

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 86th Ordinary General Meeting of Shareholders of Subaru Corporation. 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 1, 2017

SUBARU CORPORATION
(Former Name: FUJI HEAVY INDUSTRIES LTD.)
1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan

NOTICE OF CONVOCAION OF THE 86TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

To our Shareholders:

You are cordially invited to attend the 86th Ordinary General Meeting of Shareholders of Subaru Corporation. (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., Thursday, June 22, 2017 (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., Thursday, June 22, 2017 (Japan time).

Sincerely,

*Yasuyuki Yoshinaga,
President and CEO*

- 1. Date and Time:** Friday, June 23, 2017, 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 86th Fiscal Period (April 1, 2016 through March 31, 2017), 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 86th Fiscal Year (April 1, 2016 through March 31, 2017)

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 One (1) Substitute Corporate Auditor |
| Proposal No. 5: | Determination of Compensation for Granting Restricted Stock to Directors |

* 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: <https://www.subaru.co.jp/en/ir/stock/meeting.html>

The Company will not present souvenirs to shareholders in attendance at 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 86th 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: ¥55,230,166,728

The annual dividend for the year under review would be ¥144 per share including the paid interim dividend of ¥72 per share, the same amount as the previous fiscal year.

3. Effective Date:

June 26, 2017

(Reference) Trends of Dividends, etc.

Term	83rd Fiscal Period FYE March 2014	84th Fiscal Period FYE March 2015	85th Fiscal Period FYE March 2016	86th Fiscal Period (The year under review) FYE March 2017
Annual dividend per share (Yen)	53	68	144	144 (Planned)
Annual dividends (Millions of yen)	41,382	53,093	112,432	110,460 (Planned)
Consolidated dividend payout ratio (%)	20.0	20.3	25.7	39.4 (Planned)

Note: The annual dividend per share and annual dividends for the 86th fiscal period (the year under review) are predicated on the approval and adoption of the proposal as proposed.

[Translation for Reference and Convenience Purposes Only]

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

1. Reasons for the Proposal

- (1) We are making the amendment to the current Articles of Incorporation, Article 22 (President, etc.) in order to more clearly separate the supervision of corporate management from the execution of operations.
- (2) We are making the amendment to the current Articles of Incorporation, Article 25 (Exemption of Liabilities for Directors) and Article 37 (Exemption for Corporate Auditors) related to agreements limiting liability executed with Directors (excluding executive directors or managers and other employees of the Company or its subsidiaries) and Corporate Auditors, in light of the current remuneration levels. In addition, regarding the partial amendment to Article 25 of the current version of the Article of Incorporation, we have obtained the consent of each Corporate Auditor.
- (3) We are making the amendment to the current Articles of Incorporation, Article 27 (Convener and Chairman) in order to ensure the flexibility of the operation of the Board of Directors.

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 4, Directors and the Board of Directors (President, etc.) Article 22. One Chairman, one President, Vice Chairmen, Vice Presidents, <u>Senior Managing Directors and Managing Directors</u> may be determined by a resolution of the Board of Directors.	Chapter 4, Directors and the Board of Directors (President, etc.) Article 22 One Chairman, one President, Vice Chairmen, Vice Presidents <u>and other Directors executing the operations</u> may be determined by a resolution of the Board of Directors.
(Exemption of Liabilities for Directors) Article 25. The Company may exempt Directors (including former Directors) from their liabilities for compensation of damages under Article 423, Section 1 of the Corporate Law to the extent permitted by laws and regulations by a resolution of the Board of Directors in accordance with the provisions of Article 426, Section 1 of the Corporate Law. The Company may execute an agreement limiting liability for compensation of damages under Article 423, Section 1 of the Corporate Law between directors (excluding executive directors or managers and other employees of the Company or its subsidiaries) pursuant to Article 427, Section 1 of the Corporate Law; provided however, that, the ceiling amount for liabilities pursuant to such agreement <u>shall be the larger of a previously designated amount of 5,000,000 Yen or more and an amount stipulated by laws and regulations.</u>	(Exemption of Liabilities for Directors) Article 25 The Company may exempt Directors (including former Directors) from their liabilities for compensation of damages under Article 423, Section 1 of the Corporate Law to the extent permitted by laws and regulations by a resolution of the Board of Directors in accordance with the provisions of Article 426, Section 1 of the Corporate Law. The Company may execute an agreement limiting liability for compensation of damages under Article 423, Section 1 of the Corporate Law between directors (excluding executive directors or managers and other employees of the Company or its subsidiaries) pursuant to Article 427, Section 1 of the Corporate Law; provided however, that, the ceiling amount for liabilities pursuant to such agreement <u>shall be the amount stipulated by Article 425, Section 1 of the Corporate Law.</u>

