



(Securities Code: 4118)  
June 3, 2016

## **Notice of Convocation of the 92nd Annual General Meeting of Shareholders**

Dear Shareholders:

We would like to express our deepest condolences to the victims of the 2016 Kumamoto Earthquake in April. We sincerely wish for a rapid recovery of the affected areas.

Notice is hereby given that the 92nd Annual General Meeting of Shareholders of the Company will be held as set forth below, and your presence at the meeting is highly appreciated.

If you do not expect to be present at the meeting, you may exercise your voting rights either via return mail or via the Internet. Please review the accompanying "Reference Document Concerning the General Meeting of Shareholders" and cast your votes so as to reach the Company prior to 6:00 p.m. on June 28, 2016 (Tuesday):<sup>1</sup>

Yours very truly,

Mamoru Kadokura  
President and Representative Director

**KANEKA CORPORATION**  
3-18, Nakanoshima 2-chome, Kita-ku,  
Osaka, Japan

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<sup>1</sup> (Note): Please note that shareholders outside Japan shall not use these voting procedures.

## Particulars

### 1. Date and time of the meeting:

Wednesday, June 29, 2016, at 10:00 a.m. (JST)

### 2. Place of the meeting:

Osaka Headquarters of the Company,  
Nakanoshima Festival Tower (36th floor)  
3-18, Nakanoshima 2-chome, Kita-ku,  
Osaka, Japan

### 3. Agenda of the meeting:

#### Matters to be reported:

1. Report on the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 92nd fiscal year (from April 1, 2015 to March 31, 2016).
2. Report on the Results of Audit by Accounting Auditor and the Audit & Supervisory Board for Consolidated Financial Statements for the 92nd fiscal year (from April 1, 2015 to March 31, 2016).

#### Matters for resolution:

**Proposal No.1: Election of Twelve (12) Directors**

**Proposal No.2: Election of Two (2) Audit & Supervisory Board Members**

**Proposal No.3: Election of One (1) Substitute Audit & Supervisory Board Member**

**Proposal No.4: Provision of Bonus to Directors**

**Proposal No.5: Continuation of Policy for Defending Against Large-Scale Purchase of the Shares of the Company (the “Takeover Defense Measures”)**

### 4. Information about Exercise of Voting Rights:

Please ensure that you read carefully the attached document entitled “Information about Exercise of Voting Rights” described on page 3.

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◎If you attend the Annual General Meeting of Shareholders of the Company, please present the enclosed Voting Rights Exercise Form at the reception of the meeting.

◎Since the Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements are posted on the Company’s website of the Internet (<http://www.kaneka.co.jp/>), they are not stated in the Report for the 92nd fiscal year separately attached. The Audit & Supervisory Board Member and Accounting Auditor have audited the Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements posted on the Company’s website, in addition to having audited the Consolidated Financial Statements and the Non-Consolidated Financial Statements stated in the Report for the 92nd fiscal year separately attached.

◎In the event of any amendment to the Reference Document Concerning the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, the Company will post the amended items on the Company's website (<http://www.kaneka.co.jp/>).

### **Information about Exercise of Voting Rights:**

1. If you do not express the approval or disapproval on the Voting Rights Exercise Form delivered, the Company will consider it indicative approval for all matters for resolution.
2. In the event that one and the same shareholder exercises voting rights both via return mail and via the Internet, the Company will consider the exercise of voting rights via the Internet to be valid. Moreover, in the event one and the same shareholder exercises voting rights several times, the Company will consider the last exercise of voting rights to be valid.

To the Institutional Investors:

The Company participates in the ICJ platform for institutional investors to vote from ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s). Voting via the Internet other than the ICJ platform is only available for registered shareholders in Japan with Japanese language only.

## Reference Document Concerning the General Meeting of Shareholders

### Proposals and Matters for Reference

#### Proposal No. 1: Election of Twelve (12) Directors

The terms of office of all twelve (12) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect twelve (12) Directors.

The candidates for Directors are as follows:

Candidate Number		Name	Current Position and Responsibility in the Company
1.	Reappointment	Kimikazu Sugawara	Chairman of the Board and Representative Director
2.	Reappointment	Mamoru Kadokura	President and Representative Director Chairperson of CSR Committee
3.	Reappointment	Hirosaku Nagano	Director and Executive Vice President In charge of Corporate Technologies, Corporate Research & Development, Solar Energy Division, New Business Development Division and Intellectual Property Department
4.	Reappointment	Minoru Tanaka	Director and Senior Managing Executive Officer In charge of Medical Devices Division, Corporate Planning Department, Business Process Innovation Division and Global Planning Department
5.	Reappointment	Toshio Nakamura	Director and Senior Managing Executive Officer In charge of Foods Division, Electrical and Electronic Materials Division
6.	Reappointment	Akira Iwazawa	Director and Managing Executive Officer In charge of Production Technologies, Security, and Procurement Department
7.	Reappointment	Hidesuke Amachi	Director and Managing Executive Officer In charge of Foam Plastic & Plastic Products Division and Kanekalon Division
8.	Reappointment	Shinichiro Kametaka	Director and Managing Executive Officer In charge of PVC & Chemicals Division, High Performance Polymers Division, QOL Division and Chemicals Purchasing Department
9.	Reappointment	Shinobu Ishihara	Director and Managing Executive Officer In charge of CSR Division, Accounting Department and Finance Department, and General Manager of Finance Department
10.	New	Kazuhiko Fujii	Executive Officer President and Director of Kaneka Americas Holding, Inc. President and Director of Kaneka North America LLC
11.	Reappointment Outside Director Independent Director	Takeo Inokuchi	Outside Director
12.	Reappointment Outside Director Independent Director	Mamoru Mohri	Outside Director

## Candidates for Directors

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)		Number of shares of the Company held by Candidate
1.	<span style="border: 1px solid black;">Reappointment</span>  Kimikazu Sugawara (March 31, 1947)	Apr. 1970 Jun. 2000 Jun. 2003 Jun. 2006 Apr. 2008 Apr. 2014	Joined the Company Director of the Company Executive Director of the Company Director and Managing Executive Officer of the Company President and Representative Director of the Company Chairman of the Board and Representative Director of the Company Presently in the post	43,000 shares

### [Reasons for nomination as a Director candidate]

Mr. Kimikazu Sugawara, since becoming Director of the Company, has served many years as President and Representative Director, Chairman of the Board and Representative Director, and Board Chairperson, and has abundant experience in corporate management. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group.

(Note) The Company has no special interest with Mr. Kimikazu Sugawara.

2.	<span style="border: 1px solid black;">Reappointment</span>  Mamoru Kadokura (June 1, 1959)	Apr. 1987 Jun. 2010 Jun. 2012 Apr. 2014 Jun. 2014	Joined the Company Executive Officer of the Company Director and Managing Executive Officer of the Company President and Representative Director of the Company Chairperson of CSR Committee of the Company Presently in the post	40,000 shares
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### [Reasons for nomination as a Director candidate]

Mr. Mamoru Kadokura, since becoming Director of the Company, has served as General Manager of the R&D Planning Division, an officer responsible for business divisions, and President and Representative Director of the Company, and has abundant experience in corporate management. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group.

(Note) The Company has no special interest with Mr. Mamoru Kadokura.

3.	<span style="border: 1px solid black;">Reappointment</span>  Hirosaku Nagano (July 28, 1950)	Apr. 1975 Jun. 2006 Jun. 2008 Jun. 2011  Jun. 2014 Jun. 2015  Apr. 2016	Joined the Company Executive Officer of the Company Director and Managing Executive Officer of the Company Director and Senior Managing Executive Officer of the Company  Director and Executive Vice President of the Company In charge of Corporate Technologies, Corporate Research & Development, Solar Energy Division, New Business Development Division, GP Business Development Division and Intellectual Property Department of the Company In charge of Corporate Technologies, Corporate Research & Development, Solar Energy Division, New Business Development Division and Intellectual Property Department of the Company Presently in the post	38,000 shares
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### [Reasons for nomination as a Director candidate]

Mr. Hirosaku Nagano has long been involved with the Electronic Products segment and the R&D division. Since becoming Director of the Company, he has served as Managing Executive Officer, Senior Managing Executive Officer, and Executive Vice President, and has abundant experience in corporate management. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Hirosaku Nagano.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)		Number of shares of the Company held by Candidate
4.	<b>Reappointment</b>  Minoru Tanaka (October 27, 1954)	Apr. 1977	Joined the Company	30,000 shares
		Jun. 2010	Director and Managing Executive Officer of the Company	
		Jun. 2014	Director and Senior Managing Executive Officer of the Company	
		Jun. 2015	In charge of Medical Devices Division, Business Management Department and Global Planning Department, and General Manager of Corporate Planning Department of the Company	
		Apr. 2016	In charge of Medical Devices Division, Corporate Planning Department, Business Process Innovation Division and Global Planning Department of the Company  Presently in the post	

**[Reasons for nomination as a Director candidate]**

Mr. Minoru Tanaka has long been involved with the planning division. Since becoming Director of the Company, he has served as Managing Executive Officer and Senior Managing Executive Officer, and has abundant experience in corporate management, including managing and being in charge of a broad range of divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Minoru Tanaka.

