

To: Shareholders

Sodick Co., Ltd.
3-12-1, Nakamachidai, Tsuzuki-ku,
Yokohama
Kenichi Furukawa
President and Representative Director

Notice of Convocation of 43rd Ordinary General Shareholders' Meeting

Dear Sirs,

We wish to express our deep gratitude for your usual special consideration.

We are pleased to inform you that we will hold the 43rd ordinary general shareholders' meeting as stated below and wish you to attend that general meeting.

If you are unable to attend the general meeting, you may exercise your voting right in any of the following manners. Please refer to the reference document for the general shareholders' meeting as stated below and exercise your voting right before 17:15 on Wednesday March 27, 2019.

Exercise of Voting Right in Writing:

You should express approval or disapproval for proposals on the enclosed voting form and return it so that the form will reach us before the deadline mentioned above.

Exercise of Voting Right by Electronic or Magnetic Means (e.g. via the Internet):

You should enter approval or disapproval for proposals before the deadline mentioned above.

Yours sincerely,

1. Date and Time: From 10:00 on Thursday March 28, 2019 (Reception will start from 9:00)

2. Place: At the conference room on the 3rd floor of our head office building
3-12-1, Nakamachidai, Tsuzuki-ku, Yokohama, Kanagawa, Japan

3. Purpose

Matters to Report

- 1) A business report and consolidated financial statements for the 43rd fiscal year (from January 1 to December 31, 2018) and a report on the results of the audit of those consolidated financial statements by financial auditors and the audit & supervisory board
- 2) A report on financial statements for the 43rd fiscal year (from January 1 to December 31, 2018)

Matters to Resolve on

- First proposal:** Disposal of surplus
- Second proposal:** Appointment of 1 director
- Third proposal:** Appointment of 3 audit & supervisory board members
- Fourth proposal:** Decision on compensation for the allotment of restricted shares to directors (excluding outside directors)

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- * Upon attendance at the general meeting, please provide the enclosed voting form at the reception of the meeting place. Moreover, we would like you to bring this notice of convocation with you to save resources.
 - * In the case of attendance by proxy, you should designate as proxy another shareholder having voting right at the general meeting and should provide a document certifying power of proxy as well.
 - * Regarding documents to be provided upon giving this notice of convocation, the Notes to Consolidated Financial Statements and the Table of Individual Notes to Financial Statements are posted on our websites (<https://www.sodick.co.jp/ir/>) pursuant to the provisions of laws and regulations and Article 15 of our articles of incorporation, and not stated in the document provided herewith. Therefore, the document provided with this notice of convocation constitutes part of the figures audited by auditors and financial auditors in drawing up the audit report.
 - * With regard to revisions to the reference document for the general shareholders' meeting, business report, financial statements, and consolidated financial statements, we will post those revisions, if any, on our websites (<https://www.sodick.co.jp/ir/index.html>).

Reference Document for General Shareholders' Meeting

First Proposal: Disposal of Surplus

We make it our basic principle to pay dividends in a stable and steady way to shareholders that deposit their valuable capital with us while retaining the earnings necessary to develop future business and reinforce business structure.

Taking into account earnings, expenses and other figures for the current fiscal year, we will pay dividends at the end of the current fiscal year as follows:

- (1) Type of dividend property
Cash
- (2) Matters concerning allotment of dividend property and total dividends
Dividend allocation: ¥12 per common share of the Company.
Total amount of dividends: ¥563,675,628
Moreover, for the current fiscal year, annual dividends including interim dividends amount to ¥24 per common share.
- (3) Effective date of dividends from surplus
March 29, 2019.

Second Proposal: Appointment of 1 Director

For the purpose of the improvement of streamlining the management and for the purpose of making efforts to further enhance the corporate governance system, we would like to add one director and would like you to appoint the director.

The term of office in the case of the appointment in the general meeting will expire at the expiration of the term of office of the other directors in office in accordance with the provisions of our articles of incorporation.

