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(Stock Exchange Code 6957)
June 10, 2016

To Shareholders with Voting Rights:

Hiroyuki Hashikura
President
Shibaura Electronics Co., Ltd.
2-1-24, Kamiochiai, Chuo-ku,
Saitama City, Saitama, Japan

**NOTICE OF
THE 58TH 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 58th Annual General Meeting of Shareholders of Shibaura Electronics Co., Ltd. (the “Company”) as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the Reference Documents for the Annual General Meeting of Shareholders described below, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it will be received by the Company on or before 5:00 p.m. Tuesday, June 28, 2016, Japan time.

- 1. Date and Time:** Wednesday, June 29, 2016 at 10 a.m. Japan time
- 2. Place:** Royal Princess, Fourth floor, Urawa Royal Pines Hotel,
located at 2-5-1, Naka-cho, Urawa-ku, Saitama-shi, Saitama, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. Business Report, Consolidated Financial Statements for the Company’s 58th Fiscal Year (April 1, 2015 - March 31, 2016) and Results of Audit by the Accounting Auditor and the Board of Corporate Auditors concerning the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 58th Fiscal Year (April 1, 2015 - March 31, 2016)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Two Corporate Auditors
 - Proposal 3:** Payment of Bonuses to Corporate Officers
 - Proposal 4:** Payment of Lump-sum Retirement Allowances to Directors and Corporate Auditors due to Abolition of Retirement Allowance System for Corporate Officers
 - Proposal 5:** Decision regarding Amount and Details of Performance-based Stock Compensation, etc., for Directors

When you attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Any revisions to Reference Documents for the Annual General Meeting of Shareholders and the attached documents will be posted on the Company’s Internet website at <http://www.shibaura-e.co.jp>.

Reference Documents for the Annual General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

We propose the appropriation of surplus as follows:

Matters concerning the year-end dividends

With respect to the year-end dividends for the 58th fiscal year, we propose to increase dividends as follows, taking the continuation of stable dividends and the performance of the fiscal year under review into account:

(1) Type of dividend assets
Cash

(2) Matters concerning the allocation of dividend assets to shareholders and the total amount thereof
¥55 per share of the Company's common shares (dividends to be increased by ¥5 per share from the previous fiscal year)
Total amount: ¥427,584,740

(3) Effective date of dividend of surplus
June 30, 2016

Proposal 2: Election of Two Corporate Auditors

Upon the conclusion of this Annual General Meeting of Shareholders, the term of office of two Corporate Auditors, Mr. Motokazu Nakamura and Mr. Kenichi Asano, will expire. Accordingly, shareholders are requested to elect two Corporate Auditors.

The candidates for Corporate Auditor are as follows:

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

No.	Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
1	Motokazu Nakamura (December 14, 1952)	<p>April 1976 Joined Saitama Bank, Limited (currently Saitama Resona Bank, Limited)</p> <p>February 1997 Deputy General Manager, Public Relations Office, Planning Division, Asahi Bank, Limited (currently Resona Bank, Limited)</p> <p>August 2003 Joined the Company Deputy General Manager, Administration Division</p> <p>April 2011 General Manager, Administration Division, the Company</p> <p>June 2012 Full-time Corporate Auditor, the Company (to present)</p>	2,000
2	Kenichi Asano (December 11, 1967)	<p>April 1996 Registered as attorney-at-law</p> <p>February 2001 Corporate Auditor, Naigai TEC Corporation (to present)</p> <p>June 2004 Corporate Auditor, the Company (to present)</p> <p>November 2004 Director, CGS., INC. (to present)</p> <p>June 2011 Corporate Auditor, PIOLAX, INC. (to present)</p>	0

(Notes)

- No conflict of interest exists between each candidate and the Company.
- Mr. Kenichi Asano is a candidate for Outside Corporate Auditor. The Company has designated Mr. Kenichi Asano as an independent officer as prescribed by the Tokyo Stock Exchange and filed him as such with the Exchange.
- Mr. Kenichi Asano, a candidate for Outside Corporate Auditor, currently serves as Outside Corporate Auditor of the Company and his term of office as Outside Corporate Auditor is 12 years upon the conclusion of this Annual General Meeting of Shareholders. Based on the fact that Mr. Asano has checked business execution and provided advice on business decisions based on his knowledge and experience as an attorney-at-law, as well as on his track record as Outside Corporate Auditor of the Company, the Company has determined that he continues to be qualified to perform objective and neutral auditing regarding the legality of business execution, etc., by our Directors.
- Agreement to limit liability with Outside Corporate Auditor
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Kenichi Asano to limit his liability for damages as stipulated in Article 423, Paragraph 1 of said Act. In the event that the reelection of Mr. Kenichi Asano is approved, the Company will limit his liability to the amount set forth in laws and regulations and continue said agreement with him.

