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Securities Code: 6806
June 6, 2017

To Shareholders with Voting Rights

Kazunori Ishii
President and Representative Director
Hirose Electric Co., Ltd.
5-23, Osaki 5-chome, Shinagawa-ku, Tokyo

NOTICE OF THE 70TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 70th Ordinary General Meeting of Shareholders of Hirose Electric Co., Ltd. (the “Company”). The meeting will be held as described below. If you are unable to attend the meeting, you may exercise your voting rights in writing by submitting the Voting Rights Exercise Form or via the Internet. Please read the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on June 26, 2017 (Monday) in accordance with the guidance below.

1. Date and Time: June 27, 2017 (Tuesday), 10:00 a.m.

2. Venue: 1-1, Shirokanedai 1-chome, Minato-ku, Tokyo
HAPPO-EN, 2F SUNLIGHT

3. Agenda of the Meeting:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the Company’s 70th Fiscal Year (from April 1, 2016 to March 31, 2017) and Audit Reports for the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the Company’s 70th Fiscal Year (from April 1, 2016 to March 31, 2017)

Proposals to be resolved:

Proposal No. 1 Dividends of Surplus

Proposal No. 2 Partial Amendments to the Articles of Incorporation

Proposal No. 3 Election of Eight (8) Directors

4. Guidance for Exercising Voting Rights:

(1) Exercise voting rights in writing

Please indicate your approval or disapproval on the enclosed Voting Rights Exercise Form, and return the form to us to arrive no later than 5:00 p.m. on June 26, 2017 (Monday).

(2) Exercise voting rights via the Internet

If you exercise your voting rights via the Internet, please exercise them no later than 5:00 p.m. on June 26, 2017 (Monday).

(3) If you exercise your voting rights twice, once in writing and once via the Internet, your Internet vote shall be deemed to be valid. If you exercise your voting rights more than once via the Internet or exercise them twice, once using a personal computer and once using a mobile phone, the last exercise shall be deemed to be valid.

5. Other Matters Related to This Convocation:

Among the documents that have to be provided along with the convocation of this meeting of shareholders, the Notes to the Consolidated and Non-consolidated Financial Statements are posted on the Company's website (<https://www.hirose.com/jp/>) pursuant to the provisions of the relevant laws and regulations and Article 15 of the Company's Articles of Incorporation, therefore these are not included in this Notice. The Consolidated and Non-consolidated Financial Statements included in this Notice are part of the Consolidated and Non-consolidated Financial Statements that the Accounting Auditor and Audit & Supervisory Board Members audited to prepare their respective Audit Reports.

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For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.

If there are any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report and/or the Consolidated and Non-consolidated Financial Statements, these amendments will be posted on the Company's website (<https://www.hirose.com/jp/>).

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Dividends of Surplus

Regarding year-end dividends, comprehensively taking into account the business results and operating environment of the Company and based on the policy of stable dividend distribution to shareholders, we propose year-end dividends as follows:

- (1) Type of dividend property: Cash
- (2) Matters related to the allocation of dividends and total amount thereof:
  - ¥120 per share of the Company's common shares
  - Total amount of dividends: ¥4,175,556,240
  - Because an interim dividend of ¥120 per share was paid, the annual dividend for the fiscal year ended March 31, 2017 is ¥240 per share.
- (3) Effective date of dividends of surplus: June 28, 2017

#### Proposal No. 2: Partial Amendments to the Articles of Incorporation

##### 1. Reasons for amendments

To clarify Directors' management responsibility and establish a corporate management system that can respond swiftly to changes in the business environment, it is requested that the term of office for Directors in Article 19 in the current Articles of Incorporation be shortened to one year from two years. In line with the change, provisions in Paragraph 2 of the article on the adjustment of the term for Directors may be deleted.

