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To Our Shareholders:

Stock Code: 6741
May 31, 2018

Nippon Signal Co., Ltd.
5-1, Marunouchi, 1-Chome,
Chiyoda-ku, Tokyo
President & CEO
Hidehiko Tsukamoto

**Notice of Convocation of the Ordinary General Meeting of
Shareholders for the 135th Business Term**

Notice is hereby given that the Ordinary General Meeting of Shareholders for the 135th Business Term of Nippon Signal Co., Ltd. (hereinafter referred to as the 'Company') will be held as described below.

Your attendance at the meeting is cordially requested.

- 1. Date and Time:** Friday, June 22, 2018 at 10:00 a.m. (Japan time)
(Reception will start at 9:00 a.m.)
- 2. Venue:** Hall of Otemachi Sankei Plaza 4th Floor, Tokyo Sankei Building
7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

3. Agenda for the Meeting:

[Matters for Reporting]

- 1 - Reports on the contents of the Business Report and Consolidated Financial Statements for the 135th Business Term (from April 1, 2017 to March 31, 2018), and reports on the Auditing Results of Accounting Auditor and Audit & Supervisory Board regarding the Consolidated Financial Statements.
- 2 - Reports on the content of the Financial Statements for the 135th Business Term (from April 1, 2017 to March 31, 2018).

[Matters for Resolution]

- 1 - Election of nine Directors
- 2 - Election of one Alternate Audit & Supervisory Board Member

Upon attending the Meeting, please present the enclosed Voting Form to the receptionist of the Meeting.

Guide to the Exercise of Voting Rights

If you attend the Meeting

Please present the Voting Form to the receptionist of the Meeting.

Date and time: Friday, June 22, 2018 at 10:00 a.m. (Japan time)
(Reception will start at 9:00 a.m.)

If you are unable to attend the Meeting

Voting by postal mail:

Please indicate your approval or disapproval concerning the proposals shown on the Voting Form and send it back to us.

Deadline for exercising voting rights:

Voting Form must be received by 5:05 p.m. on Thursday, June 21, 2018 (Japan time)

Internet

Please input your approval or disapproval concerning each proposal via the voting website designated by the Company (<https://soukai.mizuho-tb.co.jp/>).

Deadline for exercising voting rights:

No later than 5:05 p.m. on Thursday, June 21, 2018 (Japan time)

- When you exercise the voting rights through a proxy, such proxy must be only one shareholder who is entitled to attend the general meeting of shareholders. In this case, please submit a written power of attorney and the enclosed Cards for Exercise of Voting Rights to the receptionist of the Meeting.
- Any changes in the matters described in Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Financial Statements will be posted on our website (<http://www.signal.co.jp/ir/>).
- In accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation, the following items are posted on our website (<http://www.signal.co.jp/ir/library/meeting.html>) and thus they are not included in this Notice of Convocation.
 - “Basic Policy on Parties Who Control Decisions on the Company’s Financial and Business Policies” in the Business Report.
 - “Consolidated Statements of Changes in Net Assets” and “Note to Consolidated Financial Statements” in Consolidated Financial Statements
 - “Statements of Changes in Net Assets” and “Notes to Financial Statements” in Financial StatementsConsolidated Financial Statements and Financial Statements audited by Audit & Supervisory Board Members and the Accounting Auditor consist of the documents included in this Notice of Convocation, and the “Consolidated Statements of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Statements of Changes in Net Assets” and “Notes to Financial Statements” posted on our website.

No.1 - Election of nine Directors

The terms of all eight Directors will expire at the end of this General Meeting of Shareholders. Accordingly, the Company requests the election of nine Directors by increasing one Independent Outside Director, with an aim to further enhance its management transparency and corporate value.

The candidates for the Directors are as follows.

In addition, in selecting candidates for the Directors, the Company obtains a recommendation by the “Appointment and Remuneration Committee,” a majority of the members of which are Independent Outside Directors, in order to enhance the objectivity and transparency in the decision-making process.

