Please note that the following is an unofficial English translation of the Japanese original text of the 69th Ordinary General Meeting of Shareholders of Hamamatsu Photonics K.K. This translation is provided for reference and convenience purposes only and without any assurance as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Securities Code: 6965)
November 24, 2016

To Our Shareholders

Akira Hiruma, President and CEO
Hamamatsu Photonics K.K.
1126-1, Ichino-cho, Higashi-ku
Hamamatsu City, Shizuoka Prefecture

NOTICE OF CONVOCATION OF THE 69th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 69th Ordinary General Meeting of Shareholders of Hamamatsu Photonics K.K. (the "Company"), to be held as follows.

If you are unable to attend the meeting, you may exercise your voting rights in Writing or by Electronic Means (via the Internet,etc.). Please read the attached REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS, and exercise your voting rights by 5:00 p.m., Thursday, December 15, 2016, Japan Time.

1. Time and Date: 10:00 a.m., Friday, December 16, 2016

2. Place: ACT CITY HAMAMATSU Concert Hall
111-1, Itaya-machi, Naka-ku, Hamamatsu City,
Shizuoka Prefecture

3. Agenda of the Meeting:

Matters to be reported:

1. Reports on the Business Report and the Consolidated Financial Statements for the 69th Fiscal Year (From October 1, 2015 through September 30, 2016), as well as Results of the Audits of the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board
2. Report on the Non-consolidated Financial Statements for the 69th Fiscal Year (From October 1, 2015 through September 30, 2016)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Four (4) Audit & Supervisory Board Members

4. Matters Regarding the Exercise of Voting Rights:

(1) If you exercise your voting rights in Writing, Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form, and return it so that it will reach us by 5:00 p.m., Thursday, December 15, 2016, Japan Time.

(2) If you exercise your voting rights by Electronic Means (via the Internet, etc.), please refer to "Guide to the Exercise of Voting Rights by Electronic Means (via the Internet, etc.)" on page 7, access the Website for the Exercise of Voting Rights designated by the Company (http://www.web54.net), and then enter your approval or disapproval of each of the proposals by 5:00 p.m., Thursday, December 15, 2016, Japan Time.

(3) If there is no indication of approval or disapproval of the proposal on your Voting Rights Exercise Form, the Company shall deem that you have indicated your approval of the proposal.

(4) If you have exercised your voting rights more than once by electronic means (via the Internet, etc.), only the final exercise of the voting rights shall be deemed effective.

(5) If you have exercised your voting rights both by electronic means (via the Internet, etc.) and the Voting Rights Exercise Form, only the exercise of the voting rights by electronic means (via the Internet, etc.) shall be deemed effective.

(6) If you wish to exercise your voting rights by proxy on the day of the general meeting of shareholders, you may entrust its exercise to a single shareholder other than you who is also a shareholder of the Company with voting rights. In this case, a document certifying the relevant power of representation shall be presented together with your Voting Rights Exercise Form.

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1. For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting. For the purpose of resource-saving, please bring this notice with you.

2. Please note that "Consolidated Statements of Changes in Net Assets and Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements and "Non-consolidated Statements of Changes in Net Assets and Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements, which are generally provided with this Notice of Convocation of the Ordinary General Meeting of Shareholders, are not attached herein. Instead, these are published on our website (http://www.hamamatsu.com/ja/ir/index.html) in accordance with the applicable laws and regulations and Article 15 of the Articles of Incorporation (Japanese only).

3. If any amendment is made to the REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS or any attachments, the amended information will be posted on the Company's Website (http://www.hamamatsu.com/ja/ir/index.html).

REFERENCE DOCUMENTS
FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company hereby proposes to appropriate the surplus as described below.

1. Matters Regarding Fiscal Year-end Dividend

The Company places the highest priority on distribution of results through dividends as a measure of returning profits to shareholders. Our basic dividend strategy outlines steadily increasing dividends through continuous growth in earnings per share by enhancing and strengthening its corporate earning capacity based on a long-term perspective. Furthermore, its policy is to achieve the stable increase of dividends, with dividend payout ratio of around 30% of profit attributable to owners of parent.

On the other hand, to maintain its competitiveness based on advanced technical capabilities as the leading company in photonics, the Company believes long-term investment will be essential for the research and development necessary to achieve long-term growth of our corporate value and creation of the photon-based industries. To accomplish this, the Company also recognizes the importance of ensuring a certain level of funds on hand to provide for research and development investment and for capital investment. In addition, while the Company also regards funds on hand as a bulwark against earthquakes and other natural disasters and maintains a high level of retained earnings, it recognizes such funds contribute to the further enhancement of corporate value through business investment for the development of highly competitive future products.

Based on the above policy and a comprehensive review of various factors including its financial results, the Company proposes a year-end dividend of 17 yen per share. The amount of annual dividend will be 34 yen per share including an interim dividend of 17 yen we have already paid.

(1) Type of property for dividends:
Cash

(2) Allotment of property for dividends and total amount thereof:
17 yen per share of common stock of the Company for a total of 2,678,941,855 yen

(3) Effective date for distribution of dividends from surplus:
December 19, 2016

2. Other Matters Regarding Appropriation of Surplus

To reinforce its management base to prepare for business developments in the future, the Company proposes to make an account transfer as follows.

(1) Item of surplus to be increased and amount thereof:
General reserve: 7,000,000,000 yen

(2) Item of surplus to be decreased and amount thereof:
Retained earnings brought forward: 7,000,000,000 yen

Proposal No. 2: Election of Four (4) Audit & Supervisory Board Members

The terms of office of all four (4) current Audit & Supervisory Board Members will expire at the conclusion of the Meeting. Accordingly, it is proposed that four (4) Audit & Supervisory Board Members be elected.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Audit & Supervisory Board Members are as follows.

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="2">Brief History and Positions in the Company
(Significant Positions Concurrently Held)</th><th>Number of Shares of the Company Held</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Kazuhiko Mori
(December 11, 1956)</td><td>Apr.1979

Jul. 2009

Jul. 2011

Dec. 2012</td><td>Joined The Kyowa Bank, Ltd.(currently Resona Bank, Limited)
General Manager, Shibuya Branch, Resona Bank, Limited
Transferred to the Company
General Manager, Finance Division
Audit & Supervisory Board Member (Standing) of the Company (present)</td><td>1,300</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Audit & Supervisory Board Member]
The Company proposes the reelection of Kazuhiko Mori as an Audit & Supervisory Board Member of the Company. He is engaged in accounting and financial activities as General Manager of the Company’s Finance Division, in addition to his many years of experience at Resona Bank, Limited, and has the appropriate degree of knowledge concerning financial affairs and accounting. He is also appropriately accomplishing audits of the Directors’ execution of their duties, including establishment of the Company’s compliance systems. The Company expects that his abundant knowledge will be utilized in the auditing of the Company.</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Hiroshi Mizushima
(July 28, 1949)</td><td>Mar. 1972
Apr. 2008

