

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Stock Exchange Code 7966)  
June 5, 2015

**To Our Shareholders**

Hiroyuki Nishio  
Representative Director and President  
LINTEC Corporation  
23-23, Honcho, Itabashi-ku, Tokyo

**NOTICE OF  
THE 121ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 121st Annual General Meeting of Shareholders of LINTEC Corporation (the "Company"). The meeting will be held for the purposes as described below.

**If you are unable to attend the meeting on the day, you can exercise your voting rights in writing (submitting the voting rights exercise form) or via electromagnetic methods (via the Internet). If exercising your voting rights in writing or via electromagnetic methods, please review the attached Reference Documents for the General Meeting of Shareholders (pages 4 through 31), and exercise your voting rights by 5:30 p.m. on Tuesday, June 23, 2015.**

- 1. Date and Time:** Wednesday, June 24, 2015 at 10:00 a.m. Japan time
- 2. Place:** Conference room (4F) of the 2nd building of the Company's head office located at 23-23, Honcho, Itabashi-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The business report, consolidated financial statements for the Company's 121st Fiscal Year (April 1, 2014 - March 31, 2015) and results of audits by the accounting auditors and the Audit & Supervisory Board of the consolidated financial statements
    2. Non-consolidated financial statements for the Company's 121st Fiscal Year (April 1, 2014 - March 31, 2015)

**Proposals to be resolved:**

- Proposal 1:** Partial amendments to the Articles of Incorporation
- Proposal 2:** Election of 12 Directors (excluding Directors serving as Audit and Supervisory Committee Members)
- Proposal 3:** Election of 4 Directors serving as Audit and Supervisory Committee Members
- Proposal 4:** Revision of the amounts of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members)
- Proposal 5:** Establishment of the amounts of compensation for Directors serving as Audit and Supervisory Committee Members
- Proposal 6:** Renewal of the Rules of Large-scale Purchase to deal with an act of large-scale purchase

#### **4. Instructions for exercising voting rights**

##### **Exercising voting rights in writing (submitting the voting rights exercise form)**

Please indicate your vote for or against the proposal on the enclosed voting rights exercise form and return it so that it is received by 5:30 p.m., June 23, 2015.

##### **Exercising voting rights via electromagnetic methods (via the Internet)**

Please access the voting rights exercise website (<http://www.evotep.jp>) specified by the Company. Enter and complete your vote for or against the proposal by following the instructions on the screen by 5:30 p.m., June 23, 2015 (Japanese version only).

##### **[Priority of voting rights]**

- 1) When voting rights are exercised both in writing (submitting the voting rights exercise form) and via electromagnetic methods (via the Internet), the vote received via electromagnetic methods (via the Internet) shall be deemed effective regardless of their time of receipt.
- 2) When voting rights are exercised via electromagnetic methods (via the Internet) more than once, the last vote shall be deemed effective.

#### **5. Disclosure on the Internet**

- (1) The following items are posted on the Company's website in accordance with relevant law and with Article 15 of the Company's Articles of Incorporation, and therefore not included in the notice of convocation of this Annual General Meeting of Shareholders.
  - 1) Business report
    - Major business sites and factories
    - Matters related to rights to acquire stock of the Company, etc.
  - 2) Consolidated Financial Statements
    - Notes to Consolidated Financial Statements
  - 3) Non-Consolidated Financial Statements
    - Notes to Non-Consolidated Financial Statements
- (Notes)
  1. The business report that have been audited by Audit & Supervisory Board Members and the consolidated financial statements and non-consolidated financial statements that have been audited by accounting auditors and Audit & Supervisory Board Members include the abovementioned items as well as those listed in the appendix for the notice of convocation of this Annual General Meeting of Shareholders.
  2. Should you require the above documents by post or by facsimile, we would be pleased to send them to you. Please contact General Affairs & Legal Dept. of the Company (Phone: +81-3-5248-7711 (main switchboard), 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding national holidays).
- (2) Should the Reference Documents for the General Meeting of Shareholders, the business report, and the consolidated financial statements and non-consolidated financial statements require revisions, the revised versions will be immediately posted and disclosed on the Company's website.

The Company's website: <http://www.lintec.co.jp/ir/stock/meeting.html>

---

#### **Attending the meeting**

- When attending the meeting, please submit the enclosed voting rights exercise form at the reception desk to register your attendance.
- Registration will be scheduled to be open and available from 9.00 a.m.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Partial amendments to the Articles of Incorporation

#### 1. Reasons for the proposal

- (1) To prepare for future business expansion and to reorganize its business objectives, amendments shall be made to Article 2 of the existing Articles of Incorporation.
- (2) The Company has been implementing the initiatives for enhancing management effectiveness, namely fixing the term of office for Directors at one year to make them more accountable to shareholders, along with the introduction of an executive officer system to ensure separation between a decision-making function and a business execution function to activate the Board of Directors and accelerate the decision-making process, with a view to streamlining management.

The Company has decided, by shifting to Company with Audit and Supervisory Committee, which was newly established by the “Act for Partial Revision of the Companies Act (Act No. 90 of 2014)” (“Revised Companies Act”) enforced on May 1, 2015, to place Directors who are Audit and Supervisory Committee Members with voting rights in order to strengthen the supervisory function of the Board of Directors, with a view to stepping up corporate governance and to even further streamlining management. Therefore, relevant amendments shall be made to the existing Articles of Incorporation.

- (3) In line with the enforcement of the Revised Companies Act, the scope of officers, etc. who can enter into contracts for limitation of liability is changed and thus Article 28 of the existing Articles of Incorporation shall be amended. For this amendment to the Articles of Incorporation concerning the contracts for limitation of liability, consent has been obtained from each Audit & Supervisory Board Member.

This amendment to Articles of Incorporation shall become effective at the conclusion of this General Meeting of Shareholders.

#### 2. Amendments

(The underlines show the amendments)

| Existing Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Proposed amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(Purpose)<br/>Article 2. The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <li>(1) Manufacturing, processing and sales of adhesive tapes, adhesive sheets and other adhesive materials;</li> <li>(2) Manufacturing, processing and sales of paper and pulp;</li> <li>(3) Manufacturing, processing and sales of synthetic resin materials for industrial, construction, household and other uses;</li> <li>(4) Manufacturing, sales, repair and maintenance of machinery associated with any of the foregoing;</li> <li>(5) Manufacturing and sales of pharmaceutical products, quasi-pharmaceutical products, cosmetics, medical equipment and reagents;</li> <li>(6) <u>Building and construction business, electrical construction business, steel structure construction business, glass installation business and interior construction business;</u></li> <li>(7) Real estate sales, rental and management;</li> </ol> | <p>(Purpose)<br/>Article 2. The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <li>(1) Manufacturing, processing and sales of adhesive tapes, adhesive sheets and other adhesive materials;</li> <li>(2) Manufacturing, processing and sales of paper and pulp;</li> <li>(3) Manufacturing, processing and sales of synthetic resin materials for industrial, construction, household and other uses;</li> <li>(4) Manufacturing, sales, repair and maintenance of machinery associated with any of the foregoing;</li> <li>(5) Manufacturing and sales of pharmaceutical products, quasi-pharmaceutical products, cosmetics, medical equipment and reagents;</li> <li>(6) <u>Civil engineering and construction business;</u></li> <li>(7) Real estate sales, rental and management;</li> </ol> |

| Existing Articles of Incorporation                                                                                                                                                                                                                                                                                       | Proposed amendments                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(8) Industrial waste collection, transportation and treatment;</p> <p>(9) General motor truck transportation business; and</p> <p>(10) Any and all businesses incidental to or related to the foregoing.</p>                                                                                                          | <p>(8) Industrial waste collection, transportation and treatment;</p> <p>(9) General motor truck transportation business; and</p> <p>(10) Any and all businesses incidental to or related to the foregoing.</p>                                                                                                                                               |
| <p>(Organs)</p> <p>Article 4. The Company shall have the following organs in addition to General Meeting of Shareholders and Directors:</p> <p>(1) Board of Directors;</p> <p>(2) <u>Audit &amp; Supervisory Board Members;</u></p> <p>(3) <u>Audit &amp; Supervisory Board; and</u></p> <p>(4) Accounting auditors.</p> | <p>(Organs)</p> <p>Article 4. The Company shall have the following organs in addition to General Meeting of Shareholders and Directors:</p> <p>(1) Board of Directors;</p> <p>(2) <u>Audit and Supervisory Committee; and</u><br/>&lt;Deleted&gt;</p> <p>(3) Accounting auditors.</p>                                                                         |
| <p>CHAPTER IV. DIRECTORS, BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</p>                                                                                                                                                                                                                                                  | <p>CHAPTER IV. DIRECTORS, BOARD OF DIRECTORS, EXECUTIVE OFFICERS <u>AND</u><br/><u>AUDIT AND SUPERVISORY COMMITTEE</u></p>                                                                                                                                                                                                                                    |
| <p>(Number of Directors)</p> <p>Article 18. The number of Directors of the Company shall not exceed twelve (12).</p>                                                                                                                                                                                                     | <p>(Number of Directors)</p> <p>Article 18. The number of Directors (<u>excluding Directors serving as Audit and Supervisory Committee Members</u>) of the Company shall not exceed twelve (12).</p>                                                                                                                                                          |
| <p>&lt;Newly established&gt;</p>                                                                                                                                                                                                                                                                                         | <p><u>2. The number of Directors serving as Audit and Supervisory Committee Members of the Company (“Audit and Supervisory Committee Members”) shall not exceed four (4).</u></p>                                                                                                                                                                             |
| <p>(Election of Directors)</p> <p>Article 19. Directors shall be elected at the General Meeting of Shareholders.</p> <p>2. &lt;Omitted&gt;</p> <p>3. &lt;Omitted&gt;</p>                                                                                                                                                 | <p>(Election of Directors)</p> <p>Article 19. <u>Audit and Supervisory Committee Members and other Directors shall be severally elected at the General Meeting of Shareholders.</u></p> <p>2. &lt;Unchanged&gt;</p> <p>3. &lt;Unchanged&gt;</p>                                                                                                               |
| <p>(Term of Office of Directors)</p> <p>Article 20. The term of office of a Director shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one (1) year from his/her election to office.</p>                                            | <p>(Term of Office of Directors)</p> <p>Article 20. The term of office of a Director (<u>excluding Directors serving as Audit and Supervisory Committee Members</u>) shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one (1) year from his/her election to office.</p> |
| <p>&lt;Newly established&gt;</p>                                                                                                                                                                                                                                                                                         | <p><u>2. The term of office of an Audit and Supervisory Committee Member shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within two (2) years from his/her election to office.</u></p>                                                                                        |
| <p><u>2. The term of office of a Director elected to fill a vacancy of or to increase the number of Directors shall be the same as the remaining term of office of the other Directors then in office.</u></p>                                                                                                           | <p><u>3. The term of office of an Audit and Supervisory Committee Member elected to fill a vacancy shall be the same as the remaining term of office of the other Directors then in office.</u></p>                                                                                                                                                           |
| <p>(Notice of Convocation of the Board of Directors)</p> <p>Article 23. Notice of convocation of a meeting of the Board of Directors of the Company shall be sent to each Director <u>and Audit &amp; Supervisory Board</u></p>                                                                                          | <p>(Notice of Convocation of the Board of Directors)</p> <p>Article 23. Notice of convocation of a meeting of the Board of Directors of the Company shall be sent to each Director at least three (3) days prior to the</p>                                                                                                                                   |

