

(Translation)

Securities Code: 6767
June 3, 2016

To the Shareholders:

**NOTICE OF THE 71ST ORDINARY GENERAL MEETING
OF SHAREHOLDERS**

Dear Shareholders:

Please take notice that the 71st Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially invited to attend the meeting.

Since voting rights can be exercised in writing even if you are not present at the meeting, please go over the Reference Documents for the General Meeting of Shareholders set forth below and send us by return mail the enclosed voting form indicating your approval or disapproval of the propositions no later than 5:20 p.m. on June 23 (Thursday), 2016.

Yours very truly,

Shigeru Moribe,
President and Representative Director

Mitsumi Electric Co., Ltd.
11-2, Tsurumaki 2-chome,
Tama City, Tokyo

Description

1. Date and hour:

June 24 (Friday), 2016, 10:00 a.m.

2. Place:

Keio Plaza Hotel Tama, 3F "Hakuhou-no-ma"
43, Ochiai 1-chome, Tama City, Tokyo

3. Matters forming the objects of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the account auditors and the Board of Statutory Auditors for the 71st fiscal year (from April 1, 2015 to March 31, 2016)
2. Report on the non-consolidated financial statements for the 71st fiscal year (from April 1, 2015 to March 31, 2016)

Matters to be resolved:

Proposition No. 1: Election of seven (7) Directors

Proposition No. 2: Election of one (1) Statutory Auditor

Proposition No. 3: Election of one (1) Substitute Statutory Auditor

- - - - -

(Provided document)

BUSINESS REPORT

(April 1, 2015 to March 31, 2016)

1. Current state of the Mitsumi Group (the "Group")

(1) State of business activities for the fiscal year under review

(i) Development and results of business activities:

To overview the global economic situations during the fiscal year under review, the U.S. economy continued to show a tone of expansion due to improvements in consumer spending and corporate performance. In Europe, the economy showed signs of bottoming out. However, the deceleration of the Chinese economy, which has been the driving force of the global economy, has appeared apparent. Other emerging economies marked a major slowdown or negative growth due to sharp falls in prices of raw materials. Overall, the global economy has been decelerating gradually, specifically in the second half of the period under review. In Japan, in spite of the impacts of the deceleration of the economies of China and Southeast Asian nations, the economy has remained in the phase of modest recovery due to an improvement in corporate earnings, among others. However, there is concern about the impacts of the deceleration of the emerging economies.

In our electronic parts industry, the market for smartphones, while sales volume is continuing to increase, is expanding much more slowly in terms of revenues as price reductions are under way. The market for car-mounted devices is accelerating expansion as parts mounted per automobile are further increasing in terms of prices with further development of computerized automobiles.

Under these circumstances, in the market for smartphones where demand was shifting for middle- and low-end devices from high-end devices, the Mitsumi Group experienced a slowdown in orders received for microactuators and other parts for high-end devices. However, orders received for amusement-related products and products related to car-mounted devices increased more than initially planned.

As a result, for the fiscal year under review, on a consolidated basis, net sales amounted to ¥163,562 million (106.9% in comparison with the previous fiscal year) due partly to the depreciation of the yen. With regard to profits and losses, due to a decrease in the ratio of value added to sales resulting from a change in the sales composition ratios, as well as an increase in operating expenses in overseas operations resulting from increased production capacity and the depreciation of the yen, the Company registered an operating loss of ¥4,576 million (an operating income of ¥952 million for the previous fiscal year). Due to the recording of a foreign exchange loss and payment compensation as non-operating expenses, the Company registered a recurring loss of ¥8,896 million (a recurring income of ¥3,980 million for the previous fiscal year). Net loss attributable to owners of the parent amounted to ¥9,662 million (a net income of ¥3,826 million attributable to owners of the parent for the previous fiscal year).

Outline of business performance of the major divisions for the fiscal year under review:

Semiconductor devices:

Orders received by the Group for semiconductors and modules for lithium-ion secondary batteries increased. As a result, consolidated net sales of semiconductor devices amounted to ¥29,773 million (103.9% in comparison with the previous fiscal year).

Optical Devices

With regard to camera modules, orders received for products for information communications equipment decreased. As a result, consolidated net sales of optical devices amounted to ¥3,626 million (52.6% in comparison with the previous fiscal year).

System Parts

Orders received by the Group for system parts for smartphones decreased but orders received for amusement-related products, among others, increased. As a result, consolidated net sales of system parts amounted to ¥79,268 million (105.6% in comparison with the previous fiscal year).

High-Frequency Parts

Orders received by the Group for high-frequency parts for use in car-mounted devices increased. As a result, consolidated net sales of high-frequency parts amounted to ¥30,645 million (129.5% in comparison with the previous fiscal year).

Power-Unit Parts

Orders received by the Group for built-in power-unit parts increased. As a result, consolidated net sales of power-unit parts amounted to ¥20,248 million (107.8% in comparison with the previous fiscal year).

(ii) Investment in plant and equipment:

Investment in plant and equipment during the fiscal year under review totaled ¥14,430 million, which was spent mainly to construct a new building, develop new products and replace machinery and equipment and molds in the division of system parts, among others.

(iii) Financing:

To provide operating funds efficiently, the Company has entered into loan commitment agreements, in the aggregate amount of ¥10,000 million, with its main financial institutions.

In addition, the Company issued Euro Yen Convertible-Bonds-Type Bonds with Stock Acquisition Rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) due 2022 in the aggregate principal amount of ¥20 billion during the fiscal year under review.

(iv) Transfer of business, acquisition through divestiture or divestiture through incorporation:

Not applicable.

(v) Acquisition of business from other corporations:

Not applicable.

(vi) Acquisition and assumption of the rights and obligations with regard to the business of other corporations by merger or acquisition through divestiture:

Not applicable.

(vii) Acquisition and disposition of shares, equity interests, stock acquisition rights, etc. of other corporations:

Not applicable.

(2) Property and income/loss for the most recent three consolidated fiscal years:

Item	Fiscal year	68th	69th	70th	71st
		April 1, 2012 - Mar. 31, 2013	April 1, 2013 - Mar. 31, 2014	April 1, 2014 - Mar. 31, 2015	(current year) April 1, 2015 - Mar. 31, 2016
Net sales (million yen)		152,098	157,360	153,045	163,562
Recurring income (loss) (million yen)		(3,274)	2,632	3,980	(8,896)
Net income (loss) attributable to owners of the parent (million yen)		(11,545)	3,228	3,826	(9,662)
Net income (loss) per share (yen)		(132.02)	36.92	43.75	(115.92)
Total assets (million yen)		140,611	142,981	161,089	162,724
Net assets (million yen)		101,521	102,992	115,431	94,279
Net assets per share (yen)		1,160.88	1,177.71	1,319.96	1,160.94

(3) Major parent company and subsidiaries:

(i) Relationship with the parent company:

Not applicable.

(ii) State of major subsidiaries:

Name of Company	Capital stock	Ratio of voting rights of the Company (%)	Major business
MITSUMI CO., LTD.	HK\$8,000 thousand	100.0	Sale of electronic parts
MITSUMI PHILIPPINES, INC.	Philippine Pesos 1,186,000 thousand	100.0	Manufacture and sale of electronic parts
CEBU MITSUMI, INC.	Philippine Pesos 1,145,683 thousand	100.0	Manufacture and sale of electronic parts
Zhuhai Mitsumi Electric Co., Ltd.	RMB 230,358 thousand	100.0	Manufacture and sale of electronic parts
Tianjin Mitsumi Electric Co., Ltd.	US\$40,825 thousand	100.0	Manufacture and sale of electronic parts
Qingdao Mitsumi Electric Co., Ltd.	US\$35,000 thousand	100.0	Manufacture and sale of electronic parts

(Note) Qingdao Mitsumi Electric Co., Ltd. is included in the major subsidiaries due to its increased importance.

(4) Issues to be addressed by the Group

With regard to the business lines of the Group, while the information communications equipment-related market is continuously expanding, its Japanese-affiliated clients have discontinued their information communications equipment business one after another and the market share of the companies in the emerging economies has increased. Thus, the main battlefield already has shifted to the emerging economies. Simultaneously, with the expanding business size of EMS (electronic manufacturing service) companies, the horizontal division of labor has developed and in our electronic parts industry, dependence on specific manufacturers has grown and the market has become oligopolistic on a global scale. Consequently, technology progress and price drops are further accelerating. In the market for components for car-mounted devices, the market size is growing with further computerization and information networking of automobiles and with a view to the practical use of autonomous driving technology in a few years, entries of large electronics and information-related companies are accelerating.

To respond to such market transformation, the Group will construct structures in which its engineers will directly engage in sales promotional activities in the overseas market and market needs will be taken in its product strategies on a timely basis, and commoditize high value added products incorporating advanced technology that may not possibly be surpassed by companies of emerging countries, based on its own core competence. Furthermore, to minimize the effects of rising operating cost in the emerging countries, the

Group will expand the business size of its manufacturing sites in the Philippines and make optimal production of items within China.

With regard to components for information equipment, to increase sales in China, the largest market, the Group will expand and strengthen its technology development function and marketing function in the Greater China region. The Group also will make optimal allocation of its functions of marketing, technical support and manufacturing of components for car-mounted devices on a global scale and establish a system to respond to customer needs in the entire regions.

