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(Securities code: 6268)  
June 3, 2014

**To Shareholders with Voting Rights:**

Kazuaki Kotani  
Representative Director and  
President & CEO  
Nabtesco Corporation  
7-9, Hirakawacho 2-chome,  
Chiyoda-ku, Tokyo, Japan

## **NOTICE OF CONVOCATION OF THE 11TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

You are cordially invited to attend the 11th Annual General Meeting of Shareholders of Nabtesco Corporation (the "Company").

If you are unable to attend the meeting, you may exercise your voting rights in writing (by mail), via the Internet or other appropriate means. Please read the Reference Documents for the General Meeting of Shareholders (described hereinafter), and cast your vote by 6:00 p.m. on Monday, June 23, 2014 (JST) by (1) indicating your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it, or (2) visiting the Company's designated website (<http://www.web54.net>).

- 1. Date and Time:** Tuesday, June 24, 2014 at 10:00 a.m. (JST)
- 2. Venue:** Conference Hall of JA Kyosai Building, located at  
7-9, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 11th Fiscal Year (from April 1, 2013 to March 31, 2014) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 11th Fiscal Year (from April 1, 2013 to March 31, 2014)

**Proposals to be resolved:**

- Proposal No. 1:** Distribution of Surplus
- Proposal No. 2:** Election of Ten Directors
- Proposal No. 3:** Issuance of Stock Compensation-Type Stock Options (Stock Acquisition Rights) as Compensation to Directors

**4. Decisions Concerning the Convocation:**

Handling of Duplicate Votes

- (1) Should multiple votes be submitted via the Internet, only the last vote will be deemed valid.
- (2) Should a vote be submitted both in writing and via the Internet, only the vote cast via the Internet will be deemed valid.

Notes:

- 1) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- 2) If exercising voting rights by proxy, one shareholder with voting rights may attend the General Meeting of Shareholders as your proxy. However, please note that the submission of a document certifying said individual's proxy will be required.
- 3) Any updates to the attached documents and/or the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<http://www.nabtesco.com>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal No. 1: Distribution of Surplus

The Company's basic policy is to appropriately distribute its corporate earnings to maintain stable dividends and an appropriate balance between strategic investment for supporting business growth, securing of a sound financial position and return of profits to shareholders, based on the business performance of the Company and the entire Nabtesco Group.

Based on this basic policy, the Company hereby proposes its year-end dividends for the fiscal year ended March 31, 2014 as follows:

Matters concerning year-end dividends

1. Type of assets to be paid as dividends

Cash

2. Matters concerning allotment of property dividends to shareholders and the total amount

Divided per share of common stock: 20 yen

Total amount of dividends: 2,543,785,360 yen

3. Effective date for distribution of surplus

June 25, 2014

Because an interim dividend of 18 yen per share was paid out, the annual dividend for the fiscal year ended March 31, 2014 will be 38 yen per share.

## Proposal No. 2: Election of Ten Directors

The terms of office of ten Directors, Messrs. Kazuaki Kotani, Yujiro Imamura, Yosuke Mishiro, Hiroyuki Aoi, Nobutaka Osada, Tsutomu Sakamoto, Kenichi Nakamura, Nobuyoshi Yamanaka, Toshiya Miyake and Yutaka Fujiwara, will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of ten Directors is proposed.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrently positions held	Number of shares of the Company held
1	Kazuaki Kotani (Sep. 15, 1951) Re-elected Term of office: 4 years	Sep. 2003 Vice President of P.T. Pamindo Tiga T May 2008 General Manager, Sales Department, Power Control Company of Nabtesco Corporation Jun. 2009 Executive Officer of Nabtesco Corporation Jun. 2010 Director of Nabtesco Corporation and General Manager, Corporate Planning Division Jun. 2011 Representative Director, President & CEO of Nabtesco Corporation (to present)	13,700 shares
2	Yosuke Mishiro (Apr. 14, 1952) Re-elected Term of office: 6 years	Oct. 2004 General Manager, Planning Department, Power Control Company of Nabtesco Corporation Jun. 2006 Executive Officer of Nabtesco Corporation Jun. 2007 General Manager, Corporate Planning Department Jun. 2008 Director of Nabtesco Corporation and Deputy General Manager, Corporate Planning Division Jun. 2009 General Manager, Corporate Planning Division Jun. 2010 President, Accessibility Innovations Company of Nabtesco Corporation (to present) Jun. 2011 Managing Director of Nabtesco Corporation Jun. 2013 Director and Senior Managing Executive Officer of Nabtesco Corporation (to present)	25,000 shares
3	Tsutomu Sakamoto (Mar. 14, 1952) Re-elected Term of office: 5 years	Oct. 2004 Deputy General Manager, Kobe Plant of Railway Products Company of Nabtesco Corporation Jun. 2006 Representative Director, President & CEO of Nabtesco Service Co., Ltd. Jun. 2008 Executive Officer of Nabtesco Corporation and General Manager, Planning Department, Railroad Products Company Jun. 2009 Director of Nabtesco Corporation and President, Railroad Products Company of Nabtesco Corporation Jun. 2013 Director and Executive Officer of Nabtesco Corporation (to present) and General Manager, Corporate Planning Division (to present)	14,100 shares
4	Hiroyuki Aoi (May 5, 1952) Re-elected Term of office: 6 years	Jun. 2004 General Manager of Legal Department of Nabtesco Corporation Oct. 2004 General Manager, Legal Department, and General Manager, Compliance Promotion Department Jun. 2007 Executive Officer of Nabtesco Corporation Jun. 2008 Director of Nabtesco Corporation and General Manager, Compliance Division (to present) Jun. 2013 Director and Managing Executive Officer of Nabtesco Corporation (to present)	15,600 shares