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Current version	Revised version
<p>(Convener and Chairman) Article 27. <u>The Chairman will convene a meeting of the Board of Directors and shall preside over the meeting. In the event of the vacancy of the Chairman, or an accident, another Director shall serve in its place, in accordance with the order decided upon in advance by a resolution of the Board of Directors.</u></p> <p>Chapter 5, Corporate Auditors and the Board of Corporate Auditors (Exemption for Corporate Auditors) Article 37. The Company may exempt Corporate Auditors (including former Corporate Auditors) from their liabilities for compensation of damages under Article 423, Section 1 of the Corporate Law, to the extent permitted by laws and regulations, by a resolution of the Board of Directors pursuant to Article 426, Section 1 of the Corporate Law.</p> <p>The Company may execute an agreement limiting liability for compensation of damages under Article 423, Section 1 of the Corporate Law between corporate auditors pursuant to Article 427, Section 1 of the Corporate Law; provided that the ceiling amount for liabilities under such an agreement <u>shall be the larger of a previously designated amount of 5,000,000 Yen or more and an amount stipulated by laws and regulations.</u></p>	<p>(Convener and Chairman) Article 27 <u>Unless otherwise stipulated by laws and regulations, the Director decided upon in advance by a resolution of the Board of Directors will convene a meeting of the Board of Directors and shall preside over the meeting; provided however, that, in the event of said director facing an obstacle such as an accident, etc., another Director shall serve in its place, in accordance with the order decided upon in advance by a resolution of the Board of Directors.</u></p> <p>Chapter 5, Corporate Auditors and the Board of Corporate Auditors (Exemption for Corporate Auditors) Article 37 The Company may exempt Corporate Auditors (including former Corporate Auditors) from their liabilities for compensation of damages under Article 423, Section 1 of the Corporate Law, to the extent permitted by laws and regulations, by a resolution of the Board of Directors pursuant to Article 426, Section 1 of the Corporate Law.</p> <p>The Company may execute an agreement limiting liability for compensation of damages under Article 423, Section 1 of the Corporate Law between corporate auditors pursuant to Article 427, Section 1 of the Corporate Law; provided that the ceiling amount for liabilities under such an agreement <u>shall be the amount stipulated by Article 425, Section 1 of the Corporate Law.</u></p>

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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 Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
1	 Yasuyuki Yoshinaga (March 5, 1954) Candidate for reelection	<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>(Main fields of responsibilities in the Company)</u> CEO (Chief Executive Officer)</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Chairman, The Society of Japanese Aerospace Companies Chairman, Japan Aircraft Development Corporation</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>	54,000 shares

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
2	 Jun Kondo (July 20, 1950) Candidate for reelection	<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>(Main fields of responsibilities in the Company)</u> CQO (Chief Quality Officer), China Project Office, Aerospace Company</p> <p><u>(Significant Positions Concurrently Held)</u> Outside Director, The Gunma Bank, Ltd.</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>	44,200 shares

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3	 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>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. (SOA)</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. (SOA)</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. (SOA)</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. (SOA)</p> <p>Apr. 2014 Director of the Board and Corporate Executive Vice President, Chief General Manager of Subaru Global Marketing Division</p> <p>Apr. 2017 Director of the Board and Corporate Executive Vice President (to the present)</p>	13,100 shares

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
3	Takeshi Tachimori (July 31, 1954) Candidate for reelection	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u> CTO (Chief Technology Officer), Marketing</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of America, Inc. (SOA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> 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 engineering, 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> 15 of 15 meetings (100%)</p>	

