Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Securities code 6324)
June 6, 2019

To Shareholders with Voting Rights:

Mitsumasa Ito
Chairperson and Representative Director
Harmonic Drive Systems Inc.
6-25-3 Minami-Oi, Shinagawa-ku, Tokyo, Japan

CONVOCATION NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR FISCAL 2018

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the Ordinary General Meeting of Shareholders for fiscal 2018 of Harmonic Drive Systems Inc. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights with one of the methods described below. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:30 p.m. (the close of the Company's business hours) on Thursday, June 20, 2019, Japan Time.

[Exercising Voting Rights by Mail]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the above deadline for exercise.

[Exercising Voting Rights by Electromagnetic Means (the Internet)]

Please check the "Guide to Exercising Voting Rights by Electromagnetic Means (the Internet)" on page 3, and exercise your voting rights by the above deadline for exercise.

1. **Date and Time:** Friday, June 21, 2019 at 10:00 a.m. Japan time
(Reception opens at 9:00 a.m.)

2. **Venue:** Prince Room, B1, Grand Prince Hotel Takanawa located at
3-13-1 Takanawa, Minato-ku, Tokyo, Japan
(Please refer to the attached "Guide to the Location of the General Meeting of Shareholders" in Japanese)

You are cordially invited to attend a corporate briefing for shareholders, which shall be held in the same location after the conclusion of the General Meeting of Shareholders. As with the last year, we will not be holding the buffet-style gathering for shareholders which was customary in the past. We appreciate your understanding.

3. Meeting Agenda:

Matters to be reported:
1. The Business Report, Consolidated Financial Statements for Fiscal 2018 (April 1, 2018 - March 31, 2019) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for Fiscal 2018 (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

Proposal 1: Distribution of Surplus
Proposal 2: Election of nine (9) Directors
Proposal 3: Payment of Bonuses to Officers

4. Matters Determined in Regard to the Convocation:

Treatment of duplicate exercise of voting rights

(1) If voting rights are exercised by a shareholder multiple times both in writing and via the Internet, the vote exercised via the Internet shall be considered as valid.

(2) If voting rights are exercised by a shareholder multiple times via the Internet, the final vote exercised shall be considered as valid.

End

1) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2) If exercising voting rights by proxy, please submit a proxy statement or other written document proving the authority to represent at the reception desk, together with the Voting Rights Exercise Form of the proxy. (In regard to the qualifications for a proxy, proxies shall be limited to one (1) other shareholder with voting rights at this General Meeting of Shareholders, in accordance with the provisions of the Articles of Incorporation.)
3) In the event of revisions to the Reference Documents for the General Meeting of Shareholders and the Appendix, they shall be posted on the Company's website (http://www.hds.co.jp/).
4) Of the documents to be provided with this Notice, the Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are posted on the Company's website described above in accordance with the provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation and therefore are not provided in this Notice. Furthermore, the Consolidated Financial Statements and Non-consolidated Financial Statements provided in the Appendix of this Notice are parts of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Accounting Auditor and Corporate Auditors when preparing the Accounting Audit Report and the Audit Report.
5) You are cordially invited to attend the corporate briefing for shareholders, which shall be held in the same location after the conclusion of the General Meeting of Shareholders.

Guide to Exercising Voting Rights

Shareholders' voting rights are an important right of shareholders. Please review the "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights.

Voting rights may be exercised with the three methods below.

Attending the General Meeting of Shareholders

Please submit the enclosed Voting Rights Exercise Form at the reception desk. In addition, please bring this Notice.

Date and time of the General Meeting of Shareholders
10:00 a.m. on Friday, June 21, 2019 (Japan time)

By Mail

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the deadline for exercise.

Deadline for exercise
5:30 p.m. on Thursday, June 20, 2019 (Japan time)

Via the Internet

Please access the designated Voting Rights Exercise Website (https://soukai.mizuho-tb.co.jp/), and indicate your vote for or against the proposals by the deadline for exercise.

Deadline for exercise
5:30 p.m. on Thursday, June 20, 2019 (Japan time)

Guide to Exercising Voting Rights by Electromagnetic Means (the Internet)

1. Via "Smart Exercise"

(1) Please read the QR code printed on the lower right of the enclosed Voting Rights Exercise Form using your smartphone to access "Smart Exercise," then follow the instructions on the screen to input your vote. (You do not need to enter an ID/Password.)

