



Notice of Convocation

The 149th Ordinary General Meeting of Shareholders

Teijin Limited

Disclaimer: *Please note that the following is a translation of the original Japanese documents prepared for the convenience of our non-Japanese shareholders with voting rights. Although this translation is intended to be complete and accurate, the Japanese original shall take precedence in the case of any discrepancies between this translation and the original. Certain information regarding voting procedures that is not applicable for shareholders resident outside Japan has been omitted or modified as applicable. In addition, these materials will not facilitate your status as a registered shareholder authorized to attend the Ordinary General Meeting of Shareholders. Every shareholder attending the Ordinary General Meeting of Shareholders is required to present the Voting Card, which is sent to the registered shareholder together with the original Notice of Convocation in Japanese, to the receptionist at the meeting.*

Please note that, as a result of a recent review of our English translation of these documents, the English wording in some parts may be different from that in the previous documents, even in cases where the Japanese content has not been changed.

Contents

Notice of Convocation of the 149th Ordinary General Meeting of Shareholders

Reference Documents for the General Meeting of Shareholders

Proposals and Reference

Attached Reports

Reports on Operations for the 149th Fiscal Year

1. Current Status of the Teijin Group

- (1) Progress and Results of Operations
- (2) Changes in Assets and Profit and Loss
- (3) Capital Investments
- (4) Financing
- (5) Medium-to Long-term management strategy and Tasks Ahead
- (6) Primary Businesses
- (7) Primary Business Places
- (8) Employees
- (9) Significant Subsidiaries
- (10) Primary Lenders and Amount of Borrowings

2. Matters Regarding the Shares of the Company

3. Stock Option

4. Directors and Corporate Auditors

5. Accounting Auditor

6. Corporate Governance System

7. Summary of Resolution to Maintain Systems to Ensure Appropriate Business Operations

8. Basic Policy Regarding the Control of the Company

9. Policy Regarding the Determination of Dividends from Retained Earnings

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Changes in Net Assets

Consolidated Statements of Comprehensive Income (Reference)

Consolidated Statements of Cash Flows (Reference)

Dear Shareholder,

**Notice of Convocation of
the 149th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 149th Ordinary General Meeting of Shareholders of Teijin Limited (“the Company”) to be held as set forth below.

If you do not expect to attend the meeting, you may vote on the proposals for voting using the following method. Please refer to the following “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by 5 p.m., Tuesday, June 23, 2015.(Japan Time)

[In case of voting by Mail]

Please indicate your approval or disapproval of the proposals on the enclosed Document for the Exercise of Voting Rights, and mail the document so that it arrives by the above deadline.

[In case of voting by Internet etc.]

Please access to the web-site to exercising voting rights (<http://www.evotep.jp/>) through personal Computer, Smartphone or cellular phone with the log-in ID and temporary password indicated in the **enclosed Document for the Exercise of Voting Rights**, and input your approval or disapproval of the proposals according to the instructions on the window. In case of personal computer or smartphone, you may access to the **web-site to exercise voting rights** from the Company’s web-site.

Sincerely,

Jun Suzuki
President and Representative Director
Teijin Limited
6-7, Minami-Hommachi 1-chome,
Chuo-ku, Osaka 541-8587,
Japan

Details

1. Date and Time of the Meeting:

Wednesday, June 24, 2015, at 10 a.m.(Japan Time)

(The door opens at 9 a.m.)

2. Place:

The Westin Osaka, 2nd Floor, Rose Room, 1-20, Oyodonaka 1-chome, Kita-ku, Osaka , Japan

3. Purposes

Reports:

The Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and the Report by the Accounting Auditor and the Board of Corporate Auditors of the results of audit on the Consolidated Financial Statements, for the 149th Fiscal Year (April 1, 2014 to March 31, 2015)

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of Ten (10) Directors

Proposal 3: Election of Two (2) Corporate Auditors

Proposal 4: Revision to Remunerations for Directors

Proposal 5: Renewal of the Countermeasure to Large-Scale Acquisitions of Teijin Shares (Takeover Defense Measures)

4. Decision on Convocation

- (1) If you do not indicate either approval or disapproval on the Document for the Exercise of Voting Rights, we shall treat such “no answer” as your “approval” on the proposal.
- (2) In the event of an overlap in the exercise of voting rights via the Document for the Exercise of Voting Rights and the Internet voting system, the exercise of voting rights via the Internet voting system shall prevail.
- (3) If you vote more than once using the same method, your last vote shall prevail.

5. Attachments to Notice of Convocation and Reference Documents for the General Meeting of Shareholders

If any revision should be required to the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, or Reference Documents for the General Meeting of Shareholders, such revision will be posted on the Company’s website. (<http://www.teijin.com/>)

-
- If you attend the General Meeting of Shareholders, please submit the attached Document for the Exercise of Voting Rights to the reception of the meeting.
 - If you attend the General Meeting of Shareholders by proxy, you may exercise your voting rights by authorizing one(1) other shareholder with voting rights to act as its proxy as stipulated in the Company’s Article of Incorporation.

Reference Documents for the General Meeting of Shareholders

Proposal and Reference

Proposal 1: Partial Amendments to the Articles of Incorporation

Reasons for Proposal

The “Act on Partial Amendment of Companies Act” (Act No. 90 of 2014) came into force on May 1, 2015, pursuant to which it is now permitted to enter into a liabilities limitation agreement with a Director who is not an Executive Director, etc. and a Corporate Auditor who is not an Outside Corporate Auditor. In line with this amendment, the Company will make necessary amendments to Article 27 and Article 37 of the current Articles of Incorporation so that such Directors and Corporate Auditors may fully fulfill the role originally expected of them.

All the Corporate Auditors have approved these amendments to Article 27 of the Articles of Incorporation. (The “Corporate Code” in the Articles of Incorporation is synonymous with the “Companies Act.”)

(The underlined portions have been changed.)

Current Articles	Amended Articles
<p>Article 27. (Liabilities Limitation Agreement with <u>Outside Directors</u>) The Company may enter into an agreement with any <u>Outside Director</u> which limits his/her liabilities to the amount equal to the higher of twenty million yen (Yen 20,000,000) and the amount aggregated by each Item of Article 425, Paragraph 1 of the Companies Act, with respect to the liabilities stipulated in Article 423, Paragraph 1 of the Companies Act, in case that such <u>Outside Director</u> performed his/her duties in good faith and without gross negligence in relation to such performance.</p> <p>Article 37. (Liabilities Limitation Agreement with <u>Outside Corporate Auditors</u>) The Company may enter into an agreement with any <u>Outside Corporate Auditor</u> which limits his/her liabilities to the amount equal to the higher of twenty million yen (Yen 20,000,000) and the amount aggregated by each Item of Article 425, Paragraph 1 of the Companies Act, with respect to the liabilities stipulated in Article 423, Paragraph 1 of the Companies Act, in case that such <u>Outside Corporate Auditor</u> performed his/her duties in good faith and without gross negligence in relation to such performance.</p>	<p>Article 27. (Liabilities Limitation Agreement with <u>Directors</u>) The Company may enter into an agreement with any <u>Director (excluding Executive Director)</u> which limits his/her liabilities to the amount equal to the higher of twenty million yen (Yen 20,000,000) and the amount aggregated by each Item of Article 425, Paragraph 1 of the Companies Act, with respect to the liabilities stipulated in Article 423, Paragraph 1 of the Companies Act, in case that such <u>Director</u> performed his/her duties in good faith and without gross negligence in relation to such performance.</p> <p>Article 37. (Liabilities Limitation Agreement with <u>Corporate Auditors</u>) The Company may enter into an agreement with any <u>Corporate Auditor</u> which limits his/her liabilities to the amount equal to the higher of twenty million yen (Yen 20,000,000) and the amount aggregated by each Item of Article 425, Paragraph 1 of the Companies Act, with respect to the liabilities stipulated in Article 423, Paragraph 1 of the Companies Act, in case that such <u>Corporate Auditor</u> performed his/her duties in good faith and without gross negligence in relation to such performance.</p>

Proposal 2: Election of Ten (10) Directors

The terms of office of ten (10) Directors— Shigeo Ohyagi, Jun Suzuki, Osamu Nishikawa, Yoshio Fukuda, Yo Goto, Yoshihisa Sonobe, Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh—will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following ten (10) Directors (of whom eight (8) are up for reelection).

The candidates for Director are as follows.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
1	Shigeo Ohyagi (May 17, 1947) <Participation in Board of directors meetings> 12 times out of 12 (100%)	<p>Mar. 1971 Joined Teijin Limited</p> <p>Jun. 1999 Corporate Officer; Manager of Tokyo Branch, Medical & Pharmaceutical Business Division</p> <p>Jun. 2001 Executive Officer; Deputy General Manager, Pharmaceuticals Marketing Division</p> <p>Apr. 2002 General Manager, Medical & Pharmaceutical Business Division</p> <p>Jun. 2002 Senior Executive Officer</p> <p>Apr. 2003 General Manager, Medical & Pharmaceutical Business Group</p> <p>Oct. 2003 President & Representative Director, Teijin Pharma Limited</p> <p>Apr. 2005 CIO (Chief Information Officer), Teijin Limited</p> <p>Jun. 2005 Managing Director</p> <p>Jun. 2006 Senior Managing Director</p> <p>Apr. 2007 CSO (Chief Strategy Officer)</p> <p>Jun. 2008 President ,Representative Director , CEO (Chief Executive officer)</p> <p>Jun. 2010 President , Teijin Limited</p> <p>Apr.2014 Chairman of the Board (Incumbent),</p> <p><Significant Concurrent Positions> Chairman, Japan Bio Plastics Association Permanent Officer, Keidanren(Japan Business Federation) Officer, Japan Association of Corporate Executives (Keizai Doyukai) Outside Director, Sharp Corporation Outside Director, Recruit Holdings Co., Ltd Outside Corporate Auditor, JFE Holdings, Inc.</p>	242,000 shares
<p><Reason of the nomination of the candidate for director> Shigeo Ohyagi assumed a post as President, Representative Director (CEO) of the Company in June 2008 and has worked on the structural reforms of the Company. Furthermore, he assumed a post as Chairman of the Board in April 2014 and has been concentrating his efforts on the operations of the Board of Directors as Chairman and conducting appropriate supervision on Executive Directors, etc.</p>			

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
2	Jun Suzuki (February 19,1958) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr.1983 Apr.2011 Apr.2012 Apr.2013 June.2013 Apr.2014	Joined Teijin Limited President, Teijin Holdings Netherlands B.V. Corporate Officer, Teijin Limited Chief Marketing Officer Director, BRICs business Executive Officer, Teijin Limited General Manager, Advanced Fibers & Composites Business Group General Manager ,Carbon Fibers and Composites Business Unit President & Representative Director, Toho Tenax Co.,Ltd. Director, Executive Officer President , (Incumbent) Representative Director , (Incumbent) CEO (Chief Executive officer) (Incumbent)	91,000 Shares
<Significant Concurrent Positions> Vice Chairman, Japan Chemical Fibers Association				
<Reason of the nomination of the candidate for director> Jun Suzuki assumed a post as President, Representative Director (CEO) in April 2014 and formulated revised medium-term plan in November of the same year, and has been promoting the completion of structural reforms on which his predecessor worked and the growth strategy for the future.				
3	Yo Goto (January 23,1953) <Participation in Board of directors meetings> 9 times out of 9 (100%)	Apr.1977 Apr.2009 Jun.2009 Apr.2012 Apr.2013 Apr.2014 June,2014 Apr,2015	Joined Teijin Limited CENO(Chief Engineering Officer) Deputy CSRO (Chief Social Responsibility Officer), (for Accident/Disaster/Fire Prevention) President & Representative Director, Teijin Entech Co., Ltd. Corporate Officer, Teijin Limited Chief Engineering Officer Executive Officer, Teijin Limited General Manager, Technology Center(Incumbent) Supervisor of Iwakuni, Matsuyama and Mihara factory (Incumbent) Director, Executive Officer Supervisor of Safety Control(Incumbent) Representative Director(Incumbent) Senior Executive Officer, Teijin Limited(Incumbent)	45,000 Shares
<Reason of the nomination of the candidate for director> Yo Goto assumed posts as General Manager, Technology Center in April 2014, as Director, Senior Executive Officer in June of the same year, and as Representative Director, Senior Executive Officer in April 2015, and has been making efforts to promote the research and technological development which is expected to generate revenue in the medium term and long term as a core growth strategy of the Company.				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
4	Candidate for new Director Hiroshi Uno (September 18,1955)	Apr. 1981 Jun. 2009 Apr.2011 Jun.2011 Apr.2013	Joined Teijin Limited Corporate Officer, Teijin Limited Director, Teijin Pharma Limited Senior Executive Director, Teijin Pharma Limited Executive Officer, Teijin Limited Senior Executive Officer, Teijin Limited (Incumbent) President & Representative Director, Teijin Pharma Limited (Incumbent) General Manager, Healthcare Business Group (Incumbent)	41,000 Shares
<Reason of the nomination of the candidate for director> Hiroshi Uno assumed posts as Senior Executive Officer, Teijin Limited, as General Manager, Healthcare Business Group and as President & Representative Director, Teijin Pharma Limited in April 2014, and has been making efforts to expand revenue of the healthcare business which forms a part of the core strategies of the Company and working on the integration of "healthcare", "IT" and "composites and advanced fibers" which are the theme of growth strategy of the Company.				
5	Candidate for new Director Kazuhiro Yamamoto (September 27, 1952)	Apr.1975 Apr.2008 Jun.2011 Apr.2012 Apr.2014	Joined Teijin Limited Corporate Officer, Infocom Corporation CFO Corporate Officer, Teijin Limited General Manager, IT Business Group President & Representative Director, Infocom Corporation General Manager, Corporate Strategy Office Executive Officer, Teijin Limited (Incumbent) CFO(Chief Finance Officer), Accounting, Finance & Purchase Division (Incumbent)	21,000 Shares
<Reason of the nomination of the candidate for director> In 2011, Kazuhiro Yamamoto assumed a post as Corporate Officer of Teijin Limited and served as President & Representative Director, CEO of Infocom Corporation, which is a listed subsidiary. He assumed a post as Executive Corporate Officer, Teijin limited in April 2014 and serves as CFO, Accounting, Finance & Purchase Division, striving for cost management, IR activities, etc. as the head of the counting-related departments and divisions of the Company.				
6	Yoshihisa Sonobe (October 17,1956) <Participation in Board of directors meetings> 9 times out of 9 (100%)	Apr.1980 Jun,2009 Apr.2010 Apr.2011 Apr.2012 Apr.2014 June,2014 Apr,2015	Joined Teijin Limited Corporate Officer, Teijin Limited Deputy CFO(Chief Finance Officer) (for/Accounting/ Finance/ Budget Control) General Manager, Accounting and Finance Office General Manager, Corporate Strategy Office Teijin Creative Staff Co., Ltd. General Manager, CFO General Manager, Accounting and Finance Division Teijin Creative Staff Co., Ltd. Representative Director, Executive Officer(General Manager, Accounting and Finance Division) Member, Global Policy Board Teijin DuPont Films Global Joint Venture CFO, Accounting, Finance & IR Division General Manager, Corporate Strategy Office (Incumbent) Supervisor of Raw Materials & Polymers Division(Incumbent) Director, Corporate Officer (Incumbent) Supervisor of IT, Healthcare Project(Incumbent) Chairman, Teijin DuPont Films(Incumbent)	20,000 shares
<Reason of the nomination of the candidate for director> Yoshihisa Sonobe assumed posts as Corporate Strategy Officer in April 2014 and as Director in June of the same year, and has been making efforts for the planning of strategies toward the achievement of structural reforms and growth strategy which are the most important issues of the Company.				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
7	Candidate for Outside Director Hajime Sawabe (January 9, 1942) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr.1964	Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)	47,000 Shares
		Jun.1996	Director, TDK Corporation	
		Jun.1998	President & Representative Director, TDK Corporation	
		Jun.2006	Chairman & Representative Director, TDK Corporation	
		Jun.2008	Director, Teijin Limited (Incumbent); Member of the Advisory Board, Teijin Limited (Incumbent)	
		Jun.2011	Chairman of the Board & Director, TDK Corporation	
		Jun.2012	Counselor, TDK Corporation (Incumbent)	
		<Significant Concurrent Positions > Counselor, TDK Corporation Outside Corporate Auditor, Nikkei Inc. Vice Chairman of Council, Waseda University		
<Reason of the nomination of the candidate for outside director> ·Hajime Sawabe has served as President and Chairman of the Board of TDK Corporation, and he is expected to provide advice on the Company's business operations based on his abundant business experience and high level insight. ·Nomura Securities Co., Ltd. where he served as an outside director until June 2011, received a business improvement order from the Financial Services Agency in August 2012 in connection with its employees' action of leaking corporate information on public offerings of shares. During his tenure as outside director of Nomura Securities Co., Ltd., he made proposals from the perspective of the legal compliance at the Board of directors meetings.				
8	Candidate for Outside Director Yutaka Iimura (October 16,1946) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr.1969	Joined Ministry of Foreign Affairs, Japan (MFA)	16,000 Shares
		Aug.1999	Director, General, Economic Cooperation Bureau, MFA	
		Feb. 2001	Deputy Vice-Minister, MFA	
		Sep. 2001	Assistant Vice-Minister, MFA	
		Jul. 2002	Ambassador of Japan in Indonesia	
		Nov.2002	Ambassador of Japan in Indonesia and the Democratic Republic of Timor-Leste (East Timor)	
		Apr. 2006	Ambassador of Japan in France and The Principality of Andorra (Andorra)	
		May.2007	Ambassador of Japan in France, Andorra and the Principality of Monaco	
		Jul. 2009	Retired from MFA Special Envoy of the Government of Japan for the Middle East and Europe (Incumbent)	
		Sep. 2009	Adviser, Taisei Corporation(Incumbent)	
		Jun.2011	Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent)	
		Aug.2014	Councilor, MFA (Southeast Asia cooperation charge ambassador) (Incumbent)	
		<Significant Concurrent Positions > Councilor, MFA(Southeast Asia cooperation charge ambassador) Vice-Chairman, Japan-Indonesia Association, Inc. Adviser, Taisei Corporation Visiting member professor, The University of Tokyo Public Policy graduate school		
<Reason of the nomination of the candidate for outside director> Yutaka Iimura has served at the Ministry of Foreign Affairs, and he is expected beneficial to the business of the Company in terms of a global viewpoint, based on his ample wisdom and expertise. And so the Company judges he can fulfill his duties appropriately as Outside Director.				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
9	Candidate for Outside Director Nobuo Seki (September 21,1944) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr.1970 Apr.1992 Jun.1997 Jun.1998 Aug.2000 Apr.2001 Apr.2007 Apr.2009 Jun.2012 Jul.2012	Joined Chiyoda Corporation Vice-President, Chiyoda International Corporation Director, Chiyoda Corporation Managing Director, Chiyoda Corporation Senior Managing Director & Representative Director, Chiyoda Corporation President & CEO, Chiyoda Corporation Chairman of the Board, Chiyoda Corporation General Corporate Advisor , Chiyoda Corporation Director, Teijin Ltd (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent) Adviser Chiyoda Corporation	15,000 Shares
<Significant Concurrent Positions> Outside Director, KAMEDA SEIKA Co., Ltd Outside Director, Weathernews Inc. Outside Corporate Auditor, SUGIYO Co., Ltd.				
<Reason of the nomination of the candidate for outside director> Nobuo Seki has served as President and Chairman of the Board of Chiyoda Corporation, and he is expected to provide advice on the Company's business operations based on his abundant business experience and high level insight.				
10	Candidate for Outside Director Kenichiro Senoh (January 1,1954) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr.1976 Dec.1999 Apr.2001 Apr.2004 Jun.2012	Joined Fuji Photo Film Co., Ltd.(currently FUJIFILM Corporation) Representative Vice-President Keio Academic Enterprise Co., Ltd. Professor, Graduate school of Keio University Media and Government President & Chairperson, The Industry- Academic Collaboration Initiative (NPO) (Incumbent) Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent)	27,000 Shares
<Significant Concurrent Positions> President & Chairperson, The Industry-Academia Collaboration Initiative (NPO) Visiting Professor, Hitotsubashi University Graduate School of Commerce and Management (MBA program) Vice Chairman, The Japan Society for Science Policy and Research Management Director, Intellectual Property Association of Japan				
<Reason of the nomination of the candidate for outside director> Kenichiro Senoh is serving many officers and committee members, and is expected to provide advice based on his specialist viewpoint of industry and business field.				

