

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 85th Ordinary General Meeting of Shareholders of Fuji Heavy Industries Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Securities Code: 7270)

June 6, 2016

FUJI HEAVY INDUSTRIES LTD.
1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan

NOTICE OF CONVOCAION OF THE 85TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

To our Shareholders:

You are cordially invited to attend the 85th Ordinary General Meeting of Shareholders of Fuji Heavy Industries Ltd. (the “Company”), to be held as set forth below.

If you are unable to attend the meeting, you can exercise your voting rights via the following methods. After reading the “Reference Documents for the Exercise of Voting Rights” contained herein, please exercise your voting rights.

[Exercise of Voting Rights by Mail]

Please indicate your vote for or against each of the proposals on the enclosed voting form, and return the form to the Company so that it arrives no later than 5:45 p.m., Monday, June 27, 2016 (Japan time).

[Exercise of Voting Rights via the Internet]

Please access the “Website for the exercise of voting rights (<http://www.it-soukai.com/>)” designated by the Company. This site is provided in Japanese only. Once on the site, please enter the Voting Code and the Password provided on the right-hand side of the enclosed voting form and follow the instructions on screen to complete your vote for or against each of the proposals no later than 5:45 p.m., Monday, June 27, 2016 (Japan time).

Sincerely,

*Yasuyuki Yoshinaga,
President and CEO*

- 1. Date and Time:** Tuesday, June 28, 2016, 10:00 a.m.
- 2. Place:** B2F, Galaxy Ballroom
The Westin Tokyo (at Yebisu Garden Place)
1-4-1 Mita, Meguro-ku, Tokyo, Japan
- * Please refer to the map of the place;
<http://www.westin-tokyo.co.jp/en/location>

3. Agenda of the Meeting:

Matters to be reported: These are provided in Japanese only.

1. Presentation of the Business Report and the Consolidated Financial Statements for the 85th Fiscal Period (April 1, 2015 through March 31, 2016), as well as the Independent Auditors' Reports of the Accounting Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements
2. Presentation of the Non-Consolidated Financial Statements for the 85th Fiscal Year (April 1, 2015 through March 31, 2016)

Proposals to be voted on:

- | | |
|------------------------|--|
| Proposal No. 1: | Approval of the Proposed Appropriation of Retained Earnings |
| Proposal No. 2: | Partial Amendment to the Articles of Incorporation |
| Proposal No. 3: | Election of Eight (8) Directors of the Board |
| Proposal No. 4: | Election of Two (2) Corporate Auditors |
| Proposal No. 5: | Election of One (1) Substitute Corporate Auditor |
| Proposal No. 6: | Revision to the Amount of Compensation to Directors of the Board |

* If you are attending the meeting in person, please submit the enclosed voting form at the reception desk after completion.

* Please note that only shareholders are allowed to attend the meeting, and proxies who are not shareholders or those accompanying are not allowed.

* Among the information to be provided to our shareholders with this notice of convocation, the notes to consolidated financial statements and the notes to non-consolidated financial statements are separately provided on the Company's website in accordance with law and Article 15 of the Company's Articles of Incorporation. Therefore, such information is not provided herewith.

The consolidated and non-consolidated financial statements that were audited by the Company's Board of Corporate Auditors and the Accounting Auditors when they prepared the respective audit reports include the aforementioned notes to consolidated and non-consolidated financial statements, as well as the financial information provided in the attachment of this notice of convocation.

* In case any changes are made in the Reference Documents for the Exercise of Voting Rights, the Business Report and the Consolidated/Non-Consolidated Financial Statements, such changes will be posted on the Company's website.

* The contents of this notice of convocation have been posted on the Company's website before sending the notice by mail in order to promptly provide information.

The Company's Website: http://www.fhi.co.jp/english/ir/share_info/meeting.html

Starting from this year, the Company has decided to cease giving souvenirs to our shareholders in attendance on the day of the General Meeting of Shareholders. We thank you for your understanding.

REFERENCE DOCUMENTS FOR THE EXERCISE OF VOTING RIGHTS

Proposals and Information:

Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings

As for the appropriation of surplus for the year under review, it is proposed as follows.

The Company positions the return to shareholders as an important managerial issue and intends to continue payment of dividends by giving consideration to each year's performance, investment plans and the management environment. In addition, the Company will decide dividends for each fiscal year based on a consolidated dividend payout ratio of 20% to 40%, taking into consideration the circumstances.

