

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

(Securities Code 7242)
June 2, 2016

To Shareholders with Voting Rights:

Yasusuke Nakajima
Representative Director,
President Executive Officer
KYB Corporation
World Trade Center Bldg.,
2-4-1, Hamamatsu-cho,
Minato-ku, Tokyo

**NOTICE OF
THE 94TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

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

You are cordially invited to attend the 94th Ordinary General Meeting of Shareholders of KYB Corporation (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via electromagnetic means (the Internet, etc.). Please exercise your voting rights by 5:15 p.m. on Thursday, June 23, 2016 (Japan time), by indicating your vote for or against the proposals on the enclosed Voting Rights Exercise Form or by following the instructions described in the "Guide for the Exercise of Voting Rights via the Internet, etc."

1. Date and Time: Friday, June 24, 2016 at 10:00 a.m. (Japan time)

2. Place: 2nd Floor, Annex Bldg., Shiba Park Hotel,
1-5-10, Shiba Koen, Minato-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 94th Fiscal Year (April 1, 2015 - March 31, 2016) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 94th Fiscal Year (April 1, 2015 - March 31, 2016)

Proposals to be resolved:

- Proposal 1:** Appropriation of the Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of seven (7) Members of the Board of Directors
Proposal 4: Election of four (4) Audit & Supervisory Board Members
Proposal 5: Election of one (1) Substitute Audit & Supervisory Board Member
Proposal 6: Renewal of Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

4. Exercise of voting rights:

If you vote both in writing on the Voting Rights Exercise Form and via the Internet, only your vote placed via the Internet will be counted.

If you vote multiple times via the Internet, only the last vote will be counted.

-
- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. For the purpose of saving resources, please bring this Notice and the Business Report for the 94th Fiscal Year to the meeting.
 - The following items have been posted on the Company's website (<http://www.kyb.co.jp/>) in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of the Company and are accordingly not included in the attached the Business Report for the 94th Fiscal Year.
 - Notes to the consolidated Financial Statements
 - Notes to the Non-consolidated Financial Statements
 - Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, or the Consolidated Financial Statements will be posted on the Company's website (<http://www.kyb.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of the Surplus

Appropriate shareholder return is an important management policy of the Company. In accordance with the Company's basic policy, and in consideration of the results for the fiscal year ended March 31, 2016, future capital investments and other factors, the Company proposes the payment of the year-end dividends as follows.

Matters concerning the year-end dividend:

1. Type of dividend assets
Cash
2. Allocation of dividend assets and the total amount of dividends
6 yen per share of common stock of the Company
Total amount of dividends: 1,532,849,292 yen
3. Effective date of appropriation of surplus
June 27, 2016

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the proposed amendments
The Company proposes a change in the total number of authorized shares by the Company, in order to enable the Company to implement an agile and flexible capital policy, etc. by utilizing the shares and also to secure the effectiveness of Takeover Defense Measures in the event that the shareholders approve the "Renewal of Countermeasures to Large-Scale Purchase of Company's Share (Takeover Defense Measures)" to be proposed at this Annual Shareholders Meeting.
2. Details of the proposed amendment
Details of the proposed amendment are as follows:

(Amended parts are underlined.)

Current	Proposed amendment
Article 1 to Article 5 (Omitted)	Article 1 to Article 5 (Unchanged)
(Total number of shares to be issued by the Company) Article 6 The total number of authorized shares by the Company shall be <u>four hundred ninety one million nine hundred fifty five thousand (491,955,000)</u> shares.	(Total number of shares to be issued by the Company) Article 6 The total number of authorized shares by the Company shall be <u>five hundred seventy three million (573,000,000)</u> shares.
Article 7 to 40 (Omitted)	Article 7 to 40 (Unchanged)

Proposal 3: Election of seven (7) Members of the Board of Directors

As the terms of office of all the seven (7) Members of the Board of Directors will expire at the conclusion of this meeting, we propose election of seven (7) Members of the Board of Directors.

The candidates for the Members of the Board of Directors are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	<p>Masao Usui (November 11, 1948) (Reappointment)</p> <p>Term of office as a Member of the Board of Directors: 13 years</p> <p>Attendance of the meetings of the Board of Directors: (19/19)</p>	<p>April 1971 Joined the Company</p> <p>April 2001 Deputy General Manager, Sagami Plant</p> <p>June 2003 Member of the Board of Directors, General Manager, Sagami Plant and Hydraulics Div., General Manager, Urawa Plant</p> <p>September 2003 Member of the Board of Directors, General Manager, Sagami Plant</p> <p>April 2005 Member of the Board of Directors, Hydraulic Components Operations, General Manager, Sagami Plant</p> <p>June 2006 Managing Member of the Board of Directors, General Manager, Hydraulic Components Operations</p> <p>June 2009 Senior Managing Member of the Board of Directors, General Manager, Corporate Planning Div.</p> <p>June 2010 Member of the Board of Directors, President</p> <p>June 2011 Member of the Board of Directors, President Executive Officer</p> <p>June 2015 Chairman of the Board of Directors (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] We expect that the wealth of experience and deep insight in general management he has acquired as a long-time leader of the management of the Company will be useful for the management of the Company. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p>	35,000

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
2	<p data-bbox="188 629 410 719">Yasusuke Nakajima (November 2, 1955) (Reappointment)</p> <p data-bbox="188 752 410 842">Term of office as a Member of the Board of Directors: 11 years</p> <p data-bbox="188 875 410 965">Attendance of the meetings of the Board of Directors: (19/19)</p>	<p data-bbox="422 320 1286 1059"> April 1979 Joined the Company April 2005 General Manager, Hydraulics Sales & Marketing Headquarters, Hydraulic Components Operations June 2005 Member of the Board of Directors, General Manager, Hydraulics Sales & Marketing Headquarters, Hydraulic Components Operations April 2007 Member of the Board of Directors, General Manager, Hydraulics Sales Headquarters, Hydraulic Components Operations June 2009 Managing Member of the Board of Directors, General Manager, Hydraulic Components Operations June 2010 Senior Managing Member of the Board of Directors, in charge of purchasing, general affairs and human resources June 2011 Member of the Board of Directors, Senior Managing Executive Officer, in charge of purchasing, general affairs and human resources April 2012 Member of the Board of Directors, Senior Managing Executive Officer, in charge of purchasing, General Manager, Hydraulic Components Operations April 2014 Member of the Board of Directors, Senior Managing Executive Officer, in charge of purchasing, General Manager, Corporate Planning Div. June 2015 Member of the Board of Directors, President Executive Officer (current position) </p> <p data-bbox="422 1099 1286 1245"> [Reasons for proposing him as a candidate for Member of the Board of Directors] We expect that the wealth of experience and deep insight he has acquired as a long-time corporate manager will be useful for the decision-making on important matters and the supervision of business execution of the Company. Consequently, we reappoint him as a candidate for Member of the Board of Directors. </p>	33,000

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	<p data-bbox="196 562 405 651">Morio Komiya (November 5, 1950) (Reappointment)</p> <p data-bbox="196 685 405 775">Term of office as a Member of the Board of Directors: 6 years</p> <p data-bbox="196 808 405 898">Attendance of the meetings of the Board of Directors: (19/19)</p>	<p data-bbox="432 275 544 297">April 1973</p> <p data-bbox="432 309 544 331">October 2001</p> <p data-bbox="432 342 544 365">January 2005</p> <p data-bbox="432 376 544 398">April 2005</p> <p data-bbox="432 432 544 454">June 2006</p> <p data-bbox="432 488 544 510">June 2007</p> <p data-bbox="432 544 544 566">April 2009</p> <p data-bbox="432 600 544 622">June 2009</p> <p data-bbox="432 656 544 678">June 2011</p> <p data-bbox="432 689 544 712">April 2014</p> <p data-bbox="432 745 544 768">June 2014</p> <p data-bbox="432 801 544 824">June 2015</p> <p data-bbox="432 857 544 880">April 2016</p> <p data-bbox="432 1003 1299 1160">[Reasons for proposing him as a candidate for Member of the Board of Directors] We expect that the deep knowledge of <i>monozukuri</i> (manufacturing) he has acquired through his long-time engagement in the areas of quality and production will be useful for the management of the Company, a manufacturer. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p>	18,000

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
4	<p data-bbox="204 656 395 741">Keisuke Saito (August 18, 1959) (Reappointment)</p> <p data-bbox="204 779 411 864">Term of office as a Member of the Board of Directors: 5 years</p> <p data-bbox="204 902 411 987">Attendance of the meetings of the Board of Directors: (19/19)</p>	<p data-bbox="432 320 1284 376">April 1983 Joined the Ministry of International Trade and Industry (present Ministry of Economy, Trade and Industry)</p> <p data-bbox="432 383 1220 439">August 2002 General Manager, Beijing Office, Japan-China Economic Association</p> <p data-bbox="432 445 1230 530">September 2005 Director, Industrial Revitalization Division, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry</p> <p data-bbox="432 537 1257 622">July 2007 Director, Industrial Science and Technology Policy Division, Industrial Science and Technology Policy and Environment Bureau, ditto</p> <p data-bbox="432 629 1198 656">July 2008 Director, Finance Division, Minister's Secretariat, ditto</p> <p data-bbox="432 663 1284 748">July 2009 Director-General for Energy Conservation and Renewable Energy Department, Agency for Natural Resources and Energy, ditto</p> <p data-bbox="432 754 965 781">September 2010 Special Adviser of the Company</p> <p data-bbox="432 788 1278 873">June 2011 Member of the Board of Directors, Senior Managing Executive Officer, General Manager, Engineering Div. and General Manager, Corporate Planning Div.</p> <p data-bbox="432 880 1278 965">April 2014 Member of the Board of Directors, Senior Managing Executive Officer, in charge of legal affairs and information technology administration, General Manager, Engineering Div.</p> <p data-bbox="432 972 1278 1084">January 2016 Member of the Board of Directors, Senior Managing Executive Officer, in charge of Aircraft Components Div., in charge of Information Technology Administration, General Manager, Engineering Div. (current position)</p> <p data-bbox="432 1115 1294 1294">[Reasons for proposing him as a candidate for Member of the Board of Directors] We expect that his diverse experience in the Ministry of Economy, Trade and Industry and the deep knowledge he has cultivated in the areas of engineering, research and development in the Company will be useful for the management of the Company. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p>	18,000