##### 2. Details of amendments

Details of amendments are as follows:

(Underlined portions indicate amendments.)

| Current Articles of Incorporation                                                                                                                                                                                                               | Proposed Amendments to the Articles of Incorporation                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHAPTER IV.<br>Directors and Board of Directors                                                                                                                                                                                                 | CHAPTER IV.<br>Directors and Board of Directors                                                                                                                                                                                                |
| (Term of office)                                                                                                                                                                                                                                | (Term of office)                                                                                                                                                                                                                               |
| Article 19. The term of office of a Director shall expire at the close of the ordinary general meeting of shareholders for the last fiscal year out of the fiscal years terminating within <u>two years</u> after the election of the Director. | Article 19. The term of office of a Director shall expire at the close of the ordinary general meeting of shareholders for the last fiscal year out of the fiscal years terminating within <u>one year</u> after the election of the Director. |
| <u>2. The term of office of a Director who is elected to office due to a vacancy or an increase in the number of Directors shall expire at the expiration of the term of office of other current Directors.</u>                                 | <u>(Deleted)</u>                                                                                                                                                                                                                               |

**Proposal No. 3: Election of Eight (8) Directors**

The term of office of all seven (7) Directors will expire at the close of this Ordinary General Meeting of Shareholders, therefore, the Company proposes the election of eight (8) Directors.

The candidates are as follows:

[Reference] List of candidates for Director

| No. | Name                                                   | Current positions and responsibilities in the Company                                              |
|-----|--------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1   | <input type="checkbox"/> Reelection Kazunori Ishii     | President and Representative Director                                                              |
| 2   | <input type="checkbox"/> Reelection Mitsuo Nakamura    | Managing Director<br>General Manager–Engineering; concurrently responsible for Production Division |
| 3   | <input type="checkbox"/> Reelection Makoto Kondo       | Managing Director<br>General Manager–Sales & Marketing                                             |
| 4   | <input type="checkbox"/> Reelection Kazuyuki Iizuka    | Director<br>General Manager–Administration                                                         |
| 5   | <input type="checkbox"/> Reelection Hiroaki Okano      | Director<br>Deputy General Manager–Engineering                                                     |
| 6   | <input type="checkbox"/> Reelection Yukio Kiriya       | Director<br>General Manager–Production; concurrently responsible for Quality Assurance Department  |
| 7   | <input type="checkbox"/> Reelection Kensuke Hotta      | Outside Director                                                                                   |
| 8   | <input type="checkbox"/> New election Tetsuji Motonaga |                                                                                                    |

| No.                                                                                                                                                                                                                                                             | Name<br>(Date of birth)                                                    | Career summary, positions and responsibilities in the Company and significant concurrent positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Number of shares owned |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1                                                                                                                                                                                                                                                               | <input type="checkbox"/> Reelection<br>Kazunori Ishii<br>(January 4, 1960) | <p>April 1982      Joined the Company</p> <p>July 2007      Deputy General Manager–Engineering of the Company</p> <p>November 2008      Deputy General Manager–Sales &amp; Marketing of the Company</p> <p>June 2009      Operating Officer of the Company</p> <p>November 2009      Acting General Manager–Sales &amp; Marketing of the Company</p> <p>June 2010      Director of the Company, Delegated to act as General Manager–Corporate Innovation Office</p> <p>June 2011      Senior Managing Director of the Company, Delegated to act as General Manager–Sales &amp; Marketing; concurrently General Manager–Corporate Innovation Office</p> <p>June 2012      President and Representative Director of the Company (to present)</p> <p>(Significant concurrent positions at other organizations)</p> <p>President and Representative Director of TOHOKU HIROSE ELECTRIC CO., LTD.</p> <p>President and Representative Director of KORIYAMA HIROSE ELECTRIC CO., LTD.</p> <p>President and Representative Director of ICHINOSEKI HIROSE ELECTRIC CO., LTD.</p> <p>Representative Director of HIROSE KOREA CO., LTD.</p> | 1,050                  |
| <p>(Reasons for nomination as candidate for Director)</p> <p>The Company nominates him as a candidate for Director for another term because we believe he is well qualified for the position as he has supervised and managed the whole Group as President.</p> |                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                        |