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
4	 <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. (SIA)</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</p> <p>Oct. 2016 Director of the Board and Corporate Executive Vice President, Chief General Manager of Industrial Products Division (to the present)</p> <p><u>(Main fields of responsibilities in the Company)</u> Manufacturing, Procurement</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA)</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>	16,900 shares

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
5	 <p>Toshiaki Okada (October 30, 1960)</p> <p>New candidate</p>	<p>Apr. 1984 Joined the Company</p> <p>Oct. 2004 General Manager in charge of Sales Planning Department and Manager of 1st Planning Section, Subaru Marketing Division</p> <p>Apr. 2013 Corporate Vice President, General Manager of Corporate Planning Department</p> <p>Apr. 2015 Corporate Senior Vice President, General Manager of Corporate Planning Department</p> <p>Apr. 2017 Corporate Executive Vice President (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> CFO (Chief Financial Officer), Corporate Planning Department, Secretarial Office, Finance & Accounting Department, Human Resources Department, Subaru Next Story Promotion Office</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Director, Subaru Tecnica International Inc.</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Toshiaki Okada has abundant experience and knowledge at the Company and the Group companies over the years mainly in the fields of sales, purchasing 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 financial position and corporate governance of the entire Group in order to ensure the sustainable growth of the Group.</p>	5,000 shares

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
6	 <p>Yoichi Kato (September 14, 1959)</p> <p>New candidate</p>	<p>Apr. 1983 Joined the Ministry of International Trade and Industry, Japanese government (present Ministry of Economy, Trade and Industry)</p> <p>Jul. 2010 Director-General, Chubu Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry</p> <p>Aug. 2011 Director-General, Business Environment Department, Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>Sep. 2012 Councillor, Cabinet Secretariat</p> <p>Dec. 2012 Deputy Director-General for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>Jun. 2013 Director-General for Regional Economic and Industrial Policy, Ministry of Economy, Trade and Industry</p> <p>Oct. 2014 Corporate Vice President of the Company</p> <p>Apr. 2015 Corporate Vice President, General Manager of External Relations Department</p> <p>Apr. 2016 Corporate Senior Vice President, General Manager of External Relations Department</p> <p>Apr. 2017 Corporate Senior Vice President, General Manager of External Relations Department and Chief General Manager of Corporate Administration Division (to the present)</p>	600 shares

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6	<p>Yoichi Kato (September 14, 1959)</p> <p>New candidate</p>	<p>[Continued from the previous page] <u>(Main fields of responsibilities in the Company)</u> External Relations Department, Corporate Administration Division (Affiliated Companies Department, General Administration Department, CSR & Environment Department, Intellectual Property Department, Legal Department, Internal Audit Department) <u>(Significant Positions Concurrently Held)</u> None applicable <u>(Reasons for nominating the candidate for Director of the Board)</u> Yoichi Kato held prominent positions at the Ministry of Economy, Trade and Industry. Since his initial appointment in the Company, he has developed his experience at the Company and the Group companies primarily in the areas of external relations and corporate administration with his point of view not shared by the home grown executives. He has abundant experience, extensive knowledge and a deep insight into corporate social responsibility. 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 governance and external relations activities for the entire Group in order to ensure the sustainable growth of the Group.</p>	

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	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>Jun. 2016 Adviser, Komatsu Ltd. (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>Adviser, Komatsu Ltd.</p> <p>Member of the Board, Institute for Strategic Leadership (ISL)</p> <p><u>(Reasons for nominating the candidate for Outside Director of the Board)</u></p> <p>Though Yoshinori Komamura will have served two (2) years 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></p> <p>15 of 15 meetings (100%)</p>	800 shares

