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Securities code: 6440  
March 2, 2016

**To All Shareholders:**

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

**CONVOCATION NOTICE OF  
THE 101ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 101st 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., Monday, March 28, 2016 (Japan Standard Time).**

Thank you very much for your cooperation.

- 1. Date and Time:** March 29, 2016 (Tuesday) 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 101st Fiscal Year (January 1, 2015 to December 31, 2015), 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 101st Fiscal Year (January 1, 2015 to December 31, 2015)

**Resolution matters:**

- First proposal:** Appropriation of Surplus  
**Second proposal:** Partial Amendments to the Articles of Incorporation  
**Third proposal:** Election of 6 Directors  
**Fourth proposal:** Election of 2 Audit & Supervisory Board Members  
**Fifth proposal:** Election of 1 Substitute Audit & Supervisory Board Member

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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, 2015 to December 31, 2015)

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

**(1) Business Progress and Results**

In the fiscal year 2015 (FY2015), consolidated net sales were 112,865 million yen (up by 4.9% from the same period of the previous fiscal year), as a result of factors including firm performance in sales for the Sewing Machinery Business in Asia’s emerging markets continuing on from the previous fiscal year, a focus on acquiring new customers and expanding areas of business that deliver high rates of return, and the effect of yen depreciation.

With respect to profits, although the Sewing Machinery Business performed firmly, consolidated operating income was 7,110 million yen (down by 13.5% from the same period of the previous fiscal year) due mainly to a drop in sales reflecting a sharp fall in capital investment demand, mainly in the Electronic Assembly Systems Business field, as the effects of the economic slowdown in China became apparent from the second half, as well as lower rates of return for profits reflecting competition with other companies which escalated to a more intense level. Moreover, consolidated ordinary income was 5,728 million yen (down by 25.7% from the same period of the previous fiscal year) and consolidated net income was 3,853 million yen (down by 36.4% from the same period of the previous fiscal year) due mainly to the depreciation of emerging country currencies such as the Chinese renminbi and the Indian rupee resulting in valuation losses that were recorded as foreign exchange losses during the second half.

Business results by major segment are as follows:

**1) Sewing Machinery Business**

In the apparel sewing industry, sales expanded in emerging Asian regions, Vietnam and Bangladesh in particular, and regions such as Latin America and Africa. By product, sales of non-apparel sewn products for car seats and sport shoes, etc. increased along with sales of automated sewing machines for the apparel sector, which were driven by needs for automation. As a result, net sales of the Sewing Machinery Business as a whole were 86,147 million yen (up by 10.5% from the same period of the previous fiscal year).

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

Despite sales increases in newly released mounters and labor-saving systems, in China, our largest market, the effect of the economic slowdown emerged as we entered the second half, with a sharp decline in capital investment demand leading to a decline in sales. As a result, net sales of the Electronic Assembly Systems Business as a whole were 20,518 million yen (down by 8.5% from the same period of the previous fiscal year).

**(2) Capital Investments**

Capital investment totaling 1,252 million yen was disbursed in FY 2015, including 452 million yen for machinery, equipment and vehicles and 381 million yen for tools, furniture and fixtures.

**(3) Financing**

Financing for FY 2015 was arranged using the Group’s own funds and borrowings from financial institutions.

**(4) 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,” 2) “Developing powerful personnel (professionals) with the expertise to implement our strategy,” and 3) “Constructing a smart business foundation (a productive business structure with no waste).” To achieve these goals with certainty in 2016, the Company is focusing on promoting the following three points.

1) Strengthen strategy execution capabilities

- We will respond to market changes by strengthening management in sales offices overseas—our main area of activity—and rigorously implementing sales reforms on the front lines.
- We will make subsidiary JUKI SINGAPORE PTE. LTD. a regional headquarters to oversee Asia excluding China, and also Africa, to promote swift decision making locally.
- We will further enhance the function of each Head Office management division to serve as “Global Cooperate Center” to support overseas Group companies.

2) Strengthen competitiveness of products and services

- We will strengthen our product planning and development capability. We will aim to develop innovative and high-value-added products through incorporating customer needs and trends in other companies' products.
- We will enhance our customization for major projects such as customer automation, systemization, and robotization needs.
- We will aggressively promote capital expenditure to increase productivity at our own factories by fully adopting smart systems such as promoting automation of production processes and introducing transportation systems.

3) Strengthen systems and structures to boost profitability and improve financial position

- We will strengthen our engagement with the sewing machinery non-apparel business, labor-saving systems for electronic assembly systems, and automation needs utilizing collaborative products as well as expand our spare parts business.
- We will strengthen our solution sales, widen the scope of our activities for proposing automation and labor-saving solutions to customers, and pursue dynamic activities.
- In the business entrusted by major customers, mainly precision casting, processing, and assembly, we will form an overall unified operating structure with the Group companies to strengthen the Group's business even further.
- To construct a smart business foundation, we will swiftly complete the business structure reforms in the Electronic Assembly Systems Business. Furthermore, we will improve cash flow by reducing inventories, etc., and adopting smart technologies in our operation flow from manufacturing through to sales as part of operational innovation of the entire Company. In addition, we will promote quality management with thorough QCD in the development and production departments.

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.

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

### 1) Group

(million yen, except for per share amounts)

Item	The 98th fiscal year ended December 31, 2012	The 99th fiscal year ended December 31, 2013	The 100th fiscal year ended December 31, 2014	The 101st fiscal year ended December 31, 2015
Net sales	75,831	94,385	107,581	112,865
Ordinary income (loss)	(2,996)	3,878	7,710	5,728
Net income (loss)	(8,342)	3,006	6,058	3,853
Net income (loss) per share	¥(322.81)	¥116.35	¥219.17	¥129.14
Total assets	110,341	113,189	130,751	119,281
Net assets	4,934	11,806	25,010	28,477
Net assets per share	¥179.56	¥442.38	¥804.10	¥927.63

(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. On July 1, 2015, the Company carried out a one-for-five common share consolidation. Net income (loss) per share and net assets per share have been calculated as if the share consolidation had been carried out at the beginning of the 98th fiscal year.

2) Company

(million yen, except for per share amounts)

Item	The 98th fiscal year ended December 31, 2012	The 99th fiscal year ended December 31, 2013	The 100th fiscal year ended December 31, 2014	The 101st fiscal year ended December 31, 2015
Net sales	49,009	52,265	56,410	58,870
Ordinary income (loss)	(1,702)	3,297	7,962	5,222
Net income (loss)	(7,234)	2,940	7,031	3,563
Net income (loss) per share	¥(279.95)	¥113.80	¥254.37	¥119.42
Total assets	90,388	91,866	109,211	97,075
Net assets	11,074	14,493	25,919	29,498
Net assets per share	¥428.54	¥560.84	¥868.59	¥988.63

- (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. On July 1, 2015, the Company carried out a one-for-five common share consolidation. Net income (loss) per share and net assets per share have been calculated as if the share consolidation had been carried out at the beginning of the 98th fiscal year.