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
5	<p>Takaaki Kato (June 12, 1957) (Reappointment)</p> <p>Term of office as a Member of the Board of Directors: 1 year</p> <p>Attendance of the meetings of the Board of Directors: (15/15)</p>	<p>April 1980 Joined The Fuji Bank, Limited (present Mizuho Bank, Ltd.) March 2005 General Manager, Hong Kong Branch, Mizuho Corporate Bank, Ltd.</p> <p>April 2008 Executive Officer, Mizuho Securities Co., Ltd. April 2009 Managing Executive Officer, ditto April 2011 Managing Executive Officer, ditto and Chairman, Mizuho Securities Asia Limited</p> <p>April 2013 Joined the Company, Managing Executive Officer, Deputy General Manager, Finance & Accounting Div. June 2014 Managing Executive Officer, General Manager, Finance & Accounting Div. April 2015 Senior Managing Executive Officer, General Manager, Finance & Accounting Div. June 2015 Member of the Board of Directors, Senior Managing Executive Officer, in charge of audit, in charge of CSR, General Manager, Finance & Accounting Div., General Manager, Corporate Planning Div. April 2016 Member of the Board of Directors, Senior Managing Executive Officer, General Manager, Finance & Accounting Div. (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] We expect that his deep knowledge of finance, accounting, and IR and wealth of international experience and insight will be useful for the management of the Company. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p>	6,000
6	<p>Rokurou Tsuruta (June 16, 1943) (Reappointment) (Candidate for Member of the Board of Directors (Outside)) (Independent Officer)</p> <p>Term of office as a Member of the Board of Directors: 1 year</p> <p>Attendance of the meetings of the Board of Directors: (12/15)</p>	<p>April 1970 Prosecutor, Tokyo District Public Prosecutors Office April 2005 Superintending Prosecutor, Nagoya High Public Prosecutors Office July 2006 Registered as an attorney (Daini Tokyo Bar Association) June 2007 Outside Director, TEIKOKU PISTON RING CO., LTD. (present TPR Co., Ltd.) (current position) September 2007 Outside Audit & Supervisory Board Member, J. FRONT RETAILING Co., Ltd. (current position) June 2012 Outside Corporate Auditor, Sumitomo Mitsui Financial Group, Inc. (current position) June 2015 Member of the Board of Directors (Outside) (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors (Outside)] In consideration of his expertise and experience as an attorney, we expect him to continue giving us useful opinions and recommendations to strengthen the internal control, compliance, etc. of the Company. Consequently, we reappoint him as a candidate for Member of the Board of Directors (Outside). Although he has not participated in corporate management other than as an outside director or outside audit & supervisory board member, we judge that he will duly perform his duties as an Member of the Board of Directors (Outside) for the abovementioned reasons.</p> <p>[Significant concurrent positions] Attorney and representative, Tsuruta Rokurou Law Office Outside Director, TPR Co., Ltd. Outside Audit & Supervisory Board Member, J. FRONT RETAILING Co., Ltd. Outside Corporate Auditor, Sumitomo Mitsui Financial Group, Inc.</p>	0

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
*7	Shuhei Shiozawa (September 19, 1955) (New appointment) (Candidate for Member of the Board of Directors (Outside)) (Independent Officer)	<p>April 1981 Assistant, Faculty of Economics, Keio University</p> <p>April 1987 Associate Professor, Faculty of Economics, Keio University</p> <p>April 1994 Professor, Faculty of Economics, Keio University (current position)</p> <p>January 2001 Director for International Economic Affairs, Cabinet Office</p> <p>October 2005 Dean, Faculty of Economics, Keio University</p> <p>March 2012 Member of the Board of Directors (Outside), Kenedix, Inc. (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors (Outside)]</p> <p>We expect him to give us useful opinions and recommendations on finance and CSR of the Company based on his wealth of knowledge and insight as a specialist in economics. Consequently, we appoint him as a candidate for Member of the Board of Directors(Outside).</p> <p>Although he has not participated in corporate management other than as an outside director or outside audit & supervisory board member, we judge that he will duly perform his duties as an Outside Director for the above mentioned reasons.</p> <p>[Significant concurrent positions]</p> <p>Professor, Faculty of Economics, Keio University</p> <p>Member of the Board of Directors (Outside), Kenedix, Inc.</p>	0

(Notes)

1. No conflict of interests exists between any of the above candidates and the Company.
2. The person with an asterisk (*) in the "No." column is a candidate for a new Member of the Board of Directors.
3. Mr. Rokuro Tsuruta and Mr. Shuhei Shiozawa are candidates for Members of the Board of Directors (Outside).
The Company has designated Mr. Rokuro Tsuruta as an independent officer under the rules of the Tokyo Stock Exchange.
If Mr. Shuhei Shiozawa assumes office as an Outside Director, the Company will register him as an independent officer under the rules of the Tokyo Stock Exchange as well as Mr. Rokuro Tsuruta.
4. Mr. Shuhei Shiozawa will assume office as a non-executive Member of the Board of Directors (Outside). The Company will enter into an agreement with him to limit his liability.
The outline of the agreement is as follows:
 - If a Member of the Board of Directors becomes liable to the Company for failure to perform his/her duties as a Member of the Board of Directors after the conclusion of this agreement, the maximum amount of his/her liability shall be twice the value of the annual property benefits that he/she has received or should receive from the Company as consideration for the execution of his/her duties during his/her term of office as calculated by the method provided in Article 113, Item 1 of the Ordinance for Enforcement of the Companies Act, and any amount in excess of the maximum amount shall be exempted from the liability, provided that the said Member of the Board of Directors has conducted his/her duties in good faith and without gross negligence.
5. The Company entered into an agreement with Mr. Rokuro Tsuruta to limit his liability under the same conditions detailed in 4. above when he assumed office in the previous year.

Proposal 4: Election of four (4) Audit & Supervisory Board Members

As the terms of office of all the four (4) Audit & Supervisory Board Members will expire at the conclusion of this meeting, we propose election of four (4) Audit & Supervisory Board Members.

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

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

No.	Name (Date of birth)	Career summary, positions at the Company and significant concurrent positions	Number of shares of the Company held
1	<p>Tomoo Akai (June 16, 1954) (Reappointment)</p> <p>Term of office of as an Audit & Supervisory Board Member: 5 years</p> <p>Attendance of the meetings of Audit & Supervisory Board: (29/29)</p>	<p>April 1979 Joined the Company April 2004 General Manager, Legal & Auditing Dept. April 2005 General Manager, Legal Affairs Dept. February 2006 General Manager, General Affairs & Personnel Administration Dept. June 2008 General Manager, Human Resources Div. June 2009 General Manager, Audit Dept. June 2011 Audit & Supervisory Board Member of the Company (Full time) (current position)</p> <p>[Reasons for proposing him as a candidate for Audit & Supervisory Board Member] We expect that the wealth of experience he has garnered through his engagement in internal audits and service as an audit & supervisory board member of Group companies will be useful for the auditing of the Company. Consequently, we reappoint him as a candidate for Audit & Supervisory Board Member.</p> <p>[Significant concurrent positions] None.</p> <p>[Conflicts of interest between the candidate and the Company] No conflicts of interest exist between Mr. Tomoo Akai and the Company.</p>	12,000
2	<p>Michio Tani (January 30, 1952) (Reappointment) (Candidate for Audit & Supervisory Board Member (Outside))</p> <p>Term of office of as an Audit & Supervisory Board Member: 5 years</p> <p>Attendance of the meetings of Audit & Supervisory Board: (29/29)</p>	<p>April 1975 Joined The Fuji Bank, Limited (present Mizuho Bank, Ltd.) August 2000 General Manager, Securitization Sales Dept., ditto April 2002 General Manager, Capital Market Dept., Mizuho Bank, Ltd. July 2002 General Manager, Securities IB Dept., ditto April 2003 Managing Executive Officer, Mizuho Securities Co., Ltd. and President, Mizuho Securities USA Inc. June 2006 Senior Executive Managing Officer, Hulic Co., Ltd. July 2010 Adviser, ditto June 2011 Audit & Supervisory Board Member of the Company (Full time) (current position)</p> <p>[Reasons for proposing him as a candidate for Audit & Supervisory Board Member (Outside)] We expect that he will continue to give us useful opinions and recommendations based on the knowhow and experience he acquired while serving in financial institutions and his considerable knowledge of finance and accounting overall. Consequently, we reappoint him as a candidate for Audit & Supervisory Board Member (Outside).</p> <p>[Significant concurrent positions] None.</p> <p>[Conflicts of interest between the candidate and the Company] No conflicts of interest exist between Mr. Michio Tani and the Company.</p>	7,000

