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Securities code: 6440  
March 2, 2015

**To All Shareholders:**

Akira Kiyohara  
Representative Director  
JUKI CORPORATION  
2-11-1, Tsurumaki, Tama-shi,  
Tokyo, Japan

## **CONVOCATION NOTICE OF THE 100TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 100th Ordinary General Meeting of Shareholders (the “Meeting”) of JUKI CORPORATION (the “Company”) to be held as indicated below.

**If you are unable to attend the Meeting, you may exercise your voting rights in writing. Please review the attached “Reference Materials for the Ordinary General Meeting of Shareholders,” indicate “for” or “against” for each of the proposals in the enclosed Voting Right Exercise Form, and return the form to us no later than 6:00 p.m., Wednesday, March 25, 2015 (Japan Standard Time).**

Thank you very much for your cooperation.

- 1. Date and Time:** March 26, 2015 (Thursday) at 10:00 a.m.
- 2. Place:** Multi-purpose hall, 3rd floor of the East Tower of the Company’s Head Office, 2-11-1, Tsurumaki, Tama-shi, Tokyo, Japan
- 3. Meeting Agenda:**
  - Report matters:**
    1. The Business Report and the Consolidated Financial Statements for the 100th Fiscal Year (January 1, 2014 to December 31, 2014), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
    2. Non-consolidated Financial Statements for the 100th Fiscal Year (January 1, 2014 to December 31, 2014)

**Resolution matters:**

- First proposal:** Appropriation of Surplus  
**Second proposal:** Share Consolidation  
**Third proposal:** Partial Amendments to the Articles of Incorporation  
**Fourth proposal:** Election of 6 Directors  
**Fifth proposal:** Election of 2 Substitute Audit & Supervisory Board Members

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- If you plan to attend the Meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.
  - Any amendments to the Reference Materials for the Ordinary General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements will be posted on the Company’s website (URL: <http://www.juki.co.jp>).

(Attached materials)

## **Business Report**

(January 1, 2014 to December 31, 2014)

### **1. Overview of the JUKI Group (the “Group”)**

#### **(1) Business Progress and Results**

In the fiscal year 2014 (FY2014), although sales were generally weak for the Sewing Machinery Business and Electronic Assembly Systems Business in China, consolidated net sales for FY2014 were 107,581 million yen (up by 14.0% from the same period of the previous fiscal year), as a result of a firm performance for the Sewing Machinery Business in Asia’s emerging markets, continuing on from the previous fiscal year, and the effect of yen depreciation. In addition, boosted by the sales increase along with the positive effects from the group-wide structural reforms that have been implemented since the previous fiscal year, consolidated operating income was 8,217 million yen (up by 59.5% from the same period of the previous fiscal year), consolidated ordinary income was 7,710 million yen (up by 98.8% from the same period of the previous fiscal year), and consolidated net income was 6,058 million yen, (up by 101.5% from the same period of the previous fiscal year).

JUKI AUTOMATION SYSTEMS CORPORATION, a consolidated subsidiary of the Company, succeeded to the surface-mount technology (“SMT”) equipment and related businesses of Sony Corporation and its subsidiary Sony EMCS Corporation through company split (absorption-type company split) on March 1, 2014. As a result, we are continuing not only to improve development efficiency and enhance product lineup, but also to strengthen solution sales through utilizing both companies’ mounting technology knowhow, while reconstructing the JUKI Group’s Electronic Assembly Systems Business in the areas of development, sales and production.

Furthermore, the Company implemented a capital increase of approximately 4,200 million yen through exercises of subscription rights to shares from July through August 2014 in order to realize the construction of a “solid business foundation” capable of continuing to generate earnings sustainably even into the future. This enabled the Company to further strengthen its capital base and improve its financial position as steps toward a new growth strategy.

Business results by major segment are as follows:

##### **1) Sewing Machinery Business**

In the apparel sewing industry, there is a growing trend of a shift in clothing production bases from China into emerging Asian regions. Sales in these regions proceeded firmly and there was an increase in sales to manufacturers of non-apparel sewn products such as car seats and sports shoes, an expanding business field that the Company is focusing on. As a result, consolidated net sales of the Sewing Machinery Business as a whole were 77,991 million yen (up by 13.3% from the same period of the previous fiscal year).

##### **2) Electronic Assembly Systems Business (SMT systems, inspection equipment, printing equipment and others)**

In addition to the contribution to sales from new products and from purchased products associated with business field expansion, there was an increase in the sales of labor-saving systems. As a result consolidated net sales of the Electronic Assembly Systems Business as a whole were 22,432 million yen (up by 19.2% from the same period of the previous fiscal year).

#### **(2) Capital Investments**

Capital investment totaling 1,964 million yen was disbursed in FY 2014, including 643 million yen for machinery, equipment and vehicles and 585 million yen for tools, furniture and fixtures.

#### **(3) Financing**

Accompanying the exercise of the first series subscription rights to shares with exercise price amendment clause that were issued through a third party allotment on July 4, 2014, the Company procured funds of 4,188 million yen.

**(4) Status of Succession of the Rights and Obligations in Connection with the Business of the Other Company, etc. through Absorption-type Merger or Absorption-type Company Split**

On March 1, 2014, the Company's consolidated subsidiary JUKI AUTOMATION SYSTEMS CORPORATION succeeded to the SMT equipment and related businesses of Sony Corporation and its subsidiary, Sony EMCS Corporation through company split (absorption-type company split).

**(5) Issues to Address**

Holding the vision of a "Global 'Monodzukuri' manufacturer equipped to survive in the 21st century," the Company formulated the Medium-Term Management Plan (FY2016), which contains the following three basic policies.

1) Constructing a business structure capable of continuously yielding profits

Under this policy, we will create a strong customer base by winning new customers, and expand areas of business that deliver high rates of return.

2) Developing powerful personnel with the expertise to implement our strategy

Under this policy, we will prioritize assigning personnel to business fields in which we are aiming for growth, utilizing female employees and re-employed experienced personnel more fully, and recruiting of mid-career personnel possessing expertise and foreign employees positively.

3) Constructing a smart business foundation

Under this policy, we will implement operational reforms at the level of all companies including group companies, and work to create a productive business structure with no waste. We will proceed with these operational reforms by using four approaches: i) reform of cost structure, ii) reform of organization and roles, iii) reconstruction of information systems, and iv) reconstruction of administrative and indirect functions.

To achieve the goals of the Medium-Term Management Plan, the Company will take the following actions in each of its businesses.

(Sewing Machinery Business)

- In the Sewing Machinery Business, our vision is to become the business with the top market share in all sectors and regions. To this end, we will construct an FA (Factory Automation) business through the full-fledged operation of line solutions.
- We will continue to expand the non-apparel and spare parts businesses.
- In addition to South-East Asia and South Asia, we will strengthen sales operations in regions including Latin America and Africa.

(Electronic Assembly Systems Business)

- In the Electronic Assembly Systems Business, we aim to construct a business model incorporating the remarkable strength of our operational capability in line solutions.
- In order to win new customers using our high-value-added proposal capabilities, we will expand our ability to address automation needs using purchased products in addition to our labor-saving equipment, which we developed in-house.
- We will swiftly improve the profitability by accomplishing business structural reforms.

(Group Business)

- In the Group Business, through cooperation among group companies, we aim to construct a "Monodzukuri" corporate group of manufacturers that is strong in the areas of precision processing technology and assembly. In this way, we will bolster the capabilities of all companies in terms of both production equipment and personnel, strengthen our ability to respond to orders, and accelerate our acquisition of new customers.

Positioning this Medium-Term Management Plan as two years in which we will create the foundations to ensure growth, the Company will increase investment in growth for the future. We will strive to realize a virtuous cycle of growth and to improve our business performance by carrying out advance development and capital investment and pushing ahead with investment for the development and utilization of personnel. In this way, we are aiming to be a company that responds to change and forms a strong business.

We will address these issues through the concerted efforts of the Group, in order to meet the expectations from our shareholders. We, kindly, ask our shareholders for their further support and encouragement.

## (6) Changes in Assets and Income (Loss)

### 1) Group

(million yen, except for per share amounts)

Item	The 97th fiscal year ended December 31, 2011	The 98th fiscal year ended December 31, 2012	The 99th fiscal year ended December 31, 2013	The 100th fiscal year ended December 31, 2014
Net sales	65,326	75,831	94,385	107,581
Ordinary income (loss)	1,374	(2,996)	3,878	7,710
Net income (loss)	726	(8,342)	3,006	6,058
Net income (loss) per share	¥5.62	¥(64.56)	¥23.27	¥43.83
Total assets	114,263	110,341	113,189	130,751
Net assets	12,361	4,934	11,806	25,010
Net assets per share	¥93.65	¥35.91	¥88.48	¥160.82

- (Notes) 1. Net income (loss) per share is calculated using the average number of shares issued during the fiscal year (excluding treasury shares). Net assets per share is calculated using the number of shares issued as of the end of the fiscal year (excluding treasury shares).
2. The 97th fiscal year is the nine-month period from April 1, 2011 to December 31, 2011 because of a change in the balance sheet date.

### 2) Company

(million yen, except for per share amounts)

Item	The 97th fiscal year ended December 31, 2011	The 98th fiscal year ended December 31, 2012	The 99th fiscal year ended December 31, 2013	The 100th fiscal year ended December 31, 2014
Net sales	44,015	49,009	52,265	56,410
Ordinary income (loss)	2,207	(1,702)	3,297	7,962
Net income (loss)	1,711	(7,234)	2,940	7,031
Net income (loss) per share	¥13.24	¥(55.99)	¥22.76	¥50.87
Total assets	94,838	90,388	91,866	109,211
Net assets	18,556	11,074	14,493	25,919
Net assets per share	¥143.61	¥85.71	¥112.17	¥173.72

- (Notes) 1. Net income (loss) per share is calculated using the average number of shares issued during the fiscal year (excluding treasury shares). Net assets per share is calculated using the number of shares issued as of the end of the fiscal year (excluding treasury shares).
2. The 97th fiscal year is the nine-month period from April 1, 2011 to December 31, 2011 because of a change in the balance sheet date.

**(7) Principal Subsidiaries**

Company name	Capital	The Company's percentage of voting rights		Main business
		Direct	Indirect	
JUKI AUTOMATION SYSTEMS CORPORATION	(million yen) 1,850	81.1%	—	Sales of SMT systems, inspection equipment, printing equipment and others
JUKI DENSHI KOGYO CORPORATION	300	100%	—	Manufacture and sales of SMT systems, inspection equipment, printing equipment and others
JUKI SALES (JAPAN) CORPORATION	86	100%	—	Sales of sewing machinery in Japan
JUKI SINGAPORE PTE. LTD.	U.S.\$8,079 thousand	100%	—	Sales of sewing machinery in Asian regions
JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	RMB196,148 thousand	27.5%	72.5%	Manufacture and sales of industrial sewing machines
JUKI (CHINA) CO., LTD.	RMB358,365 thousand	100%	—	Administration of subsidiaries in China and sales of sewing machinery
JUKI (NINGBO) PRECISION CO., LTD.	RMB42,876 thousand	—	100%	Manufacture and sales of sewing machinery parts
TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	RMB5,001 thousand	100%	—	Sales of SMT systems, inspection equipment, printing equipment and others in China
JUKI AMERICA, INC.	U.S.\$26,346 thousand	100%	—	Sales of sewing machinery in the Americas
JUKI XINXING INDUSTRY CO., LTD.	RMB160,000 thousand	—	89.9%	Manufacture and sales of industrial sewing machines
JUKI CENTRAL EUROPE SP. ZO.O.	PLN50 thousand	100%	—	Sales of sewing machinery in European regions
JUKI (HONG KONG) LTD.	HK\$148,655 thousand	100%	—	Sales of sewing machinery in China and East Asian regions

**(8) Principal Business**

Segment	Summary of business
Sewing Machinery Business	Manufacture and sales of industrial sewing machines and household sewing machines
Electronic Assembly Systems Business	Manufacture and sales of SMT systems, inspection equipment, printing equipment and others

**(9) Principal Offices and Plants**

Company name	Office or plant	Location
JUKI CORPORATION	Head Office	Tokyo
	Ohtawara Plant	Tochigi
JUKI AUTOMATION SYSTEMS CORPORATION	Head Office	Tokyo
JUKI DENSHI KOGYO CORPORATION	Head Office and Plant	Akita
JUKI SALES (JAPAN) CORPORATION	Head Office	Tokyo
JUKI SINGAPORE PTE. LTD.	Head Office	Singapore
JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	Head Office and Plant	Shanghai, China
JUKI (CHINA) CO., LTD.	Head Office	Shanghai, China
JUKI (NINGBO) PRECISION CO., LTD.	Head Office and Plant	Zhejiang, China
TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Head Office	Shanghai, China
JUKI AMERICA, INC.	Head Office	Florida, U.S.A.