Upon consideration of the Company's business performance for the year under review and future business possibilities, as well as its management environment and other factors, it is hereby proposed that the year-end dividend for the 85th fiscal period be as follows.

1. Type of Dividend:

Cash

2. Regarding Dividends to Shareholders and their Amount:

¥72 per share of the Company's common stock

Total dividends: ¥56,216,018,160

The annual dividend for the year under review would be ¥144 per share including the paid interim dividend of ¥72 per share, increased by ¥76 compared with the previous fiscal year.

3. Effective Date:

June 29, 2016

(Reference) Trends of Dividends, etc.

Term	82nd Fiscal Period FYE March 2013	83rd Fiscal Period FYE March 2014	84th Fiscal Period FYE March 2015	85th Fiscal Period (The year under review) FYE March 2016
Annual dividend per share (Yen)	15	53	68	144 (Planned)
Annual dividends (Millions of yen)	11,713	41,382	53,093	112,432 (Planned)
Consolidated dividend payout ratio (%)	9.8	20.0	20.3	25.7 (Planned)

Note: The annual dividend per share and annual dividends for the 85th fiscal period (the year under review) are predicated on the approval and adoption of the proposal as proposed.

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Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the Proposal

The Company proposes to change a part of Article 1 (Company Name) in the current version of the Articles of Incorporation, in order to change the company name taking the opportunity of its 100th anniversary for the purpose of becoming “a compelling company with a strong market presence” adopted as the goal of the Prominence 2020 mid-term management vision, FHI seeks to accelerate efforts to “enhance the Subaru brand” in the aim of expanding Subaru into an attractive global brand.

In addition, the Amendment to Articles of Incorporation will come into effect from April 1, 2017.

2. Contents of the Amendment

The contents of the proposed Amendment are as follows:

(All revisions to the Articles are shown as underlined text.)


Current version	Revised version
Chapter 1, General Provisions (Company Name) Article 1. The Company will be called <u>Fuji Jyukogyo Kabushiki Gaisha</u> , and in English, <u>Fuji Heavy Industries Ltd.</u>	Chapter 1, General Provisions (Company Name) Article 1. The Company will be called <u>Kabushiki Gaisha SUBARU</u> , and in English, <u>SUBARU CORPORATION</u> . <u>Supplementary Provisions</u> <u>The amendment to Article 1 (Company Name) of these Articles of Incorporation shall take effect on April 1, 2017. Note that this supplementary provision shall be deleted on the date the amendment takes effect.</u>

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Proposal No. 3: Election of Eight (8) Directors of the Board

The terms of office of all eight (8) Directors of the Board will expire at the conclusion of this Ordinary General Meeting of Shareholders. It is hereby proposed that eight (8) Directors of the Board be elected.

Candidates for the position of Director of the Board are as follows:

No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
1	 <p>Yasuyuki Yoshinaga (March 5, 1954)</p> <p>Candidate for reelection</p>	<p>Apr. 1977 Joined the Company</p> <p>Oct. 1999 General Manager of Sales Planning Department, Domestic Sales Division</p> <p>Apr. 2005 Corporate Vice President, Senior General Manager of Strategy Development Division and General Manager of Corporate Planning Department</p> <p>Jun. 2006 Corporate Vice President, Chief General Manager of Strategy Development Division</p> <p>Apr. 2007 Corporate Vice President, Chief General Manager of Subaru Japan Sales & Marketing Division and General Manager of Sales Promotion Department</p> <p>Jun. 2007 Corporate Senior Vice President, Chief General Manager of Subaru Japan Sales & Marketing Division</p> <p>Jun. 2009 Director of the Board and Corporate Executive Vice President, Chief General Manager of Subaru Japan Sales & Marketing Division</p> <p>Jun. 2011 Representative Director of the Board, President and COO</p> <p>Jun. 2012 Representative Director of the Board, President and CEO (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. Director, Subaru of America, Inc.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Since assuming the office of the Representative Director of the Board, President & COO in 2011, Yasuyuki Yoshinaga has been directing the management of the Company and has gained abundant experience and knowledge as a business manager of the Company and the Group companies over the years. Therefore, on these grounds, the Company expects him to be able to properly supervise business operations keeping all stakeholders in mind as well as strengthen the decision-making function of the Board of Directors in order to ensure the sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 15 of 15 meetings (100%)</p>	52,600 shares