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrently positions held	Number of shares of the Company held
5	Nobutaka Osada (Sep. 14, 1953) Re-elected Term of office: 3 years	Feb. 2005 President of Nabtesco Aerospace Inc. Jun. 2007 General Manager, Gifu Plant, Aerospace Company of Nabtesco Corporation Jun. 2009 Executive Officer of Nabtesco Corporation Jun. 2010 President, Aerospace Company of Nabtesco Corporation (to present) Jun. 2011 Director of Nabtesco Corporation Jun. 2013 Director and Managing Executive Officer of Nabtesco Corporation (to present)	16,600 shares
6	Kenichi Nakamura (Jun. 28, 1952) Re-election Term of office: 1 year	Jun. 2006 General Manager, Personnel Department, General Administration & Human Resources Division of Nabtesco Corporation Jun. 2010 General Manager, General Administration Department, and General Manager, Human Resources Development, General Administration & Human Resources Division of Nabtesco Corporation Jun. 2012 Executive Officer of Nabtesco Corporation and General Manager, General Administration & Human Resources Division (to present) Jun. 2013 Director and Executive Officer of Nabtesco Corporation (to present)	11,200 shares
7	Hiroaki Sakai (Jul. 10, 1953) New	Oct. 2004 General Manager, Manufacturing Department, Seishin Plant, Power Control Company of Nabtesco Corporation Jun. 2006 General Manager, Seishin Plant, Power Control Company of Nabtesco Corporation Jun. 2008 General Manager, Tarui Plant, Power Control Company of Nabtesco Corporation Jan. 2011 General Manager, Shanghai Nabtesco Hydraulic Equipment Trading Co., Ltd. Jun. 2011 Executive Officer of Nabtesco Corporation Jun. 2013 Managing Executive Officer of Nabtesco Corporation (to present) and President of Power Control Company of Nabtesco Corporation (to present)	7,900 shares
8	Toshio Yoshikawa (Nov. 14, 1954) New	Oct. 2004 General Manager, Sales Department No. 2, Precision Equipment Company of Nabtesco Corporation Jun. 2007 General Manager, Planning Department, Precision Equipment Company of Nabtesco Corporation Aug. 2009 General Manager, General Administration Department of Nabtesco Corporation Jun. 2010 President of Precision Equipment Company of Nabtesco Corporation (to present) Jun. 2011 Executive Officer of Nabtesco Corporation (to present)	7,800 shares