**(10) Employees**

## 1) Group

(As of December 31, 2014)

Segment	Number of employees	Change from previous fiscal year-end
Sewing Machinery Business	3,873	39
Electronic Assembly Systems Business	961	135
Other business	1,110	103
Corporate headquarters (common)	209	4
Total	6,153	281

- (Notes) 1. The above figures include contract employees and part-timers and exclude dispatched employees.  
2. The main factor in the increase in the Electronic Assembly Systems Business was the succession of the SMT equipment and related businesses of Sony Corporation and its subsidiary, Sony EMCS Corporation, through company split (absorption-type company split).  
3. The main factor in the increase in Other business was the increase in the number of employees in line with increased production.

## 2) Company

(As of December 31, 2014)

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
759	(19)	44.0 years old	19.3 years

(Note) The above figures include contract employees and part-timers and exclude dispatched employees.

**(11) Major Creditors and Balance of Borrowings**

(As of December 31, 2014)

Creditor	Balance of borrowings (million yen)
Mizuho Bank, Ltd.	28,147
Sumitomo Mitsui Trust Bank, Limited	11,406
Mizuho Trust & Banking Co., Ltd.	7,204
The Hiroshima Bank, Ltd.	5,460
The Shoko Chukin Bank, Ltd.	3,180
The Joyo Bank, Ltd.	2,572

## 2. Status of Shares (As of December 31, 2014)

- (1) **Total Number of Authorized Shares** 400,000,000 shares
- (2) **Total Number of Issued Shares** 149,370,899 shares  
(including 168,411 treasury shares)
- (3) **Number of Shareholders** 10,298 persons
- (4) **Major Shareholders (Top 10)**

Shareholder name	Number of shares thousand shares	Shareholding ratio %
Japan Trustee Services Bank, Ltd. (Trust Account)	13,473	9.03
BNYM SA/NV FOR BNYM CLIENT ACCOUNT MPC JAPAN	6,838	4.58
JP MORGAN CHASE BANK 380634	5,826	3.90
Mizuho Bank, Ltd.	4,690	3.14
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,788	2.53
Nippon Life Insurance Company	3,660	2.45
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,511	2.35
Asahi Mutual Life Insurance Company	2,845	1.90
The Dai-ichi Life Insurance Company, Limited	2,558	1.71
Yoshiaki Ota	2,402	1.60

(Note) The shareholding ratio is calculated by means of deducting treasury shares (168,411 shares) from the number of the issued shares.

## (5) Other Important Items Concerning Shares

The Company issued the first series subscription rights to shares with exercise price amendment clause through a third party allotment to Nomura Securities Co., Ltd. with an allotment date of July 4, 2014, and as a result of all rights being executed during the fiscal year, the total number of issued shares increased by 20 million shares.

### 3. Company Officers

#### (1) Directors and Audit & Supervisory Board Members

(As of December 31, 2014)

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
Representative Director and President	Akira Kiyohara		President of JUKI AUTOMATION SYSTEMS CORPORATION
Director and Managing officer	Hiroshi Nakamura	“In charge of Development Center (Technology Planning Dept.),” “In charge of Administration Center (Human Resources Dept. and General Affairs Dept.),” “In charge of Secretariat,” “In charge of Internal Auditing Dept.,” “In charge of Internal Control and Compliance,” and “In charge of Industry Association”	
Director and Managing officer	Naotake Miyashita	“In charge of Business Operation Center (Sewing Machinery Business Unit and Household Sewing Machinery Business Unit),” and Executive Unit Officer of Sewing Machinery Business Unit	
Director	Hirokazu Nagashima		Director and Senior Managing Officer of JUKI AUTOMATION SYSTEMS CORPORATION
Director	Toshihiko Ozaki		
Director	Kazumi Nagasaki		
Audit & Supervisory Board Member (Full-time)	Yoshihiro Otake		Audit & Supervisory Board Member of JUKI AUTOMATION SYSTEMS CORPORATION
Audit & Supervisory Board Member	Kousuke Inoue		
Audit & Supervisory Board Member	Masato Tanaka		Attorney

- (Notes)
1. Directors, Mr. Hiroshi Nakamura, Mr. Naotake Miyashita and Mr. Kazumi Nagasaki were newly elected and assumed their respective positions at the 99th Ordinary General Meeting of Shareholders held on March 27, 2014.
  2. Director, Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki, are Outside Directors as defined in Item 15 of Article 2 of the Companies Act.
  3. Director, Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki, are such independent directors as specified by the Tokyo Stock Exchange.
  4. Audit & Supervisory Board Members, Mr. Kousuke Inoue and Mr. Masato Tanaka, are Outside Audit & Supervisory Board Members as defined in Item 16 of Article 2 of the Companies Act.
  5. Audit & Supervisory Board Member, Mr. Yoshihiro Otake, has many years of accounting experience and has sufficient financial and accounting knowledge.
  6. Audit & Supervisory Board Member, Mr. Kousuke Inoue, has been engaged in corporate management for many years and has sufficient financial and accounting knowledge.



**(2) Amount of Remuneration to Directors and Audit & Supervisory Board Members for FY 2014, etc.**

Title	Number of payees	Amount of remuneration (million yen)
Director	9	137
Audit & Supervisory Board Member	3	21
Total	12	158

- (Notes) 1. The above number of payees and amount of remuneration include three Directors who retired during FY 2014.  
2. No bonuses for Directors and Audit & Supervisory Board Members have been paid and are payable.

**(3) Outside Officers**

1) Significant concurrent positions

Significant concurrent positions held by outside officers are as described on page 8. There are no specific relationships between the Company and the organizations where concurrent positions are held.

2) Main activities

Title	Name	Main activities
Director	Toshihiko Ozaki	Participated in all 13 Board of Directors' meetings held in FY 2014, and provided expert opinions, mainly as an experienced corporate manager, as necessary.
	Kazumi Nagasaki	Participated in all 11 Board of Directors' meetings held since he assumed the position of Outside Director, and provided expert opinions, mainly as an experienced corporate manager, as necessary.
Audit & Supervisory Board Member	Kousuke Inoue	Participated in all 13 Board of Directors' meetings and in all 11 Audit & Supervisory Board meetings held in FY 2014; provided expert opinions, mainly as an experienced corporate manager, as necessary.
	Masato Tanaka	Participated in all 13 Board of Directors' meetings and in all 11 Audit & Supervisory Board meetings held in FY 2014; provided expert opinions, mainly as an experienced attorney, as necessary.

3) Summary of contract for limitation of liability

The Company has concluded contracts for limitation of liability with Outside Directors, Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki, and Outside Audit & Supervisory Board Members, Mr. Kousuke Inoue and Mr. Masato Tanaka, to limit their liability as stipulated in Paragraph 1 of Article 423 of the Companies Act up to the total sum stipulated in Paragraph 1 of Article 425 of the Companies Act.

4) Total amount of remuneration to outside officers for FY 2014, etc.

	Number of payees	Amount of remuneration (million yen)
Total amount of remuneration	4	21

(Note) No bonuses for Directors and Audit & Supervisory Board Members have been paid and are payable.

(For reference)

<Corporate Officers>

The Company has introduced the corporate officer system. In addition to the Corporate Officer positions concurrently assumed by all of the Directors (excluding Directors, Mr. Hirokazu Nagashima, Mr. Toshihiko Ozaki, and Mr. Kazumi Nagasaki), the following persons have been appointed as full-time Corporate Officers:

(As of December 31, 2014)

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
Managing Officer	Shinsuke Uchinashi	“In charge of Production Center,” and “In charge of Administration Center (Finance & Accounting Dept.)”	
Managing Officer	Minoru Wada	“In charge of Development Center (Sewing Machinery Development Dept.),” and “In charge of Quality Assurance Dept.”	
Managing Officer	Hirofumi Gotoh		Chairman, General Manager of Head Office, and General Manager of Sales of JUKI (CHINA) CO., LTD.
Managing Officer	Masahiko Nonomura	“In charge of Administration Center (Corporate Planning Dept. and Corporate Administration Dept.),” “In charge of Business Development Center,” and General Manager of Business Development Dept.	
Corporate Officer	Kimio Honma	Executive Unit Officer of Household Sewing Machinery Business Unit	President of JUKI SALES (JAPAN) CORPORATION
Corporate Officer	Toshimasa Miura	General Manager of Human Resources Dept.	
Corporate Officer	Toshinobu Shinozuka	“In deputy charge of Production Center” and General Manager of <i>Monodzukuri</i> Technology Dept.	
Corporate Officer (“In charge of Group Companies”)	Satohiro Hama		Director and Managing Officer of JUKI AUTOMATION SYSTEMS CORPORATION
Corporate Officer (“In charge of Group Companies”)	Robert J. Black Jr.	“In charge of Europe & Americas Area Sales, Electronic Assembly Systems Business Segment”	President and CEO of JUKI AUTOMATION SYSTEMS INC. and President of JUKI AUTOMATION SYSTEMS AG
Corporate Officer	Katsumi Nihei	Deputy Executive Unit Officer of Sewing Machinery Business Unit (In charge of Asia and Middle East Areas), and Company President of Non-apparel Company, Sewing Machinery Business Unit	
Corporate Officer	Hiroki Konishi	General Manager of Corporate Administration Dept.	
Corporate Officer (“In charge of Group Companies”)	Kikuo Takahashi	“In charge of Group Business”	President of JUKI DENSHI KOGYO CORPORATION
Corporate Officer	Takeshige Hamasoto	Deputy Executive Unit Officer of Sewing Machinery Business Unit (In charge of Europe and Americas Areas)	President of JUKI AMERICA, INC.

