



May 21, 2015

To Whom It May Concern

6-1, Ohtemachi 2-chome, Chiyoda-ku, Tokyo  
Shin-Etsu Chemical Co., Ltd.  
Shunzo Mori, Representative Director / President  
(Code No. 4063)  
Contact Information:  
Ken Nakamura, Director and General Manager  
of Public Relations Department  
Tel. 03 (3246) 5091

### Notification of Continuation of Handling Policy (Anti-takeover Defensive Plan) Toward Large-scale Purchase of Our Company's Shares and Other Securities

Upon the approval of the 131st annual meeting of stockholders held on June 27, 2008, Shin-Etsu Chemical Co., Ltd. ("our company") introduced the current handling policy toward a Large-scale Purchase of our company's shares and other securities (the "Handling Policy"). Subsequently, the Handling Policy has been adhered to with the approval of the annual meeting of stockholders.

Now, with the effective period of the Handling Policy expiring at the conclusion of the 138th annual meeting of stockholders to be held on June 26, 2015 (the "Annual Meeting of Stockholders"), this is to give notice that, at the board of directors' meeting held today, conditional upon authorization with the approval of a majority of voting rights of the stockholders present at the Annual Meeting of Stockholders, the Company has decided to continue with the Handling Policy with the purpose and details mentioned below, up to the time of the conclusion of our company's 139th annual meeting of stockholders to be held in June 2016. The proposed Handling Policy remains effectively the same in substance as the current Handling Policy. Our company's five (5) audit & supervisory board members have expressed the intention to agree to the Handling Policy, provided that the specific operation of the Handling Policy will be performed appropriately.

Also, at the present moment, our company is not aware of any signs of a specific Large-scale Purchase of our company's shares and other securities.

Note: In the case of amendment to the statutes, clauses and the like cited in this news release, the statutes, clauses and the like prior to amendment shall respectively mean the corresponding statutes, clauses and the like after amendment.

## 1. Purpose of the Handling Policy

While the Company believes that a person or persons who contribute(s) to the maximization of the Company's corporate value should take charge of determining the Company's financial and business policies, in the event of a Large-scale Purchase of the Company's shares that, when completed, will bring the ratio of voting rights of a specific group of shareholders to twenty percent (20%) or more, the Company understands that **the judgment as to whether or not to sell the Company's shares should be left to the Company's shareholders**. Based on this understanding, in the event a Large-scale Purchase is initiated, the Handling Policy aims to **provide the Company's shareholders with necessary and sufficient information thereby ensuring the opportunity for the Company's shareholders to consider and decide whether or not to sell the Company's shares more appropriately than otherwise possible**. Such information includes acquisition value, the effect of acquisition upon the Company's group, and post-acquisition management style and business plan, etc. as contemplated by a Large-scale Purchaser.

The Financial Instruments and Exchange Law has been revised in recent years to create rules to ensure that, when faced with Large-scale Purchases, shareholders have the necessary information and time to evaluate them. The Company proposes the Handling Policy in addition to the rules in the Financial Instruments and Exchange Law so that the Company's shareholders are able to consider and decide in a more appropriate manner than would otherwise be possible.

## 2. Outline of the Handling Policy

The Handling Policy requires a Large-scale Purchaser to comply with Large-scale Purchase Rules that prescribe **the provision of sufficient information** to the Board of Directors and **the establishment of a period of review of up to ninety (90) days** by the Board of Directors. Only where a Large-scale Purchaser fails to comply with these rules or where a Large-scale Purchase is judged as significantly damaging the Company's corporate value may countermeasures be taken after consulting an Independent Committee comprised of members who are independent of the Managing Directors of the Company for advice.

As described above, **the Handling Policy is essentially designed to secure and improve the common interests of the Company's shareholders especially through ensuring that the shareholders have the opportunity to consider and make decisions in a more appropriate manner than would otherwise be possible. The Handling Policy is never intended to target and prevent a Large-scale Purchase in itself, thereby depriving the Company's shareholders of any opportunity to sell the Company's shares.**

Furthermore, under the Handling Policy, the requirements to take countermeasures by the Board of Directors are provided in an objective manner. In addition, the Handling Policy provides that, upon the exercise of countermeasures, the Board of Directors shall respect, to the maximum extent possible, the judgment of the Independent Committee. Since these and other arrangements are in place to eliminate any arbitrary judgment by

the officers of the Company, **countermeasures would not be exercised for the purpose of maintaining the position of the officers of the Company.**

For a detailed description of the Handling Policy, please refer to 3. “Details of the Handling Policy”.