## (6) Principal Subsidiaries

### 1) Principal Subsidiaries

Company name	Capital (million yen)	The Company's percentage of voting rights		Main business
		Direct	Indirect	
JUKI AUTOMATION SYSTEMS CORPORATION	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
JUKI AMERICA, INC.	U.S.\$26,346 thousand	100%	—	Sales of sewing machinery in the Americas
TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	RMB5,001 thousand	100%	—	Sales of SMT systems, inspection equipment, printing equipment and others in China
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

### 2) Status of Specified Wholly Owned Subsidiaries

No items to report.

## (7) 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

**(8) 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
JUKI AMERICA, INC.	Head Office	Florida, U.S.A.
TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Head Office	Shanghai, China

**(9) Employees**

1) Group

(As of December 31, 2015)

Segment	Number of employees	Change from previous fiscal year-end
Sewing Machinery Business	3,984	111
Electronic Assembly Systems Business	844	(117)
Other business	1,184	74
Corporate headquarters (common)	233	24
Total	6,245	92

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

2) Company

(As of December 31, 2015)

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
807	48	44.5 years old	19.8 years

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

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

(As of December 31, 2015)

Creditor	Balance of borrowings (million yen)
Mizuho Bank, Ltd.	24,036
Sumitomo Mitsui Trust Bank, Limited	9,941
Mizuho Trust & Banking Co., Ltd.	5,928
The Hiroshima Bank, Ltd.	4,686
The Shoko Chukin Bank, Ltd.	3,047
Development Bank of Japan Inc.	2,975

## 2. Status of Shares (As of December 31, 2015)

- (1) Total Number of Authorized Shares** 80,000,000 shares  
 (Note) By a resolution of the 100th Ordinary General meeting of Shareholders of the Company, held on March 26, 2015, the Articles of Incorporation were changed in conjunction with a share consolidation on July 1, 2015. As a result, the number of the authorized shares has decreased from 400,000,000 to 80,000,000 (the decreased number of the authorized shares is 320,000,000).
- (2) Total Number of Issued Shares** 29,874,179 shares  
 (including 36,089 treasury shares)  
 (Note) By a resolution of the 100th Ordinary General meeting of Shareholders of the Company, held on March 26, 2015, the Company carried out a one-for-five share consolidation on July 1, 2015. As a result, the number of the issued shares has decreased by 119,496,720.
- (3) Number of Shareholders** 15,741 persons
- (4) Major Shareholders (Top 10)**

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,511	5.06
Mizuho Bank, Ltd.	938	3.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	774	2.59
Nippon Life Insurance Company	732	2.45
JP MORGAN CHASE BANK 380634	695	2.33
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG /JASDEC/FIM/LUXEMBOURG FUNDS	620	2.07
Asahi Mutual Life Insurance Company	569	1.90
CBNY-GOVERNMENT OF NORWAY	553	1.85
The Dai-ichi Life Insurance Company, Limited	511	1.71
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	499	1.67

(Note) The shareholding ratio is calculated by means of deducting treasury shares (36,089 shares) from the number of the issued shares.

### 3. Company Officers

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

(As of December 31, 2015)

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., Technology Development 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 ),” Executive Unit Officer of Sewing Machinery Business Unit,” and “General Manager of Smart Sewing System Dept.”	Director and General Manager of Sales of JUKI (CHINA) CO., LTD.
Director	Hirokazu Nagashima		Director and Senior Managing Officer of JUKI AUTOMATION SYSTEMS CORPORATION and Director and General Manager of TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.
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. Toshihiko Ozaki and Mr. Kazumi Nagasaki, are Outside Directors as defined in Item 15 of Article 2 of the Companies Act.
  2. Director, Mr. Toshihiko Ozaki and Mr. Kazumi Nagasaki, are such independent directors as specified by the Tokyo Stock Exchange.
  3. 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.
  4. Audit & Supervisory Board Member, Mr. Yoshihiro Otake, has many years of accounting experience and has sufficient financial and accounting knowledge.
  5. Audit & Supervisory Board Member, Mr. Kousuke Inoue, has been engaged in corporate management for many years and has sufficient financial and accounting knowledge.

**(2) Total Amount of Remuneration to Directors and Audit & Supervisory Board Members for FY 2015, etc.**

Title	Number of payees	Amount of remuneration (million yen)
Director	6	152
Audit & Supervisory Board Member	3	21
Total	9	173

**(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 12 Board of Directors' meetings held in FY 2015, and provided expert opinions, mainly as an experienced corporate manager, as necessary.
	Kazumi Nagasaki	Participated in all 12 Board of Directors' meetings held in FY 2015, and provided expert opinions, mainly as an experienced corporate manager, as necessary.
Audit & Supervisory Board Member	Kousuke Inoue	Participated in all 12 Board of Directors' meetings and in all 9 Audit & Supervisory Board meetings held in FY 2015; provided expert opinions, mainly as an experienced corporate manager, as necessary.
	Masato Tanaka	Participated in all 12 Board of Directors' meetings and in all 9 Audit & Supervisory Board meetings held in FY 2015; 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 2015, etc.**

	Number of payees	Amount of remuneration (million yen)
Total amount of remuneration	4	24

(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, 2015)

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
Managing Officer	Shinsuke Uchinashi	“In charge of Production Center”, “In charge of Administration Center (Finance & Accounting Dept.)” and “In charge of Business Development Center”	
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 and General Manager of Head Office of JUKI (CHINA) CO., LTD.
Managing Officer	Masahiko Nonomura	“In charge of Administration Center (Corporate Planning Dept. and Corporate Administration 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 (in charge of Monodzukuri 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	Company President of Group Business Company and Head of Akita Branch of Group Business Control Dept.	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.
Corporate Officer	Minoru Nitta		Managing Director of JUKI SINGAPORE PTE. LTD
Corporate Officer	Kiyoshi Matsumoto	“In deputy charge of Production Center (in charge of Production Planning Dept. and in charge of	

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
		Manufacturing Technology Dept.)”	

#### 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 61 million yen

2) Total amount of cash and other property benefits payable by the Company and its subsidiaries to Accounting Auditor 67 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) Reasons for the Audit & Supervisory Board's Agreement Regarding the Accounting Auditor's Compensation, etc.

The Audit & Supervisory Board has checked and reviewed the audit plan, the status of the execution of duties of the Accounting Auditor and the grounds for calculation of compensation estimates. As a result of this review, the Audit & Supervisory Board consents to the compensation for the Accounting Auditor in accordance with Paragraph 1 of Article 399 of the Companies Act.

##### (4) Non-audit Operation

No items to report.