Jul. 2014
Dec. 2014</td><td>Joined the Company
Deputy General Manager, System Division
Resigned from the Company
Audit & Supervisory Board Member (Standing) of the Company (present)</td><td>38,324</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Audit & Supervisory Board Member]
The Company proposes the reelection of Hiroshi Mizushima as an Audit & Supervisory Board Member of the Company. He served as Deputy General Manager of System Division of the Company, and possesses a wealth of experience in general business operations of the Company. The Company expects that he will effectively utilize his abundant knowledge as an Audit & Supervisory Board Member of the Company in manufacturing.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Brief History and Positions in the Company
(Significant Positions Concurrently Held)</th><th>Number of Shares of the Company Held</th></tr>
<tr><td rowspan="2">3</td><td>Yuji Maki
(January 31, 1958)
[Outside]
[Independent]</td><td>Apr. 1981 Joined Toyota Motor Sales Co., Ltd. (currently Toyota Motor Corporation)
Jan. 2008 Project General Manager, Accounting Division, Toyota Motor Corporation
Dec. 2012 Outside Audit & Supervisory Board Member of the Company (present)
Apr. 2015 Managing Officer, Toyota Motor Corporation (present)
(Significant Positions Concurrently Held)
Managing Officer, Toyota Motor Corporation</td><td>0</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Outside Audit & Supervisory Board Member]
The Company proposes the reelection of Yuji Maki as an Outside Audit & Supervisory Board Member of the Company. He has accumulated a wealth of business experience and knowledge throughout his many years of service at Toyota Motor Corporation, a global company, and the Company expects that his insight and experience will be reflected in the auditing of the Company.
[Service period as an Audit & Supervisory Board Member of the Company]
Yuji Maki’s service period as an Audit & Supervisory Board Member will be four (4) years at the conclusion of this General Meeting of Shareholders.
[Status of attendance at Board of Directors meetings and Audit & Supervisory Board meetings]
Yuji Maki attended 16 of the 16 Board of Directors meetings and 7 of the 7 Audit & Supervisory Board meetings held during the current fiscal period.
[Matters concerning independence]
The Company had filed Yuji Maki as an independent director/auditor with the Tokyo Stock Exchange, in accordance with the rules of the Exchange. If he is reappointed as proposed, the Company intends to continuously appoint him as an independent director/auditor. The Company has transactional relationships with Toyota Motor Corporation including sales of electronic devices. The scale of such transactions with Toyota Motor Corporation is no more than roughly JPY 56 million on an annual basis (equivalent to 0.05% of the Company’s consolidated net sales). Therefore, the Company is sufficiently convinced of his independent status.
[Summary of Agreement Limiting Liability]
Based on the Articles of Incorporation, the Company has entered Agreement Limiting Liability with Yuji Maki regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit their obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act. The Company plans to continue this agreement with Yuji Maki if the reappointment of Yuji Maki is approved.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Brief History and Positions in the Company
(Significant Positions Concurrently Held)</th><th>Number of Shares of the Company Held</th></tr>
<tr><td rowspan="2">4</td><td>Saburo Sano
(May 24, 1949)
[Newly appointed]
[Outside]
[Independent]</td><td>Apr. 1973 Joined The Bank of Tokyo, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
May 2004 Managing Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
Jun. 2008 Representative Director, Senior Managing Director, Mitsubishi UFJ Financial Group, Inc. (resigned in 2010)
Jun. 2010 President, BOT Lease Co., Ltd.
Jun. 2013 Chairman, BOT Lease Co., Ltd. (resigned in Jun. 2016)
Jun. 2016 Outside Audit & Supervisory Board Member, Mitsubishi Precision Company, Limited (present)
(Significant Positions Concurrently Held)
Outside Audit & Supervisory Board Member, Mitsubishi Precision Company, Limited</td><td>0</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Outside Audit & Supervisory Board Member]
The Company proposes the election of Saburo Sano as Outside Audit & Supervisory Board Member of the Company. He has many years of experience working at a financial institution and ample knowledge of finance, and the Company expects that this experience and knowledge will be utilized in the auditing of the Company.
[Matters concerning independence]
The Company is scheduled to file Saburo Sano as an independent director/auditor with the Tokyo Stock Exchange, in accordance with the rules of the Exchange. He has successively held post as a Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd. (currently Bank of Tokyo-Mitsubishi UFJ, Ltd.) and Senior Managing Director of Mitsubishi UFJ Financial Group, Inc., from which the Company currently has outstanding loans. However, six years have already passed since he resigned from his position as Representative Director of Mitsubishi UFJ Financial Group Inc. in May 2010 and his position as Senior Managing Director of the same company in June 2010, and the Company’s JPY 3.0 billion loan from the Mitsubishi UFJ Financial Group Inc. is small, equivalent to 1.4% of consolidated total assets of the Company. Furthermore, although the Company has a transactional relationship with Mitsubishi Precision Company, Limited, including sales of electronic devices, the scale of the transactions is small, amounting to JPY 0.98 million annually (0.001% of the Company’s consolidated net sales). The Company has no transactional relationship with BOT Lease Co., Ltd. Therefore, the Company is sufficiently convinced of his independent status.
[Summary of Agreement Limiting Liability]
Based on the Articles of Incorporation, if the appointment of Saburo Sano is approved, the Company plans to enter Agreement Limiting Liability with him regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit their obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act.</td></tr>
</table>

(Notes) 1. There are no special interest relationships between the Company and each candidate.
2. Yuji Maki and Saburo Sano are candidates for Outside Audit & Supervisory Board Member.

Guide to the Exercise of Voting Rights by Electronic Means (via the Internet, etc.)

1. To Shareholders Using Electronic Means (via the Internet, etc.):

Please read the following information carefully before exercising your voting rights using electronic means (via the Internet, etc.).

1) You may exercise your voting rights using electronic means (via the Internet, etc.), which is only available on the Website for the Exercise of Voting Rights designated by the Company (http://www.web54.net). This website is inaccessible from mobile phones. Please be noted that the ability to exercise your voting rights on the Website above is dependent upon your Internet environment.
2) You will need the Voting Rights Exercise Code and Password, both of which are indicated on the right-hand side of the enclosed Voting Rights Exercise Form, to exercise your voting rights using electronic means (via the Internet, etc.). The code and password are applicable only for this General Meeting of Shareholders. Your password will be locked and rendered invalid after certain incorrect password attempts. If you wish to create a new one, please follow the guidance on the screen appearing on the Website for the Exercise of Voting Rights.
3) For the purpose of timely vote tabulation, we request that you exercise your voting rights using electronic means (via the Internet, etc.) by 5:00 p.m., Thursday, December 15, 2016, Japan Time, which is the day before the General Meeting of Shareholders.
4) If you have exercised your voting rights more than once by electronic means (via the Internet, etc.), only the final exercise of the voting rights shall be deemed effective.
5) If you have exercised your voting rights both by electronic means (via the Internet, etc.) and the Voting Rights Exercise Form, only the exercise of the voting rights by electronic means (via the Internet, etc.) shall be deemed effective.
6) Please be noted that any fees incurred by accessing the Website for the Exercise of Voting Rights are the responsibility of shareholders.

Inquiries regarding the exercise of voting rights by electronic means (via the Internet, etc.):

Sumitomo Mitsui Trust Bank , Limited
Stock Transfer Agency Web Support
Telephone: 0120-652-031
Business hours: 9:00 – 21:00

2. To Institutional Investors:

With a preliminary application, nominee shareholders of custodian banks (standing proxies included) can use the platform for the said electronic means at the Company’s General Meeting of Shareholders.

(Attachments)

Business Report

(From October 1, 2015 through September 30, 2016)

1. Matters Concerning the Corporate Group

(1) Business Operations and Results

During the fiscal year ended September 30, 2016 (from October 1, 2015 through September 30, 2016), Japan's economy exhibited a recovery trend in some sectors, as the employment and income environment improved, and personal consumption generally remained brisk as well. Nevertheless, these positive developments occurred within the context of difficult circumstances, as firms faced slumping exports and production affected by the slowdown in the economies of newly developing countries, compounded by appreciation of the yen throughout the year.

Given these circumstances, our Group maintained capital investment aimed at boosting production capacity and enhancing development capabilities, and strove to ensure growth in net sales and earnings by improving our proprietary photonics technologies and continuing to move forward with development of high-value-added products that addressed customers' needs.

As a result, we closed the fiscal year 2016 with net sales of JPY 121,852 million, up by JPY 1,160 million (1.0%) despite a decline in domestic net sales, thanks to higher overseas sales, but with ordinary income of JPY 20,050 million, down by JPY 4,607 million (18.7%) over one year ago. Profit attributable to owners of parent was JPY 14,419 million, down by JPY 2,178 million (13.1%) from the previous year.

A summary of business performance by business segment and product is reported below.

<Electron Tube>

Photomultiplier tubes (PMT)

Photomultiplier tubes (PMT) for laser scanning microscopes used in the field of biotechnology, which are highly regarded for their excellent sensitivity, enjoyed higher sales. However, sales for oil-well logging applications in the measuring instrument field contracted sharply because of the prolonged slump in oilfield investment, and sales in the medical field for inspection and monitoring systems such as blood analyzers, which were affected by inventory adjustments by customers, slipped lower as well. As a result, net sales of photomultiplier tubes (PMT) declined.