(2) You may only exercise your voting rights once via "Smart Exercise."

2. Via ID and Password

(1) Please access the "Voting Rights Exercise Website" (URL below), log in to the system using the Voting Rights Exercise Code and Password printed on the enclosed Voting Rights Exercise Form, and follow the instructions on the screen to input your vote. In order to maintain security, users will be prompted to change the Password when logging in to the system for the first time.

https://soukai.mizuho-tb.co.jp/

(2) The Password (including the Password you changed) is valid only for this General Meeting of Shareholders. A new Password will be issued at the time of the next general meeting of shareholders.

(3) The Password is the method to identify the voting person. The Company will never ask shareholders to provide their Passwords.

(4) The Password will be locked and suspended when entered incorrectly more than a certain number of times. Please follow the instruction on the screen when the Password is locked.

Notes:

(1) You will need to exercise your voting rights by completing the process by 5:30 p.m., on Thursday, June 20, 2019 (Japan time). Your early exercise is recommended.

(2) To change your vote after exercising your voting rights via "Smart Exercise," please follow the exercise instructions in 2. above to change your vote.

(3) If you exercise your voting rights both by the Voting Rights Exercise Form by mail and via the Internet, the exercise through the Internet shall be deemed effective. If you exercise your voting rights multiple times via the Internet, the last

vote shall be deemed effective.

(4) Fees for connecting to the Internet would be shareholders' own expense.

(5) Although the Voting Rights Exercise Website has been tested of operation with general Internet connecting devices, the system may not be available depending on the device you use and its condition.

3. Inquiries

If you have any questions, please contact the **Stock Transfer Agency Department at Mizuho Trust & Banking**, the shareholder register administrator.

[For inquiries concerning how to use "Smart Exercise" and the "Voting Rights Exercise Website," etc.]
Toll free in Japan: **0120-768-524 (9:00 a.m. – 9:00 p.m. weekdays, Japan time)**

Note: "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

The Electronic Voting Platform for Foreign and Institutional Investors

Other than the method described above, institutional investors may use the Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc., subject to prior application for the use of the platform.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

In regard to the distribution of surplus, taking into consideration the return of profits to shareholders, strengthening the business operation, and future business development, the Company proposes to pay a year-end dividend from surplus for the fiscal year under review as follows, aiming at a consolidated dividend payout ratio of around 30%, which is its dividend policy.

Items Related to the Year-end Dividend

(1) Type of dividend property
Cash

(2) Items related to the allocation of dividend property and its total amount
19 yen per share of common stock at a total of 1,829,000,325 yen
Furthermore, as the Company paid an interim dividend of 19 yen per share on December 10, 2018, the annual dividend will be 38 yen per share.

(3) Date the distribution of surplus comes into effect
June 24, 2019

Proposal 2: Election of nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this General Meeting of Shareholders, and therefore the Company proposes the reelection of nine (9) Directors.

The candidates for Directors are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at Board of Directors meetings	Attributes
1	Mitsumasa Ito	Chairperson and Representative Director	(100%) 17 / 17	Reappointment Executive
2	Akira Nagai	President and Representative Director, Executive President In charge of Marketing and Sales and Quality	(100%) 17 / 17	Reappointment Executive
3	Hideo Yasue	Director and Managing Executive Officer In charge of Global Production	(100%) 17 / 17	Reappointment Executive
4	Akira Maruyama	Director and Executive Officer In charge of Corporate Planning and IT	(100%) 17 / 17	Reappointment Executive
5	Yoshinori Ito	Director and Executive Officer In charge of Administration and Human Resource and Factory Management	(100%) 14 / 14	Reappointment Executive
6	Yoshimasa Ito	Director	(100%) 17 / 17	Reappointment Non-executive
7	Haruhiko Yoshida	Director	(100%) 17 / 17	Reappointment Outside Independent
8	Shinji Sakai	Director	(100%) 17 / 17	Reappointment Outside Independent
9	Masanobu Nakamura	Director	(100%) 17 / 17	Reappointment Outside Independent

(Note) Mr. Yoshinori Ito was newly elected and assumed office at the Ordinary General Meeting of Shareholders for Fiscal 2017 held on June 21, 2018. Therefore, his attendance at meetings of the Board of Directors is for meetings held on or after that date.

