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(Securities Code 7242)
June 1, 2017

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 95TH 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 95th 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 22, 2017 (Japan time), by following the instructions described in the “Guide for the Exercise of Voting Rights,” on page 17, after taking the time to consult the attached reference documents for the General Meeting of Shareholders.

1. Date and Time: Friday, June 23, 2017 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 95th Fiscal Year (April 1, 2016 - March 31, 2017) 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 95th Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

- Proposal 1:** Appropriation of the Surplus
Proposal 2: Consolidation of Shares
Proposal 3: Partial Amendment to the Articles of Incorporation
Proposal 4: Election of eight (8) Members of the Board of Directors
Proposal 5: Election of one (1) Substitute Audit & Supervisory Board Member
Proposal 6: Payment of performance-linked bonuses to Members of the Board of Directors

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.

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- 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 95th 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 95th 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, 2017, 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
7 yen per share of common stock of the Company
Total amount of dividends: 1,788,216,353 yen
3. Effective date of appropriation of surplus
June 26, 2017

Proposal 2: Consolidation of Shares

1. Reasons for the proposal

The Japanese Stock Exchanges Conference requests all listed domestic companies to unify share trading units (number of shares constituting one unit) into 100 shares, based on its “Action Plan for Consolidating Trading Units.” In view of the purport of this approach, the Company decided to change the number of Company shares constituting one unit from 1,000 shares to 100 shares, effective from October 1, 2017.

In changing the number of shares constituting one unit to 100 shares, 10 shares shall be consolidated into 1 share, in order to maintain the Company’s share price per trading unit after the change and avoid any change in the number of voting rights of shareholders.

2. Type of shares and consolidation ratio

10 shares of common stock of the Company shall be consolidated into 1 share.

Any fraction of less than one share caused by the share consolidation shall be disposed in a lump pursuant to the provisions of the Companies Act and the proceeds accrued therefrom shall be distributed to the shareholders in proportion to the fractions attributed to them.

3. Effective date of the share consolidation

October 1, 2017

4. Total number of shares authorized to be issued by the Company as of the effective date of the share consolidation

Fifty-seven million three hundred thousand (57,300,000) shares

5. Other matters

(1) The method for disposing of fractional shares and other necessary matters shall be delegated to the Board of Directors of the Company.

(2) Although the share consolidation will decrease the total number of shares issued of the Company to one-tenth, the amount of assets and capital of the Company will remain the same. Therefore, apart from other factors such as stock market trends, the asset value of the shares held by shareholders will not change.

(3) The share consolidation in this proposal shall take effect subject to the approval of Proposal 3: “Partial Amendment to the Articles of Incorporation” as proposed.

Proposal 3: Partial Amendment to the Articles of Incorporation

1. Reasons for the proposed amendments

Subject to the approval of Proposal 2: “Consolidation of Shares” as proposed at this General Meeting of Shareholders, the Company proposes amendments to the current provisions of Article 7 (Number of shares constituting one unit) of the Articles of Incorporation in order to change the trading unit (number of shares constituting one unit) of the common stock and Article 6 (Total number of shares to be issued by the Company) of the same in order to decrease the total number of shares to be issued by the Company in proportion to the ratio of the share consolidation, in view of the purport of the “Action Plan for Consolidating Trading Units” announced by the Japanese Stock Exchanges Conference. The Company also proposes the establishment of Supplementary Provisions to the effect that these amendments are to take effect on the same date as the effective date of the share consolidation proposed in Proposal 2.

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)
<p>(Total number of shares to be issued by the Company)</p> <p>Article 6 The total number of shares authorized to be issued by the Company shall be <u>five hundred seventy three million (573,000,000)</u> shares.</p>	<p>(Total number of shares to be issued by the Company)</p> <p>Article 6 The total number of shares authorized to be issued by the Company shall be <u>fifty seven million three hundred thousand (57,300,000)</u> shares.</p>
<p>(Number of shares constituting one unit)</p> <p>Article 7 The number of shares constituting one unit of shares of the Company shall be <u>1,000</u> shares.</p>	<p>(Number of shares constituting one unit)</p> <p>Article 7 The number of shares constituting one unit of shares of the Company shall be <u>100</u> shares.</p>
Articles 8 to 40 (Omitted)	Articles 8 to 40 (Unchanged)
(New)	<p><u>Supplementary Provisions:</u></p> <p><u>Article 1</u> The amendments to the provisions of <u>Article 6 (Total number of shares to be issued by the Company) and Article 7 (Number of shares constituting one unit)</u> shall take effect on October 1, 2017.</p> <p><u>Article 2</u> These Supplementary Provisions shall be <u>deleted when the amendments to the provisions of Article 6 (Total number of shares to be issued by the Company) and Article 7 (Number of shares constituting one unit) take effect according to Article 1 of these Supplementary Provisions.</u></p>

Proposal 4: Election of eight (8) Members of the Board of Directors

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 eight (8) Members of the Board of Directors, with an increase of the number of members by one in order to reinforce the management structure.