| Existing Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                | Proposed amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Member</u> at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>2. When the consent of all Directors <u>and Audit &amp; Supervisory Board Members</u> is obtained in advance, a meeting of the Board of Directors of the Company may be held without following the procedures for convening a meeting.</p>                                                                                   | <p>meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>2. When the consent of all Directors is obtained in advance, a meeting of the Board of Directors of the Company may be held without following the procedures for convening a meeting.</p>                                                                                                                                                                               |
| <p>&lt;Newly established&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p><u>(Notice of Convocation of the Audit and Supervisory Committee)</u><br/> <u>Article 24. Notice of convocation of a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee Member at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</u></p>                                                                                                  |
| <p>Article <u>24</u> &lt;Omitted&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Article <u>25</u> &lt;Unchanged&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p>&lt;Newly established&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p><u>(Delegation of Decisions on Business Execution to Directors)</u><br/> <u>Article 26. Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate decisions on critical business execution (excluding the matters listed in each item of Article 399-13, Paragraph 5 of the Act), based on resolution of the Board of Directors.</u></p>                                                                                |
| <p>Article <u>25</u> through Article <u>26</u> &lt;Omitted&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Article <u>27</u> through Article <u>28</u> &lt;Unchanged&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>&lt;Newly established&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p><u>(Audit and Supervisory Committee Regulations)</u><br/> <u>Article 29. The matters concerning the Audit and Supervisory Committee of the Company shall be governed by, in addition to laws and regulations and/or these Articles of Incorporation, the Audit and Supervisory Committee Regulations adopted and/or amended by the Audit and Supervisory Committee.</u></p>                                                                                            |
| <p>(Compensation etc.)<br/> Article <u>27</u>. The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors by the Company in consideration of their performance of duty (<u>“compensation etc.”</u>) shall be determined by resolution of the General Meeting of Shareholders.</p>                                                                                                                                                          | <p>(Compensation etc.)<br/> Article <u>30</u>. The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors by the Company in consideration of their performance of duty shall be determined <u>severally for Audit and Supervisory Committee Members and for other Directors</u> by resolution of the General Meeting of Shareholders.</p>                                                                                          |
| <p>(Limitation of Liabilities of Directors)<br/> Article <u>28</u>. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an contract with each of the <u>Outside</u> Directors to the effect that any liability for damages of such Outside Director arising from negligence in the performance of his/her duties shall be limited; provided, however, the limit of the liability shall be a prescribed amount that is ten</p> | <p>(Limitation of Liabilities of Directors)<br/> Article <u>31</u>. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an contract with each of the Directors (<u>excluding Directors serving as Executive Directors, etc.</u>) to the effect that any liability for damages of such Director arising from negligence in the performance of his/her duties shall be limited; provided, however, the limit of the</p> |

| Existing Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Proposed amendments                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| million (10,000,000) yen or more or an amount set by laws and regulations, whichever is the greater.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | liability shall be a prescribed amount that is ten million (10,000,000) yen or more or an amount set by laws and regulations, whichever is the greater. |
| <p><u>CHAPTER V. AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <Deleted>                                                                                                                                               |
| <p><u>(Number of Audit &amp; Supervisory Board Members)</u><br/> <u>Article 29. The number of Audit &amp; Supervisory Board Members of the Company shall not exceed four (4).</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <Deleted>                                                                                                                                               |
| <p><u>(Election of Audit &amp; Supervisory Board Members)</u><br/> <u>Article 30. Audit &amp; Supervisory Board Members shall be elected by resolution at the General Meeting of Shareholders.</u><br/> <u>2. Resolutions for the election of Audit &amp; Supervisory Board Members shall be adopted by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</u></p>                                                                                                                                                                                                          | <Deleted>                                                                                                                                               |
| <p><u>(Efficacy of Election of Substitute Audit &amp; Supervisory Board Members)</u><br/> <u>Article 31. The efficacy of election of substitute Audit &amp; Supervisory Board Members shall be until the opening of the Ordinary General Meeting of Shareholders held four (4) years after the General Meeting of Shareholders for his/her election.</u></p>                                                                                                                                                                                                                                                                                                                     | <Deleted>                                                                                                                                               |
| <p><u>(Term of Office of Audit &amp; Supervisory Board Members)</u><br/> <u>Article 32. The term of office of an Audit &amp; Supervisory Board Member shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within four (4) years from his/her election to office.</u><br/> <u>2. The term of office of an Audit &amp; Supervisory Board Member elected to fill a vacancy caused by retirement of an Audit &amp; Supervisory Board Member prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired Audit &amp; Supervisory Board Member.</u></p> | <Deleted>                                                                                                                                               |
| <p><u>(Full-Time Audit &amp; Supervisory Board Members)</u><br/> <u>Article 33. The Audit &amp; Supervisory Board shall elect by resolution full-time Audit &amp; Supervisory Board Members.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <Deleted>                                                                                                                                               |
| <p><u>(Notice of Convocation of the Audit &amp; Supervisory Board)</u><br/> <u>Article 34. Notice of convocation of a meeting of the Audit &amp; Supervisory Board of the Company shall be sent to each Audit &amp; Supervisory Board Member at least three (3) days prior to the meeting; provided, however, that in the event of urgency,</u></p>                                                                                                                                                                                                                                                                                                                              | <Deleted>                                                                                                                                               |

| Existing Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Proposed amendments                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>such period may be shortened.</p> <p><u>2. When the consent of all Audit &amp; Supervisory Board Members is obtained in advance, a meeting of the Audit &amp; Supervisory Board of the Company may be held without following the procedures for convening a meeting.</u></p> <p><u>(Audit &amp; Supervisory Board Regulations)</u><br/> <u>Article 35. The matters concerning the Audit &amp; Supervisory Board of the Company shall be governed by, in addition to laws and regulations or these Articles of Incorporation, the Audit &amp; Supervisory Board Regulations adopted or amended by resolution of the Audit &amp; Supervisory Board of the Company.</u></p> <p><u>(Compensation etc.)</u><br/> <u>Article 36. The amount of compensation etc. to be granted to Audit &amp; Supervisory Board Members shall be determined by resolution of the General Meeting of Shareholders.</u></p> <p><u>(Limitation of Liabilities of Audit &amp; Supervisory Board Members)</u><br/> <u>Article 37. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an contract with each of the Outside Audit &amp; Supervisory Board Members to the effect that any liability for damages of such Outside Audit &amp; Supervisory Board Member arising from negligence in the performance of his/her duties shall be limited; provided, however, the limit of the liability shall be a prescribed amount that is ten million (10,000,000) yen or more or an amount set by laws and regulations, whichever is the greater.</u></p> <p style="text-align: center;">CHAPTER <u>VI</u>. ACCOUNTS</p> <p>Article <u>38</u> through Article <u>41</u>    &lt;Omitted&gt;</p> | <p style="text-align: center;">CHAPTER <u>V</u>. ACCOUNTS</p> <p style="text-align: center;">&lt;Deleted&gt;</p> <p style="text-align: center;">&lt;Deleted&gt;</p> <p style="text-align: center;">&lt;Deleted&gt;</p> <p style="text-align: center;">Article <u>32</u> through Article <u>35</u>    &lt;Unchanged&gt;</p> |

**Proposal 2: Election of 12 Directors (excluding Directors serving as Audit and Supervisory Committee Members)**

The Company shall, subject to approval for Proposal 1: “Partial amendments to the Articles of Incorporation”, shift to Company with Audit and Supervisory Committee. Meanwhile, the terms of office of all 12 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. As such, the election of 12 Directors (excluding Directors serving as Audit and Supervisory Committee Members, hereinafter the same applies throughout this proposal) is proposed.