The Company regards corporate social responsibility as one of the most important managerial issues and has exerted its group-wide efforts with its CSR Promotion Committee playing a central role. For the purposes of management control, compliance with laws and social norms, information management and timely disclosure, the Company will focus its efforts on enhancing the levels of its subsidiaries, specifically and further strengthen the system of the entire Group to promote such purposes.

The Company sincerely hopes that its shareholders will continue giving the Company their full support and encouragement.

(5) Major business (as of March 31, 2016)

The Group is primarily engaged in the manufacture and sale of electric machinery and equipment, including semiconductor devices, optical devices, system parts, high-frequency parts, power unit parts and information communications equipment, and in other businesses pertaining or relating thereto.

(6) Main business offices, plants and factories (as of March 31, 2016)

The Company	Business offices	Head Office Kansai Branch Taiwan Branch	Tama City, Tokyo Kita-ku, Osaka City Taipei, The Republic of China
	Business divisions	Atsugi Operation Base Chitose Business Division Akita Business Division Yamagata Business Division Kyushu Business Division	Atsugi City, Kanagawa Chitose City, Hokkaido Katagami City, Akita Yamagata City, Yamagata Iizuka City, Fukuoka
Subsidiaries	Sale	MITSUMI CO., LTD.	Hong Kong Special Administrative Region
	Manufacture	MITSUMI PHILIPPINES, INC.	The Republic of the Philippines
		CEBU MITSUMI, INC.	The Republic of the Philippines
Zhuhai Mitsumi Electric Co., Ltd. Tianjin Mitsumi Electric Co., Ltd. Qingdao Mitsumi Electric Co., Ltd.		The People's Republic of China The People's Republic of China The People's Republic of China	

(7) State of employees (as of March 31, 2016)

(i) Employees of the Group:

Division	Number of employees (persons)	Comparison with the end of the previous fiscal year (+ or -) (persons)
Semiconductor devices	2,472	- 135
Optical devices	949	+ 212
System parts	24,222	- 2,472
High-frequency parts	2,868	+ 292
Power-unit parts	2,607	+ 137
Group-wide (common)	1,586	+ 297
Total	34,704	- 1,669

- (Notes) 1. The above number of employees represents persons actually at work.
2. The number of employees categorized as "group-wide (common)" represents those assigned to administrative duties that cannot be categorized in any specific division.

(ii) Employees of the Company:

Number of employees	Comparison with the end of the previous fiscal year (+ or -) (persons)	Average age (years)	Average length of service (years)
2,536	- 11	44.4	18.0

- (Note) The above number of employees excludes 186 employees of the Company who are temporarily sent to other companies.

(8) Principal lenders (as of March 31, 2016)

(million yen)

Lender	Balance of borrowings
Sumitomo Mitsui Banking Corporation	2,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,622
Mizuho Bank, Ltd.	1,500
The Yamanashi Chuo Bank, Limited	969
The Yamagata Bank, Ltd.	518

(9) Other important matters concerning the current state of the Group

Execution of Business Integration Agreement and Share Exchange Agreement in Connection with Business Integration

The Company, based on the resolution adopted at the meeting of its Board of Directors held on March 30, 2016, entered into a business integration agreement (the

"Business Integration Agreement") and a share exchange agreement (the "Share Exchange Agreement") with Minebea Co., Ltd. ("Minebea") on the same day. The share exchange ("Share Exchange") is scheduled to be conducted with the effective date of March 17, 2017 subject to obtaining the approval of the Share Exchange Agreement at the extraordinary General Meeting of Shareholders of the Company to be held on December 27, 2016.

Pursuant to the main clause of Article 796, paragraph 2 of the Companies Act of Japan, Minebea is expected to conduct the Share Exchange following the procedures for a short-form share exchange that does not require obtaining the approval thereof at its general meeting of shareholders.

The shares of the Company are scheduled to be delisted on March 14, 2017 (the last trading day will be March 13, 2017) from the first section of Tokyo Stock Exchange, Inc. prior to the effective date of the Share Exchange (scheduled to be March 17, 2017).

(i) Purpose of the Business Integration

Through the Business Integration, the Company and Minebea (collectively, "both companies") will aim to become a genuine solutions company by realizing synergies of integration described below, and will further improve their corporate value as an electro mechanics solutions company:

- 1) Growth and evolution of business portfolio;
- 2) Enhancement of cost competitiveness and capacity to generate cash flow by optimizing manufacturing structures and bases; and
- 3) Enhancement of development capabilities and provision of solutions.

(ii) Method of the Share Exchange

Upon the Share Exchange, Minebea will become the wholly-owning parent company and MITSUMI will become the wholly-owned subsidiary. Pursuant to the main clause of Article 796, paragraph 2 of the Companies Act, Minebea is expected to conduct the Share Exchange following the procedures for a short-form share exchange that does not require obtaining the approval thereof at its general meeting of shareholders. The Company will conduct the Share Exchange subject to obtaining the approval of the Share Exchange Agreement at its extraordinary General Meeting of Shareholders to be held on December 27, 2016.

(iii) Schedule of the Share Exchange

Execution of the basic agreement (both companies)	December 21, 2015
Resolutions of the board of directors approving the execution of the Business Integration Agreement and the Share Exchange Agreement (both companies)	March 30, 2016
Execution of the Business Integration Agreement and the Share Exchange Agreement (both companies)	March 30, 2016
Public notice of the record date of the extraordinary General Meeting of Shareholders (the Company)	September 2016 (planned)
Record date of the extraordinary General Meeting of Shareholders (the Company)	September 2016 (planned)
Extraordinary General Meeting of Shareholders to approve the Share Exchange Agreement (the Company)	December 27, 2016 (planned)
Last trading day (the Company)	March 13, 2017 (planned)
Delisting (the Company)	March 14, 2017 (planned)
Effective date of the Share Exchange	March 17, 2017 (planned)

(iv) Details of allotment in the Share Exchange

	Minebea	The Company
Share exchange ratio for the Share Exchange	1	0.59
Number of shares to be delivered in the Share Exchange	Minebea's shares of common stock: 47,913,630 shares (planned)	

(v) Treatment of bonds with stock acquisition rights in connection with the Share Exchange

With respect to the stock acquisition rights attached to the Euro Yen Convertible-Bonds-Type Bonds with Stock Acquisition Rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) due 2022 issued by the Company, Minebea will allot and deliver to the holders of such stock acquisition rights the stock acquisition rights of Minebea to replace the stock acquisition rights of the Company according to the terms of the stock acquisition rights and the Share Exchange Ratio, and Minebea will assume and succeed to all of the Company's obligations under the bonds with stock acquisition rights.

(vi) Basis for the Share Exchange Ratio

In order to ensure the fairness and validity in calculating the share exchange ratio (the "Share Exchange Ratio") in connection with the Share Exchange, Minebea appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a third-party calculation institution and Mori, Hamada & Matsumoto as a legal advisor, and the Company appointed Daiwa Securities Co. Ltd. ("Daiwa Securities") as a third-party calculation institution and Anderson, Mōri & Tomotsune as a legal advisor, and commenced deliberations on a full scale.

Nomura Securities used an average market price analysis, a comparable company analysis and the discount cash flow analysis (the "DCF Analysis") for the calculation with regard to Minebea. With regard to the Company, Nomura Securities used an average market price analysis and the DCF Analysis.

Daiwa Securities used a market price analysis, a comparable company analysis and the DCF Analysis for the calculation with regard to both companies.

Minebea and the Company carefully negotiated and discussed the share exchange ratio, comprehensively taking into account factors such as the market prices of shares, financial position, and future prospects of each party, based on the due diligence conducted by each company concerning the other, with each company making reference to the results of calculation and analysis of its third-party calculation institution and the legal advice of its legal advisor. As a result of such negotiations and discussions, each company concluded that the Share Exchange Ratio was appropriate and executed the Share Exchange Agreement that set forth the Share Exchange Ratio.

2. Current state of the Company

(1) State of shares (as of March 31, 2016)

- (i) Total number of authorized shares: 200,000,000 shares
- (ii) Total number of issued shares: 87,498,119 shares
- (iii) Number of shareholders: 20,238 persons
- (iv) Principal shareholders (top ten):

Name	Number of shares held (thousand shares)	Equity position (%)
Japan Master Trust Bank of Japan, Ltd. (Trust account)	10,413	12.82
Japan Trustee Services Bank, Ltd. (Trust account)	9,264	11.41
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	3,578	4.41
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	3,001	3.70
Goldman Sachs (Japan) Co., Ltd.	2,776	3.42
Masako Moribe	2,477	3.05
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	1,140	1.40
Trust & Custody Services Bank, Ltd. (Trust collateral account)	1,028	1.27
BNP Paribas Securities	833	1.03
BNY FOR GCM CLIENT ACCOUNTS (E) BD	793	0.98

(Notes) 1. The equity position is calculated by excluding the shares of treasury stock (6,288,753 shares).

- 2. The above number of shares held by the trust banks includes those shares related to their trust business.

(v) The Company, at the meeting of its Board of Directors held on July 16, 2015, adopted a resolution to acquire its own shares and acquired the shares as described below:

- 1. Class of shares to be acquired: Shares of common stock of the Company
- 2. Total number of shares acquired: 6,240,300 shares
- 3. Aggregate acquisition prices: ¥4,999,963,300
- 4. Acquisition period: From July 17, 2015 to August 7, 2015
- 5. Method of acquisition: Market purchase at the Tokyo Stock Exchange, except for a purchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system of Tokyo Stock Exchange, Inc. on July 17, 2015

(2) State of stock acquisition rights:

- (i) Stock acquisition rights offered to the officers of the Company in consideration of the performance of their duties and held by them (as of March 31, 2016):

Not applicable.

