proposing the candidate for outside auditor

The Company proposes the election of Isamu Yonekawa as outside auditor so that he can utilize the legal knowledge he has cultivated over many years as a lawyer in the auditing system of the Company if he is appointed to the position of auditor.

4. Reasons that the Company judges that Isamu Yonekawa will be able to perform his duties appropriately as an outside auditor

Isamu Yonekawa has no experience of being directly involved in business management but as a lawyer he is well-versed in corporate law, and he possesses sufficient knowledge to control business management; therefore the Company judges that he will be able to perform his duties appropriately as an outside auditor.

5. If Isamu Yonekawa is appointed to the position of auditor, the Company plans to enter into a contract with him based on the provisions of the Companies Act, Article 427, Paragraph 1 to limit his liability for damages under Article 423, Paragraph 1 of the said Act to within the minimum liability amount stipulated in Article 425, Paragraph 1 of the said Act.

6. Isamu Yonekawa satisfies the requirements for an Independent Officer based on the provisions of the Tokyo Stock Exchange; so the Company plans to register him as an Independent Officer.

**Proposal No. 4: Election of One (1) Substitute Auditor**

The Company proposes that One (1) Substitute Auditor be elected to prepare for a case where the number of Auditors falls below the number stipulated by laws and regulations.

The effectiveness of the election under this proposal may be cancelled based on resolution of the Board of Directors, provided such cancellation is done prior to the assumption of office and with the acknowledgment of the Board of Auditors.

Furthermore, the Board of Auditors has given acknowledgment of this proposal.

The candidate for substitute auditor is as follows.

Name (Date of birth)	Career summary, position, and significant positions concurrently held	Number of the Company's shares held
Yoshiyuki Shima (December 28, 1967) [New candidate]	April 1999 Admitted to the bar Joined Sase and Yonekawa Law Offices (currently Alpha Partners Law Offices) (to present)	1,750

- (Notes)
1. No conflict of interest exists between the candidate and the Company.
  2. Substitute auditor candidate Yoshiyuki Shima is proposed to be elected as a substitute for the outside auditors.
  3. Substitute auditor candidate Yoshiyuki Shima is the candidate for substitute outside auditor.
  4. Reasons for proposing the candidate for substitute outside auditor  
The Company proposes the election of Yoshiyuki Shima as substitute outside auditor so that he can utilize the legal knowledge he has cultivated over many years as a lawyer in the auditing system of the Company if he is appointed to the position of auditor.
  5. Reasons that the Company judges that Yoshiyuki Shima will be able to perform his duties appropriately as an outside auditor  
Yoshiyuki Shima has no experience of being directly involved in business management, but he served as an outside auditor for the Company's subsidiary in the past. As a lawyer he is well-versed in corporate law, and he possesses sufficient knowledge to control business management. For these reasons, the Company judges that he will be able to perform his duties appropriately as an outside auditor.
  6. If Yoshiyuki Shima is appointed to the position of auditor, the Company plans to enter into a contract with him based on the provisions of the Companies Act, Article 427, Paragraph 1 to limit his liability for damages under Article 423, Paragraph 1 of the said Act to within the minimum liability amount stipulated in Article 425, Paragraph 1 of the said Act.