No.	Name (Date of birth)	Career summary, positions at the Company and significant concurrent positions	Number of shares of the Company held
3	<p>Osamu Kawase (July 22, 1954) (Reappointment) (Candidate for Audit & Supervisory Board Member (Outside)) (Independent Officer)</p> <p>Term of office of as an Audit & Supervisory Board Member: 4 years</p> <p>Attendance of the meetings of Audit & Supervisory Board: (29/29)</p>	<p>April 1978 Joined The Yasuda Fire and Marine Insurance Co., Ltd. (present Sompo Japan Nipponkoa Insurance Inc.)</p> <p>April 2003 General Manager, 1st Osaka Corporate Business Dept., ditto</p> <p>April 2006 General Manager, 3rd Head Office Business Dept., ditto</p> <p>April 2009 Executive Officer, ditto, and General Manager, Sompo Japan Insurance (China) Co., Ltd.</p> <p>April 2011 Managing Executive Officer, Sompo Japan Insurance Inc. (in charge of China and Asia regions), ditto, and General Manager, Sompo Japan Insurance (China) Co., Ltd.</p> <p>June 2011 Managing Executive Officer, Sompo Japan Insurance Inc. (in charge of China and Asia regions), ditto and Managing Director, Sompo Japan Insurance (China) Co., Ltd.</p> <p>April 2012 Advisor, Sompo Japan Insurance Inc.</p> <p>June 2012 Audit & Supervisory Board Member of the Company (Full time) (current position)</p> <p>[Reasons for proposing him as a candidate for Audit & Supervisory Board Member (Outside)] We expect that he will continue to give us useful opinions and recommendations mainly from the viewpoint of operational auditing based on the knowledge and experience he acquired while serving in a non-life insurance company. Consequently, we propose him as a candidate for Audit & Supervisory Board Member (Outside).</p> <p>[Significant concurrent positions] None.</p> <p>[Conflicts of interest between the candidate and the Company] No conflicts of interest exist between Mr. Osamu Kawase and the Company.</p>	5,000
4	<p>Motoo Yamamoto (October 31, 1952) (Reappointment)</p> <p>Term of office of as an Audit & Supervisory Board Member: 1 year</p> <p>Attendance of the meetings of Audit & Supervisory Board: (23/23)</p>	<p>April 1977 Joined the Company</p> <p>April 2004 Deputy Executive Officer, Corporate Planning Dept.</p> <p>June 2005 General Manager, Operations Planning Dept., Related Business Operations</p> <p>June 2007 Member of the Board of Directors and General Manager, Administration Dept., Kayaba System Machinery Co., Ltd.</p> <p>June 2009 Managing Member of the Board of Directors and General Manager, Administration Dept., ditto</p> <p>April 2012 Member of the Board of Directors and Executive Vice President, KYB Trondule Co., Ltd.</p> <p>June 2015 Audit & Supervisory Board Member of the Company (Full time) (current position)</p> <p>[Reasons for proposing him as a candidate for Audit & Supervisory Board Member] We expect that the diverse experience he has garnered in the Company, including his involvement in corporate management of the Group companies, will be useful for the auditing of the Company. Consequently, we reappoint him as a candidate for Audit & Supervisory Board Member.</p> <p>[Significant concurrent positions] None.</p> <p>[Conflicts of interest between the candidate and the Company] No conflicts of interest exist between Mr. Motoo Yamamoto and the Company.</p>	10,000

(Notes)

1. Mr. Michio Tani and Mr. Osamu Kawase are candidates for Audit & Supervisory Board Members (Outside).
The Company has registered Mr. Osamu Kawase with the Tokyo Stock Exchange as an independent officer under the rules of the said exchange.
2. Liability limitation agreement with the candidates for Audit & Supervisory Board Members:
The Company has entered into agreements with the candidates for Audit & Supervisory Board Members to limit their liabilities effective from the previous fiscal year.
The outline of the agreement is as follows:
 - If an Audit & Supervisory Board Member becomes liable to the Company for failure to perform his/her duties as an Audit & Supervisory Board Member after conclusion of this agreement, the maximum amount of his/her liability shall be twice the total value of the annual property benefits that he/she has received or should receive from the Company as consideration for the execution of his/her duties during his/her term of office as calculated by the method provided in Article 113, Item 1 of the Ordinance for Enforcement of the Companies Act, and any amount in excess of the maximum amount shall be exempted from the liability, provided that the said Audit & Supervisory Board Member has conducted his/her duties in good faith and without gross negligence.

Proposal 5: Election of one (1) Substitute Audit & Supervisory Board Member

Mr. Atsushi Shigeta was elected as a Substitute Audit & Supervisory Board Member at the 93rd Ordinary General Meeting of Shareholders held on June 24, 2015 by its resolution effective until the commencement of this meeting. To prepare for any case where the number of Outside Audit & Supervisory Board Members becomes less than the number required by laws and regulations, we propose to elect one (1) Substitute Audit & Supervisory Board Member.

Such Substitute Audit & Supervisory Board Member will assume the office of Audit & Supervisory Board Member only if the number of Outside Audit & Supervisory Board Members becomes less than the number required by laws and regulations. His/her term of office shall be equal to the remaining term of office of his/her predecessor.

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

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

Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
Atsushi Shigeta (March 31, 1957) (Candidate for Substitute Audit & Supervisory Board Member (Outside))	March 2006 Executive Officer and General Manager, 7th Sales Dept., Mizuho Corporate Bank, Ltd. April 2008 Managing Executive Officer, ditto May 2010 Senior Managing Director, Tobu Department Store Co., Ltd. May 2011 Representative Senior Managing Director, ditto April 2013 Representative Director and President, ditto June 2015 Representative Director and President, Tobu Hotel Management Co., Ltd. (current position) March 2016 Part-time Audit & Supervisory Board Member, Tokyo Tatemono Real Estate Sales Co., Ltd. (current position)	0
	[Reasons for proposing him as a candidate for Substitute Audit & Supervisory Board Member (Outside)] We expect that he will give us useful opinions and recommendations to secure soundness of the auditing and corporate management of the Company based on his wealth of experience as a long-time corporate manager. Consequently, we appoint him as a candidate for Substitute Outside Audit & Supervisory Board Member. [Significant concurrent positions] Representative Director and President, Tobu Hotel Management Co., Ltd. Part-time Audit & Supervisory Board Member, Tokyo Tatemono Real Estate Sales Co., Ltd. [Conflicts of interest between the candidate and the Company] No conflicts of interest exist between Mr. Atsushi Shigeta and the Company.	

(Note) The liability limitation agreement with a Substitute Audit & Supervisory Board Member:

The Company has entered into an agreement with Mr. Shigeta Atsushi to limit his liability on condition that he is elected as Substitute Audit & Supervisory Board Member. The outline of the agreement is as follows:

- If an Audit & Supervisory Board Member becomes liable to the Company for failure to perform his/her duties as an Audit & Supervisory Board Member after the conclusion of this agreement, the maximum amount of his/her liability shall be twice the total value of the annual property benefits that he/she has received or should receive from the Company as consideration for the execution of his/her duties during his/her term of office as calculated by the method provided in Article 113, Item 1 of the Ordinance for Enforcement of the Companies Act, and any amount in excess of the maximum amount shall be exempted from the liability, provided that the said Audit & Supervisory Board Member has conducted his/her duties in good faith and without gross negligence.

Proposal 6: Renewal of Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

The Company introduced Countermeasures to Large-Scale Purchase of the Company's Shares ("Takeover Defense Measures") with the approval of the shareholder of the Company at the 85th Ordinary General Meeting of Shareholders held on June 26, 2007, and the most recent renewal of the Takeover Defense Measures took place pursuant to a resolution at the 91st Ordinary General Meeting of Shareholders held on June 25, 2013 (hereinafter, the "Present Plan"). However, the effective period of the Present Plan will expire at the conclusion of the 94th Ordinary General Meeting of Shareholders of the Company to be held in June 2016 (hereinafter, "this Shareholders' Meeting"). In an effort to ensure and enhance the Company's corporate value and ultimately shareholders' common interests for the medium and long terms, the Company has continued to review the approach to the Takeover Defense Measures since the renewal of the Present Plan, including the pros and cons of its continuation, in view of the changes of the social and economic situations, the various trends of takeover defense measures and the development of diverse discussions.

As a result, the Company decided at the Board of Directors' meeting held on May 17, 2016 to renew the Present Plan with partial amendments (hereinafter, the plan after the amendment is referred to as the "Plan") subject to the approval of the shareholders at this Shareholders' Meeting. The partial amendments shall be made with regard to the framework to avoid control over the Company's financial and business policy decisions by inappropriate entities in light of the Company's basic policy for entities who control the financial and business policy decisions of the Company, in accordance with Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act. We request the approval of the shareholders on this proposal.

The major amendments to the Plan from the Present Plan are a set of changes to the structure of the Independent Panel. The members of the Independent Panel shall be composed of Member of the Board of Directors (Outside) and Audit & Supervisory Board Member (Outside), as shown below. (Please see "3. Establishment of an Independent Panel" on Page 18 and the "Overview of the Independent Panel Rules" on Page 28)

Present Plan	The Plan
Outside Advisories and Audit & Supervisory Board Member (Outside)	Member of the Board of Directors (Outside) and Audit & Supervisory Board Member (Outside)

In addition, wording and expressions have been changed.

For details on the Plan, please refer to the attached document (the timely disclosure document announced as "Renewal of Countermeasures to the Large-scale Purchase of the Company's shares (Takeover Defense Measures)" dated May 17, 2016).

END

May 17, 2016

PRESS RELEASE

Company name: KYB Corporation
Representative: Yasusuke Nakajima
Representative Director,
President Executive Officer
(Securities code: 7242, TSE (First
Section))
Contact: Masaru Tsuboi
Executive Officer,
General Manager, Legal Affairs Dept.
(Tel: +81-3-3435-6460)

**Renewal of Countermeasures to Large-Scale Purchase of the Company's Shares
(Takeover Defense Measures)**

KYB Corporation (the "Company") introduced Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures) with the approval of the shareholder of the Company at the 85th Ordinary General Meeting of Shareholders held on June 26, 2007, and the most recent renewal of the Takeover Defense Measures took place pursuant to a resolution at the 91st Ordinary General Meeting of Shareholders held on June 25, 2013 (hereinafter, the "Present Plan"). However, the effective period of the Present Plan will expire at the conclusion of the 94th Ordinary General Meeting of Shareholders of the Company to be held in June 2016 (hereinafter, this "Shareholders' Meeting"). In an effort to ensure and enhance the Company's corporate value and ultimately shareholders' common interests for the medium and long terms, the Company has continued to review the approach to the Takeover Defense Measures since the renewal of the Present Plan, including the pros and cons of its continuation, in view of the changes of the social and economic situations, the various trends of takeover defense measures and the development of diverse discussions.