### 3. Details of the Handling Policy

The Handling Policy sets forth a handling policy for the Company to follow in the event of (i) the purchase of the Company’s shares and other securities (Note 1) by a specific group of shareholders (Note 2), which is aimed at making the ratio of voting rights (Note 3) of the specific group of shareholders twenty percent (20%) or more, or (ii) the purchase of the Company’s shares and other securities by a specific group of shareholders in which, as a consequence, the ratio of voting rights of the specific group of shareholders becomes twenty percent (20%) or more (the purchases set out in (i) or (ii) above do not include any purchase to which the Board of Directors has given consent in advance; the purchases set out in (i) or (ii) above are not limited to any specific type of purchase, such as market transactions or tender offers; herein, such a purchase is called a “Large-scale Purchase”, and the person making such a purchase is called a “Large-scale Purchaser”).

The Handling Policy fulfills all three (3) principles provided in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests”, which was released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005; namely, the principle of protecting and enhancing corporate value and shareholders’ common interests, the principle of prior disclosure and shareholders’ will, and the principle of ensuring the necessity and reasonableness of defensive measures. The Handling Policy also conforms with the contents of the “Takeover Defense Measures in Light of Recent Environmental Changes” released by the Corporate Value Study Group, set up by the Ministry of Economy, Trade and Industry on June 30, 2008.

#### (1) Details of Large-scale Purchase Rules

##### (a) Provision of Necessary Information

The essential features of the “Large-scale Purchase Rules” as established by the Company are: (i) a Large-scale Purchaser shall provide the Board of Directors in advance with necessary and sufficient information for judgment by shareholders and forming of opinions by the Board of Directors (the “Necessary Information”); and (ii) a Large-scale Purchase can be commenced only after a certain period for assessment and review by the Board of Directors has elapsed.

Specifically, the Company will firstly have the Large-scale Purchaser submit to the Company’s Representative Director, prior to a commencement of a Large-scale Purchase, a written document clearly specifying the name, address, governing law of incorporation of the Large-scale Purchaser, name of the representative, domestic contact information, and details of the Large-scale Purchase to start, as well as the intention to follow the Large-scale Purchase Rules. Within ten (10) business days

after receipt of such written document, the Company will issue to the Large-scale Purchaser a list of Necessary Information to be initially provided. If, upon reviewing in detail the information initially provided, such information is recognized as insufficient, the Board of Directors will request additional provision of information from the Large-scale Purchaser until the provision of Necessary Information is complete. The fact of a proposal of a Large-scale Purchase as well as the Necessary Information provided with the Board of Directors will, if deemed necessary for shareholders in making their judgment, be made public in whole or in part at the time the Board of Directors judges appropriate.

Specific details of Necessary Information vary depending on the attributes of the Large-scale Purchaser and the contents of a Large-scale Purchase, but information related to the following items shall be, as a general rule, included in the Necessary Information:

- (i) Brief overview of the Large-scale Purchaser and its group (including the specific name of the Large-scale Purchaser, contents of business, information on experience, etc. of the same type of business as the Company's group, capital structure, and composition of finances);
- (ii) The purpose, method, and details of the Large-scale Purchase (including the amount and type of purchasing value, time of purchase, and legality of purchasing method);
- (iii) Whether or not there is any communication with a third party regarding the Large-scale Purchase, and if there is, the details thereof;
- (iv) Basis for calculation of the purchasing value of the Company's shares and the proof of the purchasing fund (including the specific name and the method of financing by the provider of the purchasing fund (including the substantial provider));
- (v) Management policy, business plan, financial plan, capital policy, dividend policy and asset-utilization policy, etc. scheduled after completion of the Large-scale Purchase;
- (vi) Existence or nonexistence of any change scheduled after the completion of the Large-scale Purchase concerning the relationship between the Company's group and the Company's business partners, customers, clients, and employees as well as its contents; and
- (vii) If the Large-scale Purchaser operates the same type of business as the Company's group, views on legality from the perspective of antimonopoly law of Japan and competition laws of other relevant countries.

