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Securities Code: 4205

June 7, 2017

To our shareholders,

Naozumi Furukawa
Chairman
Zeon Corporation
1-6-2 Marunouchi, Chiyoda-ku, Tokyo, Japan

NOTICE OF THE 92nd ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 92nd Annual General Meeting of Shareholders of Zeon Corporation (“the Company”), which will be held as described hereunder.

In the event that you are unable to attend the meeting, please review the Reference Materials for General Meeting of Shareholders hereinafter and exercise your voting rights in either of the following methods:

[Voting via mail]

Please indicate your approval or disapproval on the enclosed Voting Rights Exercise Form and return it to the Company by mail.

[Voting via the Internet]

Please access the website designated by the Company for the exercise of voting rights and follow on-screen instructions to enter your approval or disapproval of each of the items to be resolved.

- 1. Date and Time** Thursday, June 29, 2017, at 10:00 a.m. (JST)
(Reception will open at 9:30 a.m.)
- 2. Venue** Conference room of the head office of the Company (Shin Marunouchi Center Building, 14F)
1-6-2 Marunouchi, Chiyoda-ku, Tokyo

3. Purpose of the Meeting

Items to be reported:

1. The business report, the consolidated financial statements for the 92nd fiscal year (from April 1, 2016 to March 31, 2017) and the audit reports of the Accounting Auditor and the Audit & Supervisory Board regarding the consolidated financial statements for the 92nd fiscal year
2. The non-consolidated financial statements for the 92nd fiscal year (from April 1, 2016 to March 31, 2017)

Items to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Twelve (12) Directors
- Proposal No. 3:** Election of One (1) Audit & Supervisory Board Member
- Proposal No. 4:** Continuation of the Policy on Responding to Large-Scale Purchases of the Company’s Shares, etc. (Takeover Defense Measures)

4. Information on Exercise of Voting Rights

- (1) Please exercise your voting rights by completing the Voting Rights Exercise Form and returning it to us by mail to arrive, or by registering your votes via the Internet, no later than 5:30 p.m. on Wednesday, June 28, 2017 (JST).
- (2) In the event that you exercise your voting rights both via mail and via the Internet, the vote via the Internet shall be upheld as the valid exercise of your voting rights. Moreover, if you exercise your voting rights multiple times via the Internet and your multiple votes for the same proposal are inconsistent, your last vote shall be upheld as the valid exercise of your voting rights.

If attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk.

Because the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements,” which must be provided at the time of providing this Notice of the 92nd Annual General Meeting of Shareholders, are reported on the Company’s website (<http://www.zeon.co.jp>) in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation, they are not provided in the attached documents to this Notice of the 92nd Annual General Meeting of Shareholders. Accordingly, the attached documents to this notice are part of the documents that were audited by the Audit & Supervisory Board and the Accounting Auditor in preparing the Audit Reports.

Amendments to the Reference Materials for General Meeting of Shareholders, the Business Report, the non-consolidated financial statements and the consolidated financial statements, if any, will be posted on our website (<http://www.zeon.co.jp>).

Reference Materials for General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

The Company has adopted the basic policy of paying stable and continuous dividends of surplus to shareholders. Under this policy, the year-end dividend for the fiscal year ended March 31, 2017 is proposed to be ¥8 per share as described below. As a result, including the interim dividend, the annual dividend would be ¥16 per share, an increase of ¥1 per share from the previous fiscal year.

Matters concerning the year-end dividend

- (1) Items concerning allocation of dividend assets and the total amount for shareholders thereof
¥8.00 per share of common stock of the Company
The total amount of dividends: ¥1,775,860,200
- (2) Effective date of dividends of surplus
June 30, 2017

Proposal No. 2: Election of Twelve (12) Directors

The terms of office of all twelve (12) incumbent Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, we would like you to approve the election of twelve (12) Directors including three (3) Outside Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and status of important concurrent occupations	Number of the Company's shares held
1	Naozumi Furukawa (December 22, 1944)	Apr. 1967 Joined the Company June 1997 Director of the Company June 1999 Senior Director of the Company June 2001 Executive Director of the Company June 2003 President of the Company June 2013 Chairman of the Company (incumbent) (Status of important concurrent occupations) Chairman of Tohpe Corporation	121,000
		[Reasons for nomination as candidate for Director] Mr. Naozumi Furukawa became President of the Company in 2003 and since 2013 has been serving as Chairman of the Company. Over the years since he became President of the Company, he has directed management in his role as leader of the Group and has greatly contributed to growth of the Company's business. The Company has nominated him as candidate for Director again as it expects him to offer leadership based on his extensive knowledge and experience concerning management in general.	
2	Kimiaki Tanaka (February 19, 1953)	Apr. 1979 Joined the Company June 2005 Director of the Company June 2007 Director & Corporate Officer of the Company June 2011 Director & Senior Corporate Officer of the Company June 2012 Director & Executive Corporate Officer of the Company June 2013 President of the Company (incumbent)	53,000
		[Reasons for nomination as candidate for Director] Mr. Kimiaki Tanaka became President of the Company in 2013, and he has contributed to improvement of the corporate value of the Group, including directing management by leading promotion of the SZ-20 Mid-Term Management Plan. The Company has nominated him as candidate for Director again as it expects him to offer leadership based on his extensive knowledge and experience concerning management in general.	
3	Hiroyuki Hirakawa (August 23, 1958)	Apr. 1981 Joined the Company June 2008 Corporate Officer of the Company June 2009 Director & Corporate Officer of the Company June 2015 Director & Senior Corporate Officer of the Company (incumbent)	28,000
		[Reasons for nomination as candidate for Director] Mr. Hiroyuki Hirakawa became Director in 2009 and currently serves as Head of Elastomers and Chemicals Business Headquarters and Division Manager of Synthetic Rubber Division. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.	
4	Toru Nishijima (February 8, 1957)	Apr. 1981 Joined the Company June 2009 Corporate Officer of the Company June 2014 Senior Corporate Officer of the Company June 2015 Director & Senior Corporate Officer of the Company (incumbent)	14,000
		[Reasons for nomination as candidate for Director] Mr. Toru Nishijima became Director in 2015 and currently serves as Head of Production and Engineering Technology Headquarters and Division Manager of Production Center. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.	

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and status of important concurrent occupations		Number of the Company's shares held
5	Hirofumi Imai (June 16, 1955)	Apr. 1978	Joined the Company	20,000
		June 2007	Corporate Officer of the Company	
		June 2015	Senior Corporate Officer of the Company	
		June 2016	Director & Senior Corporate Officer of the Company (incumbent)	
		[Reasons for nomination as candidate for Director] Mr. Hirofumi Imai became Director in 2016 and currently serves as Head of Administrative Headquarters, Division Manager of Corporate Planning Division, Division Manager of Raw Material Division and General Manager of Department of China Business Administration. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.		
6	Sachio Hayashi (March 3, 1956) *New candidate for Director	Apr. 1980	Joined the Company	33,000
		Dec. 2012	Deputy MD of Zeon Chemicals Singapore Pte. Ltd. and Plant Manager	
		July 2014	Plant Manager of Kawasaki Plant	
		June 2015	Corporate Officer of the Company (incumbent)	
		[Reasons for nomination as candidate for Director] Mr. Sachio Hayashi became Corporate Officer of the Company in 2015 and currently serves as Plant Manager of the Tokuyama Plant. The Company has nominated him as new candidate for Director as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.		
7	Takeo Furuya (December 2, 1958)	Mar. 1990	Joined the Company	16,000
		July 2012	General Manager of Accounting & Finance Department and General Manager of Accounting Reform Department, Corporate Administration Division of the Company	
		June 2013	Corporate Officer of the Company	
		June 2015	Director & Corporate Officer of the Company (incumbent)	
		[Reasons for nomination as candidate for Director] Mr. Takeo Furuya became Director in 2015 and currently serves as Division Manager of Corporate Administration Division and General Manager of Accounting & Finance Department. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.		
8	Noboru Yanagida (July 13, 1956)	Apr. 1981	Joined the Company	22,000
		June 2011	Division Manager of Specialty Chemicals Division	
		June 2013	Corporate Officer of the Company	
		June 2016	Director & Corporate Officer of the Company (incumbent)	
		(Status of important concurrent occupations) President of Zeon Medical Inc.		
		[Reasons for nomination as candidate for Director] Mr. Noboru Yanagida became Director in 2016 and currently serves as Head of Specialty Business Headquarters, Leader of Special Project Z1 and President of Zeon Medical Inc. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.		
9	Hiroshi Fujisawa (March 15, 1959) *New candidate for Director	Apr. 1984	Joined the Company	2,000
		June 2009	Deputy Plant Manager of Mizushima Plant	
		Dec. 2010	Plant Manager of Takaoka Plant	
		June 2013	Corporate Officer of the Company (incumbent)	
		[Reasons for nomination as candidate for Director] Mr. Hiroshi Fujisawa became Corporate Officer of the Company in 2013 and currently serves as Division Manager of Specialty Chemicals Division. The Company has nominated him as new candidate for Director as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.		

