

(Translation)

July 16, 2015

Dear Sirs,

Name of listed company: Mitsumi Electric Co., Ltd.
Representative: Shigeru Moribe
President and Representative
Director
Code No.: 6767, 1st section of the Tokyo Stock Exchange
Person to contact: Kunihiro Noguchi
General Manager of General
Affairs Dept.

**Notice of the Issuance of Euro Yen Convertible-Bonds-Type Bonds
with Stock Acquisition Rights due 2022**

It is hereby notified that Mitsumi Electric Co., Ltd. (the "Company"), at the meeting of its Board of Directors held on July 16, 2015, adopted a resolution to issue Euro Yen Convertible-Bonds-Type Bonds with Stock Acquisition Rights due 2022 (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*; the "Bonds with Stock Acquisition Rights") in the aggregate principal amount of ¥20 billion, as described below:

Background and Purpose of the Issuance of the Bonds with Stock Acquisition Rights:

With the mission of making contributions to the people of the world by supplying electronic parts, the Mitsumi Group offer its unique products and solutions to customers all over the world by making the most of a broad range of its expertise and technologies as a general electronic parts manufacturer.

In the electronic parts industry where the Mitsumi Group is doing business, the market for information communications equipment, including smartphones has continued to grow. The market for car-mounted devices also has accelerated growth with more electronic components mounted on, and information networking of, automobiles through the addition of sensing and communication functions. In the meantime, technological and price competition with competitors, including those in emerging countries, is further intensifying.

Under these circumstances, the Mitsumi Group, with a new policy of gaining a scale profit by increasing net sales since the previous fiscal year, will concentrate its managerial resources on its product lines having a large market share in the world, develop new technologies and market products ahead of the competition and make large-scale investments to expand production capacity ahead of the expansion of the market.

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Specifically, for its product lines having a large market share in the world, including camera-shake correction camera actuators for smartphones, autofocus camera actuators and battery protection ICs for smartphones, the Mitsumi Group will, as mentioned above, develop new technologies and market products ahead of the competition and further reinforce its market advantage.

With regard to the lines of products, including products related to car-mounted devices and healthcare equipment, with high growth potential in the future, the Mitsumi Group will apply its expertise nurtured in the audio-visual and communications market to expand the business of car-mounted antennae, satellite broadcasting tuners and other products. Furthermore, the Mitsumi Group is focusing its efforts on developing MEMS (Micro Electro Mechanical Systems)-related products, including small mirrors necessary to project images on windshields of automobiles. It will endeavor to develop next-generation technologies and create new businesses.

As a financial strategy, the Company aims to maintain the dividend payout ratio at 30% or more based on its consolidated operating results to distribute profits to its shareholders.

As a specific means to attain the aim of boosting ROE (Return On Equity) on a consolidated basis to 10% or more as a management index, the Company has determined to issue the Bonds with Stock Acquisition Rights and acquire its own shares to increase net sales based on the abovementioned policy and implement the distribution of more profits to its shareholders and flexible capital policies through enhancing its capital efficiency.

Use of Proceeds:

The net proceeds of approximately ¥20 billion from the issuance of the Bonds with Stock Acquisition Rights are expected to be used as follows:

- (i) Approximately ¥2 billion by the end of September 2015 for lending to the Company's consolidated subsidiary in the Philippines, Cebu Mitsumi, Inc., with Cebu Mitsumi to use such funds as capital expenditures in relation to the building of a new factory unit, for the purpose of expanding the Mitsumi Group's production capacity relating to camera actuators for smartphones;
- (ii) Approximately ¥8 billion by the end of March 2016, as capital expenditures for purchasing production equipment principally for the purpose of expanding the Mitsumi Group's production capacity relating to camera actuators for smartphones;
- (iii) Approximately ¥5 billion by the end of March 2016, for application towards increased working capital needs in connection with the expansion in business in relation to products such as camera actuators for smartphones, secondary battery-related semiconductors, car-mounted antennae, satellite broadcasting tuners and MEMS-related

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products; and

- (iv) Approximately ¥5 billion by October 30, 2015, as funding for the acquisition by the Company of its own shares with a view to further enhancing the return of profits to shareholders through improvement of the efficiency of capital, as well as enabling the Company to implement flexible capital policies.

With regard to the acquisition by the Company of its own shares, the Company, at the meeting of its Board of Directors held today, adopted a resolution to establish a limit on the acquisition cost at a maximum ¥5 billion and the acquisition period from (and including) July 17, 2015 to (and including) October 30, 2015, simultaneously with the resolution to issue the Bonds with Stock Acquisition Rights. To the extent such acquisition takes place prior to the closing date in respect of the Bonds with Stock Acquisition Rights, the Company intends to fund such acquisition through short-term borrowings from financial institutions, and to apply the amount referred to above in respect of the proceeds of the offering of the Bonds to repayment of such borrowings.

As the amount which the Company is able to acquire its own shares is dependent on, among other things, market conditions, to the extent not all of the amount referred to above in respect of the proceeds of the offering of the Bonds is applied towards such acquisition, any balance will be applied towards capital expenditures principally for expanding the production capacity relating to camera actuators for smartphones.

Aim of the Scheme (a Method of Combining the Issuance of the Bonds with Stock Acquisition Rights with the Acquisition by the Company of its Own Shares):

The Company has determined to issue the Bonds with Stock Acquisition Rights, which have the features noted below, as a fund procurement method to procure funds for growth that may contribute business expansion at low cost while suppressing dilution by considering the interests of its existing shareholders:

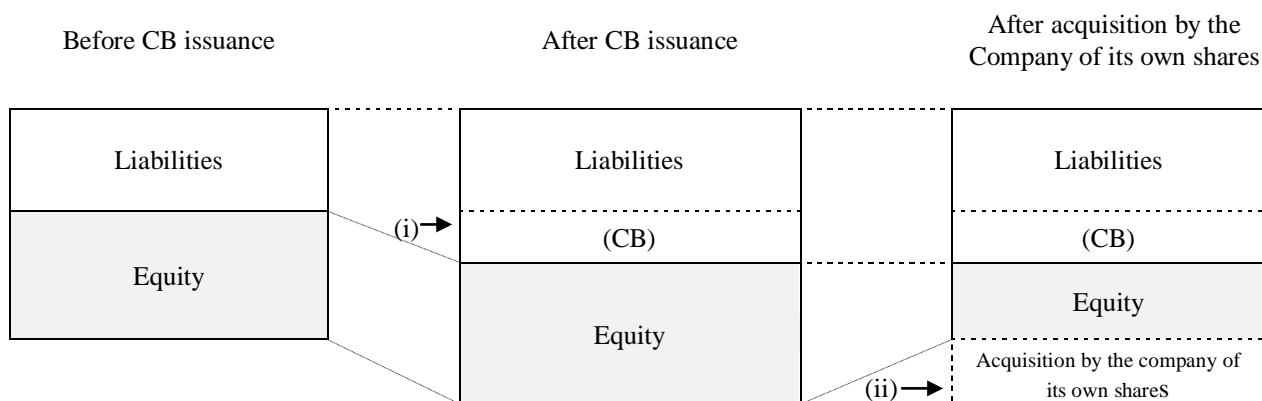
- (i) The Bonds with Stock Acquisition Rights, which will be issued with zero coupons and with the paid-in amount not less than the principal amount, are a fund procurement with minimal interest cost and fund-raising cost;
- (ii) The Bonds with Stock Acquisition Rights, which set the conversion price higher than the market price, are expected to have the effect of controlling dilution of income per share after the issuance thereof;
- (iii) The Bonds with Stock Acquisition Rights, are designed for the procurement of funds that are liabilities by nature with a conversion restriction clause, which prohibits conversion thereof to shares of common stock for a specified period to show consideration for the existing shareholders; and

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- (iv) The acquisition by the Company of its own shares by utilizing the Bonds with Stock Acquisition Rights is expected to improve the efficiency of capital, such as return on equity (ROE) and earnings per share (EPS), and increase its enterprise value.

With regard to the enhancement of capital efficiencies through the issuance of the Bonds with Stock Acquisition Rights and the acquisition by the Company of its own shares, please refer to the following figure:

Figure: Issuance of the Bonds with Stock Acquisition Rights (CB) and the Acquisition by the Company of its Own Shares



- (i) Increase in liabilities (procurement of funds that are liabilities by nature at low cost: issuance (zero coupon, conversion price exceeding the market price, conversion restriction clause))
- (ii) Decrease in equity (decrease in equity as a result of the acquisition by the Company of its own shares)

Effects expected to be produced by the implementation of the scheme:

- Reduction of capital cost as a result of increased liabilities and decreased equity
- Increase in return on equity (ROE) as a result of decreased equity
- Increase in earnings per share (EPS) as a result of the acquisition by the Company of its own shares

With regard to the acquisition by the Company of its own shares, as described in the "Notice of Determination of the Matters concerning the Acquisition by the Company of its Own Shares" and the "Notice of Purchase by the Company of its Own Shares through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) System" disclosed separately today, the Company, simultaneously with the resolution to issue the Bonds with Stock Acquisition Rights, adopted a resolution to establish a limit on the acquisition by the Company of its own shares up to 7,000,000 shares at a maximum cost of ¥5 billion and also determined to acquire its own shares in the aggregate acquisition prices of ¥5 billion through announced-in-advance Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system on July 17, 2015. If the number of shares purchased through the abovementioned ToSTNeT-3 system falls below the

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number of shares planned to be acquired, the Company intends to continue the acquisition of its own shares on or after July 21, 2015 by taking into consideration the market conditions, various rules and regulations and other factors.

Conversion Restriction Clause:

This means a clause that prohibits investors to exercise stock acquisition rights as long as the stock price does not exceed a specified level of the conversion price for a specified period. With regard to the Bonds with Stock Acquisition Rights, only if, as of the last Trading Day of any calendar quarter, the Closing Price of the shares of common stock of the Company for 20 consecutive Trading Days ending on such date is more than 130 per cent. of the Conversion Price in effect on the last Trading Day of such calendar quarter, a Bondholder may exercise its Stock Acquisition Rights on and after the first day of the following calendar quarter until the end of such quarter, except that a Bondholder may exercise the Stock Acquisition Rights at any time from (and including) August 3, 2020 to (and including) July 20, 2022.

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Description

1. Description of the Bonds: Mitsumi Electric Co., Ltd. Euro Yen Zero Coupon Convertible Bonds due 2022 (*tenkanshasaigata shinkabu yoyakuen-tsuki shasai*; the "Bonds with Stock Acquisition Rights", among which the bonds only shall be referred to as the "Bonds" and the stock acquisition rights only shall be referred to as the "Stock Acquisition Rights" hereinafter)
2. Paid-in amount of each Bond: 100.5% of the principal amount of each Bond (principal amount of each Bond: ¥10,000,000)
3. Cash to be paid in exchange for Stock Acquisition Rights: No cash payment shall be required in exchange for any Stock Acquisition Right.
4. Closing Date and Issue Date for the Bonds: August 3, 2015 (London time; the same applies hereinafter unless otherwise specified)
5. Matters concerning the offering:
 - (1) Method of floatation: Offering in the overseas market (excluding the United States of America) consisting mainly of Europe through underwriting by purchase of the entire amount by Daiwa Capital Markets Europe Limited and SMBC Nikko Capital Markets Limited as the Joint Bookrunners and Joint Lead Managers (the "Joint Lead Managers"). Any application for the purchase shall be submitted no later than 8:00 (Japan time) on the day next following the day on which a subscription agreement in respect of the Bonds with Stock Acquisition Rights shall be entered into between the Company and the Joint Lead Managers (the "Conditions Determination Date").
 - (2) Offer price (issue price) of Bonds with Stock Acquisition Rights: 103.0% of the principal amount of each Bond

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6. Matters concerning Stock Acquisition Rights:

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| (1) Class, content and number of shares to be issued or transferred upon exercise of Stock Acquisition Rights: | The class and content of shares to be issued or transferred upon exercise of Stock Acquisition Rights shall be shares of common stock of the Company (the "Shares") (number of shares constituting one unit: 100 shares). The number of shares to be delivered by the Company upon exercise of the Stock Acquisition Rights shall be the number to be obtained by dividing the aggregate of the paid-in amounts of the Bonds related to such exercise by the Conversion Price set out in paragraph (4) below. Any fraction of a share resulting from the exercise shall be rounded down and no cash adjustment shall be made. |
| (2) Total number of Stock Acquisition Rights to be issued: | 2,000 rights and the number of rights to be obtained by dividing by ¥10,000,000 the aggregate of the principal amounts of the Bonds related to replacement Certificates with Stock Acquisition Rights (bond certificates with Stock Acquisition Rights to be issued on such terms as to evidence, security or indemnity should any Certificate (as defined in Section 7 (4) below) with Stock Acquisition Rights be lost, stolen, destroyed, mutilated or defaced; the same applies hereinafter) |
| (3) Date of allocation of Stock Acquisition Rights: | August 3, 2015 |
| (4) Description of the asset to be contributed upon exercise of the Stock Acquisition Rights and the amount thereof: | (A) Upon exercise of each Stock Acquisition Right, the Bond related to the Stock Acquisition Right shall be contributed to capital and the amount of the Bond shall be equivalent to the paid-in amount thereof.

(B) The Conversion Price shall, pursuant to the authorization of the Board of Directors of the Company, initially be determined by a Representative Director or any other duly authorized officer (an "Authorized Officer") of the Company, who shall take into consideration investor demand and other movements of the market; provided, however, that the initial Conversion Price shall not fall below the amount obtained by multiplying by 1.0 the Closing Price of the Shares on the Conditions Determination Date. |

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(C) The Conversion Price shall be adjusted in accordance with the following formula when the Company issues Shares or disposes of the Shares held by the Company for a paid-in amount less than the current market price thereof after the issuance of the Bonds with Stock Acquisition Rights. In the following formula, the "number of already issued shares" means the total number of the Shares issued (excluding the Shares held by the Company).

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 +
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 }
 \end{array}$$

The Conversion Price shall also be adjusted from time to time in certain events, such as a split or consolidation of the Shares, distribution of certain retained earnings and the issuance of stock acquisition rights (including those attached with bonds with stock acquisition rights) which enable the holders thereof to make requests for the grant of the Shares at a price less than the current market price of the Shares.

(5) Stated capital and additional paid-in capital to be increased when shares are issued upon exercise of Stock Acquisition Rights:

The amount of stated capital to be increased when shares are issued upon exercise of the Stock Acquisition Rights shall be one-half of the "maximum capital and other increase amount", as calculated pursuant to Article 17 of the Rules of Account Settlement of Corporations in respect of the exercise of the relevant Stock Acquisition Rights, with any fraction of less than one yen being rounded up. The amount of additional paid-in capital to be increased shall be an amount obtained by reducing from the maximum capital and other increase amount the amount of stated capital so increased.

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(6) Exercise period of Stock Acquisition Rights:

Each Stock Acquisition Right may be exercised at any time during the period from, and including, August 17, 2015 to, and including, July 20, 2022 (at the place where the Stock Acquisition Right is to be exercised); however, (i) if the relevant Bond shall have been called for premature redemption by the Company under Section 7 (3) (B) (i) through (v) below, then up to the third Tokyo Business Day (at the place as aforesaid) prior to the date fixed for redemption thereof (unless, in the case of such Bond being called for premature redemption under Section 7 (3) (B) (ii) below, the relevant holder of the Bonds has elected that such Bonds shall not be redeemed), (ii) if the relevant Bonds have been elected for premature redemption by the relevant holder of the Bonds with Stock Acquisition Rights under Section 7 (3) (B) (vi) below, up to the time when the Bondholders' Optional Redemption Notice is deposited with the Paying and Stock Acquisition Rights Exercise Agent under Section 7 (6) below, (iii) if the relevant Bond shall have been purchased for cancellation under Section 7 (3) (C) below, then up to the time when such Bond is so cancelled, or (iv) if the relevant Bond shall become due and repayable under Section 7 (3) (D) below, then up to the time when such Bond becomes so due and repayable; provided, however, that in no event, shall the Stock Acquisition Rights be exercised after July 20, 2022 (at the place where the Stock Acquisition Right is to be exercised).

However, the Stock Acquisition Rights may not be exercised for such period as may be designated by the Company, which period may not exceed 30 days, and which period shall end on a date not later than 14 days after the Corporate Event Effective Date if the Company reasonably determines that such suspension is necessary in order to consummate the relevant Corporate Event by the Company.

Despite the above, any Stock Acquisition Right shall not be exercised if a calendar day in Japan on which the exercise of Stock Acquisition Rights becomes effective (or if the calendar day is not a Tokyo Business Day, the next following Tokyo Business Day) falls during the period from, and including, two Tokyo Business Days prior to each Record Date specified by the Company or any other day

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specified for determining the shareholders (together with the Record Date specified by the Company, collectively, any "Shareholder Determination Date") in relation to Article 151, paragraph 1 of the Act on Book-Entry Transfer of Company Bonds, Shares, Etc. of Japan (Act No. 75 of 2001; the "Book-Entry Act") (if the relevant Shareholder Determination Date is not a Tokyo Business Day, three Tokyo Business Days prior to the Shareholder Determination Date) to, and including, such Shareholder Determination Date (if the relevant Shareholder Determination Date is not a Tokyo Business Day, the Tokyo Business Days next following the Shareholder Determination Date); provided that if there is a change to the mandatory provisions of Japanese law and regulation or practice relating to the grant of shares upon exercise of stock acquisition rights through the book-entry transfer system established pursuant to the Book-Entry Act, then the Company may amend the limitation on the exercise period of the Stock Acquisition Rights in this paragraph to reflect such change in law, regulation or practice. If, as a Shareholder Determination Date, the Company fixes a day other than as fixed as such in its Articles of Incorporation, the Company shall give notice in writing of the period during which the Stock Acquisition Rights shall not be exercised to the Trustee and the Bondholders no later than three Tokyo Business Days prior to such Shareholder Determination Date.