No.		Name	Current status	Responsibilities	Attendance at the Board of Directors' meetings
1	Reappointment	Yohei Furuhashi	Representative Director Chairman and Chief Executive Officer (CEO)	Overall management	13 / 13 meetings
2	Reappointment	Hidehiko Tsukamoto	Representative Director President and Chief Operating Officer (COO)	Overall management	13 / 13 meetings
3	Reappointment	Yoshitaka Tokubuchi	Director Deputy Chief Executive Officer	Business administration	13 / 13 meetings
4	Reappointment	Takeshi Fujiwara	Director Managing Executive Officer	Domestic sales	13 / 13 meetings
5	Reappointment	Hideo Oshima	Director Managing Executive Officer	Overseas sales	13 / 13 meetings
6	New appointment	Makoto Tanno	Managing Executive Officer	Technology and development	—
7	Reappointment Outside Independent	Yoshiteru Yoneyama	Outside Director	—	13 / 13 meetings
8	Reappointment Outside Independent	Yasuko Matsumoto	Outside Director	—	13 / 13 meetings
9	New appointment Outside Independent	Yuriko Inoue	—	—	—

* The Company's “Criteria for the Independence of Outside Officers” is described on pages 16 - 17.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
1	<p>Reappointment</p> <p>Yohei Furuhata (May 28,1949) Age:69</p> <p>Years in office as Director: 14 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1974 Joined the Company</p> <p>April 1997 General Manager of Automatic Fare Collection Sales Dept. of Sales and Marketing Head Office</p> <p>June 2000 Executive Officer</p> <p>June 2004 Director Managing Executive Officer</p> <p>June 2006 Deputy Chief Executive Officer</p> <p>June 2008 Representative Director President & Chief Operating Officer (COO)</p> <p>June 2012 Chief Executive Officer (CEO) (to present)</p> <p>June 2016 Chairman (to present)</p> <p>May 2017 Outside Auditor of Matsuya Co., Ltd. (to present)</p>	90,400
		<p>[Significant concurrent positions]</p> <p>Outside Auditor of Matsuya Co., Ltd.</p>	
		<p>[Reason for nomination as a candidate for Director]</p> <p>Yohei Furuhata has been responsible for management as the Company's Representative Director since 2008, and possesses a wealth of experience and achievements as a manager. We have determined that his deep insight gained through his connection to other global companies and organizations makes him qualified to lead the Company in promoting group management and aiming for sustained improvement of corporate value. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Yohei Furuhata.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
2	<p>Reappointment</p> <p>Hidehiko Tsukamoto (September 15, 1958) Age:59</p> <p>Years in office as Director: 6 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1982 Joined the Company</p> <p>May 2005 General Manager of Automatic Fare Collection Sales Dept. of Automatic Fare Collection Systems Division</p> <p>June 2006 Executive Officer</p> <p>June 2010 Director</p> <p> Managing Executive Officer</p> <p>June 2014 Deputy Chief Executive Officer</p> <p>April 2015 Representative Director Executive Vice President & Chief Operating Officer (COO) (to present)</p> <p>June 2016 President (to present)</p>	62,100
		<p>[Significant concurrent positions]</p> <p>None</p>	
		<p>[Reason for nomination as a candidate for Director]</p> <p>Hidehiko Tsukamoto has been responsible for management as the Company's Representative Director since 2015, and is demonstrating leadership based on his wealth of experience and achievements as a manager. He is also well-versed in technical development, and we have determined that his track record of creating new businesses and contributing to the expansion of business domains in line with globalization makes him qualified to lead the Company in responding appropriately to changes in the environment surrounding the Company. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Hidehiko Tsukamoto.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
3	Reappointment Yoshitaka Tokubuchi (November 21, 1957) Age:60 Years in office as Director: 7 years (at the end of this Meeting) Attendance at the Board of Directors' meetings: 13 / 13 (100%)	April 1982 July 2006 June 2008 May 2011 June 2011 June 2014 April 2018	Joined the Company General Manager of Production Control Dept. of Kuki Plant Executive Officer General Manager of Corporate Strategy Dept. Managing Executive Officer Director (to present) Deputy Chief Executive Officer Deputy Chief Executive Officer Chief General Manager of Business Administration Division (to present)	52,000
		[Significant concurrent positions] None	[Reason for nomination as a candidate for Director] Yoshitaka Tokubuchi has served as a manager of the Company's Business Administration Division and Monodukuri Division, and possesses a wealth of knowledge backed by his experience in broad business management. We have determined that his knowledge will be beneficial to the group company in its managerial decision-making process hereafter. Therefore, we have nominated him as a candidate to continue as a Director.	