Imaging devices and light sources

In imaging devices and light sources, sales of deuterium lamps rose as the demand for environmental analysis in Asia increased. However, sales in the medical field of scintillators for converting X-rays into visible light moved lower. In addition, sales in the industrial field of our Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing and of UV-LED light sources for highly accurate bonding of large-scale panels were off as well, affected by constraints on capital investment. Net sales of imaging devices and light sources decreased as a result.

In total, the Electron Tube business comprised of photomultiplier tubes (PMT) and imaging devices and light sources closed the fiscal year 2016 with net sales of JPY 45,608 million, down by 6.4% from the previous year.

<Opto-semiconductor>

Opto-semiconductors

In opto-semiconductors, our core silicon photodiodes have earned a positive reputation for accurately addressing customers' needs and continued to achieve robust sales for medical devices in North America, and sales of our flat panel sensors remained strong, centered on dental applications. In the industrial field, sales of opto-semiconductors increased on the strength of expanding sales in Europe of Photo ICs, which are used for optical communication networks in automobiles, and higher sales of silicon photodiodes for luggage inspections as well.

As a result, net sales in the Opto-semiconductor business came to JPY 55,592 million, up by 7.0% from the previous year.

<Imaging and Measurement Instruments>

Image processing and measurement systems

In image processing and measurement systems business, sales of digital cameras used in the field of life sciences and biotechnology declined under the impact of several factors, including inventory adjustment by customers. On the other hand, our failure analysis systems for semiconductor devices, which have earned a solid reputation for high resolution and high-sensitivity in a wide range of fields as well as for enabling diverse analyses tailored to applications, continued to achieve strong sales, especially in Asia. In addition, sales of X-ray line sensor cameras, primarily for food inspection applications, remained steady.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 16,352 million, up by 0.9% from the previous year.

Net sales by business segment and by product (Millions of Japanese Yen)

Business segment	Product		FY2016	FY2015	Increase (decrease)	
			Amount	Amount	Amount	Percentage
Electron tube	Photomultiplier tubes (PMT)	Japan	4,202	4,433	△231	△5.2 %
		Overseas	20,215	22,251	△2,035	△9.1
		Total	24,417	26,684	△2,267	△8.5
	Imaging devices and light sources	Japan	7,483	8,096	△612	△7.6
		Overseas	13,706	13,925	△218	△1.6
		Total	21,190	22,021	△831	△3.8
	Subtotal	Japan	11,685	12,529	△844	△6.7
		Overseas	33,922	36,176	△2,254	△6.2
		Total	45,608	48,706	△3,098	△6.4
Opto-semiconductor	Opto-semiconductors	Japan	17,334	17,375	△41	△0.2
		Overseas	38,258	34,569	3,689	10.7
		Total	55,592	51,944	3,648	7.0
Imaging and measurement instruments	Image processing and measurement systems	Japan	5,442	5,231	211	4.0
		Overseas	10,909	10,969	△60	△0.5
		Total	16,352	16,201	150	0.9
Other business segments		Japan	1,795	2,101	△305	△14.5
		Overseas	2,503	1,737	765	44.1
		Total	4,299	3,839	460	12.0
Total		Japan	36,258	37,238	△979	△2.6
		Overseas	85,593	83,452	2,140	2.6
		Total	121,852	120,691	1,160	1.0

The status of our research and development is reported below.

<Basic Research Sector>

In the medical care sector, the development of technology to capture images of cancer cells in blood is moving forward through applications of the quantitative phase microscopy technology developed by the Company[1]. As cancer progresses, cancer metastasis occurs when some cancer cells are carried by the flow of blood, circulating within the body until they are carried to other internal organs. Through the application of its quantitative phase microscopy technology to examine the cancer cells circulating in blood, the Company has established the basic three-dimensional imaging technology for measuring these cancer cells without staining or destroying them. This technology offers a promising methodology for selecting and recovering cancer cells in vivo ~~their live state~~ with minimal damage to the cells. The technology also enables examination of cancer lesion presence and cancer states through blood collection, without the need to insert a needle into the lesion and gather cells. Because of these characteristics, the technology is expected to contribute to early cancer diagnosis and tailor-made medical treatment for each patient, including projection of the danger of a post-operation recurrence, evaluation of condition during treatment, and projection of receptivity to anti-cancer drugs.

In another area, the Company has completed the development phase of its “laser thrombolysis treatment system[2]”, which it has been pursuing to develop a laser for dissolving thrombus that cause cerebral infarctions, and entered the verification phase. This system restores blood flow by inserting a micro catheter enclosing an optical fiber into a blood vessel in the patient’s thigh until it reaches the cerebral thrombosis target, and then dissolving the thrombus by irradiating it with a laser. Tests that have been conducted to-date on animals have confirmed there is no danger of damage to blood vessels, because the laser used for this system is adjusted to a wavelength capable of selectively dissolving only the thrombus, and compared with traditional drugs or mechanical removal-based procedures, this system enables the risks of side effects such as hemorrhages to be kept to a minimum. To confirm the safety and effectiveness in acute cerebral infarction patients, the Company will provide this equipment for physician-supervised clinical trials to be conducted by the Hamamatsu Medical Center in the future, with the goal of pursuing further verification of the system’s performance and seeking early practical application.

In the optical information processing sector, the Company is pursuing research on its proprietary “iPMSEL” small light source device, which will enable stereo images to be floated in an open space. Traditionally, drawing an image in an open space required the use of optical components such as lenses and movable mirrors in addition to the light emission element. “iPMSEL”, a newly developed light emission element achieved using the Company’s fine processing technology, combines these optical component functions and has successfully output two-dimensional patterns of character, photographs, and other items directly from the element unit. Integration of the elements necessary for the drawing of a natural, three-dimensional stereo image in space will be possible based on this result. The Company will continue this research in the future, and seek to output two- dimensional videos and three-dimensional stereo images.

<Development Sector>

Small-scale, high-sensitivity photomultiplier tube (PMT) assemblies for applications in the UV range

Recently environmental pollution caused by heavy metals, the main contaminants released into the atmosphere and rivers, has become a serious social problem in newly developing countries undergoing rapid industrialization. One methodology for measuring the density of these heavy metals is atomic fluorescence spectrometry, and as the demand for local onsite measurement has grown, calls for smaller devices and improved portability have increased as well. The Company has recently developed an assembly that significantly miniaturized the photomultiplier tube (PMT)

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1 Implemented as part of the “Development of Advanced Measurement and Analysis Systems (SENTAN)” under the FY2016 Medical Research and Development Programs Focused on Technology Transfer of the Japan Agency for Medical Research and Development (AMED).

2 A portion of this research was conducted with the support of the Japan Agency for Medical Research and Development (AMED)’s “Translational Research Network Program”.

embedded in older model devices as a detector and integrated this with the operating circuits. This product can be installed in small, portable devices because it features a compact, sturdy structure that can withstand vibrations. Moreover, because it achieves high sensitivity attributes specific to the UV range required for atomic fluorescence spectrometry, the product can also detect even minute quantities of environmental contaminants.

Thin-type mini-spectrometers

Spectroscopy is a methodology for chemical analysis that is used in various sectors such as industry, medical care, environment analysis and foods to detect the constituents of materials by examining the kinds or characteristics of light radiated or absorbed by a material. The Company has developed and sells small, portable mini-spectrometers for spectroscopy equipment for use at measurement sites, including sites outdoors, and more recently has developed mini-spectrometers equipped with CMOS image sensors made by the Company that feature the same high degree of sensitivity as CCD image sensors. This product achieves a significant reduction in thickness and power consumption, while maintaining a high level of performance. The product can be embedded in spectroscopy devices for use in various applications, including security, analysis of components in foods and other products, and color measurement of LED lighting, etc., and is expected to contribute to industry advancement.

High-speed, high-precision X-ray TDI camera

The Company has developed a new high-speed, high-precision X-ray TDI camera to achieve nondestructive testing. In recent years, 100% inspections are being conducted to ensure the safety and reliability of various products, and improved camera processing speed for nondestructive testing is being demanded. By installing a custom sensor that it manufactures in-house, the Company recently developed an X-ray TDI camera that achieves 2.5 times faster speeds compared with conventional products while maintaining high-sensitivity and high-resolution. The camera also enables efficient imaging of the items being inspected by supporting two-way readouts, and X-ray tolerance has been improved by optimizing the component parts. The Company will seek to realize even greater performance and introduce the camera into new applications and high-value added products in the future.