As a result, the Company decided at the Board of Directors' meeting held today to renew the Present Plan with partial amendments (hereinafter, the plan after the amendment is referred to as the "Plan") subject to the approval of the shareholders at this Shareholders' Meeting. The partial amendments shall be made with regard to the framework to avoid control over the Company's financial and business policy decisions by inappropriate entities in light of the Company's basic policy for entities who control the financial and business policy decisions of the Company (hereinafter, "the Basic Policy on the Control of the Company"), in accordance with Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act.

The major amendments to the Plan from the Present Plan are a set of changes to the structure of the Independent Panel. The Independent Panel, which has been composed of outside Advisories and Audit & Supervisory Board Members (Outside) in the Present Plan, shall be composed of Members of the Board of Directors (Outside) and Audit & Supervisory Board Members (Outside) in the Plan. In addition, wording and expressions have been modified and streamlined as necessary.

All of the Auditors attended the Board of Directors' meeting that determined the Plan, and none of them expressed objections to the Plan.

The status of the Company's shares as of March 31, 2016 is as per Exhibit 1. For your information, no approach or proposal for a large-scale purchase of the Company's shares has been made as of today.

I. Basic Policy on the Control of the Company

As a listed company, we consider that the shares of the Company, can be freely traded by shareholders and investors, and that any proposal for a large-scale purchase of the Company's shares or similar actions shall not be denied out of hand and shall ultimately be judged by the free opinions of shareholders.

However, the Japanese capital market once showed a trend of large-scale purchases of shares or similar actions being forced on target corporations unilaterally without the consent of the management of the target corporations. We cannot deny that such actions may possibly be forced on the Company in the future.

We believe that a person who controls the financial and business policy decisions of the Company should be a person who fully understands the management principles, the various sources of the corporate value of the Company, and the Company's relationship of confidence with the stakeholders supporting the Company, and works to ensure and enhance the Company's corporate value and shareholders' common interests for the medium and long terms. Therefore, we consider that any person who may impair the Company's corporate value and shareholders' common interests by an inappropriate proposal for a large-scale purchase or similar actions is inappropriate as an entity that controls the financial and business policy decisions of the Company.

II. Effective Use of the Company's Assets, Formation of an Appropriate Business Group, and Other Special Efforts to Contribute to the Realization of the Basic Policy

The Company implements the following measures in an effort to ensure and enhance the Company's corporate value and shareholders' common interests for the medium and long terms, in order to have many investors continually invest in the Company for the long term. We believe that this effort will contribute to the realization of the Basic Policy on the Control of the Company described in I. above.

1. Efforts to Enhance Corporate Value under the "Medium-Term Business Plan"

The Company has set a medium-term business plan for fiscal years 2014 to 2016 under the slogan: "Compete and Win on the Global State with the Power of the KYB Group"

In this plan, we will move and act in order to guide forward the Company towards significant growth in the 100th anniversary, starting from the 80th anniversary as the turning point based on the following:

- (1) AC (Automotive Components) Operations
Acquire customers and expand aftermarket business worldwide through development at the 5 global points (Japan, Europe, China, ASEAN, and North America)
- (2) HC (Hydraulic Components) Operations
Expand aircraft components, agricultural machinery, railroad instruments, etc. and ensure cost competitiveness in hydraulic products for construction machinery
- (3) Human Resources Development
Acquire and develop human assets that can support KYB's global growth strategy and develop management personnel
- (4) Technology and Product Development
Strengthen product development systems based on each market's needs and develop related new technologies
- (5) *Monozukuri* (manufacturing expertise)
Boost group-wide productivity and reduce international logistics costs by expanding development of our lead-time-halving activities overseas and to our clients
- (6) Management
Improve regional controlling function in Europe, China, and the US

2. Basic Concept for Corporate Governance

The Company aims at sustainable and stable growth and enhancement of corporate value with its mission of contributing to society including the development of its stakeholders based on the following management principles:

<Management Principles>

"By serving technologies and products that make people's life safe and comfortable, KYB Group dedicates to the society."

1. We shall build a corporate culture full of vitality, and hold high goals.
2. We shall value sincerity, cherish nature, care for the environment.

3. We shall constantly pursue creativity, contribute to the prosperity of customers, shareholders, suppliers and society.

In order to fulfill the corporate social responsibility as to contribution to the society as well as to meet shareholders' expectations through realization of sustainable and stable growth and the increase of corporate value, we pursue a speedy and efficient management structure, a highly fair and transparent management supervisory function, and continuous efforts to strengthen and enhance our corporate governance by the following basic policies.

<Basic Policies>

1. We shall respect the rights of shareholders, and ensure the equal and fair treatment of all shareholders.
2. We shall take the benefits of stakeholders into consideration and endeavor to appropriately cooperate with those stakeholders.
3. We shall disclose not only the information in compliance with the relevant laws and regulations, but also actively provide the important and/or useful information to stakeholders for their well-informed decision making.
4. The Board of Directors shall be cognizant of its fiduciary responsibility and accountability to shareholders, and shall appropriately fulfill its roles and responsibilities in order to promote sustainable and stable corporate growth and increase corporate value, profitability, and capital efficiency.
5. We shall engage in constructive dialogue with shareholders, and make efforts to obtain shareholders' support regarding the Company's Business Policies and also reflect shareholders' opinions and concerns in the improvement of management.

In addition, the Company works on the following matters:

- i) We have developed the "Corporate Guiding Principle" as a set of rules for officers and employees to observe in their corporate activities and are striving for legal compliance and the establishment of corporate ethics. We have developed an internal whistle-blowing system (prompt report & box for opinion and/or claim) for all of the Group companies and have established an exclusive whistle-blowing and consultancy contact to ensure full compliance with the Whistleblower Protection Act.
- ii) The Company has adopted a "Company with Board of Company Auditors" System. The Board of Directors' meeting of the Company is held once a month, in principle (attended by Auditors every time), and proactively discusses matters to be discussed as stipulated in the "Board of Directors Regulations." The Company ensures the transparency and fairness of audits by including two outside Auditors in the Board of Company Auditors.

III. Contents of the Plan (Efforts to avoid Control over Financial and Business Policy Decisions by Inappropriate Entities in Light of the Basic Policy on the Control of the Company)

1. Purpose of Introduction of the Plan

For the management of the Company, aiming to enhance or ensure corporate value and shareholders' common interests for the medium and long terms, a wide range of know-how, a wealth of experience, and a full understanding of the relationships constructed with stakeholders such as customers, employees and clients etc. are indispensable. Without a full understanding of the business characteristics of the Company, shareholders will not be able to appropriately judge the shareholder value which may be realized in the future. Upon a sudden execution of a large-scale purchase, shareholders are obliged to promptly and appropriately judge whether the purchase price offered by those conducting the large-scale purchase is reasonable in comparison with the Company's corporate value and shareholders' common interests. For this judgment, it is essential for shareholders to be provided necessary and sufficient information from both the Board of Directors of the Company and the large-scale purchaser. The concept of the management policy and business plan which the large-scale purchaser may pursue when joining the management of the Company is an important piece of information for shareholders to study when they intend to continue holding the shares of the Company. The opinions of the Board of Directors of the Company about the said large-scale purchase will be similarly important for shareholders.

Considering the above, the Board of Directors of the Company reached the conclusion that, upon a large-scale purchase, the large-scale purchaser should provide necessary and sufficient information on the large-scale purchase in advance to allow shareholders to appropriately judge the large-scale purchase. After this information is provided, the Board of Directors of the Company will announce its opinion on the large-scale purchase based on careful examinations and the advice of external experts (financial advisors, certified public accountants, lawyers, consultants and other experts) as necessary. The Board of Directors will

negotiate for improvement of conditions for the large-scale purchase and propose an alternative plan to shareholders as necessary. Through this process, shareholders will be able to examine both the proposal of the large-scale purchaser and an alternative plan proposed by the Board of Directors of the Company, if any, by referring to the opinions of the Board of Directors of the Company. Thus, the shareholders will be given the necessary information and opportunity to make a final decision.

Accordingly, the Board of Directors of the Company considers that a large-scale purchase conducted based on a certain rational guideline will be conducive to the Company's aim to enhance or ensure the Company's corporate value and shareholders' common interests over the medium and long terms. The Company decided to establish a guideline on the information to be provided in the case of a large-scale purchase, as described below (hereinafter, the "Large-scale Acquisitions Rule"), and to renew the Present Plan with partial amendments, namely, the Plan (please see the flow chart in Exhibit 2), subject to the approval of the shareholders at this Shareholders' Meeting, as Takeover Defense Measures including the Company's policy toward large-scale purchases, in an effort to avoid control over financial and business policy decisions by inappropriate entities who attempt a large-scale purchase, in light of the Basic Policy on the Control of the Company described in I. above.

2. Purchase of the Company's Shares Subject to the Plan

"Purchase of the Company's Shares subject to the Plan" shall mean an act, with the intention of bringing the specified shareholder group's (Note 1) proportion of voting rights (Note 2) to 20% or more, of purchasing share certificates, etc. of the Company (Note 3), or the act of purchasing share certificates, etc. of the Company resulting in the specified shareholder group's proportion of voting rights of 20% or more (regardless of specific purchase methods such as market transaction or tender offer, and excluding a purchase previously approved by the Board of Directors, in both acts; hereinafter, such a purchase is referred to as a "large-scale purchase" and a person who conducts such a purchase is referred to as a "Large-scale Purchaser.")

