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Securities Code: 5384
June 1, 2018

To our shareholders:

Keishi Seki
President and CEO
Fujimi Incorporated
2-1-1 Chiryo, Nishibiwajima-cho, Kiyosu-shi, Aichi

Notice of the 66th Annual General Meeting of Shareholders

You are cordially invited to attend the 66th Annual General Meeting of Shareholders of Fujimi Incorporated (the "Company"), which will be held as described below.
If you are unable to attend the meeting, you can exercise your voting rights in writing or via the internet, etc. Please consider the Reference Documents for General Meeting of Shareholders below, and exercise your voting rights no later than 5:00 p.m. on Thursday, June 21, 2018 (JST).

1. **Date and Time:** Friday, June 22, 2018, at 10 a.m. (JST) (Reception opens at 9:20 a.m.)
2. **Venue:** 3rd floor, Doremi Hall, Nishibi Sozo Center
   1-12-1 Otai, Nishibiwajima-cho, Kiyosu-shi, Aichi
3. **Purpose of the Meeting:**

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 66th term (April 1, 2017 to March 31, 2018) as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 66th term (April 1, 2017 to March 31, 2018)

Matters to be resolved:

Proposal No. 1	Appropriation of Surplus
Proposal No. 2	Renewal of Policy for Measures against Large-Scale Acquisitions of Share Certificates, Etc. of the Company (Takeover Defense Measures)
Proposal No. 3	Election of Seven Directors
Proposal No. 4	Election of One Corporate Auditor
Proposal No. 5	Election of One Substitute Corporate Auditor

4. **Other Matters concerning This Notice**

Items listed below are posted on the Company's website (http://www.fujimiinc.co.jp/) pursuant to the relevant laws and regulations and the provision of Article 15 of the Company's Articles of Incorporation and are therefore not included in the attachments to this Notice.

(i) Notes to Consolidated Financial Statements
(ii) Notes to Non-consolidated Financial Statements

Accordingly, the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Corporate Auditors and the Accounting Auditor consist of the documents stated in the attachments to the Notice of the General Meeting of Shareholders, as well as the Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements posted on the Company's website.

When you attend the meeting, we kindly request that you submit the enclosed voting form to the receptionist at the venue.
Any updates to the Reference Documents for General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements will be posted on the Company's website (http://www.fujimiinc.co.jp/).

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

1. Year-end dividends
   The Company regards the appropriate return of profit to its shareholders as one of its most important management issues in operating its business. The Company's target for the consolidated dividend payout ratio is 50% or more. While making proactive return of profits to shareholders based on business performance, the basic policy is to pay attention to maintaining stable dividends.
   As a result of careful consideration based on this basic policy, the Company proposes to pay a year-end dividend for the current fiscal year of ¥38 per share as an ordinary dividend.
   (1) Type of dividend property
   To be paid in cash.
   (2) Allotment of dividend property and their aggregate amount
   The Company proposes to pay a dividend of ¥38 per common share of the Company.
   In this event, the total dividends will be ¥951,211,440.
   Accordingly, including the interim dividend of ¥25 per share already paid, the annual dividend for the current fiscal year will total ¥63 per share.
   (3) Effective date of dividends of surplus
   The effective date of dividends will be June 25, 2018.
2. Other appropriation of surplus
   (1) Item of surplus to be decreased and amount of decrease
   Retained earnings brought forward: ¥1,000,000,000
   (2) Item of surplus to be increased and amount of increase
   General reserve: ¥1,000,000,000

Proposal No .2 Renewal of Policy for Measures against Large-Scale Acquisitions of Share Certificates, Etc. of the Company (Takeover Defense Measures)

The policy for measures against large-scale acquisitions of share certificates, etc. of the Company (the "Policy") was approved by the shareholders at the 64th ordinary general meeting of shareholders of the Company held on June 22, 2016, and the effective period of the Policy will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Since the adoption of Policy, the Company has continued to deliberate on appropriate takeover defense measures for the Company based on changing trends involving takeover defense measures. As a result, in advance of the expiration of the effective period of the Policy, the Company determined at the Board of Directors meeting held on May 22, 2018 to renew the contents of the Policy (the "Renewal") as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(ii) of the Enforcement Regulations of the Companies Act) in light of the basic policy regarding persons who control decisions on the Company's financial and business policies (as provided in the main text of Article 118, Item 3 of the Enforcement Regulations of the Companies Act; the "Basic Policy"), subject to the shareholders' approval at this Ordinary General Meeting of Shareholders. Upon the renewal of the Policy, no substantial changes will be made to the contents of the Policy, except that the effective period will be changed.

Therefore, the Company is seeking the shareholders' approval for the renewal of the Policy in accordance with Chapter 7, Article 43 (Adoption of takeover defense measures, etc.) of the Articles of Incorporation of the Company.

All of the Directors (including two outside Directors) attended the Board of Directors meeting at which the renewal of the Policy was decided, and they unanimously approved, and passed a resolution in favor of, the Renewal. Also, upon making such resolution, all of the Corporate Auditors (including two outside Corporate Auditors) expressed an opinion to the effect that they had no objections in respect of the Renewal.

1. Reasons for Proposal

(1) Basic Policy Regarding the Persons Who Control Decisions on the Company's Financial and Business Policies

The Company believes that the persons who control decisions on the Company's financial and business policies need to be the ones who fully understand the specifics of the Company's financial and business affairs and the source of the corporate value of the Company and will make it possible to continually and persistently ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders.

The Company believes that because shares in the Company are listed on a stock exchange, they should be freely traded in capital markets. The Company therefore does not adopt a general rule of rejecting any acts of large-scale acquisition of the share certificates, etc. of the Company and it believes that a decision on which persons should control the Company's financial and business policies should ultimately be made based on the discretion of its shareholders. In addition, when an act of large-scale acquisition of the share certificates, etc. of the Company is proposed, the Company will not reject that proposal if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

However, there are some acts of large-scale acquisition of share certificates, etc. that benefit neither the corporate value of the target company or, in turn, the common interests of its shareholders including (i) those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders, (ii) those with the potential to substantially coerce shareholders into selling their shares without providing sufficient time or information, and (iii) those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the act of large-scale acquisition or for the target company's board of directors to make an alternative proposal or take other actions.

Also, the status of the major shareholders of the Company as of March 31, 2018 is described in Attachment 1 'Status of Major Shareholders of the Company,' and certain officers of the Company and their relatives and related parties (the "Company's Officers, Etc.") hold some of the issued shares in the Company. The Company is a listed company, so we cannot deny the possibility that the shareholding ratios of the Company's Officers, Etc. may decrease due to a transfer or other disposition of the shares by the Company's Officers, Etc. for their own reasons or personnel relocation or other changes in the status of officers. In addition, it is considered an option for the Company to procure, in capital markets, funds necessary for the education of personnel and investment to facilities which constitute the bases of the Company's business, that have been the focus of the Company's measures, as well

as investment, etc. in new and growing businesses that lead to the expansion of business over the medium to long term, increase internal capital adequacy, and business and capital alliances and other relationships with other companies, and, if the Company procures funds in such way, it is possible that the current shareholding ratios of the Company's Officers, Etc. may decrease.
The Company believes that, if it is not possible to manage the Company based on a full understanding of the source of the Company's corporate value and with a view to securing such source over the medium to long term and organically combining the Company's intangible managerial resources, such as technologies and expertise that have been cultivated through its long history, with markets, and thereby increasing the corporate value, it is not possible to gain trust from stakeholders, and, accordingly, such management would be contrary to the corporate value of the Company and, in turn, the common interests of its shareholders.
The Company therefore believes that a person who conducts an act of large-scale acquisition that is likely to be contrary to the corporate value of the Company and, in turn, the common interests of its shareholders, through an act of large-scale acquisition of, or a similar act in respect of, the shares certificates, etc. of the Company without understanding of the source of the corporate value of the Company as described above or in a way that does not intend to manage the Company with a view to securing the source over the medium to long term and increasing the corporate vale of the Company, is inappropriate as a person who will control decisions on the Company's financial and business policies, and necessary and reasonable countermeasures must be taken against such act of large-scale acquisition by such person so that the corporate value of the Company and, in turn, the common interests of its shareholders are ensured.

(2) The Source of the Company's Corporate Value and Measures to Realize the Basic Policy

(a) The Source of the Company's Corporate Value

Drawing on the know-how and R&D capabilities the Company has accumulated since its founding, the Company has developed numerous products essential for leading-edge industries with high-precision polishing needs, including mirror polishing of semiconductor substrates like silicon wafers, CMP (chemical mechanical planarization) required for the multilayer wiring of semiconductor chips, and hard disk polishing. In particular, the Company holds the top global market share for high-precision abrasives for semiconductor substrates, a core business area, and the Company maintains its market superiority as the leading name in synthetic precision abrasives.
For many years, the Company has continued to meet the needs of its customers in the field of high-precision polishing and has endeavored to advance and build up its development and manufacturing technologies. In the course of doing so, the Company has developed relationships of trust with its customers and established three core technologies: filtration, classification, and refinement technologies, powder technologies, and chemical technologies. Filtration, classification, and refinement technologies are technologies for controlling the particle size distribution of abrasive grains and removing large particles and impurities that negatively affect the quality of the polished object; powder technologies are technologies for controlling the shape of particles and achieving granulation by equally mixing different particles; and chemical technologies are technologies for appropriately selecting additives that exhibit dispersion, dissolution, and surface protection effects that contribute to improving the function of the abrasive.
The Company's slogan, "Polishing our technologies and bringing people together," means contributing to better product manufacturing through cutting-edge technologies, connecting people, and providing people with a rich lifestyle; product manufacturing that respects people and considers the global environment is at the root of the Company's manufacturing approach. The Company has developed its competitiveness through this manufacturing approach and through its corporate culture wherein each employee boldly takes on the challenge of addressing new developments.
The Company believes that the source of its corporate value lies in these strong technological and development capabilities that are tied to manufacturing sites, in its relationships of trust with customers cultivated over many years, and in its corporate culture with healthy and close labor-management relations. To lead technological innovation and expand results moving forward, the Company believes it is important to further increase the level of trust with customers and increase employee morale, and the Company will strive as a group to continue enhancing corporate value under these policies.