- Notes: 1. Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh are candidates for Outside Directors. The Company requires the candidate for Outside Director to satisfy all the requirements of Independent Director stipulated by the Company. These four (4) candidates satisfy all such requirements. Since they also satisfy the requirements of independency as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as "Independent Director / Auditor". Refer to 31-32 pages the contents of the requirements of "Independent Director" stipulated by the Company.
2. The Company has entered into liability limitation agreements with Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh being incumbent Outside Directors, which limit the liabilities of each Outside Director to ¥20 million or the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, whichever is higher, in accordance with the provisions of Article 427 of the Companies Act and the Company's Articles of Incorporation.
- In case the election of Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh are approved, the Company intends to enter into the same liability limitation agreement with them. In case the election of Shigeo Ohyagi is approved, on the condition that Proposal 1 "Partial Amendments to the Articles of Incorporation" is approved and passed, the Company will enter into an equivalent liabilities limitation agreement with him.

3. There are no special interests between the candidates and the Company.
4. The chart below indicates the dates of the first appointment of the Outside Director for each candidate and the tenures in position as Outside Director before the closing of this General Meeting of Shareholders.

Name	Date of First Appointment	Tenure in Position
Hajime Sawabe	June 20, 2008	7 years
Yutaka Imura	June 22, 2011	4 years
Nobuo Seki	June 22, 2012	3 years
Kenichiro Senoh	June 22, 2012	3 years

Proposal 3: Election of Two (2) Corporate Auditors

The terms of office of two (2) Corporate Auditors—Atsuo Amano , Toshiharu Moriya , —will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following two (2) Corporate Auditors

If Gen Ikegami’s election is approved, he is scheduled to assume the post as of July 1, 2015.

The Board of Corporate Auditors has already approved this proposal.

The candidates for Corporate Auditor are as follows.

No.	Candidate’s Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company’s Shares Owned
1	Candidate for new Corporate Auditor Atsushi Mugitani (June 17, 1956)	Apr.1980 : Joined Teijin Limited Jun.2003 : TEIJIN POLYCARBONATE CHINA LTD. Mar.2006 : Pharmaceutical Planning Department Teijin Pharma Limited Jul.2007 : Manager, New Business Development Department New Business Development Group Apr.2013 : Manager, Corporate Audit Department (Incumbent)	14,000 Shares
<p><Reason of the nomination of the candidate for Corporate Auditor> Atsushi Mugitani assumed a post as Manager, Corporate Audit Department in April 2013, and has been conducting internal audits covering the reliability of financial reporting, legal compliance, etc. and contributing to the internal control of the Company and the Teijin Group.</p>			
2	Candidate for new Outside Corporate Auditor Gen Ikegami (January 10, 1955)	Sep.1980 : Joined Showa Accounting (currently ERNST & YOUNG SHINNIHON LLC) Mar. 1983 : Registered as Certified Public Accountant Apr.1984 : Singapore country residence Jun.1988 : U.S.A residence May.1992 : Registered as CPA the state of California, U.S.A May.2000 : Audit corporation Ota Showa Century representative partner(currently ERNST & YOUNG SHINNIHON LLC Senior Parter) (Incumbent) Jun.2015 : ERNST & YOUNG SHINNIHON LLC Senior Parter expected to retire	0 Share
<p><Reason of the nomination of the candidate for Outside Corporate Auditor> Although Gen Ikegami has never been involved in the company management in the past, he is expected to contribute to the maintenance and improvement of compliance by the Company with his abundant knowledge and experience as Certified Public Accountant. Therefore, the Company judges that he is able to perform duties as Outside Corporate Auditor properly.</p>			

Notes: 1. Gen Ikegami is a candidate for Outside Corporate Auditor. The Company requires the candidate for Outside Corporate Auditor to satisfy all the requirements of Independent Corporate Auditor stipulated by the Company. This candidate satisfies all such requirements. Since he also satisfies the requirements of independency as stipulated by Tokyo Stock Exchange Group, he was registered by the Company as “Independent Director / Auditor”. Refer to 31-32 pages the contents of the requirements of “Independent Director” stipulated by the Company.

2. If Gen Ikegami's election is approved, the Company will enter into a liabilities limitation agreement with him, which limits his liabilities to ¥20 million or the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, whichever is higher, in accordance with the provisions of Article 427 of the Companies Act and the Company's Articles of Incorporation. Furthermore, if Atsushi Mugitani's election is approved, on the condition that Proposal 1 "Partial Amendments to the Articles of Incorporation" is approved and passed, the Company will enter into an equivalent liabilities limitation agreement with him.
3. There are no special interests between the candidates and the Company.

Proposal 4: Revision to Remunerations for Directors

The amount of remunerations for directors of the Company has hitherto been an annual amount of up to ¥700 million, as approved at the 140th Ordinary General Meeting of Shareholders held on June 23, 2006. This amount has hitherto been the sum of the following, as approved at the 146th Ordinary General Meeting of Shareholders held on June 22, 2012: (1) ¥630 million of annual remuneration (of which ¥60 million is for outside directors), and (2) ¥70 million for the fair value of stock compensation-type stock options.

As further advancement of adoption and increase of the number of outside directors in domestic companies are expected due to amendments of the Companies Act, etc., and changes to the environment over the treatment of outside directors are anticipated, the Company would like to revise the amount of remunerations for directors as follows within the current frame (maximum of ¥700 million per annum) and abolish the frame (¥60 million) for outside directors

The current number of directors is ten, including four outside directors. If Proposal 2 is approved as proposed, the number of directors will be ten, including four outside directors, as before.

<Amount of remunerations>

The amount of remunerations for directors of the Company is unchanged at an annual amount of up to ¥700 million, and the composition of the amount is also unchanged as follows: (1) ¥630 million of annual remuneration, and (2) ¥70 million for the fair value of stock compensation-type stock options. The remunerations for outside directors is still composed of annual remuneration only. In addition, the amount of remunerations for directors still does not include the portion of employee salaries for directors concurrently serving as employees.

The standard for calculating the annual remuneration for directors other than outside directors (hereinafter “inside directors”) and outside directors is as follows.

<Inside directors>

The amount is determined based on results for each fiscal year such as the Company’s ROA (Return on Assets; ratio of consolidated operating income to total assets, ROE (Return on Equity; ratio of consolidated net income to equity), the degree of improvement in its operating income, and the degree to which budget targets are achieved, in addition to evaluations of the duties of individual directors. Reference is also made to the average remuneration level of inside directors at other companies in the same industry in Japan.

<Outside directors>

The amount is a fixed amount that is not linked with the performance of the Company, and is determined with reference to the average remuneration level of outside directors at other companies in the same industry in Japan.

Proposal 5: Renewal of the Countermeasure to Large-Scale Acquisitions of Teijin Shares (Takeover Defense Measures)

Teijin Limited (the “Company” or we) implemented the “Countermeasure to Large-Scale Acquisitions of Teijin Shares (Takeover Defense Measures)” (hereinafter the “Former Plan”) with the aim of securing and improving the corporate value of the Company and, in turn, the common interests of the shareholders. However, the effective period of the Former Plan will expire at the conclusion of the Ordinary General Meeting of Shareholders of the Company to be held on June 24, 2015 (hereinafter “this Ordinary General Meeting of Shareholders”).

In view of the approaching expiry of the effective period of the Former Plan, the Company’s board of directors (hereinafter the “Board of Directors”) has examined the possibility of renewing the Former Plan. As a result, the Company decided at a Board of Directors meeting held on May 8, 2015 to renew the Former Plan with some amendments thereto (hereinafter the revised plan shall be referred to as “this Plan”), in light of the trends in business practice since the introduction of the Former Plan, subject to the approval of the shareholders at this Ordinary General Meeting of Shareholders.

The Company hereby proposes that the shareholders at this Ordinary General Meeting of Shareholders approve the renewal of This Plan, in accordance with Article 19 of the article of incorporation, as described below.

The status of the major shareholders of the Company as of March 31, 2015 is provided in Attachment 1 “Top 10 shareholders of the Company.” As of Today, we have not specifically received any large-scale purchase proposal from a third party.

1. Basic Policy Regarding Teijin’s Shareholders

(Basic Policy Regarding Persons Who Control Decisions on the Company’s Financial Matters and Business Policies” as provided for in Article 118, item 3 of the Ordinance for Enforcement of the Companies Act.)

The Company believes its shareholders exist through free transactions in the stock market and therefore the Company’s shareholders should make the final decisions as to whether to accept a large-scale purchase proposal that would involve a transfer of control of a stock company.

However, it is envisioned that some large-scale acquisitions of the Company’s shares or such proposals might entail the following:

- (i) Acquisitions that may cause obvious harm to the corporate value of the Company and, in turn, the common interests of the shareholders, in view of the presumed purposes of such acquisition and management policies thereafter.
- (ii) Acquisitions that threaten to have the effect of compelling the shareholders to sell their shares.
- (iii) Acquisitions that do not provide the Company a reasonably necessary period to present alternative proposals for the proposal.
- (iv) Acquisitions conducted without providing sufficient information reasonably necessary for the Company’s shareholders to assess and examine the proposal.
- (v) Acquisitions whose compensation is insufficient in view of the corporate value of the Company.

The Company believes such a large-scale acquirer of the Company’s shares or a person who proposes such an action is inappropriate as an exception to control the decision of the Company’s financial and business policies.

2. Measures Contributing to Realizing the Basic Policy

We have been implementing the following measures as our efforts to improve the corporate value of the Company and, in turn, the common interests of shareholders so that a large number of investors consistently invest in Teijin for a long term. We believe that these measures will also contribute to realizing the basic policy in 1. above.

- (1) Enhancing corporate value through dramatic restructuring initiatives and forward-looking transformation and growth strategies, the twin pillars of our revised medium-term management plan
In November 2014, we introduced a revised medium-term management plan, which centers on restructuring initiatives and transformation and growth strategies, to guide our efforts through fiscal 2016.
Under the plan’s restructuring initiatives, we are narrowing our focus by analyzing each of our businesses from the perspectives of market growth potential, competitive advantages and profitability, and will promote the targeted allocation of corporate resources in promising businesses. We are also integrating and streamlining our production and R&D bases, as well as revamping our business structure. We estimate that the combined positive impact of such efforts on operating income will be ¥17.5 billion when fully realized.
Transformation and growth strategies will center on maximizing our position as a unique corporate entity with capabilities in three business domains, namely, high-performance materials, healthcare and IT. Our emphasis going

forward will be on integrating capabilities and advantages from these domains to realize new value for customers. In particular, we will seek to leverage key Teijin Group capabilities to capitalize on business opportunities in areas we recognize as particularly promising—which we have grouped into three categories: environment and energy conservation; safety, security and disaster mitigation; and demographic change and increased health consciousness—to foster groundbreaking, distinctively Teijin businesses.

Between now and the end of fiscal 2016, we expect results to be bolstered by the positive impact of restructuring initiatives and by the growth of our core strategic advanced fibers and composites and healthcare businesses.

Accordingly, we are targeting ROE of 8% or higher in fiscal 2016. In the next few years, we will promote further restructuring initiatives designed to unify our various materials businesses, in line with our ultimate goal of evolving toward a solutions-oriented business model that is more than simply an extension of our traditional business model.

Through these efforts, we will endeavor to realize ROE of 10% or higher by around fiscal 2020.

Our basic policy for profit sharing is to ensure dividends are in line with our consolidated results. We also give consideration to the need to ensure financial soundness and to our ability to maintain stable dividend payments over the medium to long term.

(2) Measures to Improve Corporate Value through Strengthening Corporate Governance

Regarding as an essential system to improve the corporate value of the Company and, in turn, the common interests of the shareholders, we have strived to strengthen corporate governance, as one of our key issues.

Concretely, it is executed as shown below:

(a) Separation and Reinforcement of Three Managerial Functions (Decision-Making, Execution of Business and Monitoring/Auditing)

We, with the aim of rapid decision-making and clarified responsibility for business execution, specified the number of Directors to be not more than ten (10) in the Articles of Incorporation, of which four (4) are Outside Directors. By introducing autonomous independence requirements equivalent to those adopted by US stock exchanges, the independence of the Outside Directors is guaranteed. Furthermore, the Outside Directors also satisfy the requirements for independence specified by the Tokyo Stock Exchange.

In order to reinforce the monitoring/auditing function of the Board of Directors, the Board of Directors is chaired by Chairman, a non-executive director.

The Board of Corporate Auditors comprises five (5) members, of which Outside Corporate Auditors are three (3), which form a majority of the Board. We demand the Outside Corporate Auditors to satisfy the requirements of autonomous independence the Company set and by this secure the transparency of audits by Corporate Auditors. Furthermore, the Outside Directors also satisfy the requirements for independence specified by the Tokyo Stock Exchange.

(b) Advisory Board

We have established an Advisory Board that serves in a consultative capacity and is tasked with advising on management issues and evaluating the performance of top executives. The Advisory Board comprises five (5) to seven (7) outside Advisers—of whom two (2) or three (3) are non-Japanese—as well as the Chairman of the Board and the President & CEO. The Advisory Board is also charged with deliberating the alternation of Presidents & CEO and the nomination of successors, as well as compensation systems and level of compensation for directors and the corporate auditors of the Teijin Group and evaluating the performance of the President & CEO and other Representative Directors.

(c) Establishment of Corporate Governance Guide

Teijin positions the Corporate Governance Guide as our concrete guidelines for our corporate governance including above-mentioned various measures. The Corporate Governance Guide was established by the Board of Directors and widely disclosed. Teijin has declared to comply with the Corporate Governance Guide to the shareholders through this disclosure, and our business management in compliance with the said Guide has been more secured.