A candidate for director is as shown in the table below.

Name (Date of Birth)	Brief Personal History and Positions and Posts in the Company (State of Concurrent Important Posts)	Number of Shares Held
<p data-bbox="201 745 376 779">New Appointment</p> <p data-bbox="201 813 435 869">Ching-Hwa Huang (December 15, 1959)</p>	<p data-bbox="472 622 1158 651">Jan. 1990: Joined the Taiwanese Branch of Sodick Co., Ltd.</p> <p data-bbox="472 656 1198 712">Dec. 1992: Administration Manager of the Taiwanese Branch of Sodick Co., Ltd.</p> <p data-bbox="472 716 1169 772">Jan. 1997: Chairman of and President and Director of Sodick (Taiwan) Co., Ltd. (current post)</p> <p data-bbox="472 777 1182 869">Dec. 2001: Chairman of and President and Director of Sodick International Trading (Shenzhen) Co., Ltd. (current post)</p> <p data-bbox="472 873 1230 929">Jun. 2015: Director of Suzhou Sodick Special Equipment Co., Ltd. (current post)</p> <p data-bbox="472 934 1222 990">Jun. 2015: Director of Director of Sodick Amoy Co., Ltd. (current post)</p>	<p data-bbox="1302 790 1398 819">– shares</p>
<p data-bbox="201 999 655 1028">Reason for Being Nominated for Director:</p> <p data-bbox="201 1032 1398 1234">Ms. Ching-Hwa Huang entered the Taiwanese Branch of the Company in January 1990, participated in the operation of the Taiwanese Branch, then established Sodick (Taiwan) Co., Ltd., a local subsidiary 100% owned by the Company, and assumed the post of chairman and president and director, and has been executing the entire management, including administration and overseas sales. After the management in Taiwan got on track, she established Sodick International Trading (Shenzhen) Co., Ltd., a subsidiary of Sodick (Taiwan) Co., Ltd., in Guangdong of China in December 2001, and has been executing the management as chairman and president and director.</p> <p data-bbox="201 1238 1382 1355">As she has global management experience and a knowledge of Taiwan, China and Asia and, moreover, contributes greatly to diversity management affairs, including the active participation of women and non-nationals, which the Company will be further going ahead with in the future, we consider her qualified for the post of director and have nominated her for that position.</p>		

Note: The candidate for director has no special interest in the Company.

Third proposal: Appointment of 3 Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members of Mr. Yuichi Watanuki, Mr. Takashi Nagashima and Mr. Kazuhito Shimoyama will expire at the end of the general meeting. Therefore, we would like you to appoint 3 audit & supervisory board members, including one newly appointed member.

Moreover, the agreement of the audit & supervisory board to this proposal has been obtained.

The candidates for audit & supervisory board members are shown in the table below.

Candidate No.	Name (Date of Birth)	Brief Personal History and Positions in the Company (State of Concurrent Important Posts)	Number of Shares Held
1	<p style="text-align: center;">Reappointment</p> <p>Yuichi Watanuki (March 8, 1944)</p>	<p>Apr. 1977: Joined Sodick Co., Ltd. Jun. 1994: Director of Sodick Co., Ltd. Sep. 1996: Executive Managing Director of Sodick Co., Ltd. Apr. 2006: President and Director of Sodick Hightech Co., Ltd. Jun. 2009: Vice President and Director of Sodick Co., Ltd. Jul. 2010: Chairman of Sodick Amoy Co., Ltd. Jul. 2012: Chairman of Suzhou Sodick Special Equipment Co., Ltd. Jun. 2015: Audit & Supervisory Board Member of Sodick LED Co., Ltd. Jun. 2015: Full-time Audit & Supervisory Board Member of Sodick Co., Ltd. (current post)</p>	150,000 shares
<p>Reason for Being Nominated for Audit & Supervisory Board Member: Mr. Yuichi Watanuki entered the Company in 1977, was engaged in overseas sales and assumed the post of director at the Company in 1994. He assumed the post of president and director of one of our domestic listed subsidiaries in 2006, held the post of chairman of our Amoy factory in 2010, and then, held the post of chairman at our Suzhou factory, so that he has global and wide experience and knowledge. On the basis of his performance thus far as a full-time audit & supervisory board member at the Company, as we consider that he will continue to execute his duties appropriately as a full-time audit & supervisory board member, we have nominated him for the post of audit & supervisory board member.</p>			