(b) Measures to Enhance Corporate Value (Medium & Long Term Business Plan)

The Company has set its Medium & Long Term Corporate Vision as "We support your forward-looking ideas and

challenges" under the current Medium & Long Term Business Plan formulated in November 2016. This comes with the intent of striving towards a company that is "Strong, Kind and Exciting," as stated in our Corporate Cultural Vision, which is the ultimate goal that we aim to achieve. This is realized by adapting to the changing environment, which is made possible by cultivating the space for the growth of the self-driven ideas and challenges of each individual employee.
The business environment of the semiconductor market, which has been the main business area of the Company, is getting more severe, and this caused no small impact on the Company, 70% of whose sales are in semiconductor related areas. Personal computers that have long been the key player of the semiconductor market have seen a decline in shipments since 2012, and even smartphones that held up the market since have seen a large slowdown in growth. Currently there is increasing activity in industry reorganization in preparation for the post-smart-phone era. We believe a business structure that does not lean towards specific markets or needs is crucial in order to attain stable and continued growth in such a business environment, and have thus aimed to improve our sales distribution ratio of non-semiconductor related items. On the other hand, although we established our business domain as "powder and surface" in 2012, in actuality, most of our activity was centered around abrasives as seen previously.
Under the Medium & Long Term Business Plan, we reaffirm that "powder and surface" is the business domain that we target for future growth while also aiming to expand the business domain to "polishing solutions," and we are striving to increase our sales distribution ratios for new businesses, non-semiconductors, and non-abrasive areas. In addition, we have also set the expansion of new applications and the fostering and acquisition of new businesses as one of the pillars under the Medium & Long Term Business Plan. Specifically, in the short term, we will expand existing business and develop new applications in peripheral areas, while in the mid-term, we will expand non-polishing applications and business with our goal of becoming a "powder and surface" company in mind. Furthermore, we will foster new businesses and new technologies over the long term. We have begun working on long term activities by setting up the Advanced Technology Research Center in April 2015 and, for the purpose of strengthening our business and accelerating the creation of new businesses, by establishing a corporate venture capital fund in November 2015, whereby we invest in several venture companies that possess unique technologies. We will continue proactive development investments to achieve continuous growth with our solid financial base.
We are striving for stable and continuous growth by periodically managing progress through setting goals for the sales distribution ratios for new businesses, non-semiconductors, and non-abrasive areas as indices for measuring the success of the above measures. In addition to our active investment in growing areas, we have raised our consolidated dividend payout ratio to 50% or more in order to strengthen returns to shareholders. For our CSR activities, we will strive to sustainably increase our corporate value by supplementing our existing activities with more effort into promoting female activity and work-parenting support.
Specific measures for each business are as follows.

Silicon Business
In this business, we manufacture and sell abrasives that are used in the high-precision polishing process in which silicon wafers, which become semiconductor substrates, are flattened and mirror polished. We offer high-quality products and services for every step of the process from cutting to polish finishing, satisfying the increasingly sophisticated requirements of our customers. We aim to become our customers' "most trusted partner" by continuing to provide highly distinctive new products supported by new technologies. In addition, we are focusing on the development of products for power device substrates, which have received attention in recent years, and have put some of these products on the market.

CMP (Chemical Mechanical Planarization) Business
In this business, we manufacture and sell abrasives that are used in the manufacturing process of semiconductor devices. CMP is increasingly used in the manufacturing process of semiconductor devices as they have become more highly-functional and highly-integrated products with higher density. We have established manufacturing and development bases in Japan, the United States, and Taiwan, which are located near the manufacturing and development bases of our customers, thereby building closer relationships with customers and developing new products in accordance with customers' roadmaps. Additionally, we are reinforcing development and sales activities in Chinese markets, which are expected to grow in the future.

Hard Disk Business
In this business, we manufacture and sell abrasives that are used in the manufacturing process of substrates for hard

disks, which are storage media for devices such as personal computers, servers, video game consoles, and high-definition recorders. We have a manufacturing base in Malaysia, in which our customers' production bases are concentrated, and we have built relationships of trust with our customers by allocating technical staff and providing technical support in the region. In addition, we endeavor to expand the areas of basic development in order to grasp customers' requirements for next-generation disk substrates at an early stage, thereby promptly providing new products that meet customers' requirements.

Specialty Materials Business
In this business, we manufacture and sell specialty materials used for products such as electronic parts, automobiles, and lenses as precision grindstones, lapping cloth and paper, and polishing agents, filling materials, or the like for lapping, polishing, and blasting. Utilizing technologies for controlling particle size distribution and particle shape as well as other powder technologies, we even draw out potential customer needs by appropriately responding to customer requests, and this in turn improves customer trust. Further, we seek to discover new applications for abrasive grains by reinforcing our technological capabilities.

Thermal Spray Materials Business
In this business, we mainly manufacture and sell powdered thermal spray materials such as cermets and ceramics for thermal spray applications, which is environmental-friendly surface processing, in order to meet the demand for longer product life and higher product functions in a variety of industries including iron and steel, aircraft, and semiconductors. We aim to increase sales by reinforcing our powder granulation technologies, promptly offering solutions, and developing new markets such as materials for 3D printers.

New Business
In this business, we manufacture and sell abrasives and other products for a wide variety of materials (metal, resin, ceramic, and composite materials) and shapes (two-dimensional and three-dimensional) for new applications other than those covered by existing business. We will continue to serve the new surfacing requests of customers from all walks of industry by providing not only abrasives but also total solutions, including the recommendation of application-specific equipment and consumables.

(c) Corporate Governance

The Company strives to improve corporate governance with a view to becoming a company that is trusted by shareholders, clients, and social communities by securing the transparency and effectiveness of its management through appropriate corporate activities in compliance with laws and ordinances and by aiming to enhance the corporate value under a governance system in which management supervision, business execution, and audits function effectively.
The Company has adopted the corporate auditor system, and two out of three Corporate Auditors are independent outside Corporate Auditors. Also, in preparation for cases where there is a shortage in the number of corporate auditors as required by law or ordinance, the Company has elected one replacement Corporate Auditor.
The Board of Directors is composed of seven Directors, including two outside Directors, and for the purpose of establishing a management system that is able to promptly respond to changes in the management environment, the Company has set the term of office of each Director at one year, and also has a system under which the Company's shareholders may exert their influence over the Company's governance through the annual election and removal of Directors.
Meetings of the Board of Directors are held at least once a month, at which matters that require a resolution by the Board of Directors under law, ordinance, or the Company's Articles of Incorporation are resolved and important matters relating to the supervision of business operation and management are deliberated on and reported from time to time. In addition, for the purpose of promptly responding to changes in the management environment, the Company holds Management Meetings composed of Directors and Senior General Managers , and other principal meetings every month, and confirmation of and measures in response to management issues, as well as other important matters relating to the Company's management, are examined and deliberated on at these meetings.
Corporate Auditors attend meetings of the Board of Directors and other principal meetings, where they state opinions or the like as necessary, and they also conduct audits under a fair monitoring system in cooperation with accounting auditors and the Internal Audit Department.
Furthermore, with an aim to stabilize management bases by appropriately handling a variety of risks that are likely

to cause impacts on the business operation of the Company's group, the Company has established the Global Risk Management Committee, whereby the confirmation and evaluation of risks, examination of countermeasures, and other risk management activities are performed on a global basis for minimizing impacts that may be caused if any risks are revealed.
The Company will continue to strive to improve corporate governance and take measures to enhance its corporate value.

(3) Purpose of the Renewal

Based on the Basic Policy set out in 1.(1) above, the Board of Directors believes that it is necessary to promptly and properly take measures that it considers to be most appropriate for ensuring the corporate value of the Company and, in turn, the common interests of its shareholders against persons who conduct an act of unilateral and large-scale acquisition or any similar act in a manner that would damage the corporate value of the Company and, in turn, the common interests of its shareholders. Based on this belief, the Board of Directors decided to renew the Policy for purposes such as preventing decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate and deterring acts of large-scale acquisition that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, and, on the occasion that the Company receives a proposal for an act of large-scale acquisition, enabling the Board of Directors to present an alternative proposal to the shareholders or ensuring necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and enabling the Company to negotiate for the common interests of the shareholders.
As set out in 2.(4)(a) below, under the Policy, in order to secure the reasonableness and fairness of decisions on matters such as whether it is appropriate or not to trigger countermeasures, the Company shall establish an independent committee as an organization independent from the Board of Directors in accordance with the Independent Committee Rules (an outline of which is provided in Attachment 2) (the "Independent Committee"). The Independent Committee must have no less than three members, and the members must be elected from among persons who are independent from the Company's executive management team, such as outside Directors, outside Corporate Auditors, lawyers, certified public tax accountants, certified public accountants, experienced academics, persons who are familiar with investment bank business, or outside parties who have experience of serving as a director or an executive officer at other companies. Upon the Renewal, three persons in total, namely, Masahiko Takahashi, Masami Kawashita, and Takahisa Yamakawa, will assume office as members of the Independent Committee. The profile of each member is set out in Attachment 3 'Profiles of the Independent Committee Members.'
The outline of the Policy is set out in Attachment 4 'Outline of the Policy (Flowchart of Procedures to be Followed if an Acquisition is Commenced).'

2. Details of Proposal

(1) Establishment of the Large-Scale Acquisition Rules

Under the Policy, if an act that falls under (i) or (ii) below or any similar act, or a proposal[1] for such act (excluding acts that have been approved by the Board of Directors in advance, an "Acquisition"; a party that conducts or makes a proposal for an Acquisition, an "Acquirer") takes place or such act is proposed by an Acquirer, countermeasures under the Policy may be triggered.

(i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)[2] of a holder (*hoyuusha*)[3] totaling at least 20% of the share certificates, etc. (*kabuken tou*)[4] issued by the Company; or

[1] "Proposal" includes solicitation of a third party.
[2] Meaning a "holding ratio of share certificates, etc." prescribed in Article 27-23(4) of the Financial Instruments and Exchange Act; the same applies below. If any law, ordinance, or the like referred to in the Policy is amended (including any chages to the tile of the law or ordinance and establishement of a new successor law, ordinance, or the like), each provision and term of such law, etc. must be read as the respective provision or term of the law, etc. that substantially replaces the predecessor law, etc. after the amendment, unless otherwise provided for by the Board of Directors.
[3] Meaning a holder prescribed in Article 27-23(1) of the Financial Instruments and Exchange Act and including persons described as a holder under Article 27-23(3) of the Act (including persons who are deemed to fall under the above by the Board of Directors); the same applies below.
[4] Meaning "share certificates, etc." prescribed in Article 27-23(1) of the Financial Instruments and Exchange Act; the same applies below unless otherwise provided for.