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and status of important concurrent occupations	Number of the Company's shares held
10	<p style="text-align: center;">Haruo Itoh (November 9, 1943)</p> <p>*Candidate for Outside Director</p>	<p>Apr. 1968 Joined Fuji Electric Manufacturing Co., Ltd. June 1998 Director of Fuji Electric Co., Ltd. Oct. 2003 President and Representative Director of Fuji Electric Systems Co., Ltd. June 2006 President and Representative Director of Fuji Electric Holdings Co., Ltd. Apr. 2010 Director & Senior Adviser of Fuji Electric Holdings Co., Ltd. June 2010 Senior Adviser of Fuji Electric Holdings Co., Ltd. (incumbent) June 2011 Outside Director of the Company (incumbent) (Status of important concurrent occupations) Senior Adviser of Fuji Electric Co., Ltd. (former Fuji Electric Holdings Co., Ltd.) Outside Director of Nippon Light Metal Holdings Co., Ltd.</p>	7,000
<p>[Reasons for nomination as candidate for Outside Director] Mr. Haruo Itoh was involved in the management of Fuji Electric Co., Ltd. for many years, and he possesses experience and knowledge as a person with expertise in corporate management, which he has accumulated through his career. The Company has nominated him as candidate for Outside Director again, as it expects him to provide practical guidance and advice related to corporate management of the Company founded on his experience, etc. At the conclusion of this Annual General Meeting of Shareholders, he will have served six (6) years as Outside Director of the Company.</p>			
11	<p style="text-align: center;">Takao Kitabata (January 10, 1950)</p> <p>*Candidate for Outside Director</p>	<p>Apr. 1972 Joined Ministry of International Trade and Industry June 2004 Director-General, Economic and Industrial Policy Bureau of Ministry of Economy, Trade and Industry July 2006 Vice-Minister of Economy, Trade and Industry July 2008 Retired from Ministry of Economy, Trade and Industry June 2010 Outside Director of Kobe Steel, Ltd. (incumbent) Outside Audit & Supervisory Board Member of Marubeni Corporation June 2013 Chairman of Board of Sanda Gakuen Junior High School & Senior High School (incumbent) Outside Director of Marubeni Corporation (incumbent) Apr. 2014 Principal of Sanda Gakuen Junior High School & Senior High School June 2014 Outside Director of the Company (incumbent) (Status of important concurrent occupations) Chairman of Board of Sanda Gakuen Junior High School & Senior High School Outside Director of Kobe Steel, Ltd. Outside Director of Marubeni Corporation Outside Director of SEIREN CO., LTD.</p>	0
<p>[Reasons for nomination as candidate for Outside Director] Mr. Takao Kitabata was involved in the planning of economic and industrial policy for many years, and he possesses experience and knowledge of industry overall, which he has accumulated through his career. The Company has nominated him as candidate for Outside Director again, as it judges that, regardless of whether he has had direct involvement in the corporate management of a company, he can contribute to the corporate management of the Company with his guidance and advice based on his knowledge, etc. At the conclusion of this Annual General Meeting of Shareholders, he will have served three (3) years as Outside Director of the Company.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and status of important concurrent occupations	Number of the Company's shares held
12	Tadanobu Nagumo (February 12, 1947) *Candidate for Outside Director	Apr. 1969 Joined The Yokohama Rubber Co., Ltd. June 1999 Director of The Yokohama Rubber Co., Ltd. June 2002 Managing Director of The Yokohama Rubber Co., Ltd. June 2003 Senior Managing Director of The Yokohama Rubber Co., Ltd. June 2004 President and Representative Director of The Yokohama Rubber Co., Ltd. June 2011 Chairman and CEO and Representative Director of The Yokohama Rubber Co., Ltd. Outside Audit & Supervisory Board Member of the Company June 2015 Outside Director of the Company (incumbent) Mar. 2016 Chairman and Representative Director of The Yokohama Rubber Co., Ltd. (incumbent) (Status of important concurrent occupations) Chairman and Representative Director of The Yokohama Rubber Co., Ltd. President of The Japan Rubber Manufacturers Association Outside Director of Kanagawa Chuo Kotsu Co., Ltd.	7,000
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Mr. Tadanobu Nagumo was involved in the management of The Yokohama Rubber Co., Ltd. for many years, and he possesses experience and knowledge as a person with expertise in corporate management, which he has accumulated through his career. The Company has nominated him as candidate for Outside Director again, as it expects him to provide practical guidance and advice related to corporate management of the Company founded on his experience, etc. At the conclusion of this Annual General Meeting of Shareholders, he will have served two (2) years as Outside Director of the Company, but he served four (4) years as Outside Audit & Supervisory Board Member from June 2011.</p>			

- (Notes)
1. Mr. Haruo Itoh, Mr. Takao Kitabata and Mr. Tadanobu Nagumo are candidates for Outside Director as provided in Article 2, paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act.
 2. The Company has notified the Tokyo Stock Exchange of status of Mr. Haruo Itoh and Mr. Takao Kitabata as independent directors/auditors.
 3. The Company has concluded contracts with Mr. Haruo Itoh, Mr. Takao Kitabata and Mr. Tadanobu Nagumo that limit their liability for damages prescribed by Article 423, paragraph 1 of the Companies Act to the minimum liability amount prescribed by laws and regulations. If their re-election is approved, the Company plans to continue contracts with the same contents.
 4. Mr. Tadanobu Nagumo is the Chairman and Representative Director of The Yokohama Rubber Co., Ltd. The Company conducts trade with the aforesaid company, involving the sale of products such as synthetic rubber, etc.
 5. There are no special conflicts of interests as prescribed by Article 74, paragraph 2, item 3 of the Ordinance for Enforcement of the Companies Act between the Company and any of the other candidates.

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

Of the Audit & Supervisory Board Members currently in office, the term of office of Mr. Jun Hasegawa will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, we would like you to approve the election of one (1) Audit & Supervisory Board Member. The Audit & Supervisory Board has approved this proposal.

The candidate for Audit & Supervisory Board Members is as follows:

Name (Date of birth)	Career summary, position at the Company, and status of important concurrent occupations	Number of the Company's shares held
Shinichi Hirakawa (November 1, 1953) *New candidate for Audit & Supervisory Board Member	Apr. 1978 Joined the Company June 2011 Plant Manager of Tokuyama Plant June 2013 Corporate Officer of the Company July 2014 Adviser of the Company (incumbent) (Status of important concurrent occupations) Representative Director of Optes Inc.	7,000
[Reasons for nomination as candidate for Audit & Supervisory Board Member] After serving as Corporate Officer, Mr. Shinichi Hirakawa became Adviser in 2014 and currently serves as Representative Director of Optes Inc. The Company has nominated him as new candidate for Audit & Supervisory Board Member as it expects that he will contribute to improvement of the corporate value of the Group through management audits that take full advantage of his extensive operational knowledge and experience.		

- (Notes)
1. The Company plans to conclude a contract with Mr. Shinichi Hirakawa that limits his liability for damages prescribed by Article 423, paragraph 1 of the Companies Act to the minimum liability amount prescribed by laws and regulations.
 2. There are no special conflicts of interests as prescribed by Article 76, paragraph 1, item 2 of the Ordinance for Enforcement of the Companies Act between the Company and Mr. Shinichi Hirakawa.

Proposal No. 4: Continuation of the Policy on Responding to Large-Scale Purchases of the Company's Shares, etc. (Takeover Defense Measures)

With the approval of shareholders at the Company's 83rd Annual General Meeting of Shareholders held on June 27, 2008, the Company introduced the Policy on Responding to Large-Scale Purchases of the Company's Share Certificates, etc. (hereinafter "Response Policy") as one of the measures to prevent decisions on financial and business policies of the Company from being controlled by inappropriate parties (as defined in Article 118, Item (iii) (b) 2) of the Ordinance for Enforcement of the Companies Act) in the context of the Basic Policy on Persons Who Control Decisions on Financial and Business Policies of the Company (as defined in the main sentence of Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act; hereinafter referred to as "Basic Policy"). Its continuation was later approved by the shareholders at the Company's 86th Annual General Meeting of Shareholders held on June 29, 2011 and the Company's 89th Annual General Meeting of Shareholders held on June 27, 2014, and the effective period will expire at the conclusion of this Annual General Meeting of Shareholders.