3. Details of This Plan

(1) Purpose of Renewal of This Plan

This Plan is renewed as measures to prevent the Company's decisions on financial and business policies from being controlled by such persons regarded as inappropriate according to the basic policy described in 1. above. The purpose of the renewal of this Plan is to secure and improve the corporate value of the Company and, in turn, the common interests of its shareholders by securing information and time necessary for its shareholders to make appropriate decisions and by negotiating with the Acquirer (defined in item (a) of “(4) Procedure for Triggering and Abolition of This Plan” below; hereinafter the same shall apply) when the purchase of the Company's share certificates, etc. (defined as “Acquisition” in item (a) of “(4) Procedure for Triggering and Abolition of This Plan” below; and hereinafter the same shall apply) is implemented.

(2) Overview of This Plan

(a) Procedures an Acquirer Is Required to Comply with

With the purpose to secure and improve the corporate value of the Company and, in turn, the common interests of the shareholders, this Plan requires the Acquirer to provide information about the Acquisition in advance. This Plan stipulates procedures to ensure a sufficient period for the Company to collect information about and examine the Acquisition, present the Board of Directors' plan and alternative proposals to shareholders, and negotiate with the Acquirer.

(b) Countermeasure in Case an Acquirer Does Not Comply with the Prescribed Procedures for Purchase

If an Acquirer effects an Acquisition without compliance with the procedures prescribed in this Plan, the Company intends to allot stock acquisition rights with call, which carry terms of acquisition that the Acquirer shall not be allowed to exercise the rights and that the stock acquisition rights can be acquired by the Company in exchange for the Company's shares from anybody other than the Acquirer (such stock acquisition rights, hereinafter the "Stock Acquisition Rights"), to all the shareholders of the Company (excluding the Company) registered or recorded as of the allotment date without contribution.

Decisions on the implementation or non-implementation of an allotment of the Stock Acquisition Rights without contribution made by the Board of Directors shall require decisions of an independent committee consisting of members appointed by the Board of Directors from among those persons who are either an Outside Director of the Company or an Outside Corporate Auditor of the Company. In case that an allotment of the Stock Acquisition Rights without contribution is implemented in accordance with this Plan, the ratio of the Acquirer's voting rights of shares of the Company may be diluted to a maximum of 50% if the Company's shares are delivered to shareholders other than the Acquirer as a result of the exercise of the Stock Acquisition Rights or acquisition thereof by the Company.

(3) Establishment of the Independent Committee

To prevent the Board of Directors from making an arbitrary decision on the implementation or non-implementation of an allotment of the Stock Acquisition Rights without contribution, the judgment shall require decisions of the Independent Committee, which consists of members appointed by the Board of Directors from among those persons who are either an Outside Director of the Company or an Outside Corporate Auditor of the Company, in accordance with the Independent Committee Rules ("Attachment 2: Outline of the Independent Committee Rules").

The number of members of the Independent Committee shall be five (5), as a general rule. The term of office of the Independent Committee members shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within one (1) year after their appointment.

The name and career profile of each member of the Independent Committee when this Plan is renewed are shown in Attachment 3 hereof.

(4) Procedures for Triggering and Abolition of This Plan

(a) Applicable Acquisitions

Whether to implement the allotment of the Stock Acquisition Rights without contribution pursuant to the procedures prescribed in this Plan will be considered if a purchase of shares or any similar act or proposal¹ that falls under either (i) or (ii) (hereinafter, collectively, the "Acquisition" and the person who makes the Acquisition the "Acquirer") of the following takes place.

- (i) A purchase or any other form of acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)⁴ of share certificates, etc. (*kabuken tou*)² issued by the Company of a holder (*hoyuusha*)³ amounting to 20% or more
- (ii) A tender offer (*koukai kaitsuke*)⁶ that would result in the ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*)⁷ of share certificates, etc. (*kabuken tou*)⁵ issued by the Company held by the person who has proposed the tender offer and the ownership ratio of share certificates, etc. held by a person having a special relationship (*tokubetsu kankei-sha*)⁸ therewith totaling 20% or more

(b) Request to the Acquirer for Provision of Information

The Acquirer conducting an Acquisition as defined in (a) above shall submit to the Board of Directors the information necessary for consideration of the terms of the proposed Acquisition as shown in the following items (hereinafter, the "Required Information") and a statement that, in conducting the Acquisition, the Acquirer pledges to comply with the procedures prescribed in this Plan regarding the Acquisition (hereinafter, collectively, the "Acquisition Statement") in a form prescribed by the Company in Japanese before execution of the Acquisition unless the Board of Directors determines that the Acquisition Statement is unnecessary. Receiving the Acquisition Statement, the Board of Directors will promptly disclose the fact of such reception of the Acquisition Statement from the Acquirer and immediately send the Acquisition Statement to the Independent Committee.

- (i) Detailed information¹¹ of the Acquirer and its group (including a joint holder (*kyodo hoyusha*)⁹, a person having a special relationship with the Acquirer and persons having a special relationship with the person that controls the Acquirer as its controlled corporation, etc. (*hishihai-hojin tou*)¹⁰) (including names, businesses engaged in, personal or corporate history, corporate governance system, progress of measures taken for corporate social responsibility (CSR), capital structure, financial position, status of legal compliance and details about previous transactions similar to the Acquisition by the Acquirer)
 - (ii) The purposes, method and terms of the Acquisition (including the value and type of consideration for the Acquisition, Acquisition timing, related transaction systems, the legality of the Acquisition method and the probability of the Acquisition being executed)
 - (iii) The basis for determination of the Acquisition price (including facts and suppositions that form the assumptions, the calculation method, the numerical data used in the calculation, and the details, amount and basis for calculation of any expected synergies from any series of transactions relating to the Acquisition)
 - (iv) Information on previous acquisitions of the Company's share certificates, etc., by the Acquirer
 - (v) Information on financial support for the Acquisition (including the specific name of the person or group offering or substantially offering the funds for the Acquisition and the method of raising the funds and related transactions)
 - (vi) Post-Acquisition management policy (including the way to handle the stakeholders of the Company), business plans, capital policies, and dividend policies
 - (vii) Other information regarded as reasonably necessary by the Independent Committee.
- (c) Consideration of Terms of the Acquisition, Negotiation with the Acquirer and Presentation of Alternative Proposals
- When the Acquirer submits the Acquisition Statement and the Required Information additionally requested by the Independent Committee (if any), the Independent Committee may also request the Board of Directors to present its opinion about the details of the Acquisition by the Acquirer and supporting documents therefor as well as alternative proposals (if any) and other information and materials deemed to be necessary by the Independent Committee within the period deemed to be reasonably necessary by the Independent Committee (a maximum of 30 days)

(Notes)

1. Including acts to solicit a third party for such acquisition.
2. Defined in Article 27-23, paragraph 1, of the Financial Instruments and Exchange Act; hereinafter this definition shall apply throughout this document unless otherwise specified.
3. Including a person described as a holder under Article 27-23, paragraph 3, of the Financial Instruments and Exchange Act (including persons that the Board of Directors regards as applicable); hereinafter this definition shall apply throughout this document.
4. Defined in Article 27-23, paragraph 4, of the Financial Instruments and Exchange Act; hereinafter this definition shall apply throughout this document.
5. Defined in Article 27-2, paragraph 1, of the Financial Instruments and Exchange Act.
6. Defined in Article 27-2, paragraph 6, of the Financial Instruments and Exchange Act; hereinafter this definition shall apply throughout this document.
7. Defined in Article 27-2, paragraph 8, of the Financial Instruments and Exchange Act; hereinafter this definition shall apply throughout this document.
8. Defined in Article 27-2, paragraph 7, of the Financial Instruments and Exchange Act (including persons that the Board of Directors regards as applicable); Provided, however, that persons provided for in Article 3, paragraph 2, of the Cabinet Office Ordinance on Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons set forth in Article 27-2, paragraph 7(1), of the Financial Instruments and Exchange Act; hereinafter this definition shall apply throughout this document.
9. Defined in Article 27-23, paragraph 5, of the Financial Instruments and Exchange Act, including persons regarded as a joint holder as per paragraph 6 of said Article (including persons that the Board of Directors regards as applicable); hereinafter this definition shall apply throughout this document.
10. Defined in Article 9, paragraph 5, of the Order for Enforcement of the Financial Instruments and Exchange Act.
11. Including information corresponding to that required under item (i), with regard to partners and other constituent members in case the Acquirer is a fund.

After the Independent Committee receives the information and materials from the Acquirer and the Board of Directors (if requested as mentioned above), the Independent Committee considers the terms of the Acquisition and the alternative proposals presented by the Board of Directors and collects information on, compares and examines the business plans of the Acquirer and the Board of Directors in order to make more objective judgments through the comparison and examination during a maximum of 60 days (however, the Independent Committee can extend the period according to the provision in (d) (iii) below. The period is hereinafter the “Independent Committee Assessment Period.”). The Independent Committee shall discuss and negotiate with the Acquirer, directly or entrusting the Board of Directors, as deemed necessary, to improve the terms of the Acquisition from the perspective of securing and improving the corporate value of the Company and the common interests of the shareholders.

To ensure that the decision made by the Independent Committee benefits the corporate value of the Company and, in turn, the common interests of the shareholders, the Independent Committee may receive advice from independent third parties such as financial advisors, certified public accountants, attorneys at law, consultants and other professionals at the Company’s expense.

The Independent Committee will disclose to shareholders the fact that the Independent Committee Assessment Period has started as well as any part of the Required Information and other information that the Independent Committee considers appropriate to be disclosed at the time when the Independent Committee deems appropriate.

(d) The Independent Committee’s Decision-Making Process

The Independent Committee will undertake the following procedures when an Acquirer emerges.

The Independent Committee will disclose information regarding the content of any recommendation and other decision promptly after the decision in any of the following cases.

- (i) In case the Independent Committee determines that the Acquisition by the Acquirer does not fall under any of the requirements stipulated in the following (5) “Requirements for Allotment of the Stock Acquisition Rights Without Contribution,” or if an allotment of the Stock Acquisition Rights without contribution is not deemed appropriate even though the Acquisition by the Acquirer satisfies the requirements as a result of its consideration of the terms of the Acquisition and negotiation with the Acquirer, or in case the Board of Directors does not submit its opinion and information and materials requested by the Independent Committee, which are stipulated in (c) above, despite the Independent Committee’s demand within the prescribed period, the Independent Committee will recommend the Board of Directors not to implement an allotment of the Stock Acquisition Rights without contribution regardless of whether the Independent Committee Assessment Period is over.

Regardless of the preceding paragraph, even after the Independent Committee has once recommended the non-implementation of an allotment of the Stock Acquisition Rights without contribution, it may provide a new recommendation that an allotment of the Stock Acquisition Rights without contribution should be made in case any significant change occurs in the facts that were the basis of the decision of the former recommendation, thereby satisfying the requirements as prescribed in the following item (ii).

- (ii) If the Acquisition by the Acquirer falls under any of the requirements stipulated in the following (5) “Requirements for Allotment of the Stock Acquisition Rights Without Contribution” and an allotment of the Stock Acquisition Rights without contribution is determined to be appropriate, the Independent Committee will recommend the Board of Directors to implement an allotment of the Stock Acquisition Rights without contribution regardless of the beginning or ending of the Independent Committee Assessment Period. If the Independent Committee must determine whether an Acquisition falls under any of the cases for triggering this Plan, which are described in items (b) through (d) of “(5) Requirements for Allotment of the Stock Acquisition Rights Without Contribution,” the Independent Committee may attach a reserve that prior approval of a shareholders’ meeting should be obtained to the recommendation with regard to the implementation of an allotment of the Stock Acquisition Rights without contribution.

Regardless of the above paragraph, even after the Independent Committee has already recommended an implementation of the allotment of Stock Acquisition Rights without contribution, if the Independent Committee determines that the Acquisition falls under either of the following cases, it may provide a new recommendation that the Company should cancel the allotment of Stock Acquisition Rights without contribution during the period up until the business day immediately before the previous business day of the ex-rights date relating to the allotment of Stock Acquisition Rights without contribution or that the Company should acquire the Stock Acquisition Rights without contribution during the period from the effective date of the allotment of the Stock Acquisition Rights up until the day immediately preceding the exercise-period start date for the Stock Acquisition Rights.

- (a) The Acquirer withdraws the Acquisition or otherwise the Acquisition ceases to exist after the recommendation.
- (b) There is an important change in the facts or circumstances on which the recommendation decision was made, thereby eliminating the reason for triggering this Plan, which is set forth in (5) “Requirements for Allotment of the Stock Acquisition Rights Without Contribution” below.

(iii) In case the Independent Committee is notable to make a recommendation for either the implementation or non-implementation of an allotment of the Stock Acquisition Rights without contribution by the end of the Independent Committee Assessment Period, the Independent Committee may extend the Independent Committee Assessment Period (a maximum of 30 days) within a period deemed to be reasonably necessary to consider the terms of the Acquisition, negotiate with the Acquirer and make alternative proposals.

(e) Resolutions by the Board of Directors and Convocation of a Shareholders' Meeting

The Board of Directors shall respect and adhere to the aforementioned recommendation from the Independent Committee and finally pass a resolution on the implementation or non-implementation of an allotment of the Stock Acquisition Rights without contribution in accordance with the said recommendation as soon as practicable after having received such a recommendation.

However, unless holding a shareholders' meeting is extremely difficult the Board of Directors shall convene a shareholders' meeting as soon as practicable and raise a proposal on the implementation of the allotment of Stock Acquisition Rights without contribution as a matter to be resolved thereat, in case the Independent Committee has attached a reserve that prior approval of a shareholders' meeting should be obtained to the recommendation when it provided the Board of Directors with a recommendation that an allotment of the Stock Acquisition Rights without contribution should be implemented. If the matter to be resolved on the implementation of the allotment of Stock Acquisition Rights without contribution is passed at the shareholders' meeting, the Board of Directors shall pass a resolution that the allotment of Stock Acquisition Rights without contribution be implemented. Whereas, if the matter to be resolved on the implementation of the allotment of Stock Acquisition Rights without contribution is rejected at the shareholders' meeting, the Board of Directors shall pass a resolution that the allotment of Stock Acquisition Rights without contribution not be implemented.

The Acquirer and its group (including a joint holder, a person having a special relationship with the Acquirer and persons having a special relationship with the person or company that controls the Acquirer as its controlled corporation) shall not be able to execute the Acquisition by and before a resolution on the non-implementation of the allotment of Stock Acquisition Rights without contribution is passed by the Board of Directors.

The Board of Directors will disclose the information on the content of such resolutions and other matters promptly after such resolution.

(5) Requirements for Allotment of the Stock Acquisition Rights Without Contribution

The Company intends to implement an allotment of the Stock Acquisition Rights without contribution upon resolution of the Board of Directors, which is stipulated in item (e) of (4) "Procedure for Triggering and Abolition of This Plan" above, in case the Acquisition by the Acquirer falls under any of the following requirements and it is deemed reasonable to implement an allotment of the Stock Acquisition Rights without contribution. As described in item (d) of (4) "Procedure for Triggering and Abolition of This Plan" above, the determination on whether the Acquisition falls under any of the following requirements and it is deemed reasonable to implement an allotment of the Stock Acquisition Rights without contribution must be by way of deliberation by the Independent Committee (and additionally by way of the judgment of a shareholders' meeting in case the Independent Committee has placed a reserve that prior approval of a shareholders' meeting should be obtained for the recommendation when it provided the Board of Directors with a recommendation that an allotment of the Stock Acquisition Rights without contribution should be implemented).

(a) In case the Acquisition does not comply with the procedure set forth in this Plan;

(b) In case the Acquisition may cause obvious harm to the corporate value of the Company and, in turn, the common interests of the shareholders, in view of the purpose of the Acquisition and the post-acquisition management policy, etc. and that falls under any of the below-mentioned actions:

(i) Buy out of the Company's shares to demand that the Company purchase said shares at an inflated price;

(ii) Management that achieves an interest for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets, etc.;

(iii) Diversion of the Company's assets to secure or use as a source of funds to repay debts of the Acquirer or its group company; and

(iv) Temporary control of the Company's management to bring about a disposal of high-value assets, etc. that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.

(c) In case the Acquisition threatens to have the effect of compelling shareholders to sell their shares, such as a coercive two-tier tender offer (meaning acquisition of shares including a tender offer that does not offer to acquire all shares in the initial acquisition, and sets unfavorable acquisition terms for the second stage or does not set clear terms for the second stage); and

(d) In case the compensation of the Acquisition is insufficient in view of the corporate value of the Company.

(6) Summary of the Stock Acquisition Rights

The Stock Acquisition Rights which are allotted, by means of an allotment without contribution, based on this Plan are as summarized below.

(a) Number of the Stock Acquisition Rights

The number of the Stock Acquisition Rights shall be the same as the last total number of issued shares of the Company on a certain date (hereinafter the “Allotment Date”) separately determined in a resolution by the Board of Directors related to the allotment of the Stock Acquisition Rights without contribution (hereinafter the “Allotment Resolution”) (excluding the number of shares in the Company held by the Company at that time).

(b) Shareholders Eligible for Allotment

The Company will implement an allotment of the Stock Acquisition Rights to those shareholders other than the Company, who appear or are recorded in the Company’s final shareholder register on the Allotment Date at a ratio of one (1) Stock Acquisition Right for every one (1) share held.