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrently positions held	Number of shares of the Company held
9	Nobuyoshi Yamanaka (Jul. 23, 1947) Re-elected Candidate for Outside Director Term of office: 2 years	<p>Apr. 1966 Joined Tateisi Electric Co., Ltd. (current Omron Corporation)</p> <p>Oct. 1986 General Manager, Operations Department for Information Systems (EFTS) Business of Tateisi Electric Co., Ltd.</p> <p>Feb. 1987 Joined General Electric Japan; Manager-Business Development</p> <p>Oct. 1995 Joined Auto Suture Japan, Inc. (current Covidien Japan, Inc.); President &amp; Representative Director of Auto Suture Japan, Inc.</p> <p>Jul. 1998 Joined General Electric Company; President and Representative Director of GE-Hitachi Lighting, Ltd.</p> <p>Feb. 2000 Joined Emerson Japan, Ltd.; President &amp; Representative Director of Emerson Japan, Ltd. and Officer of Emerson Electric Co.</p> <p>Nov. 2006 Joined Bain Capital Asia, LLC; Senior Executive of Bain Capital Asia, LLC and Chairman &amp; Representative Director of Nippon Conlux Co., Ltd</p> <p>Jul. 2008 Vice Chairman of Bain Capital Asia, LLC</p> <p>Dec. 2010 Joined Diversey Co., Ltd.; President &amp; Representative Director and Member of Operating Committee of Diversey, Inc.</p> <p>Jul. 2011 Advisor of Nabtesco Corporation</p> <p>Jun. 2012 Director of Nabtesco Corporation (to present)</p>	0 shares
10	Yutaka Fujiwara (Apr. 20, 1951) Re-elected Candidate for Outside Director Term of office: 1 year	<p>Apr. 1974 Joined MODEC, Inc.</p> <p>Apr. 1987 Joined The Yasuda Trust &amp; Banking Co., Ltd. (current Mizuho Trust &amp; Banking Co., Ltd.)</p> <p>Aug. 1994 Deputy General Manager, New York Branch of Yasuda Trust &amp; Banking Co., Ltd.</p> <p>Jun. 1996 General Manager, Chicago Branch of Yasuda Trust &amp; Banking Co., Ltd.</p> <p>Nov. 1997 General Manager in charge of Credit Examination, Overseas Credit Department of Yasuda Trust &amp; Banking Co., Ltd.</p> <p>Jul. 1998 Retired from Yasuda Trust &amp; Banking Co., Ltd.</p> <p>Aug. 1998 Joined OMRON Corporation</p> <p>Jul. 2001 General Manager, Corporate Planning Department, Corporate Strategic Planning Group, Kyoto Head Office of OMRON Corporation</p> <p>Oct. 2002 General Manager, Corporate IR Department, Corporate Planning Division of OMRON Corporation</p> <p>Jun. 2005 Executive Officer and General Manager, Financial IR Department of OMRON Corporation</p> <p>Mar. 2007 Executive Officer and General Manager, Group Strategy Department of OMRON Corporation</p> <p>Dec. 2008 Managing Officer and General Manager, IR &amp; Corporate Information Department of OMRON Corporation</p> <p>Aug. 2011 President &amp; CEO of Cross-Border Bridge Corporation (to present)</p> <p>Jun. 2013 Director of Nabtesco Corporation (to present)</p>	0 shares

(Notes)

1. No conflict of interest exists between the Company and the above candidates for Directors.
2. Messrs. Nobuyoshi Yamanaka and Yutaka Fujiwara are candidates for Outside Directors. The Company has already designated Messrs. Nobuyoshi Yamanaka and Yutaka Fujiwara as independent officers under the provisions set forth by the Tokyo Stock Exchange.
3. Information on the candidates for Outside Directors
  - (1) Reasons for the appointment of the candidates for Outside Directors

Mr. Nobuyoshi Yamanaka has served as the CEO of a number of foreign companies and has a wide-range of experiences and extensive knowledge and insight on global business. The Company, having high regards for Mr. Yamanaka's experience and insight, requests his appointment as Outside Director to seek his advice on the Company's global strategies, as well as its business overall from the perspective of corporate management.

Mr. Yutaka Fujiwara has worked overseas for a number of years and has a wide range of experiences and extensive knowledge and insight on global business. He also has expertise in advanced corporate strategies and financial affairs, having been in charge of the financial affairs and investor relations departments of a listed company. The Company, having high regards for his experience and insight, requests the appointment of Mr. Fujiwara as Outside Director, so that he will utilize his knowledge.

(2) The term of office of each Outside Director refers to the term of office as of the closing of this Annual General Meeting of Shareholders.

(3) On the limited liability agreement concluded with the Outside Director

Article 27 of the Company's Articles of Incorporation permits the Company to conclude an agreement limiting the liability of an Outside Director for damages in order to allow the Outside Director to fully perform the roles expected thereof. Accordingly, the Company has concluded a limited liability agreement with Messrs. Nobuyoshi Yamanaka and Yutaka Fujiwara and plans to retain the agreement, if their reappointments are approved.