5.	<b>Reappointment</b>  Toshio Nakamura (August 16, 1952)	Apr. 1975	Joined the Company	30,000 shares
		Jun. 2007	Executive Officer of the Company	
		Jun. 2010	Director and Managing Executive Officer of the Company	
		Jun. 2014	Director and Senior Managing Executive Officer of the Company	
		Jun. 2015	In charge of Foods Division, Electrical and Electronic Materials Division and QOL Division of the Company	
		Apr. 2016	In charge of Foods Division, Electrical and Electronic Materials Division of the Company  Presently in the post	

**[Reasons for nomination as a Director candidate]**

Mr. Toshio Nakamura has long been involved with the Chemicals and Electronic Products segments of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer and Senior Managing Executive Officer, and has abundant experience in corporate management, including managing a broad range of business divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the businesses he is in charge of.

(Note) The Company has no special interest with Mr. Toshio Nakamura.

6.	<b>Reappointment</b>  Akira Iwazawa (February 22, 1957)	Apr. 1981	Joined the Company	31,000 shares
		Jun. 2008	Executive Officer of the Company	
		Jun. 2010	Managing Executive Officer of the Company	
		Jun. 2011	Director and Managing Executive Officer of the Company	
		Jun. 2015	In charge of Production Technologies, Security, and Procurement Department, and General Manager of Production Technology Division of the Company	
		Apr. 2016	In charge of Production Technologies, Security, and Procurement Department of the Company  Presently in the post	

**[Reasons for nomination as a Director candidate]**

Mr. Akira Iwazawa has long been involved with the production division and the production technology division of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including being in charge of a broad range of divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Akira Iwazawa.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)		Number of shares of the Company held by Candidate
7.	<b>Reappointment</b> Hidesuke Amachi (December 18, 1956)	Apr. 1979	Joined the Company	21,000 shares
		Jun. 2011	Executive Officer of the Company	
		Jun. 2013	Managing Executive Officer of the Company	
		Jun. 2014	Director and Managing Executive Officer of the Company	
		Jun. 2015	In charge of Foam Plastic & Plastic Products Division and Kanekalon Division, and General Manager of Kanekalon Division of the Company	
		Apr. 2016	In charge of Foam Plastic & Plastic Products Division and Kanekalon Division of the Company	
			Presently in the post	

**[Reasons for nomination as a Director candidate]**

Mr. Hidesuke Amachi has long been involved with the Synthetic Fibers segment of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including managing a broad range of business divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over of the entire Group and the businesses he is in charge of.

(Note) The Company has no special interest with Mr. Hidesuke Amachi.

8.	<b>Reappointment</b> Shinichiro Kametaka (November 13, 1957)	Apr. 1981	Joined the Company	18,000 shares
		Jun. 2011	Executive Officer of the Company	
		Jun. 2014	Director and Managing Executive Officer of the Company	
		Jun. 2015	In charge of PVC & Chemicals Division, High Performance Polymers Division and Chemicals Purchasing Department, and General Manager of PVC & Chemicals Division of the Company	
		Apr. 2016	In charge of PVC & Chemicals Division, High Performance Polymers Division, QOL Division and Chemicals Purchasing Department of the Company	
			Presently in the post	

**[Reasons for nomination as a Director candidate]**

Mr. Shinichiro Kametaka has long been involved with the Chemicals segment of the Company and with chemicals purchases. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including managing a broad range of business divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the businesses he is in charge of.

(Note) The Company has no special interest with Mr. Shinichiro Kametaka.

9.	<b>Reappointment</b> Shinobu Ishihara (May 4, 1955)	Apr. 1980	Joined the Company	20,000 shares
		Jun. 2010	Executive Officer of the Company	
		Jun. 2014	Managing Executive Officer of the Company	
		Jun. 2015	Director and Managing Executive Officer of the Company	
			In charge of CSR Division, Accounting Department and Finance Department, and General Manager of Accounting Department and Finance Department of the Company	
		Apr. 2016	In charge of CSR Division, Accounting Department and Finance Department, and General Manager of Finance Department of the Company	
			Presently in the post	

**[Reasons for nomination as a Director candidate]**

Mr. Shinobu Ishihara has long been involved with the accounting and finance divisions of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including being in charge of a broad range of divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Shinobu Ishihara.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)		Number of shares of the Company held by Candidate
10.	<span>New</span> Kazuhiko Fujii (June 17, 1961)	Apr. 1985	Joined the Company	8,972 Shares
		Jan. 2005	Manager of Group of Modifiers Division of the Company	
		Dec. 2006	Served at Kaneka Nutrients L.P.	
		Apr. 2012	President and Director of Kaneka North America LLC	
		Jun. 2012	Executive Officer of the Company	
		Apr. 2015	President and Director of Kaneka Americas Holding, Inc.	
			Presently in the post	

**[Reasons for nomination as a Director candidate]**

Mr. Kazuhiko Fujii has long been involved with the Functional Plastics and Life Science Products segments of the Company, and has many years of experience working overseas. Therefore, the Company anticipates that he will contribute to increasing the medium- to long-term corporate value of the Company that carries out diverse and global business development, and strengthen the oversight function over the regions and businesses he is in charge of.

(Note) The Company has no special interest with Mr. Kazuhiko Fujii.



Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)		Number of shares of the Company held by Candidate
11.	<div>Reappointment</div> <div>Outside Director</div> <div>Independent Director</div> Takeo Inokuchi (April 9, 1942)  【Attendance】 Board of Directors 13 out of 14 meetings (93%)	Apr. 1965 Jun. 1993 Jun. 1994 Apr. 1996 Jun. 2000 Oct. 2001 Apr. 2006 Jun. 2006 Jul. 2007 Jun. 2011	Joined Taisho Marine & Fire Insurance Co., Ltd. Director of Mitsui Marine and Fire Insurance Co., Ltd. (formerly, Taisho Marine and Fire Insurance Co., Ltd.) Managing Director of Mitsui Marine and Fire Insurance Co., Ltd. Representative Director and President of Mitsui Marine & Fire Insurance Co., Ltd. Chief Executive Officer, Representative Director, Chairman and President of Mitsui Marine & Fire Insurance Co., Ltd. Representative Director, Chairman of the Board and joint CEO of Mitsui Sumitomo Insurance Co., Ltd. Representative Director, Chairman of the Board and Executive Officer of Mitsui Sumitomo Insurance Co., Ltd. Retired as Representative Director, Chairman of the Board and Executive Officer of Mitsui Sumitomo Insurance Co., Ltd. Senior Advisor of Mitsui Sumitomo Insurance Co., Ltd. Director of the Company Presently in the post	0
<div>(Important position of other organizations concurrently assumed)</div> <div>Outside Director of Kikkoman Corporation</div> <div>Outside Audit &amp; Supervisory Board Member of Sanki Engineering Co., Ltd.</div>				

**[Reasons for nomination as an Outside Director candidate]**

Mr. Takeo Inokuchi has been engaged in the management of a financial institution for many years and has a high level of knowledge and abundant practical experience in top management. Furthermore, he has also a detailed knowledge of corporate governance, holding a key position at Japan Association of Corporate Directors, which makes high-level advocacies and recommendations with respect to corporate governance. He has already been conducting appropriate oversight across every aspect of management and providing objective and strategic advice at the Board of Directors of the Company. Therefore, the Company nominates him for the continuation of such service.

- Notes:
- The Company has no special interest with Mr. Takeo Inokuchi.
  - Mr. Takeo Inokuchi is a candidate for Outside Director. The following matters are specifically noted with respect to the said candidate for Outside Director.
    - Although Mr. Takeo Inokuchi is a former Representative Director of Mitsui Sumitomo Insurance Co., Ltd., a shareholder of the Company, the Company sees no issue with regard to his independence as ten years have passed since his resignation from the post. Furthermore, although the Company has transactions with Mitsui Sumitomo Insurance Co., Ltd. for nonlife insurance, the insurance premium paid by the Kaneka Group to Mitsui Sumitomo Insurance Co., Ltd. in the most recent fiscal year is minimal, accounting for less than 0.1% of its premium income.
    - While Mr. Takeo Inokuchi held the office of an Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd., Sanki Engineering found through an in-house investigation that it had violated the Antimonopoly Act in the bidding for snow-melting equipment engineering works for the Hokuriku Shinkansen, which was ordered by the Japan Railway Construction, Transport and Technology Agency. Thus the company applied for the leniency program to the Japan Fair Trade Commission and made an announcement of this event on March 31, 2014. Although the company received a cease and desist order from the Japan Fair Trade Commission on October 9, 2015, it was granted leniency and hence the company was not ordered to pay surcharge. He had been, on a regular basis, providing advice and opinions at the Board of Directors and the Audit & Supervisory Board from the perspective of legal compliance. After he was reported of the event, he provided advice and such on the immediate measures Sanki Engineering should take, and also continued to duly perform his duties as an Audit & Supervisory Board Member by providing timely and appropriate advice and such on the initiatives for the establishment of recurrence prevention measures and the reinforcement of internal control systems for the entire Sanki Engineering group as well as on the public announcement of the above event.
    - Mr. Takeo Inokuchi will have been in the office of Director of the Company for five years at the conclusion of this General Meeting of Shareholders.
    - The Company has entered into a contract with Mr. Takeo Inokuchi to limit his liability for damages with respect to the liability set forth in Article 423(1) of the Companies Act, whereby the amount of his liability for damages is limited to the minimum liability amount provided for in the relevant laws and ordinances.
    - The Company has designated Mr. Takeo Inokuchi as an independent director/auditor and submitted the statement to that effect to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. Upon his election as originally proposed, it is planned that Mr. Inokuchi will continue to serve as an independent director/auditor.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)		Number of shares of the Company held by Candidate
12.	<div>Reappointment</div> <div>Outside Director</div> <div>Independent Director</div> Mamoru Mohri (January 29, 1948)	Jun. 1976 Apr. 1982 Aug. 1985 Sep. 1992 Feb. 2000 Oct. 2000 Jun. 2015	Received a doctorate in Chemistry from Flinders University of South Australia Associate Professor at Hokkaido University, School of Engineering Astronaut at the National Space Development Agency of Japan Conducted experiments as a prime payload specialist on STS-47, Spacelab-J on the NASA Space Shuttle “Endeavour” Worked as a mission specialist for the Shuttle Radar Topography Mission on the NASA Space Shuttle “Endeavour” Director of National Museum of Emerging Science and Innovation operated by Japan Science and Technology Corporation (currently the Japan Science and Technology Agency) Director of the Company Presently in the post (Important position of other organizations concurrently assumed) Specially Appointed Professor at Graduate School of Kyoto University	0