Note 1: Specified shareholder group means:

- (i) Holders (meaning those who are included among the holders based on Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act (including those recognized to apply by the Board of Directors of the Company); hereinafter the same shall apply.) of the share certificates, etc. (share certificates, etc. provided in Article 27-23, Paragraph 1 of the same Act) of the Company and joint holders (joint holders provided in Article 27-23, Paragraph 5 of the same Act and including those deemed as joint holders based on Paragraph 6 of the same Article; hereinafter the same shall apply) thereof or,
- (ii) those who conduct purchase, etc. (purchase, etc. provided in Article 27-2, Paragraph 1 of the same Act and including transactions in the Financial Instruments Exchange Markets) of share certificates, etc. (including share certificates, etc. provided in Article 27-2, Paragraph 1 of the same Act) of the Company and persons in special relationships (persons in special relationships provided in Article 27-2, Paragraph 7 of the same Act; hereinafter the same shall apply).

Note 2: Proportion of voting rights means:

- (i) If the specified shareholder group corresponds to (i) of Note 1, the holding ratio of the share certificates, etc. (the holding ratio of the share certificates, etc. provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. In this case, the number of share certificates, etc. held by the joint holders of such holders (the number of share certificates, etc. provided in the same Paragraph) shall be added. In the calculation of such holding ratio of share certificates, etc., persons in special relationships defined in Article 27-2, Paragraph 7 of the same Act, financial institutions who have concluded financial advisor contracts with the Large-scale Purchasers such as investment banks and securities firms, and agents of tender offeror and brokerage lead managers of the Large-scale Purchasers shall be deemed to be joint holders of the Large-scale Purchasers) of such holders or,
- (ii) if the specified shareholder group corresponds to (ii) of Note 1, the total of the holding ratio of the share certificates, etc. of such purchasers and persons in special relationships (the holding ratio of share certificates, etc. provided in Article 27-2, Paragraph 8 of the same Act).

In calculating the proportion of voting rights, the total amount of voting rights and outstanding shares stated in the most recently submitted annual securities report, semi-annual securities report, or share buyback report may be used.

Note 3: Share certificates, etc. shall correspond to either share certificates, etc. provided in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act or share certificates, etc. provided in Article 27-2, Paragraph 1 of the same Act.

3. Establishment of Independent Panel

The Board of Directors of the Company will make the final judgment on whether or not a series of procedures has been taken according to the Large-scale Purchase Rule, or, even if the Large-scale Purchase Rule is observed, whether or not countermeasures against the large-scale purchase should be taken because the said large-scale purchase is expected to severely undermine the Company's corporate value and shareholders' common interests. In order to implement the Plan appropriately and prevent an arbitrary decision by the Board of Directors of the Company, so as to secure objectivity and rationality of the decision, we will establish an Independent Panel similar to the Present Plan (for an overview of the Independent Panel Regulations, please see Exhibit 3). The number of panel members of the Independent Panel shall be three (3) or greater, and in order to enable fair and neutral judgment, the panel members shall be elected from among Member of the Board of Directors (Outside) and Audit & Supervisory Board Member (Outside) of the Company who are independent from the management responsible for business execution. Mr. Osamu Kawase, an Audit & Supervisory Board Member (Outside) and current member of the Independent Panel, will remain in office after the implementation of the Plan, and Member of the Board of Directors (Outside) Mr. Rokuro Tsuruta and Mr. Shuhei Shiozawa will become new members of the Independent Panel (please see Exhibit 4 for their brief career history).

Before implementing the countermeasures, the Board of Directors of the Company shall consult with the Independent Panel on whether or not to do so. The Independent Panel shall recommend to the Board of Directors of the Company whether or not the situation allows the Board of Directors of the Company to implement the countermeasures, after careful evaluation and examination of the large-scale purchase from the viewpoint of ensuring and enhancing the Company's corporate value and shareholders' common interests for the medium and long terms. The Board of Directors of the Company shall decide on the implementation of the countermeasures with utmost respect to the recommendations of the Independent Panel. An outline of the recommendations of the Independent Panel shall be announced as needed.

In order to ensure that the judgment of the Independent Panel will contribute to the Company's corporate value and shareholders' common interests, the Independent Panel may obtain advice from independent third-party experts (financial advisors, certified public accountants, lawyers, consultants, and other experts) at the expense of the Company, as needed.

4. Overview of the Large-scale Purchase Rule

(1) Submission of the Letter of Intent by the Large-scale Purchaser to the Company in advance

Prior to conducting a large-scale purchase or the proposal of a large-scale purchase, Large-scale Purchasers who intend to conduct the large-scale purchase must first submit to the Representative Director of the Company a pledge on observance with the Large-scale Purchase Rule, along with a Letter of Intent written in Japanese language, including the following information:

- (i) Name and address of the Large-scale Purchaser
- (ii) Governing law for incorporation
- (iii) Name of the representative
- (iv) Contact in Japan
- (v) Outline of the large-scale purchase to be proposed and such

In case of receipt of the Letter of Intent from a Large-scale Purchaser, the Board of Directors of the Company shall promptly announce its receipt and, if deemed necessary, its contents.

(2) Provision of Necessary Information by the Large-scale Purchaser

Within ten (10) business days from the day following the day of receipt of a complete Letter of Intent (including all of items (i) through (v) of (1) above), the Board of Directors of the Company shall issue to the Large-scale Purchaser a written document describing the documentation required to be submitted to the Board of Directors of the Company as information on the large-scale purchase, and, in accordance with this written document, the Large-scale Purchaser must submit to the Board of Directors of the Company the required information in writing on the large-scale purchase (hereinafter, "the Necessary Information"). Further, provision of the Necessary Information based on the Large-scale Purchase Rule and other notices or communication to the Company, Japanese should be the only language to be used.

The Necessary Information usually includes the items below. Specific contents of the Necessary

Information may differ according to the attributes of the Large-scale Purchaser and purpose and contents of the large-scale purchase. In any case, the Necessary Information must be limited to a range necessary and sufficient to allow the shareholders to form judgments and allow the Board of Directors of the Company to construct opinions.

- (i) Details (specific name, investment ratio, contents of business, career or corporate history, capital composition, financial status, total number of outstanding shares, existence of any legal violations over the past 10 year period (if any, an outline), number of the Company's shares held, history of buying and selling the Company's shares; name, brief history, number of shares held, and existence of any legal violations in the past (if any, an outline), number(s) of the Company's shares held and history of buying and selling the Company's shares with regard to officers) of the Large-scale Purchaser and its group (including major shareholders or investors, principal subsidiaries and affiliates, joint holders, and persons in special relationships; and, in a case where the Large-scale Purchaser is a fund or entity invested by funds, its principal partners, investors (whether direct or indirect), other constituent members, executive partners, and persons who continually provide advice on investment; hereinafter, the same shall apply).
- (ii) Specific contents of the internal control system of the Large-scale Purchaser and its group and the effectiveness and status thereof.
- (iii) Purpose (specific contents of the purpose disclosed in the Letter of Intent), method and contents (including the price and class of consideration (in a case where securities, etc. are used as consideration, the class and exchange rate of the said securities, etc.; in a case where securities, etc. and money are used as consideration, the class and exchange rate of the said securities, etc. and amount of money), timing of the purchase, structure of related transactions, legality of the method of the large-scale purchase, feasibility of the large-scale purchase and related transactions, and, in a case where the Company's shares will be delisted after the completion of the large-scale purchase, the extent and the reason thereof; to be submitted together with the written opinion of a qualified lawyer on the legality of the method of the large-scale purchase).
- (iv) Basis for calculating the price of the large-scale purchase (the basis for calculation includes: the specific calculation base; in a case where the money for consideration differs from the market price and/or from the price of the transaction conducted recently by the Large-scale Purchaser, the amount of difference, the calculation method, the specific contents of basis for conversion in case of any difference in purchase price according to class of shares, numerical information used for the calculation, the details of synergy expected to arise through the series of transactions regarding the purchase, etc., and the dis-synergy amount and basis for calculating the same; and in a case where an opinion is obtained from a third party for calculation, the name of the said third party and an outline of the opinion and specific circumstances in which the price was determined based on the said opinion).
- (v) Existence of any communication of intent with a third party on the large-scale purchase (including communication of intent to act of making important decision, etc. ("Act of Making Important Decision" provided in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act) to the Company) and, if such communication of intent exists, the specific situation and contents of the communication of intent.
- (vi) Source of funds for the Large-scale Purchase (balance of a deposit by class of deposit in the case of a deposit, the specific name and type of business of the fund provider (including the substantial fund provider (whether direct or indirect)), the procurement method, the amount to be procured, the existence of any conditions pertaining to the execution of the funding, the existence of any collateral and pledge after the provision of the funding, the contents of the collateral and pledge, if any, and the contents of related transactions.).
- (vii) If there are any existing lease agreements, collateral agreements, reselling agreements, agreements to purchase with a promise, or other significant contracts or agreements regarding the Company's shares already held by the Large-scale Purchaser (hereinafter, the "collateral agreements, etc."), the specific contents of the collateral agreements, etc., such as the types of agreement, the counterparties of the agreements, and the quantities, etc. of shares subject to the agreements.
- (viii) In a case where the Large-scale Purchaser plans to conclude collateral agreements, etc. or other agreements with third parties regarding the Company's shares that the Large-scale Purchaser plans to obtain in the large-scale purchase, the specific contents of the collateral agreements, etc. or other agreements with third parties, including the types of agreement, the counterparties of the agreements, and the quantities of shares subject to the agreements.
- (ix) Candidates for officers (including information about their experience in the same kind of business as that of the Company and the Group), management policy, business plan, financial plan, cash plan, investment plan, capital policy, and dividend policy of the Company and the Group (including plans

for organization restructuring, reorganization of the business group, dissolution, selling of the assets of the Company, provision of collateral and other disposition, expected after the completion of the large-scale purchase).