Proposal 3: Payment of Bonuses to Corporate Officers

We propose to pay executive bonuses in the amount of 50 million yen in total to seven Directors excluding one Outside Director among eight Directors as of the end of the fiscal year under review, taking the business performance of the period, etc. into consideration.

Proposal 4: Payment of Lump-sum Retirement Allowances to Directors and Corporate Auditors due to Abolition of Retirement Allowance System for Corporate Officers

The Company has resolved at the Board of Directors' meeting held on May 16, 2016 to abolish the retirement allowance system for corporate officers upon the conclusion of this Annual General Meeting of Shareholders as part of the revision of the compensation plan for corporate officers.

Accordingly, the Company proposes to pay lump-sum retirement allowances to eight incumbent Directors and one incumbent Corporate Auditor and two Corporate Auditors to be reelected when Proposal 2 is approved as originally proposed within the total amount of 97,000 thousand yen for Directors (of which, 4,000 thousand yen for Outside Directors) and within the total amount of 20,072 thousand yen for Corporate Auditors in order to reward them for their dedication to their duties while in office in accordance with the Company's "Regulations for retirement allowances for Directors" and "Regulations for retirement allowances for Corporate Auditors."

Furthermore, we propose that the retirement allowances be paid at the time of the retirement of each Director and Corporate Auditor and that the specific amounts and payment methods, etc., thereof be delegated to the Board of Directors for Directors and to the discussion of Corporate Auditors for Corporate Auditors, respectively.

In addition, the abolition of the retirement allowance system will not affect financial results as the Company has posted the amount of retirement allowances accrued as of the end of fiscal year as the provision for retirement allowances for corporate officers in preparation for the future payment thereof in accordance with the prescribed criteria of the Company.

The career summary of Directors and Corporate Auditors eligible for the lump-sum payment is as follows:

Name	Career summary	
Hiroyuki Hashikura	June 1997 June 2007	Appointed as Director Appointed as President To present
Kenichi Nishinuma	June 2001 May 2005	Appointed as Director Appointed as Managing Director To present
Toyohide Kudou	June 2005	Appointed as Director To present
Takumi Hamada	June 2011	Appointed as Director To present
Kazuo Hosoi	June 2011	Appointed as Director To present
Takeru Yamashita	June 2015	Appointed as Director To present
Noriyuki Nakayama	June 2015	Appointed as Director To present
Shozo Saito	June 2012	Appointed as Outside Director To present
Motokazu Nakamura	June 2012	Appointed as Full-time Corporate Auditor To present
Tetsu Hirowatari	June 2000	Appointed as Corporate Auditor To present
Kenichi Asano	June 2004	Appointed as Corporate Auditor To present

Proposal 5: Decision regarding Amount and Details of Performance-based Stock Compensation, etc., for Directors

1. Reasons for proposal and reasons to determine such compensation is appropriate

The compensation for Directors (excluding Outside Directors) of the Company currently consists of “base compensation,” “bonus” and “retirement allowance,” whereas we propose, as part of the revision of the compensation plan for corporate officers, the abolition of the retirement allowance system for corporate officers and the introduction of a new performance-based stock compensation plan (hereinafter referred to as the “Plan”) under which the Company's shares will be granted to Directors of the Company (excluding Outside Directors and those who reside abroad; hereinafter the same shall apply in this Proposal) according to the achievement rate of the performance target, etc.

We believe the introduction of the Plan is appropriate since the Plan is for Directors and aims to further clarify the linkage between the compensation for Directors and the Company's business performance, as well as shareholder value, and enhance the awareness of Directors toward making a contribution to the medium- to long-term improvement of business performance and the increase of corporate value.

Specifically, we intend to pay stock compensation to Directors in addition to the upper limit of compensation (annual amount of 150 million yen or less excluding employees' salary for Directors concurrently serving as employees) approved at the 37th Annual General Meeting of Shareholders held on June 29, 1995 and bonuses.