#### **4. Accounting Auditor**

##### **(1) Accounting Auditor's Name**

Deloitte Touche Tohmatsu LLC

##### **(2) Accounting Auditor's Compensation, etc.**

- |  |                |
|--|----------------|
| 1) Compensation to Accounting Auditor as provided in Paragraph 1 of Article 2 of the Certified Public Accountants Act of Japan | 62 million yen |
| 2) Total amount of cash and other property benefits payable by the Company and its subsidiaries to Accounting Auditor          | 68 million yen |

- (Notes) 1. The audit contract between the Company and Accounting Auditor does not clearly distinguish between compensation, etc. paid for the audit conducted in accordance with the Companies Act and compensation, etc. paid for the audit conducted in accordance with Financial Instruments and Exchange Act. It is practically impossible to make such a distinction. Accordingly, the amount specified in 1) above is the aggregate amount of compensation, etc. for these two types of audits.
2. Among the principal subsidiaries, JUKI SINGAPORE PTE. LTD., JUKI (SHANGHAI) INDUSTRIAL CO., LTD., JUKI (CHINA) CO., LTD., JUKI (NINGBO) PRECISION CO., LTD., TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD., JUKI XINXING INDUSTRY CO., LTD., JUKI CENTRAL EUROPE SP. ZO.O., and JUKI (HONG KONG) LTD. are audited by certified public accountants or audit corporations other than the Company's Accounting Auditor.

##### **(3) Non-audit Operation**

No items to report.

##### **(4) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditors**

The Company has not established a policy regarding the determination of termination or nonrenewal of the appointment of Accounting Auditors.

**5. Systems to ensure that Directors execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation of the Company, and that business is conducted properly**

The Company adopted a resolution on the “Basic policy to construct internal control system” at the Board of Directors’ meeting held on May 17, 2006. The details of the resolution have been revised by later resolutions based on reviews as needed.

**(1) System to ensure that Directors execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation of the Company**

- 1) The Company shall establish the “JUKI Corporation Code of Conduct,” which shall provide the principles of the JUKI corporate philosophy as a legal entity, in order to make clear its positive attitude towards legal compliance.
- 2) The Company shall establish the “Code of Conduct for Officers and Employees,” a set of specific guidelines for the execution of duties, in order to make officers and employees proactively acknowledge the importance of compliance with laws and regulations.
- 3) The group-wide system for compliance and compliance management shall be provided in the “Compliance Rules.”
- 4) The Company shall take a resolute attitude toward any antisocial individuals and organizations that adversely influence social order and sound corporate activities.

**(2) System to store and control information related to Directors’ execution of duties**

- 1) The Company shall establish the “Rules for Retaining Important Documents,” and shall retain and control information related to the execution of duties by Directors in accordance with the said Rules.

**(3) Rules and other systems for managing risk of loss**

- 1) The Company shall establish the “Risk Management Rules” to manage group-wide risks.
- 2) The Company shall establish the “Risk Management Council” to examine significant risks the Company faces and prepare preventive measures against such risks, and shall manage each division’s and each department’s preventive measures activities against risks.
- 3) The “Crisis-Management Task Force” shall take prompt actions against any realized risks.

**(4) System to ensure that Directors execute their duties efficiently**

- 1) In order to enable Directors to facilitate the prompt execution of their duties, the Company shall adopt a Corporate Officer system under which the Corporate Officers may be given some of the authority required for executing Directors’ duties.
- 2) Employees may be given some of the authority required for executing Directors’ duties in accordance with the “Authorization Rules,” for the purpose of efficient decision making.
- 3) Important decision-making matters shall be discussed at the “Management Strategy Council” and shall be decided by the President after such discussion.
- 4) Rules for executing Directors’ duties shall be provided in the “Organization Rules,” and Directors shall make efforts to efficiently execute their duties in accordance with the said Rules.

**(5) System to ensure that employees execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation of the Company**

- 1) The Company shall establish the “JUKI Corporation Code of Conduct,” which shall provide the principles of the JUKI corporate philosophy as a legal entity, in order to make clear its positive attitude towards legal compliance.

- 2) The Company shall establish the “Code of Conduct for Officers and Employees,” a set of specific guidelines for the execution of duties, in order to make employees proactively acknowledge the importance of compliance with laws and regulations.
  - 3) The department in charge of handling legal affairs shall conduct activities to spread compliance education and compliance management for enhanced legal compliance.
  - 4) The position of Corporate Officer in charge of Internal Control & Compliance shall be established, and this Officer shall be responsible for legal compliance and shall bear the duties of supervision of relevant organizations and their activities.
  - 5) The group-wide system for compliance and compliance management shall be provided in the “Compliance Rules.”
  - 6) The Company shall establish a “Compliance Helpline” available for direct access by employees, for the purpose of making such Helpline available to respond to questions related to compliance raised by employees.
- (6) System to ensure the propriety of the business operations of the business group consisting of the Company and its group companies**
- 1) The Company’s “Risk Management System” and “Compliance System” shall cover the whole group, including all group companies.
  - 2) The position of Corporate Officer in charge of Internal Control & Compliance shall be established, and this Officer shall be responsible for group-wide legal compliance and shall bear the duties of supervision of relevant activities.
  - 3) The group-wide system for compliance and compliance management shall be provided in the “Compliance Rules.”
  - 4) The Company shall determine the management control system according to functional organization in its “Organization Rules” and “Group companies management rules.”
  - 5) The Company shall check and adjust the management policies and management plans of the group companies at its “Group Management Conference.”
  - 6) Decision making on the allocation of management resources in group companies shall be provided in the “Authorization Rules.”
  - 7) The Company’s Internal Auditing Department shall conduct internal audits, as needed, on group companies.
- (7) Employees to be assigned at the request of Audit & Supervisory Board Members for their assistance**
- 1) The “Audit & Supervisory Board Members Section” directly reporting to the Audit & Supervisory Board Members shall be established as an organization to assist the Audit & Supervisory Board Members.
- (8) Independence from Directors of such employees as specified in the preceding item (7)**
- 1) Employees belonging to the “Audit & Supervisory Board Members Section” shall follow the directions and instructions of the Audit & Supervisory Board Members and collect information necessary for the Audit & Supervisory Board Members’ audit.

- 2) The Audit & Supervisory Board Members may express opinions on the personnel transfer and performance evaluation of the employees belonging to the “Audit & Supervisory Board Members Section.”

**(9) System for Directors and employees to report to Audit & Supervisory Board Members, and other relevant systems**

- 1) Full-time Audit & Supervisory Board Members shall attend the Board of Directors’ meetings, Management Strategy Council, Group Management Conference, Risk Management Council, and other important meetings, and collect necessary information by themselves.
- 2) Directors shall promptly report to the Audit & Supervisory Board Members on any event likely to cause significant damage to the Company, any sign of fraudulence in the Directors’ execution of duties, any serious event in violation of laws and regulations or the Articles of Incorporation, and other events equivalent thereto.
- 3) Audit & Supervisory Board Members shall request the relevant departments to directly report to them on any information the Audit & Supervisory Board Members deem to be necessary.

**(10) Other systems to ensure that the Audit & Supervisory Board Members conduct audits effectively**

- 1) In addition to expressing their opinions at the Board of Directors’ meetings, the Audit & Supervisory Board Members shall exchange opinions with Representative Directors as needed in order to enhance the effectiveness of the Audit & Supervisory Board Members’ audits.
- 2) Audit & Supervisory Board Members shall conduct the Audit & Supervisory Board Members’ audit in cooperation with the Internal Auditing Department, as needed.
- 3) Audit & Supervisory Board Members shall conduct the Audit & Supervisory Board Members’ audit in cooperation with corporate attorneys and certified public accountants, as needed.

**(11) System to ensure the reliability of financial reporting**

- 1) The Company shall develop and manage systems for effective internal control over financial reporting, in order to ensure reliable financial reporting.

## **Consolidated Financial Statements**

(January 1, 2014 - December 31, 2014)

### **Consolidated Balance Sheet**

(As of December 31, 2014)

(million yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>97,789</b>	<b>Current liabilities</b>	<b>77,101</b>
Cash and deposits	9,491	Notes and accounts payable - trade	13,892
Notes and accounts receivable - trade	31,275	Short-term loans payable	52,492
Merchandise and finished goods	37,685	Lease obligations	207
Work in process	4,230	Accounts payable - other	1,906
Raw materials and supplies	8,332	Accrued expenses	3,343
Deferred tax assets	3,050	Income taxes payable	913
Other	4,303	Provision for bonuses	69
Allowance for doubtful accounts	(579)	Notes payable - facilities	120
<b>Non-current assets</b>	<b>32,961</b>	Forward exchange contracts	2,800
<b>Property, plant and equipment</b>	<b>26,304</b>	Other	1,354
Buildings and structures, net	14,625	<b>Non-current liabilities</b>	<b>28,639</b>
Machinery, equipment and vehicles, net	3,324	Long-term loans payable	21,751
Tools, furniture and fixtures, net	1,116	Lease obligations	297
Land	6,774	Provision for directors' retirement benefits	171
Leased assets, net	428	Net defined benefit liability	5,270
Construction in progress	35	Other	1,148
<b>Intangible assets</b>	<b>2,216</b>	<b>Total liabilities</b>	<b>105,741</b>
<b>Investments and other assets</b>	<b>4,440</b>	<b>(Net assets)</b>	
Investment securities	3,051	<b>Shareholders' equity</b>	<b>23,831</b>
Long-term loans receivable	448	Capital stock	18,044
Long-term prepaid expenses	473	Capital surplus	2,094
Deferred tax assets	124	Retained earnings	3,754
Other	1,841	Treasury shares	(62)
Allowance for doubtful accounts	(1,500)	<b>Accumulated other comprehensive income</b>	<b>163</b>
		Valuation difference on available-for-sale securities	817
		Deferred gains or losses on hedges	(3)
		Foreign currency translation adjustment	(695)
		Remeasurements of defined benefit plans	44
		<b>Minority interests</b>	<b>1,015</b>
		<b>Total net assets</b>	<b>25,010</b>
<b>Total assets</b>	<b>130,751</b>	<b>Total liabilities and net assets</b>	<b>130,751</b>

(Note) Figures less than one million yen are rounded down to the nearest million.

## Consolidated Statement of Income

(January 1, 2014 - December 31, 2014)

(million yen)

Description	Amount	
<b>Net sales</b>		<b>107,581</b>
<b>Cost of sales</b>		<b>74,078</b>
<b>Gross profit</b>		<b>33,503</b>
<b>Selling, general and administrative expenses</b>		<b>25,285</b>
<b>Operating income</b>		<b>8,217</b>
<b>Non-operating income</b>		
Interest income	160	
Dividend income	102	
Commission fee	163	
Foreign exchange gains	259	
Other	383	1,069
<b>Non-operating expenses</b>		
Interest expenses	1,410	
Other	166	1,576
<b>Ordinary income</b>		<b>7,710</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	21	
Other	3	24
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	82	
Impairment loss	59	
Loss on change in equity	5	147
<b>Income before income taxes and minority interests</b>		<b>7,587</b>
Income taxes - current	1,416	
Income taxes for prior periods	486	
Income taxes - deferred	(274)	1,628
<b>Income before minority interests</b>		<b>5,958</b>
Minority interests in loss		100
<b>Net income</b>		<b>6,058</b>

(Note) Figures less than one million yen are rounded down to the nearest million.



## Consolidated Statement of Changes in Equity

(January 1, 2014 - December 31, 2014)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,950	—	(2,304)	(60)	13,585
Changes of items during period					
Issuance of new shares-exercise of subscription rights to shares	2,094	2,094			4,188
Net income			6,058		6,058
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	2,094	2,094	6,058	(1)	10,245
Balance at end of current period	18,044	2,094	3,754	(62)	23,831

(million yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	630	(23)	(2,760)	—	(2,153)	374	11,806
Changes of items during period							
Issuance of new shares-exercise of subscription rights to shares							4,188
Net income							6,058
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	186	20	2,065	44	2,317	640	2,957
Total changes of items during period	186	20	2,065	44	2,317	640	13,203
Balance at end of current period	817	(3)	(695)	44	163	1,015	25,010

(Note) Figures less than one million yen are rounded down to the nearest million.