(ii) A tender offer (*koukai kaitsuke*)[5] that would result in the ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)[6] of the party conducting the tender offer and the ownership ratio of share certificates, etc. of a specially related party (*tokubetsu kankei-sha*)[7] totaling at least 20% of the share certificates, etc. (*kabuken tou*)[8] issued by the Company.

(a) Submission in Advance to the Company of Statement of Intent to Conduct Large-Scale Acquisition

First, the Company will request an Acquirer to submit to the Company before effecting an Acquisition a "Statement of Intent to Conduct Large-Scale Acquisition" (signed by or affixed with the name and seal of the representative of the Acquirer) in the form prescribed by the Company and in Japanese, stating matters such as an undertaking that the Acquirer will comply with the procedures set out in the Policy (the "Large-Scale Acquisition Rules").

Specifically, the Statement of Intent to Conduct Large-Scale Acquisition must include the following matters.

(i) Outline of the Acquirer
  (A) Name and address or location
  (B) Name of the Representative
  (C) Purpose and description of business
  (D) Outlines of major shareholders or large investors (10 largest shareholders or investors in terms of the number of shares held or contribution ratio)
  (E) Contact information in Japan
  (F) Governing law of incorporation

(ii) Type and number of share certificates, etc. of the Company that are held by the Acquirer at the relevant time and the status of transactions involving share certificates, etc. of the Company by the Acquirer during the period of 60 days before the submission of the Statement of Intent to Conduct Large-Scale Acquisition

(iii) Outline of the Acquisition proposed by the Acquirer (type and number of share certificates, etc. of the Company that the Acquirer intends to acquire through the Acquisition and the outline of the purpose of the Acquisition (including purposes such as the acquisition of a controlling interest or participation in the management, net investment or policy-based investment, or the transfer of the share certificates, etc. of the Company after the Acquisition, or, if the purpose of the Acquisition is to make a material proposal[9] or there is any other purpose, to that effect and an outline thereof; if there are several purposes, all of them must be stated))

(iv) Undertaking that the Acquirer will comply with the Large-Scale Acquisition Rules (no conditions or reservations may be attached)

When submitting the Statement of Intent to Conduct Large-Scale Acquisition, the Acquirer will be requested to attach a certified copy of commercial register, a copy of its articles of incorporation, or any other documents that prove the existence of the Acquirer and the qualification of the representative who signed or affixed his/her name and seal to the Statement of Intent to Conduct Large-Scale Acquisition.

(b) Provision of "Large-Scale Acquisition Information"

If the Statement of Intent to Conduct Large-Scale Acquisition set out in (a) above is submitted, the Company will request the Acquirer to provide the Board of Directors with information that is sufficient for the Company's shareholders to make decisions on the Acquisition and for the Board of Directors to evaluate, consider, or take other actions in relation to the Acquisition ("Large-Scale Acquisition Information") in accordance with the following procedures. If the Board of Directors is provided with the Large-Scale Acquisition Information, it shall promptly provide it to the Independent Committee. Any Large-Scale Acquisition Information must be provided in Japanese.

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[5] Meaning a "tender offer" prescribed in Article 27-2(6) of the Financial Instruments and Exchange Act; the same applies below.

[6] Meaning an "ownership ratio of share certificates, etc." prescribed in Article 27-2(8) of the Financial Instruments and Exchange Act; the same applies below.

[7] Meaning a "specially related party" prescribed in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Act; the same applies below.

[8] Meaning "share certificates, etc." prescribed in Article 27-2(1) of the Financial Instruments and Exchange Act.

[9] Meaning a "material proposal" prescribed in Article 27-26(1) of the Financial Instruments and Exchange Act, Article 14-8-2(1) of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Order on Disclosure of the Status of Large-Volume Holdings in Share Certificates.

First, the Company will send to the Acquirer a "List of Large-Scale Acquisition Information" to the address of the contact information in Japan set out in (a)(i)(F) above, describing information that must be initially submitted by the Acquirer, within 10 business days[10] (the first day of the period is not included for the purpose of the calculation) from the date on which the Statement of Intent to Conduct Large-Scale Acquisition is submitted, and disclose that list to the Company's shareholders. The Acquirer will then be requested to provide sufficient information to the Board of Directors in accordance with the List of Large-Scale Acquisition Information.

Also, if, in light of the terms, form, and other details of the Acquisition, the Board of Directors reasonably determines that the information that was submitted by the Acquirer in accordance with the List of Large-Scale Acquisition Information above is not sufficient for the Company's shareholders to make decisions on the Acquisition and for the Board of Directors to evaluate, consider, or take other actions in relation to the Acquisition, the Board of Directors will request the Acquirer to provide additional information to be separately requested by the Board of Directors after setting a reply deadline as appropriate. However, the final reply deadline (the "Final Reply Deadline") must, as a general rule, be no later than 60 days from the date on which the Statement of Intent to Conduct Large-Scale Acquisition is received even if the Board of Directors does not determine that necessary and sufficient information has been submitted (unless the Acquirer requests that the deadline should be extended, in which case the Final Reply Deadline may be extended to the extent necessary). Regardless of the terms, form, or other details of the Acquisition, all of the information set out in the items below must be included in the List of Large-Scale Acquisition Information as a general rule.

(i) Details (including name, financial position, operation results and other status of accounting, and relationships between companies in the Acquirer's group (the "Acquirer Group") (such as capital relationship, business relationship and personnel relationship)) of the Acquirer and the companies in the Acquirer Group (including joint holders,[11] specially related parties, and specially related parties of a person in relation to whom the Acquirer is the controlled corporation, etc.[12]).[13]

(ii) The purpose, method and specific terms of the Acquisition (including the structure of any related transactions and opinions on the legality of the Acquisition and the feasibility of the Acquisition).

(iii) The type and amount of the consideration for the Acquisition (and an exchange ratio if the type of the consideration is securities, etc.) and grounds and backgrounds for the calculation of the amount.

(iv) The status of financing required for the Acquisition, the outline of the parties that provide funds and the outline of related transactions.

(v) Information on any past acquisitions of share certificates, etc. of the Company by the Acquirer Group.

(vi) Specific terms of any agreement between the Acquirer and a third party regarding the share certificates, etc. of the Company that the Acquirer already holds or intends to acquire through the Acquisition.

(vii) Post-Acquisition management policy, business Policy, capital and dividend policies for the Company Group.

(viii) If the Acquirer intends to acquire additional share certificates, etc. of the Company after the Acquisition, reasons for and the details of the acquisition.

(ix) If it is expected that share certificates, etc. of the Company will be delisted after the Acquisition, to that effect and reasons for delisting.

(x) Policy for dealing with the shareholders (other than the Acquirer), employees, trading partners, customers, social communities and other stakeholders of the Company.

(xi) Information on any relationship between the Acquirer Group and an anti-social force.

(xii) Any other information that the Independent Committee, etc. reasonably considers necessary.

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[10] "Business day" means any day other than days listed in the items of Article 1(1) of the Act on Holidays of Administrative Organs; the same applies below.

[11] Defined in Article 27-23(5) of the Financial Instruments and Exchange Act, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors); the same applies below.

[12] Defined in Article 9(5) of the Order for Enforcement of the Financial Instruments and Exchange Act.

[13] If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.

If the Company receives a proposal for an Acquisition, it will promptly make disclosure thereof, and if the Company determines it necessary in order for the shareholders to make decisions on the Acquisition, it will disclose, at the timing it deems appropriate, all or part of the information provided by the Acquirer.
In addition, if the Board of Directors reasonably determines that the provision of the Large-Scale Acquisition Information by the Acquirer has been completed or the Final Reply Deadline has passed, the Company will give notice to the Acquirer to that effect ("Information Provision Completion Notice") and promptly make disclosure to that effect.

(c) Setting of the Board of Directors' Evaluation Period and Other Related Matters

After giving an Information Provision Completion Notice, the Company will, according to the difficulty of evaluation of the Acquisition or other issues relating to the Acquisition, set a period for evaluation, consideration and negotiation of, formulating opinions on, and drafting an alternative plan for, the Acquisition by the Board of Directors, which will be a period of 60 days if the Acquisition by the Acquirer targets all of the share certificates, etc. of the Company solely in exchange for money as consideration (Japanese yen), or a period of 90 days in the event of other Acquisitions (in each case, the first day of the period is not included for the purpose of the calculation) (the "Board of Directors' Evaluation Period"). If there are any unavoidable circumstances that prevent the Board of Directors from passing a resolution to trigger or not to trigger the countermeasures within the Board of Directors' Evaluation Period for reasons such as the Independent Committee not reaching a decision on a recommendation set out in (4)(a) below within the Board of Directors' Evaluation Period, the Board of Directors may extend the Board of Directors' Evaluation Period to the extent necessary (up to 30 days; the first day of the period is not included for the purpose of the calculation) based on a recommendation made by the Independent Committee. If the Board of Directors resolves to extend the Board of Directors' Evaluation Period, it will timely and appropriately disclose the specific period of extension for which the resolution was passed and the reason why the specific period is necessary in accordance with the applicable laws, ordinances, or the like and the rules of the stock exchange.
The Acquirer may commence the Acquisition only after the passing of the Board of Directors' Evaluation Period, or, in cases where a meeting to confirm shareholders' intent is to be held or a vote in writing is to be conducted as described in (2)(c) below, the Acquirer may commence the Acquisition only after a proposal for countermeasures is rejected.
During the Board of Directors' Evaluation Period, the Board of Directors will fully evaluate and consider matters such as the Acquirer, the specific terms of the Acquisition, and the impact of the Acquisition on the corporate value of the Company and, in turn, the common interests of its shareholders, based on the Large-Scale Acquisition Information provided by the Acquirer while obtaining advice from experts and other outside parties as necessary, carefully summarize opinions as the Board of Directors on the Acquisition and give notice to the Acquirer, and timely and appropriately make announcements to shareholders regarding these matters. In addition, the Board of Directors may, if necessary, negotiate the conditions for and methods of the Acquisition with the Acquirer, and, furthermore, present its alternative proposal to shareholders.

(2) Policy for Measures in Response to an Acquisition

(a) Conditions for Triggering of Countermeasures

(i) If an Acquirer conducts an Acquisition not in compliance with the Large-Scale Acquisition Rules

If an Acquirer conducts or intends to conduct an Acquisition not in compliance with the Large-Scale Acquisition Rules and it is necessary and reasonable to trigger countermeasures, the Board of Directors may, regardless of the specific conditions, methods, and other terms of the Acquisition, determine that the Acquisition would significantly harm the corporate value of the Company and, in turn, the common interests of its shareholders, and take countermeasures that are necessary and reasonable to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders in accordance with (b) below.