Candidate No.	Name (Date of Birth)	Brief Personal History and Positions in the Company (State of Concurrent Important Posts)	Number of Shares Held
2	<p>New Appointment</p> <p>Masahiro Shimojo (March 19, 1944)</p>	<p>Oct. 1970: Passing the bar examination</p> <p>Apr. 1973: Entering Nishimura & Komatsu (currently Nishimura & Asahi) law firm</p> <p>Sep. 1980: Entering Manat Phelps Rothenberg & Tunney</p> <p>Jun. 2000: Outside Audit & Supervisory Board Member of Hitachi Cable, Ltd.</p> <p>Jun. 2003: Outside Director of Hitachi Cable, Ltd.</p> <p>Jun. 2011: Outside Audit & Supervisory Board Member of ITOCHU Corporation</p> <p>Apr. 2012: Special Guest Professor of Gakushuin University Faculty of Law</p> <p>Apr. 2013: Short-Term Guest Professor of Law School (School of Law) of Gakushuin University</p> <p>Jan. 2015: Masahiro Shimojo Law Firm (current post)</p> <p>Jun. 2015: Outside Audit & Supervisory Board Member of Tokai Tokyo Securities CO.,LTD.</p> <p>Jun. 2016: Director (Audit & Supervisory Committee Member) of Tokai Tokyo Securities CO.,LTD. (current post)</p>	– shares
<p>Reason for Being Nominated for Outside Audit & Supervisory Board Member: Although Mr. Masahiro Shimojo has not participated directly in company management, he has a high level of specialized knowledge and a wide knowledge as an attorney and has a wealth of experience at other companies as an outside audit & supervisory board member and a director, which is equivalent to an audit & supervisory committee member, as we would like Mr. Shimojo to utilize his great experience to enhance the auditing system of the Company, we have nominated him for the post of outside audit & supervisory board member. In addition, Mr. Shimojo meets the requirements for an independent officer under the provisions made by the Tokyo Stock Exchange and also fulfills the requirements referred to in the Criteria for the Independence of Outside Officers provided by the Company. Therefore, we intend to register him as an independent officer of ours.</p>			

Candidate No.	Name (Date of Birth)	Brief Personal History and Positions in the Company (State of Concurrent Important Posts)	Number of Shares Held
3	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Takashi Nagashima (January 1, 1949)</p>	<p>Apr. 1975: Entering Tokyo Regional Taxation Bureau</p> <p>Jul. 2006: Retiring from Tokyo Regional Taxation Bureau</p> <p>Jul. 2006: Partner of JTMI tax accountant corporation (current post)</p> <p>Aug. 2006: Registered as Certified Public Accountant and Tax Consultant (current post)</p> <p>Jun. 2014: Outside Audit & Supervisory Board Member of Nihon Chouzai Co., Ltd.</p> <p>Jun. 2015: Outside Audit & Supervisory Board Member of Sodick Co., Ltd. (current post)</p> <p>Jun. 2016: Outside Director of (Audit Committee member) of Nihon Chouzai Co., Ltd. (current post)</p>	– shares
<p>Reason for Being Nominated for Outside Audit & Supervisory Board Member: Mr. Takashi Nagashima has a high level of specialized knowledge and a wide knowledge as a certified public accountant and as a tax consultant. As we would like Mr. Nagashima to utilize his great knowledge to enhance the auditing system of the Company, we have asked him to assume the post of outside audit & supervisory board member. In addition, although Mr. Nagashima has not participated directly in company management, he is familiar with accounting for business enterprises from his experience as a national tax examiner and has a full knowledge of business management. On the basis of his performance thus far as an outside audit & supervisory board member at the Company, as we consider that he will continue to execute his duties appropriately as an outside audit & supervisory board member, we have nominated him for the post of outside audit & supervisory board member.</p>			