## Notes to Consolidated Financial Statements

### 1. Notes on the Basis for the Preparation of Consolidated Financial Statements, etc.

#### (1) Scope of consolidation

1) Number of consolidated subsidiaries: 31

Names of principal consolidated subsidiaries:

JUKI AUTOMATION SYSTEMS CORPORATION, JUKI DENSHI KOGYO CORPORATION, JUKI SINGAPORE PTE. LTD., JUKI (SHANGHAI) INDUSTRIAL CO., LTD., JUKI (CHINA) CO., LTD., and 26 other subsidiaries.

2) Names of major non-consolidated subsidiaries:

Six non-consolidated subsidiaries, including SHOWA JUKI CO., LTD., are excluded from the scope of consolidation because their exclusion does not preclude reasonable judgment on the Group's financial situation and management results as a whole.

#### (2) Application of equity-method

The six non-consolidated subsidiaries and NISSEN Co., Ltd. and four other associates are excluded from application of equity-method because their exclusion does not preclude reasonable judgment on the Group's financial situation and management results as a whole.

#### (3) Accounting periods of consolidated subsidiaries

The year-end balance sheet dates for all consolidated subsidiaries, other than JUKI INDIA PVT. LTD. whose balance sheet date is March 31, are the same as the consolidated balance sheet date. The financial statements of JUKI INDIA PVT. LTD. prepared on the basis of a provisional closing of accounts as of the consolidated balance sheet date are used in preparing the consolidated financial statements.

#### (4) Accounting standards

1) Standards and methods for valuation of important assets

##### A. Securities

Available-for-sale securities with market quotations

Stated based on the market price, etc. on the consolidated balance sheet date

(Unrealized gains and losses are excluded from income and reported in a separate component of net assets. The cost of sales is calculated using the moving-average method.)

Available-for-sale securities without market quotations

Stated at cost using the moving-average method

##### B. Derivatives

Stated mainly at market

##### C. Inventories

Stated at the lower of cost

Merchandise and finished goods and work in process

Mainly by the average method or first-in first-out method

Raw materials and supplies

Mainly by the average method or last cost method

2) Depreciation & amortization method for important depreciable assets

##### A. Property, plant and equipment (excluding leased assets)

The declining-balance method is applied for the Company and its domestic consolidated subsidiaries. However, the straight-line method is applied for buildings acquired on and after April 1, 1998 (excluding any building fixtures). Overseas consolidated subsidiaries are mainly subject to the straight-line method.

The main economic useful lives are as follows:

Buildings and structures 3 - 50 years

Machinery, equipment and vehicles 2 - 15 years

Tools, furniture and fixtures 2 - 20 years

B. Intangible assets (excluding leased assets) and long-term prepaid expenses

The Company and its domestic consolidated subsidiaries use the straight-line method. However, software bundled with computer hardware is amortized every fiscal year by no less than an equal amount calculated based on effective years (1 - 5 years), and computer software for internal use is amortized by the straight-line method over the estimated useful life (5 years). Overseas consolidated subsidiaries are subject to the straight-line method.

C. Leased assets

Leased assets pertaining to finance leases without ownership transfer of the leased assets to the lessee

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

3) Standards for recognition of important reserves

A. Allowance for doubtful accounts

For loss caused by uncollectible debt to the Company and its domestic consolidated subsidiaries, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables and the estimated amount of irrecoverable debt based on the recoverability of individual cases for specified receivables such as debt with a possibility of default. For overseas consolidated subsidiaries, the estimated write-off amount is provided.

B. Provision for bonuses

A provision for bonuses is provided based on the estimated future payment of bonuses to employees.

C. Provision for directors' retirement benefits

The system of directors' retirement benefits was abolished with a cut-off date of June 28, 2007. The estimated amount payable as of the cut-off date is provided. The ten consolidated subsidiaries provide the provision in an amount that would be required by the internal rule if all the eligible Directors retired at the balance sheet date.

4) Method of accounting for retirement benefits

A. Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the straight-line basis is used to attribute the expected retirement benefits to the period up to the end of the current fiscal year.

B. Method of recognizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized on a straight-line basis over a period equal to or less than the average remaining service period for employees at the time of each fiscal year in which such gains and losses are realized (10 years). The amortization of net gains and losses starts from the fiscal year immediately following the year in which such gains and losses are realized. Past service cost is expensed wholly in the fiscal year in which it is realized.

C. Application of simplified accounting method by small-size enterprises

In calculating the liability for retirement benefits (net defined benefit liability) and retirement benefit expenses, certain consolidated subsidiaries apply a simplified accounting method in which retirement benefit obligations are determined based on the amount of retirement benefits required to pay if all eligible employees retired voluntarily at the balance sheet date.

5) Standards for translation of important assets or liabilities in foreign currencies into yen

Monetary assets and liabilities in foreign currencies are translated into yen based on the spot exchange-rate in the foreign exchange market on the consolidated balance sheet date, and the foreign exchange gains and losses from the translations are recognized in the income statement. Assets and liabilities of overseas consolidated subsidiaries are translated into yen based on the spot exchange-rate in the foreign exchange market on the consolidated balance sheet date, while revenue and expenses are translated into yen based on the average exchange rate for the fiscal term. The differences resulting from these translations are included in "Foreign currency translation adjustment" and "Minority interests" under net assets.

6) Accounting for important hedging activities

A. Method

Deferred hedge accounting is applied.

Designation is applied to forward exchange contracts that qualify for designation, and designated exceptional accounting is applied to interest-rate swaps that qualify for exceptional accounting.

B. Means for hedging and hedged item

Means for hedging	Hedged item
Interest-rate swap	Long-term loans payable
Forward exchange contract	Foreign currency receivables (including forecast transactions)

C. Hedging policy

Based on internal rules, hedging is limited to transactions (including forecast transactions) in the scope of practical purposes under the management of the Company's department in charge of finance, and is undertaken to avoid future risks from fluctuations in interest rates and foreign exchange rates.

D. Method for assessing the effectiveness of hedges

At the start of hedging, the Company assesses the effectiveness of offset in interest rate or foreign exchange rate fluctuation. Then, during the period of hedging, the Company uses the predetermined assessment method to assess whether the high effectiveness of offset is maintained at every fiscal year-end. For forward exchange contracts, assessment of the effectiveness of hedges is omitted as important terms regarding hedged items and means for hedging are the same, and changes in the cash flow from foreign exchange rate fluctuations are expected to be completely offset. Assessment of the effectiveness of interest-rate swaps subject to designated exceptional accounting is also omitted.

7) Accounting for consumption taxes

The tax-exclusion method is applied for consumption tax and local consumption tax.

**(5) Change of accounting policy**

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter the "Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter the "Guidance") are applied from the end of the current fiscal year (excluding, however, provisions under the main clause of Paragraph 35 of the Accounting Standard and the main clause of Paragraph 67 of the Guidance). Consequently, the Company has changed its accounting policy to the method of recording the amount obtained by deducting plan assets from retirement benefit obligations as net defined benefit liability, and recorded unrecognized actuarial losses to net defined benefit liability.

The Accounting Standard and the Guidance are applied in accordance with the transitional measures as provided for in Paragraph 37 of the Accounting Standard, and the impact of this change has been added to or deducted from the remeasurements of defined benefit plans under accumulated other comprehensive income at the end of the current fiscal year.

As a result, as of the end of the current fiscal year, 5,270 million yen of net defined benefit liability was recorded. In addition, accumulated other comprehensive income increased by 44 million yen.

Net assets per share increased by 0.30 yen.

## 2. Notes to Consolidated Balance Sheet

### (1) Assets offered as collateral and collateralized loans

(Assets offered as collateral)

Buildings and structures	12,683 million yen
Machinery, equipment and vehicles	975 million yen
Land	5,546 million yen
Intangible assets	331 million yen
Investment securities	1,994 million yen
<b>Total</b>	<b>21,532 million yen</b>
of which assets offered as foundation mortgage	5,350 million yen

(Collateralized loans)

Short-term loans payable	32,315 million yen
Long-term loans payable	18,096 million yen
<b>Total</b>	<b>50,411 million yen</b>
of which loans collateralized as foundation mortgage	41,955 million yen

- (2) **Accumulated depreciation of property, plant and equipment** 41,626 million yen  
The accumulated amount of impairment loss is included in the amount of accumulated depreciation.

- (3) **Notes discounted** 93 million yen

### (4) Financial covenants

Among loans, an amount of 11,761 million yen is subject to financial covenants, primarily the following covenant.

Ordinary income (loss) presented in the consolidated statement of income (for part of the covenant, ordinary income or loss in the Company's non-consolidated statement of income) for the accounting period of each fiscal year shall not be allowed to become a loss for two consecutive fiscal years.

## 3. Notes to Consolidated Statement of Changes in Equity

### (1) Type and total number of issued shares as of this fiscal year-end

Common shares 149,370,899 shares

### (2) Dividends

(Dividends whose record date is during this fiscal year but whose effective date is after the end of this fiscal year)

The following dividend for common shares will be proposed for approval at the Ordinary General Meeting of Shareholders to be held on March 26, 2015.

Resolution	Type of stock	Source of dividend	Total dividends (In millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 26, 2015	Common shares	Retained earnings	596	4.00	December 31, 2014	March 27, 2015

#### 4. Notes on Financial Instruments

##### (1) Status of financial instruments

The Group procures necessary funds mainly by borrowing from financial institutions based on the capital investment plan. A temporary surplus fund is invested in financial assets that are highly secure.

For customer credit risk concerning trade receivables (notes and accounts receivable - trade), write-off risk is kept lower by the division in charge according to the credit control rules. Investment securities are mainly stocks and the market value of listed stocks is checked quarterly.

Borrowed money is used for working funds (mainly short-term) and capital investment funds (long-term). Interest-swap contracts are used against the interest fluctuation risk of some long-term loans payable, in order to fix the amount of interest expenses. Derivative transactions (related to foreign exchange and interest rate) are conducted only in the scope of practical purposes according to the internal control rules.

##### (2) Fair value of financial instruments

The amounts posted on the consolidated balance sheet, fair values, and differences thereof as of December 31, 2014 (consolidated balance sheet date for this fiscal year) are as follows:

Financial instruments whose fair value is deemed to be difficult to identify are not included.

(million yen)

	Consolidated balance sheet amount (*1)	Fair value (*1)	Difference
(1) Cash and deposits	9,491	9,491	—
(2) Notes and accounts receivable - trade (*2)	30,706	30,706	—
(3) Investment securities Other securities	2,629	2,629	—
(4) Notes and accounts payable - trade	[13,892]	[13,892]	—
(5) Short-term loans payable (*3)	[39,991]	[39,991]	—
(6) Long-term loans payable (*3)	[34,251]	[34,318]	66
(7) Derivative transactions			
of which hedge accounting is not applied	[2,789]	[2,789]	—
of which hedge accounting is applied	[4]	[4]	—

(\*1) Amounts for which the net total is payable are shown in [ ].

(\*2) Notes and accounts receivable - trade are the net of the allowance for doubtful accounts.

(\*3) Current portion of long-term loans payable, an item included in short-term loans payable in the consolidated balance sheet, is included in long-term loans payable here.

##### Note 1: Method for calculating the fair value of financial instruments

###### (1) Cash and deposits, and (2) Notes and accounts receivable - trade:

Since the settlement periods for the foregoing are short, the fair values thereof are almost equal to the carrying amount. Therefore, the corresponding carrying amount is used as the fair value.