The candidates are as follows:

| No. | Name<br>(Date of birth)               | Brief personal history<br>(Titles, responsibilities, and significant posts concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Number of<br>shares of the<br>Company held |
|-----|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1   | Akihiko Ouchi<br>(January 2, 1945)    | <p>March 1967      Joined the Company</p> <p>April 1994      General Manager, Nagoya Branch Office</p> <p>March 1998      Plant Manager, Tatsuno Plant, Production Div.</p> <p>June 2000      Director, Plant Manager, Tatsuno Plant, Production Div.</p> <p>May 2002      Director, General Manager, Production Div.</p> <p>June 2002      Managing Director, General Manager, Production Div.</p> <p>June 2004      Representative Director, President</p> <p>June 2011      Representative Director, President, CEO and COO</p> <p>April 2014      Representative Director, Chairman and CEO (current position)</p> | 33,000                                     |
| 2   | Hiroyuki Nishio<br>(October 18, 1954) | <p>April 1978      Joined the Company</p> <p>June 2008      Deputy General Manager, Corporate Strategic Office</p> <p>June 2010      Director, General Manager, Corporate Strategic Office</p> <p>June 2011      Director, Managing Executive Officer, General Manager, Corporate Strategic Office and CSR Management Office</p> <p>April 2014      Representative Director, President, CEO and COO (current position)</p>                                                                                                                                                                                             | 13,100                                     |



| No. | Name<br>(Date of birth)                 | Brief personal history<br>(Titles, responsibilities, and significant posts concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Number of<br>shares of the<br>Company held |
|-----|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 3   | Hitoshi Asai<br>(March 7, 1948)         | <p>February 1985    Joined the Company</p> <p>June 1996        General Manager, Accounting Dept., Administration Div.</p> <p>June 2002        Director, Assistant General Manager, Administration Div.,<br/>General Manager, Accounting Dept.</p> <p>June 2006        Managing Director, General Manager, Administration Div.</p> <p>June 2008        Senior Managing Director, General Manager, Corporate<br/>Strategic Office and Administration Div., General Manager,<br/>Accounting Dept.</p> <p>June 2011        Director, Senior Managing Executive Officer, General Manager,<br/>Administration Div., and in charge of General Affairs &amp;<br/>Personnel Div.</p> <p>April 2013       Director, Vice President Executive Officer, General Manager,<br/>Administration Div., and in charge of General Affairs &amp;<br/>Personnel Div.</p> <p>April 2015       Director, Vice President Executive Officer, General Manager,<br/>Administration Div. and Corporate Strategic Office (current<br/>position)</p> | 16,900                                     |
| 4   | Shigeru Kawasaki<br>(December 24, 1949) | <p>April 1972        Joined the Company</p> <p>November 1999   General Manager, LVIP Sales Dept. of Tokyo Branch Office</p> <p>April 2004        General Manager, Printing-and information Operations,<br/>Business Administration Div.</p> <p>June 2005        Director, General Manager, Printing-and information<br/>Operations, Business Administration Div.</p> <p>June 2008        Senior Managing Director, General Manager, Business<br/>Administration Div. and Printing-and information Operations</p> <p>June 2011        Director, Senior Managing Executive Officer, General Manager,<br/>Business Administration Div.</p> <p>April 2013       Director, Vice President Executive Officer, General Manager,<br/>Business Administration Div. (current position)</p>                                                                                                                                                                                                                                       | 16,700                                     |

| No. | Name<br>(Date of birth)             | Brief personal history<br>(Titles, responsibilities, and significant posts concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of<br>shares of the<br>Company held |
|-----|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 5   | Koji Koyama<br>(November 5, 1951)   | <p>March 1976      Joined the Company</p> <p>April 1997      Plant Manager, PT. LINTEC INDONESIA (seconded)</p> <p>April 2001      General Manager, Processed Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>January 2003    Plant Manager, Chiba Plant, Production Div.</p> <p>March 2005      Assistant General Manager, Production Div., General Manager, Production Control Dept.</p> <p>June 2008      Director, General Manager, Production Div.</p> <p>June 2011      Director, Managing Executive Officer, General Manager, Production Div., and in charge of Quality Assurance &amp; Environmental Protection Div.</p> <p>April 2013      Director, Senior Managing Executive Officer, General Manager, Production Div., and in charge of Quality Assurance &amp; Environmental Protection Div. (current position)</p>                                                                                                                                                                                                                      | 12,200                                     |
| 6   | Kazuyoshi Ebe<br>(January 26, 1953) | <p>March 1975      Joined the Company</p> <p>June 2004      General Manager, Research Institute, Research &amp; Development Div.</p> <p>June 2008      Director, Assistant General Manager, Research &amp; Development Div., General Manager, Research Institute and Intellectual Property Dept.</p> <p>June 2011      Managing Executive Officer, Assistant General Manager, Research &amp; Development Div., General Manager, Research Institute</p> <p>April 2013      Managing Executive Officer, General Manager, Optical Materials Operations, Business Administration Div., and in charge of Shingu Plant, Production Div.</p> <p>June 2013      Director, Managing Executive Officer, General Manager, Optical Materials Operations, Business Administration Div., and in charge of Shingu Plant, Production Div.</p> <p>April 2015      Director, Managing Executive Officer, Assistant General Manager, Business Administration Div., General Manager, Optical Materials Operations, and in charge of Shingu Plant, Production Div. (current position)</p> | 12,700                                     |

| No. | Name<br>(Date of birth)                 | Brief personal history<br>(Titles, responsibilities, and significant posts concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Number of<br>shares of the<br>Company held |
|-----|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 7   | Takashi Nakamura<br>(December 23, 1953) | <p>April 1976      Joined the Company</p> <p>October 2004    General Manager, Fine &amp; Specialty Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>October 2009    General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div. and Tokyo Fine &amp; Specialty Paper Products Sales Dept.</p> <p>June 2011        Executive Officer, General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div., and in charge of Converted Products Operations</p> <p>April 2013       Managing Executive Officer, General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div., and in charge of Converted Products Operations</p> <p>June 2013        Director, Managing Executive Officer, General Manager, Fine &amp; Specialty Paper Products Operations, Business Administration Div., and in charge of Converted Products Operations</p> <p>April 2015        Director, Managing Executive Officer, Assistant General Manager, Business Administration Div. (current position)</p> | 8,100                                      |
| 8   | *Gohei Kawamura<br>(January 12, 1956)   | <p>April 1979      Joined the Company</p> <p>October 2005    General Manager, Processed Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>June 2006        General Manager, Fine &amp; Specialty Paper Production Dept., Kumagaya Plant, Production Div.</p> <p>September 2009 Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)</p> <p>June 2011        Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)</p> <p>April 2014        Managing Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded) (current position)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 5,900                                      |
| 9   | *Tsunetoshi Mochizuki<br>(May 12, 1958) | <p>January 1983    Joined the Company</p> <p>June 2006        General Manager, General Affairs &amp; Legal Dept. and Human Resources Dept., General Affairs &amp; Personnel Div.</p> <p>June 2011        Executive Officer, General Manager, General Affairs &amp; Personnel Div., General Manager, General Affairs &amp; Legal Dept. and Human Resources Dept.</p> <p>April 2014        Managing Executive Officer, General Manager, General Affairs &amp; Personnel Div., General Manager, Human Resources Dept.</p> <p>October 2014    Managing Executive Officer, General Manager, General Affairs &amp; Personnel Div. (current position)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                             | 6,240                                      |

| No. | Name<br>(Date of birth)                | Brief personal history<br>(Titles, responsibilities, and significant posts concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of<br>shares of the<br>Company held |
|-----|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 10  | *Shuji Morikawa<br>(December 30, 1955) | <p>April 1979      Joined the Company</p> <p>October 2006    General Manager, Industrial Products Sales Dept., Industrial &amp; Material Operations, Business Administration Div.</p> <p>October 2009    General Manager, Industrial &amp; Material Operations, Business Administration Div.</p> <p>April 2013      Executive Officer, General Manager, Industrial &amp; Material Operations, Business Administration Div. (current position)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 8,500                                      |
| 11  | *Makoto Hattori<br>(October 12, 1957)  | <p>April 1980      Joined the Company</p> <p>October 2005    General Manager, Semiconductor Materials Dept., Advanced Materials Operations, Business Administration Div.</p> <p>October 2009    General Manager, Advanced Materials Operations, Business Administration Div., General Manager, Semiconductor Materials Dept.</p> <p>October 2011    General Manager, Advanced Materials Operations, Business Administration Div.</p> <p>April 2014      Executive Officer, General Manager, Advanced Materials Operations, Business Administration Div. (current position)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 4,100                                      |
| 12  | Shinichi Sato<br>(November 13, 1953)   | <p>April 1978      Joined Jujo Paper Co., Ltd.</p> <p>April 2003      General Manager, Publication Sales Dept., Nippon Paper Industries Co., Ltd.</p> <p>June 2005      Counselor, Deputy General Manager, Fine &amp; Specialty Paper Products Sales Division, General Manager, Publication and Direct Demand Sales Dept., Nippon Paper Industries Co., Ltd.</p> <p>October 2006    Counselor, Deputy General Manager, Fine &amp; Specialty Paper Products Sales Division, Nippon Paper Industries Co., Ltd.</p> <p>June 2008      Director, Deputy General Manager, Fine &amp; Specialty Paper Products Sales Division, Nippon Paper Industries Co., Ltd.</p> <p>February 2009   Director, Deputy General Manager, Fine &amp; Specialty Paper Products Sales Division, General Manager, Administrative Control Div., Nippon Paper Industries Co., Ltd.</p> <p>June 2010      Director, General Manager, Overseas Sales Div., Nippon Paper Industries Co., Ltd.</p> <p>May 2011      Director, Deputy General Manager of Fine &amp; Specialty Paper Products Sales Division, Nippon Paper Industries Co., Ltd.</p> <p>June 2011      Director, Deputy General Manager of Printing Paper &amp; Communication Paper Sales Division, Nippon Paper Industries Co., Ltd.</p> <p>June 2012      Outside Director of the Company (current position)</p> <p>June 2012      Managing Director, General Manager, Printing Paper &amp; Communication Paper Sales Division, Nippon Paper Industries Co., Ltd.</p> <p>April 2013      Managing Executive Officer, General Manager of Printing Paper Sales Division and Communication Paper Sales Division, Nippon Paper Industries Co., Ltd.</p> <p>June 2014      Managing Executive Officer, General Manager of Printing Paper Sales Division, in charge of International Sales Management &amp; Planning Department, Nippon Paper Industries Co., Ltd. (current position)</p> | 800                                        |

(Notes)

1. \* indicates a new candidate.
2. The Company purchases raw materials from and sells products to Nippon Paper Industries Co., Ltd., where Mr. Shinichi Sato serves as a managing executive officer. There is no special conflict of interests between the Company and each of the other candidates for directors.
3. Mr. Shinichi Sato has executed operations in the capacity of Director since June 2008 and in the capacity of Managing Executive Officer since April 2013 for Nippon Paper Industries Co., Ltd., with which the Company has important business relationship.
4. Mr. Shinichi Sato is a candidate for an Outside Director.
5. Mr. Shinichi Sato currently serves as an Outside Director of the Company. Mr. Sato will have served as an Outside Director for four years at the conclusion of this Annual General Meeting of Shareholders.
6. Reasons for selecting the candidates for Outside Directors and limited liability contracts with Outside Directors

(1) Reasons for selecting the candidates for Outside Director

Mr. Shinichi Sato has gained a considerable knowledge and experience, etc. through his serving as a current officer at Nippon Paper Industries Co., Ltd. We believe that his knowledge and experience, etc. should contribute to enhancing the management of the Company, and therefore it is proposed that Mr. Sato should be elected as an Outside Director.