#### (b) Setting of the Period of Assessment and Review

Secondly, the Board of Directors considers that, upon completion of provision of the Necessary Information by the Large-scale Purchaser, sixty (60) days (in the case of the purchase of all of our shares by tender offer with cash-only (yen) consideration) or ninety (90) days (in the case of any other Large-scale Purchase), according to the degree of difficulty of assessment and review of the Large-scale Purchase, should be ensured as the period for assessment, review, negotiation, forming of opinions, and

planning of alternative plans by the Board of Directors (the “Period of Assessment and Review by the Board of Directors”). Accordingly, a Large-scale Purchase shall commence only after the Period of Assessment and Review by the Board of Directors has elapsed. During this Period of Assessment and Review by the Board of Directors, the Board of Directors will sufficiently assess and review the Necessary Information while listening to opinions of independent outside professionals (professionals such as securities companies, investment banks, financial advisors, lawyers, certified public accountants and consultants), and will form and announce its opinions. Also, as is necessary, the Board of Directors may negotiate with the Large-scale Purchaser over the terms of the Large-scale Purchase and/or propose alternative plans to the Company’s shareholders. As a result, shareholders will be able to review the proposals by the Large-scale Purchaser while referring to the opinions of the Board of Directors, and if alternative plans are proposed by the Board of Directors, a comparative review of such alternative plans and the proposals by the Large-scale Purchaser shall be possible, and an opportunity to make an appropriate decision in respect of eventual acceptance or non-acceptance will be provided.

(2) Establishment and Structure of the Independent Committee

The Independent Committee shall be established as an organ for eliminating arbitrary judgments and guaranteeing fairness in judgments by the Board of Directors regarding the operation of the Handling Policy.

With respect to a significant judgment regarding the execution of the Handling Policy, in principle the Board of Directors shall consult with the Independent Committee and, to the maximum extent possible, shall respect the advice thereof.

The consideration by the Independent Committee shall be made during the Period of Assessment and Review by the Board of Directors as described in Section (1)(b).

There shall be three (3) or more members of the Independent Committee, and to enable fair and neutral judgments, selection of the committee’s members will be made from Outside Directors and Outside Audit & Supervisory Board Members of the Company who are independent of the Managing Directors, and outside professionals such as lawyers, certified public accountants, certified tax accountants, academic experts, and business experts having broad administrative experience. The brief overview of the Independent Committee is as described in Attachment 1. Also, four (4) persons described in Attachment 2 are going to be appointed as the member of the Independent Committee as from the conclusion of the Annual Meeting of Shareholders.

(3) Handling in the Case of Implementation of a Large-scale Purchase (Please See the Overview Chart in Attachment 3)

(a) In the Case a Large-scale Purchaser Does not Comply with the Large-scale Purchase Rules

In the case a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, the Board of Directors may, in order to protect the Company’s corporate value and/or the common interests of the shareholders, take countermeasures that are

permitted under the Corporate Law and other laws and the articles of incorporation, such as the issuance of stock acquisition rights, so as to resist the Large-scale Purchase.

Specific countermeasures shall be chosen by the Board of Directors as it judges as the most appropriate at the time, but a brief outline of stock acquisition rights in the case of the issuance of stock acquisition rights by the method of gratuitous allotment to shareholders is shown in Attachment 4.

(b) In the Case a Large-scale Purchaser Complies with the Large-scale Purchase Rules

If a Large-scale Purchaser complies with the Large-scale Purchase Rules, as a general rule, countermeasures against the Large-scale Purchase will not be taken. Whether or not to accept the purchasing proposal made by the Large-scale Purchaser shall be judged by the Company's shareholders in view of such purchasing proposal, opinions presented by the Company regarding such purchasing proposal, and alternative plans, etc. Even if a Large-scale Purchaser complies with the Large-scale Purchase Rules, however, in the event that such Large-scale Purchase is judged to be significantly damaging the Company's corporate value and/or the common interests of the shareholders, as described in Attachment 5, the Board of Directors may, based on the duty of care of a good manager, take measures as deemed appropriate for protecting the Company's corporate value and/or the common interests of the shareholders. Such action by the Board of Directors against a Large-scale Purchase is to be made for exceptional cases. In order to secure the objectivity and rational judgment, the Board of Directors will, based on the Necessary Information provided by the Large-scale Purchaser, make judgment upon reviewing such Large-scale Purchaser and the specific details of such Large-scale Purchase (such as the purpose, method, subject, amount and type of purchasing value) as well as the effects, etc. of such Large-scale Purchase upon the Company's corporate value and/or the common interests of the shareholders, while listening to opinions of independent outside professionals (professionals such as securities companies, investment banks, financial advisors, lawyers, certified public accountants and consultants) and also, to the maximum extent possible, respecting the advice of the Independent Committee.