Based on changes in socioeconomic conditions, advances in discussion on takeover defense measures and other trends since the previous continuation was approved, the Company has carefully considered whether or not to continue the Response Policy as one of the efforts for securing and improving the common interests of the Company's shareholders, and the decision was made in the meeting of the Board of Directors held on May 23, 2017 to continue the Response Policy with the following partial amendment in III. The main revisions being made with the continuation of the policy are as follows:

- The Board of Directors of the Company established a time limit on cases for requesting additional information in addition to the Large-Scale Purchase Information received from a Large-Scale Purchaser.
- When allotting share acquisition rights without contribution as a measure for opposing Large-Scale Purchases, it was clarified that the delivery of funds as consideration for the acquisition of share acquisition rights held by the Large-Scale Purchaser is not assumed to take place.

The decision to continue the Response Policy was made with the approval of all of the Company's Directors, and all of the Company's Audit & Supervisory Board Members, including three outside Audit & Supervisory Board Members have agreed with the continuation of the Response Policy on the condition that specific operation is implemented properly.

The continuation of the Response Policy has been presented as a proposal to this Annual General Meeting of Shareholders, and the Company requests approval by a majority of shareholders in attendance.

Please note that when any revisions (including changes in the names of laws and regulations and the establishment of new laws and regulations, etc. that succeed old laws and regulations, etc.) are made to the Companies Act, the Financial Instruments and Exchange Act, and related rules, cabinet orders, cabinet ordinances and ministerial orders, etc. (hereinafter collectively referred to as "laws and regulations, etc.") and they are enforced, any reference to the provisions of such laws and regulations, etc. in the Response Policy shall be deemed to be replaced with a reference to the provisions of amended laws and regulations, etc. that substantively succeed the old provisions unless otherwise prescribed by the Board of Directors of the Company.

I. Basic Policy on Persons Who Control Decisions on Financial and Business Policies of the Company

The Company believes that decisions concerning acquisition proposals involving the transfer of control of the Company should ultimately be based on the will of the Company's shareholders as a whole, and does not reject Large-Scale Purchases of the Company's share certificates, etc. if they contribute to the common interests of the Company's shareholders.

However, some takeover bids clearly harm the corporate value and common interests of shareholders based on their objectives, etc., virtually coerce shareholders of target companies to sell their share certificates, etc., or do not provide sufficient time and information for the board of directors and shareholders of the target company to consider the content of the takeover bid, and such cases cannot be said to contribute to the common interests of shareholders of the target company.

In order to maintain and enhance the corporate value of the Company, it is essential to strengthen and create "unique technologies," the source of the Company's corporate value, that enable the constant provision of "solutions with the environment-friendly products and services" that are useful for the realization of customers' dreams and a prosperous society, to secure diverse and talented personnel in a variety of areas such as research and development, production, sales and management, etc., who have advanced expertise,

understand the Company's key values of "speed," "dialogue" and "social contribution," and are able to take action based on these values, and to create good relationships with business partners that contribute to the development of user-oriented products and its market deployment, etc. Moreover, the Company believes that fulfilling its corporate social responsibility (CSR) and obtaining the trust of society at large is essential for continuously enhancing corporate value. Therefore, unless a party making a Large-Scale Purchase of the Company's share certificates, etc. understands the details of the Company's finances and business and that these are the source of the Company's corporate value, and has a stance and policy of maintaining and enhancing these in the medium to long term, the common interests of the Company's shareholders will be harmed.

Furthermore, when an acquisition offer is made by an external acquirer, it is not necessarily easy for the Company's shareholders to appropriately determine the impact of the acquisition on the Company's corporate value and the common interests of shareholders in a short period with a full understanding of the Company's tangible and intangible management resources, the potential effect of measures with an eye to the future, and other elements that make up the Company's corporate value. Therefore, the common interests of the Company's shareholders may be harmed if a Large-Scale Purchase of the Company's share certificates, etc. or an acquisition offer is carried out without providing sufficient time and information for the shareholders of the Company to consider the content of the acquisition offer.

The Company believes that parties who make such acquisition offers that do not contribute to the common interests of the Company's shareholders are inappropriate as parties controlling the determination of the Company's financial and business policies, and that it is necessary to secure the common interests of the Company's shareholders by exercising the required reasonable countermeasures to oppose Large-Scale Purchases by such parties.

II. Special Measures to Help the Achievement of the Basic Policy

Since its establishment in April 1950, the Company has endeavored to maintain and enhance corporate value with the mission of contributing to the global environment and the prosperity of the human race through unique, world-leading technologies as befitting the name Zeon, which is derived from the Greek words meaning the Earth (geo) and eternity (eon), based on the corporate philosophy that "ZEON is contributing to the eternity of the Earth and the prosperity of the human race." Specifically, the Company has utilized GPB, GPI and other proprietary technologies that are the world's highest level of distillation refining technologies developed by the Company to thoroughly separate and refine C4 and C5 fraction, which are crude oil products, for creating petrochemical products with high added value one after another such as special rubber, leaf alcohol, cyclo-olefin polymers and optical film in order to continually respond to applications requiring high performance, contributing to the realization of customers' dreams and a prosperous society, thereby making the Company more competitive in the market.

In this way, the source of the Company's corporate value is primarily its "unique technologies" that enable constant provision of "solutions with the environment-friendly products and services" to customers. The Company is striving to provide solutions that contribute to the realization of customers' dreams and a prosperous society by continually enhancing and creating unique technologies through efforts to address issues such as, creation of new businesses and development of new products by actively allocating resources to the primary areas of development (global environment, smart technologies, and health and lives), improvement of existing production technologies by working with plants and development of new production technologies, and speeding up of research and development through efforts such as sharing of internal technology resources (fusion of knowledge) and promoting open innovation (departure from closed innovation).

In addition, in order to develop business based on such unique technologies, it is essential to secure diverse and talented personnel who have advanced expertise in a variety of areas such as research and development, production, sales and management, etc., understand the Company's key values of "speed," "dialogue" and "social contribution," and are able to take action based on these values. The Company endeavors to develop and secure such personnel based on the close relationship of trust fostered over many years of labor-management relations, and conducts various activities for developing a corporate culture for realizing the "ideal state for 2020." Also, good relations with business partners including customers, raw material suppliers, production contractors and research partners that have been built over long business relationships are also believed to contribute to maintaining and enhancing the Company's corporate value by enabling the development of user-oriented products and its market deployment, etc.

Moreover, the Company believes that fulfilling its corporate social responsibility (CSR) and obtaining the trust of society at large is essential for continuously enhancing corporate value. To externally clarify the basic approach to CSR activities and make all Zeon member reactnowledge the corporate social responsibility, the Company established the “CSR Basic Policy” in April 2010 that consists of three policies, “ensuring compliance to meet society’s needs for safety and security,” “contributing to sustainable development of society and protection of the global environment through our corporate activities” and “ensuring that each and every Zeon member is aware of CSR and acts accordingly.” The “CSR Code of Conduct” was also established to list and stipulate the statement of “CSR Basic Policy” as the specific cord of conduct required. The Company has established a CSR promotion system headed by the “CSR Conference” and is engaged in continuously addressing various issues such as strengthening compliance system, realizing safe plants and coexisting with local communities to maintain and ensure the trust of parties interested in the Company (so-called stakeholders).

The Company believes that continually developing these sources of the Company’s corporate value through efforts such as the formulation and execution, etc. of Mid-Term Management Plans will lead to maintaining and improving corporate value and thereby the common interests of the shareholders, and also contribute to the realization of the Basic Policy along with the Response Policy in III. below. Therefore, such efforts are consistent with the common interests of the Company’s shareholders in line with the Basic Policy, and are not aimed at maintaining the positions of the Company’s officers.

III. Measures to Prevent Decisions on Financial and Business Policies of the Company from Being Controlled by Inappropriate Parties in the Context of Its Basic Policy

1. Purpose of Continuation of the Response Policy

The Response Policy will continue to be implemented for the purpose of securing and enhancing the common interests of the Company’s shareholders in line with the Basic Policy described in I. above.

The Board of Directors of the Company has determined that the continuation of this Policy continues to be an essential framework for preventing Large-Scale Purchases that run counter to the common interests of the Company’s shareholders by securing information and time necessary for the shareholders to decide whether to accept the proposal for a Large-Scale Purchase or for the Board of Directors of the Company to present an alternative proposal in the case where a Large-Scale Purchase of share certificates, etc. of the Company is proposed, or by enabling the Company to negotiate with the purchaser on behalf of its shareholders in some situations or to take similar actions.

In conjunction with this, the Board of Directors of the Company decided to continue the Response Policy on the condition that it is approved by the shareholders in this Annual General Meeting of Shareholders as part of the measures to prevent decisions on financial and business policies of the Company from being controlled by inappropriate parties in the context of its Basic Policy.

The Company is not aware of any indications of specific Large-Scale Purchases of the Company’s share certificates, etc. at the present time. Furthermore, the state of the Company’s major shareholders as of March 31, 2017 is shown on page 10 of Japanese version of this notice.

Please refer to Appendix 1 for an overview of the Response Policy.