(2) Contracts for limitation of liability

The Company, to ensure appointing competent personnel as outside directors, the Company stipulates in its Articles of Incorporation that the Company may enter into contracts for limitation of liability with non-executive directors, etc. pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, and the Company intends to enter into such contracts with Outside Directors who are non-executive directors, etc. The Company is scheduled to enter into such a contract for limitation of liability with Mr. Shinichi Sato if he is elected.

The limit of the liability under this contract shall be ten million yen or the minimum amount set by laws and regulations, whichever is the greater.

**Proposal 3: Election of 4 Directors serving as Audit and Supervisory Committee Members**

As the Company shall, subject to approval for Proposal 1: “Partial amendments to the Articles of Incorporation”, shift to Company with Audit and Supervisory Committee, the election of four Directors serving as Audit and Supervisory Committee Members (“Audit and Supervisory Committee Members” throughout this proposal) is proposed.

For the submission of this proposal, consent has been obtained from the Audit & Supervisory Board.

The candidates for Audit and Supervisory Committee Members are as follows:

| No. | Name<br>(Date of birth)                 | Brief personal history<br>(Titles and significant posts concurrently held) |                                                                                                                                                                                     | Number of<br>shares of the<br>Company held |
|-----|-----------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1   | *Toshio Yamamoto<br>(December 27, 1948) | April 1972                                                                 | Joined the Company                                                                                                                                                                  | 10,600                                     |
|     |                                         | October 2006                                                               | Chief Associate Adviser, Corporate Strategic Office                                                                                                                                 |                                            |
|     |                                         | December 2008                                                              | Counselor, Chief Associate Adviser, Corporate Strategic Office                                                                                                                      |                                            |
|     |                                         | June 2010                                                                  | Audit & Supervisory Board Member (current position)                                                                                                                                 |                                            |
| 2   | *Toru Nozawa<br>(March 10, 1959)        | April 1981                                                                 | Joined Jujo Paper Co., Ltd.                                                                                                                                                         | 100                                        |
|     |                                         | June 2005                                                                  | General Manager, Treasurer’s Department, Financial Division, Nippon Paper Industries Co., Ltd.                                                                                      |                                            |
|     |                                         | February 2008                                                              | General Manager, Accounting & Budgeting Department, Financial Division, Nippon Paper Industries Co., Ltd.                                                                           |                                            |
|     |                                         | June 2008                                                                  | General Manager, Accounting & Budgeting Department, Nippon Paper Group, Inc. (current Nippon Paper Industries Co., Ltd.)                                                            |                                            |
|     |                                         | June 2009                                                                  | Deputy General Manager, Financial Division, General Manager, Accounting & Budgeting Department, Nippon Paper Industries Co., Ltd.                                                   |                                            |
|     |                                         |                                                                            | Deputy General Manager, Financial Division, General Manager, Accounting & Budgeting Department, Nippon Paper Group, Inc. (current Nippon Paper Industries Co., Ltd.)                |                                            |
|     |                                         | April 2013                                                                 | Executive Officer, Deputy General Manager, Financial Division, General Manager, Accounting & Budgeting Department, Nippon Paper Industries Co., Ltd.                                |                                            |
|     |                                         | June 2014                                                                  | Director, Executive Officer, General Manager, Corporate Planning Division, in charge of Subsidiaries and Affiliated Companies, Nippon Paper Industries Co., Ltd. (current position) |                                            |
|     |                                         |                                                                            | Director, Nippon Paper Crecia Co., Ltd. (current position)                                                                                                                          |                                            |
|     |                                         |                                                                            | Outside Audit & Supervisory Board Member of the Company (current position)                                                                                                          |                                            |

| No. | Name<br>(Date of birth)              | Brief personal history<br>(Titles and significant posts concurrently held) |                                                                                             | Number of<br>shares of the<br>Company held |
|-----|--------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------|
| 3   | *Satoshi Ohoka<br>(April 24, 1951)   | April 1975                                                                 | Joined Japan Development Bank                                                               | 0                                          |
|     |                                      | June 1999                                                                  | Assistant General Manager, Capital Investment Research Center, Japan Development Bank       |                                            |
|     |                                      | May 2002                                                                   | Deputy Director General, Development Bank of Japan (current Development Bank of Japan Inc.) |                                            |
|     |                                      | April 2003                                                                 | Professor, Nihon University, Advanced Research Institute for the Sciences and Humanities    |                                            |
|     |                                      | April 2003                                                                 | Lecturer, Keio University, Environment and Information Studies                              |                                            |
|     |                                      | April 2003                                                                 | Lecturer, Chuo University, Graduate School of Commerce (current position)                   |                                            |
|     |                                      | August 2004                                                                | Outside Director, Biznet Corporation                                                        |                                            |
|     |                                      | June 2006                                                                  | Outside Director, Ryobi Limited (current position)                                          |                                            |
|     |                                      | June 2007                                                                  | Member of Independent Committee (current position)                                          |                                            |
|     |                                      | June 2012                                                                  | Outside Director of the Company (current position)                                          |                                            |
| 4   | *Kanako Osawa<br>(December 22, 1970) | April 1998                                                                 | Certified as an attorney, joined Kajitani Law Offices (to present)                          | 0                                          |
|     |                                      | October 2005                                                               | Admitted to practice law in the State of New York, U.S.                                     |                                            |

(Notes)

1. \* indicates new candidates.
2. The Company purchases raw materials from and sells products to Nippon Paper Industries Co., Ltd., where Mr. Toru Nozawa serves as an executive officer. There is no special conflict of interests between the Company and each of the other candidates for Audit and Supervisory Committee Members .
3. Mr. Toru Nozawa has executed operations in the capacity of executive officer since April 2013 and later on as a Director serving as an executive officer since June 2014, for Nippon Paper Industries Co., Ltd., with which the Company has important business relationship.
4. Mr. Toru Nozawa, Mr. Satoshi Ohoka and Ms. Kanako Osawa are candidates for Outside Directors.
5. Mr. Toru Nozawa currently serves as an Outside Audit & Supervisory Board Member and will have served in such position for one year at the conclusion of this Annual General Meeting of Shareholders. Mr. Satoshi Ohoka currently serves as an Outside Director and will have served in such position for three years at the conclusion of this Annual General Meeting of Shareholders.
6. Reasons for selecting the candidates for Outside Directors and contracts for limitation of liability with Outside Directors

(1) Reasons for selecting the candidates for Outside Audit and Supervisory Committee Members

Mr. Toru Nozawa holds executive experience at Nippon Paper Industries Co., Ltd. with a considerable knowledge and experience, etc., gained in the operational experience through the long years in the company's administrative sector, which we expect him to apply to strengthening the supervisory function of the Board of Directors of the Company. It is therefore proposed that Mr. Toru Nozawa should be elected as an Outside Director serving as Audit and Supervisory Committee Member.

Mr. Satoshi Ohoka is believed capable enough to appropriately perform his duties in the proposed position by utilizing, for the purpose of strengthening the supervisory function of the Board of Directors of the Company, his years of experience in the area of policy-based finance, abundant international exposure and academic expertise, along with knowledge and experience gained through his service as outside director of companies in other sectors than the Company's. It is therefore proposed that Mr. Satoshi Ohoka should be elected as an Outside Director serving as Audit and Supervisory Committee Member.

Ms. Kanako Osawa is believed capable enough to appropriately perform her duties in the proposed position by utilizing, for the purpose of strengthening the supervisory function of the Board of Directors of the Company, her specialist legal expertise and extensive knowledge she gained as attorney, along with the knowledge and experience gained through her career in corporate legal affairs both at home and abroad. It is therefore proposed that Ms. Kanako Osawa should be elected as an Outside Director serving as Audit and Supervisory Committee Member.

(2) Contracts for limitation of liability with Outside Directors serving as Audit and Supervisory Committee Members

The Company, to ensure appointing competent personnel as outside directors, the Company stipulates in its Articles of Incorporation that the Company may enter into contracts for limitation of liability with non-executive directors, etc. pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, and the Company intends to enter into such contracts with Outside Audit and Supervisory Committee Members who are

non-executive directors, etc. The Company is scheduled to enter into such contracts for limitation of liability with Mr. Toru Nozawa, Mr. Satoshi Ohoka and Ms. Kanako Osawa if they are elected.

The limit of the liability under the contracts shall be ten million yen or the minimum amount set by laws and regulations, whichever is the greater.

7. Mr. Satoshi Ohoka is registered as an independent director/auditor with the Tokyo Stock Exchange, Inc. as prescribed by the Exchange. Mr. Ohoka will remain to be registered as an independent director/auditor if he is elected. Ms. Kanako Osawa will be registered as an independent director/auditor if she is elected.