[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
2	 <p>Jun Kondo (July 20, 1950)</p> <p>Candidate for reelection</p>	<p>Apr. 1976 Joined the Company</p> <p>Apr. 1999 General Manager of 2nd Production Department, Gunma Plant</p> <p>Jun. 2003 Corporate Vice President, Chief General Manager of Subaru Manufacturing Division and Chief General Manager of Gunma Plant</p> <p>May 2004 Corporate Vice President, Chief General Manager of Subaru Cost Planning & Management Division and General Manager of Cost Planning Department</p> <p>Jun. 2004 Corporate Senior Vice President, Chief General Manager of Subaru Cost Planning & Management Division</p> <p>Jun. 2006 Corporate Senior Vice President, Chief General Manager of Subaru Cost Planning & Management Division and Senior General Manager of Subaru Purchasing Division</p> <p>Apr. 2007 Corporate Senior Vice President, Chief General Manager of Strategy Development Division and Chief General Manager of Subaru Cost Planning & Management Division</p> <p>Jun. 2008 Director of the Board and Corporate Executive Vice President, Chief General Manager of Strategy Development Division</p> <p>Apr. 2009 Director of the Board and Corporate Executive Vice President</p> <p>Jun. 2011 Representative Director of the Board and Deputy President (to the present)</p> <p><u>(Responsibilities in the Company)</u> Corporate Planning Department, External Relations Department, China Project Office, Subaru Customer Center, Subaru Parts & Accessories Division, Subaru Cost Planning & Management Division, Subaru Quality Assurance Division, Subaru Next Story Promotion Office, Aerospace Company</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Jun Kondo has abundant experience and knowledge as a business manager of the Company and the Group companies over the years mainly in the fields of manufacturing, cost, and corporate planning. Therefore, on these grounds, the Company expects him to be able to properly supervise business operations keeping all stakeholders in mind as well as strengthen the business structure of the entire Group in order to ensure the sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 15 of 15 meetings (100%)</p>	43,900 shares

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No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
3	 <p>Naoto Muto (April 7, 1953)</p> <p>Candidate for reelection</p>	<p>Apr. 1977 Joined the Company</p> <p>Jun. 1999 General Manager of Engine Design Department, Subaru Development and Engineering Division</p> <p>Apr. 2005 Corporate Vice President, Senior General Manager of Subaru Product & Portfolio Planning Division and General Manager of Subaru Product & Portfolio Planning Department</p> <p>Jun. 2006 Corporate Vice President, Chief General Manager of Subaru Product & Portfolio Planning Division</p> <p>Jun. 2007 Corporate Senior Vice President, Chief General Manager of Subaru Product & Portfolio Planning Division</p> <p>Apr. 2009 Corporate Senior Vice President, Chief General Manager of Subaru Purchasing Division</p> <p>Jun. 2010 Corporate Executive Vice President, Chief General Manager of Subaru Purchasing Division</p> <p>Jun. 2011 Director of the Board and Corporate Executive Vice President, Chief General Manager of Subaru Purchasing Division</p> <p>Apr. 2012 Director of the Board and Corporate Executive Vice President, Chief General Manager of Subaru Engineering Division, Chief General Manager of Subaru Technical Research Center</p> <p>Apr. 2016 Director of the Board and Corporate Executive Vice President (to the present)</p> <p><u>(Responsibilities in the Company)</u> Affiliated Companies Department, Intellectual Property Department, Subaru Product & Portfolio Planning Division, Subaru Engineering Division 1, Subaru Engineering Division 2, Subaru Technical Research Center</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Naoto Muto has abundant experience and knowledge as a business manager of the Company and the Group companies over the years mainly in the fields of engineering, purchasing, and product and portfolio planning. Therefore, on these grounds, the Company expects him to be able to properly supervise business operations keeping all stakeholders in mind as well as develop engineering and products for the enhancement of the Subaru brand in order to ensure the sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 15 of 15 meetings (100%)</p>	35,800 shares