2. Establishment of a Special Committee

The Company, in conjunction with the continuation of the Response Policy, will also continue to establish a Special Committee as an organization independent from the Board of Directors of the Company precluding any arbitrary decision of the Board of Directors of the Company concerning, among others, the exercise of countermeasures against the Large-Scale Purchases. The Special Committee shall be made up of three to five members appointed from among outside Directors, outside Audit & Supervisory Board Members, attorneys at law, tax accountants, certified public accountants, academics, persons with experience in investment banking or persons outside the Company with achievements and experience as directors or executive officers. The names and career summaries of the members of the Special Committee who are to be appointed in the first meeting of the Board of Directors of the Company held after this Annual General Meeting of Shareholders are shown in Appendix 2.

The Special Committee may, at the cost of the Company, obtain advice of third parties that are independent from the management of the Company and the Special Committee (including financial advisors, certified public accountants, attorneys at law, consultants, and other experts) as required, and

may request Directors, Audit & Supervisory Board Members and employees, etc. of the Company to attend meetings of the Special Committee to provide explanations on the necessary information. Please refer to Appendix 3 for an overview of the Rules of the Special Committee.

3. Purchases, etc. of Share Certificates, etc. of the Company Subject to the Response Policy

The Response Policy applies to acts that fall under either (i) or (ii) below or acts similar thereto (in either case, excluding those that are approved in advance by the Board of Directors of the Company, and regardless of whether the specific method of purchase is by market transaction or tender offer, etc.; hereinafter such acts are referred to as “Large-Scale Purchases”). A party who intends to carry out a Large-Scale Purchase (hereinafter referred to as “Large-Scale Purchaser”) shall be required to follow the “Large-Scale Purchase Rules” preliminarily prescribed in the Response Policy.

- (i) A purchase, etc. as a result of which the ownership ratio¹ of share certificates, etc.² of the holder³ would become 20% or more with regard to the share certificates, etc. issued by the Company.
- (ii) A tender offer⁴ as a result of which the aggregate sum of the ownership ratio of share certificates, etc.⁵ pertaining to the person who carries out a tender offer and the ownership ratio of share certificates, etc. of their specially related parties⁶ would become 20% or more with regard to the share certificates, etc.⁷ issued by the Company.

4. Overview of Large-Scale Purchase Rules

The Large-Scale Purchase Rules established by the Company state that (i) a Large-Scale Purchaser shall provide necessary and sufficient information to the Board of Directors of the Company in advance, and (ii) a Large-Scale Purchase shall commence after a certain period of evaluation by the Board of Directors of the Company has elapsed. An overview is provided in (1) through (6) below.

The Company shall provide timely and appropriate disclosure of information to shareholders and investors concerning the appearance of a Large-Scale Purchaser, the submission of a letter of intent by a Large-Scale Purchaser, a request for a Large-Scale Purchaser to provide information to the Board of Directors of the Company, the provision of information from the Large-Scale Purchaser to the Board of Directors of the Company, commencement of the Board of Directors’ Evaluation Period or the Shareholder Consideration Period, a request to the Large-Scale Purchaser by the Board of Directors of the Company for discussion/negotiation, an overview of the Large-Scale Purchase Information and other information deemed to be appropriate by the Board of Directors of the Company.

(1) Submission of letter of intent to the Company by the Large-Scale Purchaser

When making a Large-Scale Purchase, a Large-Scale Purchaser is first required to submit to the Board of Directors of the Company a letter of intent containing the following content, etc. in Japanese in a form prescribed by the Company before making or proposing the Large-Scale Purchase.

(i) Overview of Large-Scale Purchaser

- (a) Name and address or location
- (b) Law governing the incorporation
- (c) Name of the representative
- (d) Contact information in Japan
- (e) Purpose and business description of the company, etc.

(ii) The outline of the Large-Scale Purchase proposed by the Large-Scale Purchaser (including the classes and the number of share certificates, etc. of the Company planned to be purchased by the Large-Scale Purchaser through the Large-Scale Purchase and the outline of the purpose of the Large-Scale Purchase).

(iii) Pledge to follow the Large-Scale Purchase Rules prescribed in the Response Policy

(2) Provision of Information to the Company by the Large-Scale Purchaser

The Board of Directors of the Company shall provide the Large-Scale Purchaser with a list of matters required to be submitted to the Board of Directors of the Company as information on the Large-Scale Purchase (hereinafter referred to as “Large-Scale Purchase Information”) no later than ten business days after receiving the letter of intent containing all of the information in (1) (i)

through (iii) above, and require the Large-Scale Purchaser to submit the Large-Scale Purchase Information as stated in the list to the Board of Directors of the Company in writing no later than the deadline deemed to be appropriate by the Board of Directors of the Company. The items in the Large-Scale Purchase Information required to be submitted are as follows:

- (i) Details (including information on the name, business content, background or history, capital structure, financial details and experience, etc. in the same type of business as the business of the Company or the Group) on the Large-Scale Purchaser and its group (including major shareholders or equity contributors and significant subsidiaries and affiliates, and including major partners, equity contributors (regardless of whether direct or indirect), other members, and executive partners and persons continuously providing advice on investment if the Large-Scale Purchaser is a fund or an entity sponsored by a fund; the same shall apply hereinafter)
- (ii) The purpose (specific details of the purpose disclosed in the letter of intent), the method and details of the Large-Scale Purchase (including types and amounts of consideration for the Large-Scale Purchase, the timing of the Large-Scale Purchase, the structure of any related transactions, the legality of the method of the Large-Scale Purchase, the feasibility of the Large-Scale Purchase and related transactions, and the statement and reason if the Company's share certificates, etc. are expected to be delisted after the completion of the Large-Scale Purchase)
- (iii) Presence or absence of communication of intent with a third party in conducting the Large-Scale Purchase (including communication of intent concerning making a material proposal, etc.⁸ to the Company; the same shall apply hereinafter) and the specific form and details thereof of the third party if such communication of intent exists
- (iv) The basis of calculation of the purchase consideration for the Large-Scale Purchase (including the facts and hypotheses assumed for the calculation, the method of calculation, the calculation agent and information on the calculation agent, numerical information used in the calculation, and the details of the synergy expected to arise from the series of transactions related to the Large-Scale Purchase and the details of the synergies distributed to minority interests)
- (v) Supporting documents explaining the source of funds for the Large-Scale Purchase (including the specific name of the provider of the funds (including substantive providers of funds, regardless of whether direct or indirect), financing methods, conditions under which funding is provided, the existence or absence and details of any pledges made after the provision of funding, and the details of any related specific transactions)
- (vi) The management policy, business plan, financial plan, funding plan, investment plan, capital policy, and dividend policy, etc. of the Company and the Group intended to be carried out after the completion of the Large-Scale Purchase (including plans related to the sale, pledge as security or other disposition of the Company's assets after the completion of the Large-Scale Purchase)
- (vii) The policy on the treatment of the Company and the Group's employees, business partners and other stakeholders relating to the Company after the completion of the Large-Scale Purchase
- (viii) Regulations based on laws and regulations, etc. inside and outside Japan that may be applicable to the Large-Scale Purchase, and the probability of obtaining approvals and permits from governments or third parties inside or outside Japan based on the Anti-monopoly Act and other laws and regulations, etc.
- (ix) The possibility of maintaining the necessary permits inside and outside Japan for management of the Company and the Group and the possibility of compliance with regulations under various laws and regulations, etc. inside and outside Japan after the completion of the Large-Scale Purchase
- (x) The existence or absence of relationships with antisocial forces or terrorist-related organizations (regardless of whether direct or indirect) and the policy on handling these
- (xi) Other information reasonably determined to be necessary by the Board of Directors of the Company

If the Large-Scale Purchase Information provided by the Large-Scale Purchaser is found to be insufficient for considering such as the content of the Large-Scale Purchase being made by the Large-Scale Purchaser in an inquiry of opinions made to the Special Committee as necessary, the Board of Directors of the Company may ask the Large-Scale Purchaser to provide additional information with an appropriate response deadline (up to 60 days from the date of initial receipt of provision of Large-Scale Purchase Information).

Furthermore, if the Board of Directors of the Company determines that provision of Large-Scale Purchase Information has been completed, the Company shall send notice thereof to the Large-Scale Purchaser, and disclose this in a timely and appropriate manner in accordance with the applicable laws and regulations, etc. and securities exchange rules. Furthermore, at an appropriate time after receiving Large-Scale Purchase Information, the Company shall, in accordance with a decision by the Board of Directors of the Company, among the Large-Scale Purchase Information, disclose information deemed to be necessary for shareholders to appropriately decide whether or not to accept the Large-Scale Purchase in a timely and appropriate manner in principle in accordance with the applicable laws and regulations, etc. and securities exchange rules. However, the Board of Directors of the Company shall give the greatest respect to the opinion of the Special Committee when making such judgment and decision.