(c) Cancellation, etc. of Exercise of Countermeasures

In the event that the board of directors judges that exercise of the countermeasure is not appropriate, such as in the case where, after the board of directors has resolved to take a countermeasure mentioned in (3)(a) above or an exceptional action mentioned in (3)(b) above, the Large-scale Purchaser retracts or changes its Large-scale Purchase, etc., the board of directors may, while respecting the advice of the Independent Committee to the maximum extent possible, cancel or change the exercise of the countermeasure.

For example, if, following a decision to issue stock acquisition rights by the method of gratuitous allotment to stockholders as a countermeasure and after confirming the stockholders who will receive such stock acquisition rights, the board of directors

judges that exercise of the countermeasure is no longer appropriate, the board of directors may cancel the exercise of the countermeasure, as follows:

- (i) prior to the effective day of the issue of stock acquisition rights by the method of gratuitous allotment to stockholders, by cancelling the issue of stock acquisition rights, and
- (ii) during the period from the date of issue of acquisition rights by the method of gratuitous allotment to stockholders to the commencement of the exercise term of such stock acquisition rights, by our company acquiring such stock acquisition rights for no consideration.

(4) Resolution, etc. by the Board of Directors

The board of directors will finally resolve whether or not to take a countermeasure promptly after completion of the Period of Assessment and Review by the Board of Directors, and also, in the event that the board of directors makes cancellation, etc. of exercise of countermeasures as stated in (3)(c), it will immediately disclose the contents of the resolution.

(5) Effects on the Company's Shareholders and Investors

It is not to be assumed that, only due to introducing the Handling Policy or due to taking countermeasures, can there be a situation in which particular damage may be incurred by the shareholders (excluding any Large-scale Purchaser who does not comply with the Large-scale Purchase Rules) in either legal rights or economic impact; provided, however, that, for example, upon selecting the issue of stock acquisition rights by the method of gratuitous allotment to stockholders as a countermeasure, in the case that, after the stockholders who will receive stock acquisition rights by the method of gratuitous allotment to stockholders are confirmed, the issuance of stock acquisition rights is canceled, or the stock acquisition rights issued are acquired by our company for no consideration (please see (3)(c) above), dilution of the value per stock will not take place, and damage may be incurred due to fluctuations in the value of shares by our company's stockholders who have traded shares based on the assumption of a dilution of value per stock.

In the event that the Board of Directors decides to take specific countermeasures, such countermeasures will be disclosed appropriately from time to time in accordance with the laws and regulations of the financial instruments exchange.

(6) Effective Period of the Handling Policy, etc.

The effective period of the Handling Policy will be up to the conclusion of the Company's 139th annual shareholders' meeting to be held in June 2016, and in the case the Handling Policy continues after such point of time, it will be conditional upon authorization with the approval of a majority of the voting rights of the shareholders present at the Company's shareholders' meeting. Also, even before the expiration of the effective period of the Handling Policy, in the event of a resolution by the Board of Directors to end the Handling Policy from the viewpoint such as an

improvement of the common interests of the shareholders, the Handling Policy will end at that point of time. In addition, the Board of Directors will review the Handling Policy as is necessary from the viewpoint such as an improvement of the common interests of the shareholders, in light of factors such as any amendment to related laws such as the Corporate Law, trends of legal judgment, and responses by the financial instruments exchange and other public institutions.

In the event of the end or a change to the Handling Policy, such matters and the details of any change (in the event of a change), as well as any other matters as acknowledged by the Board of Directors as appropriate will be promptly disclosed.

[End of Notification]

Note 1: Shares and other securities mean the shares and other securities as defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law (the "FIEL").