(ii) If an Acquirer conducts an Acquisition in compliance with the Large-Scale Acquisition Rules

If an Acquirer conducts or intends to conduct an Acquisition in compliance with the Large-Scale Acquisition Rules, the Board of Directors will not immediately take countermeasures to the Acquisition even if it objects to the Acquisition, although this does not eliminate the possibility that it may take actions such as declaring an opposing opinion, presenting an alternative proposal, or providing an explanation to shareholders. A decision on whether or not to accept the proposal for the Acquisition will be made by each shareholder taking into consideration the Large-

Scale Acquisition Information relating to the Acquisition, opinions of the Board of Directors on the Acquisition, any alternative proposals, and other matters relating to the Acquisition.
However, even if an Acquirer conducts or intends to conduct an Acquisition in compliance with the Large-Scale Acquisition Rules, if the Acquisition is determined to fall under any of the categories listed in Attachment 5 or there are circumstances based on which the Acquisition is suspected of falling under any such categories from an objective and reasonable perspective, the Board of Directors may take countermeasures necessary and reasonable to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders in accordance with (b) below.

(b) Procedures for Triggering Countermeasures

When the Board of Directors makes a decision on whether or not to trigger countermeasures, the following procedures must be followed in order to secure the reasonableness and fairness of the decision.
First, before triggering countermeasures, the Board of Directors will consult with the Independent Committee regarding whether it is appropriate to trigger the countermeasures, and the Independent Committee will, based on the consultation and after obtaining advice from experts and other outside parties as necessary, make a recommendation, within the Board of Directors' Evaluation Period, regarding whether it is appropriate to trigger the countermeasures to the Board of Directors. The Board of Directors shall respect the recommendation of the Independent Committee to the maximum extent when making a decision on whether or not to trigger the countermeasures.
In addition to the consultation with the Independent Committee described above, the Board of Directors shall, while obtaining advice from experts and other outside parties as necessary, evaluate, consider, and take other actions in relation to, the Acquirer, the specific terms of the Acquisition, and matters such as the impact of the Acquisition on the corporate value of the Company and, in turn, the common interests of its shareholders, based on the Large-Scale Acquisition Information provided by the Acquirer, and then make a decision on whether or not to trigger the countermeasures.
However, if the procedures for confirming the intent of shareholders are to be implemented in accordance with (c) below, the Board of Directors shall follow the outcome of these procedures.

(c) Confirmation of Shareholders' Intent

The Board of Directors may, after giving maximum consideration to the recommendation made by the Independent Committee, choose between (i) a shareholders' vote at a meeting to confirm shareholders' intent and (ii) a vote in writing, and implement that process as the procedure for confirmation of the intent of shareholders. A meeting to confirm shareholders' intent may be held at the same time as an ordinary or extraordinary general meeting of shareholders.
If the procedures for confirmation of the intent of shareholders are to be implemented or there is a possibility thereof, the Board of Directors will promptly set a record date for finalizing shareholders who may exercise the right to cast votes (the "Record Date for Voting") and make a public announcement no later than two weeks before the Record Date for Voting. Shareholders who may exercise the right to cast votes in the procedures for confirmation of the intent of shareholders are those shareholders who are written or recorded in the latest register of shareholders as of the Record Date for Voting and they are entitled to cast one vote per voting right. If a shareholders' vote at a meeting to confirm shareholders' intent is implemented, the proposal must be approved or rejected with a majority of votes cast by shareholders who attend the meeting, where shareholders representing at least one-third of all rights to cast votes must be present. If a vote in writing is implemented, shareholders representing at least one-third of all rights to cast votes must participate in the voting and the proposal must be approved or rejected with a majority of votes cast by those shareholders. The Board of Directors shall decide the method of confirmation of the intent of shareholders, that is, whether it will hold a meeting to confirm shareholders' intent or implement a vote in writing, and promptly make disclosure of its decision. Also, if the Board of Directors holds a meeting to confirm shareholders' intent or implements a vote in writing, it will promptly disclose information on the result of voting and other matters that the Board of Directors determines appropriate.

(d) Discontinuation or Withdrawal of Countermeasures that Have Been Triggered

Even if the Board of Directors triggers countermeasures in accordance with the procedures set out in (b) and (c) above, if (i) the Acquirer ceased to proceed with the Acquisition or withdrew its proposal for the Acquisition or (ii) there has been a change in the facts or other matters on which the decision on whether or not to trigger the

countermeasures was made, leading to a situation under which it is considered unreasonable to maintain the countermeasures that had been triggered from the perspective of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Board of Directors shall consult with the Independent Committee again regarding whether it is appropriate to maintain the countermeasures after presenting the specific circumstances that led to such a situation, and, while obtaining advice from experts and other outside parties as necessary, consider the possibility of discontinuing or withdrawing the countermeasures that had been triggered. The Independent Committee, based on the consultation, and while obtaining advice from experts and other outside parties as necessary, will consider whether it is appropriate to maintain the countermeasures, and will make a recommendation to the Board of Directors. The Board of Directors shall respect the recommendation of the Independent Committee to the maximum extent when making a decision on whether or not to maintain the countermeasures.

Based on the recommendation of the Independent Committee above, if the Board of Directors has reached the decision that it is not reasonable to maintain the countermeasures from the perspective of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, it will discontinue or withdraw the countermeasures that had been triggered by passing an ordinary resolution at its meeting and promptly make disclosure to that effect. If a gratis allotment of Share Options (defined below) is implemented as a countermeasure, the gratis allotment of Share Options may be cancelled by the date that is two business days before the ex-rights date relating to the record date for the gratis allotment of Share Options (the "Ex-rights Date") at the latest. However, any gratis allotment of Share Options may not be cancelled on or after the business day before the Ex-rights Date so that general investors who, before the Ex-rights Date, have sold or purchased the Company's shares assuming that the economic value per share in the Company will be diluted due to the implementation of the gratis allotment of Share Options will not suffer damage by a fluctuation in the share price. However, the Company may acquire Share Options for no consideration during the period starting from the effective date of the gratis allotment of Share Options and ending on the date before the commencement date of the exercise period of the Share Options (in this case, shareholders who have sold or purchased the Company's shares assuming that the economic value per share in the Company will be diluted may suffer damage by a fluctuation in the share price as described in 4.(2) below).

(3) Details of Countermeasures

As a countermeasure under the Policy, the Company will, in principle, implement a gratis allotment of share options, an outline of which is provided in Attachment 6 ("Share Options"), in accordance with a resolution by the Board of Directors. However, if it is determined appropriate to trigger other countermeasures that are permitted under the Companies Act, other law or regulation, or the Company's Articles of Incorporation, such countermeasures may be taken.

(4) Establishment of the Independent Committee and Procedures for Consultation, Etc.

(a) Establishment of the Independent Committee

The Board of Directors will make a final decision on whether procedures have proceeded in compliance with the Large-Scale Acquisition Rules, and, if the Acquirer has acted in compliance with the Large-Scale Acquisition Rules, whether or not to take certain countermeasures that are considered necessary and reasonable in order to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders. However, in order to secure reasonableness and fairness of the Board of Directors' decision, the Company decided to establish the Independent Committee as an organization independent from the Board of Directors in accordance with the Rules of the Independent Committee, an outline of which is provided in Attachment 2. The Independent Committee must have no less than three members, and the members must be elected from among persons who are independent from the Company's executive management team, such as outside Directors, outside Corporate Auditors, lawyers, certified public tax accountants, certified public accountants, experienced academics, persons who are familiar with investment bank business, or outside parties who have experience of serving as a director or an executive officer at other companies. Upon the Renewal, three persons in total, namely, Masahiko Takahashi, Masami Kawashita, and Takahisa Yamakawa, will assume office as members of the Independent Committee. The profile of each member is set out in Attachment 3 'Profiles of the Independent Committee Members.'

Based on the Large-Scale Acquisition Information provided by the Acquirer and while obtaining advice from experts and other outside parties as necessary, the Independent Committee will, within the Board of Directors' Evaluation Period, make a recommendation regarding measures to be taken by the Board of Directors in

accordance with the Policy after evaluating, considering, and taking other actions in relation to, the specific terms of the Acquisition and matters such as the impact of the Acquisition on the corporate value of the Company and, in turn, the common interests of its shareholders.
Based on the recommendation of the Independent Committee and respecting the recommendation to the maximum extent, the Board of Directors will determine measures in accordance with the Policy. In addition, the Independent Committee, upon consultation by the Board of Directors, and while obtaining advice from experts and other outside parties as necessary, will consider whether or not to maintain the countermeasures that have been triggered and make a recommendation to the Board of Directors. The Board of Directors will make a decision on whether or not to maintain the countermeasures respecting to the maximum extent the recommendation of the Independent Committee.
The Independent Committee may, by itself or through the Board of Directors or other parties, require the Acquirer to provide additional Large-Scale Acquisition Information, have discussions or negotiations, or take other actions. The Acquirer must accept such request promptly.
Upon the submission of the Statement of Intent to Conduct Large-Scale Acquisition and the Large-Scale Acquisition Information by the Acquirer, in order to conduct an examination in comparison with matters such as the Board of Directors' management plan and the Company's corporate valuation by the Board of Directors from the perspective of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee may, after setting a reply deadline as appropriate (of up to 30 days and within the Board of Directors' Evaluation Period), request the Board of Directors to present its opinions on the Acquirer and the terms of the Acquisition, supporting materials, alternative proposals, or other information, materials or the like that the Independent Committee deems necessary (the "Board of Directors' Information"), and the Board of Directors shall accept such request. In addition, the Independent Committee may request that the Board of Directors, the Company's Board of Corporate Auditors, employees who participated in the formulation, etc., and third parties who provided advice at the time of the formulation, etc. provide explanations as required by the Board of Directors regarding the Board of Directors' Information.

(b) Discretionary consultation with the Independent Committee

If there is a doubt about whether the information provided by the Acquirer is sufficient as the Large-Scale Acquisition Information or the Board of Directors otherwise determines necessary, the Board of Directors may discretionarily consult with the Independent Committee regarding matters other than whether it is appropriate to trigger countermeasures or to maintain the countermeasures that have been triggered as described above, and if such consultation is made, the Independent Committee will consider the matters on which it has been consulted while obtaining advice from experts and other outside parties as necessary and make a recommendation to the Board of Directors. The Board of Directors shall also respect such recommendation of the Independent Committee to the maximum extent.