- (ii) Stock acquisition rights offered to the employees, etc. in consideration of the performance of their duties during the fiscal year under review:

Not applicable.

- (iii) Other material fact about stock acquisition rights:

Outline of the stock acquisition rights attached to the Euro Yen Convertible-Bonds-Type Bonds with Stock Acquisition Rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) due 2022 issued by the Company in accordance with the resolution adopted at the meeting of its Board of Directors held on July 16, 2015:

Aggregate principal amount of the Bonds	¥20,000,000,000
Principal amount of each Bond	¥10,000,000 in the same denomination
Issue date of the Bonds	August 3, 2015
Number of stock acquisition rights	2,000 rights
Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Shares of common stock; the number of shares shall be a number obtained by dividing the total principal amount of the Bonds related to the exercise request by the exercise price set forth below. Any fraction of a share resulting from the exercise shall be rounded down and no cash adjustment shall be made.
Conversion price of each stock acquisition right	¥1,220
Exercise period of the stock acquisition rights	From August 17, 2015 to July 20, 2022

(3) Officers of the Company

(i) Directors and Statutory Auditors (as of March 31, 2016):

Name	Position in the Company	Business in charge and important concurrent office
Shigeru Moribe	President and Representative Director	
Fujio Furukawa	Director, Senior Operating Officer	General Manager, R&D Headquarters and in charge of Automotive Devices Business Division
Motomu Saito	Director, Senior Operating Officer	In charge of Corporate Administration
Hiroshi Aso	Director, Senior Operating Officer	General Manager, Semiconductor Business Division
Koichi Seno	Director, Senior Operating Officer	General Manager, Component Devices Business Headquarters, and in charge of MPS Department
Hidetoshi Hamai	Director, Senior Operating Officer	General Manager, Electronic Devices Business Headquarters and General Manager, Electronic Devices Business Headquarters, Mechanical Components Business Division
Tetsuya Sekimoto	Director	Attorney at law (representative, Del Sole Sakura Law Office) External Statutory Auditor, Koyo Chemical Kabushiki Kaisha External Director, SBS Holdings Inc. External Statutory Auditor, Premium Value Bank External Director of Samantha Thavasa Japan Limited
Masao Takamine	Director	Certified Public Accountant, Certified Tax Accountant (representative, Masao Takamine Office) External Director (Audit & Supervisory Committee Member), Royal Holdings Co., Ltd.
Kenji Shinya	Full-time Statutory Auditor	
Shizuumi Nojima	Full-time Statutory Auditor	
Makoto Yamada	Full-time Statutory Auditor	
Tateru Sugio	Statutory Auditor	Certified tax accountant (representative, Tateru Sugio Certified Tax Accountant Office) External Statutory Auditor, Asuka Pharmaceutical Co., Ltd.

- (Notes) 1. Director Messrs. Tetsuya Sekimoto and Masao Takamine are an external directors as provided for in Article 2, item 15 of the Companies Act of Japan.
2. Full-time Statutory Auditors Messrs. Kenji Shinya and Makoto Yamada and Statutory Auditor Mr. Tateru Sugio are external auditors as provided for in Article 2, item 16 of the Companies Act of Japan.
3. Full-time Statutory Auditors Messrs. Kenji Shinya and Makoto Yamada, who respectively served financial institutions for some significant period of time, have considerable knowledge of financing and accounting. Full-time Statutory Auditor Mr. Shizuumi Nojima, who served in the Accounting Division of the Company for some significant period of time and engaged in closing processes and the preparation of financial statements for many years, has considerable knowledge of financing and accounting. Statutory Auditor Mr. Tateru Sugio, who is qualified as a certified tax accountant, has considerable knowledge of financing and accounting.
4. The Company has designated Directors Messrs. Tetsuya Sekimoto and Masao Takamine, full-time Statutory Auditors Messrs. Kenji Shinya and Makoto Yamada and Statutory Auditor Mr. Tateru Sugio as independent officers as stipulated by Tokyo Stock Exchange, Inc. and registered them with the exchange as such.

- (ii) Directors and Statutory Auditors who retired from office during the fiscal year under review:

No Director or Statutory Auditor retired from office during the 71st fiscal year.

<For reference>

Operating Officers (excluding Directors and Operating Officers)

As of March 31, 2016

Title	Name	In charge of
Operating Officer	Hirokazu Awa	General Manager of Automotive Devices Business Division
Operating Officer	Keisho Fujiwara	General Manager of Quality & Environment Headquarters; in charge of Procurement Department
Operating Officer	Mitsuyasu Ueno	General Manager of Sales & Marketing Headquarters
Operating Officer	Kiyoshi Koshikawa	General Manager of Interface Equipment Business Division
Operating Officer	Tadashi Adachi	General Manager of Optical Devices Business Division
Operating Officer	Katsuyuki Iwakuma	General Manager of Precision Components Business Division
Operating Officer	Hiroataka Yamamoto	General Manager of Power Supply Business Division

- (iii) Total amount of remuneration, etc. of the Directors and Statutory Auditors for the fiscal year under review:

Category	Number	Amount of payments
Directors	8	¥97 million
Statutory Auditors	4	¥61 million
Total	12	¥158 million

- (Notes)
1. The amount of payments to the Directors does not include the portions of salaries and wages of employees concurrently serving as Directors.
 2. The maximum amount of remuneration of Directors was determined to be ¥350 million per annum (excluding Directors' bonuses and the portions of salaries and wages of employees concurrently serving as Directors) by resolution of the 54th Ordinary General Meeting of Shareholders held on June 29, 1999.
 3. The maximum amount of remuneration of Statutory Auditors was determined to be ¥70 million per annum by resolution of the 65th Ordinary General Meeting of Shareholders held on June 25, 2010.
 4. The total amount of remuneration, etc. of external officers was ¥53 million, for two Directors and three Statutory Auditors.

- (iv) Matters concerning external officers:

- (a) Concurrent holding of offices of officers (operating officers) of other corporations and the relations between the Company and such other corporations:

Not applicable

- (b) Concurrent holding of offices of external officers of other corporations and the relations between the Company and such other corporations:

External Director Mr. Tetsuya Sekimoto is concurrently serving as external Statutory Auditor of Koyo Chemical Kabushiki Kaisha, external Director of SBS Holdings, Inc., external Statutory Auditor of Premium Value Bank and external Director of Samantha Thavasa Japan Limited, any of which has no business relationship with the Company.

External Director Mr. Masao Takamine is concurrently serving as external Director (Audit & Supervisory Committee Member) of Royal Holdings Co., Ltd., which has no business relationship with the Company.

External Director Mr. Tateru Sugio is concurrently serving as external Statutory Auditor of Asuka Pharmaceutical Co., Ltd., which has no business relationship with the Company.

(c) Principal activities during the fiscal year under review:

- Attendance at meetings of the Board of Directors and the Board of Statutory Auditors:

	Board of Directors		Board of Statutory Auditors	
	Number of attendance	Ratio of attendance	Number of attendance	Ratio of attendance
Director Tetsuya Sekimoto	16/16	100%	-	-
Director Masao Takamine	15/16	94%	-	-
Statutory Auditor Kenji Shinya	16/16	100%	18/18	100%
Statutory Auditor Makoto Yamada	15/16	94%	17/18	94%
Statutory Auditor Tateru Sugio	14/16	88%	16/18	89%

- Speech at meetings of the Board of Directors

Director Mr. Tetsuya Sekimoto, principally with regard to matters concerning important contracts, provided advice and recommendations from the perspective of the validity and appropriateness thereof by taking advantage of his specialized knowledge as an attorney at law and the experience accumulated as officers and advisors of other companies, and participated in decision-making on the matters submitted to the Board of Directors.

Director Masao Takamine, principally with regard to accounting treatment by the Company and a desirable framework of internal control, participated in decision-making on the matters submitted to the Board of Directors by taking advantage of his specialized knowledge as a certified public accountant and certified tax accountant, as well as knowledge and experience in managing a consulting company.

Full-time Statutory Auditors Messrs. Kenji Shinya and Makoto Yamada expressed opinions principally from the perspective of compliance with law and corporate governance, as to the execution by the Directors of their duties in accordance with the Companies Act and other laws and ordinances and the fundamental policy on the establishment of the internal control systems of the Company, and otherwise provided advice and recommendations to secure the validity and appropriateness of decision-making by the Board of Directors.

Statutory Auditor Mr. Tateru Sugio, principally with regard to accounting treatment by the Company, provided advice and recommendations to secure the validity and appropriateness of decision-making by the Board of Directors by taking advantage of his specialized knowledge as a certified tax accountant.

In addition to these activities, the above-mentioned Statutory Auditors exchanged opinions with top management regularly and visited any group companies to make on-site surveys whenever necessary.

At the meetings of the Board of Statutory Auditors, they gave reports on audits and other activities as full-time Statutory Auditors and exchanged opinions and each external Statutory Auditor also made remarks and recommendations as to the state of internal control and audits of the Company, including comparison thereof with those of other corporations.