(c) Effective Date of the Allotment of the Stock Acquisition Rights Without Contribution

The effective date of an allotment of the Stock Acquisition Rights without contribution shall be a date separately determined in the Allotment Resolution.

(d) Number of Shares to Be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares to be acquired upon exercise of each of the Stock Acquisition Rights (hereinafter the “Applicable Number of Shares”) shall be one (1) share.

(e) Value of Property to Be Invested upon Exercise of the Stock Acquisition Rights

Contributions upon the exercise of the Stock Acquisition Rights are to be in cash, and the value of the property to be invested upon the exercise of the Stock Acquisition Rights for each Company share shall be an amount to be separately determined in the Allotment Resolution, which shall be within the range between the lower limit of one (1) yen and the upper limit of half the market value of one (1) Company share in the stock market. Such market value shall be the amount that corresponds to the average of the closing prices (including nominal prices) for ordinary transactions of the Company’s common share at the Tokyo Stock Exchange during the period of 90 days preceding the Allotment Resolution (excluding days on which no transactions were established), and the resulting fractions of less than one (1) yen shall be rounded up.

(f) Exercise Period of the Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights shall start from the date separately determined in the Allotment Resolution (this first date of the exercise period shall be hereinafter the “Exercise Period Start Date”), and such period shall be, in principle, a duration from one (1) month to six (6) months long as separately determined in the Allotment Resolution.

(g) Conditions for the Exercise of the Stock Acquisition Rights

The following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

(I) Specified large-scale holders (*tokutei tairyo hoyusha*)¹²;

(II) Joint holders of specified large-scale holders;

(III) Specified large-scale acquirers (*tokutei tairyo kaitsukeshu*)¹³;

(IV) Persons having a special relationship with specified large-scale acquirers;

(V) Any transferee of or successor to the Stock Acquisition Rights of any person falling under (I) through (IV) above without the approval of the Board of Directors; or

(VI) Any related person (*kanrensha*)¹⁴ of any person falling under (I) through (V) above.

Furthermore, nonresidents of Japan who are required to follow certain procedures under foreign applicable laws and regulations to exercise the Stock Acquisition Rights may not, as a general rule, exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to the acquisition by the Company in exchange for shares of the Company as set out in item (i) (2) below on the condition that it is confirmed that they do not infringe any applicable laws or regulations.). Furthermore, those who have not submitted a written oath in the format specified by the Company, which includes a representation and warranty clauses on satisfaction of the exercise conditions of the Stock Acquisition Rights, etc., an indemnity clause and other covenants, may not exercise the Stock Acquisition Rights.

(h) Restriction on Transfer of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights via transfer thereof shall require the approval of the Board of Directors.

(i) Acquisition of the Stock Acquisition Rights by the Company

- (a) The Company may acquire, upon arrival of the date determined by the Board of Directors, all the Stock Acquisition Rights without contribution at any time on or before the date immediately before the Exercise Period Start Date in case the Board of Directors deems that it is appropriate for the Company to acquire such Stock Acquisition Rights.

(Notes)

12. “Specified large-scale holder” means, in principle, a person who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., is at least 20% (including persons that the Board of Directors regards as applicable). Provided, however, that a person that the Board of Directors regards as a person who came to fall under the above on an involuntary basis as a result of the Company’s purchase of treasury stock or any other understandable reason (though excluding the case of subsequent acquisition of the Company’s share certificates, etc., on its own will), a person that the Board of Directors regards as a person whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other person that the Board of Directors separately determines in the Allotment Resolution is not a specified large-scale holder. This definition shall apply throughout this document.
13. “Specified large-scale acquirer” means, in principle, a person who makes a public notice of purchase, etc. (as defined in Article 27-2, paragraph 1, of the Financial Instruments and Exchange Act; the same shall apply throughout this Note), of share certificates, etc. (as defined in Article 27-2, paragraph 1, of the Financial Instruments and Exchange Act; the same shall apply throughout this Note), issued by the Company through a tender offer and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7, paragraph 1, of the Order for Enforcement of the Financial Instruments and Exchange Act), is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship with the person (including persons that the Board of Directors regards as applicable). Provided, however, that a person that the Board of Directors regards as a person whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other person that the Board of Directors separately determines in the Allotment Resolution is not a specified large-scale acquirer. This definition shall apply throughout this document.
14. A “related person” of a given person means a person who substantially Controls, is Controlled by or is under common Control of such given person (including persons that the Board of Directors regards as applicable), or a person deemed by the Board of Directors to act in concert with such given person. “Control” means to “control the decisions on the company’s financial matters and business policies” (as defined in Article 3, paragraph 3, of the Ordinance for Enforcement of the Companies Act) of other corporations or entities.

- (b) Upon the arrival of the date determined by the Board of Directors, the Company may, pursuant to a decision made by the Board of Directors, acquire all the Stock Acquisition Rights held by persons other than the Non-Qualified Parties, which have not been exercised before or on the day immediately before the date determined by the Board of Directors. Then, the Company may, in exchange, deliver the Company's shares in a number equivalent to the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. Furthermore, if, on or after the date on which such acquisition takes place, the Board of Directors recognizes the existence of any person holding Stock Acquisition Rights other than the Non-Qualified Parties (e.g., if there is a person who has been transferred or has inherited the Stock Acquisition Rights from any Non-Qualified Parties with an approval of the Board of Directors on or after the acquisition date above), the Company may, upon the arrival of the date determined by the Board of Directors after the date on which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that person that have not been exercised by or on the day immediately before such date determined by the Board of Directors and, in exchange, deliver the Company's shares in a number equivalent to the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. The same shall apply hereinafter.
- (j) Delivery of the Stock Acquisition Rights in Cases of Merger, Absorption-Type Company Split (*kyushu-bunkatsu*), Incorporation-Type Company Split (*shinsetsu-bunkatsu*), Share Exchange (*kabushiki-kokan*) and Share Transfer (*kabushiki-iten*)
The delivery of Stock Acquisition Rights in cases of merger, absorption-type company split, incorporation-type company split, share exchange and share transfer shall be separately stipulated in the Allotment Resolution.
- (k) Issuance of Stock Acquisition Right Certificates
Stock acquisition right certificates for the Stock Acquisition Rights will not be issued.
- (l) Other
In addition to the aforementioned matters, details of the Stock Acquisition Rights shall be separately stipulated in the Allotment Resolution.

(7) Effective Period of This Plan

This Plan shall be effective from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 2015 (fiscal 2014) to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2018 (fiscal 2017).

(8) Abolition or Modification of This Plan

Even before the expiry of the effective period of this Plan after this Plan is introduced, this Plan shall be abolished immediately (i) in case a proposal that this Plan be abolished is approved at a shareholders' meeting of the Company, or (ii) in case a resolution that this Plan be abolished is adopted by the Board of Directors in accordance with the Independent Committee's recommendation. As a consequence, this Plan can be abolished according to the intent of the shareholders. Moreover, even during the effective period of this Plan, the Board of Directors may modify this Plan, upon approval of the Independent Committee's recommendation, in case any applicable law, ordinance or the regulations of any Japanese financial instruments exchange has been newly established or revised and it is appropriate to incorporate such new establishment or revision on this Plan, in case it is appropriate to amend the wording due to typographical errors and/or omissions or in case the intended amendment/revision does not put any shareholders of the Company at a disadvantage. Moreover, the Board of Directors may review and modify this Plan in accordance with the Independent Committee's recommendation or consider other measures to prevent the Company's decisions on financial and business policies from being controlled by such persons regarded as inappropriate according to the basic policy.

The Company will promptly disclose the fact of such abolishment or modification and the content of modification or other related matters (if any modification is made), in case of the abolishment or modification of this Plan.

(9) Amendments due to the Amendments to the Relevant Laws and Regulations, etc.

The provisions of the laws and regulations referenced in this Plan suppose that the relevant laws and regulations effective as of May 8, 2015 will continue. If any revision or amendment to the clause or the meaning of terms set out in each of these provisions becomes necessary due to the new establishment, abolition or amendment of any relevant law or regulation after this date, the subjected clause or term in each of these provisions shall be deemed to be appropriately replaced to the extent reasonable in view of the intent of such establishment, abolition or amendment.

4. This Plan Complies with the Basic Policy, Agrees with the Corporate Value of the Company and, in turn, the Common Interests of the Shareholders and Shall Not Aim to Protect the Positions of Any of the Company's Directors and Corporate Auditors

In designing this Plan, the Company believes that it shall comply with “1. Basic Policy Regarding Teijin’s Shareholders,” agree with the corporate value of the Company and, in turn, the common interests of the shareholders and shall not aim to protect the positions of any of the Company’s Directors and Corporate Auditors.

(1) Satisfying the Requirements in the Guidelines Regarding Takeover Defense Measures

This Plan satisfies all the three basic principles formulated in the “Guidelines Regarding Takeover Defenses for the Purposes of the Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005: (i) the principle of the protection and enhancement of corporate value and shareholders’ common interests; (ii) the principle of prior disclosure and shareholders’ intentions; and (iii) the principle of securing necessity and reasonableness. The substance of this Plan also reflects “Takeover Defense Measures in Light of Recent Environmental Changes” released on June 30, 2008, by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry.

(2) Reflection of the Shareholders’ Intent

This Plan will become effective subject to the approval of the shareholders at this Ordinary General Meeting of Shareholders, and the effective period of this Plan shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2018. Moreover, as the term of office of the Company’s Directors is one (1) year, the shareholders’ intent may be well reflected by way of the election of Directors. Furthermore, as described in “3. (8) Abolition or Modification of This Plan” above, even before the expiry of the effective period after this Plan is introduced, this Plan shall be abolished immediately in case a proposal that this Plan be abolished is approved at a shareholders’ meeting of the Company. In this way, the shareholders’ intent may be well reflected.

(3) Emphasis on Decision of Highly Independent Outsiders

In implementing this Plan, the Company established the Independent Committee as a highly independent organ that makes substantial judgments objectively for the sake of the shareholders to prevent the Board of Directors from making an arbitrary decision on the actual operation of this Plan including the cases for triggering this Plan. The Independent Committee consists of members elected by the Board of Directors from among those persons who are either an Outside Director of the Company or an Outside Corporate Auditor of the Company. By introducing autonomous independence requirements equivalent to those adopted by U.S. stock exchanges, the independence of the Outside Directors and the Outside Corporate Auditors is sufficiently guaranteed. Furthermore, this Plan is operable with high transparency as the summary of any judgment of the Independent Committee is disclosed to the shareholders.

(4) Setting of Rational and Objective Requirements for Triggering This Plan

As described in 3. (5) “Requirements for the Allotment of the Stock Acquisition Rights Without Contribution” above, this Plan is structured not to be easily triggered unless rational, detailed and objective requirements are satisfied. In addition, such objective requirements correspond to the cases set out in “1. Basic Policy Regarding Teijin’s Shareholders” as a person who is deemed inappropriate to control the decisions of the Company’s financial and business policies. This idea serves to prevent arbitrary triggering this Plan by the Board of Directors.

(5) Consistent Reinforcement of Corporate Governance of the Company

- (i) The Company intends to separate and reinforce three managerial functions (decision-making, execution of business and monitoring/auditing) by electing four (4) Outside Directors whose independence is secured, which comprises a maximum of ten (10) Directors, and three (3) Outside Corporate Auditors comprising a majority of the Corporate Auditors.
- (ii) The Company has also established an Advisory Board that serves in a consultative capacity and is tasked with advising on management issues and evaluating the performance of top executives. The Advisory Board comprises five (5) to seven (7) outside Advisers—of whom two (2) or three (3) are non-Japanese—as well as the Chairman of the Board and the President & CEO. The Advisory Board is also charged with deliberating the alternation of Presidents & CEO and the nomination of successors, as well as compensation systems and level of compensation for directors and the corporate auditors of the Teijin Group and evaluating the performance of the President & CEO and other Representative Directors.
- (iii) Guidelines on corporate governance of the Company including these measures above are disclosed in the form of the Corporate Governance Guide.

The above measures are viewed as groundbreaking initiatives to create a mechanism for disciplining the conduct of the

management team, in other words, corporate governance among the listed companies that have introduced the Board of Corporate Auditors system in Japan. This mechanism should have the effect of strongly braking the self-protective conduct of the Company's Directors and Corporate Auditors and is expected to play an important role in preventing the arbitrary application of this Plan.

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

This Plan is designed so that it may be abolished by a Board of Directors that includes several Directors who have been elected at a shareholders' meeting of the Company through nomination by a person who has acquired a large number of share certificates, etc., in the Company. Therefore, this Plan is not a Dead-Hand Takeover Defense Measure (a Takeover Defense Measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of this Plan cannot be stopped). Also, as the Company has not adopted a staggered board, this Plan is not a Slow-Hand Takeover Defense Measure either (a Takeover Defense Measure in which triggering takes more time to stop due to the fact that the Directors cannot be replaced all at once).

5. Impact on Shareholders

(1) Impact on Shareholders at the Time of Renewing This Plan

As an allotment of the Stock Acquisition Rights without contribution would not be implemented at the time this Plan is renewed, it would not have any direct or material impact on the rights or interests of shareholders and investors.

(2) Impact on Shareholders at the Time of Allotment of the Stock Acquisition Rights without Contribution

If the Company's Board of Directors passes an Allotment Resolution, the Allotment Date is decided in the resolution and publicly announced. In this case, the Company will allocate the Company's shares without contribution to shareholders who appear or are recorded in the Company's final register of shareholders on the Allotment Date (hereinafter the "Shareholders Eligible for Allotment") at a ratio of one (1) Stock Acquisition Right for every one (1) share held. The Shareholders Eligible for Allotment will not need to take any application procedures because they will become Stock Acquisition Right holders as a matter of course on the effective date of the allotment of the Stock Acquisition Rights without contribution.

Even after the Allotment Resolution has been made, the Company may cancel the allotment of Stock Acquisition Rights without contribution during the period up until the business day immediately before the previous day of the ex-rights date relating to the allotment of Stock Acquisition Rights without contribution or acquire the Stock Acquisition Rights without contribution during the period from the effective date for the allotment of Stock Acquisition Rights without contribution up until the day immediately preceding the Exercise Period Start Date, in accordance with the recommendation of the Independent Committee described in (d) (ii) of 3. (4) "Procedure for Triggering and Abolition of This Plan." In these cases, any dilution of stock value for the Company's shares is not incurred, and shareholders and investors who made selling transactions on the assumption of dilution may suffer corresponding effect of stock price fluctuation.

(3) Procedures Required for Shareholders upon Allotment of the Stock Acquisition Rights Without Contribution

(a) Procedures for Exercising the Stock Acquisition Rights

The Company will deliver documents to be submitted by shareholders upon the exercise of the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the content and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as whether the shareholders themselves satisfy the requirements for the exercise of the Stock Acquisition Rights, indemnity clauses and other covenants) and other documents to the Shareholders Eligible for Allotment. After the allotment of the Stock Acquisition Rights without contribution is made, the shareholders will be delivered the Company's shares at a ratio of one (1) Company share for one (1) Stock Acquisition Right. Such delivery of shares will occur on the submission of the necessary documents above during the exercise period of the Stock Acquisition Rights and payment of an amount that corresponds to the exercise price, which shall be within the range between the lower limit of one (1) yen and the upper limit of half the market value of one (1) Company share in the stock market, determined in the Allotment Resolution through a predetermined payment method. The exercise of the Stock Acquisition Rights by any Non-Qualified Parties shall comply with the procedure separately determined by the Company in adherence with the intent of item (g) of 3. (6) "Summary of the Stock Acquisition Rights."

In case a shareholder neither exercises the Stock Acquisition Rights nor pays the money corresponding to the exercise price, the Company's shares held by the shareholder would be diluted, probably affected by the exercise of the Stock Acquisition Rights by other shareholders.

However, the Company may, in some cases, acquire Stock Acquisition Rights from the shareholders other than the Non-Qualified Parties in accordance with the procedure described in (b) below and, in exchange, deliver the Company's shares to the holders of the Stock Acquisition Rights. If the Company follows this acquisition procedure,

then the shareholders other than the Non-Qualified Parties need to neither exercise the Stock Acquisition Rights nor pay the money that corresponds to the exercise price and would receive the corresponding Company's shares. Accordingly, the shares held by the shareholders would not be diluted.

(b) Procedure for Acquisition of the Stock Acquisition Rights by the Company

If the Board of Directors determines to acquire the Stock Acquisition Rights, the Company may, upon the arrival of the date determined by the Board of Directors, acquire all of the Stock Acquisition Rights from all the shareholders other than the Non-Qualified Parties in accordance with the statutory procedures and deliver shares in the Company to the Stock Acquisition Right holders in exchange for the acquisition of the Stock Acquisition Rights. In this case, shareholders holding the Stock Acquisition Rights to be acquired will receive the Company's shares at a ratio of one (1) Company share for one (1) Stock Acquisition Right, as consideration for the acquisition of the Stock Acquisition Rights by the Company, without paying money equivalent to the exercise price. (Provided, however, that said shareholders may be separately requested to submit, in a form prescribed by the Company, representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.)