There are no special interests between the Company and Yoshitaka Tokubuchi.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
4	<p>Reappointment</p> <p>Takeshi Fujiwara (November 7, 1959) Age: 58</p> <p>Years in office as Director: 5 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1983 July 2009</p> <p>June 2010 April 2013</p> <p>June 2013 April 2017</p>	<p>Joined the Company General Manager of Private Railways Sales Dept. of Railway Signal Systems Division Executive Officer Managing Executive Officer Director (to present) Managing Executive Officer, Chief General Manager of Sales and Marketing Head Office, Responsible for Branch Offices (to present)</p>	34,200
		<p>[Significant concurrent positions] None</p>		
		<p>[Reason for nomination as a candidate for Director]</p>	<p>Takashi Fujiwara has achievements of leading our domestic business, having served as the manager of the Company's Business Head Office handling railway signals and Automatic Fare Collection systems, and deep insight based on his broad experience. We have determined that he is qualified to lead the Company in expanding its business areas and enhancing its competitiveness. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Takeshi Fujiwara.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
5	<p>Reappointment</p> <p>Hideo Oshima (July 25, 1956) Age: 61</p> <p>Years in office as Director: 2 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1979 Joined the Company</p> <p>September 2004 General Manager of MEMS Business Development Dept. of Visionary Business Center</p> <p>April 2009 Chief General Manager of Overseas Division</p> <p>May 2011 Executive Officer</p> <p>April 2016 Managing Executive Officer</p> <p>June 2016 Director (to present)</p> <p>April 2017 Managing Executive Officer, Chief General Manager of Overseas Head Office, Chief General Manager of Overseas Division (to present)</p>	30,200
		<p>[Significant concurrent positions]</p> <p>None</p>	
		<p>[Reason for nomination as a candidate for Director]</p> <p>Hideo Oshima possesses experience and achievements having served as a manager of the Company's Overseas Division and contributing to the expansion of businesses. We have determined that his knowledge will be beneficial to the Company in further expanding the business areas and promoting global management. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Hideo Oshima.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
6	<p data-bbox="316 705 486 734">New appointment</p> <p data-bbox="304 779 497 929">Makoto Tanno (April 14, 1956) Age: 62</p>	<p data-bbox="523 315 662 383">April 1980 May 2012</p> <p data-bbox="523 546 662 613">June 2014 April 2017</p>	<p data-bbox="774 315 1125 846">Joined the Company General Manager of System Design Dept., Transportation Infrastructure Technology Division Executive Officer Managing Executive Officer, Chief General Manager of Technical Development Head Office, Responsible for Visionary Business Center (to present)</p>	15,700
		<p data-bbox="523 898 954 965">[Significant concurrent positions] None</p>	<p data-bbox="523 976 1125 1350">[Reason for nomination as a candidate for Director] Makoto Tanno, having served as a manager of the Company's Technology Development Division, possesses experience and achievements in promoting advanced technical strategy utilizing ICT. We expect him to make further contribution to technological innovation, and have therefore nominated him as a new candidate for Director.</p>	

There are no special interests between the Company and Makoto Tanno.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
7	<p>Reappointment Outside Independent</p> <p>Yoshiteru Yoneyama (June 23,1950) Age: 67</p> <p>Years in office as Director: 4 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>July 2002 Director of Fukoku Mutual Life Insurance Company</p> <p>July 2005 Managing Director of Fukoku Mutual Life Insurance Company</p> <p>April 2009 Director and Managing Executive Officer of Fukoku Mutual Life Insurance Company</p> <p>July 2010 President and Chief Executive Officer of Fukoku Mutual Life Insurance Company (to present)</p> <p>June 2014 Outside Director of the Company (to present)</p>	2,000
		<p>[Significant concurrent positions]</p> <p>President and Chief Executive Officer of Fukoku Mutual Life Insurance Company</p>	
		<p>[Reason for nomination as a candidate for Outside Director]</p> <p>Yoshiteru Yoneyama possesses a wealth of experience, achievements and knowledge as a manager, and we expect him to use these capabilities for the benefit of the Company's management and exercise effective management supervisory function. Therefore, we have nominated him as a candidate to continue as an Outside Director.</p> <p>Yoshiteru Yoneyama has served as an Outside Director for four years at the end of this General Meeting of Shareholders. Fukoku Mutual Life Insurance Company where Yoshiteru Yoneyama serves as President and Chief Executive Officer is a major shareholder and a business partner of the Company. However, its shareholding ratio is less than 10% and the transaction amount is immaterial (less than 0.5% of the consolidated net sales of the said company and of the Company), and we therefore believe that it does not affect his independence as an Outside Director.</p>	