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No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
4	 Mitsuru Takahashi (July 13, 1955) Candidate for reelection	<p>Apr. 1978 Joined the Company</p> <p>Jun. 2001 Staff General Manager, Finance & Accounting Department</p> <p>Jun. 2003 General Manager, Finance & Accounting Department</p> <p>Jun. 2006 Corporate Vice President, General Manager, Finance & Accounting Department</p> <p>Apr. 2009 Corporate Senior Vice President, General Manager, Finance & Accounting Department</p> <p>Apr. 2010 Corporate Senior Vice President, General Manager, Finance & Accounting Department, President, Eco Technologies Company</p> <p>Jun. 2010 Corporate Executive Vice President, General Manager, Finance & Accounting Department, President, Eco Technologies Company</p> <p>Apr. 2011 Corporate Executive Vice President, President, Eco Technologies Company</p> <p>Jun. 2012 Director of the Board and Corporate Executive Vice President, President, Eco Technologies Company</p> <p>Apr. 2013 Director of the Board and Corporate Executive Vice President, General Manager, Finance & Accounting Department (to the present)</p> <p><u>(Responsibilities in the Company)</u> Business Planning Department, Secretarial Office, Finance & Accounting Department, Corporate Communications Department, Human Resources Department, General Administration Department, Legal Department, Internal Audit Department</p> <p><u>(Significant Positions Concurrently Held)</u> President and Representative Director, Subaru Finance Co., Ltd.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mitsuru Takahashi has abundant experience and knowledge as a business manager of the Company and the Group companies over the years mainly in the fields of finance, general administration, corporate communications, and human resources. Therefore, on these grounds, the Company expects him to be able to properly supervise business operations keeping all stakeholders in mind as well as strengthen the financial position and corporate governance of the entire Group in order to ensure the sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 15 of 15 meetings (100%)</p>	13,500 shares

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No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
5	 Takeshi Tachimori (July 31, 1954) Candidate for reelection	<p>Apr. 1977 Joined the Company</p> <p>Jul. 2000 General Manager of Total Vehicle Performance Integration Department, Subaru Engineering Division</p> <p>Nov. 2003 Senior Project General Manager of Subaru Product & Portfolio Planning Division</p> <p>Jun. 2006 Corporate Vice President, Senior Project General Manager of Subaru Product & Portfolio Planning Division</p> <p>Apr. 2009 Corporate Vice President, Chief General Manager and Senior Project General Manager of Subaru Product & Portfolio Planning Division, President, Subaru Tecnica International Inc.</p> <p>Apr. 2010 Corporate Senior Vice President, Chief General Manager of Subaru Product & Portfolio Planning Division</p> <p>Apr. 2011 Corporate Senior Vice President, Chairman, President & CEO of Subaru of America, Inc.</p> <p>Jun. 2011 Corporate Senior Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division 1, Chairman, President & CEO of Subaru of America, Inc.</p> <p>Apr. 2013 Corporate Executive Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division 1, Chairman & CEO of Subaru of America, Inc.</p> <p>Jun. 2013 Director of the Board and Corporate Executive Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division 1, Chairman & CEO of Subaru of America, Inc.</p> <p>Apr. 2014 Director of the Board and Corporate Executive Vice President, Chief General Manager of Subaru Global Marketing Division (to the present)</p>	11,600 shares

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No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
5	Takeshi Tachimori (July 31, 1954) Candidate for reelection	<p>[Continued from the previous page]</p> <p><u>(Responsibilities in the Company)</u></p> <p>Business Process & Information System Management Department, Subaru Global Marketing Division, Subaru Japan Sales & Marketing Division, Subaru Overseas Sales & Marketing Division 1, Subaru Overseas Sales & Marketing Division 2, Subaru Connect Business Department, Subaru of America, Inc.</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>Director, Subaru of America, Inc.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u></p> <p>Takeshi Tachimori has abundant experience and knowledge as a business manager of the Company and the Group companies over the years mainly in the fields of engineering, product and portfolio planning, and overseas business. Therefore, on these grounds, the Company expects him to be able to properly supervise business operations keeping all stakeholders in mind as well as strengthen product and market strategies and the sales network on a global scale centered on “Enjoyment and Peace of Mind” in order to ensure the sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u></p> <p>15 of 15 meetings (100%)</p>	