Reappointment Candidate for reappointment as Director

Outside Candidate for Outside Director

Executive Candidate for Executive Director

Non-executive Candidate for non-executive Director

Independent Independent Director registered at the Tokyo Stock Exchange

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Mitsumasa Ito (January 2, 1939) Reappointment Executive	May 1976 Representative Director, Harmonic Drive System GmbH Aug 1979 Director, the Company Jun 1991 Managing Director and General Manager of Corporate Planning Office, the Company Apr 1992 Managing Director and General Manager of General Affairs Division, the Company Jul 1994 President and Representative Director, the Company Jun 2003 Chairperson and Representative Director, the Company Jun 2005 Chairperson and Representative Director and Chief Executive Officer, the Company Jun 2007 Chairperson and Representative Director and Executive Chairperson and Chief Executive Officer, the Company Apr 2009 President, Research Institute for Oceanochemistry Foundation Jun 2010 Chairperson and Representative Director and Executive Chairperson and CEO, the Company Jun 2011 Chairperson and Representative Director (incumbent) , the Company Apr 2012 Councilor, Research Institute for Oceanochemistry Foundation Jul 2016 Chairperson, Harmonic Ito Foundation (General) Sep 2016 Councilor, Research Institute for Oceanochemistry Foundation (incumbent) Mar 2017 Deputy Chairman of the Supervisory Board, Harmonic Drive AG (incumbent) Mar 2018 Chairperson, Harmonic Ito Foundation (Public Interest) (incumbent) (Significant concurrent positions) Deputy Chairman of the Supervisory Board, Harmonic Drive AG Chairperson, Harmonic Ito Foundation (Public Interest) (Reason for nomination as candidate) Mr. Mitsumasa Ito has served as President and Representative Director, and Chairperson over many years, and has achieved considerable results, from formulating and promoting Group management policies and strategies, to developing and expanding the business foundation, and cultivating a corporate culture. In addition, he possesses business experience in Europe covering more than 20 years, and has led the internationalization of the Group. Based on the above, the Company has judged that he is an essential person to cultivate Group corporate culture and sustainably enhance corporate value, and therefore proposes his continued election as Director.	1,067,800

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Akira Nagai (March 26, 1948) Reappointment Executive	Apr 1972 Joined Mitsui & Co., Ltd. Apr 2002 Joined the Company Apr 2002 General Manager of Overseas Division, the Company Jun 2002 Chairperson and Director, HD Systems, Inc. Jun 2003 Executive Officer (Marketing and Sales), General Manager of Overseas Division, General Manager of Corporate Planning and IT Office, the Company Dec 2005 President and CEO, HD Systems, Inc. (incumbent) Jun 2007 Managing Executive Officer (Corporate Planning and IT), the Company Apr 2009 Managing Executive Officer (Corporate Planning and Finance) , the Company Jan 2011 Corporate Auditor, Harmonic Drive Systems (Shanghai) Co., Ltd. Jun 2013 President and Representative Director, Executive President, the Company May 2015 Director, Harmonic AD, Inc. (incumbent) Jun 2016 President and Representative Director, Chief Executive Officer, In charge of Marketing and Sales, the Company Dec 2016 Manager, GK HD Management (incumbent) Mar 2017 Chairman of the Supervisory Board, Harmonic Drive AG (incumbent) Jun 2017 President and Representative Director, Executive President, In charge of Marketing and Sales and Quality, the Company (incumbent) (Significant concurrent positions) President and CEO, HD Systems, Inc. Director, Harmonic AD, Inc. Manager, GK HD Management Chairman of the Supervisory Board, Harmonic Drive AG (Reason for nomination as candidate) Mr. Akira Nagai has served as President and Representative Director since June 2013, and has demonstrated his capabilities in strengthening the management foundation, enhancing corporate value, and other areas. In addition, he has utilized his abundant experience overseas to build good relationships with customers and partners around the world, and has appropriately directed and supervised Group companies developing business in the U.S., Germany, China, and South Korea. Based on the above, the Company has judged that he is an essential person to sustainably enhance Group corporate value, and therefore proposes his continued election as Director.	39,025