1. There are no special interests between the Company and Yoshiteru Yoneyama.

2. Yoshiteru Yoneyama is an Outside Director candidate.
3. Yoshiteru Yoneyama meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yoshiteru Yoneyama is elected as an Outside Director, the Company plans to enter into a limited liability agreement with him, which limits his liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
8	<p>Reappointment Outside Independent</p> <p>Yasuko Matsumoto (September 2, 1953) Age: 64</p> <p>Years in office as Director: 3 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1978 Registered as Attorney Joined Yamashita Oshima Law Office</p> <p>April 2000 Part-time Lecturer of Seikei University</p> <p>February 2001 Member of Independent Administrative Institution Evaluation Committee, the Ministry of Economy, Trade and Industry</p> <p>April 2007 Part-time Lecturer of Tokyo University of the Arts (to present)</p> <p>June 2015 Outside Director of the Company (to present)</p> <p>[Significant concurrent positions] Part-time Lecturer of Tokyo University of the Arts</p> <p>[Reason for nomination as a candidate for Outside Director] Yasuko Matsumoto possesses advanced knowledge and experience as a legal expert, and has provided advice and proposals on legitimacy and adequacy from a professional viewpoint. We expect that she will exercise effective supervisory function on the Company's management and strengthen auditing and supervisory functions. Therefore, we have nominated her as a candidate to continue as an Outside Director. Yasuko Matsumoto has served as an Outside Director for three years at the end of this General Meeting of Shareholders.</p>	1,500

1. There are no special interests between the Company and Yasuko Matsumoto.
2. Yasuko Matsumoto is an Outside Director candidate.
3. Yasuko Matsumoto meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yasuko Matsumoto is elected as an Outside Director, the Company plans to enter into a limited liability agreement with her, which limits her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
9	New appointment Outside Independent Yuriko Inoue (May 29, 1963) Age: 55	November 1993 Full-time Lecturer of Graduate Schools for Law and Politics, The University of Tokyo	0
		April 2001 Assistant Professor of Graduate Schools of Business Sciences, University of Tsukuba	
		April 2004 Professor of Graduate School of Law, Kobe University	
		October 2010 Professor of The Graduate School of International Corporate Strategy, Hitotsubashi University (to present)	
		[Significant concurrent positions] Professor of The Graduate School of International Corporate Strategy, Hitotsubashi University	
		[Reason for nomination as a candidate for Outside Director] Yuriko Inoue is a professional in intellectual property right and possesses a wealth of experience and knowledge through teaching at multiple universities including Hitotsubashi University where she currently serves. We expect that she will offer advice on the Company's management and exercise effective management supervisory function. Therefore, we have nominated her as a new candidate for Outside Director.	

1. There are no special interests between the Company and Yuriko Inoue.
2. Yuriko Inoue is an Outside Director candidate.
3. Yuriko Inoue meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yuriko Inoue is elected as an Outside Director, the Company plans to enter into a limited liability agreement with her, which limits her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.2 - Election of one Alternate Audit & Supervisory Board Member

To ensure that the Company will not lack the number of Audit & Supervisory Board Members stipulated by laws and regulations, the Company requests the election of one Alternate Audit & Supervisory Board Member. The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The candidate for the Alternate Audit & Supervisory Board Member is as follows.

The candidate has resigned from The Industrial Bank of Japan, Limited (current Mizuho Bank, Ltd.) more than 30 years ago, and we therefore believe that it does not affect his independence as an Outside Audit & Supervisory Board Member.

Name (Date of birth)	Biography, status, and significant concurrent positions	Number of the Company's shares held
Reappointment Outside Independent	April 1971 Joined The Industrial Bank of Japan, Limited	0
	September 1981 Director of Tokyo Tatsuno Corporation	
	May 1984 Managing Director of Tokyo Tatsuno Corporation	
	May 1986 President of Tokyo Tatsuno Corporation	
	May 1996 President of Nippon Engineer Service Co., Ltd.	
	April 2012 President of Tatsuno Corporation (to present)	
Hiromichi Tatsuno (November 1, 1948) Age:69	[Significant concurrent positions] President of Tatsuno Corporation	0
	[Reason for nomination as a candidate for Alternate Audit & Supervisory Board Member] Hiromichi Tatsuno is the President of one of the world's three major gasoline weighing machine manufacturers and possesses a wealth of experience, achievements and knowledge as a global manager. We expect that he will offer auditing and advice on the Company's management by making use of these capabilities. Therefore, we have nominated him as a candidate for Alternate Audit & Supervisory Board Member.	