In addition to the above, the Company will disclose information or notify all of its shareholders with respect to the particulars of the allotment method of the Stock Acquisition Rights, the exercise method of the Stock Acquisition Rights and the procedure for acquisition of the Stock Acquisition Rights by the Company after they are determined in the Allotment Resolution, so we request that shareholders check these details at that time.

Top 10 shareholders of the Company

(As of March 31, 2015)

Shareholders		Investment in the Company	
		Number of shares held	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust account)	74,047,000	7.53
2	Japan Trustee Service Bank, Ltd.(Trust account)	59,504,000	6.05
3	Nippon Life Insurance Company	35,227,509	3.58
4	The Employee Stock Ownership Association of Teijin	25,141,992	2.56
5	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,694,935	2.11
6	Japan Trustee Service Bank, Ltd.(Trust account 9)	14,751,000	1.50
7	STATE STREET BANK WEST CLIENT-TREATY 505234	10,841,859	1.10
8	STATE STREET BANK AND TRUST COMPANY 505223	10,837,714	1.10
9	STATE STREET BANK AND TRUST COMPANY 505001	10,297,975	1.05
10	Nisshinbo Holdings Inc.	9,766,292	0.99

Note: The shareholding ratio has been calculated after excluding Treasury stocks (1,925,911 shares) from the Issued shares.

Outline of the Independent Committee Rules

- 1) The Independent Committee shall be established by a resolution of the Board of Directors.
- 2) As a general rule, members of the Independent Committee shall be appointed by the Board of Directors from either Outside Directors of the Company or Outside Corporate Auditors of the Company, who satisfy the independence requirements set by the Company and are independent from the management which conducts the execution of the business of the Company.
- 3) The number of Independent Committee members shall be five (5), in principle.
- 4) Unless otherwise determined by a resolution of the Board of Directors, the term of office of members of the Independent Committee shall be until the conclusion of an ordinary general meeting of shareholders pertaining to the last fiscal year that ends within one (1) year after their election.
- 5) The Independent Committee shall make decisions on the matters listed below and submit recommendations to the Board of Directors containing the details of and reasons for the recommendation.
The Board of Directors shall make final decisions respecting and in accordance with such recommendation of the Independent Committee. Each member of the Independent Committee and each Director of the Company must make such decisions with a view to whether the corporate value of the Company and, in turn, the common interests of its shareholders will be enhanced, and they must not serve solely for the purpose of their own personal interests or those of the Company's officers.
 - (i) The implementation or non-implementation of the allotment of Stock Option without contribution (including the case in which a reserve that prior approval of a general meeting shareholders should be obtained is attached).
 - (ii) The cancellation of the allotment of Stock Option without contribution or the acquisition of Stock Option without consideration.
 - (iii) The abolition or modification of This Plan.
 - (iv) The implementation of any measures other than This Plan to prevent the Company's decisions on financial and business policies from being controlled by persons or companies regarded as inappropriate according to the basic policy.
 - (v) Any other matters that are for determination by the Board of Directors in respect to which it has consulted with the Independent Committee.
- 6) In addition to the matters prescribed above, the Independent Committee shall conduct the matters listed below.
 - (i) Determining an Acquisition addressed by This Plan;
 - (ii) Determining the information that the Acquirer and the Board of Directors should provide to the Independent Committee;
 - (iii) Examination and consideration of the terms of the Acquirer's Acquisitions;
 - (iv) Negotiation and discussions with the Acquirer;
 - (v) Request to the Board of Directors for consideration and submission of the alternative proposal with regard to the Acquirer's Acquisitions;
 - (vi) Determining the extension of the Independent Committee Assessment Period;
 - (vii) Any other matters that This Plan prescribes that the Independent Committee may conduct; and
 - (viii) Any matters that the Board of Directors separately determines that the Independent Committee may conduct.
- 7) If the Independent Committee decides that the Acquisition Statement is inadequate as the Required Information, it may request that the Acquirer submit additional necessary information. Furthermore, if the Independent Committee receives from the Acquirer the Acquisition Statement and other information requested by the Independent Committee, it may request that the Board of Directors provide within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal and any other information and the like that the Independent Committee may consider necessary from time to time.
- 8) If it is necessary to improve the terms of the Acquirer's Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee shall, either directly or entrusting the Board of Directors, discuss and negotiate with the Acquirer.
- 9) To collect the necessary information, the Independent Committee may request the attendance of a Director, a Corporate Auditor or an employee of the Company, or any other person that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- 10) The Independent Committee may receive advice from independent third parties such as financial advisors, certified public accountants, attorneys at law, consultants and other professionals at the Company's expense.
- 11) Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
- 12) Resolutions of a meeting of the Independent Committee shall, as a general rule, pass with the majority votes cast when all of the members of the Independent Committee are in attendance. However, in case of unavoidable reason, the Independent Committee may pass a resolution with a majority of the votes cast when a majority of the members are in attendance.

Names and Career Profiles of the Members of the Independent Committee (planned)

Hajime Sawabe

Apr. 1964	Joined Tokyo Denki Kagaku Kogyo K.K. (Currently TDK Corporation)
Jun. 1996	Director
Jun. 1998	President & Representative Director
Jun. 2006	Chairman & Representative Director
Mar. 2008	Outside Director, Asahi Glass Co., Ltd. (Incumbent)
Jun. 2008	Outside Director, Teijin Limited (Incumbent)
	Member of the Advisory Board, Teijin Limited (Incumbent)
	Outside Director, Nomura Securities Co.,Ltd
Jun. 2009	Outside Director, Nomura Holdings Inc
Nov. 2010	Trustee, Waseda University
Mar. 2011	Outside Corporate Auditor, Nikkei Inc. (Incumbent)
Jun. 2011	Chairman of the Board & Director, TDK Corporation
Oct. 2011	Councilor, Waseda University (Incumbent)
Jun. 2012	Counselor. TDK Corporation (Incumbent)
Jul. 2014	Vice Chairman Council, Waseda University (Incumbent)

Yutaka Iimura

Apr. 1969	Joined Ministry of Foreign Affairs, Japan (MFA)
Aug. 1999	Director-General, Economic Cooperation Bureau
Feb. 2001	Deputy Vice-Minister
Sep. 2001	Assistant Vice-Minister
Jul. 2002	Ambassador of Japan in Indonesia
Nov. 2002	Ambassador of Japan in Indonesia and the Democratic Republic of Timor-Leste (East Timor)
Apr. 2006	Ambassador of Japan in France and The Principality of Andorra (Andorra)
May. 2007	Ambassador of Japan in France, Andorra and the Principality of Monaco
Jul. 2009	Retired from MFA
	Special Envoy of the Government of Japan for the Middle East and Europe
Sep. 2009	Adviser, Taisei Corporation (Incumbent)
Jun. 2011	Outside Director, Teijin Limited (Incumbent)
	Member of the Advisory Board, Teijin Limited (Incumbent)
Aug. 2014	Councilor, MFA (Southeast Asia cooperation ambassador) (Incumbent)
May, 2015	Visiting member professor, The University of Tokyo Public Policy graduate school (Incumbent)

Nobuo Seki

Apr. 1970 Joined Chiyoda Corporation
Apr. 1992 Vice-President, Chiyoda International Corporation
Jun. 1997 Director, Chiyoda Corporation
Jun. 1998 Managing Director
Aug. 2000 Senior Managing Director, Project Operations
Apr. 2001 President & CEO
Apr. 2007 Chairman of the Board
Apr. 2009 General Corporate Advisor
Jun. 2012 Outside Director, Teijin Limited (Incumbent)
Member of the Advisory Board, Teijin Limited (Incumbent)
Outside Corporate Auditor SUGIYO Co., Ltd. (Incumbent)
Jul. 2012 Adviser Chiyoda Corporation
Jun. 2014 Outside Director, KAMEDA SEIKA Co., Ltd. (Incumbent)
Aug. 2014 Outside Director, Weathernews Inc. (Incumbent)

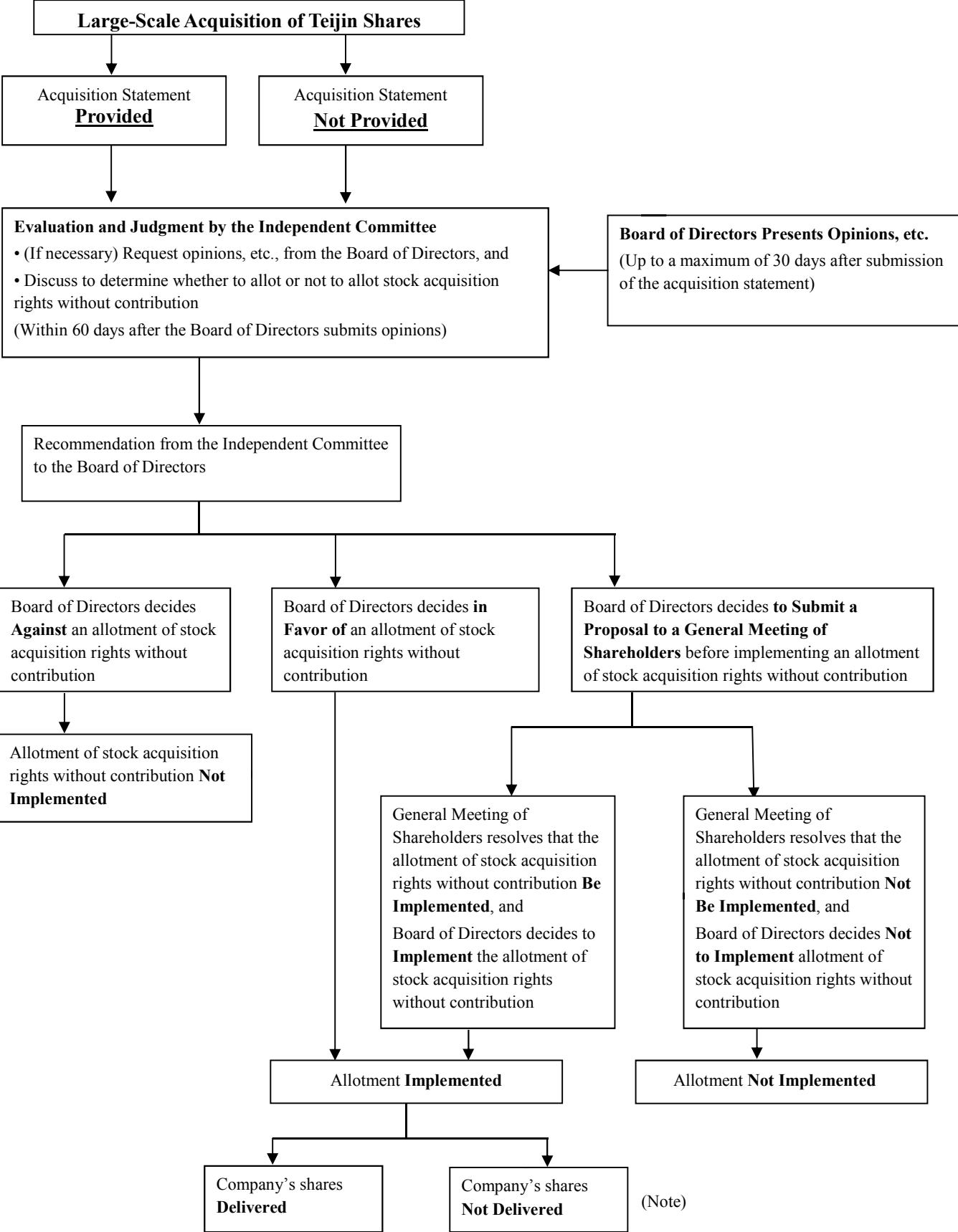
Kenichiro Senoh

Apr.1976 Joined Fuji Photo Film Co., Ltd. (Currently FUJIFILM Corporation)
Dec.1999 Representative Vice-President, Keio Academic Enterprise Co., Ltd.
Apr. 2001 Professor, Graduate school of Keio University Media and Government
Apr. 2004 President & Chairperson, The Industry-Academic Collaboration Initiative (NPO) (Incumbent)
Jun. 2012 Outside Director, Teijin Limited (Incumbent)
Member of the Advisory Board, Teijin Limited (Incumbent)
Oct.2014 Vice Chairman, The Japan Society for Science Policy and Research Management (Incumbent)
Nov. 2014 Director, Intellectual Property Association of Japan (Incumbent)

Noriko Hayashi

Apr. 1968 Registered as a lawyer (Tokyo Bar Association)
Apr. 1994 Member of the Family Affairs Conciliation Committee, Tokyo Family Court
Dec. 1996 Member of the Construction Work Disputes Committee, Tokyo Metropolitan Government
Apr. 2000 Chairperson, Committee on Equality of Men and Women, Tokyo Bar Association
May 2000 Representative, Hayashi Law Office (Incumbent)
Apr. 2001 Public Interest Member, Central Labor Relations Commission
Apr. 2005 Member of the Labor Policy Council and Chairperson, committee on Equal Employment
Opportunity and Treatment to Both Sexes, Ministry of Health, Labor and Welfare
Jun. 2009 Outside Corporate Auditor, Teijin Limited (Incumbent)
Jun. 2010 Chairperson of Committee on labor Law Legislation, Japan Federation of Bar Associations
(Incumbent)

Flow Chart of Countermeasures



Note: For example, if after an allotment of share acquisition rights without contribution a potential acquirer withdraws the proposed acquisition of the Company's shares, the Company may choose not to deliver Company's shares but acquire the stock acquisition rights without contribution.

<Reference>

Independent Director and Independent Corporate Requirements

Teijin Limited Independent Director and Independent Corporate Auditor Requirements

On April 1, 2003, Teijin Limited (the Company) prescribed "Requirements for Independent Directors" for outside directors, including candidates. These conditions for appointment are designed to increase the level of precision and ensure the transparency of the management supervisory function of the Board of Directors. At the same time, the Company also prescribed "Requirements for Independent Corporate Auditors," which covers outside corporate auditors and candidates. These requirements are intended to enhance the precision and transparency of the auditing of duties of internal directors and the management team. With regard to independent director and independent corporate auditor requirements, the Company has formulated and operates regulations concerning independent directors and independent corporate auditors of its own accord. The primary content of these requirements is described below.

Note: Hereinafter, the "Teijin Group" is used to refer collectively to 1) "Teijin Limited," 2) "subsidiaries of Teijin Limited" and 3) "equal joint venture partners."

Independent Director and Independent Corporate Auditor Requirements

- (1) Persons having no significant special interests in the Teijin Group.
- (2) Persons to whom items (a) through (e) below do not apply are deemed to be Independent Directors or Independent Corporate Auditors having no significant special interest in the Teijin Group.
 - (a) Internal officers or employees and former internal officers or employees of the Teijin Group
 - (b) Providers of specialized services to the Teijin Group
 - (c) Persons having customer or business partner relations with the Teijin Group
 - (d) Persons having "inter-directorship" relations with the Teijin Group
 - (e) Persons having other special interests in the Teijin Group

Detailed Internal Standards Concerning Persons Falling under Items (a) through (e) Above

Applicability of the category

(a) Internal officers or employees and former internal officers or employees of the Teijin Group

(1) In the event that the person does not satisfy the requirements under Company Law (Please refer to Company Law, Article 2, No. 15 and 16) for outside director or outside corporate auditor of Teijin Limited

(2) In the event that the person is a director of an "equal joint venture company," (including persons defined as "management executives" in Note 1 below) or has held such a position within the past five years

(3) In the event that a member of the person's "family" (Note 2) is currently a director of the Teijin Group (including persons defined as "management executives")

(b) Providers of specialized services to the Teijin Group

(1) In the event that the person or the person's "family" provides accounting audit services to the Teijin Group or has done so within the past five years, or in the event that the person or the person's "family" is currently a member of an outside auditing firm that provides accounting audit services to the Teijin Group or has been a member of such a firm within the past five years

(2) In the event that the person or the person's "family" provides, or has provided within the past three years, services other than accounting services that involved compensation of more than 7 million yen (or US\$60,000) and fall into the following categories:

(i) Lawyers, (ii) certified public tax accountants, (iii) chartered patent agents, (iv) judicial scriveners, (v) management, financial, technical or marketing consultants

(c) Persons having customer or business partner relations with the Teijin Group

In the event that the person currently holds the position of Director or any of "Executives and top managers" (Note 4) in a company or other for-profit organization in Japan or overseas that is presently a "major customer or business partner" (Note 3) of the Teijin Group

(d) Persons having "inter-directorship" relations with the Teijin Group

(1) In the event that the relationship exists wherein the outside director currently holds the position of director in a company in Japan or overseas or holds a position in a for-profit organization that is equivalent to the director position, and a director of the Teijin Group currently holds a director or equivalent executive position in that same organization

(2) In the event that the relationship exists wherein the outside corporate auditor holds a director position in a company in Japan or overseas or an equivalent executive position in a for-profit organization, and a director or auditor of the Teijin Group currently holds a director, auditor or equivalent executive position in that same organization

(e) Persons having other special interests in the Teijin Group

(1) In the event that the person currently receives contributions, financing or debt guarantees from the Teijin Group

(2) In the event that the person's "family" currently receives contributions, financing or debt guarantees from the Teijin Group amounting to 1 million yen or more

(3) In the event that the person or the person's "family" currently holds the position of Director or any of "Executives and top managers" (Note 4) in a company or for-profit organization in Japan or overseas that currently receives contributions, financing or debt guarantees from the Teijin Group amounting to 1 million yen or more

The terminology used above is defined below.

