

This document is an English translation of FAQ concerning extraordinary general meeting of shareholders held on December 21, 2010 originally written in Japanese. This translation was made for reference purposes only and all warranties, and in particular the accuracy of this translation, are hereby disclaimed.

FAQ concerning extraordinary general meeting of shareholders held on December 21, 2010

For our shareholders and investor's further understandings of the Agenda at our extraordinary general meeting of shareholders, we prepared for this FAQ.

Q1 What is "Capital Reduction" ?

A1 "Capital Reduction" is the procedure for decreasing company's capital. It does not mean any decrease of the amount of our total net assets. The reduction of capital and capital reserve simply constitutes adjustments of figures among accounts in "net assets" section of a balance sheet and do not result in any change in the amount of total net assets.

Q2 What is the purpose of "Capital Reduction" ?

A2 Our purpose of "Capital Reduction" is to extinguish its accumulated deficit and improve the possibility of an early resumption of dividends.

Q3 What is the policy of the resumption of dividends?

A3 In our new brushed up mid-term business plan, we will strive to achieve (i) the net sales target of 520.0 billion yen for the final year of the plan (FY2013), (ii) the operating income of 22.0 billion yen, (iii) the equity ratio of 20.0% or more, and (iv) the net debt-equity ratio of 1.0x or less, as a mid-term corporate management indicator, so that we could resume a steady payment of dividends.

Q4 Does “Capital Reduction” mean the loss on the common share’s valuation?

A4 Since there is no change in the amount of our total net assets or in the number of the issued and outstanding common shares, the capital reduction will not cause any change in the amount of net assets per share.

Q5 Does “Capital Reduction” mean the decrease of the number of the issued and outstanding common shares?

A5 Under the old Commercial Law Act, the decrease of the number of issued and outstanding shares is required upon a Capital Reduction. But now, the Commercial Law Act was amended and it is not necessary to decrease such number of issued and outstanding shares even though an implementation of a Capital Reduction. That’s why there is no change in the number of shares held by the stockholders.

Q6 What is a Preferred Share?

A6 Generally, a preferred shares has priorities over common shares in a payment of dividends and distribution of residual assets. In addition, details of preferred shares may be individually designed by the issuer to grant to its preferred shareholders certain rights including the dividend rate differing from those of other classes of shares, put option, call option, and voting rights (or no voting rights).

Q7 What is the purpose of issuing the Class A Preferred Shares?

A7 For the purpose of strengthening our capital and securing funds for strategic investments for our future growth, we will issue the Class A Preferred Shares (“Preferred Shares”). It is one of the specific measures based on our mid-term business plan to drastically improve our financial ground for achieving an early resumption of dividends and continuous payment of stable dividends

Q8 What is details of uses of proceeds?

A8 The proceeds from the issuance of the Preferred Shares will not be used for extinguishing accumulated deficit, rather such proceeds will be primarily used for the investment based on our growth strategies;(i) 8 billion yen for the solutions and services business; (ii) 7 billion yen for the mechatronics systems business; (iii) 8 billion yen for the printers business and the EMS (Electronic Manufacturing Services) Business; and (iv) 2.6 billion yen for maintenance and renewal.

Q9 What is the features of the Preferred Shares ?

A9 The Preferred Shares has the rights to request redemption for our common shares or cash, and also has the conditions for redemption for cash. Please refer to “Ok Electric Industry Co., Ltd Terms and Conditions for Class A Preferred Shares” for details.

Q10 Can 30 billion yen surely be funded?

A10 Our Preferred Shares will be issued and delivered by way of a third-party allotment. We have already asked 14 business partners to subscribe our Preferred Shares and they have accepted our offer. For details, please refer to “Ok Electric Industry Co., Ltd Terms and Conditions for Class A Preferred Shares” .

Q11 When can Preferred Shareholders exercise their option to convert their Preferred Shares into our common shares?

A11 During the period from April 1, 2014 through March 31, 2024, Preferred Shareholders have the right to convert their owned Preferred Shares into our common shares. In other words, any of Preferred Shares will not be converted in 3 years and 3 months from the date hereof.

Q12 How is the conversion price decided?

A12 Initial conversion price will be decided on April 1, 2014 which is immediately after the last fiscal year under our mid-term business plan. Initial conversion price shall be the higher of (i) the amount obtained through multiplying market price of our common share on April 1, 2014 by 0.9 or (ii) 75 yen which was the market price of our common share as of October 7, 2010. After April 1, 2014, the conversion price will be adjusted to the amount obtained through multiplying market price of our common share by 0.9 within the range from 50 to 100% of initial conversion price every half a year.

Q13 What is the dilution ratio for common shares resulting from the issuance of the Preferred Shares?

A13 Initial conversion price has not been decided yet because it will be determined on April 1, 2014, and then the dilution ratio for common shares can not be calculated at this time. If it is calculated based on the lowest conversion price in accordance with the terms and conditions of Preferred Shares, the maximum dilution ratio is 109.37%. However, the maximum dilution ratio will depend on market price of our common shares after April 1, 2014. Further, we may redeem the Preferred Shares in cash in accordance with the terms and conditions thereof, the dilution ratio will decrease if we decide to do so.

Q14 What is the Right to Request Redemption for Cash?

A14 The right to request redemption for cash is the Preferred Shareholders' right to request us to redeem all or a part of their owned Preferred Shares in cash. At any time from April 1, 2016 through March 31, 2024, they can exercise this right, however, they cannot exercise this right if such exercise thereof triggers its limitation. We will be required to redeem the Preferred Shares within the total amount of which is smaller of (i) the certain amount established by us (the amount more than 20% of the net asset ratio) or (ii) the Distributable Amount under the Companies Act. Upon the exercise of the right by any Preferred Shareholders, we will be required to redeem the Preferred Shares at the price per one Preferred Share equal to the paid-in amount for the Preferred Share.

Q15 What is the Conditions for Redemption for Cash?

A15 The conditions for redemption for cash is our right to redeem the Preferred Shares at our sole discretion. If we decide to exercise this right, the Preferred Shareholders can't refuse it. At any time from April 1, 2016 through March 31, 2024, we can exercise it. The redemption price per one Preferred Share is an amount equal to 110% of the paid - in amount of the Preferred Share, adding 10% premium thereon, considering that this redemption right is exercisable for our own convenience.

Q16 Will the Preferred Shares will remain forever?

A16 On March 31, 2024, all of the Preferred Shares that will have not been redeemed by us will convert into common shares.

Please refer to "Ok Electric Industry Co., Ltd Terms and Conditions for Class A Preferred Shares" for details concerning the Class A Preferred Shares.

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