The agreement will limit their liability for damages, as set forth in Article 423 Paragraph 1 of the Companies Act, to the higher of 10 million yen and the amount set forth by laws and regulations.

(Reference)

“Criteria for the impartiality of Outside Directors and Outside Corporate Auditors”

The Company considers an Outside Director/Corporate Auditor to be impartial, if all of the following requirements are met.

1) The Outside Director/Corporate Auditor is not a person who executes business of the Company or an affiliate thereof (hereinafter collectively referred to as “the Group”);

2) The Outside Director/Corporate Auditor is not a current major shareholder (\*) of the Company or a person who executes its business;

\*Person who directly or indirectly holds more than 5% of all voting rights or a person who is listed among the top 10 shareholders in the most recent shareholder registry;

3) The Outside Director/Corporate Auditor is not a person who executes business of a major lender (\*) of the Group;

\*A financial institution group (person who belongs to the consolidated group to which the Group's direct lender belongs) from which the Group borrows funds and the Group's total amount of borrowing from such financial institution group exceeds 2% of the Group's consolidated total assets as of the end of the previous fiscal year;

4) The Outside Director/Corporate Auditor is not a major business partner (yearly transaction amount exceeds 5% of consolidated net sales) or a person who executes its business;

5) The Outside Director/Corporate Auditor is not a person for whom the Group is a major business partner (yearly transaction amount exceeds 5% of the counterparty's consolidated net sales) or a person who executes its business;

6) The Outside Director/Corporate Auditor is not a consultant, accounting professional, or a legal professional who receives a large amount of money (more than ¥6 million yearly) other than the remuneration for directorship/auditorship from the Group (including cases where the organizations such as corporation and association to which such Outside Director/Corporate Auditor belongs receive the remuneration);

7) The Outside Director/Corporate Auditor is not a spouse or a relative within the second degree of consanguinity of a person who executes business of the Group;

8) The Outside Director/Corporate Auditor has not fallen under requirements (1) through (6) for the past three years.

### **Proposal No. 3: Issuance of Stock Compensation-Type Stock Options (Stock Acquisition Rights) as Compensation to Directors**

The Company proposes the allotment of stock acquisition rights as stock options to Directors (excluding Outside Directors) within the amount of “¥350 million a year,” the maximum limit for annual compensation for Directors (of which the amount within ¥30 million is for Outside Directors).

The Company will grant Directors, who have been allotted stock acquisition rights, compensation equal to the amount to be paid by the allottee upon allotment of the stock acquisition right and allow them to acquire stock acquisition rights by offsetting the relevant compensation claim against the amount to be paid by the allottee on the relevant stock acquisition right. The amount to be paid upon allotment of stock acquisition rights shall be the amount obtained when the fair value of each stock acquisition right calculated on the allotment date of the stock acquisition rights is multiplied by the total number of allotted stock acquisition rights and thus the allottee of the stock acquisition rights will not be provided with advantageous conditions.

If Proposal No.2 is approved, as presented, the number of Directors subject to this allotment shall be eight Directors, which excludes the two Outside Directors. The timing for the issue of stock acquisition rights to each Director, the actual allocation and other matters shall be left to the discretion of the Board of Directors.

#### **1. Reasons for the allotment of stock acquisition rights as compensation, etc. to Directors**

Compensation to the Directors (excluding Outside Directors) of the Company comprises “Monthly compensation,” which is made up of a fixed compensation and a performance-linked compensation reflecting short-term performance, and “Stock compensation-type stock options,” which reflect long-term performance. On May 9, 2014, the Group announced its new Medium-Term Management Plan (“Medium-Term Management Plan”) to cover the period from April 1, 2014 to March 31, 2017. In conjunction with the start of the new Medium-Term Management Plan, the Company, in an effort to make the Directors keenly aware of the need to achieve the performance targets of the Plan, while having them share with the shareholders not only the benefits of rising stock prices but also the risks of falling stock prices, as well as further enhance their incentive for continuously improving performance in the medium- to long-term, decided to introduce new stock compensation-type stock options corresponding to the degree of achievement of the performance targets of the Medium-Term Management Plan.