Note 1: "Management executives" are employees who hold positions of importance, including operating officers, senior officers or positions higher than general manager.

Note 2: "Family" includes spouses, children, people sharing the same household and other persons related by blood or marriage within two degrees of consanguinity

Note 3: "Major customer or business partner" describes a person or an entity whose total annual transaction relationship, either as a seller or a purchaser, has exceeded 2% of consolidated net sales at any time within the past three years. (If the Teijin Group is the seller, this amount refers to the percentage of consolidated net sales of Teijin Limited. If the Teijin Group is the buyer, this amount refers to the percentage of consolidated net sales of the other party.)

Note 4: "Executives and top managers" are employees, counselors or advisors who hold positions of importance, including auditor, operating officer or positions higher than general manager.

This "Teijin Limited Independent Director and Independent Corporate Auditor Requirements" document is intended as a reference to help deepen the reader's understanding of the Teijin Group. This document is an overview of the Independent Director Regulations and Independent Corporate Auditor Regulations as prescribed by the Company and is not a rigorously defined record of these regulations, Company Law or any other legislation.

Attached Reports

Reports on Operations for the 149th Fiscal Year (April 1, 2014 to March 31, 2015)

1. Current State of the Teijin Group

(1) Progress and Results of Operations

1) Progress and Results of Operating Activities

① Sales and Income

The global economy was comparatively stable in fiscal 2014, ended March 31, 2015, supported by firm conditions in the United States, although growth in the People's Republic of China (PRC) and a number of emerging economies decelerated visibly. The second half of the period saw significant fluctuations in currency rates and crude oil prices, the impact of which varied in different countries and territories. The Japanese economy slumped following the April 2014 consumption tax hike, and although signs of a rally were seen in the second half of the period the pace of recovery remained sluggish.

Under these conditions, consolidated net sales remained essentially level, edging up ¥1.7 billion, to ¥786.2 billion, as sales were generally favorable in all segments, bolstered by the weak yen, which largely countered the impact of the discontinuation of in-house production and sales of paraxylene. Operating income soared 116.2%, or ¥21.0 billion, to ¥39.1 billion, underpinned by solid results in our materials businesses—specifically, a recovery in the Advanced Fibers and Composites segment and the positive impact of restructuring initiatives, primarily in the Electronics Materials and Performance Polymer Products segment—and by yen depreciation and declining prices for raw materials and fuel. Ordinary income climbed 113.1%, or ¥22.5 billion, to ¥42.4 billion, a result that also reflected foreign exchange gains. Owing to extraordinary losses arising from restructuring and other initiatives, which amounted to ¥47.1 billion, we reported a net loss of ¥8.1 billion, down from net income of ¥8.4 billion in fiscal 2013. Net loss per share was ¥8.23, compared with net income per share of ¥8.50 in the previous fiscal year.

② Assets, Liabilities and Net Assets

Despite a decline in fixed assets attributable to the application of impairment accounting, total assets as of March 31, 2015, amounted to ¥823.7 billion, up ¥55.3 billion from the end of fiscal 2013. This was primarily due to an increase in the yen value of assets denominated in foreign currencies, a consequence of the weaker yen, and to higher stock purchases, which pushed up investment securities.

Total liabilities, at ¥520.1 billion, were up ¥51.8 billion from the fiscal 2013 year-end. Interest-bearing debt, which includes loans payable and bonds payable, rose ¥26.7 billion, to ¥308.2 billion, with contributing factors including the issue of convertible bonds.

Total net assets rose ¥3.5 billion, to ¥303.6 billion. Notwithstanding the net loss reported for the period, total shareholders' equity and total valuation and translation adjustments together increased ¥5.4 billion, to ¥287.1 billion, bolstered by an increase in valuation difference on available-for-sale securities.

Segment operating results (sales and operating income) of the Teijin Group are as follows.

(Billions of yen / %)

		Fiscal 2013	Fiscal 2014	Change	Percentage
Net sales	Advanced Fibers and Composites	¥123.6	¥135.5	¥12	9.7%
	Electric Materials & Performance Polymer Products	179.4	184.8	5.3	3.0
	Health Care	138.4	141.7	3.3	2.4
	Products Converting	254.2	259.4	5.2	2.0
	Sub-Total	¥695.6	¥721.4	¥25.8	3.7
	Others	88.8	64.8	-24.1	-27.1
	Total	¥784.4	¥786.2	1.7	0.2
	Operating income	Advanced Fibers and Composites	¥5.7	¥14.4	¥8.6
Electric Materials & Performance Polymer Products		-7.2	3.4	10.6	-
Health Care		24.5	24.8	0.3	1.2
Products Converting		5.2	4.2	-0.9	-18.1
Sub-Total		¥28.2	¥46.8	¥18.6	65.8
Others		1.7	4.0	2.2	128.8
Elimination and corporate		(11.9)	(11.7)	0.2	-
Total		¥ 18.1	¥ 39.1	¥21.0	116.2

Business Segment Results for fiscal 2014 were as follows:

■Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥135.5 billion (Increase of 9.7% compared with the preceding term), while operating income was ¥14.4 billion (Increase of 150.0% compared with the preceding term).

High-Performance Fibers

Demand remained firm for automotive applications and expanded for infrastructure-related applications.

Sales of mainstay *Twaron* para-aramid fibers rose steadily for automotive applications, including for tires in Europe, and for use as reinforcements for optical fibers, cables and hoses for oil drilling and other infrastructure-related applications. Sales for use in ballistic protection products showed signs of recovery, shored up by expanded demand in Asia and the Middle East. The profitability of *Technora* para-aramid fibers improved, reflecting brisk domestic sales for automotive applications and exports for infrastructure-related applications, as well as the weaker yen. Despite rising demand, sales of *Teijinconex* meta-aramid fibers for use in filters were hampered by persistently harsh competition, although sales for use in protective clothing and for industrial applications remained solid. Under these circumstances, we pressed forward with preparations to begin production of *Teijinconex* neo, a new type of meta-aramid fiber offering superior heat resistance and dyeability, in Thailand in July 2015. Motivated by increasingly stringent regulations pertaining to flame-retardant materials and environmental safety, we will continue to focus on expanding this particular business in promising Asian markets and emerging economies.

In polyester fibers, income at our subsidiaries in Thailand rose gradually—notwithstanding flagging sales for automotive applications attributable to a negative rebound in local sales, which were robust in fiscal 2013—thanks to an increase in sales volume for use in personal hygiene and general-purpose products, as well as to falling prices for raw materials and the reduction of costs. In Japan, sales volume for automotive applications slipped amid sagging demand, while sales of products used in bedding were also sluggish. Nonetheless, profitability was buttressed by higher sales for infrastructure- and civil engineering-related applications and for use in reverse osmosis membrane support layers for water treatment applications, as well as by efforts to cut costs. Looking ahead, we will strive to further strengthen our competitiveness by gradually realigning our domestic production configuration and transferring production of certain items to the aforementioned subsidiaries in Thailand.

Carbon Fibers and Composites

Demand for use in aircraft and in pressure vessels advanced, and efforts to realize new technologies were accelerated.

Sales of *TENAX* carbon fibers for use in aircraft remained favorable, as rising demand worldwide for commercial aircraft propelled a sharp increase in orders, prompting an increase in production by aircraft manufacturers. Among other applications, sales for use in pressure vessels remained steady, supported by favorable sales in North America for natural gas storage and in Asia for use in sports and leisure equipment, as did sales for use in reinforcement materials for civil engineering-related applications. Sales of *Pyromex* flame-resistant fibers were stable, supported by higher demand for use in aircraft brake pads. The depreciation of the yen and declines in prices for raw materials and fuel, particularly evident since autumn 2014, also helped boost profitability.

Against this backdrop, in the area of products for aircraft applications *TENAX* thermoplastic consolidated laminate (TPCL) was qualified for use in Airbus S.A.S.' A350 XWB all-new, extra-wide body midsize jetliner and subsequently adopted for use in the A350 XWB family. On another front, we accelerated efforts to realize various new technologies, promoting the development of production technologies for thermosetting carbon fiber-reinforced plastic (CFRP) and of rapid-curing and super-heat-resistant varieties of prepreg.

We also pressed ahead with the development of structural components for mass-produced vehicles made with our innovative thermoplastic CFRP *Sereebo*. To this end, the Teijin Composites Innovation Center, situated within our Matsuyama Plant, which is in Ehime Prefecture, and the Teijin Composites Application Center, located in Metro Detroit, in the United States, are collaborating on multiple projects targeted at developing specific components and establishing mass-production procedures, and are making solid progress on both fronts. Our joint development work with General Motors Company is entering the final stage of preparation for commercialization, and with *Sereebo* now officially registered on General Motors' materials list we have begun looking into the establishment of a new carbon fibers production facility in the United States.

■Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥184.8 billion (Increase of 3.0% compared with the preceding term) and operating income of ¥3.4 billion. (Increase of ¥10.6 billion compared with the

preceding term)..

Resin and Plastics Processing

Profitability soared, bolstered by a decline in prices for key raw materials and the positive impact of restructuring initiatives.

Full-term results for mainstay polycarbonate resin products rallied, bolstered by falling prices for key raw materials, a consequence of declines in crude oil prices since autumn 2014, and by the positive impact of ongoing restructuring initiatives. Nonetheless, with competition expected to remain harsh over the medium term, owing to a global product glut, we will step up strategic efforts to strengthen our earnings foundation by taking advantage of the halt of production at our plant in Singapore, scheduled for December 2015, to optimize production capacity and shrink fixed costs. Concurrently, we will promote the growth and expansion of our resin business by capitalizing on copolymerized polycarbonate resin, as well as on polyphenylene sulfide (PPS) polymer manufactured using innovative production processes at joint venture INITZ Co., Ltd.'s new production facility, which is scheduled to begin commercial production in autumn 2015, and by developing innovative composite materials that combine these resins with high-performance fibers.

In processed plastics, sales of *ELECLEAR* transparent electroconductive polycarbonate film for use in capacitive touch screens for vehicle navigation systems and of *Panlite Sheet* polycarbonate resin sheet for use in automotive instrument panels and dummy cans for vending machines were firm. During the period, we stepped up efforts to market retardation film that leverages the unique optical properties of polycarbonate for use as antireflective film on wearable devices. We also sought to expand our plastic glazing business, which maximizes our large-scale molding and coating technologies. Among high-performance resins, sales of specialty polycarbonate resin for use in smartphone camera lenses were healthy. In addition to broadening our lineup of specialty polycarbonate resin products that take advantage of our outstanding competitive edge in terms of product quality, we pressed forward with the expansion of applications of polyethylene naphthalate (PEN) resin, a key strategic material.

Films

Sales of products for use in smartphones and other devices were solid, but products for other mainstay applications struggled.

Overall operating conditions remained harsh. In the area of films for use as reflective film for liquid crystal display (LCD) televisions, the emergence of manufacturers from the PRC intensified pricing competition, while demand for PEN film for use in magnetic materials remained sluggish. Nonetheless, sales of *PUREX* release films for manufacturing processes remained firm for use in multilayer ceramic capacitors and polarizers for smartphones and other devices. In this environment, we continued to promote efforts to reduce costs, particularly fixed costs, as a result of which segment operating income was up from the fiscal 2013 level. Going forward, we will proceed with the integration of our domestic production facilities, announced in January 2015, to reinforce our cost competitiveness, as well as with efforts to foster new applications for products, thereby enhancing profitability. To support the further evolution of this business, we will also allocate management resources to the development of non-polyester high-performance films.

Overseas, demand for packaging applications and for use in solar cells, among others, flagged in the Americas and Europe. Nonetheless, we sought to maintain profitability by reducing costs. Profitability in the PRC remained encouraging, sustained by steady demand.

■ Healthcare

Sales in the Healthcare segment came to ¥141.7 billion (Increase of 2.4% compared with the preceding term), while operating income was ¥24.8 billion (Increase of 1.2% compared with the preceding term).

Pharmaceuticals

Sales of our novel treatment for hyperuricemia and gout expanded favorably.

Operating conditions for our domestic pharmaceuticals business remained harsh, owing to the April 2014 revision of reimbursement prices for prescription pharmaceuticals under Japan's National Health Insurance (NHI) scheme and to higher sales of generic drugs, which pushed down sales of long-listed originator drugs. In contrast, sales of hyperuricemia and gout treatment *Feburic* (febuxostat) rose steadily, further boosting our leading share of the Japanese market for such

treatments. Sales of *Somatuline*^{®*}, a treatment for acromegaly, also increased favorably. Drugs for which new formulations have been developed include osteoporosis treatment *Bonalon*^{®†}, which has been made available not only in tablet form but also as an oral jelly and an intravenous drip, thereby broadening choices available to osteoporosis sufferers.

Sales of febuxostat also continued to expand encouragingly overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 42 of these countries and territories, and we are in the process of obtaining regulatory approval to make it available in the others.

In R&D, we signed an agreement in May 2014 with U.K. pharmaceuticals manufacturer Sigma-Tau Pharma Ltd., gaining exclusive development and distribution rights in Japan for EZN-2279, a therapeutic agent for adenosine deaminase (ADA) deficiency developed by Sigma-Tau, and began preparing for domestic clinical trials. We also proceeded with the development of KTF-374, an innovative sheet-type fibrin surgical sealant that integrates pharmaceuticals and materials technologies, while core segment subsidiary Teijin Pharma Limited and Kaketsuken (The Chemo-Sero-Therapeutic Research Institute) prepared for the start of clinical trials in Japan. In line with this, in September 2014 we resolved to build a new integrated pharmaceuticals development laboratory, the Technology Integrated Pharmaceutics Center, in Iwakuni, Yamaguchi Prefecture. In December 2014, we embarked on Phase II clinical trials for bronchial asthma treatment PTR-36, while in February 2015 we obtained approval from Japan's Ministry of Health, Labour and Welfare to manufacture and market *Mucosolvan*[®] L Tablet 45 mg, a novel reduced-sized once-daily tablet-form expectorant that is easier to swallow and has the same effectiveness as regular-sized tablets. Sales of the new drug are scheduled to begin in the first half of fiscal 2015. In March 2015, we concluded an agreement with Taisho Pharmaceutical Co., Ltd., granting us the distribution rights in Japan for TT-063, an anti-inflammatory analgesic patch.

Home Healthcare

Rental volumes remained high or increased.

We currently provide home healthcare services to more than 400,000 individuals in Japan and overseas. In Japan, rental volume for mainstay therapeutic oxygen concentrators for home oxygen therapy (HOT) remained firm, thanks to the release of new models *Hi-Sanso 3S* and *Hi-Sanso Portable α* (alpha). In June 2014, we launched *Hi-Sanso 5S* and *Sanso Saver 5*, a new unit that helps resolve concerns and inconvenience for HOT patients in the event of a disaster or a major power failure. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, augmented by the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks and which also provides pertinent data to medical care facilities to enhance the effectiveness of treatment. Rentals of our noninvasive positive pressure ventilators (NPPVs) (the *NIP NASAL* series and *AutoSet CS*) also rose encouragingly. To fortify support services for individuals, we sought to improve our ability to respond to patient needs by capitalizing on new home healthcare call centers in Fukuoka and Osaka, the latter established in fiscal 2013. We are also gradually expanding our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke and other causes launched in fiscal 2013, which initially focused on the Tokyo metropolitan area, to medical institutions in other areas of the country.

Overseas, we currently provide home healthcare services in the United States, Spain and the Republic of Korea (ROK). In the period under review, operating conditions in the United States remained harsh, a consequence of healthcare system reform and sizeable ensuing declines in medical treatment fees, as well as other factors. We responded by taking steps to restore profitability, including integrating sales bases and reducing headcount.

■ Trading and Retail

The Trading and Retail segment yielded sales of ¥259.4 billion (Increase of 2.0% compared with the preceding term) and operating income of ¥4.2 billion (Decrease of 18.1% compared with the preceding term).

Fiber Materials and Apparel

Collaboration with leading overseas sportswear manufacturers in the area of strategic materials expanded dramatically.

Overall sales of fiber materials and apparel were healthy, bolstered by efforts to reinforce brand deployment for high-performance materials for use in sportswear and outdoor apparel. Of note, collaboration with leading overseas sportswear manufacturers expanded dramatically, particularly for *DELTAPEAK*, which we have positioned as a key strategic material. In the uniforms business, margins were hampered by the depreciation of the yen, which pushed up

* *Somatuline*[®] is a registered trademark of Ipsen Pharma S.A.S., Paris, France.

† *Bonalon*[®] is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

procurement costs. In the fibers and yarn business, standard imported yarns struggled, owing to bitter competition, a consequence of the weaker yen and a shortage of physical space for production among midstream companies. In textiles, sales remained firm as the waning yen buttressed exports, principally to Europe.