**[Reasons for nomination as an Outside Director candidate]**

Mr. Mamoru Mohri has diverse and abundant experience and achievements in leading-edge science and technology of the world. The Company holds ‘Moving toward an “R&D-type” company’ as one of its management policies in its long-term management vision, and has made focused investment of its management resources in R&D. Based on his advanced insight and global perspective, he has been conducting appropriate oversight and providing objective and strategic advice at the Board of Directors of the Company. Therefore, the Company nominates him for the continuation of such service.

- Notes:
- The Company has no special interest with Mr. Mamoru Mohri.
  - Mr. Mamoru Mohri is a candidate for Outside Director. The following matters are specifically noted with respect to the said candidate for Outside Director.
    - Mr. Mamoru Mohri will have been in the office of Director of the Company for one year at the conclusion of this General Meeting of Shareholders.
    - The Company has entered into a contract with Mr. Mamoru Mohri to limit his liability for damages with respect to the liability set forth in Article 423(1) of the Companies Act, whereby the amount of his liability for damages is limited to the minimum liability amount provided for in the relevant laws and ordinances.
    - The Company has designated Mr. Mamoru Mohri as an independent director/auditor and submitted the statement to that effect to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. Upon his election as originally proposed, it is planned that Mr. Mohri will continue to serve as an independent director/auditor.

## Proposal No. 2: Election of Two (2) Audit & Supervisory Board Members

The term of office of Hideyuki Matsui and Hiroaki Tsukamoto will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect two (2) Audit & Supervisory Board Members.

We have already obtained the consent of the Audit & Supervisory Board for the submission of this proposal.

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

### Candidate for Audit & Supervisory Board Members

Candidate number	Name (Date of birth)	Brief history (Position and important position of other organizations concurrently assumed)		Number of shares of the Company held by candidate
1.	Reappointment Hideyuki Matsui (March 25, 1950)	Apr. 1972	Joined the Company	8,000 shares
		Mar. 1997	General Manager of Human Resource Department of the Company	
		Jun. 1998	General Manager of General Affairs Department in Tokyo of the Company	
		May. 2001	General Manager of General Affairs Department of the Company	
		May. 2006	General Manager of General Affairs Department and Secretariat of the Company	
		Jun. 2006	Executive Officer of the Company	
		Jun. 2010	Managing Executive Officer of the Company	
		Mar. 2012	General Manager of Secretariat of the Company	
		Jun. 2012	Audit & Supervisory Board Member of the Company	
			Presently in the post	

#### [Reasons for nomination as an Audit & Supervisory Board Member candidate]

Mr. Hideyuki Matsui has long been involved mainly with the human resources and general affairs divisions of the Company, and has extensive knowledge and understanding of the Group as well as abundant experience and achievements. Since becoming an Audit & Supervisory Board Member, he has made appropriate and suitable comments for internal audits of the Group and in other instances, and has been fulfilling his duties adequately. Therefore, the Company nominates him for the continuation of such service.

(Note) The Company has no special interest with Mr. Hideyuki Matsui.

Candidate number	Name (Date of birth)	Brief history (Position and important position of other organizations concurrently assumed)		Number of shares of the Company held by candidate
2.	<div>New</div> <div>Outside Audit &amp; Supervisory Board Member</div> <p>Yasuhiro Uozumi (November 30, 1966)</p>	Apr. 1993	Admitted to the bar Joined Oh-Ebashi Law Offices (Currently known as Oh-Ebashi LPC & Partners)	0
		Apr. 2000	Partner of Oh-Ebashi Law Offices (Currently known as Oh-Ebashi LPC & Partners)	
		Aug. 2002	Member of Oh-Ebashi LPC & Partners Presently in the post Adjunct Instructor of Kobe University Law School	
		Apr. 2007	(to Jul. 2013) Substitute Audit & Supervisory Board Member of the Company	
		Jun. 2007	Presently in the post Vice Chairman of the Osaka Bar Association	
		Apr. 2014	(to Mar. 2015)  (Important position of other organizations concurrently assumed) Outside Director of Wako Pure Chemical Industries, Ltd. Outside Audit & Supervisory Board Member of Settsu Oil Mill, Inc.	

**[Reasons for nomination as an Outside Audit & Supervisory Board Member candidate]**

Mr. Yasuhiro Uozumi has served as the Vice Chairman of the Osaka Bar Association, and has a high level of knowledge and abundant experience as a legal professional. Anticipating that valuable advice and opinions will be provided by him at meetings of the Board of Directors and the Audit & Supervisory Board of the Company from the perspective of legal compliance, the Company believes that he is qualified as an Outside Audit & Supervisory Board Member.

- Notes:
1. The Company has no special interest with Mr. Yasuhiro Uozumi.
  2. Mr. Yasuhiro Uozumi is a candidate for Outside Audit & Supervisory Board Member. The following matters are specifically noted with respect to the candidate for Outside Audit & Supervisory Board Member.
    - (1) Although the Company has been seeking legal advice and handling of lawsuits by Oh-Ebashi LPC & Partners to which Mr. Yasuhiro Uozumi belongs, the lawyer's fees paid to Oh-Ebashi LPC & Partners by the Company in the most recent fiscal year are minimal, and no legal advisory contract has been concluded.
    - (2) While the Company does business related to the purchase of raw materials with Wako Pure Chemical Industries, Ltd. of which Mr. Yasuhiro Uozumi serves as an Outside Director, the transaction amount paid to Wako Pure Chemical Industries, Ltd. by the Group in the most recent fiscal year was minimal, accounting for less than 0.01% of the sales of Wako Pure Chemical Industries, Ltd.
    - (3) In the event that Mr. Yasuhiro Uozumi assumes the office of Audit & Supervisory Board Member, the Company intends to enter into a contract with him to limit his liability with respect to the liability for damages set forth in Article 423(1) of the Companies Act, whereby the amount of his liability for damages will be limited to the minimum liability amount provided for in the relevant laws and ordinances.

### Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

We propose to elect a substitute Audit & Supervisory Board Member as a substitute of Outside Audit & Supervisory Board Member in anticipation of a case in which the number of Audit & Supervisory Board Members might become less than the number provided for in the laws and ordinances.

We have already obtained the consent of the Audit & Supervisory Board for the submission of this proposal.

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

#### Candidate for substitute Audit & Supervisory Board Member

Name (Date of birth)	Brief history (Important position of other organizations concurrently assumed)		Number of shares of the Company held by candidate
<div>New</div> Masafumi Nakahigashi (September 19, 1965)	Apr. 1996	Associate Professor of School of Law of Nagoya University	0
	Apr. 1999	Associate Professor of Graduate School of Law of Nagoya University	
	Apr. 2005	Professor of Graduate School of Law of Nagoya University Presently in the post	
	Apr. 2010	Secretary, Legislative Council of the Ministry of Justice, Section for the Companies Act (to Sep. 2012)	
	Jun. 2011	Secretary, Advisory Committee on Civil Rules of Supreme Court of Japan (to Nov. 2012)	

#### [Reasons for nomination as a substitute Outside Audit & Supervisory Board Member candidate]

Mr. Masafumi Nakahigashi has served in such positions as Secretary of Legislative Council of the Ministry of Justice, Section for the Companies Act, and has a high level of knowledge and abundant experience as a university professor. Anticipating that valuable advice and opinions will be provided by him at meetings of the Board of Directors and the Audit & Supervisory Board of the Company, the Company believes that he is qualified as a substitute Audit & Supervisory Board Member. In addition, since 2007, he has regularly provided appropriate and suitable advice as a member of the Special Committee of the Company.

#### Notes:

1. The Company has no special interest with Mr. Masafumi Nakahigashi.
2. Mr. Masafumi Nakahigashi is a candidate for substitute Outside Audit & Supervisory Board Member. The following matters are specifically noted with respect to the candidate for Outside Audit & Supervisory Board Member.
  - (1) In the event that Mr. Masafumi Nakahigashi assumes the office of Audit & Supervisory Board Member, the Company intends to enter into a contract with him to limit his liability with respect to the liability for damages set forth in Article 423(1) of the Companies Act, whereby the amount of his liability for damages will be limited to the minimum liability amount provided for in the relevant laws and ordinances.