- (x) Whether or not there will be any changes in the relationships with the customers, clients, employees, officers, or local public organizations in the locations where the Company's laboratories, factories, or other facilities are located, or the relationships with other interested parties related to the Company and the Group, and if so, the contents of the changes.
- (xi) In a case where the large-scale purchase is conducted for the purpose of pure investment or investment for other purpose than profits, the shareholding policy, purchase and sale policy, and policy of exercising voting rights after the large-scale purchase and the reasons for those policies, and in a case where the large-scale purchase is conducted as non-pure investment for the purpose of long-term capital tie-up, the necessity thereof.
- (xii) In a case where the purpose of the large-scale purchase is to conduct an Act of Making Important Decision or a case where an Act of Making Important Decision may possibly be made after the large-scale purchase, information on the purpose, contents, necessity, and timing of the Act of Making Important Decision and on the specific case or cases where the Acts of Important Decision will be made.
- (xiii) In a case where an additional purchase of the Company's shares is intended after the large-scale purchase, the reasons and contents thereof.
- (xiv) Regulatory items that will possibly apply to the large-scale purchase based on laws and regulations in Japan and abroad, and the probability of obtaining approvals, permissions or authorizations required from the relevant governments in Japan and abroad or from third parties based on the anti-monopoly law and other laws and regulations (to be submitted together with a written opinion of a qualified lawyer on these matters).
- (xv) The probability that permissions and authorizations necessary in Japan and abroad for the management of the Company group will be maintained, and the probability that the various relevant laws and regulations in Japan and abroad will be observed after the completion of the large-scale purchase.
- (xvi) Existence of any relationship (whether direct or indirect) with anti-social forces or terrorism-related organizations, and, if any, the details of such relationship and any existing policy to deal with them.
- (xvii) Other matters deemed to be reasonably necessary by the Board of Directors of the Company or the Independent Panel.

The Board of Directors of the Company may establish a time-limit on the provision of information by the Large-scale Purchaser, as needed, from the viewpoint of prompt implementation of the Large-scale Purchase Rule. If, however the Large-scale Purchaser requests an extension based on rational grounds, the Board of Directors of the Company may extend it.

If the information provided initially is considered to be insufficient after careful examination, the Board of Directors of the Company may continue to request the Large-scale Purchaser additional information until the Necessary Information is collected, within a reasonable time-limit, if needed.

If the Board of Directors of the Company considers that all of the Necessary Information has been provided by the Large-scale Purchaser, the Board of Directors of the Company shall notify the Large-scale Purchaser to that effect, provide the Necessary Information to the Independent Panel, and announce the same.

If, despite the request by the Board of Directors of the Company for additional provision of the Necessary Information, the Large-scale Purchaser reasonably explains any difficulty entailed in providing a portion of the additional information, the Board of Directors of the Company may start the evaluation and examination as described in (3) hereinafter, even though the Necessary Information requested by the Board of Directors of the Company has not been fully collected.

The Necessary Information provided to the Board of Directors of the Company shall be provided to the Independent Panel, and, if it is deemed necessary for shareholders to make judgment, the Necessary Information shall be announced in full or in part at the point the Board of Directors of the Company considers it appropriate.

(3) Evaluation and examination, etc. by the Board of Directors

In accordance with the difficulty of evaluation, etc. of the large-scale purchase, the Board of Directors of the Company will establish a time span for the evaluation, examination, negotiations, formation of opinions, and preparation of an alternative plan by the Board of Directors of the Company (hereinafter, the "BOD's Evaluation Period"), of up to a maximum of 60 days in the case of a purchase of all of the Company's shares by tender offer with only cash (JPY currency) as consideration, or a maximum of 90 days in other cases of large-scale purchase, after the Large-scale Purchaser has provided all of the Necessary Information to the

Board of Directors of the Company. Therefore, the large-scale purchase shall start only after the elapse of the BOD's Evaluation Period.

During the BOD's Evaluation Period, the Board of Directors of the Company will carefully form an opinion of the Board of Directors of the Company, paying utmost respect to the recommendations of the Independent Panel, after fully evaluating and examining the Necessary Information and receiving any necessary advice from independent external experts (financial advisors, certified public accountants, lawyers, consultants and other specialists), and announce such opinion. The Board of Directors of the Company may also negotiate with the Large-scale Purchaser for improvement of the conditions of the large-scale purchase and propose an alternative plan to the shareholders, as needed.

5. Policy toward Large-scale Purchase

(1) Case where the Large-scale Purchaser Observes the Large-scale Purchase Rule

If the Large-scale Purchaser observes the Large-scale Purchase Rule, the Board of Directors of the Company will limit its attempts to persuade the shareholders by presenting objections against the proposed large-scale purchase and the proposal of an alternative plan, and, in principle, will not take countermeasures against the large-scale purchase. The shareholders will judge whether or not to accept the Large-scale Purchaser's proposal by considering the proposal of the large-scale purchase, opinions on the proposal and the alternative plan submitted by the Company, if any.

Even in the case where the Large-scale Purchase Rule is observed, the Board of Directors of the Company may exceptionally take countermeasures that can be legitimately taken under the provisions of the Companies Act or other laws or the Articles of Incorporation of the Company, such as the allotment of share options without contribution, in compliance with duty of due care of prudent manager, if the Board of Directors of the Company decides that the said large-scale purchase corresponds to any of the cases (i) to (ix) below, for example, and would result in a serious impairment of the Company's corporate value and shareholders' common interests, such as an irreparable damage to the Company.

Such specific method to be taken shall be one that the Board of Directors of the Company judges as most appropriate at such time. Exhibit 5 presents an outline of the allotment of share options without contribution that the Board of Directors of the Company may, for example, select as a countermeasure. If an allotment of share options without contribution is actually conducted, conditions may be established in consideration of the effectiveness of the allotment as a countermeasure, such as the addition of a condition for the exercise of share option whereby those who exercise share option should not belong to the specified shareholder group including the Large-scale Purchaser, or a condition for acquisition whereby the Company will acquire share option from those entitled to receive share option in exchange for the Company's shares.

- (i) The share purchase conducted without any real intention to join the management of the Company, but rather to require the parties concerned with the Company to purchase the share certificates at an inflated price (so-called "green mailer" case).
- (ii) The share purchase conducted for the purpose of so-called "scorched earth management," whereby the intellectual property rights, know-how, confidential corporate information, principal clients and customers necessary for business management of the Company are transferred to the Large-scale Purchaser and its group companies through a temporary gain of control of the management of the Company.
- (iii) The share purchase conducted for the expected appropriation of the assets of the Company as collateral for the debt of the Large-scale Purchaser and its group companies and resource for liquidation after the Large-scale Purchaser takes control of the management of the Company.
- (iv) The share purchase conducted for the purpose of gaining temporary control of the management of the Company in order to sell or dispose of high-value assets such as real estate and securities with no immediate relation to the business of the Company and to pay a one-time high dividend with the proceeds from such disposals, or to sell the Company's shares at a high price by taking advantage of the sharp rise in the share price due to such a one-time high dividend.
- (v) The method proposed by the Large-scale Purchaser for the purchase of the Company's shares is deemed to restrict the shareholders' opportunity or discretion to judge, as in the case of a so-called "Coercive Two-Tiered Takeovers" (the Large-scale Purchaser initially effects a tender offer or another method of purchase by not targeting all of the Company's shares and setting conditions for a second tiered purchase that are unfavorable or equivocal for shareholders), and practically coerce shareholders to sell their Company's shares.
- (vi) The conditions of purchase of the Company's shares proposed by the Large-scale Purchaser (including but not limited to the class and amount of consideration, the basis for calculating such amount, any

other specific details of the conditions, any illegality, and feasibility) are considered to be remarkably insufficient or inappropriate in light of the Company's corporate value, by which the Company's corporate value and shareholders' common interests will be severely undermined.

- (vii) The acquisition of control by the Large-scale Purchaser is considered to destroy the Company's relationships with customers, employees, local society, or other parties of interest, by which the Company's corporate value and shareholders' common interests will be severely undermined.
- (viii) The corporate value of the Company in a case where the Large-scale Purchaser acquires control is considered to be obviously inferior to that in a case where the said Large-scale Purchaser does not acquire control on a medium and long-term basis, by which the Company's corporate value and shareholders' common interests will be severely undermined.
- (ix) The Large-scale Purchaser is considered to be inappropriate as a controlling shareholder of the Company from the viewpoint of public order and good morals in such a case where the management, principal shareholders, or investors of the Large-scale Purchaser include persons related with anti-social forces or terrorism-related organizations, by which the Company's corporate value and shareholders' common interests will be severely undermined.

If the countermeasures are judged to be implemented exceptionally as above, the Board of Directors of the Company shall consult with the Independent Panel on whether or not to implement the countermeasures in advance, and the Independent Panel shall make recommendations within the BOD's Evaluation Period of 4. (3) above after full examination of the necessity and reasonableness of its implementation, in order to secure the objectivity and rationality of the judgment.

In respect of implementing countermeasures, the Board of Directors of the Company may undertake procedures to confirm the will of the shareholders if the Independent Panel recommends to the Board of Directors of the Company that the will of the shareholders be confirmed, or, even in a case where no such recommendation is made, if the Board of Directors of the Company considers it appropriate to confirm the will of shareholders.

The Board of Directors of the Company shall decide whether or not to implement the countermeasures with the utmost respect to the recommendations of the Independent Panel and intent of the shareholders.

(2) Case where the Large-scale Purchaser Does Not Observe the Large-scale Purchase Rule

If the Large-scale Purchaser does not observe the Large-scale Purchase Rule, the Board of Directors of the Company may act against the large-scale purchase by taking the countermeasures mentioned in (1) above for the purpose of protecting the Company's corporate value and shareholders' common interests, irrespective of the specific method of purchase. Upon deciding the implementation of countermeasures, the Board of Directors of the Company shall judge whether or not to implement the countermeasures with the utmost respect to the recommendations of the Independent Panel, after full examination of the necessity and reasonableness of the countermeasures.