| No.                                                                                                                                                                                                                                                                                 | Name<br>(Date of birth)                                                                                                               | Career summary, positions and responsibilities in the Company and significant concurrent positions at other organizations |                                                                                                             | Number of shares owned |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------|
| 2                                                                                                                                                                                                                                                                                   | <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div><br>Mitsuo Nakamura<br>(February 23, 1958) | April 1980                                                                                                                | Joined the Company                                                                                          | 525                    |
|                                                                                                                                                                                                                                                                                     |                                                                                                                                       | July 2007                                                                                                                 | Deputy General Manager–Engineering of the Company                                                           |                        |
| June 2009                                                                                                                                                                                                                                                                           | Operating Officer of the Company                                                                                                      |                                                                                                                           |                                                                                                             |                        |
| June 2010                                                                                                                                                                                                                                                                           | Director of the Company                                                                                                               |                                                                                                                           |                                                                                                             |                        |
|                                                                                                                                                                                                                                                                                     | Delegated to act as Deputy General Manager–Engineering                                                                                |                                                                                                                           |                                                                                                             |                        |
| June 2013                                                                                                                                                                                                                                                                           | Delegated to act as General Manager–Engineering                                                                                       |                                                                                                                           |                                                                                                             |                        |
| June 2015                                                                                                                                                                                                                                                                           | Managing Director of the Company (to present)                                                                                         |                                                                                                                           |                                                                                                             |                        |
|                                                                                                                                                                                                                                                                                     | June 2016                                                                                                                             | Delegated to act as General Manager–Engineering; concurrently responsible for Production Division (to present)            |                                                                                                             |                        |
| (Reasons for nomination as candidate for Director)<br>The Company nominates him as a candidate for Director for another term because we believe he is well qualified for the position as he has supervised and managed technological development at the Group as Managing Director. |                                                                                                                                       |                                                                                                                           |                                                                                                             |                        |
| 3                                                                                                                                                                                                                                                                                   | <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div><br>Makoto Kondo<br>(October 5, 1952)      | April 1977                                                                                                                | Joined Sony Corporation                                                                                     | 0                      |
|                                                                                                                                                                                                                                                                                     |                                                                                                                                       | March 2004                                                                                                                | General Manager, Management Planning Department, Mobile Network Company, Energy Company of Sony Corporation |                        |
| January 2005                                                                                                                                                                                                                                                                        | Joined the Company                                                                                                                    |                                                                                                                           |                                                                                                             |                        |
| July 2007                                                                                                                                                                                                                                                                           | Deputy General Manager–Sales & Marketing of the Company                                                                               |                                                                                                                           |                                                                                                             |                        |
| June 2009                                                                                                                                                                                                                                                                           | Operating Officer of the Company                                                                                                      |                                                                                                                           |                                                                                                             |                        |
| June 2010                                                                                                                                                                                                                                                                           | Director of the Company                                                                                                               |                                                                                                                           |                                                                                                             |                        |
|                                                                                                                                                                                                                                                                                     | Delegated to act as Deputy General Manager–Sales & Marketing                                                                          |                                                                                                                           |                                                                                                             |                        |
| June 2012                                                                                                                                                                                                                                                                           | Delegated to act as General Manager–Sales & Marketing (to present)                                                                    |                                                                                                                           |                                                                                                             |                        |
|                                                                                                                                                                                                                                                                                     | June 2015                                                                                                                             | Managing Director of the Company (to present)                                                                             |                                                                                                             |                        |
| (Reasons for nomination as candidate for Director)<br>The Company nominates him as a candidate for Director for another term because we believe he is well qualified for the position as he has supervised and managed sales and marketing at the Group as Managing Director.       |                                                                                                                                       |                                                                                                                           |                                                                                                             |                        |