**Proposal 4: Revision of the amounts of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members)**

The amounts of compensation for Directors of the Company were approved under Proposal 7 at the 112th Annual General Meeting of Shareholders held on June 29, 2006. The resolution prescribes that “the basic compensation shall not exceed ¥350 million p.a.”, “bonuses shall not exceed ¥120 million p.a.” and “stock-based compensation stock option shall not exceed ¥30 million p.a.”, which have been unchanged to date. Meanwhile, the Company shall shift to Company with Audit and Supervisory Committee, subject to approval for Proposal 1: “Partial amendments to the Articles of Incorporation”.

Given the aforementioned circumstances as well as changes in general economic environments and other various factors, a revision of the amounts of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) is proposed as follows pursuant to the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act.

- The basic compensation shall not exceed ¥450 million p.a. (of which the basic compensation for Outside Directors shall not exceed ¥20 million p.a.)
- Bonuses shall not exceed ¥150 million p.a.
- Stock-based compensation stock option shall not exceed ¥30 million p.a.

The number of Directors stands at twelve (including two Outside Directors) at present. Subject to approval for Proposals 1 and 2 as originally proposed, the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall be twelve (including one Outside Director).

**Proposal 5: Establishment of the amounts of compensation for Directors serving as Audit and Supervisory Committee Members**

The Company shall, subject to approval for Proposal 1: “Partial amendments to the Articles of Incorporation”, shift to Company with Audit and Supervisory Committee.

Therefore, in consideration of the duty and responsibility assumed by Directors serving as Audit and Supervisory Committee Members (hereinafter “Audit and Supervisory Committee Members” throughout this proposal), a revision of the amounts of compensations for Audit and Supervisory Committee Members is proposed as follows pursuant to the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act.

- The amount shall not exceed ¥60 million p.a.

The number of Audit and Supervisory Committee Members shall be four (including three Outside Audit and Supervisory Committee Members), subject to approval for Proposal 1 and Proposal 3 as originally proposed.

**Proposal 6: Renewal of the Rules of Large-scale Purchase to deal with an act of large-scale purchase**

In view of a potential act of large-scale purchase of shares in the Company (i.e. purchase of shares or a proposal thereof that applies to i. or ii. below) without involving the provision of enough information to the existing shareholders, the Company, at the 113th Annual General Meeting of Shareholders held on June 27, 2007, introduced the Rules of Large-scale Purchase as measures to provide for such events, which thereafter have been continuously renewed with partial changes to reflect the revisions and enforcements of the relevant laws and regulations, changes in the socioeconomic environments, etc. However, the current validity of the Rules of Large-scale Purchase is to expire at the conclusion of this Annual General Meeting of Shareholders.

After the initial adoption and earlier renewals of the Rules of Large-scale Purchase, the Company has kept reviewing how to handle the Rules including whether or not to renew them, as part of the initiative to ensure and enhance the corporate value of the Company and the common interests of the shareholders, in consideration of the changes in the socioeconomic environments, the trend of various influential voices concerning anti-takeover measures, etc. As a result of such review, the Company has decided to renew the Rules of Large-scale Purchase, subject to approval from the shareholders at this Annual General Meeting of Shareholders.

The renewal of the Rules of Large-scale Purchase shall not involve any changes in the basic structure of the scheme, with minor amendments and rearrangements of some words and phrases.

The validity of the Rules of Large-scale Purchase shall expire at the conclusion of the Annual General Meeting of Shareholders scheduled to be held in June 2018, subject to approval from the shareholders at this Annual General Meeting of Shareholders.

All four Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) have made statements that these Rules of Large-scale Purchase are appropriate.

Incidentally, the Company is not confronted with any act of large-scale purchase at present.

Given the aforementioned circumstances, shareholders are requested to approve the renewal of the Rules of Large-scale Purchase.

- i. A purchase of share certificates, etc. (Note 1) issued by the Company, resulting in the ownership ratio (Note 3) of a holder (Note 2) amounting to 20% or higher
- ii. A tender offer (Note 5) to purchase share certificates, etc. (Note 4) issued by the Company, resulting in the total sum of the ownership ratio (Note 6) of the tender offer and those of its specially related parties (Note 7) amounting to 20% or higher

**[The Company's philosophy on and the details about the Rules of Large-scale Purchase]**

**1. Necessity of renewing the Rules of Large-scale Purchase**

Given the shareholder composition of the Company as of the end of March 2015, the chances are believed to be remote that the Company is confronted with an act of large-scale purchase which should impair the common interests of its shareholders. However, as the Company will grow larger, it may raise funds from capital markets, when the ownership ratios of the existing shareholders will be diluted. In recent years, there is a trend of fluid situation of shares and shareholder base, as seen in the increasing ownership ratios of foreign shareholders.

In view of such circumstances, we must admit that there is no ruling out the possibility of an act of large-scale purchase which should impair the Company's corporate value and therefore the common interests of its shareholders, including the interests of shareholders, customers, business connections, employees and other stakeholders.

We believe that the Rules of Large-scale Purchase should be renewed for the prevention of unexpected loss to the existing shareholders in the future.

## **2. The Company's basic views on the Rules of Large-scale Purchase**

While the Board of Directors of the Company believes that it should be up to each shareholder's decision whether to sell their shares in the Company in response to an act of large-scale purchase, it also believes that adequate information must be provided to the shareholders as basis for such decisions, from both the large-scale purchaser and the Board of Directors of the Company. Thus, if the shareholders would be forced to decide whether to sell their shares in response to an act of large-scale purchase without sufficient information given, we believe it would be against the common interests of the shareholders.

Above all, potential impacts on the Company of an act of large-scale purchase, along with the future management policies and business plans envisaged by the large-scale purchaser, are considered to be critical information as the basis for the shareholders to decide whether to sell their shares in the Company in response to the act of large-scale purchase, while an opinion of the Board of Directors of the Company about such an act of large-scale purchase after their assessment and review thereof should also provide the shareholders with critical basis for judgment.

In order to ensure that adequate information be provided to the shareholders from both a large-scale purchaser and the Board of Directors of the Company, and to secure enough time for the shareholders to make sound decisions, the Board of Directors of the Company, based on the aforementioned basic views, shall develop and disclose the Rules of Large-scale Purchase as described in 5. Description of the Rules of Large-scale Purchase, requesting large-scale purchasers to comply with the Rules of Large-scale Purchase. If a large-scale purchaser does not comply with the Rules of Large-scale Purchase, such a large-scale purchaser shall be recognized as a party compromising the common interests of the shareholders, and the Board of Directors of the Company shall take necessary countermeasures against them.

As an extension of the validity of the Rules of Large-scale Purchase is a critical matter to be decided by the Company and its shareholders, we believe it should be subject to resolution of the General Meeting of Shareholders.

## **3. Rationales for the Rules of Large-scale Purchase**

The Board of Directors of the Company believes that the Rules of Large-scale Purchase meet the following requirements as set forth in Article 118, Item 3 (c) of the Ordinance for Enforcement of the Companies Act, for the reasons stated in each item below.

- 1) The Rules shall be in line with the basic principles.
- 2) The Rules are not in conflict with the common interests of the shareholders of the Company.
- 3) The Rules are not intended to preserve the status of an officer of the Company.

### **(1) Meeting all the requirements under the Guidelines Regarding Takeover Defense**

The Rules of Large-scale Purchase meet all of the following three principles set forth under the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005:

- 1) Principle of protecting and enhancing corporate value and shareholders' common interests;
- 2) Principle of prior disclosure and shareholders' will; and
- 3) Principle of necessity and reasonableness.

The Rules of Large-scale Purchase also reflect the contents of "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group established in the Ministry of Economy, Trade and Industry.

**(2) Launched for the purpose of protecting and enhancing the corporate value of the Company and the common interests of its shareholders**

As stated in “2. The Company’s basic views on the Rules of Large-scale Purchase” above, the Rules of Large-scale Purchase have been established to ensure that adequate information be provided to the shareholders from both a large-scale purchaser and the Board of Directors of the Company, and to provide enough time for the shareholders to make decisions, while enabling the Company to negotiate with the large-scale purchaser for the benefit of the shareholders, with an aim of protecting and enhancing the corporate value of the Company and the common interests of its shareholders.

**(3) Respecting the shareholders’ will**

The Rules of Large-scale Purchase are subject to resolution of the General Meeting of Shareholders for implementation, discontinuation and extension of the validity thereof, designed to fully reflect the shareholders’ will.

**(4) Respecting the judgment of outside parties with high degree of independence and disclosing information**

In order to preclude the Board of Directors of the Company from making arbitrary judgments, the Rules of Large-scale Purchase involve the establishment of the Independent Committee comprising three or more committee members elected by the Board of Directors of the Company from candidates including attorneys, certified public accountants, academics, experienced corporate executives and outside directors who are recognized to be independent enough by the standards of the stock exchange on which the Company is listed.

Recommendations made by the Independent Committee shall be published without exception to create an operating system and process with enhanced transparency so that the shareholders can make impartial decisions, to protect and enhance the corporate value of the Company and the common interests of its shareholders.

**(5) Providing reasonable and objective requirements for invocation**

As described in “6. Policies for dealing with an act of large-scale purchase that has taken place”, the Rules of Large-scale Purchase incorporate a provision that prevents an invocation of countermeasures unless reasonable and objective requirements for invocation are met, under an ensured system and process to preclude the Board of Directors of the Company from making an arbitrary invocation, such as recommendations by the Independent Committee.

**(6) Being neither dead-hand type nor slow-hand type takeover defense measures**

The Rules of Large-scale Purchase are, as described in “8. Validity of the Rules of Large-scale Purchase”, may be discontinued at any time by the Board of Directors of the Company. A large-scale purchaser will be able to appoint directors of its choice at the General Meeting of Shareholders and terminate the Rules of Large-scale Purchase via the Board of Directors of the Company comprising such directors. As such, the Rules of Large-scale Purchase are not so-called dead-hand type takeover defense measures under which it is impossible to stop an invocation even after the majority of the members of the Board of Directors of the Company are replaced.