The language to be used for the provision of Large-Scale Purchase Information and other notices and communications with the Company in accordance with the Large-Scale Purchase Rules must be Japanese.

(3) Evaluation and consideration, etc. of Large-Scale Purchase Information by the Board of Directors of the Company

After completion of the provision of Large-Scale Purchase Information to the Board of Directors of the Company by the Large-Scale Purchaser, the Board of Directors of the Company shall set a period of 60 days in the case of the purchase of all of the Company's shares by tender offer with only cash (yen) for consideration, or 90 days in the case of other Large-Scale Purchases (in either case, calculated from the date when the Company discloses the information that the Board of Directors of the Company determines that provision of Large-Scale Purchase Information by the Large-Scale Purchaser to the Board of Directors of the Company has been completed and not including the first day), depending on the difficulty of evaluation, etc. of the Large-Scale Purchase, as a period for evaluation, examination, negotiation, opinion formation, and development of an alternative proposal by the Board of Directors of the Company (hereinafter referred to as the "Board of Directors' Evaluation Period"), and the Large-Scale Purchaser may only commence the Large-Scale Purchase after the completion of the Board of Directors' Evaluation Period.

During the Board of Directors' Evaluation Period, the Board of Directors of the Company shall sufficiently evaluate and examine the Large-Scale Purchase Information provided while receiving advice from experts (including financial advisors, certified public accountants, attorneys at law, consultants, and other experts), etc. who are independent from the Board of Directors of the Company, and carefully form the opinion of the Board of Directors of the Company. The Board of Directors of the Company may also negotiate improvement of the terms and conditions of the Large-Scale Purchase with the Large-Scale Purchaser as necessary and may present an alternative proposal to its shareholders.

If the Board of Directors of the Company is unable to reach a decision on whether or not to exercise the countermeasures during the Board of Directors' Evaluation Period (including cases in which the Special Committee does not make a recommendation on exercising the countermeasures during the Board of Directors' Evaluation Period), the Board of Directors of the Company may extend the Board of Directors' Evaluation Period as required for up to 30 days with the greatest respect for the opinion of the Special Committee. In this case, the Board of Directors of the Company shall promptly disclose the reason for the extension of the Board of Directors' Evaluation Period, the period of the extension and other matters deemed appropriate after the resolution on the extension.

(4) Special Committee Consultation and Recommendation Procedures

The Board of Directors of the Company shall consult the Special Committee concerning the suitability of the judgment of whether or not to exercise countermeasures against the Large-Scale

Purchase ahead of such a decision. The Special Committee shall carefully evaluate and examine the matters consulted upon from a neutral position, and make recommendations to the Board of Directors of the Company as follows. If such a recommendation is made, the Company shall disclose the Special Committee's recommendation, the reason for the recommendation and other information deemed to be appropriate in a timely and appropriate manner in accordance with the applicable laws and regulations, etc. and securities exchange rules.

Even after making a recommendation on whether or not to exercise countermeasures or to convene a General Meeting to confirm the intentions of shareholders, the Special Committee may make recommendations to cease exercising countermeasures or different recommendations from the initial ones to the Board of Directors of the Company if the Large-Scale Purchase is withdrawn or if there are other changes in the facts, etc. forming the basis for the decision to make the recommendation. If such a recommendation is made, the Company shall disclose the Special Committee's new recommendation, the reason for the new recommendation and other information deemed to be appropriate in a timely and appropriate manner in accordance with the applicable laws and regulations, etc. and securities exchange rules.

(i) When recommending the exercise of countermeasures

If the Large-Scale Purchase fulfills any of the following criteria and the Special Committee deems reasonable to exercise countermeasures against the Large-Scale Purchase, the Special Committee shall recommend the exercise of countermeasures to the Board of Directors of the Company regardless of whether or not the Board of Directors' Evaluation Period has started or ended.

- (a) Cases where the Large-Scale Purchase is not in compliance with the procedures prescribed in the Large-Scale Purchase Rules
- (b) Cases where the objective of the Large-Scale Purchase is to raise the share price and demand that parties related to the Company purchase the acquired shares at a high price despite not having any real intention to participate in corporate management
- (c) Cases where the Large-Scale Purchase is for the purpose of conducting business in the interests of the Large-Scale Purchaser at the expense of the Company by transferring intellectual property rights, know-how, corporate secrets, or major business partners, etc. that are necessary for the business operation of the Group to the Large-Scale Purchaser or its group companies, etc. at a low price by temporarily acquiring control over the corporate management of the Company.
- (d) Cases where the Large-Scale Purchase is for the purpose of using the assets of the Company as collateral for or the source of funds to repay, debts of the Large-Scale Purchaser or its group companies, etc.
- (e) Cases where the Large-Scale Purchase is for the purpose of temporarily acquiring the control over the corporate management of the Company and disposing high-value assets, etc. that are not currently related to the business of the Group and temporarily paying higher dividends from the disposition proceeds or deliberately selling the shares, etc. of the Company at a high price as the share price surges during the period of the said temporarily higher dividends
- (f) Cases where the Large-Scale Purchase may be by way of so-called coercive two-tier tender offer (the method of carrying out a tender offer, etc. in two steps without soliciting the sale of all shares in the first stage while specifying unfavorable terms and conditions for purchase in the second stage or not clarifying the terms and conditions for purchase in the second stage) and shareholders could be effectively forced to sell the shares
- (g) Cases where the Large-Scale Purchase does not provide the Board of Directors of the Company with a reasonably necessary period for presenting an alternative proposal to the Large-Scale Purchase
- (h) Cases where the Large-Scale Purchase does not provide shareholders of the Company with Large-Scale Purchase Information or sufficient information reasonably necessary for judging the content of the Large-Scale Purchase

- (i) Cases where the terms and conditions of the Large-Scale Purchase (including types and amounts of consideration, the timing of the Large-Scale Purchase, the legality of the method of the Large-Scale Purchase, the feasibility of the Large-Scale Purchase, and the management policies or business plans following the Large-Scale Purchase, etc.) are clearly insufficient or inappropriate in light of the Company's corporate value.
 - (j) Cases where the Large-Scale Purchase is likely to harm the common interests of the Company's shareholders from a medium- to long-term perspective as a result of destroying the "unique technologies" or other tangible and intangible management resources (including the relationships of trust and good relationships formed between personnel and business partners that are essential for creating the Company's corporate value) that are the source of the Company's corporate value
 - (k) Cases where the management or major shareholders of a Large-Scale Purchaser includes a person affiliated with an antisocial force or a terrorism-related organization
Furthermore, if the Special Committee does not reach a decision to make a recommendation to exercise countermeasures but deems reasonable to hold a General Meeting to confirm the intentions of shareholders due to suspicion of the Large-Scale Purchase causing irreparable harm to the common interests of the Company's shareholders such as there being a risk of (a) through (k) above being applicable, or another rational reason, it shall recommend convening a General Meeting to confirm the intentions of shareholders to the Board of Directors of the Company.
- (ii) When recommending not to exercise countermeasures
If the Large-Scale Purchase does not fulfill any of the criteria (a) through (k) above (4) (i) or it is found to be not reasonable to exercise countermeasures against the Large-Scale Purchase even it fulfills the above criteria, and it is deemed that there are no circumstances warranting a General Meeting to confirm the intentions of shareholders, the Special Committee shall recommend that the Board of Directors of the Company shall not exercise countermeasures regardless of whether or not the Board of Directors' Evaluation Period has started or ended.
- (5) Holding a General Meeting to confirm the intentions of shareholders
If the Special Committee recommends the convening of a General Meeting to confirm the intentions of shareholders, the Board of Directors of the Company shall establish a period of up to 60 days (calculated from the day of the resolution by the Board of Directors of the Company to hold the General Meeting to confirm the intentions of shareholders and to determine the record date, not including the first day) as the period for shareholders to sufficiently consider whether or not to exercise the countermeasures (hereinafter referred to as "Shareholder Consideration Period"), with the exception of cases in which it can be asserted and proven that not exercising the countermeasures is reasonable in light of the duty of due care, etc. of a prudent manager as Directors, and the General Meeting to confirm the intentions of shareholders shall be held during the Shareholder Consideration Period. Furthermore, even if the Special Committee makes a recommendation to exercise countermeasures, if the Board of Directors of the Company determines, based on consideration of various circumstances such as the details of the Large-Scale Purchase and the time available, that confirming the intentions of shareholders is practically feasible and appropriate in light of the Directors' duty of due care of a prudent manager, a General Meeting to confirm the intentions of shareholders may be held using similar procedures.
In such cases, the Board of Directors of the Company shall determine the specific content of the countermeasures, and promptly implement procedures to convene the Company's General Meeting to confirm the intentions of shareholders proposing the approval of the exercise of the countermeasures. Specifically, it shall establish the record date for determining shareholders eligible to vote in the General Meeting to confirm the intentions of shareholders, and publicly announce it no later than two weeks prior to the record date. Shareholders eligible to vote in the General Meeting to confirm the intentions of shareholders, shall be the shareholders stated or recorded in the final shareholder registry on the record date.
If the Board of Directors of the Company passes a resolution to hold the General Meeting to confirm the intentions of shareholders and determine the record date, the Shareholder Consideration Period shall commence immediately (the Board of Directors' Evaluation Period shall

end on the commencement date), and the Large-Scale Purchaser may only commence the Large-Scale Purchase after the completion of the Shareholder Consideration Period.