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No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
6	 <p>Masahiro Kasai (September 26, 1954)</p> <p>Candidate for reelection</p>	<p>Apr. 1978 Joined the Company</p> <p>Apr. 2000 Staff General Manager of Production Management Department, Corporate Planning Division</p> <p>Jun. 2007 Corporate Vice President, President, Subaru of Indiana Automotive, Inc.</p> <p>Apr. 2009 Corporate Vice President, Chief General Manager of Subaru Manufacturing Division and Chief General Manager of Gunma Plant</p> <p>Apr. 2010 Corporate Senior Vice President, Chief General Manager of Subaru Manufacturing Division and Chief General Manager of Gunma Plant</p> <p>Apr. 2014 Corporate Executive Vice President, Chief General Manager of Subaru Purchasing Division</p> <p>Jun. 2015 Director of the Board and Corporate Executive Vice President, Chief General Manager of Subaru Purchasing Division</p> <p>Apr. 2016 Director of the Board and Corporate Executive Vice President, President, Industrial Products Company (to the present)</p> <p><u>(Responsibilities in the Company)</u> Subaru Manufacturing Division, Subaru Purchasing Division, Industrial Products Company, Subaru of Indiana Automotive, Inc.</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. Director, Ichitan Co., Ltd.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Masahiro Kasai has abundant experience and knowledge as a business manager of the Company and the Group companies over the years mainly in the fields of manufacturing and purchasing. Therefore, on these grounds, the Company expects him to be able to properly supervise business operations keeping all stakeholders in mind as well as improve productivity on a global basis and reduce total costs in order to ensure the sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 15 of 15 meetings (100%)</p>	16,600 shares

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No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
7	 <p>Yoshinori Komamura (February 20, 1948)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p>	<p>Apr. 1970 Joined Komatsu Ltd.</p> <p>Jun. 1999 Group CEO & Managing Director, Komatsu Europe International N.V.</p> <p>Jun. 2005 Director and Senior Executive Officer, President, Construction and Mining Equipment Marketing Division, Komatsu Ltd.</p> <p>Apr. 2007 Director and Senior Executive Officer, President, Construction and Mining Equipment Marketing Division, Komatsu Ltd.</p> <p>Jun. 2010 Representative Director and Executive Vice President, Komatsu Ltd.</p> <p>Jun. 2013 Senior Adviser, Komatsu Ltd.</p> <p>Jun. 2015 Outside Director of the Company (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u> Senior Adviser, Komatsu Ltd. Member of the Board, Institute for Strategic Leadership (ISL)</p> <p><u>(Reasons for nominating the candidate for Outside Director of the Board)</u> Though Yoshinori Komamura will have served one (1) year as an Independent Outside Director of the Company at the conclusion of this Ordinary General Meeting of Shareholders, he, during this period, has provided valuable advice on the management of the Company based on his abundant experience and extensive knowledge as a business manager and his deep insight into corporate social responsibility. Therefore, on these grounds, the Company expects him to be able to continue to provide sufficient advice on and supervise the management of the Company in all aspects from an independent standpoint as an Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 12 of 12 meetings (100%)</p>	200 shares

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No.	Name (Date of Birth)	Biography, Posts and Responsibilities in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Directors of the Board	Number of the Company's Shares Held
8	 Shigehiro Aoyama (April 1, 1947) New candidate Candidate for Outside Director Candidate for Independent Director	Apr. 1969 Joined Suntory Limited Mar. 1994 Director, Manager of the Board, Spirits Division, Suntory Limited Mar. 1999 Managing Director, Member of the Board, Sales Development & Marketing Promotion Division, Suntory Limited Mar. 2001 Managing Director, Member of the Board, Corporate Planning Division, Suntory Limited Mar. 2003 Senior Managing Director, Member of the Board, Corporate Planning Division, Suntory Limited Sep. 2005 Senior Managing Director, Member of the Board, President of Spirits, Wine & Beer Company, Suntory Limited Mar. 2006 Executive Vice President, Member of the Board, President of Spirits, Wine & Beer Company, Suntory Limited Feb. 2009 Executive Vice President, COO, Member of the Board, Suntory Holdings Limited Mar. 2010 Executive Vice President, COO, Member of the Board, Representative Director, Suntory Holdings Limited Oct. 2014 Vice Chairman of the Board, Representative Director, Suntory Holdings Limited Apr. 2015 Supreme Advisor, Suntory Holdings Limited (to the present) <u>(Significant Positions Concurrently Held)</u> Supreme Advisor, Suntory Holdings Limited President, The Distribution Economics Institute of Japan Director, Japan Marketing Association <u>(Reasons for nominating the candidate for Outside Director of the Board)</u> Having been involved in corporate management as a Representative Director of Suntory Holdings Limited, Shigehiro Aoyama has abundant experience and extensive knowledge as a business manager and a deep insight into corporate social responsibility. Therefore, the Company expects that he is capable as a Director, and through his advice on the management of the Company in all aspects from an independent standpoint, he should be able to contribute to maintaining and improving transparency and soundness in our business operations, as well as to reinforcing corporate governance, if he takes office.	0 shares