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

If any of the reasons provided in the Paragraph 1 of Article 340 of the Companies Act applies to the Accounting Auditor, the Audit & Supervisory Board shall terminate the appointment of the Accounting Auditor with the full consensus of the Audit & Supervisory Board Members. In such cases, an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board shall report on the termination and the reason for it at the first General Meeting of the Shareholders of the Company to be convened following the termination.

Moreover, the Audit & Supervisory Board shall determine the content of proposals for submission to the General Meeting of Shareholders of the Company relating to the termination or nonrenewal of Accounting Auditors if it judges that it is difficult for the Accounting Auditor to carry out its duties appropriately.

## **5. Systems to ensure 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 “JUKI Group Code of Conduct,” 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 system for compliance and compliance management of the whole business group consisting of the Company and its subsidiaries (hereinafter “group companies”) 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 of the Company and group companies**

- 1) The Company shall establish the “Risk Management Rules” to manage risks of the Company and all group companies.
- 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, etc. of the Company and group companies 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 of the Company, and Directors, etc. and employees of group companies 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 “JUKI Group Code of Conduct,” 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 system for compliance and compliance management of the Company and all group companies 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 report to the Company of matters related to the execution of duties of Directors, etc. of group companies**

- 1) The group companies shall report the management policies and management plans to the Company at the “Group Management Conference,” and check and adjust them.
- 2) The group companies shall report to the Company regularly and as required, in accordance with the “Group companies management rules.”
- 3) The Directors, etc. of the group companies shall promptly report to the Corporate Officer in charge of Internal Control & Compliance of the Company on any event likely to cause significant damage to their group companies, 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.

**(7) Other systems to ensure the propriety of the business operations of the business group consisting of the Company and group companies**

- 1) The Company shall determine the management control system according to functional organization in its “Organization Rules” and “Group companies management rules.”
- 2) Decision making on the allocation of management resources in group companies shall be provided in the “Authorization Rules.”
- 3) The Company’s Internal Auditing Department shall conduct internal audits, as needed, on group companies.

**(8) 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.

**(9) Independence from Directors of such employees as specified in the preceding item (8) and matters related to ensuring the effectiveness of instructions of Audit & Supervisory Board Members of the Company to such employees**

- 1) 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.”

2) 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 promptly.

**(10) System for Directors, etc. and employees of the Company and group companies to report to Audit & Supervisory Board Members of the Company**

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, etc. and employees of the Company and group companies shall promptly report to the Audit & Supervisory Board Members on any event likely to cause significant damage to the Company or group companies, 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 of the Company and Directors, etc. and employees of group companies to directly report to them on any information the Audit & Supervisory Board Members deem to be necessary.

**(11) System to ensure that the reporting person of the preceding item (10) does not receive unfavorable treatment for making such report**

1) The Company shall state in the “Compliance Rules” that a person who has made a report to an Audit & Supervisory Board Member shall not receive unfavorable treatment for making such a report, and it shall give the widest possible publicity of this rule to Directors, etc. and employees of the Company and group companies.

**(12) Procedures for prepayment or reimbursement of costs arising from the execution of duties of the Audit & Supervisory Board Members and policy related to the handling of costs and liabilities arising from the execution of other duties**

1) The Company shall ensure the availability of funds to meet costs, etc. arising from the execution of duties of Audit & Supervisory Board Members by including a planned budget for Audit & Supervisory Board Members in annual budgeting.

2) The Company shall respond appropriately in the event of the expectation of the occurrence of costs judged by the Audit & Supervisory Board Member as necessary to ensure the effectiveness of audits, regardless of whether it was included in the budgeting of the previous sub-item.

**(13) 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.

**(14) 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.

## **6. Overview of operation status of system to ensure that business is conducted properly**

An overview of the operation status of the system to ensure that business is conducted properly in FY2015 is as follows.

### **(1) System for compliance with laws and regulations**

- The “Juki Group Code of Conduct” has been enacted, the contents of which is made simple and universal so that local employees overseas can easily understand. The Japanese version and Chinese and English translations have been distributed to ensure that each Group employee has a thorough understanding of compliance.
- Based on the “Compliance Rules”, the Company and its Group companies rigorously apply a system to ensure compliance.
- The Company has made a “Declaration with Regard to Antisocial Forces,” which is reflected in the clauses of contracts.

### **(2) Risk management system**

- In accordance with the “Risk Management Rules,” the Company held the Risk Management Council once every quarter in principle, as well as identified and evaluated risks, including those at Group companies.
- The Crisis-Management Task Force takes prompt actions against any realized risk.

### **(3) System for Directors to execute their duties**

- Under the “Corporate Officer Rules,” “Authorization Rules,” and “Organization Rules,” the Company strives to ensure that duties are executed promptly and efficiently by Directors.
- The Management Strategy Council is held twice a month in principle, and decisions on important matters are made promptly.

### **(4) System for management of Group companies**

- The Company has determined the management control system according to functional organization in its “Organization Rules” and “Group Companies Management Rules.” The Group Management Conference was held once every half-year to report on management policies and management plans, and to check and adjust their implementation.

### **(5) Internal audits**

- Internal audits of Group companies were conducted in accordance with an internal audit plan.
- Guidance activities were conducted at 16 overseas bases in order to strengthen their management systems.

### **(6) System relating to activities of the Audit & Supervisory Board Members**

- The “Audit & Supervisory Board Members Section” has been established as an organization to assist the Audit & Supervisory Board Members, and collects necessary information.
- The Audit & Supervisory Board Members exchange opinions with Representative Directors once every three months.
- The Audit & Supervisory Board Members regularly exchange information with the Accounting Auditor regarding accounting audits, to ensure the effectiveness of the audits.

## **Consolidated Financial Statements**

(January 1, 2015 - December 31, 2015)