| No.                                                                                                                                                                                                                                                                                        | Name<br>(Date of birth)                                                                                                               | Career summary, positions and responsibilities in the Company and significant concurrent positions at other organizations                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Number of shares owned |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 4                                                                                                                                                                                                                                                                                          | <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div><br>Kazuyuki Iizuka<br>(December 19, 1953) | April 1979<br>August 1990<br>February 1997<br>February 2000<br>April 2006<br>April 2007<br>July 2007<br>June 2009<br>June 2010<br>June 2011 | Joined Tokyo Shibaura Electric K.K. (currently TOSHIBA CORPORATION)<br>Joined SRI International<br>Joined Anderson Consulting (currently Accenture Japan Ltd)<br>Joined NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.<br>Partner, Industrial Consulting Division, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.<br>Joined the Company<br>Deputy General Manager–Administration of the Company<br>Operating Officer, Acting General Manager–Administration of the Company<br>Director of the Company (to present)<br>Delegated to act as Acting General Manager–Administration<br>Delegated to act as General Manager–Administration (to present) | 0                      |
| (Reasons for nomination as candidate for Director)<br>The Company nominates him as a candidate for Director for another term because we believe he is well qualified for the position as he has supervised and managed the general administrative affairs of the Group.                    |                                                                                                                                       |                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                        |
| 5                                                                                                                                                                                                                                                                                          | <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div><br>Hiroaki Okano<br>(August 1, 1955)      | April 1982<br>September 2003<br>April 2013<br>June 2014<br>June 2015                                                                        | Joined Hitachi Cable, Ltd. (currently Hitachi Metals, Ltd.)<br>Joined the Company<br>Deputy General Manager–Engineering of the Company<br>Operating Officer of the Company<br>Director of the Company, Delegated to act as Deputy General Manager–Engineering (to present)                                                                                                                                                                                                                                                                                                                                                                               | 105                    |
| (Reasons for nomination as candidate for Director)<br>The Company nominates him as a candidate for Director for another term because we believe he is well qualified for the position as he has supervised and managed the automobile business of the Group.                               |                                                                                                                                       |                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                        |
| 6                                                                                                                                                                                                                                                                                          | <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div><br>Yukio Kiriya<br>(December, 29 1958)    | April 1982<br>April 2013<br>June 2015<br>November 2015<br>April 2016<br>June 2016                                                           | Joined the Company<br>Deputy General Manager–Production of the Company<br>Operating Officer of the Company<br>Acting General Manager–Production of the Company<br>Acting General Manager–Production of the Company; concurrently responsible for Quality Assurance Department<br>Director of the Company, Delegated to act as General Manager–Production; concurrently responsible for Quality Assurance Department (to present)                                                                                                                                                                                                                         | 1,305                  |
| (Reasons for nomination as candidate for Director)<br>The Company nominates him as a candidate for Director for another term because we believe he is well qualified for the position as he has supervised and managed the overall manufacturing and quality control affairs of the Group. |                                                                                                                                       |                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                        |

| No.                                                                                                                                                                                                                                                                                                                    | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                                                        | Career summary, positions and responsibilities in the Company and significant concurrent positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of shares owned |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 7                                                                                                                                                                                                                                                                                                                      | <div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div><br/> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div><br/> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> </div><br>Kensuke Hotta<br>(October 12,<br>1938) | April 1962      Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)<br>June 1987      Director of The Sumitomo Bank, Limited<br>June 1997      Representative Director and Executive Vice President of The Sumitomo Bank, Limited<br>January 2001   Chairman of Morgan Stanley Japan Limited (currently Morgan Stanley MUFG Securities Co., Ltd.)<br>October 2007   Chairman and Representative Director of Hotta Sogo Jimusho K.K. (to present)<br>December 2008 Chairman and Representative Director of Greenhill & Co. Japan Ltd.<br>June 2011      Outside Director of the Company (to present)<br>May 2016      Senior Advisor of Greenhill & Co. Japan Ltd. (to present)<br>June 2016      Outside Statutory Auditor of SEIREN CO., LTD. (to present)<br><br>(Significant concurrent positions at other organizations)<br>Chairman and Representative Director of Hotta Sogo Jimusho K.K.<br>Senior Advisor of Greenhill & Co. Japan Ltd.<br>Outside Statutory Auditor of SEIREN CO., LTD. | 0                      |
| (Reasons for nomination as candidate for Outside Director)<br>The Company nominates him as a candidate for Outside Director for another term because he has been providing appropriate oversight on the management of the Company utilizing his considerable experience and in-depth knowledge as a corporate manager. |                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                        |

Notes:

1. Mr. Kensuke Hotta is a candidate for Outside Director and Mr. Hotta's term of office as Outside Director will be six years at the closing of this General Meeting of Shareholders.
2. The Company designates Mr. Hotta as an Independent Officer as stipulated by the Tokyo Stock Exchange and reports him as such to the exchange. If his reelection is approved, the Company intends to continue to designate him as an Independent Officer.
3. Mr. Hotta meets all criteria of the Company's Standards for Independence of Outside Officers.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Hotta, to limit his liability for damages to the effect that if such liability as stipulated in Article 423, Paragraph 1 of the Act is not resulting from serious negligence and his duty is conducted in good faith, the limit of the amount for which he is liable under such agreement shall be the sum of the amounts set forth in each item (minimum liability amount) of Article 425, Paragraph 1 of the Act. If his reelection is approved, the Company intends to continue the same agreement with him.