Moreover, as the Company does not adopt a staggered board system, the Rules of Large-scale Purchase are not so-called slow-hand type takeover defense measured either under which it takes time to stop an invocation as members of the Board of Directors of the Company cannot be replaced at once.

#### **4. The Group's initiatives for enhancing its corporate value**

##### **(1) Basic management policies of the Company**

The management philosophy of the Group is to contribute to society as a powerful and dynamic business trusted by all concerned in the markets both at home and abroad, and to promote innovative management that meets expectations of the shareholders, customers, employees and their families, based on harmony among people and the capabilities for technological development as represented by the company name LINTEC, which derives from "linkage" and "technology", as well as by the company motto "Sincerity and Creativity".

The Group is engaging in the manufacturing of highly differentiated unique products based on, and through the high-level amalgamation of, four core proprietary technologies, i.e. "adhesive applications", "surface improvement", "specialty papers and release materials production" and "system development". The Group shall be striving to become a company embracing high business ethics and gaining trust from society through the pursuit of CSR-based corporate culture.

##### **(2) Medium- to long-term management strategies of the Company and the challenges it must tackle**

The Group has formulated and launched a medium-term business plan that covers the three year period from April 2014 to March 2017 under the name of "LINTEC INNOVATION PLAN 2016 (LIP-2016)", which is summarized as follows.

[Basic policies]

Under the medium-term business plan LIP-2016, the Group shall actively tackle areas of strategic focus, including business expansion in the countries and regions with prospects of further economic development while sustaining growth in the domestic businesses, creation of innovative new products that will support the next generation and promotion of M&As that help to promptly materialize business strategies, in pursuit of the basic policy: "Return to a growth path through active management and continuous innovation".

Meanwhile, the Group will further enhance innovative spirit that has been firmly established in the behavior of employees and reinforce cost innovation activities so that it will develop a robust corporate structure unaffected by external business environments.

[Areas of strategic focus]

- 1) Further promote global development
  - (a) Expand overseas businesses with a particular focus on Asian region
  - (b) Establish firm business foundations in new regions
- 2) Create innovative new products that will support the next generation
  - (a) Explore new markets and demand by creating innovative new products
  - (b) Enhance the base of our R&D in order to create new products
- 3) Transform into a robust corporate structure
  - (a) Strengthen cost competitiveness
  - (b) Select and concentrate our management resources
- 4) Promote strategic M&A
  - (a) Clarify the targets that are suited to a growth strategy
  - (b) Strengthen the system to promote M&A
- 5) Foster human resources
  - (a) Secure and foster global human resources
  - (b) Implement continuous stratified training

### **(3) Initiatives for reinforcing and enhancing corporate governance**

The Group believes that thorough practice of compliance, enhancement of management transparency and corporate ethics awareness, prompt decision-making and efficient execution of business operations should constitute the fundamentals of corporate governance, and is striving to further enhance its corporate value and the common interests of its shareholders, through reinforcement and enhancement of such fundamentals.

As specific measures for the aforementioned initiatives, the Group has set the term of office for Directors at one year to clarify their accountability to the shareholders. In addition, it introduced an executive officer system by resolution at the 117th Annual General Meeting of Shareholders held on June 24, 2011 and at the Board of Directors of the Company meeting held on the same day, to separate the function of Directors who make critical management decisions from that of Executive Officers who engage in execution of operations. This measure is intended to achieve streamlined management through activation of the Board of Directors of the Company and acceleration of the decision-making process.

In the meantime, as a measure for strengthening the supervisory function of the Board of Directors of the Company, the Company is scheduled to shift to Company with Audit and Supervisory Committee at the said Annual General Meeting of Shareholders, with a view to stepping up corporate governance and further streamlining management.

The Company retains several Outside Directors who are recognized to be independent enough by the standards of the stock exchange on which the Company is listed.

## **5. Description of the Rules of Large-scale Purchase**

### **(1) Statement of intent**

When a large-scale purchaser intends to carry out an act of large-scale purchase, it shall be requested, first of all, to submit to the Representative Director of the Company a document stating 1) the name and address of the large-scale purchaser, 2) the applicable incorporation law, 3) the name of its representative, 4) the contact address in Japan 5) an outline of large-scale purchase proposed and 6) a declaration of compliance with the Rules of Large-scale Purchase (“Statement of Intent”).

Such a Statement of Intent shall be prepared in no other languages but Japanese.

### **(2) Provision of information**

Next, the Board of Directors of the Company shall, within seven business days after the receipt of the statement of intent, issues a list of information required to be provided to the Company as information related to the act of large-scale purchase. Such information required from the large-scale purchaser shall be necessary and sufficient information (the “Required Information”) for the shareholders of the Company to make appropriate decisions, and for the Board of Directors of the Company and the independent committee as described in “6. Policies for dealing with an act of Large-scale Purchase that has taken place” below (the “Independent Committee”) to conduct adequate assessment and review. The large-scale purchaser, upon receipt of the aforementioned list, shall immediately provide the Required Information in writing to the Board of Directors of the Company, which in turn shall immediately deliver the received document containing the Required Information to the Independent Committee.

Such a document containing the Required Information shall be prepared in no other languages but Japanese.

### **(3) Details of the Required Information to be provided**

The Required Information shall, albeit depending on the nature of a large-scale purchaser and an act of large-scale purchase, specifically cover primarily the following items:

- 1) General description of the large-scale purchaser and its group (including information on the types of business that the large-scale purchaser engages in, detail of investors, experience in the same types of business that the Company engages in, etc.);
- 2) Objectives and other specific details of the large-scale purchase;
- 3) Basis of calculation of the consideration for the acquisition of shares in the Company, etc., sources of funds for the acquisition and concrete details of and conditions for the fund-raising, involved in the large-scale purchase;
- 4) Management policies, business plans, capital policies, dividend policies, personnel and labor relations policies and asset utilization policies after the completion of the large-scale purchase, as envisaged by the large-scale purchaser; and
- 5) Policies in dealing with employees, business connections and other stakeholders associated with the Company after the completion of the large-scale purchase.

In the event that the information initially provided by the large-scale purchaser should be considered insufficient for the shareholders of the Company to make appropriate decisions, or for the Board of Directors of the Company or the Independent Committee to conduct appropriate assessment and review, over the large-scale purchase in question, the Board of Directors of the Company may request the large-scale purchaser to provide additional information, subject to a reasonable reply deadline (not exceeding 60 days). The fact that the act of large-scale purchase was proposed and the Required Information presented to the Board of Directors of the Company, if deemed necessary for the shareholders' judgement, shall be wholly or partially disclosed at a time deemed appropriate by the Board of Directors of the Company.

When the provision of the Required Information is complete, the Board of Directors of the Company shall notify the large-scale purchaser of such completion and disclose the fact of such completion at the same time.

### **(4) Assessment period**

The Board of Directors of the Company considers it necessary to arrange, after the large-scale purchaser has completed the provision of the Required Information, a period not exceeding sixty (60) days (in the case of purchase of all the shares in the Company through a tender offer with cash-only (yen) consideration) or a period not exceeding ninety (90) days (in the case of any other large-scale purchase), variable depending on the degree of difficulty of assessment and review of the large-scale purchase in question, for the Board of Directors of the Company to assess and review the large-scale purchase, negotiate with the large-scale purchaser on conditions, form opinions on the act of large-scale purchase, and formulate an alternative plan ("period of the Board of Directors of the Company's assessment and review"). As such, the act of large-scale purchase shall commence after the expiry of the period of the Board of Directors of the Company's assessment and review. During the period of the Board of Directors of the Company's assessment and review, the Board of Directors of the Company shall adequately assess and review the Required Information provided while receiving advice from outside experts as appropriate, and organize and publish an opinion of the Board of Directors of the Company with respect to the act of large-scale purchase.

### **(5) Negotiation and presentation of an alternative plan**

The Board of Directors of the Company may negotiate with the large-scale purchaser as necessary for improvement of the conditions of the large-scale purchase, and present an alternative plan in the name of the Board of Directors of the Company to the shareholders of the Company.

For the procedural flow to be followed when a large-scale purchaser intends to commit an act of large-scale purchase, please refer to Appendix 1.

## **6. Policies for dealing with an act of large-scale purchase that has taken place**

### **(1) Where the large-scale purchaser fails to comply with the Rules of Large-scale Purchase**

In the event that the large-scale purchaser fails to comply with the Rules of Large-scale Purchase, the Independent Committee shall make a recommendation for an invocation to the Board of Directors of the Company. The Board of Directors of the Company, with full respect for the Independent Committee's recommendation, may take countermeasures as authorized under the Companies Act and other laws and by the Articles of Incorporation of the Company, including an issue of stock acquisition rights, for the purpose of protecting the collective interests of the shareholders of the Company. As for the choice of specific countermeasures to be taken in such an event, the Board of Directors of the Company shall take countermeasures that are deemed as the most appropriate then. An issue of stock acquisition rights to be adopted as a countermeasure shall conform to the provisions described in Appendix 2, and such stock acquisition rights may be subject to an exercise period and conditions for exercise, considering its effect as a countermeasure.

In determining whether or not the large-scale purchaser complies with the Rules of Large-scale Purchase, the large-scale purchaser's circumstances such as its unavailability of sufficient information on the Company shall be adequately considered as far as reasonably possible. At least, the large-scale purchaser shall not be recognized as not complying with the Rules of Large-scale Purchase, based on only the fact that part of the Required Information as requested by the Board of Directors of the Company has not been provided by the Large-scale Purchaser.