Note 2: A specific group of shareholders means:

- (i) A holder (including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 of the FIEL; hereinafter the same) of the Company's shares and other securities (defined in Paragraph 1, Article 27-23 of the FIEL) and any joint holders (defined in Paragraph 5, Article 27-23 of the FIEL, including a person deemed as a joint holder pursuant to the provision of Paragraph 6, Article 27-23 of the FIEL; hereinafter the same); or
- (ii) A person making a purchase and the like (defined in Paragraph 1, Article 27-2 of the FIEL, and includes any purchase made in a financial instruments exchange market) of the Company's shares and other securities (defined in Paragraph 1, Article 27-2 of the FIEL) and any specially related parties (defined in Paragraph 7, Article 27-2 of the FIEL).

Note 3: A ratio of voting rights means:

- (i) If the specific group of shareholders falls under (i) of Note 2, the share holding ratio (defined in Paragraph 4, Article 27-23 of the FIEL; the number of shares and other securities held by any joint holders (defined in the same paragraph) shall also be added); or
- (ii) If the specific group of shareholders falls under (ii) of Note 2, the sum of the share holding ratio (defined in Paragraph 8, Article 27-2 of the FIEL) of such Large-scale Purchaser and any specially related parties.

For calculation of the ratio of each voting right, the financial report, the quarterly report, or the treasury stock purchase report, whichever is submitted at a later date, may be referred to in deciding the total voting rights (defined in Paragraph 8, Article 27-2 of the FIEL) or the total number of outstanding shares (defined in Paragraph 4, Article 27-23 of the FIEL).

(Reference) The status of our company's major stockholders is as described in Attachment 6.

## Brief Overview of Independent Committee

### 1. Purpose

The Independent Committee has as its purposes the eliminating of any arbitrary judgment by the Board of Directors regarding the exercise, etc. of countermeasures against a Large-scale Purchase of the Company's shares and other securities, and the guaranteeing of fairness in such judgments.

### 2. Establishment and Members, etc.

- (1) The Independent Committee shall be established by a resolution of the Board of Directors.
- (2) There shall be three (3) or more members of the Independent Committee (the "Independent Members"), and such Independent Members shall be selected by the Board of Directors among the persons who satisfy any of the following conditions:
  - (i) Outside Directors or Outside Audit & Supervisory Board Members of the Company, who are independent of the Managing Directors; or
  - (ii) Outside professionals such as lawyers, certified public accountants, certified tax accountants, academic experts, and business experts having broad administrative experience, and who are independent of the Managing Directors.
- (3) The term of the Independent Members shall expire upon the conclusion of the annual meeting of shareholders for the last fiscal year which concludes within one (1) year after the selection of such members; provided, however, the Board of Directors may reappoint an Independent Member whose term has expired.

### 3. Convocation and Resolutions, etc. of the Independent Committee

- (1) The Independent Committee shall be convened by any Independent Member or the Board of Directors.
- (2) The chairman of the Independent Committee shall be elected by mutual election of each Independent Member.
- (3) In principle, resolutions of the Independent Committee shall be, with all the Independent Members attending, adopted by a majority of the Independent Members present; provided, however, that if there is any accident or other special circumstances affecting any of the Independent Members, such resolutions shall be, with a majority of all the Independent Members attending, adopted by a majority of the Independent Members present.

### 4. Matters to be Resolved by the Independent Committee

In cases where consulted by the Board of Directors, the Independent Committee shall adopt resolutions for the matters described below, and advise the contents of such resolutions and the reasons therefor to the Board of Directors:

- (1) Exercise or non-exercise of gratuitous allotment of stock acquisition rights as a countermeasure against a Large-scale Purchase;
- (2) Cancellation of gratuitous allotment of stock acquisition rights as a countermeasure against a Large-scale Purchase or acquisition of the said stock acquisition rights by the Company for no consideration;
- (3) Exercise or non-exercise of countermeasures other than gratuitous allotment of stock acquisition rights; and
- (4) Among other matters to be judged by the Board of Directors, the matters on which the Board of Directors consults the Independent Committee.