When holding the General Meeting to confirm the intentions of shareholders, the Board of Directors of the Company shall promptly disclose an overview of the Large-Scale Purchase Information, the opinion of the Board of Directors of the Company on the Large-Scale Purchase, the content of the Special Committee's recommendation, and other matters deemed appropriate by the Board of Directors of the Company. Furthermore, the results of the General Meeting to confirm the intentions of shareholders shall also be promptly disclosed after the resolution is made.

(6) Resolutions of the Board of Directors of the Company

The Board of Directors of the Company shall give the greatest respect to the recommendations of the Special Committee on exercising or not exercising the countermeasures (including the cancellation of countermeasures), and shall promptly pass a resolution approving the exercise or non-exercise of countermeasures as an organization established pursuant to the Companies Act if a resolution is passed in the General Meeting to confirm the intentions of shareholders.

When the Board of Directors of the Company has passed such a resolution, the Board of Directors of the Company shall promptly disclose the overview of the resolution together with information about any other matters deemed appropriate by the Board of Directors of the Company.

5. Specific Details of the Countermeasures

Any specific measures taken as countermeasures based on the Response Policy shall be selected based on those which the Board of Directors of the Company deems to be most appropriate within the necessary and reasonable scope for the Board of Directors of the Company to perform a takeover defense at that time. An overview of the share acquisition rights (hereinafter referred to as the "Share Acquisition Rights") allotted to shareholders in an allotment of share acquisition rights without contribution as one of the specific countermeasures adopted by the Board of Directors of the Company is shown in Appendix 4 "Overview of Share Acquisition Rights" but it is not assumed that money will be provided as consideration for the acquisition of the Share Acquisition Rights held by non-qualified parties (meaning the parties defined in section 7. of Appendix 4; the same shall apply hereinafter).

6. Effective Period, Continuation and Abolition of the Response Policy

The effective period of the Response Policy is to expire at the conclusion of the Annual General Meeting of Shareholders of the Company to be held in June 2020, and the Company proposes the continuation of the Response Policy to this Annual General Meeting of Shareholders. If approval is obtained from shareholders, the effective period shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within three years, and the same shall apply thereafter.

However, if the General Meeting of Shareholders resolves to abolish the Response Policy, or if the Board of Directors of the Company resolves to abolish the Response Policy prior to the expiration of the effective period, the Response Policy shall be abolished at that time.

Even during the effective period of the Response Policy, the Board of Directors of the Company may revise or amend the Response Policy with the consent of the Special Committee if laws and regulations or securities exchange rules, etc. related to the Response Policy are newly established, revised or abolished, and it is appropriate to reflect the establishment, revision or abolition thereof, or if the interests of shareholders are not harmed such as if it is appropriate to correct wording due to errors or omissions in the text.

7. Impact, etc. of the Response Policy on Shareholders

(1) Impact on shareholders at the time of continuation of the Response Policy

Countermeasures will not be implemented at the time of continuation of the Response Policy, and therefore, it will not directly have any specific impact on the rights or interests of shareholders.

(2) Impact on shareholders in the event of implementation of the allotment of share acquisition rights without contribution as countermeasures

If the Board of Directors of the Company passes a resolution of the Board of Directors of the Company concerning the allotment of the Share Acquisition Rights without contribution (hereinafter referred to as "Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution"), the Share Acquisition Rights will be allotted without contribution to shareholders whose names are stated or recorded in the final shareholder register as of the allotment

date specified in the resolution at the rate of one Share Acquisition Right per share held. If a shareholder fails to pay money within the exercise period and follow other procedures for exercising the Share Acquisition Rights described below, the shares held by the Company will be diluted by the exercise of Share Acquisition Rights by other shareholders.

However, the Company may acquire the Share Acquisition Rights held by shareholders other than non-qualified parties and deliver the Company's shares in exchange for them. If the Company follows such acquisition procedures, shareholders other than non-qualified parties shall receive the Company's shares without exercising the Share Acquisition Rights and paying funds equivalent to the strike price, and although the value of each share of the Company held will be diluted, the economic value of all of the shares held will not, in principle, be diluted.

Even if a Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution has been resolved, the Company shall give the greatest respect to the recommendation of the Special Committee described in 4. (4) above, and may abort the allotment of the Share Acquisition Rights without contribution during the period until the second business day preceding the ex-rights date pertaining to the record date set for the allotment of the Share Acquisition Rights without contribution, or acquire the Share Acquisition Rights without contribution during the period from the effective date of the allotment of the Share Acquisition Rights without contribution to the day immediately preceding the start date of the exercise period. In such cases, no dilution of economic value or voting rights per share of the Company held by shareholders and investors occurs. Accordingly, investors who have traded shares of the Company based on the assumption that dilution of economic value and voting rights per share of the Company would occur may be exposed to a loss due to share price fluctuation.

Procedures that must be followed by shareholders in conjunction with the allotment of the Share Acquisition Rights without contribution are as follows.

If the Board of Directors of the Company passes a Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution, the allotment date shall be specified in the resolution and this shall be publicly announced. The Share Acquisition Rights will be allotted to shareholders whose names are stated or recorded in the final shareholder register as of the allotment date according to the number of shares held. As the relevant shareholders are automatically holders of the Share Acquisition Rights as of the effective date of the allotment of the Share Acquisition Rights without contribution, no application procedure needs to be followed by these shareholders.

The Company shall send Share Acquisition Rights Exercise Request Forms (using a format prescribed by the Company including a written pledge that the shareholder is not a non-qualified party) and other forms required for exercising the Share Acquisition Rights to shareholders whose names are stated or recorded in the final shareholder register as of the allotment date. One share of the Company's common stock will be issued for each Share Acquisition Right when a shareholder submits these necessary documents within the exercise period specified separately by the Board of Directors of the Company, and pays ¥1 per Share Acquisition Right to the payment handling location.

However, if the Company specifies that the Share Acquisition Rights may be obtained in exchange for the Company's shares, the Company shall acquire the Share Acquisition Rights on a day separately specified by the Board of Directors of the Company if the acquisition procedures are taken by the Company.

If the Company acquires the Share Acquisition Rights held by shareholders other than non-qualified parties and delivers common shares of the Company in exchange for them, one share of the Company's common stock shall be received as consideration for acquisition of the Share Acquisition Rights without paying a sum equivalent to the strike price. For this reason, Share Acquisition Rights Exercise Request Forms, etc. shall not be sent in this case, but the relevant shareholders may be required to separately submit forms in the format prescribed by the Company pledging that they are not non-qualified parties.

If other matters concerning the acquisition of Share Acquisition Rights are stipulated in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution, the Company may take steps in accordance with such stipulations.

In addition to the above, after the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution is passed, public announcement or notice will be provided to shareholders on details of the method of allotment of the Share Acquisition Rights, the exercise method, and the method of acquisition by the Company for their confirmation.

IV. The Decision by the Board of Directors of the Company on the Response Policy and the Reason Thereof

1. The Response Policy is consistent with the Basic Policy

The Response Policy continues to be a framework for preventing purchases that run counter to the common interests of the Company's shareholders by securing information and time necessary for the shareholders to decide whether to accept the proposal for a Large-Scale Purchase or for the Board of Directors of the Company to present an alternative proposal in the case where a Large-Scale Purchase of share certificates, etc. of the Company is proposed, or by enabling the Company to negotiate with the purchaser on behalf of its shareholders in some situations or to take similar actions, and is consistent with the Basic Policy.

2. The Response Policy does not harm the common interests of the Company's shareholders, and is not aimed at maintaining the positions of the Company's officers

For the following reasons, the Board of Directors of the Company believes that the Response Policy does not harm the common interests of the Company's shareholders, and is not aimed at maintaining the positions of the Company's officers.

(1) It satisfies the requirements of the guidelines on takeover defense measures

The Response Policy fully satisfies three principles (principle of protecting and enhancing corporate value and shareholders' common interests, principle of prior disclosure and shareholders' will and principle of ensuring the necessity and reasonableness) prescribed in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interest" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. Its content is also based on the content of the proposals made in "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008.