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

List of candidates for Members of the Board of Directors

No.	Name	Attributes	Current positions in the Company	Attendance of the meetings of the Board of Directors	
1	Yasusuke Nakajima	(Reappointment)	Representative Director, President Executive Officer	100% (18/18)	
2	Takaaki Kato	(Reappointment)	Member of the Board of Directors, Senior Managing Executive Officer	100% (18/18)	
3	Morio Komiya	(Reappointment)	Member of the Board of Directors, Executive Vice President Executive Officer	100% ((18/18)	
4	Keisuke Saito	(Reappointment)	Member of the Board of Directors, Senior Managing Executive Officer	94% (17/18)	
5	Takafumi Shoji	(Reappointment)	Senior Managing Executive Officer	-	
6	Masao Ono	(New appointment)	Senior Managing Executive Officer	-	
7	Rokurou Tsuruta	(Reappointment)	(Candidate for Member of the Board of Directors (Outside)) (Independent Officer)	Member of the Board of Directors (Outside)	94% (17/18)
8	Shuhei Shiozawa	(Reappointment)	(Candidate for Member of the Board of Directors (Outside)) (Independent Officer)	Member of the Board of Directors (Outside)	100% (14/14) (after his assumption of office on June 24, 2016)

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 data-bbox="193 613 406 703">Yasusuke Nakajima (November 2, 1955) (Reappointment)</p> <p data-bbox="193 734 406 824">Term of office as a Member of the Board of Directors: 12 years</p> <p data-bbox="193 855 406 945">Attendance of the meetings of the Board of Directors: (18/18)</p>	<p data-bbox="426 271 544 293">April 1979</p> <p data-bbox="426 304 544 327">April 2005</p> <p data-bbox="426 360 544 383">June 2005</p> <p data-bbox="426 456 544 479">April 2007</p> <p data-bbox="426 512 544 535">June 2009</p> <p data-bbox="426 568 544 591">June 2010</p> <p data-bbox="426 624 544 647">June 2011</p> <p data-bbox="426 721 544 743">April 2012</p> <p data-bbox="426 817 544 840">April 2014</p> <p data-bbox="426 913 544 936">June 2015</p> <p data-bbox="426 1010 1289 1256">[Reasons for proposing him as a candidate for Member of the Board of Directors] He has a wealth of experience and deep knowledge in management acquired through his long-time career as a corporate manager and has steadily promoted management reforms, including reinforcements of corporate governance, since assuming the office of President. We expect that his insight and achievements will be useful for the decision-making on important matters and the supervision of business execution of the whole Group. 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>Takaaki Kato (June 12, 1957) (Reappointment)</p> <p>Term of office as a Member of the Board of Directors: 2 years</p> <p>Attendance of the meetings of the Board of Directors: (18/18)</p>	<p>April 1980 Joined The Fuji Bank, Limited (present Mizuho Bank, Ltd.)</p> <p>March 2005 General Manager, Hong Kong Branch, Mizuho Corporate Bank, Ltd.</p> <p>April 2008 Executive Officer, Mizuho Securities Co., Ltd.</p> <p>April 2009 Managing Executive Officer, ditto</p> <p>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.</p> <p>June 2014 Managing Executive Officer, General Manager, Finance & Accounting Div.</p> <p>April 2015 Senior Managing Executive Officer, General Manager, Finance & Accounting Div.</p> <p>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.</p> <p>April 2016 Member of the Board of Directors, Senior Managing Executive Officer, in charge of global finance, General Manager, Finance & Accounting Div.</p> <p>April 2017 Member of the Board of Directors, Senior Managing Executive Officer, in charge of global finance (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] He has deep knowledge of finance, accounting, and IR, and has promoted IR activities on a global basis based on the wealth of international experience and insight he has acquired and cultivated while working in financial institutions. We expect that his knowledge and achievements will be useful for the administration of finance, strengthening of IR activities, and the supervision of business execution of the general management of the whole Group. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p>	8,000