As reported above, we are using the proprietary photonics technologies our Group has cultivated over many years to pursue basic research aimed at the creation of new knowledge and new industries and undertake development that seeks to create new products and further enhance the high performance and added value of existing products in sectors such as biotechnology, medical care, information, telecommunications, energy, materials, space and astronomy, and agriculture.

For the fiscal year ended September 30, 2016, research and development expenses increased to JPY 11,873 million (up by 2.2%) compared with the previous fiscal year.

(2) Capital Investment

For the fiscal year ended September 30, 2016, we made total capital investments of JPY 9,315 million for purposes such as expanding production capacity and strengthening our development capabilities. The amount of capital investment by business segment was JPY 3,297 million for Electron Tube, JPY 3,687 million for Opto-semiconductor, JPY 579 million for Imaging and Measurement Instruments and JPY 1,750 million for Other.

(3) Fund Procurement

There was no fund procurement during the fiscal year ended September 30, 2016.

(4) Issues to be Addressed

With regard to the business environment surrounding our Group, we acknowledge that the direction of the economy remains unpredictable, clouded by factors that include not only opaque global conditions such as the economic slowdown in newly developing countries and Britain's exit from the EU, but also concerns of the effects of the ongoing appreciation of the yen on corporate operating performance.

Given such circumstances, the range of applications of photonics technology in areas such as medical care and industrial fields is expanding every year, and photonics technology has now become an indispensable fundamental technology for not only the development of state-of-the-art science and technology but also for the improvement of society and people's lives. On the other hand, many aspects of the essence of light remain to be explored and clarified, and we believe the sectors in which light can be applied will expand indefinitely, and that the role we will play as the leading global company in photonics technologies will grow more and more in the future.

To respond rapidly and accurately to the growing demands on photonics technology in various sectors, our Group will seek to create a sustainable, stable and strong earnings organization in the future, by strengthening the links within the Group's structure in Japan and overseas and pursuing proactive research and development investment and capital investments to support the development of next-generation products.

As a Group, we will concentrate on creating innovations by never forgetting the venture mentality we have cultivated since the Company was established and never being satisfied with the status quo. We will expand our business domain, and contribute to the development of industry and society while also meeting the expectations of our shareholders, by continuing to provide high-value added products based on our Group's medium and long-term vision.

We look forward to continuing to receive your unwavering support and encouragement in the future.

(5) Change in Business Results and Financial Position for the Three Most Recent Fiscal Years

(Millions of Japanese Yen, except for net income per share and net assets per share, which are in Japanese Yen)

Year / Classification	FY2013	FY2014	FY2015	FY2016
Net sales	102,156	112,092	120,691	121,852
Ordinary income	17,883	22,531	24,658	20,050
Profit attributable to owners of parent	11,529	15,155	16,598	14,419
Earning per share	143.41	188.52	103.23	90.23
Total assets	198,278	215,412	226,179	217,300
Net assets	154,385	168,815	180,770	169,716
Net assets per share	1,913.98	2,093.11	1,120.38	1,075.31

Notes: 1. Net income per share is calculated using the number of shares after deducting treasury shares from the average total shares issued during the period. Net assets per share are calculated using the number of shares after deducting treasury shares from the total shares issued at the end of the period.

2. Beginning from the current fiscal year, the Company has changed the line item designation "Net income" to "Profit attributable to owners of parent", based on application of the Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21 dated September 13, 2013).

3. The Company implemented a two-for-one stock split during FY2015 (fiscal year ended September 30, 2015). Earnings per share and net assets per share for FY2015 (fiscal year ended September 30, 2015) have been calculated by assuming this stock split was executed at the beginning of the fiscal year.

4. Amounts less than 0.01 yen are rounded.

(6) Key Subsidiaries

Company name	Capital stock	Percent owned	Main businesses
Photonics Management Corp.	33,521,000 US dollars	100.0 %	Holding company
Hamamatsu Photonics (China) Co., Ltd.	50,000,000 Chinese yuan	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Deutschland GmbH	2,000,000 euros	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics France S.A.R.L.	1,136,000 euros	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Italia S.r.1.	728,000 euros	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Taiwan Co., Ltd.	30,000,000 Taiwan dollars	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics UK Limited	400,000 UK pounds	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Koso Corporation	85,000,000 yen	100.0	Manufacture of light sources
Hamamatsu Photonics Norden AB	2,700,000 Swedish krona	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Europe GmbH	200,000 euros	100.0	Sales promotion in Europe
Beijing Hamamatsu Photon Techniques, Inc.	200,000,000 Chinese yuan	94.0	Manufacture and sale of photomultiplier tubes (PMT) and related products
Takaoka Electronics Co., Ltd.	98,000,000 yen	88.6	Manufacture of photomultiplier tubes (PMT)
Hamamatsu Electronic Press Co., Ltd.	95,000,000 yen	72.1	Manufacture of electronic components and molds
Iwata Grand Hotel Inc.	480,000,000 yen	57.1	Hotel operations
Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.	5,000,000 Chinese yuan	[100.0]	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Medical Technology (Lang Fang) Co., Ltd.	5,000,000 Chinese yuan	〈100.0〉	Manufacture and sale of medical equipment and related products

Hamamatsu Corporation	426,000 US dollars	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems

Notes: 1. The figures in ［ ］ for percent owned are the indirect ownership percentage held by Hamamatsu Photonics (China) Co., Ltd..
2. The figures in 〈〉 for percent owned are the indirect ownership percentage held by Beijing Hamamatsu Photon Techniques, Inc.
3. The figures in ( ) for percent owned are the indirect ownership percentage held by Photonics Management Corp.
4. Hamamatsu Photonics Taiwan Co., Ltd. increased its capital by implementing a capital increase.

(7) Main Businesses (As of September 30, 2016)

The main business of our Group is the manufacture and sale of light-related products such as photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, and image processing and measurement systems, and activities incidental to these businesses.

Our main products and business activities are described below.

Business segment	Product	Main products and business activities
Electron tube	Photomultiplier tubes (PMT)	Photomultiplier tubes (PMT), Photomultiplier tube modules, Hybrid photo-detectors, Accessories for photomultiplier tube, Electron multipliers, Image intensifiers, High-speed gate image intensifier units, Phototubes, Photon detection units, UV power meters, Immunochromato-readers, Pinhole inspection units, Fast decay phosphors, Flow cells, High voltage power supplies
	Imaging devices and light sources	Microfocus X-ray sources, X-ray scintillators, X-ray image intensifiers, Microchannel plates, FOP (fiber optic plates), Streak tubes, Deuterium lamps, Xenon lamps, Mercury xenon lamps, Xenon flash lamps, Stealth Dicing Engine (SDE), UV-LED light sources, Products using light sources, Electrostatic removers (photoionizer), Flame sensors (UV TRON)
Opto-semiconductor	Opto-semiconductors	Photodiodes (Si, GaAs, GaAsP, GaP), APD (Si, InGaAs), MPPC, photo ICs, PSD (position sensitive detectors), Infrared detectors (InGaAs, InAsSb, InSb, InAs, Photon drag detectors, Thermopile), InGaAs image sensors, CCD image sensors, CMOS image sensors, Photodiode arrays with amplifier, NMOS image sensors, X-ray flat panel sensors, LED, LCOS-SLM (phase spatial light modulators), Mini-spectrometers, Photosensor amplifiers, APD/MPPC modules, Distance sensors, Image sensor driver circuits and application products, Optical communication devices, Automotive devices, Special detectors for high energy particles, Radiation detection modules
Imaging and measurement instruments	Image processing and measurement systems	Digital CCD cameras for measurement, CMOS cameras for scientific measurement, TDI cameras, X-ray line sensor cameras, Streak cameras, Fluorescence lifetime spectrometers, Multichannel spectrographs, Quantum yield measurement systems, Failure analysis systems for semiconductor manufacturing, Plasma process monitors, Thickness measurement systems, Optical NanoGauge/MicroGauge, Imaging and analysis devices for life sciences, Drug screening systems, Non-invasive brain oxygen monitors, Biological tissue fluorescent monitoring systems, Pathology digital slide scanners
Other		Semiconductor laser business, Hotel operations, etc.