1. There are no special interests between the Company and Hiromichi Tatsuno.
2. Hiromichi Tatsuno is an Alternate Outside Audit & Supervisory Board Member candidate.
3. If election of Hiromichi Tatsuno is approved and he assumes the office of Audit & Supervisory Board Member, the Company plans to register him as an Independent Officer as defined by Tokyo Stock Exchange, Inc. and notify the Exchange to that effect.
4. If this proposal is approved as proposed and Hiromichi Tatsuno assumes the office of Outside Audit & Supervisory Board Member, the Company plans to enter into a limited liability agreement with him, which limits his liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement,

the minimum liability amount will be the amount prescribed by laws and regulations.

5. Hiromichi Tatsuno resigned from The Industrial Bank of Japan, Limited (current Mizuho Bank, Ltd.) in June 1981 and joined Tokyo Tatsuno Corporation in September of the same year. As more than 30 years have passed since his resignation from the said Bank, we believe that it does not affect his independence as an Outside Audit & Supervisory Board Member.

(Reference) Criteria for the Independence of Outside Officers

The Company prescribes the following criteria for the independence of Outside Officers to objectively determine the independence of Outside Officers. If an Outside Officer falls under any of the following items, the Company determines that the Outside Officer is not sufficiently independent from the Company.

An Outside Officer designated as an Independent Officer as stipulated under the Tokyo Stock Exchange, Inc. shall endeavor to maintain independence as prescribed in this Criteria until resignation. If the Outside Officer loses his/her independence, the Outside Officer shall notify the Company in advance (or as soon as possible after an event under unavoidable circumstances).

1. A person who is, or has been in the past 10 years, a business executor^(*1) or Non-executive Director (if the person is an Outside Audit & Supervisory Board Member) at the Group (i.e. the Company or its subsidiaries).

2. Any person (party) who falls under any of the following items (1) to (8) in the past three years.

(1) A party for whom the Group is a major business partner^(*2) or a business executor of such party

(2) A major business partner of the Group^(*3) or a business executor of such partner

(3) A consultant, accounting professional, or legal professional who has received a significant amount of money^(*4) or other property from the Group other than officer remunerations (if a party who receives such property is a corporation, association, or any other entity, a party who belongs to the relevant entity)

(4) A current major shareholder of the Group^(*5) or a business executor of such shareholder

(5) A business executor of a corporation that is a current major shareholder of the Group^(*5)

(6) A person who belongs to the appointed audit firm for the statutory audit of the Group

(7) A business executor of an entity whose Outside Officer is also a business executor of the Group

(8) A person, an officer or other business executor of a corporation, association, or any other entity who receives a large amount of donation or grant^(*6) from the Group

3. If a person who falls under 1. and 2. above is a key person^(*7), close relatives (spouse, first or second degree relatives) of such person

4. A person who has assumed the office of Outside Officer for eight years or more in total

- (*1) A business executor refers to a person who executes the duties of a Director (excluding an Outside Director), Executive Officer, or employees, etc.
- (*2) A party for whom the Group is a major business partner refers a party who has business transactions with the Group, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of such business partner. Such business partner shall include its parent company and important subsidiaries if such business partner is a corporation.
- (*3) A major business partner of the Group refers to a party with whom the Group has business transactions, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of the Group, or a party who has made a loan to the Group in the amount at 2% or more of the consolidated net assets of the Company at the end of the most recent fiscal year.
- (*4) A significant amount of money refers to the yearly average money exceeding 10 million yen over the three most recent fiscal years.
- (*5) A major shareholder refers a shareholder who holds, directly or indirectly, 10% or more of the total voting rights. Such major shareholder shall include its parent company or important subsidiaries if such major shareholder is a corporation.
- (*6) A large amount of donation or grant refers to a yearly average amount exceeding 10 million yen over the three most recent fiscal years.
- (*7) A key person refers to a Director, Corporate Officer, Executive Officer, business executor who serves as a General Manager or in a higher rank, or business executor who has authority equivalent to that of a General Manager or higher position.