### **Consolidated Balance Sheet**

(As of December 31, 2015)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>86,958</b>	<b>Current liabilities</b>	<b>64,436</b>
Cash and deposits	7,906	Notes and accounts payable - trade	10,126
Notes and accounts receivable - trade	31,263	Short-term loans payable	46,870
Merchandise and finished goods	31,689	Lease obligations	123
Work in process	3,532	Accounts payable - other	1,718
Raw materials and supplies	7,424	Accrued expenses	3,473
Deferred tax assets	2,595	Income taxes payable	745
Other	2,945	Provision for bonuses	60
Allowance for doubtful accounts	(400)	Notes payable - facilities	111
<b>Non-current assets</b>	<b>32,323</b>	Other	1,205
<b>Property, plant and equipment</b>	<b>25,024</b>	<b>Non-current liabilities</b>	<b>26,367</b>
Buildings and structures, net	13,844	Long-term loans payable	20,101
Machinery, equipment and vehicles, net	3,036	Lease obligations	281
Tools, furniture and fixtures, net	1,047	Provision for directors' retirement benefits	171
Land	6,656	Net defined benefit liability	5,084
Leased assets, net	342	Other	728
Construction in progress	97	<b>Total liabilities</b>	<b>90,803</b>
<b>Intangible assets</b>	<b>1,797</b>	<b>(Net assets)</b>	
<b>Investments and other assets</b>	<b>5,501</b>	<b>Shareholders' equity</b>	<b>27,873</b>
Investment securities	3,009	Capital stock	18,044
Long-term loans receivable	432	Capital surplus	2,094
Long-term prepaid expenses	353	Retained earnings	7,800
Deferred tax assets	202	Treasury shares	(66)
Net defined benefit asset	982	<b>Accumulated other comprehensive income</b>	<b>(194)</b>
Other	2,316	Valuation difference on available-for-sale securities	817
Allowance for doubtful accounts	(1,795)	Foreign currency translation adjustment	(1,148)
		Remeasurements of defined benefit plans	136
		<b>Minority interests</b>	<b>799</b>
		<b>Total net assets</b>	<b>28,477</b>
<b>Total assets</b>	<b>119,281</b>	<b>Total liabilities and net assets</b>	<b>119,281</b>

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

**Consolidated Statement of Income**  
 (January 1, 2015 - December 31, 2015)

Description	Amount	(million yen)
<b>Net sales</b>		<b>112,865</b>
<b>Cost of sales</b>		<b>78,293</b>
<b>Gross profit</b>		<b>34,571</b>
<b>Selling, general and administrative expenses</b>		<b>27,461</b>
<b>Operating income</b>		<b>7,110</b>
<b>Non-operating income</b>		
Interest income	127	
Dividend income	147	
Commission fee	193	
Other	445	914
<b>Non-operating expenses</b>		
Interest expenses	1,321	
Foreign exchange losses	819	
Other	155	2,296
<b>Ordinary income</b>		<b>5,728</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	50	
Other	0	51
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	65	
Loss on valuation of investment securities	34	
Impairment loss	32	
Other	4	137
<b>Income before income taxes and minority interests</b>		<b>5,642</b>
Income taxes - current	1,625	
Income taxes - deferred	364	1,989
<b>Income before minority interests</b>		<b>3,652</b>
Minority interests in loss		200
<b>Net income</b>		<b>3,853</b>

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

## Consolidated Statement of Changes in Equity

(January 1, 2015 - December 31, 2015)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,044	2,094	3,754	(62)	23,831
Cumulative effects of changes in accounting policies			1,087		1,087
Restated balance	18,044	2,094	4,841	(62)	24,918
Changes of items during period					
Dividends of surplus			(895)		(895)
Net income			3,853		3,853
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		(0)		0	0
Transfer of loss on disposal of treasury shares		0	(0)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,958	(3)	2,954
Balance at end of current period	18,044	2,094	7,800	(66)	27,873

(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	817	(3)	(695)	44	163	1,015	25,010
Cumulative effects of changes in accounting policies						7	1,094
Restated balance	817	(3)	(695)	44	163	1,022	26,104
Changes of items during period							
Dividends of surplus							(895)
Net income							3,853
Purchase of treasury shares							(3)
Disposal of treasury shares							0
Transfer of loss on disposal of treasury shares							-
Net changes of items other than shareholders' equity	0	3	(453)	91	(358)	(223)	(581)
Total changes of items during period	0	3	(453)	91	(358)	(223)	2,372
Balance at end of current period	817	-	(1,148)	136	(194)	799	28,477

(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
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Machinery, equipment and vehicles	2 - 15 years
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Tools, furniture and fixtures	2 - 20 years
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**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 (2 - 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 eight 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 benefit formula 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.

**2. Notes on Changes of Accounting Policies**

Regarding 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, March 26, 2015; hereinafter the "Guidance"), effective from the current fiscal year, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance, reviewed its calculation method for retirement benefit obligations and service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting each estimated timing and amount of benefit payment.

Application of the Accounting Standard and Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard, and the effect of the revision to the calculation method for retirement benefit obligations and service costs has been added to or deducted from retained earnings as of January 1, 2015.

As a result, net defined benefit asset as of January 1, 2015 increased by 806 million yen, net defined benefit liability decreased by 394 million yen and retained earnings increased by 1,087 million yen. The impact of this change on profit and loss for the current fiscal year is immaterial.

### 3. Notes to Consolidated Balance Sheet

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

(Assets offered as collateral)

Buildings and structures	3,816 million yen
Machinery, equipment and vehicles	808 million yen
Land	2,402 million yen
Intangible assets	313 million yen
Investment securities	2,010 million yen
<hr/>	
Total	9,352 million yen
of which assets offered as foundation mortgage	5,150 million yen

(Collateralized loans)

Short-term loans payable	25,914 million yen
Long-term loans payable	16,260 million yen
<hr/>	
Total	42,174 million yen

of which loans collateralized as foundation mortgage 35,469 million yen

#### (2) Accumulated depreciation of property, plant and equipment 41,674 million yen

The accumulated amount of impairment loss is included in the amount of accumulated depreciation.

#### (3) Notes discounted 211 million yen

#### (4) Financial covenants

Among loans, an amount of 5,652 million yen is subject to financial covenants, primarily the following covenant.

Ordinary income (loss) presented in the 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.

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

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

Common shares 29,874,179 shares

(Note) By a resolution of the 100th Ordinary General meeting of Shareholders of the Company, held on March 26, 2015, the Company carried out a one-for-five common share consolidation on July 1, 2015. As a result, the number of the issued shares has decreased by 119,496,720.

#### (2) Dividends

1) Dividends paid

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
Board of Directors' meetings on August 6, 2015	Common shares	Retained earnings	298	2.00	June 30, 2015	September 8, 2015

(Note) By a resolution of the 100th Ordinary General meeting of Shareholders of the Company, held on March 26, 2015, the Company carried out a one-for-five common share consolidation on July 1, 2015. The amount of dividend per share shows the actual amounts prior to the consolidation. If the share consolidation is taken into account, the dividend per share resolved by the Ordinary General Meeting of Shareholders on March 26, 2015 would be 20.00 yen and the dividend per share resolved by the Board of Directors on August 6, 2015 would be 10.00 yen.

2) 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 29, 2016.

Proposal for 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 29, 2016	Common shares	Retained earnings	745	25.00	December 31, 2015	March 30, 2016

## 5. 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, 2015 (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.

	Consolidated balance sheet amount (*1)	Fair value (*1)	(million yen) Difference
(1) Cash and deposits	7,906	7,906	—
(2) Notes and accounts receivable - trade (*2)	30,862	30,862	—
(3) Investment securities			
Other securities	2,586	2,586	—
(4) Notes and accounts payable - trade	[10,126]	[10,126]	—
(5) Short-term loans payable (*3)	[35,554]	[35,554]	—
(6) Long-term loans payable (*3)	[31,416]	[31,496]	79
(7) Derivative transactions			
of which hedge accounting is not applied	263	263	—

(\*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.