(7) Other conditions for the exercise of Stock Acquisition Rights:

- (A) No Stock Acquisition Right may be exercised in part only.
- (B) Prior to (but not including) August 3, 2020, only if, as of the last Trading Day (defined below) of any calendar quarter, the Closing Price of the Shares for 20 consecutive Trading Days ending on such date is more than 130 per cent. of the Conversion Price in effect on the last Trading Day of such calendar quarter (as determined by the Paying and Stock Acquisition Right Exercise Agent and notified to the Bondholders), a Bondholder may exercise its Stock Acquisition Rights on and after the first day of the following calendar quarter until the end of such quarter (or, in the case of the calendar quarter commencing on July 1, 2020 until

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August 2, 2020); provided, however, that the condition for the exercise of Stock Acquisition Rights set forth in this subparagraph (B) shall not be applicable during each period set forth in items (i), (ii) and (iii) below:

- (i) i) the long-term issuer rating assigned to the Company by Japan Credit Rating Agency, Ltd. or its successors (together, "JCR") is BBB- or lower, ii) JCR no longer assigns a long-term issuer rating to the Company, or iii) the long-term issuer rating assigned to the Company by JCR has been suspended or withdrawn by JCR;
- (ii) after the Company gives notice of premature redemption of the Bonds set forth under Section 7 (3) (B) (i) through (v) below (but not including the Stock Acquisition Rights attaching to the Bonds elected not to be redeemed prematurely under Section 7 (3) (B) (ii) below); and
- (iii) upon the occurrence of any Corporate Event, from (and including) the date upon which the Company is first required to give notice to the Bondholders in accordance with the Terms and Conditions of the Bonds (the "Conditions") to (and including) the relevant Corporate Event Effective Date, subject to the suspension of any exercise of the Stock Acquisition Rights by the Company as referred to in paragraph (6) above.

As used in this subparagraph (B), "Trading Day" means a day on which Tokyo Stock Exchange, Inc. is open for business but does not include a day on which no closing bid or offered price is furnished.

- (8) Grant of New Stock Acquisition Rights by New Obligor in case of Corporate Event by the Company:
 - (A) If a Corporate Event occurs, the Company shall use its best endeavours to cause the New Obligor (as defined below) to be substituted as the principal obligor under the Bonds with Stock Acquisition Rights and for the grant of New Stock Acquisition Rights in relation to the Bonds in place of the Stock Acquisition Rights pursuant to the Conditions; provided, however, that (i) such substitution and grant is legally possible under the then

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applicable Japanese laws, (ii) a practical structure for such substitution and grant has been or can be established; and (iii) such substitution and grant can be consummated without the Company or the New Obligor incurring costs or expenses (including taxes) which are in the opinion of the Company unreasonable in the context of the entire transaction. In such case, the Company shall also use its best endeavours to ensure that the shares of common stock of the New Obligor will be listed on any stock exchange in Japan or be quoted or dealt in on any securities market in Japan on the day on which the Corporate Event occurs. The obligations of the Company to use its best endeavours under this subparagraph (A) shall not apply if the Company delivers a certificate to the Trustee as set out in Section 7 (3) (B) (iii) (d) above.

"New Obligor" means any counterparty to a Corporate Event to or by which the obligations of the Company under the Bonds with Stock Acquisition Rights and/or the Stock Acquisition Rights are proposed to be transferred or assumed.

(B) The descriptions of the New Stock Acquisition Rights to be granted by the New Obligor as provided for in subparagraph (A) above shall be as follows:

(i) Number of New Stock Acquisition Rights to be granted:

The number of New Stock Acquisition Rights to be granted will be equal to the number of the Stock Acquisition Rights attaching to the Bonds with Stock Acquisition Rights outstanding immediately prior to the relevant Corporate Event Effective Date.

(ii) Class of shares to be issued or transferred upon exercise of the New Stock Acquisition Rights:

Shares of common stock of the New Obligor

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- (iii) Number of shares to be issued or transferred upon exercise of the New Stock Acquisition Rights:

The number of shares of common stock of the New Obligor to be issued or transferred upon exercise of the New Stock Acquisition Rights shall be determined by reference to the Conditions taking into account the terms of the transaction contemplated under the relevant Corporate Event, and

- i) in the case of a Merger Event or a Holding Company Event, the conversion price for the New Stock Acquisition Rights shall be such that the holder of a New Stock Acquisition Right would upon its exercise immediately after the Corporate Event Effective Date receive the number of shares of common stock of the New Obligor (the "Number of Deliverable Shares") receivable upon the relevant Corporate Event by a holder of the number of Shares (such number being the "Number of Held Shares") which a holder of a Stock Acquisition Right would have received had such Stock Acquisition Right been exercised immediately prior to the relevant Corporate Event Effective Date. If securities (other than shares of common stock of the New Obligor) or other property shall be delivered to such holder of the Number of Held Shares upon the taking effect of the Merger Event or the Holding Company Event (as the case may be), such number of shares of common stock of the New Obligor shall form part of the Number of Deliverable Shares as shall be calculated by dividing the fair market value of such securities or properties delivered to such holder of the Number of Held Shares by the market price of a share of common stock of the New Obligor; or

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- ii) in the case of any other Corporate Event, the conversion price for the New Stock Acquisition Rights shall be such that the holder of a New Stock Acquisition Right would upon its exercise immediately after the Corporate Event Effective Date receive an equivalent economic interest as that which a holder of a Stock Acquisition Right would have received had such Stock Acquisition Right been exercised immediately before the relevant Corporate Event Effective Date.

The conversion price shall be subject to adjustment which shall be nearly equivalent to the adjustments set out in paragraph (4) (C) above.

- (iv) Description of the asset to be contributed upon exercise of the New Stock Acquisition Rights and the amount thereof:

Upon exercise of each New Stock Acquisition Right, the relevant Bond shall be deemed to be acquired by the New Obligor as a capital contribution in kind and the amount of the Bond shall be equal to the principal amount of the relevant Bond.

- (v) Exercise period of the New Stock Acquisition Rights:

The New Stock Acquisition Rights may be exercised at any time during the period from, and including, the relevant Corporate Event Effective Date (or any day within 14 days thereafter, as the case may be) up to, and including, the last day of the Exercise Period of the Stock Acquisition Rights set out in paragraph (6) above.

- (vi) Other conditions for the exercise of the New Stock Acquisition Rights:

No New Stock Acquisition Right may be

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exercised in part only. The exercise of New Stock Acquisition Rights of the New Obligor shall be subject to the same restriction as set forth in paragraph (7) (B) above.