###### (3) Investment securities:

The going share price on the exchange is used as the fair value.

###### (4) Notes and accounts payable - trade and (5) Short-term loans payable:

Since the settlement periods for the foregoing are short, the fair values thereof are almost equal to the carrying amount. Therefore, the corresponding carrying amount is used as the fair value.

###### (6) Long-term loans payable:

The fair value of long-term loans payable is calculated by discounting the sum of principal and interest by an interest rate assumed in cases where similar borrowing is to be newly conducted. The fair value of long-term loans payable with variable interest rates to which special treatment of interest rate swaps is applied (see (7) below) is calculated by discounting the sum of principal and interest, which is treated in combination with the said interest rate swap, at a reasonably estimated rate applied to a similar new borrowing.

(7) Derivative transactions:

The fair value of derivative transactions is calculated based on the prices submitted by financial institutions.

The fair value of interest rate swaps to which special treatment is applied is included in the fair value of the hedged long-term loans payable, because these transactions are treated in combination with the said long-term loans payable (see (6) above).

Note 2: Non-listed stocks (422 million yen included in the consolidated balance sheet) are not included in “(3) Investment securities, Other securities” as the identification of the fair values is deemed to be extremely difficult because of the absence of market values and the inability to estimate future cash flows.

## 5. Notes on Per Share Information

(1) Net assets per share      160.82 yen

(2) Net income per share      43.83 yen

## 6. Other Notes

### Business Combination through Acquisition

On March 1, 2014, the Company's consolidated subsidiary JUKI AUTOMATION SYSTEMS CORPORATION succeeded to the surface-mount technology (“SMT”) equipment and related businesses of Sony Corporation and its subsidiary, Sony EMCS Corporation (hereinafter “Sony Corporation, etc.”) through a company split (absorption-type company split) based on the agreement on absorption-type company split entered into on August 9, 2013.

### (1) Outline of business combination

#### 1) Names of counterparties and business lines acquired

Names of counterparties: Sony Corporation and Sony EMCS Corporation

Business lines acquired: Development, design, sales, etc. of SMT equipment and related businesses

#### 2) Main reasons for business combination

Through the integration of the SMT equipment and related businesses of Sony Corporation, etc., JUKI AUTOMATION SYSTEMS CORPORATION will reconstruct the JUKI Group's Electronic Assembly Systems Business, in the areas of development, sales and production. Moreover, by improving development efficiency, expanding sales through an enhanced product lineup, and strengthening solution sales that leverage the collective technological knowhow, we aim to strengthen the business foundation while expanding the business.

#### 3) Date of business combination

March 1, 2014

#### 4) Legal form of business combination

Absorption-type company split where Sony Corporation, etc. are the splitting companies and JUKI AUTOMATION SYSTEMS CORPORATION is the successor company

#### 5) Company name after combination

JUKI AUTOMATION SYSTEMS CORPORATION

#### 6) Grounds for determining acquiring entity

As a result of comprehensively considering elements such as the shareholder composition, officer composition, etc., of JUKI AUTOMATION SYSTEMS CORPORATION after the business combination, it was decided that JUKI AUTOMATION SYSTEMS CORPORATION would be the acquiring entity.

### (2) Period of business results of acquired companies included in consolidated financial statements

From March 1, 2014 to December 31, 2014

**(3) Acquisition cost of the acquired companies and its breakdown**

Consideration for acquisition	Common shares of JUKI AUTOMATION SYSTEMS CORPORATION	699 million yen
Acquisition cost		699 million yen

**(4) Number of shares delivered and calculation method thereof**

3,500 common shares were issued. 1,250 shares were delivered to Sony Corporation and 2,250 shares were delivered to Sony EMCS Corporation. The method for calculating the consideration to be delivered by JUKI AUTOMATION SYSTEMS CORPORATION was based on an amount equivalent to the fair value of the assets and liabilities succeeded to by the absorption-type company split and determined through consultation with Sony Corporation, etc. After the aforesaid delivery of shares, the Company is to hold 81.1% of the voting rights of JUKI AUTOMATION SYSTEMS CORPORATION and Sony Corporation, etc. is to hold 18.9%.

**(5) Amount of goodwill recognized, reason for recognition of goodwill and method and period for amortization of goodwill**

No items to report.

**(6) Amounts of assets acquired and liabilities assumed on the date of business combination and the major breakdown**

Non-current assets:	762 million yen
Total assets:	762 million yen
Current liabilities:	62 million yen
Total liabilities:	62 million yen

**(7) Amount in the acquisition cost allocated to intangible assets other than goodwill and amortization period by type**

Component by major type	Amount	Amortization period
Software held for sale on the market	512 million yen	1 - 3 years



## **Non-consolidated Financial Statements**

(January 1, 2014 - December 31, 2014)

### **Non-consolidated Balance Sheet**

(As of December 31, 2014)

(million yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>54,300</b>	<b>Current liabilities</b>	<b>59,960</b>
Cash and deposits	2,435	Notes payable - trade	1,973
Notes receivable - trade	2,333	Accounts payable - trade	6,903
Accounts receivable - trade	22,886	Short-term loans payable	32,916
Merchandise and finished goods	2,594	Short-term loans payable to subsidiaries and associates	2,336
Work in process	1,378	Lease obligations	118
Raw materials and supplies	106	Accounts payable - other	10,352
Accrued income	1,667	Accrued expenses	1,891
Short-term loans receivable	6,791	Income taxes payable	315
Accounts receivable - other	11,485	Deposits received	228
Deferred tax assets	1,861	Notes payable - facilities	28
Other	853	Forward exchange contracts	2,800
Allowance for doubtful accounts	(93)	Other	94
<b>Non-current assets</b>	<b>54,911</b>	<b>Non-current liabilities</b>	<b>23,332</b>
<b>Property, plant and equipment</b>	<b>15,109</b>	Long-term loans payable	18,722
Buildings, net	9,716	Lease obligations	217
Structures, net	166	Long-term accounts payable - other	471
Machinery and equipment, net	116	Provision for retirement benefits	3,623
Vehicles, net	0	Provision for directors' retirement benefits	97
Tools, furniture and fixtures, net	191	Deferred tax liabilities	179
Land	4,675	Other	20
Leased assets, net	234	<b>Total liabilities</b>	<b>83,292</b>
Construction in progress	8	<b>(Net assets)</b>	
<b>Intangible assets</b>	<b>658</b>	<b>Shareholders' equity</b>	<b>25,146</b>
Patent right	315	Capital stock	18,044
Software	234	Capital surplus	2,094
Leased assets	94	Legal capital surplus	2,094
Other	14	Retained earnings	5,069
<b>Investments and other assets</b>	<b>39,143</b>	Legal retained earnings	77
Investment securities	2,541	Other retained earnings	4,992
Shares of subsidiaries and associates	19,541	Retained earnings brought forward	4,992
Investments in capital of subsidiaries and associates	6,695	Treasury shares	(62)
Investments in capital	186	<b>Valuation and translation adjustments</b>	<b>772</b>
Long-term loans receivable from subsidiaries and associates	10,155	Valuation difference on available-for-sale securities	775
Long-term loans receivable from employees	27	Deferred gains or losses on hedges	(3)
Long-term accounts receivable from subsidiaries and associates	1,586	<b>Total net assets</b>	<b>25,919</b>
Claims provable in bankruptcy, claims provable in rehabilitation and other	24	<b>Total liabilities and net assets</b>	<b>109,211</b>
Long-term prepaid expenses	112		
Other	46		
Allowance for doubtful accounts	(1,774)		
<b>Total assets</b>	<b>109,211</b>		

(Note) Figures less than one million yen are rounded down to the nearest million.

**Non-consolidated Statement of Income**  
(January 1, 2014 - December 31, 2014)

(million yen)

Description	Amount	
<b>Net sales</b>		<b>56,410</b>
<b>Cost of sales</b>		<b>44,415</b>
<b>Gross profit</b>		<b>11,994</b>
<b>Selling, general and administrative expenses</b>		<b>7,543</b>
<b>Operating income</b>		<b>4,450</b>
<b>Non-operating income</b>		
Interest and dividend income	734	
Commission fee	2,829	
Foreign exchange gains	404	
Other	511	4,479
<b>Non-operating expenses</b>		
Interest expenses	901	
Other	66	968
<b>Ordinary income</b>		<b>7,962</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0	0
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	46	
Loss on valuation of shares of subsidiaries and associates	199	
Loss on valuation of investments in capital of subsidiaries and associates	223	
Other	0	469
<b>Income before income taxes</b>		<b>7,493</b>
Income taxes - current	595	
Income taxes - deferred	(133)	461
<b>Net income</b>		<b>7,031</b>

(Note) Figures less than one million yen are rounded down to the nearest million.

# Non-consolidated Statement of Changes in Equity

(January 1, 2014 - December 31, 2014)

(million yen)

	Shareholders' equity						
	Capital stock	Capital surplus	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	15,950	—	77	(2,039)	(1,961)	(60)	13,927
Changes of items during period							
Issuance of new shares-exercise of subscription rights to shares	2,094	2,094		7,031	7,031		4,188
Net income							7,031
Purchase of treasury shares						(1)	(1)
Net changes of items other than shareholders' equity							
Total changes of items during period	2,094	2,094	—	7,031	7,031	(1)	11,218
Balance at end of current period	18,044	2,094	77	4,992	5,069	(62)	25,146

(million yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	588	(23)	565	14,493
Changes of items during period				
Issuance of new shares-exercise of subscription rights to shares				4,188
Net income				7,031
Purchase of treasury shares				(1)
Net changes of items other than shareholders' equity	187	20	207	207
Total changes of items during period	187	20	207	11,425
Balance at end of current period	775	(3)	772	25,919

(Note) Figures less than one million yen are rounded down to the nearest million.

## Notes to Non-consolidated Financial Statements

### 1. Notes on Significant Accounting Policies

#### (1) Standards and methods for valuation of assets

##### 1) Securities

Shares of subsidiaries and associates

Stated at cost using the moving-average method

Available-for-sale securities with market quotations

Stated based on the market price, etc. on the balance sheet date

(Unrealized gains and losses are excluded from income and reported in a separate component of net assets. The cost of sales is calculated using the moving-average method.)

Available-for-sale securities without market quotations

Stated at cost using the moving-average method

##### 2) Derivatives

Stated mainly at market

##### 3) Inventories

Stated at the lower of cost

Merchandise and finished goods and work in process	Using the average method
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Raw materials and supplies	Using the last cost method
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#### (2) Depreciation & amortization method for non-current assets

##### 1) Property, plant and equipment (excluding leased assets)

The declining-balance method is applied. However, the straight-line method is applied for buildings acquired on and after April 1, 1998 (excluding any building fixtures).

The main economic useful lives are as follows:

Buildings	3 - 50 years
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Structures	3 - 50 years
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Machinery and equipment and vehicles	2 - 15 years
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Tools, furniture and fixtures	2 - 20 years
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##### 2) Intangible assets (excluding leased assets) and long-term prepaid expenses

The straight-line method is applied. However, computer software for internal use is amortized by the straight-line method over the estimated useful life (5 years).

##### 3) Leased assets

Leased assets pertaining to finance leases without ownership transfer of the leased assets to the lessee

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

#### (3) Standards for recognition of reserves

##### 1) Allowance for doubtful accounts

For loss caused by uncollectible debt, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables and the estimated amount of irrecoverable debt based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

##### 2) Provision for retirement benefits

A provision for retirement benefits is provided based on the estimated retirement benefit obligation and plan assets as of this fiscal year-end.