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
8	 <p>Shigehiro Aoyama (April 1, 1947)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p>	<p>Apr. 1969 Joined Suntory Limited</p> <p>Mar. 1994 Director, Manager of the Board, Spirits Division, Suntory Limited</p> <p>Mar. 1999 Managing Director, Member of the Board, Sales Development & Marketing Promotion Division, Suntory Limited</p> <p>Mar. 2001 Managing Director, Member of the Board, Corporate Planning Division, Suntory Limited</p> <p>Mar. 2003 Senior Managing Director, Member of the Board, Corporate Planning Division, Suntory Limited</p> <p>Sep. 2005 Senior Managing Director, Member of the Board, President of Spirits, Wine & Beer Company, Suntory Limited</p> <p>Mar. 2006 Executive Vice President, Member of the Board, President of Spirits, Wine & Beer Company, Suntory Limited</p> <p>Feb. 2009 Executive Vice President, COO, Member of the Board, Suntory Holdings Limited</p> <p>Mar. 2010 Executive Vice President, COO, Member of the Board, Representative Director, Suntory Holdings Limited</p> <p>Oct. 2014 Vice Chairman of the Board, Representative Director, Suntory Holdings Limited</p> <p>Apr. 2015 Supreme Advisor, Suntory Holdings Limited (to the present)</p> <p>Jun. 2016 Outside Director of the Company (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>Supreme Advisor, Suntory Holdings Limited</p> <p>External Director, Takamatsu Construction Group Co., Ltd.</p> <p>President, The Distribution Economics Institute of Japan</p> <p>Director, Japan Marketing Association</p> <p><u>(Reasons for nominating the candidate for Outside Director of the Board)</u></p> <p>Though Shigehiro Aoyama 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></p> <p>11 of 12 meetings (91%)</p>	100 shares

Notes:

1. The candidates have no special interest relationships with the Company.

[Translation for Reference and Convenience Purposes Only]

2. The attendance at the Board of Directors meetings of Shigehiro Aoyama shows figures covering the meetings held after his assumption of office on June 28, 2016.
3. 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 and Shigehiro Aoyama that sets the upper limit of liabilities at whichever is higher, ¥5 million or an amount stipulated by law. Since amendment to Article 25 of the Articles of Incorporation is subject to deliberation under Proposal No. 2 "Partial Amendment to the Articles of Incorporation," if their reelections are approved and the proposal is approved and adopted as proposed, the Company will conclude a contract to set the upper limit of liabilities for compensation of damages at an amount stipulated by laws based on the amendment to the Articles of Incorporation.
4. The Company designates Yoshinori Komamura and Shigehiro Aoyama as Independent Directors as set forth by the Tokyo Stock Exchange. If their reelections are approved, the Company will continue the designation.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 4: Election of One (1) Substitute Corporate Auditor

At the commencement of the 86th Ordinary General Meeting of Shareholders, the resolution on the election of the Substitute Auditor, made at the 85th Ordinary General Meeting of Shareholders held on June 28, 2016, 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 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. Since amendment to Article 37 of the Articles of Incorporation is subject to deliberation under Proposal No. 2 "Partial Amendment to the Articles of Incorporation," if the proposal is approved and adopted as proposed, the Company will conclude a contract to set the upper limit of liabilities for compensation of damages at an amount stipulated by laws based on the amendment to the Articles of Incorporation.
4. After Mr. Tamazawa assumes office, the Company will register him as the Independent Corporate Auditor set forth by Tokyo Stock Exchange.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 5: Determination of Compensation for Granting Restricted Stock to Directors

As a part of the Company's effort to review the executive compensation plan, shareholders are kindly requested to approve the payment of a new type of compensation for granting restricted stock to Directors of the Company (excluding Outside Directors, hereinafter the same shall apply), for the purpose of providing an incentive for the Directors to achieve sustained improvement of the corporate value of the Company, and to share more of that value between the Directors and shareholders.

The total amount of monetary compensation for granting restricted stock to Directors of the Company based on this proposal shall be up to ¥200 million per year which is deemed reasonable for the aforementioned purposes. As the shareholders at the 85th Ordinary General Meeting of Shareholders held on June 28, 2016 approved total annual compensation to the Directors of up to ¥1.2 billion (including a maximum ¥200 million for Outside Directors), the aforementioned monetary compensation for granting restricted stock shall be paid within the previously-approved compensation cap, without any changes in the total amount of compensation, etc.