Notes:

1. The candidates have no special interest relationships with the Company.
2. Jun Kondo will assume the office of Outside Director of The Gunma Bank, Ltd. as of June 24, 2016.
3. Yoshinori Komamura attended all 12 Board of Directors meetings held between June 23, 2015, the day of his taking office, and the end of the year under review.
4. To allow the Company's Directors and Corporate Auditors to fulfill their expected roles, Article 25 of the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding executive directors or managers and other employees of the Company or its subsidiaries) to limit liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Accordingly, the Company holds a contract with Yoshinori Komamura that sets the upper limit of liabilities at

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whichever is higher, ¥5 million or an amount stipulated by law. If his reelection is approved, the Company will continue the said contract. Also, if the election of Shigehiro Aoyama is approved, the Company will conclude a contract with him that sets the upper limit of liabilities at whichever is higher, a predetermined amount of ¥5 million or more, or an amount stipulated by law.

5. The Company designates Yoshinori Komamura as an Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved, the Company will continue this designation. As Shigehiro Aoyama also fulfills the requirements as an Independent Director as set forth by the Tokyo Stock Exchange, the Company will register him as the Independent Director if his election is approved.


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Proposal No. 4: Election of Two (2) Corporate Auditors


Nobushige Imai and Takatoshi Yamamoto will resign at the end of the terms of their office as Corporate Auditors when this Ordinary General Meeting of Shareholders is concluded. It is hereby proposed that two (2) Corporate Auditors be elected.

This proposal has been approved at a Board of Corporate Auditors Meeting.

Candidates for the position of Corporate Auditor are as follows:

No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
1	 Shuzo Haimoto (June 27, 1954) New candidate	Apr. 1978 Joined The Industrial Bank of Japan, Ltd. Mar. 2006 Executive Officer, General Manager of Human Resources, Mizuho Financial Group, Inc. Apr. 2007 Executive Managing Director, Mizuho Bank, Ltd. Jun. 2010 Corporate Auditor (full-time), Mizuho Financial Group, Inc. Jun. 2011 Corporate Executive Vice President of the Company Apr. 2012 Corporate Executive Vice President, General Manager of Business Planning Department of the Company Apr. 2013 Corporate Executive Vice President, General Manager of Business Planning Department, President, Industrial Products Company of the Company Apr. 2014 Corporate Executive Vice President, President, Industrial Products Company of the Company Apr. 2016 Corporate Executive Vice President (to the present) <u>(Reasons for nominating the candidate for Corporate Auditor)</u> Having served as a director as well as full-time corporate auditor of major financial institutions and been deeply involved in the business execution of the Company as a Corporate Executive Vice President, Shuzo Haimoto has abundant experience and extensive knowledge as a business manager. Based on the above, the Company expects that he is capable as a Corporate Auditor and should be able to fulfill the relevant duties appropriately if he takes office.	16,500 shares

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No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
2	 <p>Yasuyuki Abe (April 17, 1952)</p> <p>New candidate</p> <p>Candidate for Outside Corporate Auditor</p> <p>Candidate for Independent Corporate Auditor</p>	<p>Apr. 1977 Joined Sumitomo Corporation</p> <p>Jun. 2002 President & CEO, Sumisho Electronics Co., Ltd.</p> <p>Apr. 2005 President & CEO, Sumisho Computer Systems Corporation (currently SCSK Corporation)</p> <p>Jun. 2009 Managing Executive Officer, Member of the Board, General Manager, Financial & Logistics Business Unit, Sumitomo Corporation</p> <p>Apr. 2010 Managing Executive Officer, Member of the Board, General Manager of New Industry Development & Cross-function Business Unit, Sumitomo Corporation</p> <p>Apr. 2011 Senior Managing Executive Officer, Member of the Board, General Manager, New Industry Development & Cross-function Business Unit, General Manager of Financial Services Division, Sumitomo Corporation</p> <p>Apr. 2013 Senior Managing Executive Officer, Member of the Board, General Manager, Corporate Planning & Coordination Group, Sumitomo Corporation</p> <p>Jun. 2015 Advisor, Sumitomo Corporation (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>Advisor, Sumitomo Corporation</p> <p>Director of the Board (External), JVC KENWOOD Corporation</p> <p>Advisor, ORANGE AND PARTNERS CO., LTD.</p> <p><u>(Reasons for nominating the candidate for Outside Corporate Auditor)</u></p> <p>Having been involved in management from the aspects of both supervision and execution as Senior Managing Executive Officer, Member of the Board of Sumitomo Corporation, Yasuyuki Abe has abundant experience and extensive knowledge as a business manager. Based on the above, the Company expects that he is capable as an Outside Corporate Auditor of the Company and should be able to fulfill the relevant duties appropriately if he takes office.</p>	0 shares