###### A. Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the straight-line basis is used to attribute the expected retirement benefits to the period up to the end of the current fiscal year.

- B. Method of recognizing actuarial gains and losses and past service cost  
 Past service cost is expensed wholly in the fiscal year in which it is realized.  
 Actuarial gains and losses are amortized on a straight-line basis over a period equal to or less than the average remaining service period for employees at the time such gains and losses are realized (10 years). The amortization of net gains and losses starts from the fiscal year immediately following the year in which such gains and losses are realized.

3) Provision for directors' retirement benefits

The system of directors' retirement benefits was abolished with a cut-off date of June 28, 2007. The estimated amount payable as of the cut-off date is provided.

**(4) Other significant basic matters for the preparation of financial statements**

1) Standards for translation of assets and liabilities in foreign currencies into yen

Monetary assets and liabilities in foreign currencies are translated into yen based on the spot exchange-rate in the foreign exchange market on the balance sheet date, and the foreign exchange gains and losses from the translations are recognized in the income statement.

2) Accounting for hedging activities

A. Method

Deferred hedge accounting is applied.

Designation is applied to forward exchange contracts that qualify for designation, and designated exceptional accounting is applied to interest-rate swaps that qualify for exceptional accounting.

B. Means for hedging and hedged item

Means for hedging	Hedged item
Interest-rate swap	Long-term loans payable
Forward exchange contract	Foreign currency receivables (including forecast transactions)

C. Hedging policy

Based on internal rules, hedging is limited to transactions (including forecast transactions) in the scope of practical purposes under the management of the department in charge of finance, and is undertaken to avoid future risks from fluctuations in interest rates and foreign exchange rates.

D. Method for assessing the effectiveness of hedges

At the start of hedging, the Company assesses the effectiveness of offset in interest rate or foreign exchange rate fluctuation. Then, during the period of hedging, the Company uses the predetermined assessment method to assess whether the high effectiveness of offset is maintained at every fiscal year-end. For forward exchange contracts, assessment of the effectiveness of hedges is omitted as important terms regarding hedged items and means for hedging are the same, and changes in the cash flow from foreign exchange rate fluctuations are expected to be completely offset. Assessment of the effectiveness of interest-rate swaps subject to designated exceptional accounting is also omitted.

3) Method of accounting for retirement benefits

The accounting methods for unrecognized actuarial gains and losses relating to retirement benefits are different from the accounting methods in the consolidated financial statements.

4) Accounting for consumption taxes

The tax-exclusion method is applied for consumption tax and local consumption tax.

**(5) Change of presentation method**

"Foreign exchange gains" (55 million yen for the previous fiscal year), an item included in "Other" under non-operating income in the previous fiscal year, has become material and is therefore presented separately from this fiscal year.

## 2. Notes to Non-consolidated Balance Sheet

### (1) Assets offered as collateral and collateralized loans

(Assets offered as collateral)

Buildings	9,073 million yen
Structures	144 million yen
Machinery and equipment	39 million yen
Land	3,976 million yen
Investment securities	1,994 million yen
Total	15,228 million yen
of which assets offered as foundation mortgage	1,230 million yen

(Collateralized loans)

Short-term loans payable	28,081 million yen
Long-term loans payable	16,120 million yen
Deposits received	75 million yen
Total	44,278 million yen
of which loans collateralized as foundation mortgage	37,279 million yen

### (2) Accumulated depreciation of property, plant and equipment 15,981 million yen

### (3) Guarantee liability

(million yen)

Guarantee	Guaranteed amount	Details
JUKI SINGAPORE PTE. LTD.	5,000	Guarantee on borrowing
JUKI (CHINA) CO., LTD.	4,219	Guarantee on borrowing
JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	1,432	Guarantee on borrowing
JUKI (VIETNAM) CO., LTD.	1,235	Guarantee on borrowing
JUKI CENTRAL EUROPE SP. ZO.O.	908	Guarantee on borrowing
JUKI AMERICA, INC.	241	Guarantee on borrowing
JUKI METAL CORPORATION	13	Guarantee on leasing
Total	13,049	

### (4) Monetary receivables from and payables to subsidiaries and associates (excluding accounting items presented separately)

Short-term monetary receivables	42,244 million yen
Short-term monetary payables	16,217 million yen

### (5) Financial covenants

Among loans, an amount of 11,675 million yen is subject to financial covenants, primarily the following covenant.

Ordinary income (loss) presented in the consolidated statement of income (for part of the covenant, ordinary income or loss in the Company's non-consolidated statement of income) for the accounting period of each fiscal year shall not be allowed to become a loss for two consecutive fiscal years.

## 3. Notes to Non-consolidated Statement of Income

Transactions with subsidiaries and associates	
Net sales	53,264 million yen
Purchase	29,691 million yen
Other operating transactions	3,009 million yen
Transactions other than operating transactions	3,951 million yen

#### 4. Notes to Non-consolidated Statement of Changes in Equity

Type and number of treasury shares as of this fiscal year-end  
Common shares 168,411 shares

#### 5. Notes on Tax Effect Accounting

Major causes for accrual of deferred tax assets and deferred tax liabilities

(million yen)

- Current:

Deferred tax assets:

Loss on valuation of inventories	53
Income taxes payable	53
Allowance for doubtful accounts	33
Deduction of deferred experiment and research expenses	15
Loss brought forward	1,793
Other	14
Total	1,963
Valuation allowance	(101)
Total deferred tax assets	1,861

- Noncurrent:

Deferred tax assets:

Provision for retirement benefits	1,291
Provision for directors' retirement benefits	34
Allowance for doubtful accounts	630
Impairment loss	182
Loss on valuation of shares of subsidiaries and associates	1,880
Loss on valuation of investments in capital of subsidiaries and associates	156
Loss brought forward	1,798
Other	517
Total	6,491
Valuation allowance	(6,423)
Total deferred tax assets	68
Offset to deferred tax liabilities	(68)
Net deferred tax assets	—

Deferred tax liabilities:

Valuation difference on available-for-sale securities	247
Total deferred tax liabilities	247
Offset to deferred tax assets	(68)
Net deferred tax liabilities	179

## 6. Notes on Transactions with Related Parties

### Subsidiaries and associates

Category	Company name	Ownership of voting rights, etc. (Ownership percentage)	Relationship with the related parties	Transaction details	Transaction amounts (million yen)	Receivables or payables on transactions	
						Account item	Fiscal year-end balance (million yen)
Subsidiaries	JUKI SINGAPORE PTE. LTD.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	26,765	Accounts receivable - trade	15,885
				Debt guarantee	5,000	—	—
	TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	— (*)	Accounts receivable - other	2,924
	JUKI (CHINA) CO., LTD.	Direct ownership 100%	Sales and maintenance of the Company's products	Provision of loan	5,771	Long-term loans receivable from subsidiaries and associates	7,787
				Recovery of funds	4,412	—	—
				Receipt of interest	88	—	—
				Debt guarantee	4,219	—	—
	JUKI AUTOMATION SYSTEMS CORPORATION	Direct ownership 81.1%	Sales and maintenance of the Company's products	Purchase of products	— (*)	Accounts payable - other	9,844
				Provision of loan	4,350	Short-term loans receivable	5,950
				Recovery of funds	250	—	—
				Receipt of interest	61	—	—
	JUKI CENTRAL EUROPE SP. ZO.O.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	6,591	Accounts receivable - trade	2,222
	JUKI AUTOMATION SYSTEMS INC.	Indirect ownership 100%	Sales and maintenance of the Company's products	Sales of products	— (*)	Accounts receivable - other	1,718
				—	—	Long-term accounts receivable from subsidiaries and associates	132
	JUKI AUTOMATION SYSTEMS AG	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	— (*)	Accounts receivable - other	2,785
	JUKI DENSHI KOGYO CORPORATION	Direct ownership 100%	Manufacture of the Company's products	Receipt of collateral	(Note 3)	—	—



Category	Company name	Ownership of voting rights, etc. (Ownership percentage)	Relationship with the related parties	Transaction details	Transaction amounts (million yen)	Receivables or payables on transactions	
						Account item	Fiscal year-end balance (million yen)
Subsidiaries	JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	Direct ownership 27.5% Indirect ownership 72.5%	Manufacture of the Company's products	Purchase of products	10,325	Accounts payable - trade	2,508
				Receipt of interest	20	Long-term loans receivable from subsidiaries and associates	1,766
				Technical advisory fee income, etc.	853	Accrued income	813
				Debt guarantee	1,432	—	—
	JUKI AMERICA, INC.	Direct ownership 100%	Sales and maintenance of the Company's products	Borrowing of fund	1,037	Short-term loans payable to subsidiaries and associates	1,205
				Repayment of fund	309	—	—
				Payment of interest	15	—	—
				Sales of products	6,668	Notes receivable - trade	1,864
				—	—	Accounts receivable - trade	113
	JUKI (VIETNAM) CO., LTD.	Direct ownership 100%	Manufacture of the Company's products	Debt guarantee	1,235	—	—
	JUKI SMT ASIA CO., LTD.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	— (*)	Accounts receivable-other	816
				—	—	Long-term accounts receivable from subsidiaries and associates	1,079
	JUKI SALES (JAPAN) CORPORATION	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	3,374	Accounts receivable - trade	1,317
	JUKI INDIA PVT. LTD.	Indirect ownership 100%	Sales and maintenance of the Company's products	Sales of products	1,089	Accounts receivable - trade	1,400
				—	—	Long-term accounts receivable from subsidiaries and associates	373

Terms for transactions and policies to decide them:

- (Notes)
1. Terms for sales and purchases are decided in consideration of factors such as market prices.
  2. Loan rates are decided in consideration of market interest rates and the financial status of borrowers.
  3. Real estate owned by JUKI DENSHI KOGYO CORPORATION has been received as collateral against the Company's borrowings from financial institutions (revolving mortgage at a maximum 2,000 million yen). No fees connected with collateral pledging have been paid.
  4. Technical advisory fee income etc. are decided in consideration of factors such as market prices.
  5. Debt guarantee for JUKI SINGAPORE PTE. LTD., JUKI (CHINA) CO., LTD., JUKI (SHANGHAI) INDUSTRIAL CO., LTD., and JUKI (VIETNAM) CO., LTD. is provided with regard to borrowing from banks. A fixed debt guarantee charge has been received.
  6. 1,399 million yen in allowance for doubtful accounts has been recorded regarding claims to long-term accounts receivable from subsidiaries and associates with a possibility of default

above. In relation to this allowance, a total of 229 million yen of provision of allowance for doubtful accounts has been recorded in the current fiscal year.

7. For interest received on long-term accounts receivable from subsidiaries etc., market interest rates and the financial status of counterparties are taken into consideration. No interest has been received from JUKI INDIA PVT. LTD.

8. Transaction amounts do not include consumption taxes. The fiscal year-end balance includes consumption taxes.

(\*) Because the Company has been carrying out sales transactions as the agent of JUKI AUTOMATION SYSTEMS CORPORATION in the Electronic Assembly Systems Business since August 1, 2013, the amounts in the non-consolidated statement of income are presented with the balance of the said sales transactions offset against the balance of purchase transactions. The balance of sales to TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD. is 9,195 million yen, the balance of sales to JUKI AUTOMATION SYSTEMS INC. is 2,150 million yen, the balance of sales to JUKI AUTOMATION SYSTEMS AG. is 2,241 million yen, the balance of sales to JUKI SMT ASIA CO., LTD. is 729 million yen, and the balance of purchases from JUKI AUTOMATION SYSTEMS CORPORATION is 19,014 million yen.