(3) Suspension, etc. of Implementation of the Countermeasures

If the Board of Directors of the Company considers that the implementation of the countermeasures is inappropriate in cases such as where the said Large-scale Purchaser revokes or changes the large-scale purchase after the Board of Directors of the Company decides to implement the countermeasures in cases (1) or (2) above, the said countermeasures may be suspended with due consideration of the opinion or recommendation of the Independent Panel. If the Board of Directors of the Company considers that the implementation of the countermeasures is inappropriate in response to the revocation or changes of the large-scale purchase by the Large-scale Purchaser after the shareholders entitled to the share option in the case of an allotment of share option without contribution is fixed, for example, the implementation of the countermeasures may be suspended at the recommendation of the Independent Panel, by cancelling the said allotment of share option without contribution during the period until the day preceding the effective date of the allotment. After the allotment of share option without contribution, the Company shall acquire without compensation the said share option during the period until the day preceding the commencement of the exercise period of the said share option (the shareholders will lose the share option due to the acquisition of the share option by the Company).

Such suspension of the implementation of the countermeasures will be disclosed in a timely and appropriate manner together with the matters that the Independent Panel considers to be necessary, in accordance with laws, regulations and the regulations of the financial instruments exchange on which the Company is listed.

6. Impact, etc. of the Plan on Shareholders and Investors

(1) Impact, etc. of the Large-scale Purchase Rule on Shareholders and Investors

The Large-scale Purchase Rule in the Plan aims to ensure opportunities to provide the shareholders with information and the opinions of the Board of Directors of the Company, the body actually responsible for the management of the Company, as necessary to enable shareholders to judge whether or not to accept the large-scale purchase and to enable the Board of Directors of the Company to submit an alternative plan to the shareholders. Accordingly, the shareholders will be able to appropriately judge whether or not to accept the large-scale purchase based on sufficient information, which in turn will protect the Company's corporate value and shareholders' common interests. The establishment of the Large-scale Purchase Rule is a premise for shareholders and investors to make appropriate judgments on investment, and contributes to their benefit.

As mentioned in 5. above, the policy of the Company toward the large-scale purchase differs subject to whether or not the Large-scale Purchaser observes the Large-scale Purchase Rule. Shareholders and investors are requested to watch the trend of Large-scale Purchasers.

(2) Impact on Shareholders and Investors by Implementation of Countermeasures

The decision by the Board of Directors of the Company on taking specific countermeasures as described in 5. above for the purpose of protecting the Company's corporate value and shareholders' common interests shall be disclosed in a timely and appropriate manner in accordance with laws, regulations and the regulations of the financial instruments exchange on which the Company is listed.

A situation where the shareholders other than the Specified shareholder group including a Large-scale Purchaser suffer any special loss in their legal right or economic aspects is not assumed at the time of implementation of countermeasures. In a case where the allotment of share option without contribution is conducted as a countermeasure, for example, shareholders as of the allotment date will be allotted the share option without contribution according to the number of shares held. If the Company afterwards takes procedures to acquire the share option with the acquisition provision attached, shareholders other than the specified shareholder group including the Large-scale Purchaser will not be specially prejudiced, because they will receive the Company's shares as consideration for acquisition of the said share option by the Company.

In a case where the Company cancels the issue of the said share option or acquires without compensation the share option issued according to the decision of the Board of Directors of the Company following the recommendations of the Independent Panel (the shareholders will lose the share option due to the purchase of share option without contribution by the Company), shareholders or investors who have conducted transactions on the assumption that the value of the Company's shares would be diluted may possibly suffer a corresponding loss due to the change of the share price.

The specified shareholder group including the Large-scale Purchaser may possibly be prejudiced in their legal right or economic aspects as a result of the implementation of countermeasures in a case where they do not observe the Large-scale Purchase Rule or even in a case where they observe the Large-scale Purchase Rule but the said large-scale purchase is nonetheless considered to severely undermine the Company's corporate value and shareholders' common interests. The Plan is announced in order to promote awareness in advance so that a Large-scale Purchaser will not violate the Large-scale Purchase Rule.

(3) Procedures Required for Shareholders on the Implementation of Countermeasures

In a case where allotment of share option without contribution, for example, is conducted, shareholders as of the allotment date receive the said allotment of the share option without applying for acceptance of such option, and in a case where the Company takes procedures to acquire the share option with the acquisition provision, shareholders will receive the Company's shares as consideration for the acquisition of the share option by the Company without paying an amount corresponding to the exercise price of the share option. Therefore, no procedures of application or payment with respect to the share option are required. In this case, however, the Company may separately request the shareholders who will receive the allotment of the share option to submit a written document in the form designated by the Company, pledging that the shareholders do not belong to the specified shareholder group including the Large-scale Purchaser.

Details of these procedures shall be disclosed in a timely and appropriate manner in accordance with the laws, regulations and the regulations of the financial instruments exchange on which the Company is listed, when the allotment of share option without contribution is actually conducted.

7. Commencement, Effective Period, Renewal, and Abolition of the Plan

The Plan takes effect from the day when it is approved at this Shareholders' Meeting and shall remain in effect from the conclusion of this Shareholders' Meeting to the conclusion of the 97th Ordinary General Meeting of Shareholders to be held in June 2019.

In cases (i) where the shareholders' meeting resolves the abolition of the Plan and (ii) where the Board of Directors of the Company consisting of Directors elected at the shareholders' meeting of the Company resolves the abolition of the Plan, the Plan shall be abolished at that time, even after renewal of the Plan takes effect based on the approval at a shareholders' meeting.

During the effective period, the Board of Directors of the Company may change the Plan with approval at the Shareholders' Meeting, according to a review made as needed from the viewpoint to ensure and enhance the Company's corporate value and shareholders' common interests for the medium and long terms.

The contents of the decisions made by the Board of Directors of the Company on renewal, change, abolition, etc. of the Plan shall be promptly disclosed.

During the effective period, the Board of Directors of the Company may amend or change the Plan with the approval of the Independent Panel, as needed, in a case where an establishment, change or abolition is implemented of the laws, regulations and the regulations of the financial instruments exchange on which the Company is listed, etc. and it is necessary to reflect them, and in a case where amendment of wording is considered to be appropriate for reasons of errors, omissions, etc., provided that such amendment will not prejudice shareholders.

IV. That the Plan is in Accordance with the Basic Policy on the Control of the Company, Consistent with the Company's Corporate Value and Shareholders' Common Interests, and Not for the Purpose of Maintaining the Position of the Corporate Officers of the Company

(1) Satisfying Requirements of the Guidelines with Regard to the Takeover Countermeasures

The Plan satisfies the three principles stipulated in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests," published by the Ministry of Economy and Ministry of Justice on May 27, 2005, i.e. the principle of protecting and enhancing corporate value and the interests of shareholders as a whole, the principle of prior disclosure and shareholders' will and the principle of ensuring the necessity and reasonableness).

The Plan is also based on the contents of the report, "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 and the "Principle 1.5 Anti-Takeover Measures" of the "Corporate Governance Code" announced publicly by the Tokyo Stock Exchange on June 1, 2015.

(2) Introduction for the Purpose of Ensuring and Enhancing Shareholders' Common Interests

As described in III 1. above, "Purpose of Introduction of the Plan," the Plan is introduced for the purpose of ensuring and enhancing the Company's corporate value and shareholders' common interests for the medium and long terms, in the case of a large-scale purchase of the Company's shares, by making it possible for the shareholders to judge whether or not to accept the said large-scale purchase and by ensuring that the Board of Directors of the Company has the necessary information and time to submit an alternative plan and negotiate with the Large-scale Purchaser, etc. on behalf of the shareholders.

(3) Emphasis on the Judgment of Highly Independent Outsiders and Disclosure of Information

The substantial judgment on the implementation of the countermeasures shall be made by consulting with the Independent Panel consisting only of highly independent outsiders, and by the utmost respect to the recommendations of the Independent Panel. Thus, a scheme for the transparent implementation of the Plan in a manner appropriate for the Company's corporate value and shareholders' common interests is ensured.

(4) The Plan Valuing the Will of Shareholders

The Plan takes effect from the day when it is approved at this Shareholders' Meeting upon inquiring the will of the shareholders with regard to the Plan. Thus, the will of the shareholders will be reflected.

In a case where a change or abolition of the Plan is resolved at the Shareholders' Meeting, the Plan will be changed or abolished at that time, even before the expiry of the effective period after the renewal of the Plan. Thus, such change or abolition is based on the reasonable will of shareholders.

(5) Neither a Dead-Hand Type Takeover Defense Measure nor a Slow-Hand Type Takeover Defense Measure