In functional textiles and apparel, yen depreciation and rising overseas sewing costs combined to squeeze the profitability of our mainstay OEM business, while orders for both summer and autumn/winter apparel stagnated, reflecting persistently unseasonable weather. Against this backdrop, we pushed ahead with efforts to establish a solid network of sewing bases and other facilities, focusing on Vietnam and Myanmar, with the aim of bolstering our supply capabilities in the Association of Southeast Asian Nations (ASEAN) region. In a move designed to strengthen our sales capabilities, we fortified our original design manufacturer (ODM) business by maximizing our materials development capabilities. Efforts included proposing innovative compound materials made with *SOLOTEX* polytrimethylene terephthalate (PTT) fiber—another strategically important material—and natural fibers.

Industrial Textiles and Materials

Sales of products for environmental and safety-related applications were brisk.

Among industrial fabrics, demand for materials used in child safety seats and other automotive accessories were sluggish, owing to a negative rebound following the last-minute demand rush that preceded Japan's April 2014 consumption tax hike. Sales of materials for tire cords, belts, hoses and other automotive applications were firm overall, although profitability of imported products deteriorated as a consequence of the yen's sharp downturn in the second half. Overseas, we established a new tire cord production joint venture in Thailand, the operations of which will encompass twisting, weaving and adhesive treatment. The new company is expected to commence operations in December 2015. We also began building a new processing line for automotive hose cords at subsidiary Teijin Cord (Thailand) Co., Ltd. Demand for airbag fabrics rose in the PRC, Thailand and Japan.

In the area of general-purpose materials, demand remained healthy for materials for civil engineering-related applications and membrane materials, used in temporary tents, among others, for disaster mitigation-related applications. In mainstay materials for environmental applications, sales of filters for use in wastewater processing in the PRC expanded. We also reported robust exports of short-cut fibers and high-performance materials, notably aramid, to Europe and the Americas, and of carbon materials to Asia. In interior materials, sales of home-use wiping cloths and related products were solid, but sales of curtains and wall- and floor-covering materials were generally weak. In the area of chemical products, domestic shipments of plastic films and related products were firm, bolstered by a partial recovery in demand from the semiconductor and electronics industries.

■ Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥64.8 billion (Decrease of 27.1% compared with the preceding term) and operating income of ¥4.0 billion (Increase of 128.8% compared with the preceding term).

In the Raw Materials & Polymers business, at the end of March 2014 the Company discontinued in-house production and sales of paraxylene, which had upset the supply-demand balance and hampered profitability, resulting in a substantial decrease in sales but an improvement in profit compared with the preceding term.

In the IT business, the favorable expansion of sales from the distribution of e-books contributed to firm sales in the net services category. In the IT services category, we established EverySense, Inc., in partnership with two other companies, with the aim of developing and offering new services in the Internet of Things (IoT)[‡] market, and continued to provide mental health support services for corporate employees on overseas assignment. In the healthcare category, we launched Digital Health Connect, Japan's first IT tool designed to facilitate collaboration between innovators in the healthcare field and IT service providers. We also took steps to establish a presence in new areas of the IT services market. Of note, we launched *Athlete Stories*, a program designed to support the efforts of athletes seeking to reach the top ranks in their particular sport.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators continued to expand favorably. With the aim of further expanding this business, we installed a second line at our production facility in the ROK, which commenced operation in December 2014. This has doubled our production capacity for *LIELSORT* LiB separators, positioning us to respond to further increases in demand. During the period, we also developed *NanoGram* silicon paste for use in the production of high conversion-efficiency solar cells, as well as a new processing technology that maximizes this product's performance features, and promoted marketing to solar cell manufacturers. In collaboration with Kansai

[‡] The IoT is a concept that describes the interconnection of a vast array of devices worldwide via the Internet. Such advanced connectivity will facilitate the realization of a wide range of new services.

University, we developed the world's first polylactic acid (PLA) piezoelectric fabrics for use in wearable devices that sense human movement and transforms it into data.

In the area of advanced medical materials, we are involved in a project to develop a groundbreaking patch to replace damaged cardiac tissue that delivers both the strength and extensibility required for long-term use. This project, which was selected for support under a program launched by Japan's Ministry of Economy, Trade and Industry to promote collaboration between medical institutions and industry, is a joint effort with Osaka Medical College and Fukui Warp Knitting Co., Ltd. On another front, we acquired a stake in Nakashima Medical Co., Ltd., with the aim of establishing a new joint venture, Teijin Nakashima Medical Co., Ltd., thereby facilitating our entry into the market for joint prostheses. The joint venture will capitalize on Nakashima Medical's metalworking technologies and expertise in joint prostheses with our materials technologies and sales capabilities. In addition to establishing itself as a leading manufacturer of domestically produced joint prostheses, the joint venture will lay a foundation for its eventual expansion into global markets.

In March 2015, ongoing efforts to advance businesses that integrate our capabilities in the IT and healthcare businesses resulted in the launch of *Sleep Styles*, a comprehensive sleep support service that includes, among others, the provision of related information via the Internet and a sleeping app.

2) Progress and Results of Non-Operating Activities

The progress and results of non-operating activities conducted by the Teijin Group ("the Group") during the fiscal year under review were as follows.

The Group is actively engaged in efforts to reduce its environmental impact, conserve energy and resources and make effective use of waste as part of its important efforts relating to all business operations. Specifically, as an effort to reduce the environmental burden by addressing climate change issues, we have been working continuously to reduce its emissions of greenhouse gases. To reduce waste, we strove to reduce total waste emissions and promoted various recycling processes. As a result, we have already achieved a significant reduction in the amount of non-recyclable waste emissions and are continuing our efforts to reduce them further.

We actively promote reduction of our environmental impact through efforts to design products, manufacturing processes and IT services in ways that minimize their environmental impact in accordance with the Teijin Group Design for Environment Guidelines, which assess the environmental impact throughout a product's life cycle, and by pushing ahead with the Group's "environmental businesses," including the development of weight trimming materials that contribute to reducing CO2 emissions and recycling technologies that enable the reuse of water and other resources.

In the previous fiscal year, the Group's efforts at "reducing emissions of CO2, toxic substances and waste," "implementing safety management of chemical substances" and "developing business based on clean technologies and products" such as carbon fibers and bioplastics products were recognized in the form of an AAA rating in the ESG Index of globally recognized authority Morgan Stanley Capital International Inc. (MSCI). The AAA rating is the highest rating on the index, which selects companies achieving outstanding performance on environmental, social, and corporate governance aspects.

In line with the policy shared by all Group companies, the Group is actively engaged in corporate social contribution activities leveraging the distinctive characteristics of each business group and each region.

In Japan, the Group continued to support the restoration of areas affected by the Great East Japan Earthquake. Other initiative included active support for amateur sports and youth sports by sponsoring the All Japan High School Soccer Tournament. At the same time, we continued various schemes to support volunteer activities by employees.

In the Group's international exchange activities, in China it has helped to establish a fund to provide scholarships to students from low income families. In Southeast Asia we have been supporting sports events for children and donating picture books to libraries. We are also continuing to participate in social contribution programs aiming to solve issues such as famine in developing countries.

Going forward, as conscientious corporate citizen, the Group will continue to promote active participation and support for academic, educational, cultural and sports activities, as well as environmental preservation and disaster prevention activities.

(2) Changes in Assets and Profit and Loss

Fiscal Period Items	146 th Fiscal Period FY2011	147 th Fiscal Period FY2012	148 th Fiscal Period FY2013	149 th Fiscal Period FY2014 (Current period)
Net sales (Millions of yen)	854,370	745,712	784,424	786,171
Operating income (Millions of yen)	34,044	12,357	18,078	39,086
Ordinary income (Millions of yen)	34,283	9,786	19,887	42,378
Net income (Millions of yen)	11,979	△29,130	8,356	△8,086
Net earnings per share (Yen)	12.17	△29.61	8.50	△8.23
Total assets (Millions of yen)	762,118	762,399	768,411	823,694
Net assets (Millions of yen)	312,217	292,127	300,112	303,635

(3) Capital Investments

Capital investments by the Group in fiscal 2014 totaled ¥28.1 billion, mainly for maintenance and renewal..

(4) Financing

While raising long-term debt to secure stable funds, the Group also strove to reduce its financing cost by utilizing direct financing markets in the form of convertible bonds and commercial paper. The Group's interest-bearing debt, such as long-term debt, increased by ¥26.7 billion from the end of the previous fiscal year to ¥308.2 billion, as the Company raised ¥40 billion by the Zero Coupon Convertible Bonds due to 2018 (bonds with stock acquisition rights) and the Zero Coupon Convertible Bonds due to 2021 (bonds with stock acquisition rights) in December 2014.

(5) Medium-to Long-term management strategy and Tasks Ahead

Revised Medium-Term Management Plan

In November 2014, we introduced a revised medium-term management plan, which centers on restructuring initiatives and transformation and growth strategies, to guide our efforts through fiscal 2016.

Restructuring initiatives

The goals of our restructuring initiatives are to ensure full awareness of and further reinforce the basic strengths we have amassed to date and to build a new structure capable of supporting transformation and growth strategies. To this end, we have narrowed our focus by analyzing each of our businesses from the perspectives of market growth potential, competitive advantages and profitability, and will promote the targeted allocation of corporate resources in promising growth businesses. Based on the results of this process, we will promote key strategic efforts:

Electronics materials and performance polymer products

We will streamline our production configuration with the aim of shrinking businesses that center on commoditized products and shifting our emphasis to high-value-added products.

Advanced fibers and composites

To reinforce our competitiveness, we will expand our production base in Thailand and centralize our domestic production and R&D bases.

Raw materials and polymerization

With the aim of dramatically revamping our production model for polyester products, we will discontinue in-house production of dimethyl terephthalate (DMT) and centralize our domestic polymerization facilities.

Healthcare

We will promote a dramatic reorganization of our U.S. home healthcare business.

We expect the positive impact of restructuring initiatives on operating income in fiscal 2016 to be ¥13.0 billion higher than in fiscal 2014. We estimate that the annual combined positive impact of such efforts, when fully realized, will be ¥17.5 billion.

Transformation and growth strategies

The Teijin Group is a unique corporate entity with capabilities in three core business domains, namely, high-performance materials, healthcare and IT. While to date we have sought to grow businesses in each domain independently, our emphasis going forward will be on integrating capabilities and competitive advantages from these domains to realize new value for our customers.

Of note, we will seek to leverage key Group capabilities to capitalize on business opportunities arising from macroeconomic trends in areas we recognize as particularly promising—which we have grouped into three categories: environment and energy conservation; safety, security and disaster mitigation; and demographic change and increased health consciousness—to foster groundbreaking, distinctively Teijin businesses in line with four specific growth concepts.

Offer high-performance composite materials that realize new value for customers

Automotive devices, battery components

Expand the scope of our monitoring services

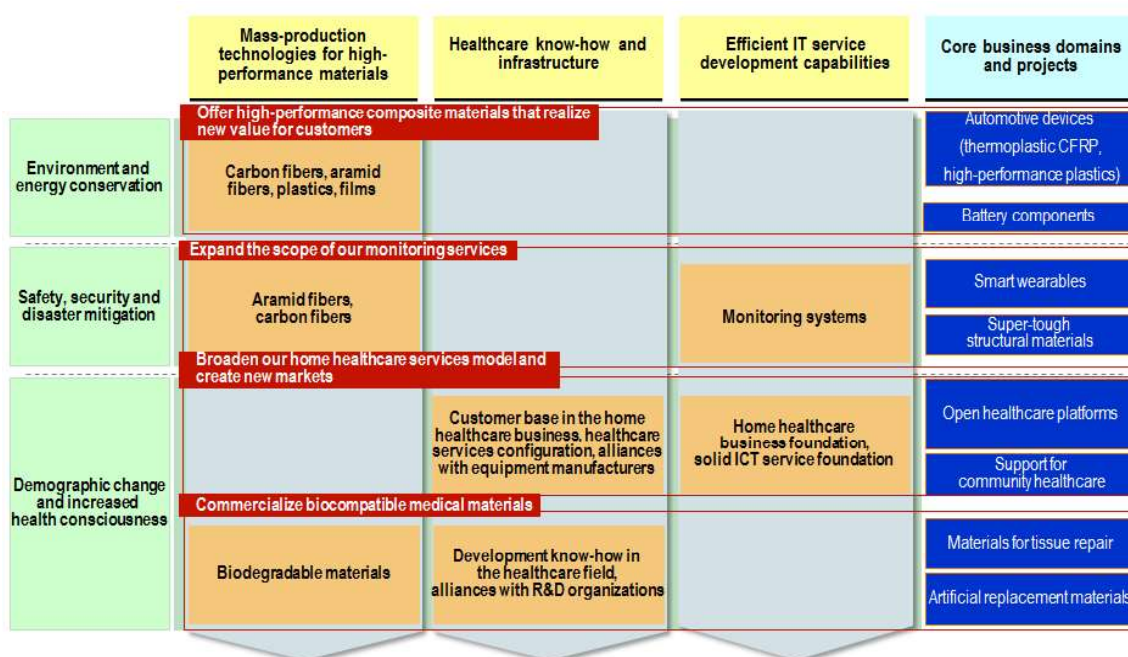
Smart wearables, super-tough structural materials

Diversify our home healthcare services model and create new markets

Open healthcare platforms, support for community healthcare

Commercialize biocompatible medical materials

Materials for tissue repair, artificial replacement materials

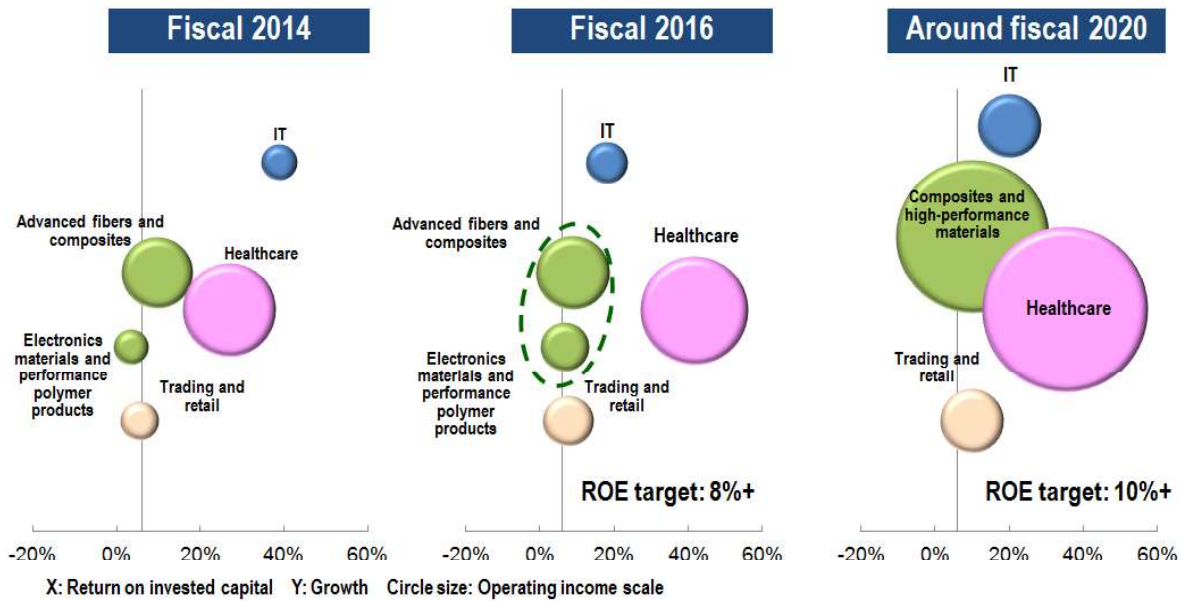


Medium-term management targets

We expect results in the years ahead to be bolstered by the positive impact of restructuring initiatives and by the growth of our core strategic advanced fibers and composites and healthcare businesses. Accordingly, we will continue working to achieve the targets we have set for fiscal 2016, notably operating income of ¥50.0 billion and ROE of 8% or higher.

Future outlook

In the years ahead, we will promote further restructuring initiatives with the goal of unifying our various materials businesses. By around fiscal 2020, we intend to evolve as an extensive corporate group with two principal businesses, one being healthcare and the other being composites and high-performance materials, supported by two stable-profit businesses, namely, trading and retail and IT.



(6) Primary Businesses

The Teijin Group conducts various businesses including the manufacture and sale of the products below, operating in the Advanced Fibers and Composites, Electric Materials & Performance Polymer Products, Health Care, Products Converting, and Others segments.