## 6. Notes on Per Share Information

**(1) Net assets per share 927.63 yen**

**(2) Net income per share 129.14 yen**

(Note) On July 1, 2015, the Company carried out a one-for-five common share consolidation. Accordingly, net assets per share and net income per share have been calculated as if the share consolidation had been carried out on January 1, 2015.

## **Non-consolidated Financial Statements**

(January 1, 2015 - December 31, 2015)

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

(As of December 31, 2015)

		(million yen)	
Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>45,032</b>	<b>Current liabilities</b>	<b>46,893</b>
Cash and deposits	175	Notes payable - trade	1,559
Notes receivable - trade	479	Accounts payable - trade	6,501
Accounts receivable - trade	21,215	Short-term loans payable	26,114
Merchandise and finished goods	2,693	Short-term loans payable to subsidiaries and associates	1,443
Work in process	1,110	Lease obligations	69
Raw materials and supplies	67	Accounts payable - other	8,623
Accrued income	707	Accrued expenses	2,090
Short-term loans receivable	8,723	Income taxes payable	199
Accounts receivable - other	6,726	Deposits received	194
Deferred tax assets	1,415	Notes payable - facilities	34
Other	1,718	Other	63
<b>Non-current assets</b>	<b>52,042</b>	<b>Non-current liabilities</b>	<b>20,683</b>
<b>Property, plant and equipment</b>	<b>14,590</b>	Long-term loans payable	17,193
Buildings, net	9,309	Lease obligations	176
Structures, net	148	Long-term accounts payable - other	159
Machinery and equipment, net	117	Provision for retirement benefits	2,898
Vehicles, net	3	Provision for directors' retirement benefits	97
Tools, furniture and fixtures, net	217	Deferred tax liabilities	142
Land	4,555	Other	15
Leased assets, net	182	<b>Total liabilities</b>	<b>67,576</b>
Construction in progress	56	<b>(Net assets)</b>	<b>28,672</b>
<b>Intangible assets</b>	<b>649</b>	<b>Shareholders' equity</b>	
Patent right	343	Capital stock	18,044
Software	233	Capital surplus	2,094
Leased assets	57	Legal capital surplus	2,094
Other	14	Retained earnings	8,600
<b>Investments and other assets</b>	<b>36,803</b>	Legal retained earnings	167
Investment securities	2,581	Other retained earnings	8,433
Shares of subsidiaries and associates	19,180	Retained earnings brought forward	8,433
Investments in capital of subsidiaries and associates	6,389	Treasury shares	(66)
Investments in capital	186	<b>Valuation and translation adjustments</b>	<b>825</b>
Long-term loans receivable from subsidiaries and associates	8,552	Valuation difference on available-for-sale securities	825
Long-term loans receivable from employees	15		
Long-term accounts receivable from subsidiaries and associates	1,508		
Claims provable in bankruptcy, claims provable in rehabilitation and other	223		
Long-term prepaid expenses	89		
Prepaid pension cost	31		
Other	45		
Allowance for doubtful accounts	(2,001)	<b>Total net assets</b>	<b>29,498</b>
<b>Total assets</b>	<b>97,075</b>	<b>Total liabilities and net assets</b>	<b>97,075</b>

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

**Non-consolidated Statement of Income**  
 (January 1, 2015 - December 31, 2015)

(million yen)

Description	Amount
<b>Net sales</b>	<b>58,870</b>
<b>Cost of sales</b>	<b>46,722</b>
<b>Gross profit</b>	<b>12,147</b>
<b>Selling, general and administrative expenses</b>	<b>9,321</b>
<b>Operating income</b>	<b>2,825</b>
<b>Non-operating income</b>	
Interest and dividend income	1,232
Commission fee	1,664
Other	523
	3,420
<b>Non-operating expenses</b>	
Interest expenses	764
Foreign exchange losses	244
Other	14
	1,024
<b>Ordinary income</b>	<b>5,222</b>
<b>Extraordinary income</b>	
Gain on sales of non-current assets	26
	26
<b>Extraordinary losses</b>	
Loss on sales and retirement of non-current assets	6
Loss on valuation of shares of subsidiaries and associates	361
Loss on valuation of investments in capital of subsidiaries and associates	306
	673
<b>Income before income taxes</b>	<b>4,576</b>
Income taxes - current	593
Income taxes - deferred	419
	1,012
<b>Net income</b>	<b>3,563</b>

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

**Non-consolidated Statement of Changes in Equity**  
 (January 1, 2015 - December 31, 2015)

	Shareholders' equity							(million yen)	
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings	Retained earnings brought forward		
Balance at beginning of current period	18,044	2,094	-	2,094	77	4,992	5,069		
Cumulative effects of changes in accounting policies						862	862		
Restated balance	18,044	2,094	-	2,094	77	5,854	5,931		
Changes of items during period					89	(89)	-		
Provision of legal retained earnings						(895)	(895)		
Dividends of surplus						3,563	3,563		
Net income						(0)	(0)		
Purchase of treasury shares				(0)					
Disposal of treasury shares				0					
Transfer of loss on disposal of treasury shares				0					
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	89	2,578	2,668		
Balance at end of current period	18,044	2,094	-	2,094	167	8,433	8,600		

	Shareholders' equity		Valuation and translation adjustments			Total net assets	(million yen)
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	(62)	25,146	775	(3)	772	25,919	
Cumulative effects of changes in accounting policies		862					862
Restated balance	(62)	26,008	775	(3)	772	26,781	
Changes of items during period							
Provision of legal retained earnings		-					-
Dividends of surplus		(895)					(895)
Net income		3,563					3,563
Purchase of treasury shares	(3)	(3)					(3)
Disposal of treasury shares	0	0					0
Transfer of loss on disposal of treasury shares		-					-
Net changes of items other than shareholders' equity			50	3	53	53	
Total changes of items during period	(3)	2,664	50	3	53	2,717	
Balance at end of current period	(66)	28,672	825	-	825	29,498	

(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
Raw materials and supplies	Using the last cost method

#### (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
Structures	3 - 50 years
Machinery and equipment and vehicles	2 - 15 years
Tools, furniture and fixtures	2 - 20 years

##### 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 benefit formula 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 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.

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.

**2. Notes on Changes of Accounting Policies**

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, March 26, 2015) were applied from the current fiscal year. Accordingly, the Company has reviewed its calculation method for retirement benefit obligations and service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting each estimated timing and amount of benefit payment.

Application of the Accounting Standard and Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard, and the effect of the revision to the calculation method for

retirement benefit obligations and service costs has been added to or deducted from retained earnings brought forward as of January 1, 2015.