(8) Main Office Locations & Factories (As of September 30, 2016)

a. Hamamatsu Photonics K.K.

Office name	Location	Office name	Location
Headquarters	Naka-ku, Hamamatsu City	Sendai Sales Office	Aoba-ku, Sendai City
Main Factory	Higashi-ku, Hamamatsu City	Tsukuba Sales Office	Tsukuba City, Ibaraki Pref.
Mitsue Factory	Iwata City, Shizuoka Pref.	Tokyo Sales Office	Minato-ku, Tokyo
Shingai Factory	Minami-ku, Hamamatsu City	Chubu Sales Office	Naka-ku, Hamamatsu City
Toyooka Factory	Iwata City, Shizuoka Pref.	Osaka Sales Office	Chuo-ku, Osaka City
Tenno Glass Works	Higashi-ku, Hamamatsu City	Nishinihon Sales Office	Hakata-ku, Fukuoka City
Joko Factory	Higashi-ku, Hamamatsu City	Central Research Laboratory	Hamakita-ku, Hamamatsu City
Miyakoda Factory	Kita-ku, Hamamatsu City	Tsukuba Research Laboratory	Tsukuba City, Ibaraki Pref.
Tokyo Branch Office	Minato-ku, Tokyo	Industries Development Laboratory	Nishi-ku, Hamamatsu City

b. Subsidiaries

	Company Name	Location
Japan	Koso Corporation	Iwata City, Shizuoka Pref.
	Takaoka Electronics Co., Ltd.	Naka-ku, Hamamatsu City
	Hamamatsu Electronic Press Co., Ltd.	Iwata City, Shizuoka Pref.
	Iwata Grand Hotel Inc.	Iwata City, Shizuoka Pref.
Overseas	Photonics Management Corp.	USA
	Hamamatsu Photonics (China) Co., Ltd.	China
	Hamamatsu Photonics Deutschland GmbH	Germany
	Hamamatsu Photonics France S.A.R.L.	France
	Hamamatsu Photonics Italia S.r.l.	Italy
	Hamamatsu Photonics Taiwan Co., Ltd.	Taiwan
	Hamamatsu Photonics UK Limited	UK
	Hamamatsu Photonics Norden AB	Sweden
	Hamamatsu Photonics Europe GmbH	Germany
	Beijing Hamamatsu Photon Techniques, Inc.	China
	Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.	China
	Hamamatsu Photonics Medical Technology (Lang Fang) Co., Ltd.	China
	Hamamatsu Corporation	USA

(9) Employees (As of September 30, 2016)

Business segment	No. of employees
Electron tube	1,836
Opto-semiconductor	1,271
Imaging and measurement instruments	506
Other	331
Corporate (shared)	648
Total	4,592

Notes: 1. The number of employees is the numbers of full-time employees.
2. Employees designated as "Corporate (shared)" are individuals affiliated with management departments who cannot be classified in a specific business segment.

(10) Main Banks and Amount of Borrowing (As of September 30, 2016)

(Millions of Japanese Yen)

Bank	Amount
Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000
Resona Bank, Limited	2,488
Shizuoka Bank, Ltd.	1,391

(11) Summary of Other Important Matters Concerning the Corporate Group

Not applicable

2. Matters Concerning the Company's Stock (As of September 30, 2016)

Common stock

a. Authorized: 500,000,000 shares
b. Issued: 167,529,968 shares (including 9,945,153 shares of treasury shares)
c. Number of shareholders: 27,996
e. Major shareholders:

Name of shareholder	No. of shares	Percentage of shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,803,000	5.6
Toyota Motor Corporation	8,400,000	5.3
State Street Bank and Trust Company	7,464,933	4.7
JP Morgan Chase Bank 380055	5,932,792	3.8
Japan Trustee Services Bank, Ltd. (Trust Account)	5,713,100	3.6
Japan Trustee Services Bank, Ltd. (Trust Account 9)	5,695,100	3.6
Hamamatsu Photonics K.K. employees	5,173,069	3.3
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2,976,900	1.9
The Chase Manhattan Bank, N.A. London Special Account No.1	2,438,149	1.5
State Street Bank and Trust Company 505225	2,193,006	1.4

Notes: 1. The Company holds 9,945,153 shares of treasury shares that is not included in the shares of the major shareholders shown above.

2. At its Board of Directors meeting held on May 27, 2016, the Company approved a resolution concerning a purchase of treasury shares based on the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of Article 165 paragraph (3) of the same act. Details are provided below.
   a. Type of shares purchased: Common stock of the Company
   b. Total number of shares purchased: 3,470,000 shares
   c. Total purchase amount: JPY 9,999,906,500
   d. Purchase period: from May 30, 2016 through July 13, 2016
   e. The shares were purchased to achieve a flexible capital policy in response to changes in the Company's operating environment, and as part of the Company's shareholder returns policy.

   As a result of the Company having purchased part of the Company stock (one million shares) owned by Director and Chairman of the Board Teruo Hiruma through an off-auction own share repurchase transaction on the Tokyo Stock Exchange Trading NeTwork (ToSTNeT-3) system, based on said purchase of treasury shares, Director and Chairman of the Board Teruo Hiruma no longer corresponds to the major shareholders listed above.

3. The percentage of shareholding is calculated after excluding treasury shares. Fractional amounts of less than a single unit have been rounded.

3. Matters Concerning Company Stock Acquisition Rights

Not applicable

4. Matters Concerning Company Directors

(1) Directors and Audit & Supervisory Board Members (As of September 30, 2016)

Name	Company Position	Responsibilities and Significant Positions Concurrently Held
Teruo Hiruma	Director and Chairman of the Board	
Akira Hiruma	Representative Director and President	(Note 1)
Haruji Ohtsuka	Representative Director and Vice President	
Koei Yamamoto	Representative Director and Senior Managing Director	Divison Director, Solid State Division
Junichi Takeuchi	Representative Director and Senior Managing Director	Divison Director, Electron Tube Division
Hitoshi Iida	Managing Director	Divison Director, System Division
Kenji Suzuki	Managing Director	Deputy Divison Director, Electron Tube Division
Mitsutaka Takemura	Managing Director	Deputy Divison Director, Solid State Division
Tsutomu Hara	Managing Director	Director, Central Research Laboratory
Kenji Yoshida	Managing Director	Director, Administrative Division
Tadahiko Shimazu	Director	General Manager, Accounting Division
Kiyotaka Ise	Director	Senior Managing Officer, Toyota Motor Corporation Outside Audit & Supervisory Board Member, Tokai Rika Co., Ltd.
Naofumi Toriyama	Director	Deputy Division Director, Business Headquarters General Manager, Domestic Sales Management
Kashiko Kodate	Director	President and CEO, Photonic System Solutions Inc. Professor Emeritus, Japan Women's University
Kazuhiko Mori	Audit & Supervisory Board Member (Standing)	
Hiroshi Mizushima	Audit & Supervisory Board Member (Standing)	
Masaharu Hamakawa	Audit & Supervisory Board Member	
Yuji Maki	Audit & Supervisory Board Member	Managing Officer, Toyota Motor Corporation

Notes: 1. The following significant positions are concurrently held by Representative Director and President Akira Hiruma.

Company Name	Position
Photonics Management Corp.	Director and President
Hamamatsu Corporation	Director
Research Foundation for Opto-Science and Technology	Director and President
Hamamatsu Medical Photonics Foundation	President
The Graduate School for the Creation of New Photonics Industries	President

2. Director Kiyotaka Ise and Director Kashiko Kodate are Outside Directors.
3. Audit & Supervisory Board member Masaharu Hamakawa and Audit & Supervisory Board member Yuji Maki are Outside Audit & Supervisory Board members.
4. The Company has notified the Tokyo Stock Exchange of Director Kiyotaka Ise, Director Kashiko Kodate, Audit & Supervisory Board Member Masaharu Hamakawa and Audit & Supervisory Board Member Yuji

Maki as independent directors/auditors, as provided by the securities listing regulations of the Tokyo Stock Exchange.