- (vii) Stated capital and additional paid-in capital to be increased when shares are issued upon exercise of the New Stock Acquisition Rights:

The amount of stated capital to be increased when shares are issued upon exercise of New Stock Acquisition Rights shall be one-half of the "maximum capital and other increase amount", as calculated pursuant to Article 17 of the Rules of Account Settlement of Corporations in respect of the exercise of the relevant New Stock Acquisition Rights, with any fraction of less than one yen being rounded up. The amount of additional paid-in capital to be increased shall be an amount obtained by reducing from the maximum capital and other increase amount the amount of stated capital so increased.

- (viii) Occurrence of any subsequent Corporate Event:

If any Corporate Event occurs to the New Obligor, it shall be treated in the same manner as the Bonds with Stock Acquisition Rights.

- (ix) Others:

Fractions of a share of common stock of the New Obligor that would otherwise be issued by the New Obligor upon exercise of the New Stock Acquisition Rights shall be truncated and no adjustment or cash payment will be made in respect thereof. Each Bond assumed or Bond provided, by the New Obligor may not be transferred separately from the New Stock Acquisition Rights.

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(C) If the Company causes its obligations under the Bonds and the Trust Deed to be transferred to or assumed by the New Obligor in accordance as provided for in subparagraph (A) above, it shall provide a guarantee in certain cases specified in the Conditions and also comply with the Conditions.

- (9) Reason for requiring no cash payments in exchange for Stock Acquisition Rights: The Bonds and the Stock Acquisition Rights are closely connected, i.e., the Stock Acquisition Rights are attached with the Convertible-Bonds-Type Bonds with Stock Acquisition Rights and may not be transferred separately from the Bonds and the Bonds related to the Stock Acquisition Rights shall be contributed to capital in kind upon exercise of the relevant Stock Acquisition Rights. In addition, the Company has taken into consideration the value of the Stock Acquisition Rights and the economic value to be generated to the Company by the terms of issuance of the Bonds, including interest on the Bonds and the paid-in amount thereof. Hence, the Company has determined that no cash payments be required in exchange for the Stock Acquisition Rights.

7. Matters concerning the Bonds:

- (1) Aggregate principal amount of the Bonds: ¥20,000,000,000, plus the aggregate principal amount of the Bonds related to the replacement Bonds with Stock Acquisition Rights
- (2) Interest on the Bonds: The Bonds shall bear no interest.
- (3) Methods of redemption and due dates of the Bonds: (A) Redemption upon maturity:
To be redeemed at 100 per cent. of the principal amount of each Bond on August 3, 2022 (the "Maturity Date")
- (B) Premature redemption of the Bonds:
(i) Premature redemption by Clean-up Clause:
If at any time prior to the date upon which the premature redemption notice under this item (i) is given, the outstanding principal amount of the

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Bonds is less than 10% of the aggregate principal amount of the Bonds as of the date of issue thereof, the Company may, having given not less than 30 nor more than 60 days' prior notice (which notice shall be irrevocable) to the Trustee, (unless the Trustee is also the Paying and Stock Acquisition Rights Exercise Agent) the Paying and Stock Acquisition Rights Exercise Agent set forth in paragraph (6) below and the Bondholders, redeem all, but not some only, of the Bonds then outstanding at 100 per cent. of their principal amount.

However, if the Company becomes obligated to give a premature redemption notice under item (iii) or (v) below or if any of the events provided for in item (iv) (a) through (d) below occurs, the Company may not give any premature redemption notice under this item (i) thereafter.

(ii) Premature redemption for taxation reasons:

If the Company satisfies the Trustee that the Company has or will become obliged to pay additional amounts as provided for in Section 8 (A) below and that such obligation cannot be avoided by the Company taking reasonable measures available to it, the Company may, having given not less than 30 nor more than 60 days' prior notice ("Tax Redemption Notice") (which notice shall be irrevocable) to the Trustee, (unless the Trustee is also the Paying and Stock Acquisition Rights Exercise Agent) the Paying and Stock Acquisition Rights Exercise Agent set forth in paragraph (6) below and the Bondholders, redeem all, but not some only, of the Bonds then outstanding at 100 per cent. of their principal amount on a date fixed for redemption (the "Tax Redemption Date"); provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

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Notwithstanding the foregoing, if the outstanding principal amount of the Bonds at the time when such Tax Redemption Notice is given is 10 per cent. or more of the aggregate principal amount of the Bonds as of the date of issue thereof, each Bondholder will, having given notice to the Company no later than 20 days prior to the Tax Redemption Date, have the right to elect that its Bonds should not be redeemed. In such case, the Company shall not be obliged to pay additional amounts as provided for in Section 8 (A) below and the payment in respect of the Bonds after the Tax Redemption Date shall be made subject to the withholding of, or deduction for or on account of, Japanese taxes, duties, assessments and governmental charges referred to in Section 8 (A) below.

However, if the Company becomes obligated to give a premature redemption notice under item (iii) or (v) below or if any of the events provided for in item (iv) (a) through (d) below occurs, the Company may not give any premature redemption notice under this item (ii) thereafter.

(iii) Premature redemption due to Corporate Events:

If any of the following conditions is satisfied upon or following the occurrence of a Corporate Event (as defined below): (i) it is not legally possible under the then applicable Japanese laws (taking into account the then official or judicial interpretation of such laws) to take steps as provided for in Section 6 (8) (A) above; or (ii) it is legally possible to take steps as provided for in Section 6 (8) (A) above but, despite the Company using its best endeavours, the Company cannot take such steps; or (iii) despite the Company using its best endeavours, on (a) the date of the approval of the relevant Corporate Event by its general meeting of shareholders or its Board of Directors or (b) the 25th day prior to the relevant Corporate Event

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Effective Date, whichever occurs later, (x) the shares of common stock of the New Obligor set out in Section 6 (8) (A) above have not been listed on any financial instruments exchange in Japan, and (y) no confirmation has been obtained by the New Obligor from any financial instruments exchange in Japan or the governing body of any financial instruments market in Japan that such listing will be obtained on or prior to such Corporate Event Effective Date; or (iv) on or prior to the date of approval thereof by its general meeting of shareholders or its Board of Directors mentioned above, the Company has delivered to the Trustee a certificate signed by a Representative Director or an Authorised Officer stating that the Company does not currently anticipate that a listing will be obtained or maintained for the shares of common stock of the New Obligor on the relevant Corporate Event Effective Date (with any reason therefor stated in such certificate), the Company may, having given not less than 14 Tokyo Business Days' prior notice (which notice shall be irrevocable) to the Trustee, (unless the Trustee is also the Paying and Stock Acquisition Rights Exercise Agent) the Paying and Stock Acquisition Rights Exercise Agent set forth in paragraph (6) below and the Bondholders, redeem all, but not some only, of the Bonds then outstanding at the redemption price set forth below on the date specified for redemption in such notice of redemption (the "Corporate Event Redemption Date") (which shall be no later than the relevant Corporate Event Effective Date).