(d) Outline of the content of liability limitation agreements:

In accordance with Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with each external Director and each external Statutory Auditor to limit the liability for any damage as provided for in Article 423, paragraph 1 of the said act. The outline of the content of such agreement is as follows:

- If any external Director or external Statutory Auditor is liable to the Company for any damage arising from a default in his duties, he shall be liable within the liability amount as provided for in laws or ordinances.
- The above-mentioned liability limitation shall apply only if and when the external Director or external Statutory Auditor is in good faith and with no gross negligence in the performance of his duties that caused such liability.

(4) Account auditors:

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.:

	Amount of payment
Amount of remuneration, etc. of the account auditors for the fiscal year under review:	¥62 million
Total amount of money and other proprietary benefits payable by the Company and its subsidiaries to the account auditors:	¥72 million

(Notes) 1. The amount of remuneration payable to the account auditors for their audits under the Companies Act of Japan and the amount of remuneration payable for their audits under the Financial Instruments and Exchange Act of Japan are not specifically separated in the audit contract between the Company and the account auditors and cannot be separated practically. Hence, such amounts are stated collectively.

2. The Board of Statutory Auditors, based on the "Practical Guidance on Cooperation with Independent Auditors" published by The Japan Audit & Supervisory Board Members Association, verified the details of the audit plan of the account auditors, including their auditing system, processes and schedule, the states of the performance of their duties, the basis for their estimated audit hours, etc. Upon investigating the appropriateness thereof,

the Board of Statutory Auditors consented to the remuneration, etc. of the account auditors pursuant to Article 399, paragraph 1 of the Companies Act of Japan.

3. The overseas subsidiaries described in "1. Current state of the Mitsumi Group:
(3) Major parent company and subsidiaries: (ii) State of major subsidiaries" are subject to audits (only those stipulated in laws or ordinances in foreign countries equivalent to the Companies Act or the Financial Instruments and Exchange Act of Japan) by certified public accountants or audit firms (including persons having qualifications in foreign countries equivalent to those of the independent auditors of the Company) other than the account auditors of the Company.

(iii) Content of non-auditing services:

The Company paid to the account auditors a fee for the services relating to the preparation of a comfort letter in connection with the issuance of the Euro Yen Convertible-Bonds-Type Bonds with Stock Acquisition Rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) due 2022.

(iv) Policy on determination of dismissal and non-reappointment of the account auditors:

In the event that there arises any problem with the performance by the account auditors of their duties or otherwise the Board of Statutory Auditors considers it necessary, it shall determine the content of a proposition for dismissing or not reappointing the account auditors to be submitted to the General Meeting of Shareholders.

In the event that the account auditors are considered to fall under any of the items of Article 340, paragraph 1 of the Companies Act of Japan, the Statutory Auditors shall, upon unanimous consent, dismiss the account auditors. In such case, the Statutory Auditor specified by the Board of Statutory Auditors shall report the fact of dismissal of the account auditors and the reason therefor at the General Meeting of Shareholders first convened thereafter.

(v) Outline of the content of liability limitation agreements:

Not applicable.

(5) Systems to secure the properness of business activities and the status of operation of the systems (as of March 31, 2016)

With regard to the fundamental policy on the establishment of the internal control systems, the Company has the following provisions:

To promote the establishment of the appropriate internal control systems of the Company and its related companies, the Company shall institute an Internal Control Committee, which shall consist of the Directors, the General Managers of the Business Headquarters, responsible officials of the related companies, etc.

For the purpose of the establishment of the internal control systems, the Company considers that the compliance system, risk management system and information disclosure and management system are specifically important. Hence, the Company shall institute a Compliance Committee, a Risk Management Committee and an Information Disclosure Committee, which shall consist of the Directors in charge and relevant personnel in charge, as subordinate organs of the Internal Control Committee to develop and administer such control systems.

- (i) Systems to secure the execution by the Directors and employees of their duties to comply with laws and ordinances and the Articles of Incorporation:
 - The Directors and employees shall comply with laws and ordinances, the Articles of Incorporation and internal rules of the Company and also comply with, and realize the spirit of, the "Mitsumi Code of Conduct" established by the Company to fulfill its corporate social responsibility at large.
 - The Directors and employees responsible for executing business shall take measures to further improve the internal rules, including the rules of assignment of duties, the rules of duties and powers and the compliance rules, and shall execute business pursuant to the internal procedures.
 - The Compliance Committee shall consist of the Director in charge of compliance, the General Affairs Division (Legal Group), the Internal Auditing Office, etc. and shall establish a system to secure the appropriate execution by the Directors and employees of their duties.
 - An Internal Auditing Office shall be established to conduct internal audits to confirm that operations of the Company are conducted in compliance with laws and ordinances, the Articles of Incorporation and its internal rules.
 - An internal reporting acceptance office is established in the Department of General Affairs to promptly discover and correct any act in contravention of laws or ordinances, the Articles of Incorporation, the internal rules, etc. To prevent any unfavorable treatment of any employee who has made internal reporting, the Company shall establish a provision for the protection of such any employee in the compliance rules.
 - To stay out of any antisocial force or group that may threaten the order or safety of civil society, the Company shall improve its internal control system in cooperation with the competent authorities and other external bodies, including attorneys at law.
- (ii) Systems concerning storage and management of information on the execution by the Directors of their duties:
 - Documents and other information concerning the execution of the Directors and employees of their duties ("Information on Execution of Duties") shall be stored and managed properly in accordance with the document management rules to be established by the Board of Directors.
 - The document management rules shall include the following provisions:
 1. The Statutory Auditors and the Internal Auditing Office shall be authorized to have access to the Information on Execution of Duties.

2. Of the Information on Execution of Duties, specifically important documents and information shall be stored properly by specifying the storage period and a quick system to search for the existence of information and the content thereof shall be established.
 3. Any amendment to or abolition of the document management rules shall be subject to consent by the Board of Statutory Auditors.
- (iii) Regulations concerning management of exposure to the risk of loss and other systems:
- A Risk Management Committee shall be formed to build up a group-wide risk management system and exercise general control over measures to absorb risks.
 - The activities of the Risk Management Committee shall periodically be reported to the Board of Directors and the Board of Statutory Auditors.
 - The state of risk management assigned to each division shall periodically be audited by the Internal Auditing Office and be reported to the Risk Management Committee.
 - In the event that the Company incurs or threatens to incur a grave risk as provided for in the risk management rules, each relevant division shall immediately report the same to the Director in charge and the Risk Management Committee, which shall immediately report it to the Representative Director and take necessary measures.
- (iv) Systems to secure efficient execution by the Directors of their duties:
- The function and the scope of the duties of each division shall be stipulated in the rules of assignment of duties and the system of authorization of duties and decision-making shall be stipulated in the rules of duties and powers to define the scope of powers of the Directors in charge of execution of business and the delegation of such powers, whereby securing the efficiencies of execution of business.
 - The status of execution of business by each subsidiary shall be reported to the Company on a regular basis in accordance with its procedures stipulated in its various internal rules.
- (v) Systems to secure the properness of business activities of the corporate group comprised of the Company and its subsidiaries:
- To apply the "Mitsumi Code of Conduct" to its overseas subsidiaries and business offices, the Company shall revise it in conformity to the culture, customs and religions of each country and prepare the English, Chinese and other versions thereof.
 - The internal reporting acceptance office of the Company shall accept internal reporting from any of its subsidiaries.
 - The Company shall promote the establishment of rules of assignment of duties and rules of duties and powers for its subsidiaries and provide that important matters shall be determined by the parent company.
 - The Company shall keep track of and evaluate risks to the Company and its subsidiaries as well.
 - The Internal Auditing Office shall conduct internal audits of the subsidiaries as well whenever necessary.

- The Company shall institute an Information Disclosure Committee to establish and operate a system to promptly keep track of material facts about the Company, and also make material facts about its related companies promptly reported to the Company and disclose information thereon without delay.
- (vi) Matters concerning the appointment of employees to assist the Statutory Auditors to execute their duties:
- The Company and each of its major subsidiaries shall appoint employees as staff to assist the Statutory Auditors to execute their duties.
- (vii) Matters concerning the independence of the employees to assist the Statutory Auditors to execute their duties from the Directors:
- With regard to changes and evaluation of staff for the Statutory Auditors, opinions of the Board of Statutory Auditors shall be held in high regard and any disciplinary disposition of such staff shall be subject to approval of the Board of Statutory Auditors.
 - The protection of internal reporters set forth in item (i) above shall apply equally to persons who have given reports to the Statutory Auditors.
- (viii) System for reporting by the Directors and employees to the Statutory Auditors and other systems for reporting to the Statutory Auditors:
- The Compliance Committee, the Risk Management Committee, the Information Disclosure Committee and the Internal Auditing Office shall periodically report the state of activities to the Board of Statutory Auditors, and shall report to the Board of Statutory Auditors immediately if they find any act in violation of, or threatening to violate, laws or ordinances or the Articles of Incorporation.
 - Of the information provided to the internal reporting acceptance office, any matter that threaten to violate laws or ordinances, the Articles of Incorporation or the internal rules shall be reported to the Board of Statutory Auditors.
 - The Statutory Auditors may request the Directors and employees to file a report whenever necessary.
 - The Board of Statutory Auditors may request the Company to submit certain materials on a regular basis to the extent necessary for its auditing duties. Such materials may include materials of the Company and those of its subsidiaries. Such materials may be submitted through the staff for the Statutory Auditors.
- (ix) Other systems to ensure effective audits by the Statutory Auditors:
- The President shall have periodic meetings with the Board of Statutory Auditors and exchange opinions with regard to the development of the internal control systems.
 - The Company shall exert its efforts to make its officers and employees better understand audits by the Statutory Auditors and improve the environment for audits by the Statutory Auditors.
 - The Statutory Auditors may request the Company to pay expenses required for their auditing activities. The President may request the Statutory Auditors to file a plan of

payment of expenses required for their auditing activities.