(2) It does not harm the common interests of the shareholders

As noted in III. 1. "Purpose of Continuation of the Response Policy" above, the continued implementation of the Response Policy is proposed for the purpose of protecting and enhancing the common interests of the Company's shareholders, by securing information and time necessary for the shareholders to decide whether to accept the proposal for the Large-Scale Purchase or for the Board of Directors of the Company to present an alternative proposal in the case where a Large-Scale Purchase of share certificates, etc. of the Company is proposed, or by enabling the Company to negotiate with the Purchaser on behalf of its shareholders or to take similar actions.

The continuation of the Response Policy is conditional upon the approval of shareholders, and it is believed that the ability to abolish the Response Policy based on the intentions of shareholders ensures that the Response Policy does not harm the common interests of shareholders.

(3) It reflects shareholders' intentions

The Company will reflect the intentions of shareholders concerning the continuation of the Response Policy by submitting a proposal for continuation for approval at the Annual General Meeting of Shareholders, and having the continuation takes effect on the condition that it is approved by the shareholders.

Furthermore, if the General Meeting of Shareholders resolves to abolish the Response Policy prior to the expiry of the effective period of the Response Policy, the Response Policy shall be abolished at that time, reflecting the intentions of shareholders.

(4) Obtaining opinions of external experts

As stated in III. 4. (3) above, the Board of Directors of the Company obtains advice from external experts (financial advisors, attorneys at law, certified public accountants, etc.) as necessary in the evaluation, examination, formation of opinions and presentation of alternative proposals concerning the Large-Scale Purchases and negotiations with Large-Scale Purchasers. This ensures the objectivity and rationality of the judgment of the Board of Directors of the Company.

(5) Establishment of a Special Committee

As stated in III. 2. above, the Company has established a Special Committee to ensure the necessity and reasonableness of the Response Policy, and to prevent abuse of the Response Policy for the protection of management. In cases where the Board of Directors of the Company exercises countermeasures, the greatest respect is given to the recommendations of the Special Committee to ensure fair judgment and eliminate arbitrary decisions by the Board of Directors of the Company.

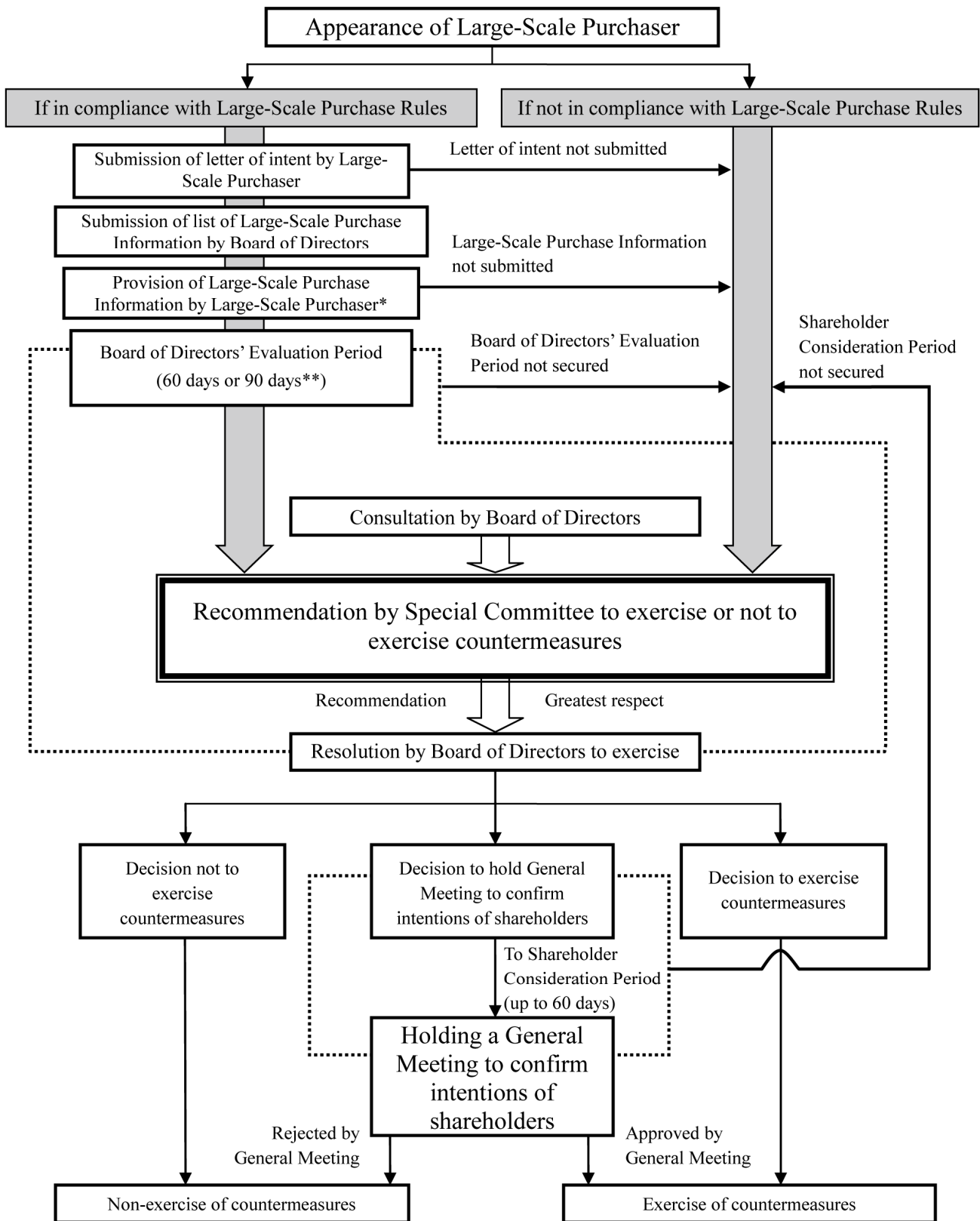
(6) It is not a dead-hand type takeover defense plan, etc.

The Response Policy may be abolished by the Board of Directors consisting of Directors who are elected at the General Meeting of Shareholders of the Company. Therefore, the Response Policy is not a dead-hand type takeover defense plan (a takeover defense plan whose exercise cannot be prevented even after replacing a majority of the members of the Board of Directors).

Furthermore, the Company has not adopted a system of staggered terms. Consequently, the Response Policy is not a slow-hand type takeover defense plan either (a takeover defense plan that requires time to prevent exercise of the plan because the members of the Board of Directors cannot be replaced at once).

- Notes:
1. This term is as defined in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.
 2. This term is as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise prescribed.
 3. This term includes parties who are deemed as holders pursuant to the provisions of Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act (including any party who is deemed to fall under the above by the Board of Directors of the Company). The same shall apply hereinafter.
 4. This term is as defined in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.
 5. This term is as defined in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.
 6. This term is defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act (including any party who is deemed to fall under the above by the Board of Directors of the Company). However, the parties set forth in item 1 of that paragraph shall exclude those who are prescribed in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer. The same shall apply hereinafter.
 7. This term is as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply in (ii).
 8. This term is as defined in Article 27-26, paragraph 1 of the Financial Instruments and Exchange Act.8

Overview of the Response Policy.



*If deemed to be insufficient to consider such as the details of the Large-Scale Purchase, the Board of Directors of the Company may ask the Large-Scale Purchaser to provide additional information with a response deadline (up to 60 days from the date of initial receipt of provision of Large-Scale Purchase Information).

** May be extended for up to 30 days as required with the greatest respect for the opinion of the Special Committee.

(Appendix 2)

Career Summaries of the Special Committee Members

Shigeru Nakajima

Career summary:

Apr. 1979 Registered as an attorney at law
Apr. 1983 Established Nakajima Transactional Law Office, Representative partner attorney at law (incumbent)
Oct. 1984 Registered as a patent attorney
Apr. 1995 Part-time lecturer at Nagoya Institute of Technology
June 1997 Member of National Police Agency “Committee to Formulate Information Security Vision”
June 2003 Statutory Auditor of Japan Securities Clearing Corporation (incumbent)

Yuzuru Fujita

Career summary:

Apr. 1964 Joined Asahi Mutual Life Insurance Company
July 1992 Director of Asahi Mutual Life Insurance Company
Apr. 1996 Representative Director and President of Asahi Mutual Life Insurance Company
June 2001 Outside Audit & Supervisory Board Member of the Company (incumbent)
July 2008 Representative Director and Chairman of Asahi Mutual Life Insurance Company
July 2009 Chief Adviser of Asahi Mutual Life Insurance Company (incumbent)

Nobutake Nishijima

Career summary:

Apr. 1976 Joined Dai-Ichi Kangyo Bank, Ltd.
Mar. 2003 Executive Officer of Mizuho Corporate Bank, Ltd.
Apr. 2004 Executive Officer of Mizuho Bank, Ltd.
Apr. 2005 Managing Executive Officer of Mizuho Bank, Ltd.
Apr. 2008 Deputy President & Executive Officer of Mizuho Trust & Banking Co., Ltd.
June 2008 Director, Deputy President & Executive Officer of Mizuho Trust & Banking Co., Ltd.
Apr. 2013 President & CEO of Mizuho Private Wealth Management Co., Ltd
Apr. 2015 Vice Chairman of Total Insurance Service Limited
June 2015 Outside Audit & Supervisory Board Member of the Company (incumbent)
Mar. 2017 Advisor to Fujitsu Total Insurance Service Limited (incumbent)

- (Notes) 1. The Company has not concluded any advisory agreements with Shigeru Nakajima personally or with Nakajima Transactional Law Office.
2. The Company has notified the Tokyo Stock Exchange of status of Mr. Yuzuru Fujita and Mr. Nobutake Nishijima as independent officers.