(5) Effective Period, Abolition and Amendment of the Policy

The effective period of the Policy will be until the conclusion of the 68th ordinary general meeting of shareholders of the Company to be held in June 2020.
However, if, even before the expiration of the effective period of the Policy, the Board of Directors or the Company's general meeting of shareholders resolves to abolish or amend the Policy, the Policy will be abolished or amended at that time.
In addition, if the Policy is abolished or amended, the Company will promptly disclose the fact that such abolition or amendment has taken place or other matters that the Board of Directors determines appropriate in accordance with the applicable laws, ordinances, and the rules of the stock exchange.

3. Rationale of the Policy

(1) Placing High Value on Shareholders' Intent

The Policy will be renewed subject to the shareholders' approval at this Ordinary General Meeting of Shareholders.
In addition, even if the proposal for the Renewal is approved at this Ordinary General Meeting of Shareholders, (i) if the Company's general meeting of shareholders approves a proposal to abolish or amend the Policy, or (ii) if the Board of Directors composed of the Directors elected at the Company's general meeting of shareholders resolves to abolish or amender the Policy, the Policy will be abolished or amended at that time. Further, the Board of Directors may directly confirm the intent of shareholders by following procedures for confirming shareholders' intent

regarding whether it is appropriate to trigger countermeasures, respecting to the maximum extent a recommendation of the Independent Committee.

(2) Fully Satisfying Requirements of the Guidelines for Takeover Defense Measures

The Policy fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. These principles are namely:

- ensuring and enhancing the corporate value and, in turn, shareholders' common interests;
- prior disclosure and shareholder intent; and
- ensuring necessity and reasonableness.

In addition, the renewal of the Policy is based on arguments and other issues concerning the "Takeover Defense Measures in Light of Recent Environmental Changes" issued by the Corporate Value Study Group on June 30, 2008. Further, the Policy is consistent with the purposes of the rules regarding the introduction of takeover defense measures established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

(3) Renewal Being Made for Purpose of Ensuring and Enhancing Corporate Value of the Company and, in turn, Common Interests of Shareholders

As set out above in 1.(3) 'Purpose of the Renewal,' the renewal of the Policy is for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders by requiring an Acquirer to provide in advance necessary information on the Acquisition that the Acquirer intends to conduct and to secure the period of time necessary for evaluating, considering, and taking other actions in relation to, the terms of the Acquisition.

(4) Establishment of Reasonable and Objective Requirements for Triggering Countermeasures

As set out above in 2.(2)(a) above, the Policy is established so that countermeasures will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to prevent arbitrary triggering by the Board of Directors.

(5) Establishment of the Independent Committee

As set out in 2.(4) above, under the Policy, in order to secure the reasonableness and fairness of the Board of Directors' decision on matters such as whether procedures have proceeded in compliance with the Large-Scale Acquisition Rules, and, if the Acquirer has acted in compliance with the Large-Scale Acquisition Rules, whether or not to take certain countermeasures that are considered necessary and reasonable in order to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders, as well as to secure the reasonableness and fairness of the Policy in other respects, the Company decided to establish the Independent Committee as an organization independent from the Board of Directors.

In this way, a structure to prevent arbitrary operation of the Policy or triggering of countermeasures by the Board of Directors is ensured.

(6) No Dead-Hand or Slow-Hand Takeover Defense Measures

As set out in 2.(5) above, the Policy may be abolished at any time by a meeting of the Board of Directors composed of Directors who are elected by the Company's general meeting of shareholders even before the expiration of the effective period of the Policy. Therefore, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped). Also, as the term of office of the Company's Director is until the conclusion of the ordinary general meeting of shareholders relating to the last business year ending within one year after the election, the Policy is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that all members of the Board of Directors cannot be replaced at once).

4. Impact on Shareholders and Investors

(1) Impact on Shareholders and Investors Upon the Renewal

Upon the Renewal, no actual gratis allotment of Share Options will be implemented. Therefore, the renewal of the Policy will have no direct specific impact on the legal rights and economic interests relating to the Company's shares held by shareholders and investors.

(2) Impact on Shareholders and Investors at the Time of Gratis Allotment of Share Options

If the Board of Directors decides to trigger countermeasures and passes a resolution for the implementation of a gratis allotment of Share Options in accordance with the general rule, the Company will allot Share Options to each shareholder who is stated or recorded in the Company's latest register of shareholders as of the record date to be separately determined at the ratio of at least one Share Option (to be separately determined by the Board of Directors) per share in the Company held by the shareholder on the effective date to be separately determined. Due to this framework of the countermeasures, the Company does not expect that any direct specific impact will be caused to legal rights and economic interests relating to the Company's shares held by shareholders and investors as a whole, because, although the economic value per share in the Company held by each shareholder and investor will be diluted at the time of the gratis allotment of Share Options, the economic value of the shares in the Company held by all shareholders and investors as a whole will not be diluted, and the ratio of voting rights held by each shareholder and investor will not be diluted, either.

However, even if the Board of Directors had resolved to implement a gratis allotment of Share Options, if the Board of Directors determines to discontinue or withdraw the countermeasures that it had triggered in accordance with the procedures set out in 2.(2)(d) above, investors who have sold or purchased the Company's shares assuming that the economic value per share in the Company will be diluted may suffer damage by a fluctuation in the share price because the economic value per share in the Company held by each shareholder and investor will not be diluted.

(3) Impact on Shareholders and Investors upon Exercise or Acquisition of Share Options after Implementation of Gratis Allotment of Share Options

If any of the Company's shareholders or investors other than the Acquirer does not exercise his/her Share Options or pay the monetary amount equivalent to the exercise price, the economic value per share in the Company and the ratio of voting rights held by him/her will be diluted by the exercise of Share Options by other shareholders.

However, if the Company acquires Share Options from shareholders other than Non-Qualified Parties (defined in Attachment 6) and delivers shares in the Company in exchange, the shareholders other than Non-Qualified Parties will receive shares in the Company without exercising Share Options or paying the monetary amount equivalent to the exercise price, and the economic value per share in the Company and the ratio of voting rights held by the shareholders will not be diluted as a general rule.

Regardless of the above, Share Options may not be assigned without approval from the Board of Directors, so please note that there is a possibility that collection by transfer of the portion of the value of capital invested in shares in the Company held by each shareholder that is attributable to Share Options may be restricted only to that extent during the period from the record date for the gratis allotment of Share Options to the date on which shares are delivered to the shareholders as a result of the exercise or acquisition of the Share Options.

On the other hand, because it is planned that discriminatory conditions will be attached in relation to the exercise or acquisition of Share Options, it is expected that the legal rights and other interests of Non-Qualified Parties will be diluted upon the exercise or acquisition of Share Options.

5. Procedures that are Required to be Followed by Shareholders Due to Gratis Allotment of Share Options

(1) Procedures to be Followed on Effective Date of Gratis Allotment of Share Options

If the Board of Directors decides to trigger countermeasures and passes a resolution for a gratis allotment of Share Options in accordance with the general rules, the Board of Directors will determine and give a public notice regarding the record date. Under the procedures for a gratis allotment of Share Options, all shareholders who are stated or recorded in the Company's register of shareholders on the record date will receive allotment of Share Options according to the number of shares held. The shareholders to whom Share Options are to be allotted will be granted Share Options as a matter of course on the effective date of the gratis allotment of Share Options, so no procedures, such as applying for such gratis allotment, will be necessary.

(2) Procedures that are Required to be Followed by Shareholders upon Exercise of Share Options by Shareholders or Acquisition by the Company of Share Options after Implementation of Gratis Allotment of Share Options

If the Company acquires Share Options in accordance with acquisition provisions, the Company will, in accordance with the procedures provided for in the Companies Act (Article 273 and Article 274 of the Companies Act), cause the Board of Directors to pass a resolution for each acquisition provision if there are several acquisition provisions, give a public notice to all share option holders, and then acquire the Share Options.

If the Company requests that shareholders other than Non-Qualified Parties should exercise Share Options after the exercise period for the Share Options has commenced, the Company will deliver documents to be submitted upon the exercise of the Share Options (including necessary matters such as the terms and number of the Share Options for exercise and the exercise date for the Share Options, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Share Options, indemnity clauses and other covenants, and information necessary to record shares in the Company to the account to which the shares are to be transferred) and other documents necessary for the exercise of the Share Options. The shareholders will therefore be requested to exercise the Share Options during the exercise period (payment of a certain amount of money will be required at that time).

In either case, the Company will timely and appropriately disclose the details of the procedures in accordance with the applicable laws, ordinances, and rules of the stock exchange, so shareholders are requested to pay attention to information disclosure made by the Company if countermeasures are to be triggered.

6. Other Matters

The Board of Directors will continue to pay attention to future trends in judicial decisions and responsive measures, etc. taken by stock exchanges and other public institutions, amendments to the Financial Instruments and Exchange Act and other regulations such as the listing regulations of stock exchanges, as well as the establishment, amendment, and abolishment of or to other laws, ordinances, or the like, and will, from the perspective of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, review the Policy or take other appropriate measures as necessary, which may include the introduction of separate takeover defense measures in place of the Policy.

Attachment 1

Status of Major Shareholders of the Company

The status of the major shareholders of the Company as of March 31, 2018 is as follows.

Name of Shareholder	Investment in the Company	
	Number of shares owned (thousands)	Ratio of the number of shares owned to the total number of issued shares (%)
Koma Co., Ltd.	3,743	14.9
The Master Trust Bank of Japan, Ltd. (Trust account)	1,409	5.6
Japan Trustee Services Bank, Ltd. (Trust account)	1,087	4.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	728	2.9
Isamu Koshiyama	717	2.8
Nippon Life Insurance Company	639	2.5
Fujimi suppliers' stock ownership program	632	2.5
The Koshiyama Science and Technology Foundation	600	2.3
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	597	2.3
Specified securities trustee, SMBC Trust Bank	571	2.2
Total	10,727	42.8

(Each number of shares less than 1,000 is disregarded and each percentage is rounded to one decimal place.)

Although the Company holds 3,667,620 shares of treasury stock, the Company is excluded from the major shareholders described above. In addition, each shareholding ratio (i.e., ratio of the number of shares owned to the total number of issued shares) is calculated by excluding the number of shares of treasury stock.