Notes:

1. The candidates have no special interest relationships with the Company.
2. To allow the Company's Corporate Auditors to fulfill their expected roles, Article 37 of the Company's Articles of Incorporation provides that the Company may conclude a contract with its Corporate Auditor to limit liabilities for compensation of damages under Article 423, Item 1 of the Companies Act. Accordingly, the Company will conclude a contract with Shuzo Haimoto and Yasuyuki Abe that sets the upper limit of liabilities at whichever is higher, a predetermined amount of ¥5 million or more, or an amount stipulated by law, if their elections are approved.
3. If election of Yasuyuki Abe is approved, the Company will register him as the Independent Corporate Auditor set forth by the Tokyo Stock Exchange.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 5: Election of One (1) Substitute Corporate Auditor

At the commencement of the 85th Ordinary General Meeting of Shareholders, the resolution on the election of the Substitute Auditor, made at the 84th Ordinary General Meeting of Shareholders held on June 23, 2015, expires. Therefore, it is proposed that one (1) Substitute Auditor for Outside Corporate Auditor be elected in case a vacancy of the statutory number of Corporate Auditors arises.

The candidate for the position of Substitute Auditor for Outside Corporate Auditor is as follows:

The validity of the resolution on the election of Kenji Tamazawa shall expire at the opening of the first Ordinary General Meeting of Shareholders to be held after said resolution is made, and can be nullified by resolution of the Board of Directors, with the consent of the Board of Corporate Auditors Meeting, only before he assumes office.

The proposal has been approved by the Board of Corporate Auditors Meeting.

Name (Date of Birth)	Biography, Significant Positions Concurrent Held, and Reasons for Nominating the Candidate for Substitute Corporate Auditor	Number of the Company's Shares Held
Kenji Tamazawa (November 20, 1949)	<p>Apr. 1973 Enter Tokyo Regional Taxation Bureau Jul. 1984 Resign National Tax Agency Aug. 1984 Register as Certified Public Accountant Aug. 2001 Register as Certified Tax Accountant Sep. 2001 Establish Kenji Tamazawa Tax Accountant Office (Representative, to the present) May 2010 Outside Auditor, Three F Co., Ltd. (to the present) May 2012 Outside Corporate Auditor of the Company Jun. 2012 Retired as Outside Corporate Auditor of the Company</p> <p><u>(Reasons for nominating the candidate for Outside Substitute Corporate Auditor)</u> Having been working as a Certified Public Accountant and Certified Tax Accountant over the years, Kenji Tamazawa has advanced professional expertise in corporate management based on his academic knowledge and experience. Although he has no experience dealing directly with corporate management other than as an Outside Auditor, he has adequate insights to guide corporate management based on his expertise in corporate accounting and tax. Based on the above, the Company concluded that he is capable as an Outside Corporate Auditor and should be able to fulfill the relevant duties appropriately if he takes office.</p>	0 shares

Notes:

1. Kenji Tamazawa has no special interest relationship with the Company.
2. Kenji Tamazawa is nominated for Substitute Auditor for Outside Corporate Auditor.
3. To allow the Company's Corporate Auditors to fulfill their expected roles, Article 37 of the Company's Articles of Incorporation provides that the Company may conclude a contract with its Corporate Auditor to limit liabilities for compensation of damages under Article 423, Item 1 of the Companies Act. Accordingly, the Company will conclude a contract with Kenji Tamazawa that sets the upper limit of liabilities at whichever is higher, a predetermined amount of ¥5 million or more, or an amount stipulated by law, if he assumes the office of Outside Corporate Auditor.
4. After Mr. Tamazawa assumes office, the Company will register him as the Independent Corporate Auditor set forth by Tokyo Stock Exchange.