[For reference] Standards for Independence of Outside Directors/Audit & Supervisory Board Members

The independence of Outside Directors or Outside Audit & Supervisory Board Members (collectively the “Outside Directors/Audit & Supervisory Board Members”) of the Company refers to such a person being independent from the Company’s management without falling under any of the following:

- (1) A person executing the business, etc. (“Executing Person”) of the Company and its affiliates (hereinafter, “the Group”) and their close relatives, etc.;
- (2) A party for which the Group is a principal business partner or an Executing Person thereof;
- (3) A principal business partner of the Group or an Executing Person thereof;
- (4) A major shareholder of the Company (a party that directly or indirectly holds a voting interest of 10% or more) or an Executing Person thereof;
- (5) A director and other Executing Person of an organization that has received a certain amount or more of donations or subsidies from the Group;
- (6) An Executing Person of a company with which the Group has an arrangement for mutual secondment of directors and audit & supervisory board members;
- (7) A person belonging or who has belonged in the past to an auditing firm conducting a statutory audit of the Company; or
- (8) A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director/audit & supervisory board member compensation from the Group (if the party receiving such consideration is a corporation, association or other entity, a person belonging to the said entity or a person who has belonged to the said entity in the past).

(Note 1) An Executing Person refers to those who conduct business operations or conducted business operations in the past, including directors (excluding outside directors), executive officers and employees.

(Note 2) Close relatives refer to relatives within the second degree of kinship of or relatives living in the same place with those who conduct important business operations, including directors (excluding outside directors), executive officers and division managers.

(Note 3) A party for which the Group is a principal business partner refers to a business partner group (which means entities that belong to the consolidated group to which the direct business partner belongs; the same shall apply hereinafter) that supplies products and services to the Group, where the business partner group's trading amount with the Group exceeds 2% of the consolidated sales of the business partner group in the most recent fiscal year.

(Note 4) A principal business partner of the Group refers to those who fall under either of the following:

(1) A business partner group to whom the Group supplies products and services, where the Group's trading amount with such group exceeds 2% of the Group's consolidated sales in the most recent fiscal year.

(2) A financial institution group (which means entities that belong to the consolidated group to which the direct lender belongs) from which the Group has borrowed funds, where the total amount of the Group's borrowings from the financial institution group exceeds 2% of the Group's consolidated total assets at the end of the most recent fiscal year.

(Note 5) An organization that has received a certain amount or more of donations or subsidies from the Group refers to public interest incorporated foundations, public interest incorporated associations, non-profit organizations, etc. which receive donations or subsidies of over 10 million yen per year from the Group.

(Note 6) A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director/audit & supervisory board member compensation from the Group refers to those who received such consideration other than director/audit & supervisory board member compensation of over 10 million yen from the Group in the most recent fiscal year or those who belong to an entity which receives such consideration from the Group in amount exceeding 2% of the said entity's consolidated sales or gross income.

[For reference] Procedures for Nomination of Directors and Audit & Supervisory Board Members

Candidates for Directors are proposed by the Representative Directors and decided by the Board of Directors based on the report of the Nomination and Compensation Advisory Committee, pursuant to the “Standards on Nomination of Directors.” Candidates for Directors are elected as Directors by a resolution of the General Meeting of Shareholders every year.

Candidates for Audit & Supervisory Board Members (including substitute Audit & Supervisory Board Member) are proposed by the Representative Directors and decided by the Board of Directors with the consent of the Nomination and Compensation Advisory Committee and the Audit & Supervisory Board, pursuant to the “Standards on Nomination of Audit & Supervisory Board Members.” Candidates for Audit & Supervisory Board Members are elected as Audit & Supervisory Board Members (including substitute Audit & Supervisory Board Members) by a resolution of the General Meeting of Shareholders.

[For reference] Balance of Knowledge, Experience and Expertise and Diversity among the Directors as well as Size of the Board of Directors as a whole

The Company elects Directors on the condition that they have high integrity, insight, skills, experience and strong ethical standards.

**Proposal No. 4: Provision of Bonus to Directors**

Taking into account the results of operation for the fiscal year under review and various other factors, we propose to grant a total amount of 110,000,000 yen to ten (10) incumbent Directors excluding Outside Directors as at the end of the fiscal year under review. Furthermore, it is proposed that the determination of the amounts to be given to each Director be entrusted to the decision of the Board of Directors.

**Proposal No. 5: Continuation of Policy for Defending Against Large-Scale Purchase of the Shares of the Company (the “Takeover Defense Measures”)**

The Company, by resolution adopted at the meeting of the Board of Directors held on April 6, 2007, introduced the defense plan against large purchase action of shares of the Company (the “Plan”), which was approved by shareholders at the 83rd Annual General Meeting of Shareholders held on June 28, 2007. Then the Plan is continued in effect upon approval of shareholders at the 86th Annual General Meeting of Shareholders held on June 25, 2010 and the 89th Annual General Meeting of Shareholders held on June 27, 2013. As the Plan is set to expire at the conclusion of the 92nd Annual General Meeting of Shareholders held in June 2016 (hereinafter, “this Annual General Meeting of Shareholders”), at the meeting of the Board of Directors held on May 12, 2016, the Company decided to continue the Plan partially amended on condition that the partially amended Plan be approved by a majority of voting rights represented at the Annual General Meeting of Shareholders for the purpose of continuously securing and enhancing the medium- to long-term corporate value of the Company and common interests of its shareholders.

The summary of the amendments is stated below..

- In conjunction with the establishment of the new management plan of the Company, the “Efforts of the Company to enhance the Corporate Value of the Company’s group” was revised.
- The Plan expressly states that a general meeting of shareholders may be held to confirm the intent of the shareholders regarding the invocation of the Countermeasures (see Section 6. for the content of the Countermeasures).
- The Plan expressly states that the Company will never acquire stock acquisition rights held by the Large-Scale Purchaser by payment of a consideration in cash.
- The effective period of the Plan will be extended to the conclusion of the 95th Annual General Meeting of Shareholders held in June 2019.

In the light of the importance of the Plan, we would like the shareholders of the Company to approve the continuation of the Plan at this Annual General Meeting of Shareholders.

The details of the Plan are as follows:

**1. Basic Idea for Continuation of the Plan (Basic Policy concerning the Stance of a Person Who Governs the Decision for Finance and Business Policies of the Company)**

So long as the Company is a listed company, it is a matter of course that the shares of the Company are freely traded in the market. Even if a so-called “hostile acquisition” is consummated without obtaining the consent of the Board of Directors of the Company, we would not generally oppose such acquisition if it would benefit the corporate value and the common interests of the shareholders. However, among the large-scale share acquisitions of listed companies, there are certain large-scale share acquisitions that would prejudice the corporate value and common interests of shareholders of a target company. Judging from the purposes and methods adopted, these large-scale share acquisitions include, but not limited to; (i) those with the sole purpose of only seeking profits for the acquirers, regardless of the corporate value of the company nor the common interests of its shareholders, (ii) those with the potential to substantially coerce shareholders into selling their shares, and (iii) those that do not provide sufficient time or information for the target company’s board of directors and shareholders to consider the details of the large-scale share acquisition and the like, or for the target company’s board of directors to make an alternative proposal.



In order for the Company to secure and enhance the corporate value of the Company and the common interests of its shareholders without neglecting the source of the Company's corporate value, it is indispensable for the Company to achieve reform and growth by precisely and appropriately allocating the management resources to the business, from a viewpoint of medium- to long-term prospects. However, in the event that a hostile and right-abusing acquisition, such as those described above, is consummated against the Company, it would be a disturbing risk to the conduct of the stable management of the Company. The Company believes that excluding such disturbing risk leads to securing the corporate value of the Company and, in turn, the common interests of its shareholders, so that the proposed continuation of the defense plan, after deliberation, is a duty imposed on the Board of Directors of the Company.

## **2. Efforts of the Company to Enhance the Corporate Value of the Company's Group (Efforts to Effectively Use the Company's Property, Form Appropriate Corporate Group and Contribute to Realize Other Basic Policies)**

### **(1) Sources of the Corporate Value of the Company**

The Company posts its corporate idea: "With people and technology growing together into creative fusion, we will break fresh ground for the future and tie in to explore New Values. We are also committed to challenge the environmental issues of our planet and contribute to upgrading the quality of life."

The source of the corporate value of the Company firstly exists in high technology development capacities, which have continuously produced innovative products. Since the foundation, the Company has expanded the business segments, based on macromolecular technologies, polymer processing technologies, molecular design technologies, inorganic material technologies, and fermentation technologies. At present, the Company owns wider business areas including Chemicals, Functional Plastics, Expandable Plastics and Products, Foodstuffs Products, Life Science Products, Electronic Products, and Synthetic Fibers.

The second source is the Company's proactive development and expansion of global businesses based on high technology capacities. In 1970, the Company as a chemical company was the first to establish a manufacturing and sale company of synthetic resin in Belgium, and since then it succeeded to advance into markets in the United States of America, Malaysia, China, Vietnam and other countries. Overseas business is currently one of the core businesses to support the Company's income. In addition, the Company established regional umbrella hubs in Asia, Americas and Europe to drive the globalization of its business locally. The Company is also accelerating its efforts to carry out overseas research and development, including promoting the joint development and research of solar cells with IMEC of Belgium, a world-class research institute, and opening a research institute on advanced materials in collaboration with Texas A&M University in the United States of America.