Status of operation of the systems to secure the properness of business activities

The status of operation of the above systems for the fiscal year under review is principally as follows:

(i) Compliance system

The Internal Control Committee held two sessions with the attendance of the Directors, Statutory Auditors, Operating Officers, etc. and received reports on the status of the activities of its subordinate organs the Compliance Committee, the Risk Management Committee and the Information Disclosure Committee. The Internal Control Committee also received reports on the activities to secure the credibility of financial reporting and the status of operation of internal audits.

(ii) Risk management system

In accordance as stipulated in the risk management rules, the Board of Directors determined the policy to manage risks, including major risks for the fiscal year under review. In addition, the status of operation of the risk management policy, including the progress of countermeasures to such major risks were reported to the Board of Directors.

(iii) Securing of the properness of business activities of the corporate group

To secure the properness of business activities of the corporate group comprised of the Company and its subsidiaries, the Company verified the status of the board of directors, the status of operation of the rules of duties and powers, the rules of internal approval systems, etc. of each subsidiary and the results thereof were reported to the aforementioned Internal Control Committee.

In addition, to improve such items as labor, human rights, safety and health of the employees, among others, the Mitsumi Code of Conduct was amended by resolution of the Board of Directors. The code as amended, prepared in Japanese, as well as English and Chinese, was disseminated to the principal sites in and outside of Japan to raise awareness thereof.

(iv) Statutory Auditors' audit system

The Statutory Auditors attended meetings of the Board of Directors, meetings of the Operating Officers and other important meetings to verify the systems to secure the properness of business activities of the Company. The Statutory Auditors also exchanged information and opinions with the account auditors and the Internal Auditing Office on a regular basis to enhance the effectiveness of their audits.

(6) Fundamental policy on corporate control

The Company recognizes that it is the primary responsibility for the Directors entrusted with corporate management to explore efficient means of increasing its corporate value at all times. If such means is a proposal involving a change in management control, it cannot be denied itself and the final decision for or against the proposal should be left to the

shareholders. Therefore, the Company has not adopted any specific takeover defense measure.

However, as the decision for or against the proposal should be left to the shareholders, the Company believes that it is essential that all necessary information should be provided to allow the shareholders to consider to the fullest extent whether or not the proposal will be conducive to enhancing the corporate value of the Company. In the event that any investor emerges who intends to make a large purchase of the shares of the Company and participate in management, the Company will ask the investor how he/she/it will enhance the corporate value of the Company and fulfill its shareholders' mandate after acquiring a large portion of its shares and, based on the results thereof, make its Board of Directors investigate and determine the adequacy of the large purchase and file its position statement pursuant to the provisions of the Financial Instruments and Exchange Act of Japan or otherwise. In this way, the Company will inform the shareholders of the position of its Board of Directors.

CONSOLIDATED BALANCE SHEET
(as of March 31, 2016)

(million yen)

ASSETS:

Current assets:	123,150
Cash and deposits.....	40,585
Trade notes and trade accounts receivable	42,030
Finished products	4,625
Work in process	14,326
Raw materials and storage.....	19,346
Deferred tax assets	112
Other.....	2,141
Allowance for doubtful receivables	(16)
Fixed assets:	39,573
Tangible fixed assets:	37,158
Buildings and structures.....	10,114
Machinery and equipment and motor vehicles	15,927
Tools, furniture and fixtures.....	3,655
Lands.....	5,439
Construction in progress	2,021
Intangible fixed assets:	1,052
Investments and other assets:	1,363
Investment securities	334
Deferred tax assets.....	283
Other investments and other assets.....	867
Allowance for doubtful receivables.....	(122)
TOTAL ASSETS	<u>162,724</u>

(million yen)

LIABILITIES:

Current liabilities:	42,809
Trade notes and trade accounts payable	20,351
Short-term borrowings	7,109
Accrued expenses	6,507
Accrued corporate taxes, etc.	480
Allowance for bonuses	1,393
Other	6,967
Long-term liabilities:	25,635
Bonds with stock acquisition rights.....	20,090
Deferred tax liabilities	2,014
Net defined benefit liability	3,283
Other	247
TOTAL LIABILITIES	<u>68,445</u>
<u>NET ASSETS:</u>	
Shareholders' equity:	106,714
Capital.....	39,890
Additional paid-in capital	43,252
Retained earnings	28,665
Treasury stock.....	(5,093)
Accumulated other comprehensive income:	(12,435)
Valuation difference of other securities.....	11
Foreign exchange translation adjustment	(7,653)
Remeasurements of defined benefit plans	(4,794)
TOTAL NET ASSETS	94,279
TOTAL LIABILITIES AND NET ASSETS	<u>162,724</u>

(Note) The figures are given by disregarding fractions of a million yen.

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2015 through March 31, 2016)

		(million yen)
Net sales		163,562
Cost of sales		155,420
Gross profit on sales		8,141
Selling, general and administrative expenses		12,718
Operating income (loss)		(4,576)
Non-operating income		
Interest income	316	
Royalties earned	77	
Rents received	79	
Other	319	793
Non-operating expenses		
Interest expense	64	
Loss from disposition of fixed assets	205	
Payment compensation	2,465	
Foreign exchange loss	2,175	
Other	201	5,113
Recurring income (loss)		(8,896)
Special income:		
Gain on sales of fixed assets	267	267
Special loss:		
Impairment loss on fixed assets	129	
Special retirement benefits	21	151
Income (loss) before income taxes and others		(8,781)
Corporate, inhabitant and enterprise taxes	574	
Interperiod tax allocation adjustment	306	881
Net income (loss)		(9,662)
Net income (loss) attributable to non-controlling interests		-
Net income (loss) attributable to owners of the parent		(9,662)

(Note) The figures are given by disregarding fractions of a million yen.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY, ETC.

(April 1, 2015 through March 31, 2016)

(million yen)

Item	Shareholders' equity				
	Capital	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	39,890	43,252	39,552	(92)	122,602
Changes during the year					
Distribution of retained earnings			(1,224)		(1,224)
Net income (loss) attributable to owners of the parent			(9,662)		(9,662)
Purchase of treasury stock				(5,000)	(5,000)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	-	(10,887)	(5,000)	(15,887)
Balance as of March 31, 2016	39,890	43,252	28,665	(5,093)	106,714

Item	Accumulated other comprehensive income				Total net assets
	Valuation difference of other securities	Foreign exchange translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2015	55	(4,154)	(3,071)	(7,170)	115,431
Changes during the year					
Distribution of retained earnings					(1,224)
Net income (loss) attributable to owners of the parent					(9,662)
Purchase of treasury stock					(5,000)
Net changes of items other than shareholders' equity	(43)	(3,498)	(1,722)	(5,264)	(5,264)
Total changes of items during the fiscal year	(43)	(3,498)	(1,722)	(5,264)	(21,152)
Balance as of March 31, 2016	11	(7,653)	(4,794)	(12,435)	94,279

(Note) The figures are given by disregarding fractions of a million yen.

NON-CONSOLIDATED BALANCE SHEET

(as of March 31, 2016)

(million yen)

ASSETS

Current assets:	83,107
Cash and deposits.....	12,447
Trade notes receivable.....	178
Electronically recorded monetary claims.....	173
Trade accounts receivable.....	39,471
Merchandise and finished products.....	173
Work in process.....	13,236
Raw materials and storage.....	15,192
Prepaid expenses.....	94
Other.....	3,677
Allowance for doubtful receivables.....	(1,540)
Fixed assets:	64,060
Tangible fixed assets:	23,246
Buildings and structures.....	3,900
Machinery and equipment.....	10,130
Motor vehicles.....	10
Tools, furniture and fixtures.....	2,542
Lands.....	5,107
Construction in progress.....	1,554
Intangible fixed assets:	424
Goodwill.....	145
Software.....	249
Other.....	30
Investments and other fixed assets:	40,389
Investment securities.....	284
Investment in related companies' stock.....	16,906
Investment capital in related companies' stock.....	17,045
Long-term loans receivable from related companies.....	3,331
Prepaid pension cost.....	2,598
Other investments and other assets.....	344
Allowance for doubtful receivables.....	(122)
TOTAL ASSETS	<u>147,167</u>

(million yen)

LIABILITIES:

Current liabilities:	42,038
Trade notes payable	1,262
Trade accounts payable.....	21,448
Short-term loans payable	7,109
Other accounts payable.....	3,098
Accrued expenses	5,471
Accrued corporate income taxes, etc.....	175
Accrued bonuses	1,234
Other current liabilities	2,238
Long-term liabilities:	22,030
Bonds with stock acquisition rights.....	20,090
Deferred tax liabilities	998
Allowance for operating loss	858
Other long-term liabilities.....	83
TOTAL LIABILITIES	<u>64,068</u>

NET ASSETS:

Shareholders' equity:	83,087
Capital.....	39,890
Additional paid-in capital	42,250
Capital reserve.....	42,250
Retained earnings	6,040
Earned surplus reserve.....	1,505
Other retained earnings.....	4,534
Reserve for deferred income tax on fixed assets.....	134
Retained earnings brought forward from the previous year	4,400
Treasury stock.....	(5,093)
Revaluation and exchange differences, etc.:	11
Valuation difference of other securities	11
TOTAL NET ASSETS	83,099
TOTAL LIABILITIES AND NET ASSETS	<u>147,167</u>

(Note) The figures are given by disregarding fractions of a million yen.