We have a board benefit trust (BBT) and a Japanese employee stock ownership plan (J-ESOP). In relation to these arrangements, Trust & Custody Services Bank, Ltd. (Trust E Account) owns 383,700 shares of the Company.

The 383,700 shares of the Company owned by Trust & Custody Services Bank, Ltd. (Trust E Account) are not included in the treasury stock.

"The Bank of Tokyo-Mitsubishi UFJ, Ltd." has changed its name to "MUFG Bank, Ltd." as of April 1, 2018.

Attachment 2

Outline of the Rules of the Independent Committee

1. The Independent Committee is established as a consultative body of the Board of Directors by resolution of the Board of Directors for the purpose of eliminating arbitrary decisions of the Board of Directors on the operation of the Policy, the triggering of countermeasures and other matters and securing the reasonableness and fairness of the decisions.
2. The Independent Committee has no less than three members, and the members are elected from among persons who are independent from the Company's executive management team, such as outside Directors, outside Corporate Auditors, lawyers, certified public tax accountants, certified public accountants, experienced academics, persons who are familiar with investment bank business, or outside parties who have experience of serving as a director or an executive officer at other companies based on a resolution at a meeting of the Board of Directors. The Company will execute an agreement that contains provisions regarding the duty of care of a good manager and confidentiality obligation with each member of the Independent Committee.
3. Unless otherwise determined in a resolution by the Board of Directors, the term of office of a member of the Independent Committee will be until the date of conclusion of the ordinary general meeting of shareholders to be held within one year from the election or the date on which the member of the Independent Committee and the Company separately agree.
4. Meetings of the Independent Committee are convened by the representative director of the Company or a member of the Independent Committee.
5. The Chair of the Independent Committee will be elected by and from among the members of the Independent Committee.
6. As a general rule, resolutions of meetings of the Independent Committee will pass with a majority when all the members of the Independent Committee are in attendance. However, if any of the members of the Independent Committee is unable to attend a meeting or there is any other special reason, resolutions may be passed with a majority when a majority of the members of the Independent Committee are in attendance.
7. The Independent Committee will pass resolutions regarding the matters listed in the items below after evaluation and consideration based on the consultation by the Board of Directors, and make recommendations to the Board of Directors containing the details of and reasons for the resolutions:
   (1) whether it is appropriate to trigger countermeasures under the Policy (including a decision on whether or not an Acquisition will significantly harm the corporate value of the Company and, in turn, the common interests of its shareholders);
   (2) whether it is appropriate to maintain countermeasures under the Policy;
   (3) abolition of and amendments to the Policy; and
   (4) other matters on which the Board of Directors discretionary consult with the Independent Committee in relation to the Policy.

   In deliberating on matters and passing resolutions at meetings of the Independent Committee, each member of the Independent Committee must act solely with a view to considering whether or not the corporate value of the Company and, in turn, the common interests of its shareholders will be enhanced, and not for their own interests or those of the management of the Company.
8. The Independent Committee may, if necessary, request the attendance of a Director, Corporate Auditor, or an employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requires.
9. In performing its duties, the Independent Committee may, at the Company's expense, obtain the advice of experts and other outside parties who are independent from the Company's management team (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants and other experts).

Attachment 3

Profiles of the Independent Committee Members

Masahiko Takahashi (December 23, 1944)

Oct. 1970	Joined Marunouchi & Co.
Oct. 1974	Registered as a Certified Public Accountant
Oct. 1979	Joined Yagi & Asano Auditing Office (currently Ernst & Young ShinNihon LLC)
Nov. 1979	Registered as a Certified Public Tax Accountant Established the Masahiko Takahashi Office for Certified Public Accountant and Tax Accountant
June 2010	Retired from Ernst & Young ShinNihon LLC
June 2011	Outside Corporate Auditor of the Company (current position)

Masami Kawashita (September 3, 1949)

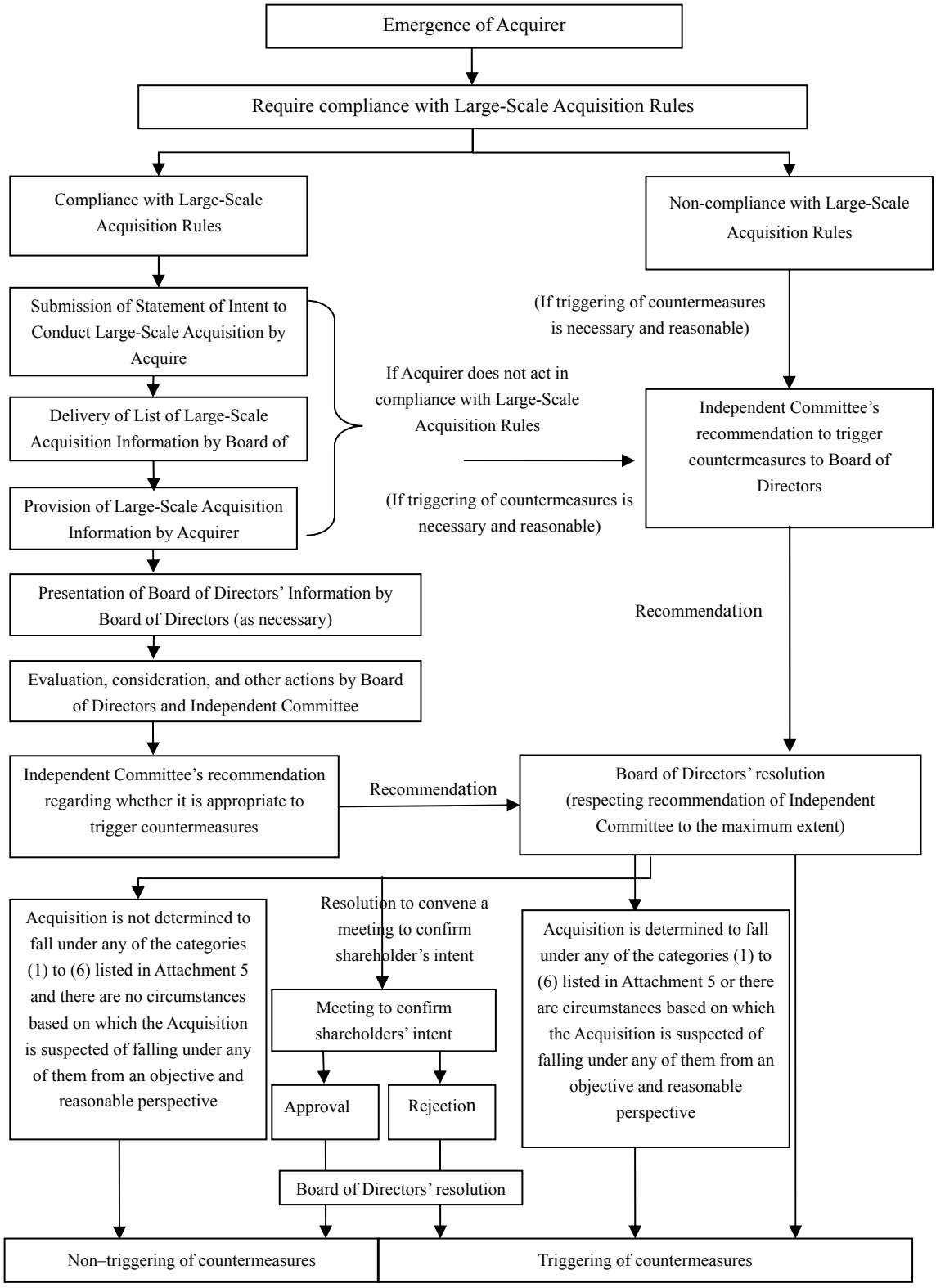
Apr. 1973	Joined NGK Spark Plug Co., Ltd.
June 2005	Director
June 2008	Managing Director
Feb. 2009	Senior Managing Director
June 2009	Executive Vice President
June 2011	Special Adviser
June 2012	Adviser
June 2012	Outside Corporate Auditor of the Company
June 2015	Outside Director (current position)

Takahisa Yamakawa (December 28, 1956)

Apr. 1981	Entered the Legislative Bureau of the House of Representatives
Apr. 1985	Admission to the Tokyo Bar Association
Apr. 1985	Joined Ishihara Law Office
Mar. 2002	Established Renaiss Law Office (current position)

Attachment 4

Outline of the Policy
(Flowchart of Procedures to be Followed if an Acquisition is Commenced)



This chart was prepared as a reference material solely for the purpose of heling shareholders understand the details of the Policy. Please refer to the text of this Proposal for the details of the Policy.

Attachment 5

Requirements for Triggering Countermeasures

(1) It is determined that the corporate value of the Company and, in turn, the common interests of its shareholders would be significantly harmed because:
   (a) the Acquirer is determined to be a person who acquires or intends to acquire the share certificates, etc. of the Company merely for the purpose of inflating the share price and forcing the Company or the Company's stakeholders to buy the share certificates, etc. of the Company at a high price even though the Acquirer does not intend to actually participate in the Company's management (so-called "greenmailer");
   (b) it is determined that the Acquirer is acquiring the share certificates, etc. of the Company for the purpose of transferring the Company's or the Company's group companies' assets, such as intellectual property rights, know-how, corporate confidential information, major trading partners, or clients, that are necessary for their business management by temporarily controlling the Company's management;
   (c) it is determined that the Acquirer is acquiring the share certificates, etc. of the Company for the purpose of diverting the Company's or the Company's group companies' assets to secure or repay debts of the Acquirer, its group companies, or other parties after controlling the Company's management; or
   (d) it is determined that the Acquirer is acquiring the share certificates, etc. of the Company for the purpose of temporarily controlling the Company's management to bring about a sale or other disposal of high-value assets such as real property and securities that are not related to the Company's or the Company's group companies' businesses for the time being, and declaring temporarily high dividends from the profits of the disposal, etc., or selling the share certificates, etc. of the Company at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.

(2) It is determined that the method of acquisition of the share certificates, etc. of the Company proposed by the Acquirer corresponds to a type of acquisition that restricts shareholders' opportunity for, or discretion in, making decisions on the acquisition and in effect threatens to coerce the shareholders into selling share certificates, etc. of the Company, such as a coercive two-tiered acquisition (meaning an acquisition of share certificates, etc. including tender offers, in which no offer is made to acquire all share certificates, etc. of the Company in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).

(3) It is determined that the financial conditions of the Acquisition proposed by the Acquirer (including the type and amount of consideration for acquisition, the basis of calculation of the amount, and the timing and method of payment of consideration for acquisition) are significantly inadequate or inappropriate in light of the corporate value of the Company and, in turn, the common interests of its shareholders.