5. At the 68th Ordinary General Meeting of Shareholders held on December 18, 2015, all of Directors were reelected and assumed their respective positions. Changes to Directors, other than reappointments, were as follows.

Appointed	Director	Naofumi Toriyama
Appointed	Director	Kashiko Kodate
Resigned	Director	Hirofumi Uchiyama
Resigned	Director	Takashi Koike

6. At the Board of Directors meeting held on December 18, 2015, the Representative Directors and Directors with specific titles were elected and assumed their respective positions. All of the Representative Directors and Directors with specific titles were reappointed.
7. In addition to his many years of experience at Resona Bank, limited, Audit & Supervisory Board member Kazuhiko Mori is engaged in accounting and financial activities as General Manager of the Company's Finance Division and has the appropriate degree of knowledge concerning financial affairs and accounting.
8. Audit & Supervisory Board member Masaharu Hamakawa has many years of experience at The Bank of Tokyo Ltd. and The Bank of Tokyo-Mitsubishi, Ltd. (both now The Bank of Tokyo-Mitsubishi UFJ, Ltd.), and has the appropriate degree of knowledge concerning financial affairs and accounting.

(2) Remuneration and Other Amounts Paid to Directors and Audit & Supervisory Board Members

a. Total remuneration and other benefits pertaining to the fiscal year ended September 30, 2016

Classification	Number of compensated individuals	Amount paid	Summary
Director	16	JPY 458 million	(2 Outside Directors JPY 8 million)
Audit & Supervisory Board Member	4	JPY 47 million	(2 Outside Audit & Supervisory Board Members JPY 8 million)
Total	20	JPY 505 million	

Notes:
1. The amount of remuneration for Directors was established at a monthly amount of up to JPY 55 million (up to JPY 1 million for Outside Directors), excluding the salary payable in the capacity of employees, by a resolution of the 65th Ordinary General Meeting of Shareholders convened on December 20, 2012.
2. The amount of remuneration for Audit & Supervisory Board members was established at a monthly amount up to JPY 6 million by a resolution of the 65th Ordinary General Meeting of Shareholders convened on December 20, 2012.
3. Total remuneration paid to Directors does not include the employee salary portions paid to Directors serving concurrently as employees.
4. The number of compensated individuals shown above includes two Directors who resigned on December 18, 2015.

b. Retirement benefits paid in the fiscal year ended September 30, 2014

Retirement benefits paid during the fiscal year ended September 30, 2014 based on a resolution of the 65th Ordinary General Meeting of Shareholders held on December 20, 2012 to pay final benefits following abolition of the retirement benefit plan were as follows.

Directors: 2 JPY 64 million

(The amount shown above was already disclosed as a transfer of the provision for officers' retirement benefits included in the total amount of officers' remuneration and other benefits in the Business Report for the prior fiscal year.)

(3) Outside Officers

a. Significant positions concurrently held at other corporations etc. and relationship between the Company and said other corporations etc.

Name	Significant Positions Concurrently Held
Kiyotaka Ise (Outside Director)	Senior Managing Officer, Toyota Motor Corporation Outside Audit & Supervisory Board Member, Tokai Rika Co., Ltd.
Kashiko Kodate (Outside Director)	President and CEO, Photonic System Solutions Inc. Professor Emeritus, Japan Women's University
Yuji Maki (Outside Audit & Supervisory Board Member)	Managing Officer, Toyota Motor Corporation

Notes: 1. Toyota Motor Corporation is a major shareholder and owns 5.3% of the Company's total shares issued (excluding treasury shares). The Company has business transactions, including the sale and purchase of products, with Toyota Motor Corporation and Tokai Rika Co., Ltd..

2. There are no special interest relationships between the Company and Photonic System Solutions Inc.

b. Main activities

Name	Remarks etc. at meetings of the Board of Directors and Audit & Supervisory Board
Kiyotaka Ise (Outside Director)	Contributes remarks and advice based on his extensive experience and deep insights, mainly in sectors such as corporate management. Attended 16 of the 16 Board of Directors meetings.
Kashiko Kodate (Outside Director)	Contributes remarks and advice based on her extensive specialized knowledge as a university professor and extensive experience in corporate management. Attended 11 of the 13 Board of Directors meetings held following her appointment.
Masaharu Hamakawa (Outside Audit & Supervisory Board Member)	Takes advantage of his experience in the banking industry to contribute remarks and advice on all aspects of corporate management, including operations management and the financial accounting system. Attended 16 of the 16 Board of Directors meetings, and 7 of the 7 Audit & Supervisory Board meetings.
Yuji Maki (Outside Audit & Supervisory Board Member)	Contributes remarks and advice based on his practical experience and perspective in the accounting division of a listed company. Attended 16 of the 16 Board of Directors meetings and 7 of the 7 Audit & Supervisory Board meetings.

c. Summary of contents of agreements to limit liability

Based on the Articles of Incorporation, the Company has entered Agreement Limiting Liability between the Company and each Outside Director and Outside Audit & Supervisory Board Member regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit their obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act.

5. Independent Auditor

(1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

(2) Amount of Compensation and Other Benefits Paid to the Independent Auditor Pertaining to the Fiscal Year Ended September 30, 2016

Classification	Amount
Amount of compensation and other fees related to activities prescribed in Article 2 paragraph (1) of the Certified Public Accountants Act (Law No. 103 of 1948)	JPY 60 million
Total amount of cash and other financial interests the Company and its subsidiary companies will pay to the Company's independent auditor	JPY 60 million

Notes: 1.The amount of compensation and other benefits pertaining to the fiscal year ended September 30, 2016 is reported in these total amounts because the amounts of the audit fees etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not classified separately and cannot be substantively classified in the audit agreement between the Company and its independent auditor.

2. After performing the verification necessary to determine whether the details of the audit plan, status of performance of audit duties, grounds for calculation of estimated compensation and other matters pertaining to the independent auditor are appropriate, the Company's Audit & Supervisory Board has given its consent for the amount of compensation and other benefits paid to the independent auditor.

(3) Consolidated Subsidiary Audits

The following important consolidated subsidiaries of the Company are subject to audits by certified public accountants or audit entities other than the Company's independent auditor (including individuals in other countries holding qualifications that correspond to these qualifications).

Corporation Name
Hamamatsu Corporation
Hamamatsu Photonics Deutschland GmbH

(4) Company Policy Concerning Decisions to Dismiss or Not Reappoint the Independent Auditor

The Company's Audit & Supervisory Board will dismiss the independent auditor by a resolution of the Audit & Supervisory Board based on the consensus of all Audit & Supervisory Board members if the independent auditor corresponds to any of the reasons provided in the sub-paragraphs of Article 340 paragraph (1) of the Companies Act. In this case, an Audit & Supervisory Board member selected by the Audit & Supervisory Board will report on the dismissal and the reason at the first Ordinary General Meeting of Shareholders convened after such dismissal.

In addition the situation described above, if it recognizes the independent auditor will have difficulty in appropriately accomplishing their duties, the Company's Audit & Supervisory Board will conduct a study based on the facts, and if it is judged dismissal or non-reappointment is reasonable the Audit and Supervisory Board will request to the Board of Directors to make that intent a purpose of the Ordinary General Meeting of Shareholders.

(5) Matter with respect to business suspension order in the past two years received by the Independent Auditor

On December 22, 2015, the Financial Services Agency issued an administrative order to Ernst & Young ShinNihon LLC, the Company's Independent Auditor, suspending that firm from accepting

new engagements for a three-month period from January 1, 2016 to March 31, 2016 and ordering the firm to improve its operations. The audit firm submitted a business remediation plan to the Financial Services Agency on January 29, 2016, and the plan was accepted.

6. Systems for ensuring proper business activities and operating status of said systems

Systems for ensuring proper business activities

A summary of matters resolved by the Board of Directors meeting is provided below.

[Basic Policy on Company-wide Efforts for Corporate Management]

- The Company's business is carried out based on the conduct of its employees. Therefore we will strive to foster each individual and create an organization that will grow and develop as a sound, trusted company.
- Each individual must study through their daily work, and foster a corporate culture to engage in absorption of new knowledge, correct communication of information and correct conduct, with a sense of responsibility, duty, and awareness.