## 5. Authority, etc. of Independent Committee

- (1) The Independent Members shall adopt the resolutions set forth in Article 4 above in consideration of whether such resolutions contribute to the Company's corporate value and/or the common interests of the Company's shareholders. The Independent members who have special interests regarding an agenda of the Independent Committee may not participate in the said resolutions, and the number of such Independent members shall be deducted from the quorum;
- (2) In cases where the Independent Committee judges that information provided by the Large-scale Purchaser is insufficient as the Necessary Information, the Independent Committee may request the provision of additional information by itself or through the Board of Directors;
- (3) Also, the Independent Committee may request from the Board of Directors (i) opinions about the Large-scale Purchase and any material which provides grounds for such opinions, (ii) in cases where the Board of Directors determines alternative plans, such alternative plans, and (iii) any other information or materials, etc. which are deemed to be necessary by the Independent Committee from time to time;
- (4) In order to collect sufficient information, the Independent Committee may require that the Board of Directors ensures the attendance of Directors, Audit & Supervisory Board Members, employees or any other person whose attendance is deemed to be necessary by the Independent Committee at Independent Committee meetings, and may request from such Directors, Audit & Supervisory Board Members, employees or other necessary persons opinions or explanations regarding the matters required by the Independent Committee; and
- (5) The Independent Committee may, in performing its duties, obtain advice from an independent third party (professionals such as securities companies, investment banks, financial advisors, lawyers, certified public accountants and consultants, etc.) at the expense of the Company, within a reasonable amount.

## Names and Brief Personal Histories of Members of Independent Committee (Candidates)

Toshihiko Fukui

Date of Birth : September 7, 1935

Apr., 1958	Joined the Bank of Japan
Dec., 1994	Deputy Governor of the above
Mar., 2003	Governor of the above
June, 2009	Outside Director of the Company (to date)

Hiroshi Komiyama

Date of Birth : December 15, 1944

July, 1988	Professor, School of Engineering, The University of Tokyo
Apr., 2000	Dean of the Graduate School of Engineering, Dean of the School of Engineering, The University of Tokyo
Apr., 2005	President of National University Corporation, The University of Tokyo
June, 2010	Outside Director of the Company (to date)

Masashi Kaneko

Date of Birth : March 2, 1939

Oct., 2001	Representative Director, Chairman and President of Nikko Cordial Corporation
June, 2005	Director and Chairman of the Board of Executive Officers of the above
June, 2006	Outside Director of the Company (to date)