Thirdly, the Company has challenging and enthusiastic employees with free ideas, who have supported business expansion. In future, the Company will strive for further development through growth of employees and organizations.

### **(2) Efforts of the Company to Secure and Enhance Its Corporate Value and the Common Interests of Its Shareholders**

#### **i. Long-term management vision titled "Declaration of Kaneka United for the future"**

At its 60th anniversary in 2009, the Company adopted the long-term management vision through 2020 titled "Declaration of Kaneka United for the future." Aiming to achieve

the fundamental “reform” and continuous “growth” of the Group, the vision defined important strategic domains as the environment & energy, health care, information & communications and food production support. Accordingly, the Company is executing the following management priorities: 1) moving toward an “R&D-type” company, 2) growing in a global market, 3) developing Group strategy, 4) pursuing alliances, and 5) prioritizing CSR.

ii. Medium-term management plan

The Kaneka Group entered a new stage of growth in fiscal 2016. With a view to realizing the long-term management vision, the Company adopted a three-year medium-term management plan, setting forth “reform” and “growth” as its targets. The main points of the plan are as follows:

- (a) The Company will accelerate the transformation of its business portfolio by positioning R&D and promotion of globalization as its growth drivers.
  - The Company will promote open innovation and make effort to expand its business in both new and existing areas in the fields of Functional Plastics, Electronic Products and Life Science Products.
  - The Company will focus its efforts on launching new large-scale businesses, including organic EL lighting, biopolymer, optoelectronic chemicals, regenerative and cellular medicine, and biopharmaceuticals, and increase new product sales.
  - The Company will strengthen the regional headquarter function of regional umbrella hubs in Americas, Europe and Asia. It will execute regional strategies based on the local perspective in order to swiftly tap into new markets and utilize external resources, and thereby, further increase overseas sales.
- (b) The Company will aim to become a manufacturer that develops excellent technologies and materials and offers solutions.
  - The Company will actively engage in the development of products and technologies that protect the environment and conserve energy. Drawing on its differentiated parts and methods related to housing, including solar cells, the Company will provide systems and solutions that contribute to reducing energy consumption to zero at homes and contribute to creating a high quality and sustainable housing market.
  - The Company will contribute to the health of people around the world by developing global businesses, including medical devices and pharmaceutical raw materials, and expanding the lineup of functional food materials.
- (c) The Company will expand its human resource development program, perceiving that one of its important management challenges is to train human resources that can work on a global scale and demonstrate leadership to drive the “reform & growth” of the Company.

### **3. Summary of the Plan**

The Plan is continued for the purpose of securing and enhancing the corporate value and the common interests of the shareholders of the Company, and the summary thereof are as follows:

- (1) The prescribed procedure to be complied with before carrying out any large-scale acquisition of the shares of the Company (the “Large-Scale Purchase Rules”) shall be provided for. Under the Large-Scale Purchase Rules the necessary and sufficient information concerning the proposed large-scale acquisition shall be required to be delivered by the purchaser, and the Company will collect and review the information relevant to such

large-scale acquisition, and further provide the opinions and an alternative proposal of the Board of Directors of the Company to the shareholders or negotiate with the purchaser. In the light of the foregoing the Company shall be secured to have opportunities and time; and

(2) If the purchaser does not comply with the Large-Scale Purchase Rules, or in the event that the corporate value of the Company and the common interests of its shareholders are found to be substantially prejudiced, such as causing any irreparable harm to the Company, etc., even if the purchaser has complied with the Large-Scale Purchase Rules, the Company may take the defensive action against such large-scale purchase for the purpose of protecting the corporate value and the common interests of the shareholders of the Company.

#### **4. Purchase Actions subject to the Plan**

The Plan applies to such purchase of the share certificates, etc. (Note 3) of the Company which enables a specific group of the shareholder (Note 1) to hold a voting rights ratio (Note 2) equal to or more than 20% of all of the voting rights in the Company, (except for a case in which the Board of Directors of the Company has given its prior consent thereto; hereinafter referred to as the “Large-Scale Purchase Action”, regardless of the manner of actual transaction, whether purchases on the market, tender offer bid or otherwise).

(Note 1) The specific group of the shareholder means (i) a holder<sup>1</sup> of share certificates, etc.<sup>2</sup> of the Company, and joint holders<sup>3</sup> or (ii) a person conducting the purchase, etc.<sup>4</sup> of share certificates, etc.<sup>5</sup> and specially related persons<sup>6</sup> and the same applies hereinafter.

(Note 2) The voting rights ratio means (i) in the case of the specific group of the shareholder falling under (i) of (Note 1) above, the holding ratio of share certificates, etc.<sup>7</sup> by the holder of share certificates, etc. of the Company, or (ii) in the case of the specific group of the shareholder falling under (ii) of (Note 1) above, a total of the holding ratio of share certificates, etc. by the person conducting the purchase, etc. of share certificates, etc. of the Company and the holding ratio of share certificates, etc.<sup>8</sup> by the specially related persons; the same applies hereinafter. For calculating the voting right ratio, the total number of voting rights and the total number of shares in issue shall refer to those stated in the annual securities report, the quarterly-annual report and the purchase report of own share certificates, whichever is filed most recently.

(Note 3) Share certificates, etc. means the share certificates, etc. provided in Paragraph 1 of Article 27-23 or those provided in Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Act of Japan. The same applies hereafter.

1. It means a holder provided in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Act (the “Act”), including a person deemed as a holder pursuant to Paragraph 3 thereof.

2. It means share certificates, etc. provided in Paragraph 1 of Article 27-23 of the Act.

3. It means joint-holders provided in Paragraph 5 of Article 27-23 of the Act, including persons deemed as joint-holders pursuant to Paragraph 6 thereof.

4. It means purchase, etc. provided in Paragraph 1 of Article 27-2 of the Act, including those conducted in any exchange securities market.

5. It means share certificates, etc. provided in Paragraph 1 of Article 27-2 of the Act.

6. It means specially related persons provided in Paragraph 7 of Article 27-2 of the Act (including those determined by the Company’s Board of Directors as specially related).

7. It means holding ratio of share certificates, etc. provided in Paragraph 4 of Article 27-23 of the Act.

8. It means holding ratio of share certificates, etc. provided in Paragraph 8 of Article 27-2 of the Act.

#### **5. The Large-Scale Purchase Rules**

The Large-Scale Purchase Rules established by the Board of Directors of the

Company provide that: 1) any large-scale purchaser shall, prior to making any Large-Scale Purchase Action, provide the necessary and sufficient information concerning such Large-Scale Purchase Action to the Board of Directors of the Company; and 2) the large-scale purchaser may commence such Large-Scale Purchase Action only after the lapse of a certain specified period required for the evaluation thereof by the Board of Directors of the Company.

(1) Submission of the Large-Scale Purchase Rules Compliance Statement

The large-scale purchaser (the “Large-Scale Purchaser”) shall submit a statement to the effect that it covenants the compliance with the Large-Scale Purchase Rules in conducting any Large-Scale Purchase Action (the “Large-Scale Purchase Rules Compliance Statement”) to the Board of Directors of the Company.

The Large-Scale Purchase Rules Compliance Statement must include the following information in Japanese: the name and address of the Large-Scale Purchaser, the governing law under which such Large-Scale Purchaser was established, the name of its representative, its contact address, the summary of the proposed Large-Scale Purchase Action, and any undertaking that such Large-Scale Purchaser complies with the Large-Scale Purchase Rules.

(2) Provision of the Information related to the Large-Scale Purchase Action

The Board of Directors of the Company shall, within five (5) business days following the receipt of the Large-Scale Purchase Rules Compliance Statement, deliver to the Large-Scale Purchaser a list of information to be provided by the Large-Scale Purchaser as necessary and sufficient to evaluate and consider the Large-Scale Purchase Action at issue (the “Large-Scale Purchase Information”), and request the Large-Scale Purchaser to provide such information. Furthermore, if the information initially submitted by such Large-Scale Purchaser is deemed insufficient as the Large-Scale Purchase Information, the Board of Directors will request to the Large-Scale Purchaser any additional information.

A part of the items included in the Large-Scale Purchase Information is as follows:

- i. The summary of the Large-Scale Purchaser and its group;
- ii. The purpose, method and details of the Large-Scale Purchase Action;
- iii. Any existence of the communication with any third party upon the proposal of the Large-Scale Purchase Action, and if any such communication exists, the details thereof;
- iv. Calculation basis for the consideration of the Large-Scale Purchase Action (including any written evaluation, opinion or other documents with similar effects, if any, that are prepared by any third party and used as references, including the copies thereof);
- v. Any proof of the purchase funds (including, but not limited to, the financing method, name of the financiers including any substantive financier, and summaries of any other relevant evidence);
- vi. Any management policy, business plan, financing plan, capital policy and dividend policy stipulated for the Company and the Group to be implemented after the completion of the Large-Scale Purchase Action; and
- vii. Any policy stipulated for the employees, business partners, local communities and other interested parties of the Company and the Group to be initiated after the completion of the Large-Scale Purchase Action with respect to their relationship with the Company and the Group.