## **7. Notes on Per Share Information**

<b>(1) Net assets per share</b>	173.72 yen
<b>(2) Net income per share</b>	50.87 yen

(English Translation)

Certified copy of Accounting Auditor's audit report on the Consolidated Financial Statements

**Independent Auditor's Report**

February 9, 2015

To the Board of Directors  
JUKI CORPORATION

Deloitte Touche Tohmatsu LLC

Yoshiyuki Higuchi, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner  
Akio Kimura, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner  
Kentaro Sugimoto, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner

Pursuant to Paragraph 4 of Article 444 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements of JUKI CORPORATION (the "Company") for the fiscal term from January 1, 2014 to December 31, 2014.

**The responsibility of management concerning the consolidated financial statements**

The responsibility of management is to prepare consolidated financial statements in accordance with business accounting standards generally accepted in Japan and present appropriate accounting information. This responsibility includes the establishment and operation of internal controls deemed necessary by management for the preparation of consolidated financial statements free of material misstatement due to fraud or error and the presentation of appropriate accounting information.

**The responsibility of independent auditors**

Our responsibility is to express an opinion independently on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

In audits, procedures are conducted in order to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. Audit procedures are chosen and applied in accordance with our judgment, based on the risk assessment of material misstatement in the consolidated financial statements due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of internal controls. However, we examine internal controls related to the preparation of consolidated financial statements and the appropriate presentation in the course of conducting risk assessment, in order to plan audit procedures appropriate to the circumstances. An audit includes assessing the accounting policies used, its application method and estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

**Audit opinion**

In our opinion, the above consolidated financial statements fairly present, in every material aspect, the financial position and results of operations of the Group consisting of the Company and its consolidated subsidiaries for the relevant term of the consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Interests in the Company

Our firm and engagement partners have no interest in the Company which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

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*Notice to Readers:*

The original consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to consolidated financial statements, are written in Japanese.

(English Translation)

Certified copy of Accounting Auditor's audit report on the Non-consolidated Financial Statements

**Independent Auditor's Report**

February 9, 2015

To the Board of Directors  
JUKI CORPORATION

Deloitte Touche Tohmatsu LLC

Yoshiyuki Higuchi, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner  
Akio Kimura, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner  
Kentaro Sugimoto, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner

Pursuant to Paragraph 2-Item 1 of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements, and the supplementary schedules of JUKI CORPORATION (the "Company") for the 100th fiscal term from January 1, 2014 to December 31, 2014.

**The responsibility of management concerning the non-consolidated financial statements, etc.**

The responsibility of management is to prepare non-consolidated financial statements and the supplementary schedules in accordance with business accounting standards generally accepted in Japan and present appropriate accounting information. This responsibility includes the establishment and operation of internal controls deemed necessary by management for the preparation of non-consolidated financial statements, and the supplementary schedules, free of material misstatement due to fraud or error and the presentation of appropriate accounting information.

**The responsibility of independent auditors**

Our responsibility is to express an opinion independently on the non-consolidated financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements and the supplementary schedules are free of material misstatement.

In audits, procedures are conducted in order to obtain audit evidence supporting the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. Audit procedures are chosen and applied in accordance with our judgment, based on the risk assessment of material misstatement in the non-consolidated financial statements, and the supplementary schedules, due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of internal controls. However, we examine internal controls related to the preparation of non-consolidated financial statements, and the supplementary schedules, and the appropriate presentation in the course of conducting risk assessment, in order to plan audit procedures appropriate to the circumstances. An audit includes assessing the accounting policies used, its application method and estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

**Audit opinion**

In our opinion, the above non-consolidated financial statements and supplementary schedules fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the non-consolidated financial statements and the supplementary schedules, in accordance with the business accounting standards generally accepted in Japan.

Interests in the Company

Our firm and engagement partners have no interest in the Company which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

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*Notice to Readers:*

The original non-consolidated financial statements, which consist of the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the notes to non-consolidated financial statements, and the supplementary schedules thereof, are written in Japanese.

(English Translation)

Certified copy of the Audit & Supervisory Board's audit report

### **Audit Report**

The Audit & Supervisory Board, following review and deliberations on the reports made by each Audit & Supervisory Board Member concerning the execution of duties by Directors for the 100th fiscal term from January 1, 2014 to December 31, 2014, prepared this Audit Report and hereby submit it as follows:

#### **1. Summary of Auditing Methods by Audit & Supervisory Board Members and the Audit & Supervisory Board**

The Audit & Supervisory Board established auditing policies and the division of duties, received reports regarding the status of audits and the results thereof from each Audit & Supervisory Board Member, received reports regarding the status of the execution of duties from Directors and the Accounting Auditor, and requested explanation as necessary.

In accordance with the auditing standards for Audit & Supervisory Board Members determined by the Audit & Supervisory Board, and in compliance with auditing policies and the division of duties, each Audit & Supervisory Board Member made efforts to collect information and establish auditing circumstances through communication with Directors, internal audit staff and other employees, and attended the Board of Directors' meetings and other important meetings to receive reports regarding execution of duties from Directors and employees, and requested explanations as necessary. Each Audit & Supervisory Board Member also inspected the approved documents and examined the status of operations and conditions of assets at the head office and principal offices. Each Audit & Supervisory Board Member verified the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that the Directors' duties, as stated in the business report, are executed in conformity of laws and regulations, and the Articles of Incorporation of the Company, and the establishment of a system necessary to ensure proper business operations of a stock company set forth in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act. It also regularly received reports from Directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, and requested explanations as necessary and expressed his/her opinions. With regard to the internal control over financial reporting, Audit & Supervisory Board Members received reports from Directors and Deloitte Touche Tohmatsu LLC on the status of discussion between them and the evaluation of such internal control and the status of audit, and requested explanations as necessary.

Audit & Supervisory Board Members communicated and shared information with the directors etc. of the subsidiaries and received from the subsidiaries their business reports as necessary. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the fiscal term ended December 31, 2014.

Further, Audit & Supervisory Board Members monitored and verified that the Accounting Auditor maintains independence and conduct the audits appropriately. Each Audit & Supervisory Board Member also received reports on the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor and requested explanations as necessary. In accordance with the procedures mentioned above, we reviewed the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements), the supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal term ended December 31, 2014.

## 2. Results of Audit

### (1) Results of Audit of Business Report and Other Relevant Documents

1. The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
2. Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor of the Articles of Incorporation of the Company.
3. The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional comment regarding the contents of the business report on such internal control and the execution of duties by Directors. With regard to the internal control over financial reporting, the Audit & Supervisory Board received reports from Directors and Deloitte Touche Tohmatsu LLC that there were no material defects as of the date this audit report was prepared.

### (2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

The auditing methods and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

### (3) Results of Audit of Consolidated Financial Statements

The auditing methods and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

February 10, 2015

Audit & Supervisory Board, JUKI CORPORATION

Audit & Supervisory Board Member (Full-time)	Yoshihiro Otake
Audit & Supervisory Board Member	Kousuke Inoue
Audit & Supervisory Board Member	Masato Tanaka

(Note) Audit & Supervisory Board Members Kousuke Inoue and Masato Tanaka are Outside Audit & Supervisory Board Members who are required to be appointed in accordance with Item 16 of Article 2 and Paragraph 3 of Article 335 of the Companies Act.



## **Reference Materials for the Ordinary General Meeting of Shareholders**

### **Proposals and Reference Information**

#### **First proposal: Appropriation of Surplus**

For distribution of profit, we maintain the basic policy of striving to improve the return of profit to our shareholders based on the stable payment of dividends in comprehensive consideration of factors such as the results of the current fiscal year and the internal reserve provided for future business development.

Based on this policy, we would like to offer the following as a year-end dividend for the 100th fiscal year:

#### **Year-end dividend**

**(1) Type of dividend assets**

Cash

**(2) Distribution of dividend assets to shareholders and the total amount of dividends**

Payment of 4.00 yen per share of common shares (Total amount of dividends: 596,809,952 yen)

**(3) Effective date of distribution of surplus**

March 27, 2015

## **Second proposal: Share Consolidation**

### **1. Reasons necessitating share consolidation**

Japan's securities exchanges have announced the "Action Plan for Consolidating Trading Units," with the aim of standardizing the trading unit for common shares for all listed companies in Japan at 100 shares per unit.

In consideration of this background and the Company's status as an enterprise listed on the Tokyo Stock Exchange, the Company has decided to change its number of shares per share unit as a trading unit for the Company's shares from the present number of 1,000 shares to 100 shares. In addition, aiming to ensure that the share unit value of the Company's shares is within the security exchanges' preferred investment unit level (at least 50,000 yen and less than 500,000 yen), the Company has decided to carry out the share consolidation.

### **2. Ratio of share consolidation**

With regard to the common shares of the Company, five (5) shares will be consolidated into one (1) share.

If a fraction of less than one (1) share is created as a result of share consolidation, such fractional shares will be disposed together pursuant to the Companies Act, and the proceeds will be distributed to shareholders in proportion to the number of fractional shares they hold.

### **3. Effective date of share consolidation**

July 1, 2015

### **4. Other**

Share consolidation pertaining to this proposal will be executed provided that the third proposal "Partial Amendments to the Articles of Incorporation" is approved.

The Company requests that other matters required for the procedures be left to the discretion of the Board of Directors.

Note: Although the share consolidation will result in a reduction in the total number of issued shares to one-fifth of the present number, there will be no change in net assets or the like, meaning that net assets per share will be five times the current amount. Therefore, there will be no change in the respective asset value of shares of the Company held by each shareholder, except when impacted by other factors such as fluctuations of the stock market.

### Third proposal: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the proposal

On condition that the second proposal “Share Consolidation” is approved, we will make changes to Article 6 “Total Number of Authorized Shares” and Article 8 “Number of Shares per Share Unit” of our current Articles of Incorporation in association with our decision to change the number of shares per share unit from 1,000 shares to 100 shares in response to the “Action Plan for Consolidating Trading Units” called for by Japan’s securities exchanges.

Note that we will add a supplementary provision stipulating that these changes will take effect on July 1, 2015, which is the effective date of the share consolidation, and that the supplementary provision will be deleted upon the same date.