(1) System to ensure the execution of the Board of Directors' duties complies with laws and regulations and the Articles of Incorporation

The Company strives to clarify its basic approach concerning corporate ethics and compliance, and ensure all employees are well-acquainted with the Company's thinking.

The Company seeks to strengthen governance by regularly convening, in addition to the Board of Directors meeting, an Executive Committee chaired by the Representative Director and attended by the Directors, Audit & Supervisory Board Members and managers of the General Manager class and higher, which from time to time reports and studies issues.

(2) System for retaining and managing information concerning the execution of Directors' duties

1. The Company prepares and retains minutes of the Board of Directors meetings, the Executive Committee, and other important meetings.
2. Information will be computerized and retained in an easy to inspect format.

(3) Rules and other systems related to management of loss risks

The Company will establish respective divisions responsible for risks related to information security, quality, environment, disasters, export control, etc., and these divisions prepare rules and guidelines concerning such risks, and conduct training and education.

(4) Systems to ensure the execution of Directors' duties is performed efficiently, and systems to ensure the execution of employees' duties complies with laws and regulations and the Articles of Incorporation

1. The regular Board of Directors meeting is held once every month under the Board of Directors Meeting Rules, and fulfills responsibilities such as making decisions concerning important matters and monitoring the execution of operations. In addition, through formation of the Executive Manager System, the Company seeks to invigorate the Board of Directors meeting and accelerate communications by granting non-board members the right to attend (without voting rights) the Board of Directors meeting.
2. To accelerate the execution of operations and improve efficiency, and share information among the Directors and Executive Managers, an Executive Committee attended by managers of the General Manager class and higher, in addition to the Directors and Audit & Supervisory Board Members, is held regularly under the Executive Committee Provisions to conduct multifaceted studies of basic matters and important issues regarding the execution of operations and provide explanations and instructions to directly concerned parties. This committee also disseminates information to other employees through various other meetings.

3. The Company will prepare the organization regulations, division of duties provisions, and administrative authority provisions, and clarify responsibilities and authorities.
4. To understand budget execution status and operating results trends, the Company will establish a Budget Committee to study progress reports and actions to be taken.
5. The Company will conduct training to improve areas such as the safety and health of employees and compliance awareness at the time when individuals join the Company and when individuals are appointed to management positions, and continually after that.
6. The Company will prepare a system for responding accurately, and on a timely basis, to disclosures of inside information.
7. The Company will prepare various guidelines based on the Personal Information Management Guidelines to address the management of personal information.
8. The Company will clarify the basic policy for eliminating anti-social forces, and thoroughly acquaint all employees with it.
9. Based on the Internal Controls and Audit Provisions, the Company will prepare the internal control systems necessary to ensure the appropriateness of financial reporting.

(5) Systems to ensure appropriate business operations in our Group (meaning the Company and consolidated subsidiaries)

1. For domestic and foreign consolidated subsidiaries, the Company will establish a management division responsible for ensuring appropriate operations while respecting, as a rule, each company's autonomy. The Company will respond as follows based on the size and business of consolidated subsidiaries.
   a) At domestic consolidated subsidiaries, the Company executes operations in accordance with the Company's policy and monitors the execution of operations by dispatching Directors or Executive Officers of the Company to serve as Directors of these subsidiaries. In addition, the Company strives to avoid risks by dispatching Directors or Executive Officers of the Company to serve as Audit & Supervisory Board Members.
   b) In addition to a) above, at overseas consolidated subsidiaries, the Company periodically bring together responsible individuals of the overseas consolidated subsidiaries for reporting and conferring, to build a consensus about the management. In addition, the Company dispatches or seconds responsible individuals to subsidiaries in order to collect information as necessary.
2. Domestic and foreign consolidated subsidiaries shall regularly report on their operating results etc. to the Company, and if necessary the Company shall convene a liaison meeting to encourage communication, in order to promote cooperation within our Group.
3. The Company will address the risks at domestic and foreign consolidated subsidiaries by sharing risk information corresponding to size and business category, preparing and disseminating various provisions, and implementing training and education, with using the responsible division of the Company as a contact.
4. The Company will formulate a consolidated earnings plan while sharing information between the Company and consolidated subsidiaries.
5. The Company will make the Fundamental CSR Policy and the Corporate Code of Conduct known to consolidated subsidiaries, with the goal of improving compliance within our Group.

(6) Matters concerning employees to be appointed when the Audit & Supervisory Board Members have requested that employees be assigned to assist their duties

If the Audit & Supervisory Board Members have requested staff to assist an audit, the Company will appoint individuals from among its employees based on the Audit & Supervisory Board meeting's request about the number and the abilities of staff.

(7) Matters concerning ensuring the independence of the employees in the preceding paragraph from the Directors and ensuring the effectiveness of instructions to said employees

As dedicated staff to assist the Audit & Supervisory Board meeting, the relevant employees

must act solely in accordance with the standards set by the Audit & Supervisory Board meeting, and must follow the Audit & Supervisory Board Members' instructions and orders. Furthermore, they are not to serve concurrently in an office related to the execution of operations or as employees in other divisions.

(8) System for directors and employees of our Group to report to Audit & Supervisory Board Members, and system concerning other reports to Audit & Supervisory Board Members

When Directors and employees (including Directors, Audit & Supervisory Board Members, and employees of consolidated subsidiaries) are requested to report on matters concerning the execution of operations by Audit & Supervisory Board Members of the Company, they will make an appropriate report promptly.

Furthermore, as soon as they have discovered any facts that might cause a significant loss to our Group, including acts that will violate laws and regulations or the Company's Articles of Incorporation, they shall make a report immediately to an Audit & Supervisory Board Member, or to the Audit & Supervisory Board meeting.

(9) System to ensure individuals who have made a report under the preceding paragraph are not subjected to disadvantageous treatment because they made said report

The Company will not subject a Director or employee of our Group who made a report to an Audit & Supervisory Board Member to disadvantageous treatment because they made said report.

(10) Matters concerning the policy with respect to the procedure for advances or reimbursements of expenses incurred with respect to the execution of an Audit & Supervisory Board Member's duties or other processing of expenses or debts incurred with respect to the execution of said duties

When an Audit & Supervisory Board Member has submitted a request for advance payment of expenses with respect to the execution of duties based on Article 388 of the Companies Act, the Company will process said expenses or debts promptly except when it has determined, based on discussions with the responsible division, that the expenses or debts with respect to the relevant payment request were not necessary for execution of said Audit & Supervisory Board Member's duties.

(11) Other systems to ensure that audits by Audit & Supervisory Board Member are conducted effectively

The Company will ensure that the Audit & Supervisory Board Members will conduct effective audit activities for operating audits and accounting audits, based on a system of appropriate reports from parties such as the Independent Auditor, the Internal Audit & Control Division, the Internal Audit Division, subsidiaries' Directors and Audit & Supervisory Board Members and the audit assistance staff, as well as coordination and information sharing with them.

Operation status of the systems for ensuring appropriate business operations

A summary of the operation status of the systems for ensuring appropriate business operations is provided below.

1. Execution of Directors' duties

The Company has formulated a basic policy concerning corporate governance and has disclosed it on the Company's website. The Company also has made its basic thinking concerning corporate ethics and compliance, its Fundamental CSR Policy and its Corporate Code of Conduct known to employees by posting this information on its intranet website and through various training efforts. In addition, the Company has enacted whistleblower provisions, and taken steps to strengthen its compliance organization.

Furthermore, for Directors the Company continuously provides opportunities to acquire and broaden the knowledge needed to accomplish their expected roles and obligations.

On the other hand, the Company holds an Executive Committee attended by managers of the General Manager class and higher, in addition to the Directors and Audit & Supervisory Board Members once every week under the Executive Committee Provisions to conduct multifaceted studies of basic matters and important issues regarding the execution of operations and from time to time prepares reports and studies on various issues. This committee prepares and retains all the Executive Directors Committee minutes.