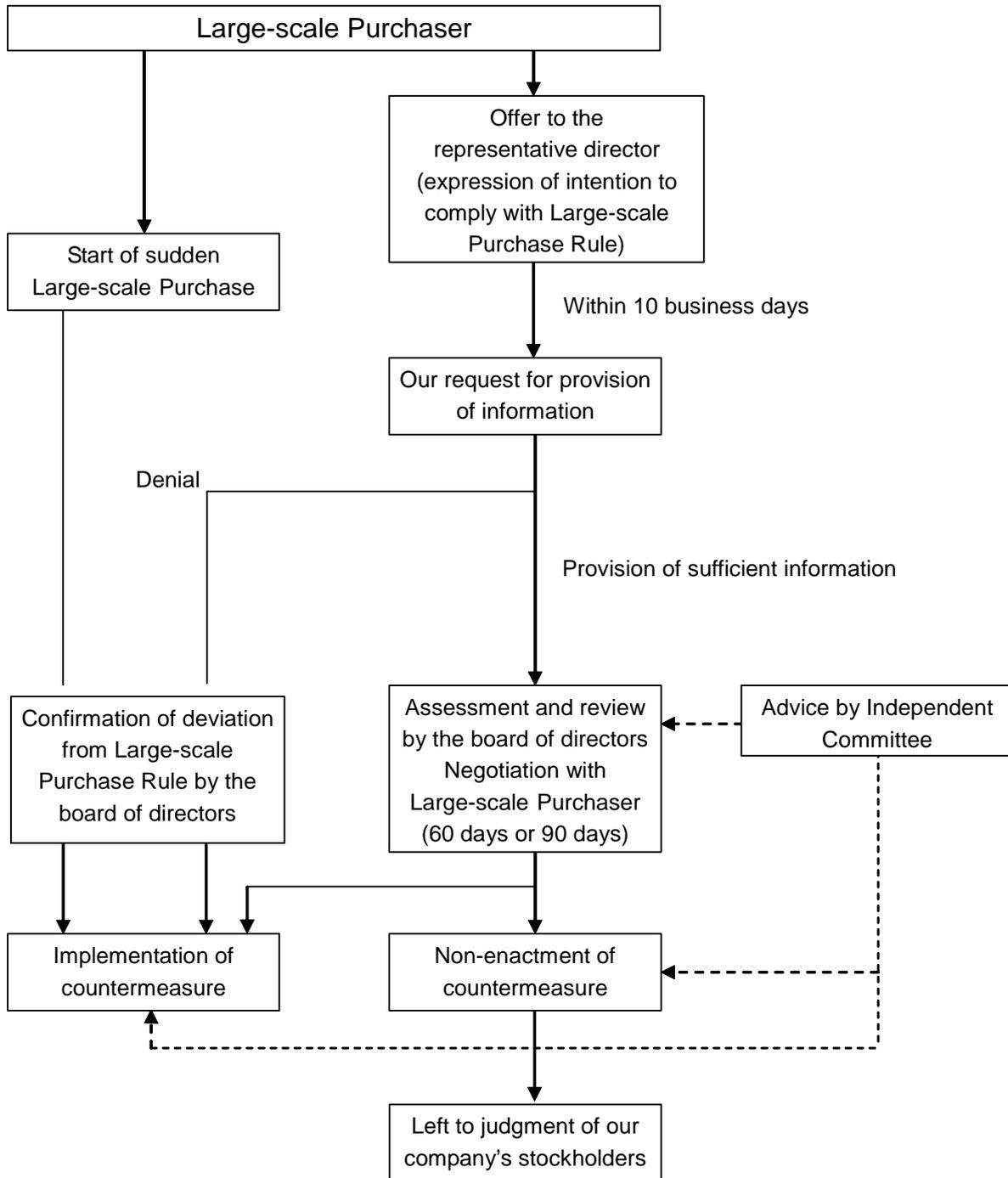
Tsuyoshi Miyazaki

Date of Birth : December 16, 1931

Mar., 1990	Representative Director and President of Mitsubishi Logistics Corporation
June, 1998	Representative Director and Chairman of the above
June, 2003	Counselor of the above (to date)
June, 2007	Outside Director of the Company (to date)

Notes: Four Outside Directors of the Company -- Mr. Toshihiko Fukui, Mr. Hiroshi Komiyama, Mr. Masashi Kaneko and Mr. Tsuyoshi Miyazaki -- have been reported to the Tokyo Stock Exchange, Inc. etc. as Independent Directors.

Handling Policy for Large-scale Purchase: Overview Chart



(Note) The overview above is to facilitate the understanding of the contents of the Handling Policy. For details, please see the body of the text.

## Brief Outline of Stock Acquisition Rights

**1. Shareholders who are Entitled to Receive Stock Acquisition Rights and the Conditions for Issuance**

Stock acquisition rights will be issued to the shareholders recorded in the shareholders registry as of the end of the allotment date, at the ratio as separately determined by the Board of Directors per share of common stock held by such shareholders (provided, however, that common stock held by the Company shall be excluded).

**2. Type and Number of Shares That are the Object of Stock Acquisition Rights**

The type of shares that are the object of stock acquisition rights shall be the common stock, and the total number of shares that are the object of stock acquisition rights will have an upper limit of 1,287 million shares; provided, however, that in the case the Company conducts a stock split, an issuance of shares by the method of gratuitous allotment to shareholders and stock consolidation, etc., required adjustment will be made.

**3. Total Number of Stock Acquisition Rights to be Issued**

The total number of the issue of stock acquisition rights will be the number as separately determined by the Board of Directors. The Board of Directors may issue stock acquisition rights not only once but multiple times.

**4. Method of Issuance of Stock Acquisition Rights**

The method will be the method of gratuitous allotment to shareholders.

**5. Amount to be Paid upon Exercise of Each Stock Acquisition Right**

Amount to be paid upon exercise of each stock acquisition right will be one (1) yen or more and as determined by the Board of Directors.

**6. Restriction on Transfer of Stock Acquisition Rights**

Transfer of stock acquisition rights will require approval by the Board of Directors.

**7. Conditions for Exercise of Stock Acquisition Rights**

As the conditions for exercise of stock acquisition rights, a condition such as a person who belongs to a specific group of shareholders whose ratio of voting rights is twenty percent (20%) or more cannot exercise the stock acquisition rights, etc., shall be provided. While the details shall be as separately determined by the Board of Directors, the holders of stock acquisition rights may be required separately to submit the Company's specified written document declaring, among others, that such holders are not Large-scale Purchasers.