(Appendix 3)

Overview of the Rules for the Special Committee

- The Special Committee is established by a resolution of the Board of Directors of the Company.
- The Special Committee shall be made up of three to five members, and they shall be outside Directors, outside Audit & Supervisory Board Members, attorneys at law, tax accountants, certified public accountants, academics, persons with experience in investment banking or persons outside the Company with achievements and experience as directors or executive officers who are independent from the management executing the business of the Company.
- The term of office of the Special Committee will expire at the conclusion of the Annual General Meeting of Shareholders for the last fiscal year that ends within three years from the conclusion of this Annual General Meeting of Shareholders. However, this shall not apply if otherwise prescribed by a resolution of the Board of Directors of the Company.
- The Special Committee shall decide upon matters which it is consulted for or asked for opinions about from the Board of Directors, and provide recommendations or statements of opinion on its decisions to the Board of Directors of the Company with the reasons thereof. The Board of Directors of the Company shall give the greatest respect to the recommendations or statements of opinion of the Special Committee, and shall make decisions as an organization established pursuant to the Companies Act (however, it shall comply with a resolution of the General Meeting to confirm the intentions of shareholders concerning exercising or not exercising countermeasures, if such a resolution is made). In making such decisions, each member of the Special Committee and each Director of the Company shall faithfully do so solely from the perspective of whether decisions contribute to the corporate value of the Company and the common interests of shareholders and shall not do so for the purpose of seeking personal benefits for themselves or third parties (including management of the Company).
- In addition to the above provisions, the Special Committee may take the following actions at the cost of the Company.
 - (1) Obtaining advice of third parties that are independent from the Board of Directors of the Company and the Special Committee (including financial advisors, certified public accountants, attorneys at law, consultants and other experts), etc.
 - (2) Requiring Directors, Audit & Supervisory Board Members, employees of the Company or any other persons who are recognized as necessary by the Special Committee to attend its meeting and requesting an explanation about necessary information.
- In principle, a resolution of the Special Committee shall be passed by a majority of the votes of the Special Committee members present at the meeting where all Special Committee members other than specially interested parties are present (including attendance by telephone conference system or other method enabling the simultaneous exchange of opinions by the transmission and receipt of information; the same shall apply hereinafter). However, in the case of unavoidable circumstances, a resolution may be passed by a majority of the votes of the Special Committee members present at meetings where a majority of the Special Committee members are present.

Overview of Share Acquisition Rights

1. Total number of the Share Acquisition Rights to be allotted
The total number of the Share Acquisition Rights to be allotted shall be the number equal to the number separately specified by the Board of Directors of the Company that is equal to or more than the most recent total number of issued common shares of the Company as of the allotment date (excluding the number of common shares of the Company held by the Company as of the said date) in the resolution of the Board of Directors of the Company concerning the allotment of the Share Acquisition Rights without contribution (hereinafter referred to as “Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution”). The Board of Directors of the Company may allot Share Acquisition Rights without contribution over several instances.
2. Shareholders eligible for allotment
The Share Acquisition Rights shall be allotted without contribution to shareholders whose names are stated or recorded in the final shareholder register as of the allotment date at the rate of one or more Share Acquisition Rights per common share of the Company held by the said shareholders (excluding the Company’s common shares held by the Company as of the said date) that is separately specified by the Board of Directors of the Company.
3. Effective date of the allotment of the Share Acquisition Rights without contribution
The effective date shall be the day separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
4. Class and number of shares that are the subject of the Share Acquisition Rights
The class of the shares that are the subject of the Share Acquisition Rights shall be common shares of the Company and the number of shares that are the subject of a Share Acquisition Right (hereinafter referred to as “Number of Subject Shares”) shall, in principle, be one. However, in cases where the Company carries out a share split or share consolidation, etc., the number shall be adjusted necessary.
5. Type and amount of assets to be contributed upon exercise of the Share Acquisition Rights
The type of assets to be contributed upon exercise of the Share Acquisition Rights shall be money and the amount of assets to be contributed upon exercise of the Share Acquisition Rights per common share of the Company shall be \1.
6. Restrictions on the transfer of the Share Acquisition Rights
Any transfer of the Share Acquisition Rights shall be subject to the approval of the Board of Directors of the Company.
7. Exercise conditions of the Share Acquisition Rights
A non-qualified party (a party falling under any of the following categories: (i) specified large-scale holder⁹, (ii) joint holder¹⁰ of a specified large-scale holder, (iii) specified large-scale purchaser¹¹, (iv) specially related party of a specified large-scale purchaser, (v) party who has received or succeeded the Share Acquisition Rights from any of the parties listed in (i) through (iv) without obtaining the approval of the Board of Directors of the Company, or (vi) related party¹² of any of the parties falling under (i) through (v); the same shall apply herein after) is not entitled to exercise the Share Acquisition Rights. The details of the exercise conditions of the Share Acquisition Rights shall be separately specified in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
8. Acquisition of the Share Acquisition Rights by the Company
 - (i) The Company may acquire all of the Share Acquisition Rights without contribution at any time until the day before the commencement of the exercise period on the due date of a date separately specified by the

Board of Directors of the Company if the Board of Directors of the Company deems that the acquisition of the Share Acquisition Rights by the Company is appropriate.

- (ii) The Company may acquire all of the Share Acquisition Rights held by parties other than non-qualified parties that have not been exercised by the day immediately preceding the day separately specified by the Board of Directors of the Company, and deliver common shares of the Company in the Number of Subject Shares per Share Acquisition Right in exchange for them on the day separately specified by the Board of Directors of the Company. If third parties other than non-qualified parties come to hold Share Acquisition Rights held by non-qualified parties through transfer, etc. after the date of acquisition by the Company, the Company may obtain said Share Acquisition Rights. The delivery of funds as consideration for the acquisition of Share Acquisition Rights held by non-qualified parties is not assumed to take place.

9. Issue of Share Acquisition Rights Certificates

Share acquisition rights certificates shall not be issued for the Share Acquisition Rights.

10. Exercise period, etc. of the Share Acquisition Rights

The exercise period of the Share Acquisition Rights and other necessary matters shall be separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

- Notes:
- 9. “Specified Large-scale holder” refers to a holder of share certificates, etc. issued by the Company whose ownership ratio of share certificates, etc. pertaining to the said share certificates, etc. is 20% or more (including a party who falls under the category of specified large-scale holder as determined by the Board of Directors of the Company). However, such a party shall not fall under the category of specified large-scale holder if the Board of Directors of the Company has determined that the said party’s acquiring or holding of share certificates, etc. of the Company is not against the corporate value of the Company and the common interests of shareholders or if the said party is a party separately specified as such by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
 - 10. “Joint holder” refers to a party as defined in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act (including any party who is deemed to fall under the above by the Board of Directors of the Company). This includes a party who is included in the category of joint holders pursuant to the provisions of paragraph 6 of the said Article.
 - 11. “Specified large-scale purchaser” refers to a party who has given a public notice to the effect that it will carry out a purchase, etc. (as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in this note 11) of share certificates, etc. (as defined in Article 27-2, paragraph 1 of the same act; the same shall apply hereinafter in this note 11) issued by the Company through a tender offer and the aggregate sum of whose ownership ratio of share certificates, etc. pertaining to its ownership after the said purchase, etc. (including those prescribed by Article 7, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act as to be equivalent thereto) as combined with the ownership ratio of share certificates, etc. of its specially related parties is 20% or more (including those determined by the Board of Directors of the Company). However, such a party shall not fall under the category of specified large-scale holder if the Board of Directors of the Company has determined that the said party’s acquiring or holding of share certificates, etc. of the Company is not against the corporate value of the Company and the common interests of shareholders or if the said party is a party separately specified as such by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
 - 12. “Related party” of a given party means a party who substantively controls or is controlled by or is under the common control with the other party (including those who are determined by the Board of Directors of the Company to fall under the said definition) or a party who is determined by the Board of Directors of the Company to act in cooperation with the other party. “Control” means the “cases where a party controls decisions on financial and business policies” of other companies, etc. (defined in Article 3, paragraph 3 of the Ordinance for Enforcement of the Companies Act).