The number of Directors eligible for the Plan is currently seven.

2. Amount of compensation, etc., under the Plan and details thereof, etc.

(1) Outline of the Plan

The Plan is the stock compensation plan under which the Company's shares are acquired through the trust with the funds sourced from the compensation for Directors contributed by the Company and then the Company's shares and money equivalent to the liquidation value of the Company's shares (hereinafter referred to as “Company's Shares, etc.”) are delivered and paid (hereinafter referred to as “Delivery, etc.”) to Directors (see (2) below for details).

(i) Persons eligible for delivery and payment of the Company's Shares, etc., under the Plan	Directors of the Company (excluding Outside Directors and Directors who reside abroad)
(ii) Impact of the Company's shares subject to the Plan on the total number of shares issued	
Maximum amount of money contributed by the Company (as described in (2) below)	<ul style="list-style-type: none"> • 180 million yen in total for five fiscal years
Method of acquiring the Company's shares and maximum number of the Company's Shares, etc., to be acquired by Directors (as described in (2) and (3) below)	<ul style="list-style-type: none"> • No dilution of the Company's shares will be caused as the shares will be acquired on the stock market. • The maximum number of points per year granted to a Director will be 24,000. • The number of shares equivalent to the maximum number of points per year granted to Directors will be about 0.31% of the total number of the Company's shares issued (as of March 31, 2016; treasury shares excluded).
(iii) Details of conditions to achieve the performance target (as described in (3) below)	<ul style="list-style-type: none"> • To be varied according to the achievement rate of the consolidated operating profit target every year (set forth in (3) below)
(iv) Timing of Delivery, etc. of the Company's Shares, etc., to Directors (as described in (4) below)	<ul style="list-style-type: none"> • Upon the retirement of a Director

(2) Maximum amount of money to be contributed by the Company

The Plan covers five consecutive fiscal years (five fiscal years starting from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2021 at the inception, and in the case the trust period is extended as

set forth in the third paragraph of (2), subsequent five-fiscal year periods; hereinafter referred to as the “Plan Period”).

The Company will contribute money in the amount up to 180 million yen in total in each Plan Period as compensation for Directors to establish the trust with a trust period of five years (hereinafter referred to as the “Trust”), in which the beneficiaries are Directors satisfying beneficiary requirements (including the extension of the trust period set forth in the third paragraph of (2); hereinafter the same shall apply). The Trust will acquire the Company’s shares on the stock market using money contributed to the Trust in accordance with the instructions of the Trust administrator. The Company will grant points (as described in (3) below) and the Trust will conduct Delivery, etc. of the Company’s Shares, etc., to Directors during the trust period.

Upon the expiration of the trust period of the Trust, the Trust may be continued by way of the modification of the trust agreement and additional entrustment in lieu of a new establishment of the Trust. In that case, the trust period of the Trust shall be extended for the same period as the original trust period and the Plan Period shall be five fiscal years after the extension of the trust period. The Company will make an additional contribution in the amount up to 180 million yen in total in each extended trust period. During the extended trust period, the Company will continue to grant points and the Trust will continue to conduct Delivery, etc. of the Company’s Shares, etc., to Directors. In the case such additional contribution is made and the Company’s shares (excluding the Company’s shares equivalent to the points granted to Directors for which the Delivery, etc. has not been conducted) and money remain on the last day of the trust period before the extension (hereinafter referred to as “Remaining Shares, etc.”), the total amount of the Remaining Shares, etc., and the trust money additionally contributed shall be within the limit of 180 million yen.

(3) Calculation method and upper limit of the number of the Company’s Shares, etc., acquired by Directors

A certain number of points will be granted to Directors on June 1 of each year during the trust period based on the achievement rate of the consolidated operating profit target (achievement rate against expected consolidated operating profits disclosed in the Company’s Consolidated Financial Statements the Company publishes at the beginning of every fiscal year; hereinafter the same shall apply) for the fiscal year ending March 31 of the same year (the first fiscal year to be the fiscal year ending March 31, 2017) and rank in accordance with the following point-granting criteria (*1)(*2). The Delivery, etc. of the Company’s Shares, etc., to Directors will be conducted upon retirement based on cumulative points (hereinafter referred to as “Cumulative Points”).