The redemption price applicable to the abovementioned redemption shall be calculated according to a specified formula by the redemption day and reference parity of the Bonds with Stock Acquisition Rights so that it will be a price that reflects the value of the Bonds with Stock Acquisition Rights as of the redemption day by taking into consideration the interest rates, market price of the Shares, volatilities and other market trends when the Conversion Price set forth in

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Section 6 (4) (B) above is determined. The redemption price to be determined according to the formula shall be no less than 100 per cent. nor more than 210 per cent. of the principal amount of each Bond (provided, however, that if the redemption date falls during the period from, and including, July 21, 2022 to, and including, August 2, 2022, the redemption price shall be 100 per cent. of the principal amount of each Bond). The particulars of the formula shall be determined by a Representative Director or any Authorized Officer of the Company upon authorization by the Board of Directors of the Company, simultaneously with the determination of the Conversion Price set forth in Section 6 (4) (B) above.

"Corporate Events" collectively refer to (i) the passing of a resolution at a general meeting of shareholders of the Company (or, where a resolution of a general meeting of shareholders is not necessary, at a meeting of the Board of Directors of the Company) for (a) any consolidation or amalgamation (*shinsetsu gappei*) of the Company with, or merger (*kyushu gappei*) of the Company into, any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation; the same applies hereinafter), (b) the sale or transfer of all or substantially all of the assets of the Company to another corporation (the "Asset Transferee"), pursuant to the terms of which the Company's obligations under the Bonds with Stock Acquisition Rights are to be transferred to or assumed by the Asset Transferee, (c) any corporate split (*shinsetsu bunkatsu* or *kyushu bunkatsu*) in which the Company's obligations under the Bonds with Stock Acquisition Rights are to be transferred to or assumed by the corporation which is the counterparty to such corporate split (the "Corporate Split Counterparty") or (d) the Company to become a wholly-owned subsidiary of another corporation (the "Holding Company") by way of share exchange (*kabushiki-kokan*) or share transfer (*kabushiki-iten*)

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and (ii) the passing of a resolution at a general meeting of shareholders of the Company (or, where a resolution of a general meeting of shareholders is not required, at a meeting of the Board of Directors of the Company) for any other corporate reorganization procedure then provided for under Japanese law pursuant to which the obligations under the Bonds and/or the Stock Acquisition Rights are proposed to be transferred to or assumed by another corporation.

(iv) Premature redemption on delisting of the Shares:

If (a) any offer is made by a party or parties (the "Offeror") other than the Company in accordance with the Financial Instruments and Exchange Act to all holders of Shares to acquire all or a portion of the Shares, (b) the Company expresses its opinion to support such offer in accordance with the Financial Instruments and Exchange Act, (c) the Company or the Offeror states in the relevant tender offer registration statement or any amendment thereto, or otherwise publicly announces or admits, that the Shares may cease to be listed, quoted or dealt in on the Relevant Stock Exchange or may be disqualified from such listing, quotation or dealing, as a result of the acquisition of the Shares pursuant to the offer (unless the Company or the Offeror publicly expresses its intention to use its best endeavours to continue such listing, quotation or dealing after such acquisition) and (d) the Offeror acquires any Shares pursuant to the offer, then the Company shall, having given notice (which notice shall be irrevocable) to the Trustee, (unless the Trustee is also the Paying and Stock Acquisition Rights Exercise Agent) the Paying and Stock Acquisition Rights Exercise Agent set forth in paragraph (6) below and the Bondholders, as soon as practicable but within 14 days after the date of acquisition of those Shares pursuant to the offer, redeem all, but not some only, of the Bonds then outstanding at the redemption price to be determined according to a formula similar to that

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for the redemption set forth in item (iii) above (such redemption price shall be no less than 100 per cent. nor more than 210 per cent. of the principal amount of each Bond; provided, however, that if the redemption date falls during the period from, and including, July 21, 2022 to, and including, August 2, 2022, the redemption price shall be 100 per cent. of the principal amount of each Bond), on the date specified for redemption thereof in such notice of redemption (which shall be a date falling not earlier than 14 Tokyo Business Days, nor later than 30 Tokyo Business Days, from the date of such notice).

Notwithstanding the foregoing, if the Company or the Offeror states in the relevant tender offer registration statement or any amendment thereto, or otherwise publicly announces, that it intends to effect a Corporate Event after the date of acquisition of any Shares pursuant to the offer, then the obligations of the Company to redeem Bonds under this item (iv) shall not apply unless such Corporate Event does not occur within 60 days after the acquisition, in which case the Company shall, having given notice to the Bondholders with 14 days after the last day of such 60 days, redeem all, but not some only, of the Bonds then outstanding at the abovementioned redemption price on the date specified for redemption thereof in such notice of redemption (which shall be a date falling not earlier than 14 Tokyo Business Days, nor later than 30 Tokyo Business Days, from the date of such notice).

If the Company becomes obligated to redeem the Bonds pursuant to both item (iii) above and this item (iv), the procedure pursuant to item (iii) above shall apply.