These stock compensation-type stock options will be granted within the amount of “¥350 million a year,” the maximum limit for annual compensation for Directors (of which the amount within ¥30 million is for Outside Directors), which was approved at the 9th Annual General Meeting of Shareholders held on June 26, 2012, according to the degree of achievement of the Medium-Term Management Plan. However, should the performance criteria determined by the Board of Directors of the Company not be met, the stock compensation-type stock options will not be granted.

If this Proposal is approved, the compensation of the Directors (excluding Outside Directors) of the Company) will comprise fixed compensation, short-term performance-linked compensation, medium-term performance-linked compensation and long-term performance-linked compensation.

#### **2. Details of the stock compensation-type stock options**

##### **(1) Class and number of shares underlying the stock acquisition rights**

The class of shares to be issued or transferred upon exercise of stock acquisition rights shall be common stock, and the number of shares to be issued or transferred per stock acquisition right (the “Number of Granted Shares”) shall be 100 shares.

In the event that the Company performs a stock split (includes allotment of shares of common stock of the Company without consideration; hereinafter the same shall apply to the description of the stock split) or a consolidation of shares after the resolution of this Proposal (“Resolution Date”), adjustments shall be made to the Number of Granted Shares according to the following formula.

$$\begin{aligned} &\text{Number of Granted Shares after adjustment} = \\ &\text{Number of Granted Shares before adjustment} \times \text{Stock split/stock consolidation ratio} \end{aligned}$$

Any resulting fractions of less than one share shall be rounded down. In the event that the Company performs a merger, a company split or a share exchange after the Resolution Date, or any adjustment to the Number of Granted Shares becomes necessary mutatis mutandis to these cases, the Board of Directors of the Company may adjust the number of shares within a reasonable extent.



The maximum number of shares that may be granted through the exercise of the stock acquisition rights to be issued within one year from the General Meeting of Shareholders of the Company shall be 100,000 shares, and in case the Number of Granted Shares has been adjusted, the maximum number of shares shall be the Number of Granted Shares after adjustment multiplied by the total number of stock acquisition rights stated below.

(2) Total number of share acquisition rights

The maximum number of stock acquisition rights to be issued within one year of the date of the General Meeting of Shareholders of the Company pertaining to each fiscal year shall be 1,000 units.

(3) Amount to be paid upon allotment of the stock acquisition right (Issue Price)

The amount to be paid upon allotment of each stock acquisition right shall be the amount determined by the Board of Directors of the Company, based on the fair value of the stock acquisition rights, which has been calculated according to fair calculation methods including the Black-Sholes Model in the allotment of the stock acquisition right.

Additionally, the allottee, in lieu of monetary payment, shall offset the relevant compensation claim against the amount to be paid by the allottee on the relevant stock acquisition rights.

(4) Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon exercise of each stock acquisition right shall be an amount obtained by multiplying the amount per share to be issued upon exercise of such stock acquisition (which shall be one yen), by the Number of Granted Shares.

(5) Period during which the stock acquisition rights may be exercised

The period determined by the Board of Directors of the Company, which shall commence after three years from the allotment date and end within ten years from the allotment date.

(6) Restrictions on the acquisition of stock acquisition rights through transfer

Any acquisition of stock acquisition rights through transfer shall be subject to the approval of the Board of Directors of the Company.

(7) Conditions for the exercise of stock acquisition rights

1) A stock acquisition right holder shall be in the position of either a Director or an Executive Officer of the Company at the time of exercise of the stock acquisition rights. However, such Director or Executive Officer shall be able to exercise his or her stock acquisition right, if he or she has retired due to the expiration of his or her term of office, or if he or she has assumed the post of Director or Executive Officer of a subsidiary of the Company.

2) Other conditions for the exercise of stock acquisition rights shall be determined at the Board of Directors meeting of the Company to determine the procedures for the offering of the stock acquisition rights.

(8) Other details of the stock acquisition rights

Other details of the stock acquisition rights shall be determined at the Board of Directors meeting of the Company to determine the procedures for the offering of the stock acquisition rights.

(Reference)

By resolution of the Board of Directors, the Company, pending the approval of Proposal No. 3, intends to allot stock compensation-type stock options same as above to Executive Officers, who do not serve concurrently as Directors.

The maximum number of such stock acquisition rights to be issued within one year of the date of the General Meeting of Shareholders of the Company pertaining to each fiscal year shall be 1,700 units.