Furthermore, one point shall be equivalent to one share of the Company. Upon the occurrence of certain incidents, including stock splits and reverse stock splits, under which the adjustment of the points is considered fair during the trust period, the number of the Company’s shares per point shall be adjusted in accordance with the stock split ratio or reverse stock split ratio, etc.

*1 Points to be granted = base points per rank x performance-based coefficient (*3)

*2 With respect to Directors who pass away while in office during the Plan Period or who are forced to resign due to injuries, etc., and approved by the Board of Directors, the points are granted upon death or resignation in proportion to the period from the beginning of the fiscal year to which the date of death or resignation falls to the date of death or resignation.

*3 The performance-based coefficient will be determined based on the achievement rate of the consolidated operating profit target.

The upper limit of total points granted to Directors per year shall be 24,000 points.

(4) Timing of Delivery, etc. of the Company’s Shares, etc., to Directors

The Delivery, etc. of the Company’s Shares, etc., calculated based on (3) above to Directors who satisfy the beneficiary requirements shall be conducted upon the retirement of said Director. In this case, the Director shall receive the delivery of the Company’s shares equivalent to 70% of those points (fractions of shares less than a unit to be rounded down) and the payment of money equivalent to the liquidation value of the Company’s shares corresponding to the remaining points after they are liquidated within the Trust.

Furthermore, if a Director passes away during the trust period, his or her heir shall receive promptly after his or her death the payment of money equivalent to the liquidation value of the Company’s shares corresponding to the Cumulative Points at that time after all such shares are liquidated within the Trust.

(5) Voting rights pertaining to the Company’s shares

Voting rights pertaining to the Company’s shares in the Trust shall not be exercised during the trust period to ensure neutrality to company management.

(6) Handling of dividend of surplus pertaining to the Company's shares

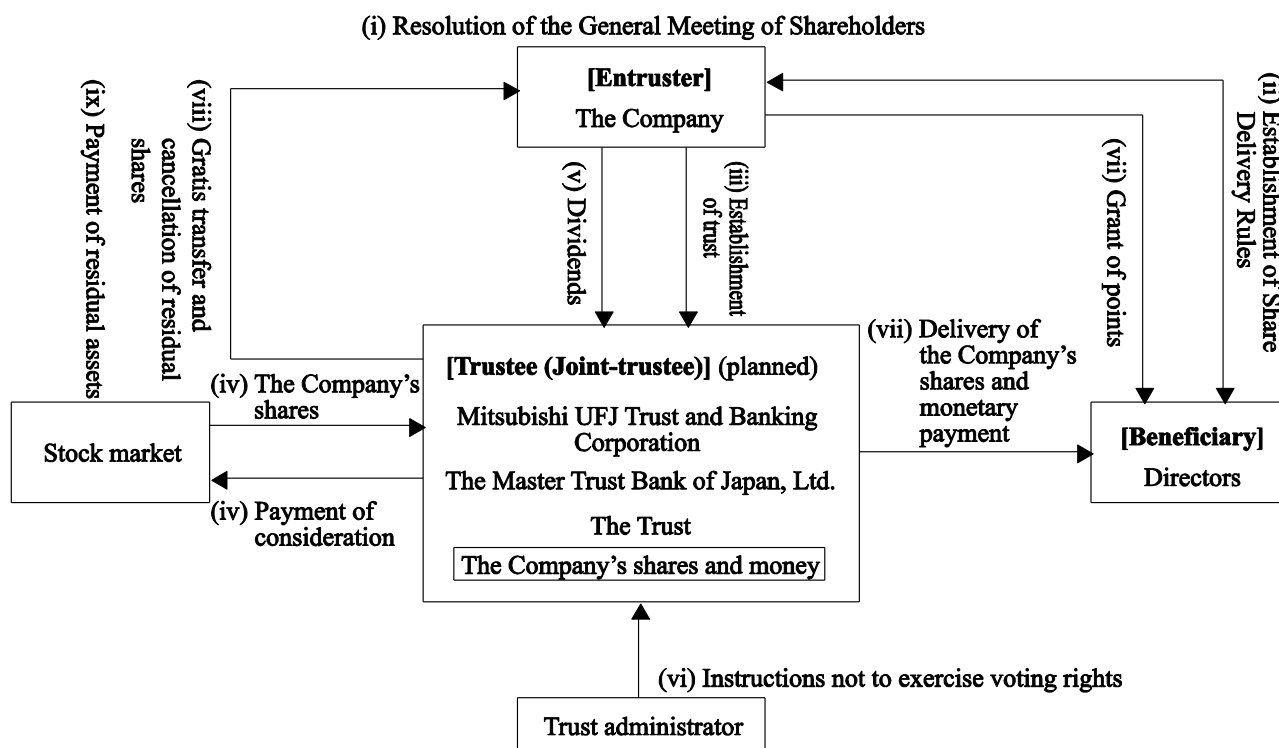
The dividend of surplus pertaining to the Company's shares in the Trust will be received by the Trust and applied to trust fees and expenses. Any residual amount upon the expiration of the Trust after application to trust fees and expenses shall be paid to Directors who satisfy predetermined beneficiary requirements and become beneficiaries of the Trust based on the trust agreement upon the expiration of the Trust.