(v) Squeezeout redemption:

In the event of the passing of a resolution at a general meeting of shareholders of the Company approving its acquisition of all of the outstanding

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Shares in exchange for a consideration, following the outstanding Shares being transformed into callable shares (*zenbushutokujoko tsuki shuruikabushiki*) by way of an amendment to the Articles of Incorporation or the passing of a resolution by the Board of Directors of the Company approving a request by the Controlling Shareholder that the other shareholders of the Company sell to the Controlling Shareholder all of the shares of the Company held by them (*kabushiki uriwatashi seikyu*) (each, a "Squeezeout Event"), then the Company shall, having given notice to the Trustee, (unless the Trustee is also the Paying and Stock Acquisition Rights Exercise Agent) the Paying and Stock Acquisition Rights Exercise Agent set forth in paragraph (6) below and the Bondholders, as soon as practicable but within 14 days after the date on which the Squeezeout Event occurs, redeem all, but not some only, of the Bonds then outstanding at the redemption price to be determined according to a formula similar to that for the redemption set forth in item (iii) above (such redemption price shall be no less than 100 per cent. nor more than 210 per cent. of the principal amount of each Bond; provided, however, that if the redemption date falls during the period from, and including, July 21, 2022 to, and including, August 2, 2022, the redemption price shall be 100 per cent. of the principal amount of each Bond), on the date specified for redemption thereof in such notice of redemption (which shall be a date falling not earlier than 14 Tokyo Business Days, nor later than 30 Tokyo Business Days, from the date of such notice and in any event before the effective date (the "Squeezeout Effective Date") of the acquisition of the Shares with respect to the Squeezeout Event; provided, however, that if the Squeezeout Effective Date falls earlier than 14 Tokyo Business Days from the date of such notice, the Squeezeout Redemption Date shall be accelerated to the extent necessary to ensure that it shall fall on a date earlier than the Squeezeout Effective Date).

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- (vi) Premature redemption at the option of the Bondholders:

Any Bondholder is entitled, at its option, to require the Company to redeem such Bonds on August 3, 2020 (the "Bondholders' Optional Redemption Date") at 100% of its principal amount. To exercise such option, the Bondholder shall deposit at the specified office of the Paying and Stock Acquisition Rights Exercise Agent set out in paragraph (6) below, a notice of redemption in the specified form, together with such Bonds with Stock Acquisition Rights, not less than 30 nor more than 60 days prior to the relevant Bondholders' Optional Redemption Date.

However, if the Company gives notice of its intention to redeem all of the Bonds with Stock Acquisition Rights under items (i) through (v) above, that notice of premature redemption under items (i) through (v) above shall take priority over any notice given pursuant to this item (vi) as long as such notice has been given prior to the Bondholders' Optional Redemption Date (whether given before or after any notice under this item (vi)).

(C) Purchase and cancellation:

The Company may at any time purchase the Bonds with Stock Acquisition Rights in the open market or otherwise and hold or resell them. The Bonds related to such Bonds with Stock Acquisition Rights may, at the option of the Company, be cancelled. Any of its Subsidiaries may at any time purchase the Bonds with Stock Acquisition Rights in the open market or otherwise and hold or resell them. The Bonds related to such Bonds with Stock Acquisition Rights may, at the option of such Subsidiary, be delivered to the Company for cancellation.

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(D) Acceleration:

If, upon occurrence of any default in the performance or observance of any provision contained in the Trust Deed or in the Bonds or any of the events specified in the Conditions, the Trustee gives notice to the Company declaring the Bonds to be due and repayable pursuant to the provisions of the Conditions, the Company must immediately redeem all of the Bonds then outstanding at 100% of the principal amount, together with accrued interest (if any).

(E) Place of redemption:

Specified office of the Paying and Stock Acquisition Rights Exercise Agent set out in paragraph (6) below or the Registrar set out in paragraph (7) below.

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| (4) Certificates for the Bonds with Stock Acquisition Rights: | With regard to the Bonds with Stock Acquisition Rights, certificates therefor in registered form (the "Certificates") shall be issued. |
| (5) No request to convert Certificates in registered form to bearer form: | No request shall be allowed to make Certificates bearer form certificates. |
| (6) Paying and Stock Acquisition Rights Exercise Agent related to the Bonds with Stock Acquisition Rights: | Sumitomo Mitsui Finance Dublin Limited
(Principal Paying and Stock Acquisition Rights Exercise Agent) |
| (7) Registrar of the Bonds with Stock Acquisition Rights: | The Bank of New York Mellon (Luxembourg) S.A. |
| (8) Security or guarantee for the Bonds: | The Bonds will be issued with no security or guarantee. |

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8. Special covenants:

(A) Additional payments:

If any withholding of or deduction for any present or future taxes, duties, assessments and governmental charges imposed or levied by or on behalf of Japan, or any authority therein or thereof having power to tax from any payment in respect of the Bonds is required by law, the Company will, subject to certain exceptions, pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Bonds with Stock Acquisition Rights in the absence of such withholding or deduction.

(B) Negative pledge:

So long as any of the Bonds with Stock Acquisition Rights remains outstanding, the Company will not, and will procure that no Principal Subsidiary (as defined in the Conditions; the same applies hereinafter) will, create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any Relevant Debt (as defined below) upon the whole or any part of the Company's or such Principal Subsidiary's property or assets, present or future, to secure (i) payment of any sum due in respect of any Relevant Debt or (ii) any payment under any guarantee of any Relevant Debt or (iii) any payment under any indemnity or other like obligation in respect of any Relevant Debt, without in any such case at the same time according or procuring to be accorded to the Bonds, (x) to the satisfaction of the Trustee or as shall be approved by an Extraordinary Resolution of the Bondholders, the same security as is granted to or subsists in respect of such Relevant Debt or such guarantee, indemnity or other like obligation or (y) such other security or guarantee as the Trustee may in its absolute discretion deem to be not materially less beneficial to the interests of the Bondholders or as shall be approved by an Extraordinary Resolution of the Bondholders.

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For the purposes of this subparagraph (B), "Relevant Debt" means any bonds, debentures, notes or other similar securities of any person with a stated maturity of more than one year from the creation thereof and which: (a) either are by their terms payable, or confer a right to receive payment, in any currency other than yen, or are denominated in yen and more than 50% of the aggregate principal amount thereof is initially offered outside Japan by or with the authorization of the Company or the relevant Principal Subsidiary, as the case may be; and (b) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any financial instruments exchange or over-the-counter or other similar securities market outside Japan.

9. Rating assignment: The Company will not have any rating assigned to the Bonds with Stock Acquisition Rights.
- 10 Listing: The Bonds with Stock Acquisition Rights shall be listed on the Stock Exchange of Singapore.
11. Others: No stabilization transaction will be made in respect of the Shares.