| No.                                                                                                                                                                                                                                                                                                   | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                                                              | Career summary, positions and responsibilities in the Company<br>and significant concurrent positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of<br>shares owned |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 8                                                                                                                                                                                                                                                                                                     | <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">New election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Independent</div> Tetsuji Motonaga<br>(August 4, 1960) | April 1985      Joined Nippon Yusen Kabushiki Kaisha (NYK LINE)<br>January 1997    Joined Boston Consulting Group<br>September 2001   Joined Fuji Seal, Inc.<br>April 2003        Joined Jomon Associates Inc.<br>August 2006      Established Ichthys Co., Ltd.<br>Representative Director<br>(to present)<br>April 2015        Auditor of Keisei Medical Corporation<br>(to present)<br>October 2015     Board Chair of Japan Family Business Institute<br>(to present)<br>(Significant concurrent positions at other organizations)<br>Representative Director of Ichthys Co., Ltd.<br>Auditor of Keisei Medical Corporation<br>Board Chair of Japan Family Business Institute | 0                         |
| (Reasons for nomination as candidate for Outside Director)<br>The Company nominates him as a new candidate for Outside Director because we expect his appropriate oversight on the management of the Company utilizing his extensive track records and in-depth knowledge as a management consultant. |                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                           |

Notes:

1. Mr. Tetsuji Motonaga is a candidate for Outside Director.
2. If the election of Mr. Motonaga is approved, the Company intends to designate him as an Independent Officer as stipulated by the Tokyo Stock Exchange, and report him as such to the exchange.
3. Although the Company has previously entered into a consultancy services agreement with Mr. Motonaga, this agreement was terminated in December 2016. Mr. Motonaga meets all criteria of the Company's Standards for Independence of Outside Officers.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into a liability limitation agreement with Mr. Motonaga, to limit his liability for damages to the effect that if such liability as stipulated in Article 423, Paragraph 1 of the Act is not resulting from serious negligence and his duty is conducted in good faith, the limit of the amount for which he is liable under such agreement shall be the sum of the amounts set forth in each item (minimum liability amount) of Article 425, Paragraph 1 of the Act. If his election is approved, the Company intends to enter into the same agreement with him.



(Reference) Standards for Independence of Outside Directors

The Company selects Independent Outside Directors who satisfy the requirements of Independent Officer as stipulated by financial instruments exchanges and possess track records and relevant knowledge in their respective fields. More specifically, if an Outside Director does not fall under any of the following cases, the Outside Director is determined as having independence.

- In the case where the Outside Director is currently serving, or has once served during the past ten years, as an executive of the Company or any of its subsidiaries  
(Executives refer to any and all officers and employees excluding Outside Officers and Audit & Supervisory Board Members.)
- In the case where the Outside Director is currently serving as an executive of a company with which the Group engages in transactions, and the amount of the transactions exceeds 2% of consolidated net sales of any fiscal year among the last three fiscal years
- In the case where the Outside Director receives, as a legal or accounting expert or consultant, remuneration (excluding remuneration paid as a Director of the Company and remuneration paid to the organization or firm to which the Outside Director belongs) exceeding the average annual amount of ¥10 million directly from the Company during the last three fiscal years
- In the case where the Outside Director belongs to an organization such as corporation (which includes law firm, audit corporation, tax accountant corporation and consulting firm) and association, and remuneration received from the Company exceeds the higher of either 2% or more of the average annual amount of gross sales of the said organization such as corporation or association in the last three fiscal years or ¥100 million or more
- In the case where the Outside Director is currently an employee, etc., of an audit corporation that is the Accounting Auditor of the Company or any of its subsidiaries
- In the case where the Outside Director has once engaged in auditing operations for the Company or any of its subsidiaries as an employee, etc., of an audit corporation that is the Accounting Auditor of the Company or any of its subsidiaries during the last three years
- In the case where a relative within the second degree of consanguinity of the Independent Director is currently serving, or has once served in the past, as Executive Director of the Company or any of its subsidiaries