#### 2. Details

Details of the amendment are as follows:

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed amendments
<p>CHAPTER II SHARES</p> <p>(Total Number of Authorized Shares)</p> <p>Article 6. The total number of authorized shares of the Company shall be <u>four hundred million (400,000,000) shares.</u></p> <p>(Number of Shares per Share Unit)</p> <p>Article 8. The number of shares per share unit of the Company shall be <u>one thousand (1,000) shares.</u></p> <p>(Newly established)</p>	<p>CHAPTER II SHARES</p> <p>(Total Number of Authorized Shares)</p> <p>Article 6. The total number of authorized shares of the Company shall be <u>eighty million (80,000,000) shares.</u></p> <p>(Number of Shares per Share Unit)</p> <p>Article 8. The number of shares per share unit of the Company shall be <u>one hundred (100) shares.</u></p> <p><u>Supplementary Provision</u> <u>The amendments to Article 6 and Article 8 shall take effect on July 1, 2015, which is the effective date of the share consolidation pertaining to the second proposal of the 100th Ordinary General Meeting of Shareholders of the Company.</u> <u>This Supplementary Provision shall be deleted as of the said effective date.</u></p>

**Forth proposal: Election of 6 Directors**

The term of office of all (6) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 6 Directors (including 2 Outside Directors) is proposed.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Akira Kiyohara (November 26, 1951)	April 1974      Joined Fuji Bank Limited (currently Mizuho Bank, Ltd.) April 2002      Executive Officer and General Manager of Corporate Planning Dept. of Mizuho Bank, Ltd. March 2003      Managing Executive Officer, ditto March 2007      President of Mizuho Capital Co., Ltd. May 2009      Joined the Company, Advisor June 2009      Senior Managing Director, CAO, and CCO July 2009      Senior Managing Director, CFO, CAO, and CCO June 2010      President August 2013      President, and President of JUKI AUTOMATION SYSTEMS CORPORATION (To the present)	110,000 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Hiroshi Nakamura (December 23, 1953)	<p>April 1978      Joined the Company</p> <p>July 1999      General Manager of Corporate Planning Dept.</p> <p>April 2001      General Manager of Finance Planning Dept.</p> <p>March 2005      General Manager of Corporate Planning Dept.</p> <p>June 2006      Director and CIO, and General Manager of Corporate Planning Dept.</p> <p>June 2010      Managing Director, HQ General Manager of Planning HQ and General Manager of Corporate Planning Dept.</p> <p>June 2011      Senior Executive Operating Officer, “In charge of Administration Center (Human Resources Dept. and General Affairs Dept.),” “In charge of Business Development Center,” “In charge of Secretariat,” “In charge of Internal Auditing Dept.,” General Manager of General Affairs Dept., and “In charge of Internal Control and Compliance”</p> <p>December 2013      Managing Officer, “In charge of Administration Center (Human Resources Dept. and General Affairs Dept.),” “In charge of Secretariat,” “In charge of Internal Auditing Dept.,” “In charge of Internal Control and Compliance,” “In charge of Industry Association,” and “In deputy charge of Development Center”</p> <p>March 2014      Director and Managing Officer “In charge of Development Center,” “In charge of Administration Center (Human Resources Dept. and General Affairs Dept.),” “In charge of Secretariat,” “In charge of Internal Auditing Dept.,” “In charge of Internal Control and Compliance,” and “In charge of Industry Association”</p> <p>December 2014      Director and Managing Officer “In charge of Development Center (Technology Planning Dept.),” “In charge of Administration Center (Human Resources Dept. and General Affairs Dept.),” “In charge of Secretariat,” “In charge of Internal Auditing Dept.,” “In charge of Internal Control and Compliance,” and “In charge of Industry Association” (To the present)</p>	109,000 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Naotake Miyashita (October 22, 1960)	<p>April 1982      Joined the Company</p> <p>April 2004      President of JUKI (HONG KONG) LTD. and Director of JUKI (SHANGHAI) SALES CO., LTD.</p> <p>October 2004    General Manager of JUKI (SHANGHAI) SALES CO., LTD.</p> <p>October 2007    Director and General Manager of JUKI (CHINA) CO., LTD., and Director and General Manager of JUKI (SHANGHAI) SALES CO., LTD.</p> <p>July 2009       Executive Operating Officer, and Director and General Manager of JUKI (CHINA) CO., LTD.</p> <p>May 2012       Executive Operating Officer and Deputy Executive Unit Officer of Sewing Machinery Business Unit</p> <p>March 2013     Managing Officer and Executive Unit Officer of Sewing Machinery Business Unit</p> <p>March 2014     Director and Managing Officer “In charge of Business Operation Center (Sewing Machinery Business Unit and Household Sewing Machinery Business Unit),” Executive Unit Officer of Sewing Machinery Business Unit, and “In charge of Quality Assurance Dept.”</p> <p>January 2015    Director and Managing Officer “In charge of Business Operation Center (Sewing Machinery Business Unit and Household Sewing Machinery Business Unit),” Executive Unit Officer of Sewing Machinery Business Unit, and General Manager of Smart Sewing System Dept. (To the present)</p>	41,000 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Hirokazu Nagashima (February 1, 1958)	<p>April 1978      Joined the Company</p> <p>February 2000    General Manager of Business Renovation Promotion Dept.</p> <p>April 2002      Deputy HQ General Manager of Administration HQ of Electronic Assembly and Test Systems Div.</p> <p>January 2004    Executive Operating Officer and Deputy Division Manager of Electronic Assembly and Test Systems Div.</p> <p>March 2005      Executive Operating Officer and Division Manager of Electronic Assembly and Test Systems Div.</p> <p>June 2005      Director and Division Manager of Electronic Assembly and Test Systems Div.</p> <p>June 2006      Managing Director and Division Manager of Electronic Assembly and Test Systems Div.</p> <p>April 2011      Managing Director, “In charge of Business Operation Center (Electronic Assembly Systems Business Unit),” “In charge of Quality Assurance Dept.,” and Executive Unit Officer of Electronic Assembly Systems Business Unit</p> <p>August 2013    Director, and Director and Senior Managing Officer of JUKI AUTOMATION SYSTEMS CORPORATION (To the present)</p>	87,000 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Toshihiko Ozaki (January 31, 1947)	<p>April 1969      Joined Teikoku Piston Ring Co., Ltd. (currently TPR Co., Ltd.)</p> <p>February 1996      Deputy General Manager of Overseas Business Dept., ditto</p> <p>October 1998      General Manager of Trade Dept., ditto</p> <p>June 2002      Director, ditto (President of United Piston Ring Inc.)</p> <p>June 2005      Corporate Officer, ditto, and President of United Piston Ring Inc.</p> <p>February 2006      Corporate Officer, ditto, and President of TEIPI Corporation of America</p> <p>June 2006      Managing Officer, ditto, and President of TEIPI Corporation of America</p> <p>June 2007      Managing Officer and General Manager of Overseas Business Dept., ditto, and Director of TEIPI Sales Co., Ltd. (currently TPR Trading Co., Ltd.)</p> <p>June 2009      Managing Director, ditto, and Director of TEIPI Sales Co., Ltd.</p> <p>June 2010      Senior Managing Director, ditto, Director of TEIPI Sales Co., Ltd., and Director of the Company</p> <p>June 2011      Director and Senior Managing Officer, ditto, Director of TPR Trading Co., Ltd., and Director of the Company</p> <p>June 2014      Director of the Company (To the present)</p>	0 shares
6	Kazumi Nagasaki (May 28, 1951)	<p>April 1976      Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)</p> <p>November 1998      General Manager of Production System Development Dept., ditto</p> <p>March 2003      Plant Manager of Kumamoto Plant, ditto</p> <p>January 2005      Plant Manager of Yokohama Plant, ditto</p> <p>July 2005      Manager of Chemical and Industrial Products Production Div., ditto</p> <p>July 2008      President of Bridgestone EMK Co., Ltd.</p> <p>January 2014      Director Senior Advisor, ditto</p> <p>February 2014      Senior Advisor, ditto</p> <p>March 2014      Director of the Company (To the present)</p>	0 shares

- (Notes)
1. There are no conflicts of interest between the Company and any of the above candidates for Directors.
  2. Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki are candidates for Outside Directors.
  3. Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki are nominated as candidates for Outside Directors because we expect them to serve as competent Outside Directors and to appropriately provide advice and make decisions from an objective and neutral position, based on their broad experience and knowledge as corporate managers and their considerable insight and supervisory abilities with regard to corporate management.
  4. Mr. Toshihiko Ozaki, currently an Outside Director of the Company, will have been in office for four years and nine months at the conclusion of this General Meeting of Shareholders.
  5. Mr. Kazumi Nagasaki, currently an Outside Director of the Company, will have been in office for one year at the conclusion of this General Meeting of Shareholders.
  6. Upon the approval of Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki's election in this proposed resolution, the Company will conclude "Contracts for Limitation of Liability" with them for the purpose of limiting their liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, in accordance with Article 31 of the Company's Articles of Incorporation. The maximum amount of liability under said contract is the amount provided for in laws and regulations.
  7. Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki are such independent directors as specified by the Tokyo Stock Exchange.



### Fifth proposal: Election of 2 Substitute Audit & Supervisory Board Members

The resolution by the General Meeting of Shareholders on the election of substitute Audit & Supervisory Board Members, Mr. Yasuaki Isobe and Mr. Yutaka Hori, shall remain in effect until the start of this General Meeting of Shareholders. Accordingly, in order to prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations, the election of 2 substitute Audit & Supervisory Board Members is proposed.

The Audit & Supervisory Board consented to the proposal of this resolution.

The candidates for substitute Audit & Supervisory Board Members are as follows:

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
1	Yasuaki Isobe (May 6, 1946)	<p>July 1969      Joined Fuji Bank Limited (currently Mizuho Bank, Ltd.)</p> <p>May 1993      Accounting General Manager of Corporate Planning Div., ditto</p> <p>May 1996      General Manager of Bakurocho Branch, ditto</p> <p>March 2001    Retired from Fuji Bank Limited (currently Mizuho Bank, Ltd.)</p> <p>                 Managing Director of The Chiba Kogyo Bank, Ltd.</p> <p>June 2002      Retired from The Chiba Kogyo Bank, Ltd.</p> <p>                 Senior Executive Operating Officer of Fuji Research Institute Corporation (currently Mizuho Research Institute Ltd.)</p> <p>June 2005      Retired from Fuji Research Institute Corporation (currently Mizuho Research Institute Ltd.)</p> <p>                 Standing Audit &amp; Supervisory Board Member of Mizuho Staff Co., Ltd.</p> <p>June 2006      Retired from Mizuho Staff Co., Ltd.</p> <p>                 Standing Audit &amp; Supervisory Board Member of Nihon Shurui Hanbai Co., Ltd.</p> <p>June 2009      Retired as Standing Audit &amp; Supervisory Board Member, ditto</p>	0 shares
2	Yutaka Hori (October 5, 1949)	<p>April 1979      Registered as an attorney (Dai-ichi Tokyo Bar Association)</p> <p>December 1989   Representative attorney of Hori &amp; Associates Law Office (currently Hori &amp; Partners) (To the present)</p>	0 shares

- (Notes)
1. There are no conflicts of interest between the Company and any of the above candidates for substitute Audit & Supervisory Board Members.
  2. The candidates are substitutes for Outside Audit & Supervisory Board Members and Audit & Supervisory Board Members other than Outside Audit & Supervisory Board Members.
  3. Mr. Yasuaki Isobe is nominated as a candidate for substitute for Outside Audit & Supervisory Board Member and Audit & Supervisory Board Member other than Outside Audit & Supervisory Board Member because he is expected to appropriately provide advice and conduct audits based on his broad experience as a corporate manager and extensive insight.
  4. Mr. Yutaka Hori is nominated as a candidate for substitute for Outside Audit & Supervisory Board Member and Audit & Supervisory Board Member other than Outside Audit & Supervisory Board Member because he is expected to appropriately provide advice and conduct audits on matters such as compliance based on the legal expertise and experience he has built up as an attorney over many years.
  5. In the event of the election of Mr. Yasuaki Isobe and Mr. Yutaka Hori as substitute Audit & Supervisory Board Members, Mr. Yasuaki Isobe shall take first priority and Mr. Yutaka Hori shall take second priority.
  6. Upon assumption of office as Outside Audit & Supervisory Board Members, the Company will conclude “Contracts for Limitation of Liability” with Mr. Yasuaki Isobe and Mr. Yutaka Hori for the purpose of limiting their liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, in accordance with Article 43 of the Company’s Articles of Incorporation. The maximum amount of liability under said contract is the amount provided by laws and regulations.
  7. The Company may cancel the election of substitute Audit & Supervisory Board Members before they assume office as Audit & Supervisory Board Members. The cancellation shall be resolved by a majority of the Board of Directors and shall require the consent of the Audit & Supervisory Board.