Specific timing and allocation of the payment of the compensation for granting restricted stock to Directors shall be determined by the Board of Directors after deliberation at the Executive Compensation Meeting. At present, the compensation for granting restricted stock to Directors shall, subject to the approval of this proposal, be payable to six (6) Directors (excluding Outside Directors) in all, and this number of eligible Directors shall remain the same, notwithstanding the approval and adoption of Proposal No. 3 "Election of Eight (8) Directors of the Board" as proposed.

Directors shall pay in all the monetary compensation claim, realized under this Proposal based on the resolution of the Board of Directors, as in-kind contribution to the Company to be issued, or disposed of by the Company, the common stock of the Company. Accordingly, the total number of common stock to be issued or disposed of by the Company shall not exceed 100,000 shares per year*, while the amount to be paid in per share shall be determined by the Board of Directors, by taking into account the simple average of the closing price of the common stock of the Company on the Tokyo Stock Exchange over the one-month period immediately preceding the resolution of the Board, and that within the range not to be particularly favorable to the Directors subscribing for the common stock.

In the case of the issuance or disposal of the common stock of the Company for the purpose of this type of compensation, a contract for granting the restricted stock (hereinafter the "Grant Contract") shall be executed between the Company and the respective Directors, which shall include overview and the following provisions.

- (1) The Director shall be prohibited, for a period of three years after the grant under the Grant Contract (hereinafter the "Transfer Restriction Period"), from transferring, setting collateral rights for, or otherwise disposing of the common stocks of the Company granted to them pursuant to the contract (hereinafter the "Shares Granted") (this prohibition is hereinafter referred to as the "Transfer Restriction").
- (2) In the event that the Director resigns his post as Director, executive officer, corporate vice president or employee of the Company or its subsidiaries prior to the expiry of the Transfer Restriction Period, the Company shall duly acquire his/her Shares Granted free of charge, unless such resignation is due to the reasons recognized as reasonable by the Board of Directors of the Company, or due to his/her death.
- (3) Notwithstanding the provisions in (1) above, the Company shall lift the Transfer Restriction for the whole of the Shares Granted at the expiry of the Transfer Restriction Period, on condition that the Director has, during the Transfer Restriction Period, remained uninterrupted in his post as Director, executive officer, corporate vice president or employee of the Company or its subsidiaries; provided, however, that if the Director resigns his post as specified in (2) above prior to the expiry of the Transfer Restriction Period, due to the reason as specified in (2) above recognized as reasonable by the Board of Directors of the Company, or due to his/her death, the number of Shares Granted subject to the lifting of the Transfer Restriction and the timing for the lifting shall be reasonably adjusted as appropriate.
- (4) At the expiry of the Transfer Restriction Period, the Company shall duly acquire free of charge the Shares Granted for which the Transfer Restriction has not been lifted based on the provisions of (3) above.
- (5) Notwithstanding the provisions in (1) above, during the Transfer Restriction Period, in the event that a merger agreement in which the Company becomes the absorbed company, a stock exchange agreement or stock transfer plan in which the Company becomes a wholly-owned subsidiary, or other matter related to its organizational restructuring is approved at the General Meeting of Shareholders of the Company (or at the Board of Directors, if such organizational restructuring in question does not involve the approval of the General Meeting of Shareholders of the Company), the Company shall lift the Transfer Restriction based on the resolution of the Board of Directors of the Company, prior to the effective date of such organizational restructuring, for the number of the Shares Granted as reasonably determined in consideration of the period between the commencement of the Transfer Restriction Period and the date of approval of such organizational restructuring.

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(6) In cases applicable under (5) above, the Company shall duly acquire free of charge the Shares Granted for which the Transfer Restriction still remains in force immediately after the lifting of the Transfer Restriction pursuant to the provisions of (5) above.

* In the event where the Company engages in any action which possibly has impact on stock value per share, such as share split or consolidation of shares, the effective date of which is after the resolution at the General Meeting of Shareholders, the maximum total number of common stocks of the Company to be issued or disposed of may be reasonably adjusted in consideration of the ratio of the share splitting or the consolidation of shares.

Note:

In the case that the Proposal No5 above is approved as proposed, the Company will also implement the same compensation plan for executive officers who do not concurrently serve as a Director of the Company,

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.