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="199 757 406 846">Morio Komiya (November 5, 1950) (Reappointment)</p> <p data-bbox="199 884 406 974">Term of office as a Member of the Board of Directors: 7 years</p> <p data-bbox="199 1012 406 1102">Attendance of the meetings of the Board of Directors: (18/18)</p>	<p data-bbox="434 273 1284 1249"> April 1973 Joined the Company October 2001 General Manager, Quality Assurance Dept., Sagami Plant January 2005 General Manager, Manufacturing Dept., Sagami Plant April 2005 Hydraulic Components Operations, General Manager, Manufacturing Dept., Sagami Plant June 2006 Hydraulic Components Operations, General Manager, Sagami Plant June 2007 Member of the Board of Directors, Hydraulic Components Operations, General Manager, Sagami Plant April 2009 Member of the Board of Directors, General Manager, Quality Div. and General Manager, Quality Control Dept., Quality Div. June 2009 Member of the Board of Directors, General Manager, Quality Div. June 2011 Managing Executive Officer, General Manager, Quality Div. April 2014 Senior Managing Executive Officer, in charge of production, General Manager, Quality Div. June 2014 Member of the Board of Directors, Senior Managing Executive Officer, in charge of production, General Manager, Quality Div. June 2015 Member of the Board of Directors, Senior Managing Executive Officer, in charge of production, in charge of purchasing, General Manager, Quality Div. April 2016 Member of the Board of Directors, Executive Vice President Executive Officer, in charge of production, in charge of quality June 2016 Member of the Board of Directors, Executive Vice President Executive Officer, in charge of production, in charge of quality, in charge of domestic subsidiaries and affiliates, in charge of Special Purpose Vehicles Div. April 2017 Member of the Board of Directors, Executive Vice President Executive Officer, in charge of production, in charge of quality, in charge of domestic subsidiaries and affiliates, in charge of Special Purpose Vehicles Div., in charge of engineering (current position) </p> <p data-bbox="434 1281 1284 1550"> [Reasons for proposing him as a candidate for Member of the Board of Directors] He has deep knowledge of <i>monozukuri</i> (manufacturing) acquired through his long-time engagement in the areas of quality, production and engineering and has promoted ongoing activities for quality improvement and productivity improvement. We expect that his knowledge and achievements will be useful for realizing further improvements in quality and productivity and for the supervision of business execution of the general management of the whole Group, a company group engaged in manufacturing. Consequently, we reappoint him as a candidate for Member of the Board of Directors. </p>	21,000

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="204 712 399 801">Keisuke Saito (August 18, 1959) (Reappointment)</p> <p data-bbox="204 835 399 925">Term of office as a Member of the Board of Directors: 6 years</p> <p data-bbox="204 958 399 1048">Attendance of the meetings of the Board of Directors: (17/18)</p>	<p data-bbox="434 275 1284 331">April 1983 Joined the Ministry of International Trade and Industry (present Ministry of Economy, Trade and Industry)</p> <p data-bbox="434 342 1284 398">August 2002 General Manager, Beijing Office, Japan-China Economic Association</p> <p data-bbox="434 409 1284 488">September 2005 Director, Industrial Revitalization Division, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry</p> <p data-bbox="434 499 1284 577">July 2007 Director, Industrial Science and Technology Policy Division, Industrial Science and Technology Policy and Environment Bureau, ditto</p> <p data-bbox="434 589 1284 622">July 2008 Director, Finance Division, Minister's Secretariat, ditto</p> <p data-bbox="434 633 1284 712">July 2009 Director-General for Energy Conservation and Renewable Energy Department, Agency for Natural Resources and Energy, ditto</p> <p data-bbox="434 723 1284 757">September 2010 Special Adviser of the Company</p> <p data-bbox="434 768 1284 846">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="434 857 1284 936">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="434 947 1284 1048">January 2016 Member of the Board of Directors, Senior Managing Executive Officer, in charge of Information Technology Administration, in charge of Aircraft Components Div., General Manager, Engineering Div.</p> <p data-bbox="434 1059 1284 1137">April 2017 Member of the Board of Directors, Senior Managing Executive Officer, in charge of Aircraft Components Div., General Manager, Hydraulic Components Operations (current position)</p> <p data-bbox="434 1171 1284 1473">[Reasons for proposing him as a candidate for Member of the Board of Directors] He has diverse experience gained through his career in the Ministry of Economy, Trade and Industry and deep knowledge cultivated in the Company in the areas of engineering, research and development and has promoted activities to accomplish business assignments under his strong leadership since taking charge of the Aircraft Components Div. and Hydraulic Components Operations. We expect that his knowledge and achievements will be useful for stabilizing the profit base of Hydraulic Components Operations and the supervision of business execution of the general management of the Group. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p>	21,000