(3) Evaluation and Review of the Board of Directors

After the Large-Scale Purchaser's delivery of the Large-Scale Purchase Information to the Board of Directors, depending upon the degree of difficulty in reviewing and evaluating the Large-Scale Purchase Action, the Board of Directors is granted a certain period of time for its evaluation and discussion thereof, and negotiating with the Large-Scale Purchaser, forming its opinions therefor and preparing alternative plans (the "Board of Directors' Evaluation Period") as shown hereunder; provided, however, that if the Board of Directors requests the Special Committee to reconsider the recommendation related to the implementation of any countermeasure, the Board of Directors' Evaluation Period may be extended for a maximum of fourteen (14) days, and in addition, if the Board of Directors calls a general meeting of shareholders to confirm the intent of the shareholders, the Board of Directors' Evaluation Period may be extended for a reasonable period needed to hold the general meeting of shareholders. Furthermore, when the Special Committee determines and advises to the Board of Directors that the Large-Scale Purchaser has provided the Large-Scale Purchase Information, the Board of Directors treats the provision of such information by the Large-Scale Purchaser as completed, and in which case the Board of Directors will render timely disclosure:

- i. Sixty (60) days in the case of the Large-Scale Purchase Action through the tender offer bid aiming to obtain all of the Company's shares where the consideration therefor is limited to cash in Japanese yen only; or
- ii. Ninety (90) days in any other Large-Scale Purchase Action.

The Board of Directors will fully evaluate and review the Large-Scale Purchase Information provided by the Large-Scale Purchaser with reference to the advice obtained from outside professionals, etc. from time to time, if necessary, and prepare and publish the opinions of the Board of Directors.

The Board of Directors may, if it deems it necessary, negotiate with the Large-Scale Purchaser for such terms more favorable to the Company in relation to the Large-Scale Purchase Action and present alternative plans of the Board of Directors of the Company to the shareholders.

Any Large-Scale Purchase Action should be commenced only after the lapse of the Board of Directors' Evaluation Period.

## **6. Policy of Countermeasures against On-going Large-Scale Purchase Action**

- (1) If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules

In case that the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, regardless of the manner in conducting the Large-Scale Purchase Action, the Board of Directors may carry out the countermeasures for the Large-Scale Purchase Action (the "Countermeasures") by making gratuitous allotments of the stock acquisition rights for the Company's shares (the "Gratuitous Allotments").

The summary of the Gratuitous Allotments performed as the Countermeasures is set forth in the Attachment I hereto.

- (2) If the Large-Scale Purchaser complies with the Large-Scale Purchase Rules

In case that the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Board of Directors will, in principle, not trigger the Countermeasures even if it opposes the Large-Scale Purchase Action, but only make the objection statement, propose the alternative plans and persuade the shareholders to reject the Large-Scale Purchase Action.

However, even when the Large-Scale Purchase Rules are complied with by the Large-Scale Purchaser, if the Large-Scale Purchase Action is deemed as a cause of any substantial harm to the corporate value of the Company and the common interests of its shareholders due to any irreparable losses and damages suffered by the Company, the Board of Directors may trigger the Countermeasures by making the Gratuitous Allotments.

In case it was deemed appropriate that the Board of Directors confirm the intent of the shareholders, it may call a general meeting of shareholders and confirm the intent of the shareholders on the invocation of the Countermeasures and other matters concerning the Large-Scale Purchase Action.

The cases in which the Large-Scale Purchase Action would cause any substantial harm to the corporate value of the Company and the common interests of its shareholders are enumerated in i. to vi. below. If the Large-Scale Purchase Action does not fall under any of i. to vi. below, the Company shall not carry out the Countermeasures for the Large-Scale Purchase Action.

- i. if any Large-Scale Purchaser, without true intention to participate in the management of the Company, engages in the acquisition of the Company's shares for the purpose of selling them at higher prices to the Company or the parties related to the Company by unduly raising the price of the shares of the Company (the so-called "Green Mailer");
- ii. if any Large-Scale Purchaser engages in any acquisition of the Company's shares for the purpose of taking over the management of the Company temporarily to transfer the intellectual proprietary rights, know-how, trade secrets, principal business partners, and customers, etc. of the Company necessary for the management of the Company to itself and/or its affiliated companies;
- iii. if any Large-Scale Purchaser engages in any acquisition of the Company's shares with a view to diverting the assets of the Company to the collaterals and/or the underlying assets for the repayment of any liability owed by such Large-Scale Purchaser and any of its group companies, etc. upon taking over the control of the Company's management;
- iv. if any Large-Scale Purchaser engages in any acquisition of the Company's shares for the purpose of taking over the management of the Company temporarily to cause the Company to sell or otherwise dispose of its valuable assets, etc. such as real property and/or securities which are currently not related to the Company's business to distribute higher dividends to its shareholders, or to sell out the Company's shares at such higher prices resulting from the temporary rise of the Company's share price in the market due to such higher dividends distributed to the shareholders;
- v. in addition to i. to iv. above, if any Large-Scale Purchaser does not intend to sincerely carry out the reasonable management of the Company, and such Large-Scale Purchaser's control of the Company would cause any irreparable loss or damage to the Company; or
- vi. if it is determined that the shareholders of the Company might be in effect coerced to sell their shares to any Large-Scale Purchaser because its large-scale purchase proposal restricts such shareholders' opportunities and freedom to make their own decision, through such purchasing methods proposed by such Large-Scale Purchaser including, but not limited to, a two-tier coercive purchase proposal (i.e., at the first stage all of the Company's shares are not solicited for purchase, and at the second stage, purchase will be consummated at less favorable conditions or no condition for the second stage is specified to shareholders).

Furthermore, the Board of Directors will consult and negotiate with any Large-Scale Purchaser whenever the necessity arises, and even after its determination of triggering the

Gratuitous Allotments as the Countermeasures, if any substantial change occurs with respect to any important matter underlying such decision, such as amendment to any fundamental point of the large-scale purchase proposal by such Large-Scale Purchaser, the Company may, among other things, withdraw the Countermeasures by cancelling the Gratuitous Allotments. The withdrawal may be enforced only when such stock acquisition rights granted to the shareholders as the Countermeasures have not been conclusively fixed and common interests of the shareholders will not be prejudiced.

(3) The Board of Directors will respect the recommendation of the Special Committee to the full extent as stated in Section 7 below.

(4) If the Board of Directors determines to carry out or not carry out the Countermeasures pursuant to Items (1) and (2) above, it will render a timely disclosure with respect to the details of the decision and reasons therefor, the summary of the recommendation of the Special Committee and reasons therefor, and any other matter deemed appropriate by the Board of Directors.

## **7. The Special Committee**

### **(1) Establishment of the Special Committee**

For the purpose of duly operating the Large-Scale Purchase Rules and ensuring the reasonableness and fairness in carrying out the Countermeasures by excluding any arbitrary judgment of the Board of Directors, the Special Committee is established as an organization independent from the Board of Directors. The outline of the Rules for Special Committee is shown in Attachment III.

### **(2) Composition of the Special Committee and the Required Qualification of Its Members**

The Special Committee will be composed of any combination of three (3) or more members, consisting of Outside Director(s), an Outside Audit & Supervisory Board Member(s) and well informed person(s) outside the Company, whose required qualification is true independence from the Board of Directors.

The brief profile of each of the members if the continuation of the Plan is approved at this Annual General Meeting of Shareholders is shown in Attachment II.

### **(3) The Role of the Special Committee**

The principal role of the Special Committee is provided below. Furthermore, with a view to ensuring that any assessment of the Special Committee contributes to the corporate value of the Company and, in turn, the common interests of its shareholders, the Special Committee may obtain, at the Company's costs, advice from any independent third party (including any financial advisor, certified public accountant, lawyer, consultant and other professionals).

- i. The Board of Directors shall immediately submit to the Special Committee the information provided by any Large-Scale Purchaser pursuant to the Large-Scale Purchase Rules whenever it receives such information, and ask for advice as to whether or not the Special Committee has determined that such Large-Scale Purchaser has completed the provision of the Large-Scale Purchase Information. In the event that the Special Committee has determined that such Large-Scale Purchaser has completed such

provision thereof, it will immediately advise the Board of Directors of such determination, and upon such advice, the provision of the Large-Scale Purchase Information is deemed complete. Then the Board of Directors shall immediately disclose the receipt of such advice.

- ii. Prior to enforcing the Countermeasures, the Board of Directors shall ask the Special Committee for advice as to whether or not the Countermeasures should be carried out. The Special Committee, upon such request for its advice, shall make a recommendation to the Board of Directors as to whether or not the Countermeasures should be enforced not later than seven (7) days prior to the end of the Board of Directors' Evaluation Period. Whether or not the Countermeasures will be carried out is subject to the resolution of the Board of Directors, but the Board of Directors shall respect the recommendation made by the Special Committee to the full extent at the time of adopting the resolution. The Board of Directors may ask the Special Committee to reconsider its recommendation only once. This is based on the proposition that the Board of Directors shall comply with the recommendation made by the Special Committee unless there exists any special circumstances supporting a different conclusion, such as the existence of any substantial defect in the Special Committee's decision-making procedures. If the Board of Directors of the Company asks the Special Committee to reconsider its recommendation, the Board of Directors shall immediately disclose the relevant information to the shareholders relating to such facts and reasons for the request for such reconsideration and, furthermore, in such case, the Board of Directors' Evaluation Period may be extended by a maximum of fourteen (14) days.