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Hideo Yasue (April 18, 1955) Reappointment Executive	Mar 1981 Joined the Company May 2008 Director, Harmonic Precision Inc. Apr 2009 General Manager of Precision Technology and Procurement Division, the Company Jun 2009 Director, Harmonic AD, Inc. Jun 2010 Executive Officer and General Manager of Precision Division, the Company Jun 2011 Executive Officer (Production, Production Technology, and Procurement) , the Company Feb 2013 Director of SAMICK ADM Co., Ltd. Jun 2013 Managing Executive Officer (Production, Production Technology, and Procurement), the Company Jun 2014 Managing Executive Officer (Development) , the Company Oct 2014 Director, Winbel Co., Ltd. Jun 2015 Managing Executive Officer (Development) (Planetary Gear Speed Reducer Development and Engineering), the Company Jun 2016 Director and Managing Executive Officer (Global Production) , the Company (incumbent) (Reason for nomination as candidate) Mr. Hideo Yasue possesses abundant experience and insight in the production, production technology, and procurement divisions, and has achieved significant results thus far, including shortening lead times, enhancing productivity, and reducing costs, thereby making a considerable contribution to enhancing Group competitiveness. At present, he appropriately leads overseas sites in the U.S., Germany, and South Korea, as well as those in Japan, as a person in charge of Global Production, and oversees the production structure of the Group in its international development. Based on the above, the Company has judged that he is an essential person to enhance Group corporate value, and therefore proposes his continued election as Director.	74,582
4	Akira Maruyama (January 8, 1962) Reappointment Executive	Apr 1985 Joined the Company Apr 2007 General Manager of Marketing and Sales Division, the Company Apr 2009 General Manager of Marketing and Sales Division and General Manager of Sales Planning Department, the Company Sep 2009 General Manager of Engineering Department, Precision Equipment Division, the Company Sep 2012 General Manager of Engineering Division, the Company Jun 2014 Executive Officer (Engineering) , the Company May 2015 Director, HD Logistics, Inc. Jun 2016 Director and Executive Officer (Development Engineering), the Company Jun 2018 Director and Executive Officer (Corporate Planning and IT) (incumbent) , the Company Jun 2019 Corporate Auditor, Winbel Co., Ltd. (incumbent) (Significant concurrent positions) Corporate Auditor, Winbel Co., Ltd. (incumbent) (Reason for nomination as candidate) Mr. Akira Maruyama has participated in the development of speed reducers over many years, and possesses broad and deep insight in HarmonicDrive® in particular. In addition, he has utilized his insight and demonstrated his abilities as manager not only of the development division but also the sales and technology divisions, and is currently making a significant contribution to the development of the Group as manager of the corporate planning and IT divisions. Based on the above, the Company has judged that he is an essential person to sustainably enhance Group corporate value, which centers on technology and technical skill, and therefore proposes his continued election as Director.	1,300