NON-CONSOLIDATED STATEMENT OF INCOME

(from April 1, 2015 to March 31, 2016)

(millions of yen)

Net sales		148,570
Cost of sales		146,437
Gross profit		2,133
Selling, general, and administrative expenses		9,605
Operating income (loss)		(7,472)
Non-operating income:		
Interest and dividend gains	513	
Royalties earned	77	
Rents received	79	
Other	130	801
Non-operating expenses:		
Interest expense	51	
Provision of allowance for doubtful receivables	1	
Loss from disposition of fixed assets	116	
Payment compensation	2,452	
Foreign exchange loss	1,258	
Other	140	4,021
Ordinary income (loss)		(10,692)
Extraordinary income:		
Gain on sales of fixed assets	21	21
Extraordinary loss:		
Loss on disposition of fixed assets	52	
Loss on revaluation of investment in subsidiaries and associated companies	616	668
Income (loss) before income taxes:		(11,339)
Income taxes - current	172	
Income taxes - deferred	(0)	172
Net income (loss)		(11,511)

(Note) The figures are given by disregarding fractions of a million yen.

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(from April 1, 2015 to March 31, 2016)

(millions of yen)

	Shareholders' equity								
	Capital	Additional paid-in capital	Retained earnings				Treasury stock	Total shareholders' equity	
			Capital reserve	Earned surplus reserve	Other retained earnings				Total retained earnings
					Reserve for deferred income tax on fixed assets	Retained earnings brought forward from the previous year			
Balance as of April 1, 2015	39,890	42,250	1,505	144	17,126	18,776	(92)	100,823	
Changes of items during the fiscal year									
Distribution of retained earnings					(1,224)	(1,224)		(1,224)	
Reversal of reserve for deferred income tax on fixed assets				(9)	9	-		-	
Net income (loss)					(11,511)	(11,511)		(11,511)	
Purchase of treasury stock							(5,000)	(5,000)	
Net changes of items other than shareholders' equity									
Total changes of items during the fiscal year	-	-	-	(9)	(12,726)	(12,735)	(5,000)	(17,736)	
Balance as of March 31, 2016	39,890	42,250	1,505	134	4,400	6,040	(5,093)	83,087	

(millions of yen)

	Revaluation and exchange differences, etc.	Total net assets
	Valuation difference of other securities	
Balance as of April 1, 2015	55	100,879
Changes of items during the fiscal year		
Distribution of retained earnings		(1,224)
Reversal of reserve for deferred income tax on fixed assets		-
Net income (loss)		(11,511)
Purchase of treasury stock		(5,000)
Net changes of items other than shareholders' equity	(43)	(43)
Total changes of items during the fiscal year	(43)	(17,780)
Balance as of March 31, 2016	11	83,099

(Note) The figures are given by disregarding fractions of a million yen.

Account Auditors' Audit Report on Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 11, 2016

To: The Board of Directors
Mitsumi Electric Co., Ltd.

Deloitte Touche Tohmatsu LLC

By Kazunari Todoroki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

By Kazutaka Yoshihara (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

In accordance with the provision of Article 444, paragraph 4 of the Companies Act of Japan, this firm has audited the consolidated financial statements, or the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity, etc. and the notes to consolidated financial statements of Mitsumi Electric Co., Ltd. (the "Company"), covering the consolidated fiscal year from April 1, 2015 to March 31, 2016.

Management's Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these consolidated financial statements are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amounts in consolidated financial statements and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the consolidated financial statements by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these consolidated financial statements to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Accounting Auditors' Opinion

This firm is of the opinion that the abovementioned consolidated financial statements present fairly the state of the property and profit and loss of the corporate group consisting of Mitsumi Electric Co., Ltd. and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Emphasis of Matter

As discussed in "Additional Information", the Company, based on the resolution adopted at the meeting of its Board of Directors held on March 30, 2016, entered into a business integration agreement with Minebea Co., Ltd. and a share exchange agreement under which Minebea Co., Ltd. shall become the wholly-owning parent company and the Company shall become the wholly-owned subsidiary.

Our opinion is not qualified in respect of this matter.

Financial Interest

There is no such relation of interests between the Company and this auditing firm or any engagement partner thereof as is required to be stated under the Certified Public Accountant Act of Japan.

- END -

Account Auditors' Audit Report on Non-Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 11, 2016

To: The Board of Directors
Mitsumi Electric Co., Ltd.

Deloitte Touche Tohmatsu LLC

By Kazunari Todoroki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

By Kazutaka Yoshihara (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

In accordance with the provision of Article 436, paragraph 2, item 1 of the Companies Act of Japan, this auditing firm audited the non-consolidated financial statements, or the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of shareholders' equity, etc. and the notes to non-consolidated financial statements, and their accompanying supplemental schedules for the 71st fiscal year of Mitsumi Electric Co., Ltd. (the "Company") covering the period from April 1, 2015 to March 31, 2016.

Management's Responsibility for Non-Consolidated Financial Statements, etc.

The responsibility of the Company's management is to prepare and present properly these non-consolidated financial statements and their accompanying supplemental schedules in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these non-consolidated financial statements and their accompanying supplemental schedules free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and their accompanying supplemental schedules based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these non-consolidated financial statements and their accompanying supplemental schedules are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amounts in non-consolidated financial statements and their accompanying supplemental schedules and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the non-consolidated financial statements and their accompanying supplemental schedules by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these non-consolidated financial statements and their accompanying supplemental schedules to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of these non-consolidated financial statements and their accompanying supplemental schedules.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Account Auditors' Opinion

This firm is of the opinion that the non-consolidated financial statements and their accompanying supplemental schedules mentioned above present fairly the state of the property and profit and loss of the Company for the period related to the non-consolidated financial statements and their accompanying supplemental schedules in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Emphasis of Matter

As discussed in "Additional Information", the Company, based on the resolution adopted at the meeting of its Board of Directors held on March 30, 2016, entered into a business integration agreement with Minebea Co., Ltd. and a share exchange agreement under which Minebea Co., Ltd. shall become the wholly-owning parent company and the Company shall become the wholly-owned subsidiary.

Our opinion is not qualified in respect of this matter.

Financial Interest

There is no such relation of interests between the Company and this auditing firm or any engagement partner thereof as is required to be stated under the Certified Public Accountant Act of Japan.

- END -

Board of Statutory Auditors' Audit Report

AUDITORS' REPORT

We, the Board of Statutory Auditors of the Company, report upon deliberation based upon the audit report prepared by each Statutory Auditor on the performance by the Directors of their duties during the 71st fiscal year from April 1, 2015 to March 31, 2016, unanimously prepared this audit and hereby report as follows:

1. Method of audit by the Statutory Auditors and the Board of Statutory Auditors and the particulars thereof:

(1) The Board of Statutory Auditors determined the audit policy and audit plans, including assignment of duties, for the fiscal year under review, received from each Statutory Auditor reports on the state of his performance of audits and the results thereof, and also received from the Directors, etc. and the account auditors reports on the state of performance of their duties and demanded their explanations whenever necessary.

(2) Each Statutory Auditor, pursuant to the audit policy and audit plans, including assignment of duties, for the fiscal year under review determined by the Board of Statutory Auditors, maintained constant communication with the Directors, the internal audit sections and other employees, etc. in an effort to collect information and improve the environment for auditing, and conducted our audits in the following methods:

- (i) We attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, statutory auditors, etc. thereof and required the subsidiaries to render reports on their business operations whenever necessary.
- (ii) With regard to the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws and ordinances and the Articles of Incorporation and such other systems provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Companies Act of Japan as necessary to secure the adequacy of business of a corporate group comprising a joint-stock corporation and its subsidiaries, as well as the status of the systems (internal control systems) established pursuant to such resolutions, which are described in the business report, we periodically received from the Directors and employees, etc.

reports, demanded their explanations and expressed our opinions whenever necessary, on the state of formulation and operation thereof.

- (iii) With regard to the fundamental policy under Article 118, item 3(a) of the Regulations to Enforce the Companies Act, as described in the business report, we investigated the details thereof by taking into account the developments of deliberation by the Board of Directors, etc.
- (iv) We monitored and verified whether the account auditors had maintained an independent position and conducted adequate audits, and received from the account auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the account auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Regulations on Corporate Accounts) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary.

In accordance with such methods, we investigated the business report and its accompanying detailed statements, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of shareholders' equity, etc. and the notes to non-consolidated financial statements) and their accompanying supplemental schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity, etc. and the notes to consolidated financial statements), for the fiscal year under review.

2. Results of audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

- (i) That the business report and its accompanying detailed statements present fairly the state of the Company in accordance with laws and ordinances and the Articles of Incorporation;
- (ii) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists;
- (iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out; and

- (iv) That the details of the fundamental policy on corporate control described in the business report contain nothing to be pointed out.
- (2) Results of audit of the non-consolidated financial statements and their accompanying supplemental schedules:

We are of the opinion that the method and results of the audit made by the account auditors, Deloitte Touche Tohmatsu LLC, are proper.