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>Takafumi Shoji (January 10, 1956) (Reappointment)</p> <p>Term of office as a Member of the Board of Directors: 6 years (from 2005 to 2011)</p>	<p>April 1978 Joined the Company</p> <p>April 2005 General Manager, Accounting Dept.</p> <p>June 2005 Member of the Board of Directors, General Manager, Accounting Dept.</p> <p>June 2008 Member of the Board of Directors, General Manager, Finance & Accounting Div.</p> <p>April 2009 Member of the Board of Directors, General Manager, Finance & Accounting Div. and General Manager, Information Technology Administration Div.</p> <p>June 2009 Managing Member of the Board of Directors, General Manager, Finance & Accounting Div. and General Manager, Information Technology Administration Div.</p> <p>June 2010 Managing Member of the Board of Directors, General Manager, Information Technology Administration Div.</p> <p>June 2011 Managing Executive Officer, General Manager, Information Technology Administration Div. and General Manager, Audit Dept.</p> <p>January 2015 Managing Executive Officer, General Manager, Information Technology Administration Div.</p> <p>April 2015 Managing Executive Officer, in charge of general affairs, General Manager, Information Technology Administration Div. and General Manager, Human Resources Div.</p> <p>January 2016 Managing Executive Officer, in charge of general affairs, in charge of legal affairs, General Manager, Information Technology Administration Div. and General Manager, Human Resources Div.</p> <p>April 2016 Senior Managing Executive Officer, in charge of general affairs, in charge of legal affairs, in charge of audit, General Manager, Information Technology Administration Div. and General Manager, Human Resources Div.</p> <p>April 2017 Senior Managing Executive Officer, in charge of CSR, General Manager, Information Technology Administration Div. and General Manager, Finance & Accounting Div. (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] He has a wealth of business experience in finance & accounting, information technology administration, audit and human resources and has promoted activities for reinforcing corporate governance in performing his duties as an officer in charge of general affairs and legal affairs. We expect that his knowledge and achievements will be useful for the promotion of CSR activities, reinforcement of IT functions, and the supervision of business execution of the general management of the whole Group. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p>	34,000

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
6	Masao Ono (November 7, 1956) (New appointment)	<p>April 1979 Joined the Company</p> <p>January 2004 General Manager, Operations Planning Dept., Automotive Devices Business Div.</p> <p>April 2005 General Manager, Operations Planning Dept., Automotive Components Operations</p> <p>June 2006 General Manager, Purchasing Dept.</p> <p>June 2008 General Manager, Purchasing Div.</p> <p>April 2012 Executive Officer, General Manager, Purchasing Div.</p> <p>April 2014 Managing Executive Officer, General Manager, Purchasing Div.</p> <p>April 2016 Senior Managing Executive Officer, in charge of purchasing, in charge of CSR, General Manager, Corporate Planning Div.</p> <p>April 2017 Senior Managing Executive Officer, in charge of purchasing, in charge of audit, General Manager, Corporate Planning Div. (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] In addition to his contribution to the results of performance in the sales and purchasing divisions, he has made efforts in formulating the medium-term plan starting in fiscal 2017 and promoted various activities toward the achievement of goals, as General Manager of the Corporate Planning Div. We expect that his knowledge and achievement will be useful for the improvement of performance and the supervision of business execution of the general management of the whole Group. Consequently, we appoint him as a candidate for Member of the Board of Directors.</p>	13,000

No.	Name (Date of birth)	Career summary, positions, responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
7	Rokuro Tsuruta (June 16, 1943) (Reappointment) (Candidate for Member of the Board of Directors (Outside)) (Independent Officer) Term of office as a Member of the Board of Directors(Outside): 2 years Attendance of the meetings of the Board of Directors: (17/18)	<p>April 1970 Prosecutor, Tokyo District Public Prosecutors Office</p> <p>April 2005 Superintending Prosecutor, Nagoya High Public Prosecutors Office</p> <p>June 2006 Retired from office</p> <p>July 2006 Registered as an attorney (Daini Tokyo Bar Association)</p> <p>June 2007 Outside Director, TEIKOKU PISTON RING CO., LTD. (present TPR Co., Ltd.) (current position)</p> <p>September 2007 Outside Audit & Supervisory Board Member, J. FRONT RETAILING Co., Ltd. (current position)</p> <p>June 2012 Outside Corporate Auditor, Sumitomo Mitsui Financial Group, Inc. (current position)</p> <p>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 Rokuro 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>	2,000
8	Shuhei Shiozawa (September 19, 1955) (Reappointment) (Candidate for Member of the Board of Directors (Outside)) (Independent Officer) Term of office as a Member of the Board of Director(Outside): 1 year Attendance of the meetings of the Board of Directors after his assumption of office on June 24, 2016: (14/14)	<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>June 2016 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)] 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 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 Outside Director for the above mentioned reasons.</p> <p>[Significant concurrent positions] Professor, Faculty of Economics, Keio University 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. Mr. Rokuro Tsuruta and Mr. Shuhei Shiozawa are candidates for Members of the Board of Directors (Outside).
3. The Company has designated Mr. Rokuro Tsuruta and Mr. Shuhei Shiozawa as independent officers under the rules of

the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the re-election of both Mr. Rokuro Tsuruta and Mr. Shuhei Shiozawa is approved, the Company will continue to designate them as independent officers.