### **(2) Where the large-scale purchaser complies with the Rules of Large-scale Purchase**

In the case where the large-scale purchaser complies with the Rules of Large-scale Purchase, the Board of Directors of the Company basically shall, even if it opposes the act of large-scale purchase, not take countermeasures against the act of large-scale purchase, taking no further action than attempting to dissuade the shareholders of the Company from accepting the large-scale purchaser's proposal by expressing an adverse opinion against the purchase proposal or presenting an alternative plan. It would be up to each shareholder whether to accept the purchase proposal or not, after the shareholders review and consider the purchase proposal in question as well as the opinion on the purchase proposal, the alternative plan, etc. presented by the Board of Directors of the Company. However, even in the case where the large-scale purchaser complies with the Rules of Large-scale Purchase, the Board of Directors of the Company may exceptionally take some measures as deemed appropriate in order to protect the interests of the shareholders of the Company if the act of large-scale purchase is recognized to significantly compromise the collective interests of the shareholders of the Company. Examples of such a case include the following:

- 1) The act of large-scale purchase is intended only to artificially boost the share price and have them purchased back by the Company or its related parties at the peak price, without involving serious intention to participate in the management of the Company (so-called greenmailing);
- 2) The act of large-scale purchase is intended primarily to gain temporary control of the Company for the purpose of transferring the intellectual property, knowhow, confidential business information, main business connections, clients, etc. that are critical to the business operation of the Company, to the large-scale purchaser or its group companies (so-called scorched-earth management);
- 3) The act of large-scale purchase is intended primarily to gain control of the Company for the purpose of appropriating the Company's assets for collateral or repayment funds for the liabilities of the large-scale purchaser or its group companies;
- 4) The act of large-scale purchase is intended primarily to gain temporary control of the Company to make the Company dispose its high-value assets such as real estate and securities with no immediate relevance to its business operation and pay one-off high dividends based on gains on such disposal to the benefit of the large-scale purchaser, or so that the large-scale purchaser can sell out its shares at the peak of the share price soared as a result of such one-off high dividends;
- 5) The way of the act of large-scale purchase is so-called coercive two-tier purchase (referring to the purchase of shares such as a tender offer, in which the purchase of all the shares in the Company is not solicited in the first-tier purchase while the purchase conditions for the second-tier purchase are set less favorably or not stated clearly) or the like, which effectively forces shareholders of the Company to sell their shares by restricting the shareholders' opportunity or freedom of judgment; and
- 6) It can be reasonably determined that the interests of the employees, business connections, clients and other stakeholders of the Company are compromised as a result of the large-scale purchase, whereby the collective interests of the shareholders of the Company are significantly impaired.



The Board of Directors of the Company shall, in an effort to ensure objectivity and reasonableness in reviewing and determining whether or not the large-scale purchase is significantly compromising the collective interests of the shareholders of the Company, make sure to consult the Independent Committee on the appropriateness of invoking countermeasures, based on the appreciation of specific facts about the large-scale purchaser and the act of large-scale purchase (e.g. its objectives, methods, targets and the type and amount of consideration for acquisition), as well as the impacts of the large-scale purchase on the collective interests of the shareholders of the Company. The Independent Committee shall make recommendations with respect to the matters consulted on. The recommendations made by the Independent Committee shall be published, while the Board of Directors of the Company shall, with full respect for such recommendations, resolve whether to invoke countermeasures or not and publish the resolved matters.

If the large-scale purchaser terminates the act of large-scale purchase or any changes arise in the circumstance that served as the basis for determining whether or not to invoke countermeasures after the Board of Directors of the Company has resolved to invoke, or has invoked, countermeasures, the Board of Directors of the Company shall, after consulting and receiving a recommendation from the Independent Committee, determine whether it is appropriate to continue the countermeasures invoked to protect the collective interests of the shareholders of the Company. When it is deemed no longer appropriate, the Board of Directors of the Company shall terminate the countermeasures or stop an invocation of countermeasures and publish such facts.

## **7. Independent Committee**

In order to operate the Rules of Large-scale Purchase appropriately, to preclude the Board of Directors of the Company from making arbitrary decisions, and to ensure objectivity and reasonableness in their decisions, the Board of Directors of the Company shall establish the Independent Committee, which comprises three or more committee members. With a view to ensuring fair and neutral judgments, the committee members shall be elected by the Board of Directors of the Company from candidates including attorneys, certified public accountants, academics, experienced corporate executives and outside directors who are recognized to be independent enough by the standards of the stock exchange on which the Company is listed.

The Board of Directors of the Company shall call the Independent Committee when a Statement of Intent has been submitted, or when the move of an act of large-scale purchase has become known, to consult for examining whether the large-scale purchaser is complying with the Rules of Large-scale Purchase, or for assessing the appropriateness of an invocation of countermeasures. The Independent Committee, in turn, shall make recommendations to the Board of Directors of the Company, in principle within the period of the Board of Directors of the Company's assessment and review, as to the matters consulted on among the following items 1) to 6):

- 1) Judgment as to compliance/non-compliance with the Rules of Large-scale Purchase;
- 2) Judgment as to the appropriateness of the act of large-scale purchase;
- 3) Whether or not to invoke countermeasures;
- 4) Whether to stop/terminate an invocation of countermeasures;
- 5) Planning of various conditions in the case of invoking/not invoking countermeasures; and
- 6) Specific matters resolved to be consulted on with the Independent Committee by the Board of Directors of the Company.

If the large-scale purchaser terminates the act of large-scale purchase or any changes arise in the circumstance that served as the basis for determining whether or not to invoke countermeasures after the Board of Directors of the Company has resolved to invoke, or has invoked, countermeasures, the Board of Directors of the Company shall call the Independent Committee and consult on whether to stop or terminate an invocation of countermeasures, and the Independent Committee, in turn, shall make recommendations.

If the Independent Committee finds that the Required Information provided by the large-scale purchaser is insufficient, or determines that supplementary information is necessary, it shall be entitled to request the large-scale purchaser directly or indirectly via the Board of Directors of the Company to provide additional information reasonably deemed necessary.

The Independent Committee shall make the aforementioned recommendations on its own judgment, based on the careful assessment and review of the act of large-scale purchase in the light of enhancing the Company's corporate value and the common interests of the shareholders. Meanwhile, the Independent Committee shall be entitled to seek advice as necessary from independent third-party experts at the Company's cost.

It is the Board of Directors of the Company to ultimately decide to invoke or not to invoke countermeasures, and to stop or terminate an invocation of countermeasures. However, such decisions must be made with full respect for, and only on the basis of, recommendations made by the Independent Committee, whereby the Independent Committee functions as means to ensure the fairness of decisions made by the Board of Directors of the Company.

The names and profiles of the members of the Independent Committee as at this renewal of the Rules of Large-scale Purchase are presented in Appendix 3.

#### **8. Validity of the Rules of Large-scale Purchase**

The validity of the Rules of Large-scale Purchase shall, subject to approval for the renewal at this Annual General Meeting of Shareholders, expire at the conclusion of the Annual General Meeting of Shareholders schedule to be held in June 2018, provided, however, that if the renewal of the Rules of Large-scale Purchase is approved at that scheduled General Meeting of Shareholders, its validity shall further be extended for another three years, and the same shall apply thereafter.

In the event that it is resolved at the General Meeting of Shareholders or at the Board of Directors of the Company meeting to discontinue the Rules of Large-scale Purchase, the Rules of Large-scale Purchase shall be discontinued at that point in time, even prior to the expiry of the validity.

The Board of Directors of the Company, even prior to the expiry of the validity, may review the Rules of Large-scale Purchase whenever necessary in consideration of the developments of relevant legislations including the Companies Act, in the light of enhancing the Company's corporate value and the common interests of the shareholders, and may revise the Rules of Large-scale Purchase subject to approval at the General Meeting of Shareholders.

In such an event, the shareholders shall immediately be informed of the changes involved.

## **9. Impacts on shareholders**

### **(1) Impacts on shareholders of the Rules of Large-scale Purchase**

The Rules of Large-scale Purchase are intended to guarantee that the shareholders of the Company have opportunities to be provided with the information necessary for them to determine whether or not to accept an act of large-scale purchase, as well as opinions of the Board of Directors of the Company that is actually responsible for the management of the Company, and further to be presented with an alternative plan. This will enable the shareholders to make appropriate decisions on whether or not to accept the large-scale purchase on the basis of the sufficient information, which is believed to contribute to the protection of the collective interests of the shareholders. Thus, the formulation of the Rules of Large-scale Purchase is believed to serve as the basis for the shareholders to make adequate investment decisions, benefiting their interests.