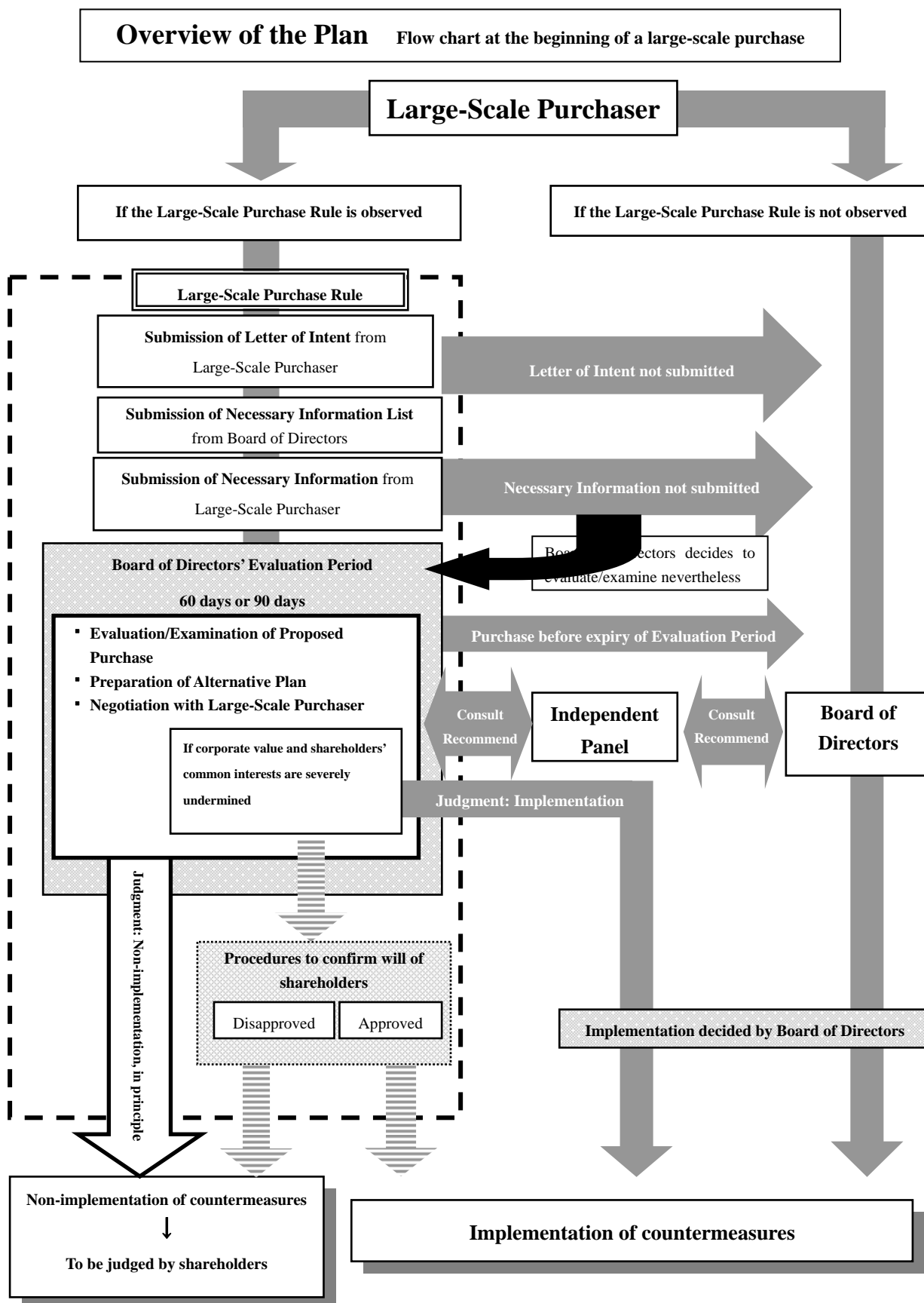
As stated in III 7. above, “Commencement, Effective Period, Renewal, and Abolition of the Plan,” the Plan may be abolished by the Board of Directors of the Company, a body consisting of the Directors elected at the shareholders’ meeting of the Company. Thus, it is possible for a person who purchases a large amount of the Company’s shares to have Directors appointed at the shareholders’ meeting of the Company and then to have the Plan abolished by the Board of Directors of the Company consisting of such Directors. Therefore, the Plan is not a dead-hand type takeover defense measure (a takeover defense measure whose implementation cannot be avoided even after a majority of the constituent members of the Board of Directors are replaced). Moreover, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand type takeover defense measure (a takeover defense measure whose implementation cannot be avoided until sufficient time has elapsed, as it is impossible to replace the constituent members of the Board of Directors in one round).

The status of the Company's shares (as of March 31, 2016)

1. Total Number of Authorized Shares 491,955,000 shares
2. Common Stock Issued 257,484,315 shares
3. Number of Shareholders 16,482
4. Major Shareholders (Top 10)

Shareholders' Name	Status of shareholding	
	Shareholdings (Thousands of shares)	Shareholding ratio (%)
TOYOTA MOTOR CORPORATION	19,654	7.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,893	4.3
Meiji Yasuda Life Insurance Company	10,046	3.9
Hitachi Construction Machinery Co., Ltd.	8,920	3.5
KYB suppliers' stock ownership	6,745	2.6
Japan Trustee Services Bank, Ltd. (Trust Account)	6,521	2.6
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account		
re-entrusted by Mizuho Trust and Banking Co., Ltd.	6,115	2.4
The Ogaki Kyoritsu Bank, Ltd.	5,914	2.3
Mizuho Bank, Ltd.	4,905	1.9
NORTHERN TRUST CO. (AVFC) RE NVI01	4,163	1.6

(Note) Shareholding ratio is calculated after the deduction of own shares (2,009,433 shares)



(Note) This chart describes the flow of typical procedures to facilitate understanding of the Plan and does not always show the entire procedure. For details, please read the main text.

Overview of the Independent Panel Rules

- The Independent Panel shall be established by the resolution of the Board of Directors of the Company.
- The number of members of the Independent Panel shall be three (3) or greater. In order to enable fair and neutral judgment, Panel members shall be elected by the Board of Directors of the Company from among Member of the Board of Directors (Outside) and Audit & Supervisory Board Member (Outside) of the Company who are independent from the management responsible for business execution.
- The Independent Panel shall recommend to the Board of Directors of the Company the contents of determination by the Independent Panel with respect to the matters consulted upon by the Board of Directors of the Company, together with the reasons and bases for the same, in principle. Each member of the Independent Panel shall make such determination with a view to contributing to the Company's corporate value and common interests of shareholders.
- The Independent Panel may obtain advice from investment banks, securities firms, lawyers, and other external experts at the expense of the Company.
- Resolutions of the Independent Panel shall be made by a majority of the members present at a meeting attended by a majority of the members.

Brief Career Histories of the Independent Panel Members

The following three (3) persons are planned to be members of the Independent Panel after the renewal of the Plan:

Rokuro Tsuruta

Date of Birth:

June 16, 1943

(History)

April 1970	Prosecutor, Tokyo District Public Prosecutors Office
April 2005	Superintending Prosecutor, Nagoya High Public Prosecutors Office
July 2006	Registered as an attorney (Daini Tokyo Bar Association)
June 2007	Outside Director, TEIKOKU PISTON RING CO., LTD. (present TPR Co., Ltd.) (current position)
September 2007	Outside Audit & Supervisory Board Member, J. FRONT RETAILING Co., Ltd. (current position)
June 2012	Outside Corporate Auditor, Sumitomo Mitsui Financial Group, Inc. (current position)
June 2015	Member of the Board of Directors (Outside) (current position)

Shuhei Shiozawa

Date of Birth:

September 19, 1955

(History)

April 1981	Assistant, Faculty of Economics, Keio University
April 1987	Associate Professor, Faculty of Economics, Keio University
April 1994	Professor, Faculty of Economics, Keio University (current position)
January 2001	Director for International Economic Affairs, Cabinet Office (position ended March 2003)
October 2005	Dean, Faculty of Economics, Keio University (position ended September 2009)
March 2012	Member of the Board of Directors (Outside), Kenedix, Inc. (current position)

Osamu Kawase

Date of Birth:

July 22, 1954

(History)

April 1978	Joined The Yasuda Fire and Marine Insurance Co., Ltd. (present Sampo Japan Nipponkoa Insurance Inc.)
April 2003	General Manager, 1st Osaka Corporate Business Dept., ditto
April 2006	General Manager, 3rd Head Office Business Dept., ditto
April 2009	Executive Officer, ditto, and General Manager, Sampo Japan Insurance (China) Co., Ltd.
April 2011	Managing Executive Officer, Sampo Japan Insurance Inc. (in charge of China and Asia regions), ditto, and General Manager, Sampo Japan Insurance (China) Co., Ltd.
June 2011	Managing Executive Officer, Sampo Japan Insurance Inc. (in charge of China and Asia regions), ditto and Managing Director, Sampo Japan Insurance (China) Co., Ltd.
April 2012	Advisor, Sampo Japan Insurance Inc.
June 2012	Audit & Supervisory Board Member (Outside) (current position)

No conflict of interests exists between the above Independent Panel members and the Company.

Outline of Allotment of Share Options Without Contribution

1. Shareholders entitled to the allotment of Share Options without contribution, and issuance conditions

One Share Options will be allotted for each share of common shares of the Company (excluding the shares of common shares of the Company held by the Company) held by shareholders recorded in the latest shareholders' register as of the record date determined by the Board of Directors of the Company, without additional payment by the shareholders.

2. Class and number of shares to be issued upon the exercise of the Share Options

The Class of shares to be issued upon the exercise of the Share Options shall be shares of the common shares of the Company. The total number of shares to be issued at maximum shall be the number of shares obtained by deducting the number of issued shares of common shares of the Company (excluding the shares of common shares of the Company held by the Company) from the total number of authorized shares of the Company as of the record date determined by the Board of Directors of the Company. The number of shares to be issued for one Share Options shall be separately decided by the Board of Directors of the Company. In case the Company conducts a share split or a share consolidation, however, necessary adjustments shall be made.

3. Total number of Share Options to be issued

The total number of Share Options to be issued shall be the number determined separately by the Board of Directors of the Company. The Board of Directors of the Company may conduct allotments of Share Options multiple times.

4. Price for investment upon the exercise of the Share Options (amount to be paid)

The price for investment upon the exercise of the Share Options (amount to be paid) shall be no less than JPY 1 and shall be determined by the Board of Directors of the Company. In any case where the Board of Directors of the Company decides to acquire the Share Options, shareholders may be granted new shares as a consideration for their Share Options by the Company without paying the amount corresponding to the exercise price.

5. Restriction on transfer of the Share Options

Acquisition of the Share Options by transfer of the said Share Options requires the approval of the Board of Directors of the Company.

6. Exercise conditions for the Share Options

The exercise conditions for the Share Options shall include a condition whereby those who receive Share Options should not belong to the specified shareholder group including the Large-scale Purchaser (excluding those previously approved by the Board of Directors of the Company). Details shall be separately determined by the Board of Directors of the Company.

7. Exercise period for the Share Options

The date on which the allotment of the Share Options becomes effective, exercise period, acquisition provisions, and other necessary matters with respect to the Share Options shall be separately determined by the Board of Directors of the Company. The acquisition provisions may stipulate that the Company may acquire the Share Options held by persons other than persons who are not permitted to exercise the Share Options due to the exercise conditions of 6. above and issue the shares of common shares of the Company in the number of shares per Share Options separately determined by the Board of Directors of the Company, and that the Company may acquire the Share Options without consideration and without issuing the Company's shares for the Share Options.