As a result, prepaid pension cost as of January 1, 2015 increased by 23 million yen, provision for retirement benefits decreased by 839 million yen, and retained earnings brought forward increased by 862 million yen. The impact of this change on profit and loss for the current fiscal year is immaterial.

### 3. Notes to Non-consolidated Balance Sheet

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

(Assets offered as collateral)	
Buildings	521 million yen
Structures	16 million yen
Machinery and equipment	30 million yen
Land	637 million yen
Investment securities	2,010 million yen
<hr/>	
Total	3,216 million yen
of which assets offered as foundation mortgage	1,205 million yen
 (Collateralized loans)	
Short-term loans payable	20,948 million yen
Long-term loans payable	14,590 million yen
<hr/>	
Total	35,538 million yen
of which loans collateralized as foundation mortgage	30,568 million yen

**(2) Accumulated depreciation of property, plant and equipment      15,900 million yen**

#### (3) Guarantee liability

Guarantee	Guaranteed amount	Details	(million yen)
JUKI SINGAPORE PTE. LTD.	6,812	Guarantee on borrowing	
JUKI (CHINA) CO., LTD.	4,082	Guarantee on borrowing	
JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	1,432	Guarantee on borrowing	
JUKI (VIETNAM) CO., LTD.	1,299	Guarantee on borrowing	
JUKI CENTRAL EUROPE SP. ZO.O.	919	Guarantee on borrowing	
<hr/>			
Total	14,547		

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

Short-term monetary receivables	36,903 million yen
Short-term monetary payables	14,577 million yen

#### (5) Financial covenants

Among loans, an amount of 5,535 million yen is subject to the following financial covenants.  
Ordinary income (loss) presented in the 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.

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

Transactions with subsidiaries and associates	
Net sales	56,222 million yen
Purchase	32,156 million yen
Other operating transactions	5,006 million yen
Transactions other than operating transactions	3,231 million yen

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

Type and number of treasury shares as of this fiscal year-end	
Common shares	36,089 shares

### 6. 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	43
Income taxes payable	31
Deduction of deferred experiment and research expenses	87
Loss brought forward	1,359
Other	24
Total	1,546
Valuation allowance	(130)
Total deferred tax assets	<u>1,415</u>

- Noncurrent:

Deferred tax assets:	
Provision for retirement benefits	926
Provision for directors' retirement benefits	31
Allowance for doubtful accounts	645
Impairment loss	165
Loss on valuation of shares of subsidiaries and associates	1,819
Loss on valuation of investments in capital of subsidiaries and associates	240
Other	627
Total	4,454
Valuation allowance	(4,361)
Total deferred tax assets	<u>93</u>
Offset to deferred tax liabilities	<u>(93)</u>
Net deferred tax assets	<u>—</u>
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	<u>236</u>
Total deferred tax liabilities	<u>236</u>
Offset to deferred tax assets	<u>(93)</u>
Net deferred tax liabilities	<u>142</u>

## **7. 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	29,584	Accounts receivable - trade	13,855
				Debt guarantee	6,812	—	—
				Provision of loan	2,143	Short-term loans receivable	603
				Recovery of funds	1,867	—	—
				Receipt of interest	23	—	—
	TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	— (*)	Accounts receivable - other	1,649
	JUKI (CHINA) CO., LTD.	Direct ownership 100%	Sales and maintenance of the Company's products	Provision of loan	6,300	Long-term loans receivable from subsidiaries and associates	6,766
				Recovery of funds	7,198	—	—
				Receipt of interest	127	—	—
				Debt guarantee	4,082	—	—
	JUKI AUTOMATION SYSTEMS CORPORATION	Direct ownership 81.1%	Sales and maintenance of the Company's products	Purchase of products	— (*)	Accounts payable - other	8,187
				Provision of loan	1,450	Short-term loans receivable	7,400
				Receipt of interest	59	—	—
	JUKI CENTRAL EUROPE SP. ZO.O.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	5,534	Accounts receivable - trade	2,573
	JUKI XINXING INDUSTRY CO., LTD.	Indirect ownership 89.9%	Manufacture of the Company's products	Purchase of products	5,369	Accounts payable - trade	1,061
	JUKI AUTOMATION SYSTEMS INC.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	— (*)	Accounts receivable - other	787
						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	2,189
						Long-term accounts receivable from subsidiaries and associates	25
	JUKI DENSHI KOGYO CORPORATION	Direct ownership 100%	Manufacture of the Company's products	Receipt of collateral	(Note 3)	—	—
Subsidiaries	JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	Direct ownership 27.5% Indirect ownership 72.5%	Manufacture of the Company's products	Purchase of products	11,736	Accounts payable - trade	2,156
				Repayment of fund	395	Long-term loans receivable from subsidiaries and associates	1,368

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)
JUKI AMERICA, INC.	Direct ownership 100%	Sales and maintenance of the Company's products		Receipt of interest	27	—	—
				Technical advisory fee income, etc.	773	Accrued income	201
				Debt guaranteee	1,432	—	—
JUKI (VIETNAM) CO., LTD.	Direct ownership 100%	Manufacture of the Company's products	Debt guaranteee	Sales of products	6,896	Accounts receivable - trade	1,238
				Borrowing of fund	475	Short-term loans payable to subsidiaries and associates	482
				Repayment of fund	1,158	—	—
				Payment of interest	6	—	—
JUKI SMT ASIA CO., LTD.	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	— (*)	1,299	Accounts receivable-other	505
JUKI SALES (JAPAN) CORPORATION	Direct ownership 100%	Sales and maintenance of the Company's products	Sales of products	2,860	Long-term accounts receivable from subsidiaries and associates	1,161	
JUKI INDIA PVT. LTD.	Indirect ownership 100%	Sales and maintenance of the Company's products	Sales of products	1,310	Accounts receivable - trade	1,140	
					1,573	Long-term accounts receivable from subsidiaries and associates	156

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., JUKI (VIETNAM) CO., LTD., and JUKI CENTRAL EUROPE SP. ZO.O. is provided with regard to borrowing from banks. A fixed debt guarantee charge has been received.
6. 1,397 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 1 million yen of reversal 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 7,805 million yen, the balance of sales to JUKI AUTOMATION SYSTEMS INC. is 1,193 million yen, the balance of sales to JUKI AUTOMATION SYSTEMS AG. is 1,263 million yen, the balance of sales to JUKI SMT ASIA CO., LTD. is 657 million yen, and the balance of purchases from JUKI AUTOMATION SYSTEMS CORPORATION is 15,185 million yen.

## 8. Notes on Per Share Information

<b>(1) Net assets per share</b>	988.63 yen
<b>(2) Net income per share</b>	119.42 yen

(Note) On July 1, 2015, the Company carried out a one-for-five common share consolidation. Accordingly, net assets per share and net income per share have been calculated as if the share consolidation had been carried out on January 1, 2015.