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Proposal No. 6: Revision to the Amount of Compensation to Directors of the Board

It was approved by the 75th Ordinary General Meeting of Shareholders held on June 27, 2006, that the annual compensation, etc., to Directors be within ¥600 million, which has been adopted up to the present. However, we propose that annual compensation, etc., to Directors be within ¥1,200 million (of which an amount within ¥200 million is for Outside Directors), taking into account the economic situation and other factors such as: ten years have elapsed since the adoption of the proposal during which the economic situation has significantly changed; the responsibilities of Directors have increased in association with changes in the business environment; the Company is striving to further improve its performance in the circumstance that the amount of compensation to Directors is approaching the upper limit along with the enhancement of our performance; and the Company prepares for the case in which it increases the number of Directors in the future as necessary for the enhancement of the management system as well as the reinforcement of supervisory functions and corporate governance in line with the expansion of business operations.

The present number of Directors is eight (8) (including two (2) Outside Directors). Even if Proposal No. 3 “Election of Eight (8) Directors of the Board” is approved and adopted as proposed, the number of Directors will remain unchanged.

End

[Translation for Reference and Convenience Purposes Only]

(Reference) Criteria for Independence of Outside Officers

The Company considers that it is desirable for outside directors and outside corporate auditors (hereafter, collectively referred to as “outside officers”) to maintain independence to the maximum extent possible, in order to ensure corporate management with high levels of objectivity and transparency and a strong management oversight function, and to improve corporate value.

Accordingly, the Company shall set the criteria for independence and conduct an investigation to the extent reasonably possible. If any of the following items apply to an outside officer, the Company deems that the relevant outside officer does not maintain adequate independence.

1. A person engaged in business execution^{*1} of the Company and its current consolidated subsidiaries (hereafter, referred to as the “Group”)
2. A major shareholder^{*2} of the Company or a person engaged in business execution of a major shareholder
3. A major business partner^{*3} of the Group or a person engaged in business execution of such business partner, or a business partner for whom the Group is a major business partner^{*4} or a person engaged in business execution of such business partner
4. A person engaged in business execution of the Group’s major lender^{*5}
5. A party whose shares corresponding to 5% or more of the voting rights the Group holds, or a person engaged in business execution of such party
6. A person who belongs to the accounting firm that performs statutory audits of the Company
7. A consultant, accounting professional or legal professional obtaining large amounts^{*6} of money or other financial benefits other than officers’ compensation from the Company (if such financial benefits are obtained by an organization, such as an incorporated entity and union, a person belonging to such organization)
8. A person or a person who belongs to a corporation or association receiving a large donation^{*6} from the Group and who is directly engaged in the activity for the donation.
9. If a person engaged in business execution of the Group is concurrently holding the position of outside officer at another company, a person engaged in business execution of such company
10. Close relatives^{*7} of a person who fall within any of items 1. through 9. above.
11. A person who fall within any of items 2. through 10. above during the past 5 years
12. A person who has been holding the position of outside officer of the Company for a cumulative total of eight or more years
13. A person for whom a substantial conflict of interest may constantly occur with the Company’s general shareholders as a whole for reasons other than those considered in items 1. through 12. above

*1 A person engaged in business execution refers to executive directors, executive officers, corporate vice presidents or other persons performing an equivalent function and employees who belong to the Group currently.

*2 A major shareholder refers to a shareholder holding 5% or more of the voting rights of the Company in their own name or another person’s name as of the end of the most recent fiscal year. If a major shareholder is an organization such as an incorporated entity and union, a person engaged in business execution of item 2. refers to such person who belongs to said organization.

*3 A major business partner of the Group refers to a business partner with which the Company conducts business transactions for which net sales, etc., in any one fiscal year of the three fiscal years immediately preceding the most recent fiscal year exceed 2% of the Group’s annual consolidated net sales, etc., in the relevant fiscal year.

*4 A business partner to which the Group is a major business partner refers to a business partner with which the Company or its consolidated subsidiaries conduct business transactions for which net sales, etc., in any one fiscal year of the three fiscal years immediately preceding the most recent fiscal year exceed 2% of the annual net sales, etc., of the said company group.

*5 A major lender refers to a financial institution from which the Group borrows funds for which the outstanding borrowings as of the end of the most recent fiscal year exceed 2% of the consolidated total assets of the Company.

*6 A large amount refers to a case in which the amount of consideration or donation received from the Company exceeds 10 million yen for an individual and either higher amount of followings 10 million yen or 2% of annual gross income or consolidated net sales for an incorporated entity or association per year.

*7 Close relatives refer to spouses and first- and second-degree relatives.