- (3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the account auditors, Deloitte Touche Tohmatsu LLC, are proper.

May 19, 2016

The Board of Statutory Auditors
Mitsumi Electric Co., Ltd.

Kenji Shinya (seal)
Full-time Statutory Auditor
(External Statutory Auditor)

Shizuumi Nojima (seal)
Full-time Statutory Auditor

Makoto Yamada (seal)
Full-time Statutory Auditor
(External Statutory Auditor)

Tateru Sugio (seal)
Statutory Auditor
(External Statutory Auditor)

- END -

Reference Documents for the General Meeting of Shareholders

Proposition No. 1: Election of seven (7) Directors

The term of office of all the (8) Directors will expire at the close of this Ordinary General Meeting of Shareholders and it is hereby proposed that seven (7) Directors be elected.

The candidates for Director are as follows:

Candi- date No.	Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
1	Shigeru Moribe (October 27, 1956)	<p>March 1980 Joined the Company</p> <p>May 1980 Sent on loan to MITSUMI ELECTRONICS CORP.</p> <p>May 1990 General Manager, R&D Division</p> <p>April 1991 Director; General Manager, Singapore Branch</p> <p>February 1994 General Manager, Network Devices Business Headquarters</p> <p>April 1994 Managing Director</p> <p>October 1999 Senior Managing Director; General Manager, Sales & Marketing Division</p> <p>April 2002 President and Representative Director, to date</p>	319,100 shares
2	Motomu Saito (March 22, 1956)	<p>February 1980 Joined Yamagata Mitsumi Co., Ltd.</p> <p>June 2000 Deputy Chief Engineer, Planning Department, R&D Division</p> <p>July 2001 Chief Manager, Corporate Planning Division</p> <p>September 2004 General Manager, Corporate Planning Division</p> <p>December 2004 General Manager, Corporate Planning Division; Deputy General Manager, Chitose Business Division</p> <p>March 2006 Deputy General Manager, Chitose Business Division</p> <p>March 2007 General Manager, Corporate Planning Division</p> <p>June 2010 Director, General Manager in charge of Accounting, General Affairs and Systems</p> <p>April 2012 In charge of Administration of the Head Office; General Manager, Accounting Division</p> <p>April 2014 Director, Senior Operating Officer, in charge of Administration of the Head Office, to date</p>	9,700 shares

Candi- date No.	Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
3	Hiroshi Aso (April 3, 1957)	<p>March 1981 Joined Kyushu Mitsumi Co., Ltd.</p> <p>April 2000 Deputy General Manager, PCA Production Department of Kyushu Mitsumi Co., Ltd.</p> <p>November 2001 Chief Manager, PAD Development Group of Kyushu Mitsumi Co., Ltd.</p> <p>January 2004 General Manager, SPS Production Department of Kyushu Mitsumi Co., Ltd.</p> <p>February 2007 General Manager, SPS Business Division of Kyushu Mitsumi Co., Ltd.</p> <p>October 2007 General Manager, Power Supply Business Division</p> <p>April 2010 Deputy General Manager, Semiconductor Devices Business HQ</p> <p>June 2010 Director; General Manager, Semiconductor Devices Business HQ</p> <p>October 2011 General Manager, Atsugi Operation Base, to date</p> <p>April 2014 Director, Operating Officer, General Manager, Semiconductor Devices Business HQ</p> <p>April 2015 Director, Senior Operating Officer, General Manager, Semiconductor Devices Business HQ</p> <p>April 2016 Director, Senior Operating Officer, General Manager, Semiconductor Devices Business HQ, to date</p> <p>General Manager, R&D HQ, to date</p> <p>In charge of Automotive Devices Business Division, to date</p>	9,700 shares

Candi- date No.	Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
4	Koichi Seno (December 16, 1960)	<p>March 1985 Joined Newtronics Co., Ltd. (Subsidiary of the Company)</p> <p>November 1996 Chief Manager, Technology Department, Newtronics Co., Ltd.</p> <p>October 2003 Deputy General Manager, Technology Department I, Yamagata Mitsumi Co., Ltd.</p> <p>April 2006 General Manager, Component Devices Sales Promotion Department, Sales & Marketing Division</p> <p>October 2007 CEO, Zhuhai Mitsumi Electric Co., Ltd.</p> <p>April 2010 General Manager, Optical Devices Business Division</p> <p>April 2012 General Manager, Component Devices Business Division; General Manager, Yamagata Business Division</p> <p>June 2012 Director</p> <p>September 2013 General Manager, Kyushu Business Division</p> <p>April 2014 Director, Senior Operating Officer, General Manager, Component Devices Business HQ, to date</p> <p>In charge of MPS Department, to date</p>	8,100 shares

Candi- date No.	Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
5	Hidetoshi Hamai (February 7, 1961)	<p>April 1983 Joined Kyushu Mitsumi Co., Ltd.</p> <p>March 1997 Chief Manager, Technology Section I, SPS Business Promotion Division of Kyushu Mitsumi Co., Ltd.</p> <p>January 2004 Deputy General Manager, SPS Business Promotion Division of Kyushu Mitsumi Co., Ltd.</p> <p>February 2007 General Manager, Technology Department, SPS Business Division of Kyushu Mitsumi Co., Ltd.</p> <p>October 2007 Managing Director, MITSUMI TECHNOLOGY (M.) SDN. BHD.</p> <p>April 2009 General Manager, System Business Division</p> <p>June 2011 General Manager, System Parts Business Division</p> <p>April 2012 Deputy General Manager, Electronic Devices Business HQ</p> <p>June 2012 Director</p> <p>April 2014 Director, Senior Operating Officer, General Manager, Electronic Devices Business HQ</p> <p>April 2015 Director, Senior Operating Officer, General Manager, Component Devices Business HQ</p> <p>General Manager, Mechanical Components Business Division</p> <p>April 2016 Director, Senior Operating Officer, General Manager, Component Devices Business HQ, to date</p>	8,100 shares

Candi- date No.	Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
6	Tetsuya Sekimoto (February 26, 1956)	<p>April 1989 Attorney at law registered with the Tokyo Bar Association</p> <p>April 1989 Joined Kita and Kimura Law and Tax Office</p> <p>April 1991 Established Sakura Sogo Law and Accounting Office (currently, Del Sole Sakura Law Office)</p> <p>January 2012 External Statutory Auditor, Koyo Chemical Kabushiki Kaisha, to date</p> <p>November 2012 Representative Director, Del Sole Consulting</p> <p>June 2013 External Director, to date</p> <p>March 2014 External Director of SBS Holdings Inc., to date</p> <p>May 2014 External Auditor, Premium Value Bank, to date</p> <p>May 2015 External Director, Samantha Thavasa Japan Limited, to date</p> <p>(Important concurrent offices)</p> <p>Attorney-at Law, Representative, Del Sole Sakura Law Office</p> <p>External Statutory Auditor, Koyo Chemical Kabushiki Kaisha</p> <p>External Statutory Auditor, SBS Holdings Inc.</p> <p>External Statutory Auditor, Premium Value Bank</p> <p>External Director, Samantha Thavasa Japan Limited</p>	0 share

Candidate No.	Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
7	Masao Takamine (January 19, 1960)	<p>April 1982 Joined Account Division of Tokyo Office, Peat Marwick Mitchell & Co</p> <p>March 1985 Registered as Certified Public Accountant</p> <p>July 1986 Audit Senior, Stokes Kennedy Crowley, Dublin</p> <p>July 1988 Japan Desk Manager, KPMG Peat Marwick GmbH, Dusseldorf</p> <p>July 1991 Manager, International Tax, Peat Marwick</p> <p>January 1992 Registered Licensed Tax Accountant</p> <p>October 1996 Partner, Tax part, Peat Marwick</p> <p>June 1998 Managing Director, General Manager of Yokohama Office, KPMG BRM Co., Ltd.</p> <p>January 2002 President and Representative Director, KPMG BRM Co., Ltd.</p> <p>November 2013 Retired President and Representative Director, KPMG BRM Co., Ltd.</p> <p>January 2014 Takamine Masao Office</p> <p>June 2014 External Director, to date</p> <p>March 2016 External Director (Audit & Supervisory Committee Member), Royal Holdings Co., Ltd., to date</p> <p>(Important concurrent offices)</p> <p>Certified Public Accountant, Certified Tax Accountant (representative, Takamine Masao Office)</p> <p>External Director (Audit & Supervisory Committee Member), Royal Holdings Co., Ltd.</p>	0 share

- (Notes)
- There is no conflict of interest between the candidate and the Company.
 - Mr. Tetsuya Sekimoto and Mr. Masao Takamine are candidates for external Director.
 - The reason for selecting Mr. Tetsuya Sekimoto as a candidate for external Director is that the Company expects him to reflect his wide experience and expertise and ardent law-abiding spirit as an attorney in law on the improvement and operation of internal control of the Company and its management in compliance with law.