Notes:

1. None of the candidates for audit & supervisory board member has any special interest in the Company.
2. Mr. Masahiro Shimojo and Mr. Takashi Nagashima are candidates for outside audit & supervisory board member.
3. The Company has entered into an agreement with Mr. Takashi Nagashima to limit the liability for compensation for damage as referred to in Article 423, paragraph 1 of the Companies Act pursuant to the provision of Article 427, paragraph 1 of the Act. The limit of liability for compensation for damage under the agreement shall be the minimum limit of liability as set forth in Article 425, paragraph 1 of the Companies Act. When he is reappointed, the Company is to continue the agreements. In addition, when Mr. Masahiro Shimojo is appointed, the Company is to enter into a liability limitation agreement with him on the same terms.
4. Currently, Mr. Takashi Nagashima is an outside audit & supervisory board member of the Company, and his tenure of office as an audit & supervisory board member at the Company has been 45 months as of the end of the general meeting.
5. We have registered Mr. Takashi Nagashima at the Tokyo Stock Exchange as an independent officer under the provisions made by the Exchange. When he is reappointed, he is to continue to be an independent officer.

Fourth proposal: Decision on Compensation for the Allotment of Restricted Shares to Directors (excluding Outside Directors)

The amount of compensation for the directors of the Company is not more than 400 million yen on an annual basis (excluding any compensation as an employee for any director concurrently serving as an employee) as approved in the 37th ordinary general shareholders' meeting of the Company, held on June 27, 2013.

On this occasion, in order for the directors of the Company (excluding outside directors and hereinafter referred to as "directors in question") to share with our shareholders the merits and risks due to stock price fluctuations, and to increase their willingness to contribute more than ever to the rising share value and to the improved corporate value, we would like to allot to the directors in question the common shares of the Company which are subject to a certain period of time for the restriction of transfer and to the provisions including the reasons for the free acquisition by the Company (hereinafter referred to as "restricted shares"), as mentioned below.

Therefore, taking into account in a comprehensive manner the various matters including the degrees of contribution by the directors to the Company, we would like to set as not more than 100 million yen on an annual basis, the total amount of the monetary compensation claims to be paid as the compensations with regard to the restricted shares to the directors in question as a separate source from the above-mentioned amount of compensation for the directors. Moreover, as the allotment of restricted shares has been decided taking into account in a comprehensive manner the various matters including the degrees of contribution by the directors to the Company, we consider that the contents are reasonable.

In addition, currently there are 11 directors in the Company (including 4 outside directors) and there will be 12 directors (including 4 outside directors) when the Second proposal is approved.

Description

Concrete Contents and Numbers of Upper Limit for Restricted Shares to Directors in Question

1. Allotment and payment of restricted shares

The Company pays monetary compensation claims as compensation with regard to the restricted shares within the range of the above-mentioned annual amount to the directors in question pursuant to the resolution at a board meeting of the Company, and each of the directors in question receives the allotment of restricted shares by providing all of the relevant monetary compensation claim in the way of contribution in kind.

Moreover, the amount to be paid in of restricted shares is to be decided at a board meeting of the Company, on the basis of the closing price of the common shares of the Company at the Tokyo Stock Exchange in the last business day before the day of the resolution at a board meeting of the Company connected with the issuance or disposition (in the case where no deal has been done on that business day, the closing price on the last trading day preceding the business day) and in the range of amounts not particularly advantageous for any director who underwrites the relevant restricted shares.

In addition, the above-mentioned monetary compensation claims are to be paid, provided that the directors of the Company have agreed to the above-mentioned contribution in kind and has entered into a restricted shares allotment agreement including the contents provided in 3. set forth below.