- END -

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(For reference)

1. Use of proceeds

(1) Use of the proceeds of the fund-raising by this transaction:

The net proceeds of approximately ¥20 billion from the issuance of the Bonds with Stock Acquisition Rights are expected to be used as follows:

- (i) Approximately ¥2 billion by the end of September 2015 for lending to the Company's consolidated subsidiary in the Philippines, Cebu Mitsumi, Inc., with Cebu Mitsumi to use such funds as capital expenditures in relation to the building of a new factory unit, for the purpose of expanding the Mitsumi Group's production capacity relating to camera actuators for smartphones;
- (ii) Approximately ¥8 billion by the end of March 2016, as capital expenditures for purchasing production equipment principally for the purpose of expanding the Mitsumi Group's production capacity relating to camera actuators for smartphones;
- (iii) Approximately ¥5 billion by the end of March 2016, for application towards increased working capital needs in connection with the expansion in business in relation to products such as camera actuators for smartphones, secondary battery-related semiconductors, car-mounted antennae, satellite broadcasting tuners and MEMS-related products; and
- (iv) Approximately ¥5 billion by October 30, 2015, as funding for the acquisition by the Company of its own shares with a view to further enhancing the return of profits to shareholders through improvement of the efficiency of capital, as well as enabling the Company to implement flexible capital policies.

With regard to the acquisition by the Company of its own shares, the Company, at the meeting of its Board of Directors held today, adopted a resolution to establish a limit on the acquisition cost at a maximum ¥5 billion and the acquisition period from (and including) July 17, 2015 to (and including) October 30, 2015, simultaneously with the resolution to issue the Bonds with Stock Acquisition Rights. To the extent such acquisition takes place prior to the closing date in respect of the Bonds with Stock Acquisition Rights, the Company intends to fund such acquisition through short-term borrowings from financial institutions, and to apply the amount referred to above in respect of the proceeds of the offering of the Bonds to repayment of such borrowings.

As the amount which the Company is able to acquire its own shares is dependent on, among other things, market conditions, to the extent not all of the amount referred to above in respect of the proceeds of the offering of the Bonds is applied towards such

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acquisition, any balance will be applied towards capital expenditures principally for expanding the production capacity relating to camera actuators for smartphones.

- (2) Change in the use of the proceeds of the fund-raising by the previous transaction:

Not applicable

- (3) Prospect of the effect of the fund-raising on the business results:

No amendment will be made to the forecast of business results for the current fiscal year.

2. Distribution of profits to the shareholders

- (1) Basic policy on the distribution of profits:

The Company believes that increasing its enterprise value matches interests of its shareholders and expected interests of other stakeholders. The Company follows a fundamental policy of distributing profits based on operating results and intends to maintain the constant payment of dividends to its shareholders.

- (2) Stance on the determination of dividends:

While aiming to maintain the dividend payout ratio at 30% or more based on consolidated operating results for the time being, the Company will endeavor to gradually increase dividends per share.

- (3) Use of internal reserve funds:

The Company will, with due considerations to environmental issues, invest internal reserves efficiently in the development of new products by applying foreseeable technological innovations ahead of the competition, as well as measures to reduce cost, in an effort to improve performance.

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(4) Dividends for the most recent three fiscal years (on a consolidated basis):

	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Net income (loss) per share	(¥132.02)	¥36.92	¥43.75
Annual dividend per share	-	¥5.00	¥14.00
Actual consolidated dividend payout ratio	-	13.5%	32.0%
Ratio of net income to equity	(-) 11.0%	3.2%	3.5%
Ratio of consolidated dividend to net assets	-	0.4%	1.1%

- Notes: 1. Net income (loss) per share is calculated based on the average number of shares during the fiscal year.
2. Actual consolidated dividend payout ratio is a figure obtained by dividing annual dividends per share by net income per share on a consolidated basis. For the year ended March 31, 2013, such ratio is not entered because no dividend was paid for the year.
3. Ratio of net income to equity is a figure obtained by dividing net income (loss) by equity (the average of beginning total equity and year-end total equity on the consolidated balance sheet) on a consolidated basis.
4. Ratio of consolidated dividend to net assets is a figure obtained by dividing annual dividends per share by net assets per share (the average of beginning net assets per share and year-end net assets per share) on a consolidated basis. For the year ended March 31, 2013, such ratio is not entered because no dividend was paid for the year.

3. Others

(1) Information on potential dilution of shares:

No calculation has been made as the conversion price remains undetermined. Such information will be publicized after the conversion price is determined.

(2) Equity finances for the past three years:

(i) Equity finances:

Not applicable

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- (ii) Stock price performances for the past three fiscal years and the most recent stock price available:

	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ending March 31, 2016
Opening price	¥714	¥522	¥750	¥899
Highest price	¥725	¥968	¥1,117	¥993
Lowest price	¥359	¥491	¥595	¥726
Closing price	¥516	¥747	¥893	¥851
Price-earnings ratio (consolidated)	-	20.2 times	20.4 times	-

- Notes: 1. All the stock prices are those of the Company on the first section of the market established by Tokyo Stock Exchange, Inc.
2. The stock price for the year ending March 31, 2016 is shown as of July 15, 2015.
3. Price-earnings ratio is a figure obtained by dividing the stock price (closing price) as at the end of the relevant fiscal year by net income per share on a consolidated basis for the relevant fiscal year. The price-earnings ratio for the year ended March 31, 2013 is not entered because net loss per share was reported. For the year ending March 31, 2016, such ratio is not entered because it is yet to be determined.

(3) Lock-up:

The Company has agreed that for a period beginning on the date of the subscription agreement with regard to the Bonds with Stock Acquisition Rights and ending on the date 180 calendar days after the closing date, the Company will, without the prior written consent of the Joint Lead Managers, not issue shares of common stock of the Company, any securities convertible into or exchangeable for shares of common stock of the Company or any securities that carry rights to acquire or receive shares of common stock of the Company, other than the issue by the Company of the Bonds with Stock Acquisition Rights, the grant of shares of common stock of the Company upon exercise of the Stock Acquisition Rights and the grant of shares of common stock of the Company upon a stock split, or otherwise as required by the Japanese laws and regulations.

- END -

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