## **8. The Term of the Plan**

The term of the Plan will expire at the conclusion of the 95th Annual General Meeting of Shareholders of the Company to be scheduled in June 2019.

## **9. Reasonableness of the Plan**

- (1) The Plan meeting the requirements provided by the guidelines relating to the Takeover Defense Measures

The Plan satisfies all three principles; namely, i) securing and enhancing the corporate value and shareholders' common interests, ii) the prior disclosure and the principle of upholding the shareholders' intent, and iii) the necessity and suitability principle, which are provided in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. Also, the Plan is in accordance with the idea shown in the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008.

- (2) The Plan being introduced for the purpose of securing and enhancing the common interests of the shareholders

As stated above, the Plan is introduced for the purpose of securing and enhancing the corporate value and in turn the common interests of its shareholders of the Company, when any Large-Scale Purchase Action is conducted, through securing information and time necessary for the Company shareholders to decide whether or not such Large-Scale Purchase Action is appropriate and by enabling the Company to negotiate with the Large-Scale



Purchaser on behalf of the shareholders.

(3) Placing emphasis on the intent of the shareholders

The Plan will be continued on the condition that it is approved by a majority of voting rights of all the shareholders present at this Annual General Meeting of Shareholders.

In addition, the term of the Plan will expire at the conclusion of the 95th Annual General Meeting of Shareholders held in June 2019, but if a resolution to abolish the Plan is adopted at a general meeting of shareholders prior to its expiration, it will be abolished upon the adoption of such resolution. This means the intent of shareholders will be reflected.

(4) Placing emphasis on the assessments of the independent outside persons

In connection with the continuation of the Plan, for the purpose of duly implementing the Large-Scale Purchase Rules and securing the reasonableness and fairness in carrying out the Countermeasures by excluding arbitrary judgment by the Directors, the Special Committee is established as an organization independent from the Board of Directors. The Special Committee is composed of the Outside Director(s), the Outside Audit & Supervisory Board Member(s) and well informed person(s) outside the Company.

If the Large-Scale Purchase Action is conducted against the Company, the Special Committee shall determine whether or not the Large-Scale Purchase Action would substantially harm the corporate value of the Company and the common interests of its shareholders. The Board of Directors shall respect the recommendation made by the Special Committee to the full extent and determine whether or not it will enforce the Countermeasures. The summary and reasons, etc. of and for the recommendation made by the Special Committee will be timely disclosed to the shareholders.

When the Special Committee determines and advises to the Board of Directors that the Large-Scale Purchaser has provided the Large-Scale Purchase Information, the Board of Directors treats the provision of such information by the Large-Scale Purchaser as completed, and in which case the Board of Directors will render timely disclosure.

Since the summary and reasons, etc. of and for recommendation made by the Special Committee will be timely disclosed to the shareholders, as well as any arbitrary action of the Directors will be strictly monitored by the Special Committee as stated above, it is ensured that the Plan will be implemented within the scope of contributing to the corporate value of the Company and the common interests of its shareholders.

(5) Providing the reasonable and objective requirements

As described above, the Plan is designed so as not to allow the Countermeasures to be enforced against the Large-Scale Purchase Action unless the reasonable and specified objective requirements have been satisfied. Accordingly, it is ensured that the Board of Directors is prevented from arbitrarily carrying out the Countermeasures.

(6) Being able to obtain the third party professionals' advice

If any Large-Scale Purchaser appears, the Special Committee may obtain, at the Company's costs, advice from any independent third party (including any financial advisor, certified public accountant, lawyer, consultant and other professionals). Through obtaining such advice, the fairness and objectivity of the judgment of the Special Committee are further ensured.

(7) Neither “Dead Hand” nor “Slow Hand” type

The Plan is not a so-called “dead hand” type of takeover defense measures (meaning a defense measure which cannot be prevented from its being triggered even if a majority of the members of the Board of Directors are replaced). Also, as stated in Section 9.(3) above, the Plan may be abolished by resolution of a general meeting of shareholders of the Company, even during the effective term. Furthermore, since the term of office of Directors of the Company is one (1) year, the Plan is not a “slow hand” type of takeover defense measures (where it takes time to prevent it from being triggered because not all the members of the board of directors can be replaced at once).

**10. Influence, etc. on Shareholders and Investors**

(1) Influence, etc. of the Large-Scale Purchase Rules

Under the Large-Scale Purchase Rules, the shareholders of the Company will be provided the information necessary for determining whether or not to sell their shares in response to the Large-Scale Purchase Action and the opinion of the Board of Directors currently responsible for managing the Company, for which purpose a necessary time period will be available and, furthermore, the shareholders will be given opportunities to be presented any alternative plan by the Company. Accordingly, the shareholders of the Company can make any appropriate assessment as to whether or not to accept such Large-Scale Purchase Action with sufficient information, which, the Company believes, leads to the protection of the overall interests of all the shareholders of the Company. Therefore, the establishment of the Large-Scale Purchase Rules is appropriate to enable the shareholders of the Company and investors to make the appropriate investment decision, which facilitates the interests of the shareholders of the Company and investors.

Furthermore, as stated in Section 6 above, the Company’s defense policy against the Large-Scale Purchase Action may change, depending upon whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules. Accordingly, we ask the shareholders of the Company and investors to pay attention to such Large-Scale Purchaser’s movements.

(2) Influence, etc. upon enforcement of the Countermeasures

If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, the Board of Directors may, upon obtaining the recommendation of the Special Committee, issue the stock acquisition rights as the Countermeasure to protect the corporate value of the Company and the common interests of its shareholders. In so doing, the Board of Directors will not assume that the shareholders (other than the Large-Scale Purchaser violating the Large-Scale Purchase Rules) would incur specific damages and losses in terms of their legal rights or from an economic aspect, although the Large-Scale Purchaser violating the Large-Scale Purchase Rules may incur unfavorable results in terms of its legal rights or from an economic aspect if the Countermeasure is carried out. The publication of this defense policy is to ensure that the Large-Scale Purchaser will not violate, but rather would comply with, the Large-Scale Purchase Rules.

Furthermore, the shareholders will not reduce the holding ratio of the shares of the Company or incur any loss by acquiring shares upon the exercise of stock acquisition rights, although in certain cases, the acquisition of shares upon the exercise of the stock acquisition rights may necessitate the payment of a specified amount; provided, however, that if it is provided that the Company may acquire the stock acquisition rights in exchange for shares of

the Company, upon the Company's taking the appropriate procedures, the shareholders holding stock acquisition rights which the Company decides to acquire may obtain shares of the Company as consideration for the stock acquisition rights that the Company will acquire, without paying the exercise price. Details of such procedures will be separately notified to the shareholders pursuant to the laws and ordinances if and when stock acquisition rights are actually issued.

Even after the Company decides the Gratuitous Allotments, it may cancel the Gratuitous Allotments, or acquire stock acquisition rights already granted by way of the Gratuitous Allotments from the shareholders without compensation, under the circumstances that the Large-Scale Purchase Action is withdrawn by the Large-Scale Purchaser who has commenced such action. In these cases shareholders of the Company who has implemented any sale and purchase of shares on the assumption that the price per share is diluted may be affected by fluctuations of share price due to non-dilution of price per share of the Company.

End

## Attachment I

### Summaries of the Gratuitous Allotments performed as the Countermeasures

1. Shareholders to whom Gratuitous Allotment is made and Conditions on such Allotment:  
The Company will make the gratuitous allotment of one stock acquisition right per share of common stock of the Company (other than shares of common stock held by the Company) to the shareholders who have been stated or recorded in the last register of shareholders on the allotment date which the Board of Directors separately determines.
2. Type and Number of Shares to be issued upon the Exercise of Stock Acquisition Rights:  
The type of shares to be issued upon exercise of stock acquisition rights is the shares of common stock and the number of shares issued upon exercise of one (1) stock acquisition right is one (1) share; Provided, however, that if the Company makes any stock split or stock consolidation, the necessary adjustment will be rendered.
3. Total Number of Stock Acquisition Rights Allotted:  
The total number of stock acquisition rights is a number of shares which the Board of Directors will determine, not exceeding the total number of shares issued on the allotment date.
4. Amount Required to be Paid upon Exercise of Stock Acquisition Rights:  
One (1) yen per stock acquisition right; provided, however, that no payment will be required, if stock acquisition rights with the Company's acquisition terms as stated in 8. below is issued.
5. Transfer of Stock Acquisition Rights:  
Any transfer of stock acquisition rights shall be subject to approval of the Board of Directors of the Company.
6. Conditions on Exercise of Stock Acquisition Rights:  
(i) The Large-Scale Purchaser, (ii) joint holder with (i), and (iii) specially related persons of (i), etc. may not exercise the stock acquisition rights.
7. Exercise Period:  
The exercise period of the stock acquisition rights shall be determined by a resolution for the issue of stock acquisition rights at the Board of Directors for a period not less than one month and not more than two months commencing from the date of the issue of stock acquisition rights (provided, however, that if the Board of Directors sets a different date in the resolution for the issue of stock acquisition rights, then such date). Provided, however, that if the Company issues stock acquisition rights with the Company's acquisition terms stated in 8 below, the stock acquisition rights are in principle expected not to be exercised.
8. Other:  
The Board of Directors of the Company will separately determine the events on the occurrence of which the Company may acquire the stock acquisition rights and other necessary matters. In addition, the Company may issue stock acquisition rights with the Company's acquisition terms that the Company may acquire the stock acquisition rights in exchange for shares of the Company.  
Furthermore, the Company will never acquire stock acquisition rights held by the Large-Scale Purchaser by payment of a consideration in cash.