2. Total number of restricted shares

The total number of 200,000 restricted shares to be allotted to the directors in question shall be the number of the upper limit for restricted shares to be allotted in each business year.

It should be noted, however, that, when any share split (including the allotment of shares without the contribution of the common shares of the Company) or any reverse share split of the common shares of the Company after the day of the resolution of this proposal is implemented, or when any adjustment of the total number is necessary for the total number of restricted shares to be allotted pursuant to these cases, the total number of the relevant restricted shares can be adjusted in a rational manner.

3. Contents of a restricted shares allotment agreement

On the allotment of restricted shares, pursuant to the resolution at a board meeting of the Company, a restricted shares allotment agreement was entered into between the Company and the directors who receive the allotment of restricted shares shall include the following contents.

(1) Contents of the restriction of transfer

The directors who receive the allotment of restricted shares cannot implement to any third party any disposal transaction (hereinafter referred to as “the restriction of transfer”) including any transfers, creation of a pledge, creation of a mortgage, a gift before death, a bequest and all the other disposal transactions, with regard to the restricted shares allotted to the relevant directors (hereinafter referred to as “these allotted shares”) for the period between 10 and 30 years as set forth by a board meeting of the Company (hereinafter referred to as “a period of time for the restriction of transfer”).

(2) Free acquisition of restricted shares

When the directors who receive the allotment of restricted shares retire from any position as a director, an executive officer or an employee at the Company or at any subsidiary of the Company by the day before the day of the first ordinary general shareholders’ meeting of the Company which comes after the starting date of a period of time for the restriction of transfer, the Company shall acquire these allotted shares justifiably free of cost, except in the case of any reason which a board meeting of the Company justifies.

In addition, when, out of these allotted shares, there is any allotted share the restriction of transfer of which has not been canceled pursuant to the reasons for the cancellation of the restriction of transfer provided in (3) set forth below at the point of time when a period of time for the restriction of transfer set forth in the above-mentioned (1) expires, the Company shall acquire this share justifiably free of cost.

(3) Cancellation of the restriction of transfer

The Company cancels the restriction of transfer for all these allotted shares at the point of time when a period of time for the restriction of transfer expires, provided that the directors who receive the allotment of restricted shares hold on a continuing basis any position as a director, an executive officer or an employee at the Company or at any subsidiary of the Company until the day of the first ordinary general shareholders’ meeting of the Company which comes after the starting date of a period of time for the restriction of transfer.

It should be noted, however, that, when, for any reason a board meeting of the Company justifies, the relevant directors retire from any position as a director, an executive officer or an employee at the Company or at any subsidiary of the Company before a period of time for the restriction of transfer expires, the number of these allotted shares the restriction of transfer of which is canceled and the point of time when the restriction of transfer is canceled shall be adjusted in a rational manner if needed.

(4) Handling in reorganizations

When any proposal is approved, with regard to any merger agreement under which the Company becomes an extinct company, any share exchange agreement or any share transfer plan under which the Company becomes a wholly owned subsidiary, or any other reorganizations, at the general shareholders’ meeting of the Company (a board meeting of the Company, as an exception, when the approval by the general shareholders’ meeting of the Company is not required with regard to the relevant reorganizations) during a period of time for the restriction of transfer, the Company cancels the restriction of transfer, preceding the effective date of the relevant reorganizations, pursuant to the resolution at a board meeting of the Company, with regard to these allotted shares in the number provided in a rational manner on the basis of a period of time from the starting date of a period of time for the restriction of transfer to the day of the approval of the relevant reorganizations.

In that case, the Company shall acquire justifiably free of cost, pursuant to the above-mentioned provisions, the portion the restriction of transfer of which has not been canceled yet of all these allotted shares at the point of time immediately after the restriction of transfer is canceled.

(For your reference)

The Company is to allot the restricted shares similar to the above-mentioned restricted shares to the executive officers and employees of the Company after the end of the general shareholders' meeting.

End.