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Yoshinori Ito (February 25, 1953) Reappointment Executive	Feb 1988 Joined the Company Dec 1989 Manager of Application Product Development, Development Division, the Company Sep 1993 General Manager of Production Department, Mechatronics Division Dec 2010 Quality Manager, the Company May 2012 Director, Harmonic Precision Inc. Jun 2012 Executive Officer and Quality Manager, the Company May 2013 Executive Officer, Quality Manager, General Manager of Quality & Shipment Assurance Department, the Company May 2013 Director, HD Logistics, Inc. Apr 2014 Executive Officer, Quality Manager, Environmental Manager, the Company Jun 2014 Executive Officer (Quality), the Company Sep 2014 Director, Harmonic AD, Inc. Jun 2017 Corporate Auditor, HD Logistics, Inc. Jun 2017 Corporate Auditor, Winbel Co., Ltd. Jun 2017 Executive Officer (Administration and Human Resource), the Company Jun 2018 Director and Executive Officer (Administration and Human Resource, and Factory Management) , the Company (incumbent) (Reason for nomination as candidate) Mr. Yoshinori Ito has been engaged in production, development, and quality assurance over many years, and possesses abundant experience and deep insight in the Company's businesses advocating total motion control. In addition, currently as the manager in charge of Administration and Human Resource, he is promoting the development and strengthening of the Group's management foundation and fulfilling his responsibilities as a Director. Based on the above, the Company has judged that he is an essential person to enhance Group corporate value, and therefore proposes his continued election as Director.	2,791
6	Yoshimasa Ito (June 1, 1936) Reappointment Non-executive	Apr 1960 Joined C. Itoh & Co., Ltd. (present Itochu Corporation) Jul 1970 Director, Koden Electronics Co., Ltd. Aug 1980 President and Representative Director, Koden Electronics Co., Ltd. Jun 1994 Outside Director, the Company Jun 2004 Chairperson and Representative Director, Koden Electronics Co., Ltd. Aug 2014 President and Representative Director, KODEN Holdings Co., Ltd. (incumbent) (result of change to holding company structure involving company name change) Jun 2015 Director, the Company (incumbent) (Significant concurrent positions) President and Representative Director, KODEN Holdings Co., Ltd. (Reason for nomination as candidate) Mr. Yoshimasa Ito serves as Representative Director of KODEN Holdings Co., Ltd., and possesses abundant experience and superior insight in regard to corporate management. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and the Company therefore proposes his continued election as Director. Mr. Yoshimasa Ito is the elder brother of Mr. Mitsumasa Ito, Chairperson and Representative Director of the Company.	818,616

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Haruhiko Yoshida (September 2, 1943) Reappointment Outside Independent	Apr 1966 Joined Mitsui & Co., Ltd. Feb 1996 Senior Executive Vice President, Mitsui & Co. (U.S.A.), Inc. Apr 1998 General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Jun 1998 Director and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Jun 2001 Representative Director, Executive Managing Director, and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Apr 2002 Executive Managing Officer and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd. Jul 2002 Executive Managing Officer and Assistant to President of Machinery and Information Group, Mitsui & Co., Ltd. Jun 2003 Outside Director, Nagano Keiki Co., Ltd. Jun 2003 Outside Director, the Company (incumbent) Jun 2006 Corporate Auditor, Hakudo Co., Ltd. Jun 2007 Outside Director, Hakudo Co., Ltd. (Reason for nomination as candidate) Mr. Haruhiko Yoshida has served in prominent positions at Mitsui & Co., Ltd., and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and the Company therefore proposes his continued election as Outside Director. In addition, as Mr. Haruhiko Yoshida possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened. Mr. Haruhiko Yoshida was appointed Outside Director of the Company in June 2003, and his term of office will be 16 years as of the conclusion of this General Meeting of Shareholders.	17,237

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	Shinji Sakai (May 12, 1937) Reappointment Outside Independent	Mar 1961 Joined Toyota Motor Sales Co., Ltd. (present Toyota Motor Corporation) Sep 1988 Director, Toyota Motor Sales Co., Ltd. (present Toyota Motor Corporation) May 1992 President and CEO, Toyota Motor Sales, U.S.A., Inc. Jun 1996 Senior Managing Director responsible for Overseas Operations Group, Toyota Motor Corporation Jun 1998 Senior Executive Vice President and Representative Director, Teleway Japan Corporation Dec 1998 Senior Executive Vice President and Representative Director, KDD Corporation (as a result of merger) Oct 2000 Senior Executive Vice President and Representative Director, KDDI Corporation (as a result of merger) Jun 2003 Full-time Corporate Auditor, Toyota Auto Body Co., Ltd. Jun 2003 Advisor to the Board of Directors, the Company Jun 2004 Outside Director, the Company (incumbent) Jun 2005 Corporate Auditor, Toyota Auto Body Co., Ltd. Sep 2013 Councilor, National Congress of Industrial Heritage (incumbent) (Reason for nomination as candidate) Mr. Shinji Sakai has served in prominent positions at the Toyota Group, and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and the Company therefore proposes his continued election as Outside Director. In addition, as Mr. Shinji Sakai possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened. Mr. Shinji Sakai was appointed Outside Director of the Company in June 2004, and his term of office will be 15 years as of the conclusion of this General Meeting of Shareholders.	4,402