2. Risk management of loss

The Company has formulated a business continuity plan, which it continuously revises through means such as training, to prepare for disasters such as earthquakes. Training with regard to risks related to information security, quality, environment, disasters, and export control, etc., is implemented by each responsible division.

3. Execution of employees' duties

The Company holds the Executive Committee once every week and communicates information through various discussions, including our Group's management policies and conformity with our corporate culture, to Executive Officers. In addition, the Company holds a meeting of its employees holding the managerial position once every month, where together with giving reports from the management side which seeks to deliver and share information in their own words.

4. Ensuring proper operations in our Group

To ensure the propriety of operations, including those of consolidated subsidiaries, the Company works to revise the management provisions of subsidiaries, create risk management systems for our entire Group and achieve thorough compliance with laws and regulations. Furthermore, in addition to dispatching or seconding executives to consolidated subsidiaries, for domestic consolidated subsidiaries the Company exchanges information monthly if necessary, and for overseas consolidated subsidiaries implements meetings where all managers attend.

The Company also works to familiarize consolidated subsidiaries with its Fundamental CSR Policy and Corporate Code of Conduct, with the aim of improving compliance within our Group.

5. Systems to ensure audits and supervision are conducted effectively

To improve the effectiveness of audits by the Audit & Supervisory Board Members, if necessary the Company confers beforehand with the Audit & Supervisory Board Members concerning the contents of materials to be submitted to the Board of Directors meeting. Furthermore, to improve the effectiveness of audits and supervision by the Outside Directors and Outside Audit & Supervisory Board Members, the Company creates an opportunity to provide and explain the necessary information by sending beforehand the materials related to matters to be resolved at the regular Board of Directors meeting.

Note: The figures presented in this Business Report are rounded down to the nearest whole unit of presentation.

Consolidated Balance Sheets

(As of September 30, 2016)

(Millions of Japanese Yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**140,508**	**Current liabilities**	**31,876**
Cash and deposits	74,503	Notes and accounts payable-trade	4,580
Notes and accounts receivable-trade	27,916	Electronically recorded obligations-operating	8,880
Securities	1,000	Short-term loans payable	2,183
Merchandise and finished goods	7,554	Current portion of long-term loans payable	218
Work in process	16,248	Income taxes payable	2,019
Raw materials and supplies	6,241	Provision for bonuses	3,613
Deferred tax assets	3,239	Other	10,380
Other	3,993	**Non-current liabilities**	**15,707**
Allowance for doubtful accounts	(188)	Long-term loans payable	6,844
Non-current assets	**76,792**	Deferred tax liabilities	182
Property, plant and equipment	**64,292**	Net defined benefit liability	7,118
Buildings and structures	29,231	Other	1,561
Machinery, equipment and vehicles	10,070	**Total liabilities**	**47,583**
Tools, furniture and fixtures	3,762	**Net assets**	
Land	16,406	**Shareholders' equity**	**172,800**
Leased assets	195	Capital stock	34,928
Construction in progress	4,625	Capital surplus	34,672
Intangible assets	**1,463**	Retained earnings	119,259
Investments and other assets	**11,036**	Treasury shares	(16,059)
Investment securities	2,446	**Accumulated other comprehensive income**	**(3,637)**
Real estate for investment	292	Valuation difference on available-for-sale securities	455
Deferred tax assets	6,638	Foreign currency translation adjustment	(2,921)
Other	1,678	Remeasurements of defined benefit plans	(1,170)
Allowance for doubtful accounts	(19)	**Minority interests**	**553**
		Total net assets	**169,716**
Total assets	**217,300**	**Total liabilities and net assets**	**217,300**

Consolidated Statements of Income

(From October 1, 2015 through September 30, 2016)

(Millions of Japanese Yen)

Item	Amount	
Net sales		**121,852**
Cost of sales		**60,807**
Gross profit		**61,044**
Selling, general and administrative expenses		**40,500**
Operating income		**20,544**
Non-operating income		
Interest income	237	
Dividend income	40	
Rent income on non-current assets	77	
Rent of real estate for investment	79	
Share of profit of entities accounted for using equity method	57	
Other	328	**821**
Non-operating expenses		
Interest expenses	97	
Rent expenses on real estates	65	
Foreign exchange losses	1,115	
Other	36	**1,314**
Ordinary income		**20,050**
Extraordinary income		
Gain on sales of non-current assets	31	
Subsidy income	781	**813**
Extraordinary loss		
Loss on sales of non-current assets	4	
Loss on retirement of non-current assets	71	
Loss on reduction of non-current assets	707	
Loss on valuation of investment securities	0	**783**
Income before income taxes and minority interests		**20,080**
Income taxes-current	5,294	
Income taxes-deferred	318	**5,612**
Profit		**14,467**
Profit attributable to non-controlling interests		**47**
Profit attributable to owners of parent		**14,419**

Non-consolidated Balance Sheets

(As of September 30, 2016)

(Millions of Japanese Yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**108,320**	**Current liabilities**	**25,511**
Cash and deposits	48,441	Notes payable - trade	82
Notes receivable - trade	4,178	Electronically recorded obligations - operating	8,880
Accounts receivable - trade	25,617	Accounts payable - trade	4,600
Securities	1,000	Lease obligations	63
Merchandise and finished goods	2,569	Accounts payable - other	2,326
Work in process	15,899	Accrued expenses	901
Raw materials and supplies	5,786	Income taxes payable	1,583
Deferred tax assets	1,778	Advances received	9
Accounts receivable - other	2,702	Deposits received	162
Other	379	Provision for bonuses	3,303
Allowance for doubtful accounts	(32)	Electronically recorded obligations - facilities	1,804
Non-current assets	**75,699**	Deposits received from employees	1,766
Property, plant and equipment	**56,210**	Other	24
Buildings	23,077	**Non-current liabilities**	**12,515**
Structures	1,726	Long-term loans payable	6,000
Machinery and equipment	9,288	Lease obligations	72
Vehicles	28	Provision for retirement benefits	5,019
Tools, furniture and fixtures	2,944	Asset retirement obligations	147
Land	14,458	Other	1,275
Leased assets	122	**Total liabilities**	**38,027**
Construction in progress	4,564	**Net assets**	
Intangible assets	**955**	**Shareholders' equity**	**145,537**
Patent right	348	**Capital stock**	**34,928**
Software	589	**Capital surplus**	**34,636**
Other	16	Legal capital surplus	34,636
Investments and other assets	**18,534**	**Retained earnings**	**92,027**
Investment securities	1,522	Legal retained earnings	695
Shares of subsidiaries and associates	8,346	Other retained earnings	91,332
Investments in capital	1	Reserve for special depreciation	18
Investments in capital of subsidiaries and associates	1,414	Reserve for dividends	4,500
		General reserve	71,600
Deferred tax assets	6,112	Retained earnings brought forward	15,213
Real estate for investment	129	**Treasury shares**	**(16,055)**
Other	1,026	**Valuation and translation adjustments**	**455**
Allowance for doubtful accounts	(19)	**Valuation difference on available-for-sale securities**	455
		Total net assets	**145,992**
Total assets	**184,019**	**Total liabilities and net assets**	**184,019**

Non-consolidated Statements of Income

(From October 1, 2015 through September 30, 2016)

(Millions of Japanese Yen)

Item	Amount	
Net sales		**101,786**
Cost of sales		**60,272**
Gross profit		**41,513**
Selling, general and administrative expenses		**27,850**
Operating income		**13,663**
Non-operating income		
Interest income	38	
Dividend income	1,954	
Rent of real estate for investment	27	
Foreign exchange gains	1	
Miscellaneous income	303	**2,325**
Non-operating expenses		
Interest expenses	50	
Rent expenses on real estates	49	
Miscellaneous loss	35	**134**
Ordinary income		**15,854**
Extraordinary income		
Gain on sales of non-current assets	19	
Subsidy income	728	**747**
Extraordinary losses		
Loss on sales of non-current assets	2	
Loss on retirement of non-current assets	58	
Loss on reduction of non-current assets	657	
Loss on valuation of investment securities	0	**718**
Profit before income taxes		**15,883**
Income taxes - current	3,619	
Income taxes - deferred	341	**3,961**
Profit		**11,922**

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