(English Translation)

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

**Independent Auditor's Report**

February 8, 2016

To the Board of Directors  
JUKI CORPORATION

Deloitte Touche Tohmatsu LLC

Yoshiyuki Higuchi, 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, 2015 to December 31, 2015.

**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.

*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 8, 2016

To the Board of Directors  
JUKI CORPORATION

Deloitte Touche Tohmatsu LLC

Yoshiyuki Higuchi, 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 101st fiscal term from January 1, 2015 to December 31, 2015.

**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 101st fiscal term from January 1, 2015 to December 31, 2015, 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
  - (1) 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.
  - (2) 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 perform the audit in accordance with the following procedures.
    1. Each Audit & Supervisory Board Member 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. And each Audit & Supervisory Board Member communicated and shared information with the directors, auditors, etc. of the subsidiaries and received from the subsidiaries their business reports as necessary.
    2. 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 the whole business group consisting of a stock company and its subsidiaries 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.
    3. 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 business reports and supplementary schedules, 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, 2015.

## 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 9, 2016

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 101st 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 25.00 yen per share of common shares (Total amount of dividends: 745,952,250 yen)

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

March 30, 2016

## **Second proposal: Partial Amendments to the Articles of Incorporation**

### **1. Reasons for the proposal**

With the enforcement of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014), companies may now conclude contracts for limitation of liability with directors who do not perform business execution and Audit & Supervisory Board Members who are not outside Audit & Supervisory Board Members. To facilitate the invitation of appropriate human resources and to enable them to adequately perform their expected roles, the Company shall partially amend Article 31 and Article 43 of the Articles of Incorporation. All Audit & Supervisory Board Members have given consent for the amendment to Article 31 of the Articles of Incorporation.

### **2. Details**

Details of the amendment are as follows:

(Underlined parts are amended.)	
Current Articles of Incorporation	Proposed amendments
<p>(Contracts for Limitation of Liability of <u>Outside Directors</u>)</p> <p>Article 31 The Company may conclude contracts for the purpose of limiting liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, with <u>Outside Directors</u>, as provided for in Paragraph 1 of Article 427 of the Companies Act. However, the minimum amount of liability under such contracts is the amount provided for in laws and regulations.</p>	<p>(Contracts for Limitation of Liability of <u>Directors</u>)</p> <p>Article 31 The Company may conclude contracts for the purpose of limiting liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, with <u>Directors (except directors who execute business)</u>, as provided for in Paragraph 1 of Article 427 of the Companies Act. However, the minimum amount of liability under such contracts is the amount provided for in laws and regulations.</p>
<p>(Contracts for Limitation of Liability of <u>Outside Audit &amp; Supervisory Board Members</u>)</p> <p>Article 43 The Company may conclude contracts for the purpose of limiting liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, with <u>Outside Audit &amp; Supervisory Board Members</u>, as provided for in Paragraph 1 of Article 427 of the Companies Act. However, the minimum amount of liability under such contracts is the amount provided for in laws and regulations.</p>	<p>(Contracts for Limitation of Liability of <u>Audit &amp; Supervisory Board Members</u>)</p> <p>Article 43 The Company may conclude contracts for the purpose of limiting liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, with <u>Audit &amp; Supervisory Board Members</u>, as provided for in Paragraph 1 of Article 427 of the Companies Act. However, the minimum amount of liability under such contracts is the amount provided for in laws and regulations.</p>

**Third 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 3 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)	<p>April 1974                          Joined Fuji Bank Limited (currently Mizuho Bank, Ltd.)</p> <p>April 2002                          Executive Officer and General Manager of Corporate Planning Dept. of Mizuho Bank, Ltd.</p> <p>March 2003                          Managing Executive Officer, ditto</p> <p>March 2007                          President of Mizuho Capital Co., Ltd.</p> <p>May 2009                          Joined the Company, Advisor</p> <p>June 2009                          Senior Managing Director, CAO, and CCO</p> <p>July 2009                          Senior Managing Director, CFO, CAO, and CCO</p> <p>June 2010                          President</p> <p>August 2013                          President, and President of JUKI AUTOMATION SYSTEMS CORPORATION (Present)</p>		24,100 shares
2	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.</p> <p>May 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, General Manager of Smart Sewing System Dept. and Director and General Manager of Sales of JUKI (CHINA) CO., LTD.</p>		10,000 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
		January 2016	Director and Managing Officer “In charge of Business Operation Center (Sewing Machinery Business Unit),” Director and General Manager of Sales of JUKI (CHINA) CO., LTD. and Chairman of JUKI SINGAPORE PTE. LTD. (Present)	
3	Minoru Wada (February 9, 1953)	July 1982	Joined the Company	12,400 shares
		January 2001	General Manager of Development Technology Dept., Industrial Sewing Machine Production Headquarters, Ohtawara Plant	
		August 2002	General Manager of Quality Assurance Dept., Industrial Sewing Machine Div.	
		April 2003	General Manager of Development II Dept., Electronic Assembly and Test Systems Div.	
		July 2006	Corporate Officer and President of JUKI DENSHI KOGYO CORPORATION	
		August 2012	Senior Executive Operating Officer “In deputy charge of Production Center”	
		October 2013	Managing Officer “In deputy charge of Development Center”	
		October 2014	Managing Officer “In charge of Development Center (Sewing Machinery Development Dept.),” and “In charge of Quality Assurance Dept.” (Present)	
4	Toshihiko Ozaki (January 31, 1947)	April 1969	Joined Teikoku Piston Ring Co., Ltd. (currently TPR Co., Ltd.)	0 shares
		February 1996	Deputy General Manager of Overseas Business Dept., ditto	
		October 1998	General Manager of Trade Dept., ditto	
		June 2002	Director, ditto (President of United Piston Ring Inc.)	
		June 2005	Corporate Officer, ditto, and President of United Piston Ring Inc.	
		February 2006	Corporate Officer, ditto, and President of TEIPI Corporation of America	
		June 2006	Managing Officer, ditto, and President of TEIPI Corporation of America	
		June 2007	Managing Officer and General Manager of Overseas Business Dept., ditto, and Director of TEIPI Sales Co., Ltd. (currently TPR Trading Co., Ltd.)	
		June 2009	Managing Director, ditto, and Director of TEIPI Sales Co., Ltd.	
		June 2010	Senior Managing Director, ditto, Director of TEIPI Sales Co., Ltd., and Director of the Company	
		June 2011	Director and Senior Managing Officer, ditto, Director of TPR Trading Co., Ltd., and Director of the Company	
		June 2014	Director of the Company (Present)	
5	Kazumi Nagasaki (May 28, 1951)	April 1976	Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)	0 shares
		November 1998	General Manager of Production System Development Dept., ditto	
		March 2003	Plant Manager of Kumamoto Plant, ditto	
		January 2005	Plant Manager of Yokohama Plant, ditto	
		July 2005	Manager of Chemical and Industrial Products Production Div., ditto	
		July 2008	President of Bridgestone EMK Co., Ltd.	
		January 2014	Director Senior Advisor, ditto	
		February 2014	Senior Advisor, ditto	