(4) It is determined that the corporate value of the Company in the case of the Acquirer having acquired control of the Company would become significantly inferior to the corporate value of the Company that would be realized otherwise when future corporate value over the medium to long term in each case is compared with each other.

(5) The Acquirer is determined to be an anti-social force or a person equivalent thereto.

(6) It is determined that the proposal from the Acquirer includes the contents (including the existence of illegality and feasibility of the Acquisition, management policies or business plans after the Acquisition, and policies dealing with the Company's shareholders (excluding the Acquirer), clients, employees, and any other stakeholders in the Company after the Acquisition, as well as the financial conditions of the Acquisition) that may cause a material threat to be contrary to the corporate value of the Company and, in turn, the common interests of its shareholders, by ways such as harming the Company's technological and development capabilities, the relationship of trust with clients, and other assets that are indispensable to the generation of the corporate value of the Company.

Attachment 6

Outline of Share Options

1. Total Number of Share Options to be Allotted

   The total number of Share Options to be allotted will be the same number as the number (to be separately determined) that is equal to or more than the most recent total number of issued shares of common stock in the Company (excluding the number of shares of common stock in the Company held by the Company at that time) on a certain date (the "Allotment Date") that is separately determined in a resolution by the Board of Directors relating to the gratis allotment of Share Options ("Gratis Allotment Resolution").

2. Shareholders Eligible for Allotment

   The Company will allot Share Options for no consideration to each shareholder who is stated or recorded in the latest register of shareholders on the Allotment Date, at the ratio of at least one Share Option (to be separately determined by the Board of Directors) per share of common stock in the Company (excluding the number of shares of common stock in the Company held by the Company at that time) owned by the shareholder.

3. Effective Date of Gratis Allotment of Share Options

   The effective date of the gratis allotment of Share Options will be separately determined in the Gratis Allotment Resolution.

4. Type and Number of Shares to be Acquired upon Exercise of Share Options

   The type of shares to be acquired upon exercise of Share Options is shares of common stock in the Company, and the number of shares to be acquired upon exercise of each Share Option (the "Applicable Number of Shares") shall be one share. However, if the Company implements a share split, share consolidation, or the like, necessary adjustments must be made.

5. Details and Amount of Contributions upon Exercise of Share Options

   Contributions upon exercise of the Share Options are to be in cash, and the amount per share of common stock in the Company to be contributed upon exercise of the Share Options will be an amount separately determined in the Gratis Allotment Resolution, which must be equal to or more than one yen.

6. Restriction on Assignment of Share Options

   Any assignment of Shares Options requires approval from the Board of Directors.

7. Conditions for Exercise of Share Options

   The following parties may not exercise the Share Options (the parties falling under (I) through (VI) below are collectively referred to as "Non-Qualified Parties"):

   (I) Specified Large Holders;[14]

   (II) Joint holders of Specified Large Holders;

   (III) Specified Large Purchasers;[15]

   (IV) Specially related parties of Specified Large Purchasers;

[14] "Specified Large Holder" means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% or any party who is deemed to fall under the above by the Board of Directors; provided, however, that a party that the Board of Directors recognizes as a party that unintentionally falls under the foregoing definition such as in case of the acquisition of own shares by the Company (this does not apply if the party subsequently intentionally acquires shares in the Company), a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or any specific other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same applies below.

[15] "Specified Large Purchaser" means, in principle, a person who makes a public announcement of purchase, etc. of share certificates, etc. (meaning share certificates, etc. prescribed in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this note) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order for Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a specially related party or any party who is deemed to fall under the above by the Board of Directors; provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same applies below.

(V) Any transferee of, or successor to, the Share Options of any party falling under (I) through (IV) without the approval of the Board of Directors; or

(VI) Any Affiliated Party[16] of any party falling under (I) through (V).

The details of conditions for exercise of Share Options will be separately determined in the Gratis Allotment Resolution.

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Share Options may not as a general rule exercise the Share Options (provided, however, that the Share Options held by nonresidents will be subject to acquisition by the Company of Share Options as set out in 8. below, subject to confirmation of compliance with applicable laws and ordinances). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Share Options, indemnity clauses and other covenants, may not exercise the Share Options.

8. Acquisition of Share Options by the Company

At any time on or before the date immediately prior to the commencement date of the exercise period of Share Options, if the Board of Directors deems that it is appropriate for the Company to acquire the Share Options, the Company may, on a day that falls on a date separately determined by the Board of Directors, acquire all of the Share Options for no consideration.

In addition, on a date separately determined by the Board of Directors, the Company may acquire the Share Options that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares of common stock in the Company as consideration in the number equivalent to the Applicable Number of Shares on that acquisition date for each Share Option.

The details of acquisition provisions regarding Share Options will be separately determined in the Gratis Allotment Resolution.

9. Acquisition for No Consideration in Cases such as Cancellation of Triggering of Countermeasures

The Company may acquire all of Share Options for no consideration if the Board of Directors resolves to discontinue or withdraw the countermeasures that had been triggered or in cases separately determined in the Gratis Allotment Resolution.

10. Issuance of Share Options

No certificates of Share Options will be issued.

11. Exercise Period of Share Options, Etc.

The exercise period of Share Options and other necessary matters will be separately determined in the Gratis Allotment Resolution.

[16] An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Board of Directors), or a party deemed by the Board of Directors to act in concert with such given party. "Control" means to "control the determination of the financial and business policies" (as prescribed in Article 3(3) of the Enforcment Regulations of the Corporation Law) of other corporations or entities.

Proposal No. 3 Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of seven Directors.
The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Keishi Seki (April 6, 1964) Reelection Tenure as Director 15 years Attendance at meetings of the Board of Directors in the fiscal year under review 23 / 23 (100%)	Apr. 1989 Joined Fuji Bank (currently Mizuho Bank, Ltd.) Oct. 1997 Joined the Company Feb. 2000 President of FUJIMI CORPORATION June 2003 Director and Senior General Manager of New Business Development Division of the Company Apr. 2005 Director and Senior General Manager of CMP Division, Director of CMP Business Unit Apr. 2008 President and CEO Jan. 2013 President and CEO of the Company; and President of FUJIMI KOREA LIMITED Aug. 2013 President and CEO of the Company; President of FUJIMI KOREA LIMITED; and President of FUJIMI TAIWAN LIMITED Apr. 2014 President and CEO, and Senior General Manager of CMP Division of the Company; President of FUJIMI KOREA LIMITED; and President of FUJIMI TAIWAN LIMITED Apr. 2015 President and CEO of the Company; and President of FUJIMI KOREA LIMITED Apr. 2016 President and CEO of the Company (current position)	443,720 shares
	[Reasons for nomination as candidate for Director] Keishi Seki was appointed as President and CEO in 2008 and has been involved in the management of the Company and the supervision of its overseas subsidiaries for many years. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his abundant experience and wide knowledge concerning management in general. [Special interest between the candidate and the Company] There is no special interest.		

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">2</td><td>Hirokazu Ito
(December 30, 1955)

Reelection

Tenure as Director
8 years

Attendance at meetings of the Board of Directors in the fiscal year under review
23 / 23 (100%)</td><td>Mar. 1977
Apr. 2008

June 2010

Apr. 2011

Apr. 2012

Apr. 2013

Apr. 2014</td><td>Joined the Company
Senior General Manager of Manufacturing Division
Director, and Senior General Manager of Manufacturing Division
Director, and Senior General Manager of Quality Assurance Division
Managing Director and Senior General Manager of Quality Assurance Division
Managing Director and Senior General Manager of Manufacturing Division and Quality Assurance Division
Managing Director and Senior General Manager of Quality Assurance Division (current position)</td><td>3,286 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Hirokazu Ito has a wealth of experience and achievements gained through his involvement in the supervision of the Manufacturing Division and the Quality Assurance Division of the Company. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.</td></tr>
<tr><td rowspan="2">3</td><td>Akira Suzuki
(July 11, 1954)

Reelection

Tenure as Director
7 years

Attendance at meetings of the Board of Directors in the fiscal year under review
23 / 23 (100%)</td><td>Apr. 1979

Aug. 2009
Apr. 2010

Apr. 2011
June 2011

Apr. 2014

Apr. 2016</td><td>Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Co., Ltd.)
Joined the Company
Senior General Manager of Financial Management Division
Senior General Manager of Finance Division
Director and Senior General Manager of Finance Division
Director and Senior General Manager of Administration Division
Director and Senior General Manager of Finance Division (current position)</td><td>6,764 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Akira Suzuki has a wealth of experience and achievements gained through his involvement in the supervision of the Finance Division and the Administration Division of the Company. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">4</td><td>Toshiki Owaki
(December 27, 1960)

Reelection

Tenure as Director
6 years

Attendance at meetings of the Board of Directors in the fiscal year under review
23 / 23 (100%)</td><td>Apr. 1983
Apr. 1999
Apr. 2011

June 2012

Apr. 2014

Apr. 2017

</td><td>Joined the Company
Seconded to FUJIMI AMERICA INC.
Senior General Manager and General Manager of Disk Division of the Company; and President of FUJIMI-MICRO TECHNOLOGY SDN.BHD.
Director, and Senior General Manager and General Manager of Disk Division of the Company; and President of FUJIMI-MICRO TECHNOLOGY SDN.BHD.
Director and Senior General Manager of Specialty Materials Division of the Company
Director and Senior General Manager of Specialty Materials Division of the Company; and President of FUJIMI-MICRO TECHNOLOGY SDN. BHD.
(current position)</td><td>13,783 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Toshiki Owaki has a wealth of experience and achievements gained through his involvement in the supervision of the Disk, Specialty Materials, and Thermal Spray Materials Divisions and the management of overseas subsidiaries. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.</td></tr>
<tr><td rowspan="2">5</td><td>Katsuhiro Suzuki
(March 9, 1962)

Reelection

Tenure as Director
6 years

Attendance at meetings of the Board of Directors in the fiscal year under review
23 / 23 (100%)</td><td>Apr. 1984
July 1992
Apr. 2011
June 2012