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	Masanobu Nakamura (August 23, 1946) Reappointment Outside Independent	May 1970 Joined The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.) Jun 1999 Executive Officer and Nihonbashi Branch Manager, The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.) Apr 2001 Executive Officer and New York Branch Manager, The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.) Jan 2002 Managing Executive Officer and New York Branch Manager, UFJ Bank Ltd. (present MUFG Bank, Ltd.) May 2002 Executive Operating Officer, Corporate Banking Company Director, UFJ Bank Ltd. (present MUFG Bank, Ltd.) May 2004 Representative Director, Executive Operating Officer (Strategic Support Group), Company Director, UFJ Bank Ltd. (present MUFG Bank, Ltd.) Jun 2005 Special Advisor, Sanshin Co., Ltd. Oct 2005 President and Representative Director, BNP Paribas (Japan) Nov 2005 Director, Tokyo Branch, BNP Paribas Securities (Japan) Ltd. Jun 2007 Board of Directors Advisory Committee, the Company May 2011 Chairperson, BNP Paribas Securities (Japan) Ltd. Sep 2011 Special Advisor, BNP Paribas Securities (Japan) Ltd. Jun 2013 Outside Director, the Company (incumbent) (Reason for nomination as candidate) Mr. Masanobu Nakamura has served in prominent positions in major banks and securities companies, and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and the Company therefore proposes his continued election as Outside Director. In addition, as Mr. Masanobu Nakamura possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened. Mr. Masanobu Nakamura was appointed Outside Director of the Company in June 2013, and his term of office will be 6 years as of the conclusion of this General Meeting of Shareholders.	10,127

Notes:
1. Candidates' histories at the Company are carried over from the former Harmonic Drive Systems Inc.
2. There are no special interests between any of the candidates and the Company.
3. Mr. Haruhiko Yoshida, Mr. Shinji Sakai, and Mr. Masanobu Nakamura are candidates for Outside Directors.
4. Mr. Haruhiko Yoshida, Mr. Shinji Sakai, and Mr. Masanobu Nakamura are candidates for Independent Directors with no risk of conflict of interest with general shareholders, for which appointment is required by the Tokyo Stock Exchange.
5. The number of shares of the Company held includes the portion held by the Officers' Shareholding Association.
6. Liability limitation agreement with non-executive Directors and Outside Directors

   In order to create an environment where the Company can invite capable personnel to serve as Directors, and to enable them to sufficiently perform the duties expected of them, the Company stipulates in its Articles of Incorporation that it may enter into an agreement with Directors (excluding persons who are Executive Directors, etc.) to limit their liability to the Company to a certain range. Candidate for Director Mr. Yoshimasa Ito is currently a non-executive Director, and candidates for Director Mr. Haruhiko Yoshida, Mr. Shinji Sakai, and Mr. Masanobu Nakamura are currently Outside Directors, and the Company has thus entered into liability limitation agreements with each of these candidates.

   An overview of the content of the liability limitation agreements that the Company has entered into with each of these candidates is as follows.

   ・ If a Director (excluding persons who are Executive Directors, etc.) causes damages to the Company owing to the neglect of his or her duties, his or her liability shall be limited to the minimum amount for liability set forth in Article 425, Paragraph 1 of the Companies Act, provided that he or she has performed his or her duties in good faith and without gross negligence.

Proposal 3: Payment of Bonuses to Officers

Taking into consideration the business performance in the fiscal year under review and various other factors, the Company proposes to pay a bonus to officers of a total amount of 289.00 million yen for the nine (9) Directors serving at the end of the fiscal year under review (including three (3) Outside Directors) (247.00 million yen for Directors; 42.00 million yen for Outside Directors), and a total amount of 42.00 million yen for the four (4) Corporate Auditors serving at the end of the fiscal year under review (including two (2) Outside Corporate Auditors) (23.00 million yen for Corporate Auditors; 19.00 million yen for Outside Corporate Auditors).

Furthermore, the Company proposes that the amount to be paid to each Director and Corporate Auditor be left to the determination of the Board of Directors for Directors, and the deliberation of Corporate Auditors for Corporate Auditors.