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
		March 2014	Director of the Company (Present)	
6	Yutaka Hori (October 5, 1949)	April 1979	Registered as an attorney (Dai-ichi Tokyo Bar Association)	0 shares
		December 1989	Representative attorney of Hori & Associates Law Office (currently Hori & Partners) (Present)	
		June 1999	Lecturer of Graduate School of International Corporate Strategy, Hitotsubashi University	
		April 2004	Executive and Vice President, National University Corporation Chiba University (Present)	
		April 2010	Commissioner of Public Interest Corporation Commission (PICC) of the Cabinet Office (Present)	

- (Notes)
1. Any of the above candidates for Directors have any special interest in the Company.
  2. Mr. Toshihiko Ozaki, Mr. Kazumi Nagasaki and Mr. Yutaka Hori 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.
  - Mr. Yutaka Hori is nominated as a candidate for Outside Director because we expect him to serve as competent Outside Director and to appropriately provide advice and make decisions on matters such as compliance based on the legal expertise and experience he has built up as an attorney over many years.
  4. Mr. Toshihiko Ozaki, currently an Outside Director of the Company, will have been in office for five 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 two years at the conclusion of this General Meeting of Shareholders.
  6. Mr. Yutaka Hori has been a substitute Audit & Supervisory Board Member up until the start of this General Meeting of Shareholders.
  7. Upon the approval of the election of Mr. Toshihiko Ozaki, Mr. Kazumi Nagasaki, and Mr. Yutaka Hori in this proposed resolution, the Company will conclude a "Contract for Limitation of Liability" with each of them for the purpose of limiting their liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, in accordance with the revised Article 31 of the Company's Articles of Incorporation proposed in Proposal 2. The maximum amount of liability under said contracts is the amount provided for in the applicable laws and regulations.
  8. Mr. Toshihiko Ozaki, Mr. Kazumi Nagasaki and Mr. Yutaka Hori are such independent directors as specified by the Tokyo Stock Exchange.

#### **Fourth proposal: Election of 2 Audit & Supervisory Board Members**

The term of office of Audit & Supervisory Board Members, Mr. Kousuke Inoue and Mr. Masato Tanaka, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 2 Audit & Supervisory Board Members is proposed.

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

The candidates for 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	Masato Tanaka (August 5, 1956)	April 1983	Appointed as judge (Served as a judge of Osaka District Court, investigator for the Supreme Court, judge of the Tokyo High Court, judge of the Intellectual Property High Court, etc.)	0 shares
		April 2006	Retired as judge, Registered as an attorney (Dai-ichi Tokyo Bar Association)	
		April 2006	Partner attorney of Nagashima Ohno & Tsunematsu (Present)	
		June 2011	Corporate Auditor of the Company (Present)	
2	Yasuaki Isobe (May 6, 1946)	July 1969	Joined Fuji Bank Limited (currently Mizuho Bank, Ltd.)	0 shares
		May 1993	Accounting General Manager of Corporate Planning Div., ditto	
		May 1996	General Manager of Bakurocho Branch, ditto	
		June 2000	Managing Director of The Chiba Kogyo Bank, Ltd.	
		March 2001	Retired from Fuji Bank Limited (currently Mizuho Bank, Ltd.)	
		June 2002	Retired from The Chiba Kogyo Bank, Ltd. Senior Executive Operating Officer of Fuji Research Institute Corporation (currently Mizuho Research Institute Ltd.)	
		June 2005	Retired from Fuji Research Institute Corporation (currently Mizuho Research Institute Ltd.) Standing Audit & Supervisory Board Member of Mizuho Staff Co., Ltd.	
		June 2006	Retired from Mizuho Staff Co., Ltd. Standing Audit & Supervisory Board Member of Nihon Shurui Hanbai Co., Ltd.	
		June 2009	Retired as Standing Audit & Supervisory Board Member, ditto	

- (Notes) 1. Any of the above candidates for substitute Audit & Supervisory Board Members have any special interest in the Company.
2. All candidates are candidates for Outside Audit & Supervisory Board Members.
3. Mr. Masato Tanaka is nominated as a candidate for 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.
- Mr. Yasuaki Isobe is nominated as a candidate for 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. Masato Tanaka, currently an Outside Audit & Supervisory Board Member 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. Yasuaki Isobe has been a substitute Audit & Supervisory Board Member up until the start of this General Meeting of Shareholders.
6. Upon the approval of the election of Mr. Masato Tanaka and Mr. Yasuaki Isobe in this proposed resolution, the Company will conclude a “Contract for Limitation of Liability” with each of them for the purpose of limiting their liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, in accordance with the revised Article 43 of the Company’s Articles of Incorporation proposed in Proposal 2. The maximum amount of liability under said contracts is the amount provided for in the applicable laws and regulations.

## Fifth proposal: Election of 1 Substitute Audit & Supervisory Board Member

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 1 substitute Audit & Supervisory Board Member is proposed.

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

The candidate for substitute Audit & Supervisory Board Member is as follows:

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions		Number of shares of the Company held
1	Michikazu Aoi (February 16, 1947)	April 1980 April 1990 October 2001 April 2011 April 2014	Assistant Professor, Graduate School of Business Administration, Keio University Professor, ditto Dean, Keio Business School, Graduate School of Business Administration, Keio University Professor, Graduate School of Global Business, Meiji University (Present) Dean, ditto (Present)	0 shares

- (Notes) 1. The above candidate for substitute Audit & Supervisory Board Member has any special interest in the Company.  
2. The candidate is substitute for Outside Audit & Supervisory Board Members and Audit & Supervisory Board Members other than Outside Audit & Supervisory Board Members.  
3. Mr. Michikazu Aoi is nominated as candidate for substitute Audit and Supervisory Board Member because he is expected to appropriately provide advice and conduct audits based on his rich knowledge of management and keen insight as a university professor.  
4. Upon the approval of the election of Mr. Michikazu Aoi in this proposed resolution, the Company will conclude a “Contract for Limitation of Liability” with him for the purpose of limiting his liability, as provided for in Paragraph 1 of Article 423 of the Companies Act, in accordance with the revised Article 43 of the Company’s Articles of Incorporation proposed in Proposal 2. The maximum amount of liability under said contract is the amount provided for in the applicable laws and regulations.  
5. The Company may cancel the election of substitute Audit & Supervisory Board Member 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.