Apr. 2015

Apr. 2016

Apr. 2018

</td><td>Joined the Company
Seconded to FUJIMI AMERICA INC.
Senior General Manager of Silicon Division
Director and Senior General Manager of Silicon Division
Director and Senior General Manager of Silicon Division and CMP Division of the Company; and President of FUJIMI TAIWAN LIMITED
Director and Senior General Manager of CMP Division of the Company; President of FUJIMI CORPORATION; and President of FUJIMI TAIWAN LIMITED
Director and Senior General Manager of CMP Division of the Company; Chairman of FUJIMI CORPORATION; and President of FUJIMI TAIWAN LIMITED
(current position)</td><td>15,383 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Katsuhiro Suzuki has a wealth of experience and achievements gained through his involvement in the supervision of the Silicon and CMP Divisions and the management of overseas subsidiaries. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.</td></tr>
</table>

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Masami Kawashita (September 3, 1949) Reelection Tenure as outside Director 3 years (Tenure as outside Corporate Auditor: 3 years) Attendance at meetings of the Board of Directors in the fiscal year under review 23 / 23 (100%)	Apr. 1973 Joined NGK Spark Plug Co., Ltd. July 2004 Head of Auto Parts Marketing, China June 2005 Director June 2008 Managing Director Feb. 2009 Senior Managing Director June 2009 Executive Vice President June 2011 Special Adviser June 2012 Adviser June 2012 Outside Corporate Auditor of the Company June 2015 Outside Director (current position)	– shares
	[Reasons for nomination as candidate for outside Director] Masami Kawashita has specialized knowledge and experience, etc. gained through the post as a manager of NGK Spark Plug Co., Ltd., and has provided many suggestions about the Company's management from an objective point of view. He has been nominated to continue as a candidate for outside Director because he is expected to strengthen the functions of the Board of Directors based on his abundant experience and achievements. [Special interest between the candidate and the Company] There is no special interest. [Independence of the candidate] Transactions between the Company and NGK Spark Plug Co., Ltd. in the past three years including fiscal 2015 account for less than 1% of consolidated net sales, none of which were purchases. There are no personal or capital relationships, or other special interests, and there is deemed to be no detrimental effect on his duty as an outside Director or his independence.		

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">7</td><td>Yoshitsugu Asai
(May 16, 1954)

Reelection

Tenure as outside Director
1 year

Attendance at meetings of the Board of Directors in the fiscal year under review
19 / 19 (100%)
* Meetings of the Board of Directors held after the appointment as Director on June 23, 2017</td><td>Apr. 1977
July 1989

Oct. 2000

June 2004

Apr. 2006

Apr. 2011

Apr. 2016
June 2017</td><td>Joined Brother Industries, Ltd.
Seconded to BROTHER INDUSTRIES (AUST) PTY LTD.
Representative Director & President
General Manager of General Planning Department of Brother Industries, Ltd.
Executive Officer; EVP* of I & D Company and General Manager of Corporate Planning Department
*EVP: Executive Vice President
Executive Officer, and General Manager of Human Resource Department
Managing Executive Officer and General Manager of Legal & General Affairs Department
Managing Executive Officer
Outside Director of the Company (current position)</td><td>349 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for outside Director]
Yoshitsugu Asai served in various important posts such as Executive Officer at Brother Industries Ltd. and has discernment and insight required of management and provides suggestions about the Company’s management from an objective point of view. He has been nominated to continue as a candidate for outside Director because he is expected to strengthen the functions of the Board of Directors based on his abundant experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.
[Independence of the candidate]
Transactions and purchases do not exist between the Company and Brother Industries, Ltd. in the past three years including fiscal 2015. There are no personal or capital relationships, or other special interests, and there is deemed to be no detrimental effect on his duty as an outside Director or his independence.</td></tr>
</table>

Notes: 1. Masami Kawashita and Yoshitsugu Asai are candidates for outside Directors. The Company has submitted notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that Masami Kawashita and Yoshitsugu Asai have been designated as independent officers as respectively provided for by the aforementioned exchanges.

2. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into agreements with Masami Kawashita and Yoshitsugu Asai to limit their liability for damages under Article 423, paragraph 1 of the Companies Act. If the reelection of Masami Kawashita and Yoshitsugu Asai is approved, the Company intends to renew the aforementioned agreement with each of them. An overview of the content of the agreement is as follows.
   (1) If found to be liable to the Company for compensation for damages due to failure to perform duties as outside Director, liability shall be limited to the amount provided by laws and regulations.
   (2) The above limitation of liability is only recognized when the outside Director acts in good faith and without gross negligence concerning the duties causing such liability.

3. The number of the Company’s shares owned includes those acquired through the stock ownership schemes.

Proposal No. 4 Election of One Corporate Auditor

At the conclusion of this meeting, the term of office of Corporate Auditor Yoshiaki Fujikawa will expire. Therefore, the Company proposes the election of one Corporate Auditor.
In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.
The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
Yoshiaki Fujikawa (March 13, 1956) Reelection Tenure as Corporate Auditor: 4 years Attendance at meetings of the Board of Directors in the fiscal year under review 23 / 23 (100%) Attendance at meetings of the Board of Corporate Auditors in the fiscal year under review 17 / 17 (100%)	Apr. 1980 Mar. 2002 Oct. 2007 Apr. 2008 Apr. 2010 June 2014	Joined The Kyowa Bank, Ltd. (currently Resona Bank Ltd.) Joined the Company General Manager of General Affairs Department General Manager of General Affairs Division General Manager of General Affairs Department Standing Corporate Auditor (current position)	24,500 shares
Reasons for nomination as candidate for Corporate Auditor Yoshiaki Fujikawa has a wealth of experience and achievements gained through his involvement in the management of services relating to general affairs and human resources as General Manager of the General Affairs Division. He has been nominated to continue as a candidate for Corporate Auditor because he is expected to provide his oversight of and useful suggestions about management in general, based on his experience and achievements. [Special interest between the candidate and the Company] There is no special interest.			

Proposal No. 5 Election of One Substitute Corporate Auditor

The Company proposes the election of one substitute Corporate Auditor to be ready to fill a vacant position should the number of Corporate Auditors fall below the number required by laws and regulations.
The appointment of the substitute Corporate Auditor is conditional upon the number of Corporate Auditors falling below the number required by laws and regulations, and his term of office shall be until the expiration date of the retiring Corporate Auditor's term of office. Furthermore, the nomination shall remain in effect until the commencement of the next Annual General Meeting of Shareholders.
The consent of the Board of Corporate Auditors has been obtained for this proposal.
The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
Nobufumi Hayashi (April 12, 1955) Outside	Mar. 1978 Sept. 1981 Mar. 1982 Aug. 1995 Sept. 2014 Oct. 2014	Joined Osaka office of Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) Joined Marunouchi & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as a Certified Public Accountant Partner at Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Left Deloitte Touche Tohmatsu LLC Established Nobufumi Hayashi Accounting Office (current position)	– shares
Reasons for nomination as candidate for substitute Corporate Auditor Nobufumi Hayashi is familiar with corporate finance and legal affairs as a Certified Public Accountant. In addition, as a representative of an accounting office, he possesses insight concerning management in general. He has been nominated to continue to be a substitute Corporate Auditor, because he is deemed to be able to appropriately execute his duties as an outside Corporate Auditor based on his experience and achievements. [Special interest between the candidate and the Company] There is no special interest.			

Notes: 1. Nobufumi Hayashi is a candidate for substitute outside Corporate Auditor. If Nobufumi Hayashi is appointed as a Corporate Auditor, the Company intends to submit notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is designated as an independent officer as respectively provided for by the aforementioned exchanges.

2. If Nobufumi Hayashi is appointed as a Corporate Auditor, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the Companies Act. An overview of the content of the agreement is as follows.
   (1) If found to be liable to the Company for compensation for damages due to failure to perform duties as outside Corporate Auditor, liability shall be limited to the amount provided by laws and regulations.
   (2) The above limitation of liability is only recognized when the outside Corporate Auditor acts in good faith and without gross negligence concerning the duties causing such liability.

(For reference) Criteria for Independence of Outside Directors

The Company deems that an outside director has independence when he/she does not meet any of the following:

1. Relations with the Company
   (i) A person who is a director or an employee of the Company or any of its subsidiaries or affiliates

2. Relations with shareholders
   (i) A person who is a director, corporate auditor, accounting advisor, operating executive, executive officer (hereinafter an "executive") or an employee of a company that is a major shareholder (with 10% or more of voting rights) of the Company
   (ii) A person who was an executive or employee of a major shareholder of the Company in the past five years
   (iii) An executive or employee of a company of which the Company is a major shareholder

3. Relations with trading partner companies
   (i) A person for whom the Company or any of its subsidiaries and affiliates was a major trading partner (*1) in the past three years
      *1 Major trading partner: a partner whose sales to the Company or any of its subsidiaries and affiliates exceeded 1% of (annual) consolidated sales
   (ii) A person who was a major trading partner (*2) for the Company in the past three years
      *2 Major trading partner: a partner whose trading with the Company totaled 1% or more of the Company's (annual) consolidated sales

4. Person with economic interests
   (i) An incumbent executive or employee of a company that accepts a director or corporate auditor from the Company or any of its subsidiaries and affiliates, or of its parent company or subsidiary

5. Person who provides technical service
   (i) A certified public accountant or a member, partner or employee of an audit firm that is an accounting auditor or accounting advisor of the Company or any of its subsidiaries and affiliates
   (ii) A certified public accountant or a member, partner or employee of an audit firm that was an accounting auditor or accounting advisor of the Company or any of its subsidiaries and affiliates and was in charge of audits of the Company or any of its subsidiaries and affiliates in the past three years (including one who has resigned or retired)
   (iii) A certified public accountant, tax accountant, attorney, or other consultant who does not meet the conditions above and has received a financial profit of ¥10 million or more in cash or others annually on average in the past three years in other ways than compensation to a director from the Company or any of its present subsidiaries

6. Close relative
   (i) A relative within the second degree of kinship to, or a relative who lives with of an executive director or Executive Officer of the Company or any of its subsidiaries and affiliates, a major shareholder, a major trading partner, or an executive of a major creditor
   (ii) A person whose relative within the second degree of kinship or a relative who lives with him/her is an accounting auditor or an employee or partner of an audit firm of the Company or any of its present subsidiaries
   (iii) A person whose relative within the second degree of kinship or a relative who lives with him/her is an attorney or other consultant who has received a financial profit of ¥10 million or more in cash or others annually on average in the past three years in other ways than compensation to a director from the Company or any of its present subsidiaries
   (iv) A person who is a relative within the second degree of kinship with, or a relative who lives with of a director, corporate auditor, accounting advisor, operating executive or executive officer of a company that accepts a director or corporate auditor from the Company or any of its subsidiaries or affiliates