**8. Period of Exercise and Other**

Period of exercise of stock acquisition rights and other necessary matters shall be as separately determined by the Board of Directors.

**9. Stock Acquisition Rights with Acquisition Clause**

The term that the Company may acquire stock acquisition rights in exchange for the shares or other assets (excluding cash) (acquisition term) may be established. While the details shall be as separately determined by the Board of Directors, a person who belongs to a specific group of shareholders whose ratio of voting rights is twenty percent (20%) or more may be disqualified as a holder of stock acquisition rights to be acquired; and the holders of stock acquisition rights may be required separately to submit the Company's specified written document declaring, among others, that such holders are not Large-scale Purchasers.

## Cases Where a Large-scale Purchase is Judged as Significantly Damaging Our Corporate Value and/or the Common Interests of the Shareholders

For example, if it is recognized that any of the following cases are applicable, then in principle it is considered that the Company's corporate value and/or the common interests of the shareholders shall be significantly damaged.

1. In the case where it is judged that an acquisition of shares is being conducted for the purpose of only driving up the stock price to have those shares purchased by the Company's group (and its related persons) at a high price, whereas there is no intention of truly participating in the management of the Company's group (so-called "green mailer").
2. In the case where it is judged that an acquisition of our shares is being conducted for the purpose of so-called "scorched management" by, for example, temporarily controlling the management of the Company's group and having the intellectual property, know-how, confidential business information, main clients and customers, etc., which are necessary for the management of the Company or the Company's related companies, transferred to the Large-scale Purchaser or its group companies, etc.
3. In the case where it is judged that an acquisition of our shares is being conducted after controlling the management of the Company's group with the intention of taking our assets or the assets of the Company's related companies to the Large-scale Purchaser and its group companies, etc. for provision of their collateral or repayment.
4. In the case where it is judged that an acquisition of our shares is being conducted for the purpose of temporarily controlling the management of the Company's group and having the Company or the Company's related companies sell or otherwise dispose of expensive assets such as real property and valuable securities, and make temporary high dividends with the profit of disposal, or for the purpose of taking the opportunity of a rapid increase in stock prices due to temporary high dividends and selling our shares at a high price.
5. In the case where it is judged that the purchasing method of our shares as suggested by the Large-scale Purchaser may actually force the selling of our shares upon the Company's shareholders by restricting the opportunity or freedom of judgment by shareholders, such as a coercive two-tier purchase (refers to the purchase of shares such as a tender offer, in which the purchase of all the shares is not induced in the first stage of purchase, and the purchasing conditions in the second stage of purchase are set unfavorably, or not stated clearly) (provided, however, that a partial tender offer does not fall under this category by definition).
6. In the case where significant damage to the Company's corporate value and/or the common interests of shareholders is expected with reasonable grounds, as a result of a possible degradation of technology and production capabilities essential with regard to generating the Company's corporate value or relationships with our company's employees, business partners, customers, and people in the local community, or otherwise.

State of Our Major Stockholders

The state of our major stockholders as of March 31, 2015, is as shown below.

Name of Stockholder	Number of Share Held	Investment Ratio
	Thousand Shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,054	8.9
Japan Trustee Services Bank, Ltd. (Trust Account)	28,182	6.6
Nippon Life Insurance Company	21,933	5.1
The Hachijuni Bank, Ltd.	11,790	2.8
Japan Trustee Services Bank, Ltd. (Trust Account 4)	11,415	2.7
Meiji Yasuda Life Insurance Company	10,687	2.5
THE BANK OF NEW YORK MELLON SA/NV 10	6,281	1.5
STATE STREET BANK WEST CLIENT - TREATY 505234	5,524	1.3
Sompo Japan Nipponkoa Insurance Inc.	5,357	1.3
STATE STREET BANK AND TRUST COMPANY 505225	5,328	1.3

(Note) 1. Our company, which owns 6,207,027 shares of treasury stock, is not included in the above list of major stockholders. Investment ratios are calculated with shares of treasury stock excluded.

2. Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. merged to form a new company, named Sompo Japan Nipponkoa Insurance Inc., on September 1, 2014.