(7) Other details of the Plan

Other details of the Plan will be determined by the Board of Directors upon the establishment of the Trust, the modification of the trust agreement or any additional entrustment to the Trust.

(Reference)

<Overview of the Plan>



- (i) The Company will obtain a resolution of approval with respect to the introduction of the Plan at this Annual General Meeting of Shareholders.
- (ii) The Company will establish the Share Delivery Rules covering the contents of the Plan at the Board of Directors' meeting.
- (iii) The Company will entrust money corresponding to the funds for compensation for the Company's Directors within the amount approved at this Annual General Meeting of Shareholders as stated in (i) above and establish the Trust where the beneficiaries are the Directors satisfying beneficiary requirements.
- (iv) The Trust, following the instructions from the Trust administrator, will acquire the Company's shares on the stock market with money contributed in (iii) above. The number of shares to be acquired by the Trust shall be within the number approved at this Annual General Meeting of Shareholders as stated in (i) above.
- (v) Dividends will be paid for the Company's shares in the Trust in the same manner as other shares of the Company.
- (vi) Voting rights pertaining to the Company's shares in the Trust shall not be exercised throughout the trust period.
- (vii) During the trust period, a certain number of points are granted to Directors annually according to (1) the achievement rate of the consolidated operating profit target and (2) the rank. The Delivery, etc. of the Company's Shares, etc., to Directors satisfying certain beneficiary requirements will be conducted upon the retirement of such Director according to his or her Cumulative Points.

- (viii) In the event that residual shares remain at the end of the trust period due to the non-achievement of the performance target, etc., the Company will either continue to use the Trust as a new stock compensation plan by way of the modification of the trust agreement and additional entrustment or cancel the residual shares by a resolution of the Board of Directors after acquiring the residual shares by way of gratis transfer from the Trust to the Company.
- (ix) Upon the expiration of the Trust, residual properties remaining after the distribution to beneficiaries will belong to the Company, which is the holder of a vested right, within the limit of the trust expense reserve calculated by deducting the cost for acquiring the shares from the trust money.

<Outline of the trust agreement>

- (i) Trust type: An individually-operated designated trust of cash other than cash trust (third party benefit trust)
- (ii) Trust purpose: Providing incentives to Directors
- (iii) Entruster: The Company
- (iv) Trustee: Mitsubishi UFJ Trust and Banking Corporation (planned)
(Joint-trustee: The Master Trust Bank of Japan, Ltd. (planned))
- (v) Beneficiaries: Retired Directors who satisfy beneficiary requirements
- (vi) Trust administrator: A third-party professional that has no conflict of interest with the Company
- (vii) Trust agreement date: August 9, 2016 (planned)
- (viii) Trust period: From August 9, 2016 (planned) to August 31, 2021 (planned)
- (ix) Plan start date: September 1, 2016 (planned)
- (x) Exercise of voting rights: Voting rights shall not be exercised.
- (xi) Type of shares to be acquired: Common shares of the Company
- (xii) Maximum amount of trust money: 180 million yen (planned) (including trust fees and expenses)
- (xiii) Timing of acquisition of shares: From August 10, 2016 (planned) to February 28, 2017 (planned) (excluding the period between five business days before the last day of a fiscal period (including semiannual and quarterly period) and the last day of said fiscal period)
- (xiv) Method of acquisition of shares: Acquisition on the stock market
- (xv) Holder of a vested right: The Company
- (xvi) Residual properties: Residual properties that can be received by the Company as the holder of a vested right shall be within the limit of the trust expense reserve calculated by deducting the cost for acquiring the shares from the trust money.