4. The term of office of Mr. Rokuro Tsuruta from his assumption of office as a Member of the Board of Directors (Outside) (up to the conclusion of this meeting) will be two years.
5. The term of office of Mr. Shuhei Shiozawa from his assumption of office as a Member of the Board of Directors (Outside) (up to the conclusion of this meeting) will be one year.
6. Mr. Rokuro Tsuruta and Mr. Shuhei Shiozawa have each entered into an agreement with the Company to limit their liabilities. The Company shall continue the agreement with each of them should they be reelected.

The outline of the agreement is as follows:

- If Mr. Rokuro Tsuruta/Mr. Shuhei Shiozawa becomes liable to the Company for failure to perform his duties as a Member of the Board of Directors after the conclusion of this agreement, the maximum amount of his liability shall be twice the value of the annual property benefits that he has received or should receive from the Company as consideration for the execution of his duties during his term of office as calculated by the method provided in Article 113 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 he has conducted his 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 94th Ordinary General Meeting of Shareholders held on June 24, 2016 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 term of office shall be equal to the remaining term of office of his 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
<p>Atsushi Shigeta (March 31, 1957)</p> <p>(Candidate for Substitute Audit & Supervisory Board Member (Outside))</p>	<p>April 1979 Joined The Fuji Bank, Limited (present Mizuho Bank, Ltd.) 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)</p> <p>[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.</p> <p>[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. Outside Audit & Supervisory Board Member, JCU CORPORATION (scheduled to assume office in June 2017)</p>	<p>0</p>

(Notes)

1. No conflict of interests exists between the above candidate and the Company.
2. Mr. Atsushi Shigeta is a candidate for Substitute Audit & Supervisory Board Member.
3. 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 assumes office as Substitute Audit & Supervisory Board Member. The outline of the agreement is as follows:
 - If Mr. Atsushi Shigeta becomes liable to the Company for failure to perform his duties as an Audit & Supervisory Board Member after the conclusion of this agreement, the maximum amount of his liability shall be twice the total value of the annual property benefits that he has received or should receive from the Company as consideration for the execution of his duties during his term of office as calculated by the method provided in Article 113 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 he has conducted his duties in good faith and without gross negligence.

Proposal 6: Payment of performance-linked bonuses to Members of the Board of Directors

We propose the payment of bonuses in the total amount of ¥130.8 million to five (5) Members of the Board of Directors in office as of the end of the current fiscal year (excluding two (2) Members of the Board of Directors (Outside) from the seven (7) Members of the Board of Directors) in consideration of various factors, including the business performance for the current fiscal year.

The decision on the amount payable to each Member of the Board of Directors shall be delegated to the Board of Directors.

For the purpose of further promoting value-sharing with the shareholders through enhanced linkage between the remuneration of Members of the Board of Directors and the business performance, the Company decided to establish a new performance-linked bonus system with respect to the bonuses paid to the Members of the Board of Directors (excluding Members of the Board of Directors (Outside)). The new system is to apply to the bonuses to Members of the Board of Directors for the current fiscal year.

The policy for bonuses for Members of the Board of Directors of the Company after the introduction of the above performance-linked bonus system is as follows:

(Policy for bonuses for Members of the Board of Directors)

The total amount of bonuses payable to Members of the Board of Directors, the variable remuneration linked to the performance of the Company, shall be calculated in accordance with the degree of achievement of the performance forecast stated in the *kessan tanshin* (financial results report) on the settlement of accounts for the end of the previous fiscal year. The amount payable to each Member of the Board of Directors shall be decided based on the allotment ratio preliminarily determined according to the position of each Member of the Board of Directors. However, the maximum amount of such bonuses shall be set in accordance with the relevant laws and regulations. The amount for payment shall be decided by a resolution of the Board of Directors upon consultation with the Remuneration Committee, a body consisting of the Representative Directors and the Members of the Board of Directors (Outside), and thereupon shall be submitted to the ordinary general meeting of shareholders every year for approval.

END