## Attachment II

### Members of Special Committee

#### ***Mr. Masafumi Nakahigashi***

Professor of Graduate School of Law of Nagoya University (Specialized in Companies Act, and Financial Instruments and Exchange Act and M&A Law)

##### (Brief profile)

- Apr. 1996 Associate Professor of School of Law of Nagoya University
- Apr. 1999 Associate Professor of Graduate School of Law of Nagoya University
- Apr. 2005 Professor of Graduate School of Law of Nagoya University (presently in the post)
- Jun. 2007 Member of the Special Committee of the Company (presently in the post)
- Jun. 2016 Substitute Audit & Supervisory Board Member (upon election)
- (Public position, Organization)
- Dec. 2004 A committee member of a Society for the Study of Financial Instruments and Exchange Act (Securities and Exchange Law), Securities Research Institute
- Mar. 2009 Secretary, Legislative Council of the Ministry of Justice, Section for the Non-Contentious Cases Procedures Act and the Domestic Relations Trial Act (to Mar. 2011)
- Apr. 2010 Secretary, Legislative Council of the Ministry of Justice, Section for the Companies Act (to Sep. 2012)
- Jun. 2011 Secretary, Advisory Committee on Civil Rules of Supreme Court of Japan (to Nov. 2012)
- Oct. 2014 Member, Social Insurance Medical Council of Tokai-Hokuriku Regional Bureau of Health and Welfare (Chairman of Session, Chairman of Aichi Session)

#### ***Mr. Takeo Inokuchi***

Outside Director of the Company

##### (Brief profile)

- Apr. 1965 Joined Taisho Marine & Fire Insurance Co., Ltd.
- Jun. 1993 Director of Mitsui Marine & Fire Insurance Co., Ltd.
- Jun. 1994 Managing Director of Mitsui Marine and Fire Insurance Co., Ltd.
- Apr. 1996 Representative Director and President of Mitsui Marine and Fire Insurance Co., Ltd.
- Jun. 2000 CEO, Representative Director and Chairman and President of Mitsui Marine and Fire Insurance Co., Ltd.
- Oct. 2001 Representative Director, Chairman of the Board and joint CEO of Mitsui Sumitomo Insurance Co., Ltd.
- Jun. 2003 Outside Audit & Supervisory Board Member of Ishikawajima-Harima Heavy Industries Co., Ltd. (currently known as IHI Corporation) (to Jun. 2015)
- Jun. 2003 Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. (presently in the post)
- Apr. 2006 Representative Director, Chairman and Executive Officer of Mitsui Sumitomo Insurance Co., Ltd.
- Jun. 2006 Retired Representative Director, Chairman and Executive Officer of Mitsui Sumitomo Insurance Co., Ltd.
- Jun. 2007 Member of the Special Committee of the Company (presently in the post)
- Jul. 2007 Senior Advisor of Mitsui Sumitomo Insurance Co., Ltd. (presently in the post)
- Jun. 2008 Outside Audit & Supervisory Board Member of Kikkoman Corporation
- Jun. 2011 Outside Director of the Company (presently in the post)
- Jun. 2014 Outside Director of Kikkoman Corporation (presently in the post)
- (Public position, Organization)
- Nov. 1997 Executive Councillor of the Tokyo Chamber of Commerce and Industry (to Oct. 2010)
- Jan. 2003 Vice Chair-person of Radio Regulatory Council of the Ministry of Internal Affairs and Communications (to Dec. 2008)

Apr. 2003	Vice Chairman of Japan Association of Corporate Executives (to Sep. 2006)
Sep. 2003	Deputy Chairman of Incorporated Administrative Agencies Evaluation Committee of the Ministry of Foreign Affairs (to Sep. 2011)
Apr. 2004	Chairman of Corporate Governance Committee of Japan Association of Corporate Directors (to Mar. 2007)
Sep. 2011	Chairman of the Incorporated Administrative Agencies Evaluation Committee of the Ministry of Foreign Affairs (to Aug. 2013)
Feb. 2013	Chairman of Company with an Audit and Supervisory Committee Study Group of Japan Association of Corporate Directors (presently in the post)

***Mr. Hiroshi Fujiwara***

Outside Audit & Supervisory Board Member of the Company

(Brief profile)

Apr. 1981	Admitted to the bar Joined Shirouhei Hashimoto Law Office (Currently known as Hashimoto Law Office)
Jan. 2004	Practicing Attorney Professor for Civil Advocacy, the Legal Training and Research Institute of the Supreme Court of Japan (to Jan. 2007)
Apr. 2011	Vice Chairman of the Tokyo Bar Association (to Mar. 2012)
Jun. 2015	Outside Audit & Supervisory Board Member of the Company (presently in the post)
(Public position, Organization)	
	None

The Company designated Mr. Takeo Inokuchi and Mr. Hiroshi Fujiwara as independent directors/auditors and submitted the statement to that effect to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc.

## Attachment III

### Outline of Rules for Special Committee

#### 1. Establishment and Members and others of Special Committee

- (1) The Company shall establish the special committee (the “Special Committee”) by resolution of the Board of Directors.
- (2) The members of the Special Committee shall be composed of three (3) or more of special members.
- (3) Election and removal of special members shall be subject to the Board of Directors’ resolution. Provided, however, that a resolution to remove a special member shall be adopted by two-thirds of affirmative votes of Directors present at a meeting of the Board of Directors of the Company.
- (4) Special members shall be elected by the Board of Directors’ resolution among Outside Director(s), Outside Audit & Supervisory Board Member(s) and well informed persons outside the Company who fulfil the prescribed standards of the Company and are truly independent from the Board of Directors.
- (5) The term of office of a special member shall expire at the conclusion of an annual general meeting of shareholders for the last business year ending within three (3) years from the election of such members, unless otherwise provided for by a resolution of the Board of Directors.

#### 2. Convocation, Minutes and Other Matters of Special Committee Meeting

- (1) The Special Committee meeting shall be convened by any special member or Representative Director of the Company.
  - i. Representative Director shall promptly convene the Special Committee meeting when Representative Director knows the fact that any Large-Scale Purchase Action for shares of the Company is commenced.
  - ii. In addition to the foregoing, a convenor may convene the Special Committee meeting when he or she deems it necessary.
- (2) A resolution of the Special Committee shall be adopted by a majority of the special members.
- (3) For adopting the resolution as stated in (2) above, special members who have any interest in the proposal shall not participate in such resolution.

#### 3. Examination and Recommendation of Special Committee

- (1) The Special Committee shall make a recommendation to the Board of Directors as to whether or not a Large-Scale Purchase Action will prejudice the corporate value of the Company and common interests of shareholders, and whether or not it is acceptable to trigger the Countermeasures against such Large-Scale Purchase Action, upon making every effort to obtain enough information of the Large-Scale Purchase Action through Board of Directors. When the Special Committee makes a recommendation, special members are required to make a decision from a standpoint whether or not it is beneficial for the corporate value of the Company and common interests of shareholders, but do not pursue personal interests of themselves or Directors of the Company
- (2) The Board of Directors shall respect the Special Committee’s recommendations as much as possible. The Board of Directors may request the Special Committee to reconsider the recommendation only for one time.
- (3) Special members are entitled to receive advices from financial advisors, certified public accountants, lawyers, consultants and other specialists at the Company’ expense.

## Attachment IV

### Large Shareholders

(As of March 31, 2016)

Name of Shareholders	Number of Shares held (thousand)	Ratio of holding Shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	17,763	5.33
Japan Trustee Services Bank, Ltd. (trust account)	17,038	5.12
Nippon Life Insurance Company	15,570	4.67
Sumitomo Mitsui Banking Corporation	15,458	4.64
Japan Trustee Services Bank, Ltd. (trust account 4)	13,235	3.97
Meiji Yasuda Life Insurance Company	13,125	3.94
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,544	3.47
Mitsui Sumitomo Insurance Co., Ltd.	10,524	3.16
Japan Trustee Services Bank, Ltd. (trust account 9)	6,166	1.85
Mitsui & Co., Ltd.	5,543	1.66

(Note) The Company holds 16,934 thousand shares as treasury stock, which is not indicated in the list of large shareholders.

The number of shares held is stated disregarding shares less than one thousand, and the ratio of holding is stated rounding up a portion of not smaller than 0.005 to whole 0.01 and disregarding a portion smaller than that so as to round to second decimal place and calculated on the basis of the denominator being the total number of the issued shares less the number of treasury stock.



*The above represents an excerpted translation, for reference and convenience only, of the original notice issued in Japanese. We did our utmost to ensure accuracy in our translation and believe it to be of the highest standard. However, due to differences of accounting, legal, and other systems as well as of language, this English version might contain inaccuracies, and therefore, might be inconsistent with the original intended in Japanese. In the event of any discrepancies between the Japanese and English versions, the former shall prevail as the official version.*