### **(2) Impacts on shareholders when countermeasures are invoked**

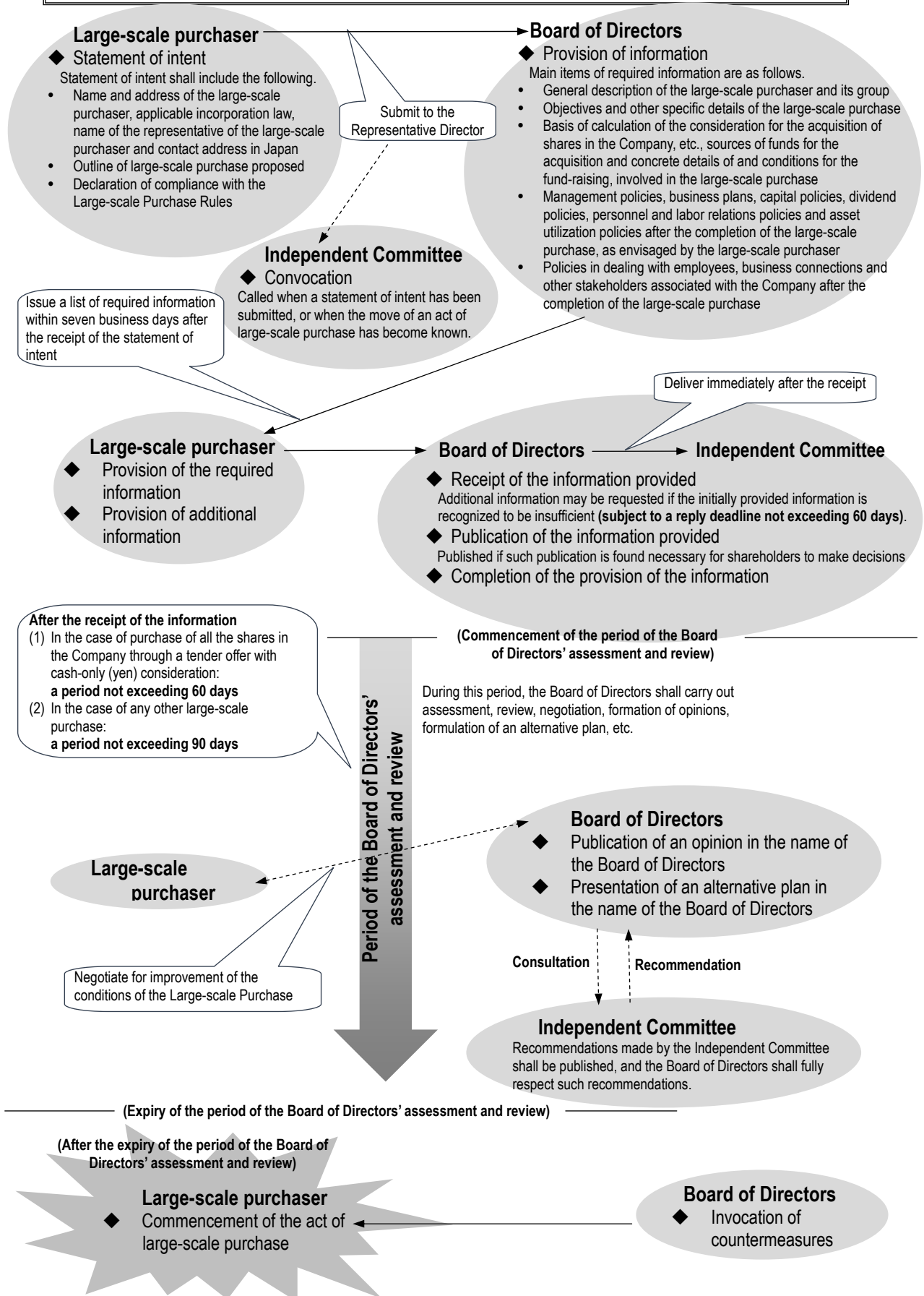
The Board of Directors of the Company may take countermeasures as authorized under the Companies Act and other laws and by the Articles of Incorporation of the Company, for the purpose of protecting the collective interests of the shareholders of the Company. In arranging such countermeasures, however, the Board of Directors of the Company do not envisage a situation in which the shareholders of the Company (except for the large-scale purchaser not in compliance with the Rules of Large-scale Purchase) suffer any particular loss, in terms of their legal rights or financial interests. The Board of Directors of the Company shall, upon having decided to take specific countermeasures, make adequate disclosure as appropriate in accordance with laws and regulations as well as securities exchange rules.

Even after the record date of allotment of stock acquisition rights or the effective date thereof, the Company may cancel the allotment of the stock acquisition rights or acquire the stock acquisition rights with no compensation without granting shares in the Company to the holders of the stock acquisition rights, by the day before the date of commencement of the exercise period, in the event that the Board of Directors of the Company has resolved to stop or terminate an invocation of countermeasures due to, for example, the large-scale purchaser's withdrawal of the act of large-scale purchase or changes in the conditions for the large-scale purchase. In such cases, as no dilution of the value of a share arises, those investors who sell out their shares in the belief that the dilution of the value of a share is imminent may incur proportionate loss depending on the change in the share price.

#### **(Notes)**

1. Referring to share certificates, etc. as defined under Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act (hereinafter the same unless otherwise specified)
2. Including those to be included among the holders in accordance with Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act
3. Referring to the ownership ratio of share certificates, etc. as defined under Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act (hereinafter the same)
4. Referring to share certificates, etc. as defined under Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act (the same in ii and afterwards)
5. Referring to a tender offer as defined under Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act (hereinafter the same)
6. Referring to the ownership ratio of share certificates, etc. as defined under Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act (hereinafter the same)
7. Referring to a specially related party as defined under Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including those recognized to be applicable to this definition by the Board of Directors of the Company; hereinafter the same)

## Procedural Flow under the Large-scale Purchase Rules



**Outline of an Issue of Stock Acquisition Rights**

1. Shareholders eligible for allotment of stock acquisition rights and issuance terms

One stock acquisition right shall be allotted for one common share held by the shareholders recorded in the last register of shareholders on the allotment date set by the Board of Directors of the Company (excluding the common shares held by the Company), without requiring additional contribution.

2. Class and number of shares underlying stock acquisition rights

The class of shares underlying stock acquisition rights shall be the common stock of the Company, while the number of shares underlying stock acquisition rights shall not exceed the number calculated by subtracting the total number of issued shares (excluding the common shares held by the Company) from the total number of authorized shares as prescribed by the Articles of Incorporation. The number of shares underlying one stock acquisition right shall be one. However, required adjustments shall be made as appropriate in the case where the Company conducts a stock split or reverse stock split.

3. Number of stock acquisition rights to be issued

The number of stock acquisition rights to be issued shall be set by the Board of Directors of the Company. The Board of Directors of the Company may conduct the allotment of stock acquisition rights on separate occasions more than once.

4. Amount to be paid in for stock acquisition rights

No amount of money shall be required in exchange for stock acquisition rights.

5. Description and value of property to be contributed in exercising stock acquisition rights

Property to be contributed in exercising stock acquisition rights shall be an amount not smaller than one yen as determined by the Board of Directors of the Company.

6. Restriction on transfer of stock acquisition rights

The acquisition of stock acquisition rights by way of transfer of the stock acquisition rights shall be subject to approval from the Board of Directors of the Company.

7. Conditions for exercise of stock acquisition rights

The exercise of some stock acquisition rights is subject to the condition that a large-scale purchaser is not allowed to exercise the stock acquisition rights.

Additionally, terms of acquisition and conditions for acquisition are established for some stock acquisition rights so that a large-scale purchaser and other shareholders are treated differently in respect of the consideration for acquisition, etc., or that the stock acquisition rights held by a large-scale purchaser are made to be ineligible for acquisition.

In the case where the stock acquisition rights held by a large-scale purchaser are eligible for acquisition, cash shall not be granted as consideration therefor.

Details of this procedure shall be separately set out by the Board of Directors of the Company.

8. Exercise period, etc. of stock acquisition rights

The effective date of the allotment of stock acquisition rights, the exercise period thereof, conditions for acquisition and other necessary matters shall be set out by the Board of Directors of the Company.

**Names and Profiles of the Independent Committee Members**

Eiichi Shinohara

(Date of birth: July 3, 1942)

|           |                                                                                                                                           |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------|
| 1966      | Joined Tokyo Electric Co., Ltd.                                                                                                           |
| 1973      | Joined Tohmatsu Awoki & Co. (current Deloitte Touche Tohmatsu LLC)                                                                        |
| 1996      | Assumed the office of senior partner                                                                                                      |
| 2002-2005 | Chairman of Public Sector Committee, The Japanese Institute of Certified Public Accountants                                               |
| 2005      | Resigned from Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC)                                                                       |
| 2001      | Members of nine committees, including a specialist member of Inspection Office, Ministry of Health, Labour and Welfare (current position) |
| 2006      | Part-time lecturer, Tohoku University Accounting School (current position)                                                                |
| 2007      | Member of Independent Committee (current position)                                                                                        |

Kohei Okawa

(Date of birth: September 14, 1960)

|      |                                                                                                   |
|------|---------------------------------------------------------------------------------------------------|
| 1987 | Certified as an attorney, joined Kajitani Law Offices                                             |
| 1994 | Transferred to Okawa Nagatomo Law Office (current Okawa Law Office) (where he remains at present) |
| 1998 | Auditor, YONEKYU CORPORATION (current position)                                                   |
| 2008 | Member of Independent Committee (current position)                                                |
| 2011 | Auditor, E-Guardian Inc. (current position)                                                       |
| 2012 | Auditor, NEPON Inc. (current position)                                                            |

Satoshi Ohoka

(Date of birth: April 24, 1951)

|      |                                                                                             |
|------|---------------------------------------------------------------------------------------------|
| 1975 | Joined Japan Development Bank                                                               |
| 1999 | Assistant General Manager, Capital Investment Research Center, Japan Development Bank       |
| 2002 | Deputy Director General, Development Bank of Japan (current Development Bank of Japan Inc.) |
| 2003 | Professor, Nihon University, Advanced Research Institute for the Sciences and Humanities    |
| 2003 | Lecturer, Keio University, Environment and Information Studies                              |
| 2003 | Lecturer, Chuo University, Graduate School of Commerce (current position)                   |
| 2004 | Outside Director, Biznet Corporation                                                        |
| 2006 | Outside Director, Ryobi Limited (current position)                                          |
| 2007 | Member of Independent Committee (current position)                                          |
| 2012 | Outside Director of the Company (current position)                                          |

Kanako Osawa

(Date of birth : December 22, 1970)

|      |                                                                                      |
|------|--------------------------------------------------------------------------------------|
| 1998 | Certified as an attorney, joined Kajitani Law Offices (where she remains at present) |
| 2005 | Admitted to practice law in the State of New York, U.S.                              |

(Notes)

1. There is no special conflict of interests between the Company and each of the four members of the Independent Committee.
2. Mr. Satoshi Ohoka is an Outside Director of the Company.
3. Ms. Kanako Osawa is scheduled to be appointed as an Outside Director of the Company, subject to approval for Proposal 3 (Election of 4 Directors serving as Audit and Supervisory Committee Members) at this Annual General Meeting of Shareholders.