In addition, he is involved in management of a company by concurrently serving as representative director of a consulting company. Hence, along with the reason stated above, the Company considers that he will duly perform the duties of external Director.
 - The reason for selecting Mr. Masao Takamine as a candidate for external Director is that the Company considers that he will duly perform the duties of external Director as he not only has accumulated experience and expertise as a certified public accountant and certified tax accountant but also has been involved in management of a company by serving an audit firm and a related company of a tax accountant corporation as an employee and serving as representative director of a subsidiary of a tax accountant corporation.

5. The Company has entered into an agreement with each of Mr. Tetsuya Sekimoto and Mr. Masao Takamine to limit his liabilities pursuant to the provision of Article 427, paragraph 1 of the Companies Act of Japan. When this proposition is approved and adopted as proposed and Mr. Tetsuya Sekimoto and Mr. Masao Takamine are authorized to assume office again as external Directors, the Company will continue to enter into such agreement with each of them. The outline of the agreement is as follows:
 - When any external Director is liable to the Company for any damage for the failure to perform his/her duties, he/she shall be so liable within the amount as provided for in laws or ordinances.
 - The limitation of liabilities as stated above shall be applicable only if and when the external Director performs his/her duties for which he/she will become liable, in good faith or with no gross negligence.
6. The Company has registered Mr. Tetsuya Sekimoto and Mr. Masao Takamine as independent officers as stipulated by Tokyo Stock Exchange, Inc. The Company will continue to register Mr. Tetsuya Sekimoto and Mr. Masao Takamine as independent officers.
7. The Company has not entered, or does not plan to enter, into any advisory agreement or any other entrustment agreement with Mr. Tetsuya Sekimoto or his law office. The Company has not engaged, or does not plan to engage, in any consulting or other business with the consulting company that he has served as representative director.
8. The Company has not entered, or does not plan to enter, into any advisory agreement or any other entrustment agreement with Mr. Masao Takamine or his office of certified public accountants or certified tax accountants. The Company has not engaged, or does not plan to engage, in any engagement agreement or other business with the company, audit firm or tax accountant corporation that he has served as representative director or employee.
9. Mr. Tetsuya Sekimoto will have served as external Director of the Company for three (3) years at the close of this General Meeting of Shareholders. Mr. Masao Takamine will have served as external Director of the Company for two (2) years at the close of this General Meeting of Shareholders.
10. Each of Mr. Tetsuya Sekimoto and Mr. Masao Takamine has satisfied the "Criteria for Independence of External Officers" stipulated by the Company.

(Reasons for selecting the candidates for Directors)

The reason for selecting the (5) candidates for internal Director is that the Company considers that for the purpose of the business integration by share exchange expected to be executed as of March 17, 2017 in accordance with the business integration agreement entered into by the Company with Minebea Co., Ltd. on May 30, 2016, it is appropriate to reelect the Directors currently in office to proceed with the business integration.

The reason for selecting the (2) candidates for external Director is that the Company considers that it is appropriate to continue to elect them as external Directors as they, by taking advantage of their respective knowledge and experience as professionals, actively has asked questions at meetings of its Board of Directors, attended other meetings to express their opinions and otherwise offered precise advice on management of the Company from an independent standpoint.

[For reference: Criteria for Independence of External Officers of Mitsumi Electric Co., Ltd.]

Any person who does not fall under any of the criteria below shall be determined to be independent of the Company:

1. He/she is not a director or employee of the Company and any of its subsidiaries or ten years have not elapsed since he/she retires as such;
2. He/she is an executive of a major client of the Company or a client that retains the Company or any of its subsidiaries as a major client (major client: client representing 5% or more of net sales);
3. He/she is a professional, or belongs to an entity, that receives pecuniary consideration other than officer's remuneration from the Company or any of its subsidiaries;
4. He/she is affiliated with any entity to which the Company gives a donation or any corporation or entity in which the Company has a 10% or more equity;
5. He/she is affiliated with any corporation or entity that extends a loan in a large sum to the Company or any corporation or entity from which the Company receives a loan in a large sum (large sum: 10% or more of total assets);
6. He/she is affiliated with any major shareholder (10% or more) of the Company; and
7. Other than the above, there exists any reason that may threaten independence, including interlocking directorate.

Proposition No. 2: Election of one (1) Statutory Auditor

The term of office of Statutory Auditors Mr. Shizuumi Nojima and Mr. Makoto Yamada will expire at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that one (1) Statutory Auditor be elected.

The Board of Statutory Auditors has consented to the submission of this proposition.

The candidate for Statutory Auditor is as follows:

Name (Date of birth)	Brief history, position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
Makoto Yamada (May 31, 1953)	April 1976 Joined Mitsui Bank, Limited	3,100 share
	May 1984 Graduated from Business School, Cornell University (awarded an MBA)	
	April 1986 Investment Banking Group, Americas Division (New York), Mitsui Bank, Limited	
	April 1998 General Manager, Finance Engineering Office, Financial Market Business Department, The Sakura Bank, Limited	
	April 2000 General Manager, Financial Market Department, The Sakura Bank, Limited	
	April 2001 Sent on loan to Daiwa Securities SMBC Co. Ltd.; General Manager, Financial Products Development Business Department	
	April 2004 Principal Examiner, Operational Audit Department, Sumitomo Mitsui Banking Corporation	
	May 2005 Sent on loan to The Securities Analysts Association of Japan; General Manager, Education, Planning and Research Department	
	March 2007 Retired from Sumitomo Mitsui Banking Corporation	
	April 2007 General Manager, Education, Planning and Research Department, The Securities Analysts Association of Japan	
	June 2012 Full-time Statutory Auditor (current), to date	

- (Notes) 1. There is no conflict of interest between the candidate and the Company.
2. Mr. Makoto Yamada is a candidate for external Statutory Auditor.
3. Management has selected Mr. Makoto Yamada as a candidate for external Statutory Auditor to ensure appropriate audits backed up by his broad knowledge of management, accounting and law, as well as qualifications as a securities analyst and certified internal auditor. He will have served as external Statutory Auditor of the Company for four (4) years at the close of this General Meeting of Shareholders.
- Mr. Makoto Yamada has not been directly involved in management of any corporation but for the above-mentioned reason, management has judged that he will be able to properly

execute his duties as external Statutory Auditor of the Company.

4. The Company has entered into an agreement with Mr. Makoto Yamada to limit his liability in accordance with Article 427, paragraph 1 of the Corporation Law of Japan. When this proposition is approved and adopted as proposed and Mr. Makoto Yamada is authorized to assume office again as external Statutory Auditor, the Company will continue to enter into such agreement. The outline of the content of such agreement is as follows:
 - If any external Statutory Auditor is liable to the Company for any damage arising from a default in his duties, he shall be liable within the liability amount as provided for in laws or ordinances.
 - The above-mentioned liability limitation shall apply only if and when the external Statutory Auditor is in good faith and with no gross negligence in the performance of his duties that caused such liability.
5. The Company has registered Mr. Makoto Yamada as independent officer as stipulated by Tokyo Stock Exchange, Inc. The Company will continue to register Mr. Makoto Yamada as independent officer.
6. Mr. Makoto Yamada has satisfied the "Criteria for Independence of External Officers" stipulated by the Company.

[For the Criteria for Independence of External Officers, please refer to Proposition No.1.]

Proposition No. 3: Election of one (1) Substitute Statutory Auditor

To prepare in advance for a vacancy in the statutory number of Statutory Auditors, it is hereby proposed that one (1) substitute Statutory Auditor be elected.

The Board of Statutory Auditors has consented to this proposition.

The candidate for substitute Statutory Auditor is as follows:

Name (Date of birth)	Brief history (and important concurrent office)	Number of shares of the Company held by Candidate
Masahiro Machida (August 23, 1962)	April 1993 Registered as attorney at law (Tokyo Bar Association)	0 share
	April 1993 Joined Kosaka Law Office (current Marunouchi First Law Office)	
	April 1998 Standing Committee Member, Tokyo Bar Association	
	April 2002 Part-time instructor, International Department, International Division, Kyohei University	
	April 2006 Member of a mediation committee (IT& Construction Specialty), Tokyo District Court, to date	
	April 2010 Organizer, Mediation Committee, Tokyo District Court	
	October 2010 Member of Complicated Administration Committee, Tokyo Bar Association, to date	
	October 2011 Member of Election Supervisory Committee, Tokyo Bar Association, to date	
	October 2013 Member of Mediation Center on Member-Client Disputes, Nuclear Damage Compensation Resolution Centre, to date	
	February 2014 Legal Counsel, to date	
(Important concurrent office) Partner, Marunouchi First Law Office		

- (Notes)
1. Mr. Masahiro Machida has served as legal counsel of the Company since February 1, 2014 and the Company pays counsel's fees to him.
 2. Mr. Masahiro Machida is a candidate for substitute internal Statutory Auditor.
 3. The reason for selecting Mr. Masahiro Machida as a candidate for substitute internal Statutory Auditor is that the Company expects him to reflect his considerable expertise as an attorney in law on the audit system of the Company.
 4. In the event that Mr. Masahiro Machida assumes the office of internal Statutory Auditor, the Company will enter into an agreement with him to limit his liability in accordance with Article 427, paragraph 1 of the Corporation Law of Japan. The outline of the content of such agreement is as follows:

- If any Statutory Auditor is liable to the Company for any damage arising from a default in his duties, he shall be liable within the liability amount as provided for in laws or ordinances.
- The above-mentioned liability limitation shall apply only if and when the Statutory Auditor is in good faith and with no gross negligence in the performance of his duties that caused such liability.

- END -