(As of March 31, 2015)

Business Segments	Business Fields	Principal Products and Businesses
Advanced Fibers and Composites	Aramid Fibers	Para-aramid fibers, Meta-aramid fibers, High-performance polyethylene, Artificial leather
	Carbon Fibers	Carbon fibers, Oxidized PAN fibers
	Polyester Fibers	PET · PEN fibers
Electric Materials & Performance Polymer Products	Plastics	Polycarbonate resin · sheet · film, molding product Transparent conductive film, PET · PEN · PBN resin, Flame-retardant agents
	Films	PET · PEN film
Health Care	Pharmaceuticals	Agent for Osteoporosis, Agent for Infection, Expectorant, Inhaled Corticosteroid Agent for Adult Asthma, Agent for Hyperlipidemia, Treatment for Hyperuricemia and gout Agent for treating pain associated with osteoarthritis of the knee
	Home Health Care	Oxygen Concentrator for home oxygen Therapy(HOT), Continuous Positive Airway Pressure Unit (CPAP), Ultrasound Bone Fracture Treatment Devices
Products Converting	Textiles and Apparel	Fiber materials, Textiles, Apparel products, General merchandise
	Industrial Textiles and Materials	Industrial and vehicle materials, Living and interior goods, Resin · films, Packing and construction materials,
Others	IT Services	Planning, development and consultation of information systems for cell-phone operators, general-companies, medical-related organizations, public offices and educational research institutions Supply of a variety of services of the planning, management of information systems
	Net Business	Supply of contents and e-commerce, etc. for cell phones or smartphones
	New Business development	Lithium-ion battery separators
	Raw Materials, Polymers	PET / PEN recycle, Polyester raw materials

Notes: PET (Polyethylene terephthalate), PEN (Polyethylene naphthalate), PBN (Polybutylene naphthalate)

(7) Primary Business Places

(As of March 31, 2015)

Business	Function	Location
The Company	Headquarters	Osaka, Tokyo
Advanced Fibers and Composites	Manufacturing bases	Ehime, Yamaguchi, Shizuoka, Gifu
		U.S.A., Germany, the Netherlands, China, Thailand
	Operation bases	Tokyo, Osaka
		U.S.A., Germany, the Netherlands, China, Thailand
	Research bases	Osaka, Shizuoka, Ehime
		U.S.A., Germany, the Netherlands, Thailand, China
Electric Materials & Performance Polymer Products	Manufacturing bases	Gifu, Tochigi, Ehime, Hiroshima
		China, Singapore, Indonesia
	Operation bases	Tokyo, Osaka, Aichi
		U.S.A., the Netherlands, China, Korea, Taiwan, Singapore, Malaysia, Indonesia, Thailand
	Research bases	Gifu, Ehime, Chiba, Hiroshima
		China
Health Care	Manufacturing bases	Yamaguchi
	Operation bases	12 branches throughout Japan
		U.S.A
Research bases	Tokyo, Yamaguchi	
		U.S.A., U.K.
Products Converting	Manufacturing bases	Ishikawa, Fukui, Shiga
		China, Thailand, Vietnam
	Operation bases	Tokyo, Osaka, Aichi, Niigata
		U.S.A., Germany, China, Thailand, Hong Kong, Vietnam, Indonesia
Others	Manufacturing bases	Tokyo, Ehime, Korea
	Operation bases	Tokyo, Osaka, Kanagawa, Fukuoka, Ehime, Yamaguchi
	Research bases	Tokyo, Osaka, Yamaguchi, U.S.A

Note: The function of headquarters is indicated in The Company, and the manufacturing, operation and research bases are indicated in each business segments.

(8) Employees

Business segments	148 th Fiscal Period FY2013 (As of March 31, 2014)	149 th Fiscal Period FY2014 (As of March 31, 2015) (Current period)	Change in the number of employees
Advanced Fibers and Composites	4,078	4,307	+229
Electric Materials & Performance Polymer Products	2,327	2,152	Δ 175
Health Care	3,643	3,701	+58
Products Converting	3,029	3,010	Δ 19
Others	2,679	2,610	Δ 69
Total	15,756	15,780	+24

Notes:

1. The number of employees stated above represents the numbers of employees in each segment.
2. The number of employees stated above does not include temporary employees
(2,193 employees for the 148th fiscal period and 2,367 employees for the 149th fiscal period)

(9) Significant Subsidiaries

(As of March 31, 2015)

Business segments	Subsidiary (Location of The Head Office)	Capital	Investment ratio (%)	Principal business
Advanced fibers and Composites	Toho Tenax Co., Ltd. (Tokyo)	¥500 million	99.75	Production and sales of carbon fibers and Oxidized PAN fibers
	Toho Tenax Europe GmbH (Germany)	0.025 million euro	※100.00	Production and sales of carbon fibers
	Toho Tenax America, Inc. (U.S.A.)	US\$12.5 million	※100.00	Production and sales of carbon fibers and Oxidized PAN fibers
	Teijin Aramid B.V. (the Netherlands)	0.02 million euro	※100.00	Production and sales of para-aramid fibers
	Teijin (Thailand) Limited (Thailand)	800 million bath	※100.00	Production and sales of polyester fibers
	Teijin Polyester (Thailand) Limited (Thailand)	548 million bath	66.87	Production and sales of polyester fibers
Electric Materials & Performance Polymer Products	Teijin DuPont Films Japan Limited (Tokyo)	¥10,010 million	60.00	Production and sales of polyester films
	Teijin Polycarbonate Singapore Pte Ltd. (Singapore)	US\$75 million	100.00	Production and sales of polycarbonate resins
	Teijin Polycarbonate China Ltd.(China)	720 million RMB	100.00	Production and sales of polycarbonate resin
	Teijin Chemicals Plastic Compounds Shanghai Ltd. (China)	143 million RMB	100.00	Coloration, processing and sales of polycarbonate resins
Health Care	Teijin Pharma Limited (Tokyo)	¥10,000 million	100.00	Production and sales of medicinal drugs and medical equipment
	Teijin Home Health Care Ltd (Tokyo)	¥100 million	※100.00	Home health care services provider
	Braden Partners L.P. (U.S.A.)	US\$134 million	※100.00	Home health care services provider
Product Converting	Teijin Frontier Co., Ltd (Osaka)	¥2,000 million	100.00	Sales of textiles and others
	Nantong Teijin Co., Ltd. (China)	¥4,000 million	100.00	Production and sales of polyester textile goods
Others	Infocom Corporation (Tokyo)	¥1,590 million	58.08 Notes3	Development and sales of computer software, etc.
	Teijin Engineering Ltd. (Osaka)	¥475 million	100.00	Engineering services, design and sales of plants and equipment
	Teijin Logistics Co., Ltd. (Osaka)	¥80 million	100.00	Transportation and custody of goods

Notes: 1. The Teijin Group has 69 consolidated companies including the aforementioned 18 significant subsidiaries; 77 companies are accounted for via the equity method.

2. ※ indicates the investment ratio including investment by subsidiaries.

(10) Primary Lenders and Amount of Borrowings

(As of March 31, 2015)

Primary Lenders	Balance of borrowings
Millions of yen	
The Bank of Tokyo-Mitsubishi UFJ, Ltd. *	49,983
Development Bank of Japan Inc.	30,000
Mizuho Bank, Ltd. *	23,207
The Norinchukin Bank	5,200
Sumitomo Mitsui Banking Corporation*	4,929

- Notes: 1. * indicates that the balance of borrowings includes loans from overseas affiliate banks.
 2. In addition to loans indicated in the balance of borrowings above, the Company borrows ¥106,733 million under syndicated loans.

2. Matters Regarding the Shares of the Company (As of March 31, 2015)

- (1) Issuable shares 3,000,000,000 shares
 (2) Issued shares 984,758,665 shares
 (3) Number of shareholders 98,874
 (4) Top 10 shareholders of the Company

Shareholders		Investment in the Company	
		Number of shares held	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust account)	74,047,000	7.53
2	Japan Trustee Service Bank, Ltd.(Trust account)	59,504,000	6.05
3	Nippon Life Insurance Company	35,227,509	3.58
4	The Employee Stock Ownership Association of Teijin	25,141,992	2.56
5	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,694,935	2.11
6	Japan Trustee Service Bank, Ltd.(Trust account 9)	14,751,000	1.50
7	STATE STREET BANK WEST CLIENT-TREATY 505234	10,841,859	1.10
8	STATE STREET BANK AND TRUST COMPANY 505223	10,837,714	1.10
9	STATE STREET BANK AND TRUST COMPANY 505001	10,297,975	1.05
10	Nisshinbo Holdings Inc.	9,766,292	0.99

Note: The shareholding ratio has been calculated after excluding Treasury stocks (1,925,911 shares) from the Issued shares.

3. Stock Option

(1) Status of Stock Option as of the last day of the subject Fiscal Year

Time of Issue (Issue date)	5 th (July 10, 2006)	6 th (July 5, 2007)	7 th (July 7, 2008)	8 th (July 9, 2009)	9 th (July 9, 2010)	10 th (Mar 12, 2012)	11 th (Mar 15, 2013)	12 th (Mar 14, 2014)	13 th (Mar 18, 2015)
Number of Issued Stock Option (unit)	146	207	328	420	349	737	698	618	379
Class and Number of Shares (Common Stock) to be acquired by the Stock Option	146,000	207,000	328,000	420,000	349,000	737,000	698,000	618,000	379,000
Issue Price of Stock Option (per share)	¥663	¥610	¥307	¥253	¥261	¥245	¥196	¥228	¥385
Exercise Price of Stock Option (per share)	¥1	¥1	¥1	¥1	¥1	¥1	¥1	¥1	¥1
Period during which the Stock Option may be exercised	July 10, 2006 ~ July 9, 2026	July 5, 2007 ~ July 4, 2027	July 7, 2008 ~ July 6, 2028	July 9, 2009 ~ July 8, 2029	July 9, 2010 ~ July 8, 2030	Mar 12, 2012 ~ Mar 11, 2032	Mar 15, 2013 ~ Mar 14, 2033	Mar 14, 2014 ~ Mar 13, 2034	Mar 18, 2015 ~ Mar 17, 2035

Of the above, total number of unexercised Stock Option held by Directors and Corporate Auditors of the Company (breakdown by each issue of the Stock Option)

(As of March 31, 2015)

Issue	Directors		Corporate Auditors	
	Number of Units	Number of Directors Holding Rights	Number of Units	Number of Corporate Auditors Holding Rights
The 5 th Issue of the Stock Option	12	4	2	1
The 6 th Issue of the Stock Option	21	5	7	2
The 7 th Issue of the Stock Option	41	5	10	2
The 8 th Issue of the Stock Option	55	5	13	2
The 9 th Issue of the Stock Option	50	5	12	2
The 10 th Issue of the Stock Option	118	5	17	1
The 11 th Issue of the Stock Option	156	6	-	-
The 12 th Issue of the Stock Option	141	6	-	-
The 13 th Issue of the Stock Option	106	6	-	-

Note:

1. No Stock Option is granted to any Outside Directors and Corporate Auditors.
2. The Stock Option held by the Corporate Auditors were distributed as a consideration of performance of duties as Director or Corporate Officer prior to assuming the position of Corporate Auditor.

(2) Stock Option distributed during the subject Fiscal Year

Stock Option distributed during the subject Fiscal Year is stated in the 13th Issue of the Stock Option noted in (1) above.

Status of Stock Option distributed to employees of the Company in the 13th Issue of Stock Option.

No. of Unites	No. of Recipients
273	26

(3) Other important matters concerning Stock Acquisition Rights

Outlines of the Zero Coupon Convertible Bonds due to 2018 (bonds with stock acquisition rights) and the Zero Coupon Convertible Bonds due to 2021 (bonds with stock acquisition rights), that were issued based on the resolution of the meeting of the Board of Directors held on November 26, 2014 are stated below at the end of the fiscal year.

Title	Zero Coupon Convertible Bonds due to 2018	Zero Coupon Convertible Bonds due to 2021
The total amount of debenture	20 billion yen	20 billion yen
Issue date	December 12, 2014	December 12, 2014
Redemption fixed date	December 12, 2018	December 10, 2021
Number of stock acquisition rights	2,000 units	2,000 units
Type of shares to be issued upon exercise of stock acquisition rights	Common shares of the Company	Common shares of the Company
Number of shares to be issued upon exercise of stock acquisition rights	The number is determined by dividing the aggregate principal amount of the bonds upon exercise of the stock acquisition rights by the conversion price	The number is determined by dividing the aggregate principal amount of the bonds upon exercise of the stock acquisition rights by the conversion price
The contents and the value of the assets invested on the occasion of use of the stock acquisition rights	In case of the use of the stock acquisition rights, the Bond holder will invest the bonds upon exercise of the stock acquisition rights and the Bonds price will equal to the face value price.	In case of the use of the stock acquisition rights, the Bond holder will invest the bonds upon exercise of the stock acquisition rights and the Bonds price will equal to the face value price.
Conversion price	¥417 per share (subject to adjustment in certain circumstances)	¥410 per share (subject to adjustment in certain circumstances)
Exercise period of stock acquisition rights	Between December 26, 2014 and November 28, 2018	Between December 26, 2014 and November 26, 2021

4. Directors and Corporate Auditors

(1) Directors and Corporate Auditors

(As of March 31, 2015)

Post	Name	Duty, state of significant positions concurrently held at other companies
Chairman of the Board	Shigeo Ohyagi	Chairman, Japan Bio Plastics Association Permanent Officer, Keidanren(Japan Business Federation) Officer, Japan Association of Corporate Executives (Keizai Doyukai) Outside Director, Sharp Corporation Outside Director, Recruit Holdings Co., Ltd Outside Corporate Auditor, JFE Holdings, Inc.
President, Representative Director	Jun Suzuki	CEO (Chief Executive Officer) Vice Chairman, Japan Chemical Fibers Association
Senior Executive Officer, Representative Director	Osamu Nishikawa	Chief Social Responsibility Officer Supervisor of Corporate Audit Department Director, Effective Utilization of Factories Project
Senior Executive Officer, Director	Yoshio Fukuda	General Manager, Electric Materials & Performance Polymer Products Business Group General Manager, Films Business Unit Chairman, Teijin DuPont Films
*Executive Officer, Director	Yo Goto	General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory Supervisor of Safety Control
*Corporate Officer, Director	Yoshihisa Sonobe	General Manager, Corporate Strategy Office Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project Member of, Global Policy Board Teijin DuPont Films Global Joint Venture
Director	Hajime Sawabe	Counselor, TDK Corporation Outside Corporate Auditor, Nikkei Inc. Vice Chairman of Council, Waseda University
Director	Yutaka Imura	Councilor, Ministry of Foreign Affairs, Japan(Southeast Asia cooperation ambassador) Vice-Chairman, Japan-Indonesia Association, Inc. Adviser, Taisei Corporation
Director	Nobuo Seki	Outside Director, KAMEDA SEIKA Co., Ltd. Outside Director, Wethernews Inc. Outside Corporate Auditor, SUGIYO Co., Ltd. Professor, Graduate School of Shibaura Institute of Technology
Director	Kenichiro Senoh	President & Chairperson, The Industry-Academia Collaboration Initiative (NPO) Visiting Professor, Hitotsubashi University Graduate School of Commerce and Management (MBA program) Vice Chairman, The Japan Society for Science Policy and Research Management Director, Intellectual Property Association of Japan
Full-time Corporate Auditor	Atsuo Amano	
Full-time Corporate Auditor	Toshiaki Yatabe	
Corporate Auditor	Toshiharu Moriya	Certified Public Accountant, Licensed Tax Accountant Outside Corporate Auditor, NIFTY Corp. Outside Corporate Auditor, Fujitsu Frontech Limited. Auditor, Kanagawa Dental College
Corporate Auditor	Noriko Hayashi	Representative, Hayashi Legal Office Lawyer The Chairperson of Committee on Labor Law Legislation, Japan Federation of Bar Associations
Corporate Auditor	Nobuo Tanaka	Global Associate, The Institute of Energy Economics, -Japan Outside Corporate Auditor, Innotech Corporation Adviser, INPEX Corporation Professor, Graduate School of Public Policy, Tokyo University

Notes:

1. The director marked with * was newly elected at the 148th Ordinary General Meeting of Shareholders held on June 20, 2014.
2. Four (4) Directors— Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh—are outside directors. The Company requires the candidate for outside director to satisfy the requirements of “Independent Director” stipulated by the Company. These four (4) Directors satisfied all such requirements and maintained their independence throughout the relevant fiscal year. Because they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Director/Auditor” at the stock exchanges. Refer to the 31-32 pages for the requirements of “Independent Officer” which Company defines.
3. There are no important interests between the Company and any of the entities at which the abovementioned outside directors hold positions as director/corporate auditor etc.
4. Three (3) Corporate Auditors— Toshiharu Moriya, Noriko Hayashi and Nobuo Tanaka—are outside corporate auditors. The Company requires the candidate for outside corporate auditor to satisfy the requirements of “Independent Corporate Auditor” stipulated by the Company. These three (3) Corporate Auditors satisfied the all said requirements and maintained their independence throughout the relevant fiscal year. Because they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Director/Auditor” at the stock exchanges. Refer to the 31-32 pages for the requirements of “Independent Officer” which Company defines.
5. There are no important interests between the Company and any of the companies at which the abovementioned outside corporate auditors hold positions as director/corporate auditor etc.
6. Corporate Auditor Toshiharu Moriya is a Certified Public Accountant and has ample knowledge of finance and accounting.
7. The following Directors retired as of June 20, 2014.

Director	Norio Kamei
Director	Takashi Takahashi
8. Changes in posts and duties of Directors during the subject fiscal year are as follows.

Name	New Post	Former Post	Date of Change
Shigeo Ohyagi	Chairman of the Board	President, Representative Director CEO (Chief Executive Officer)	Apr 1, 2014
Jun Suzuki	President, Representative Director CEO (Chief Executive Officer)	Executive Officer, Director, General Manager, Advanced Fibers & Composites Business Group General Manager, Carbon Fibers & Composites Business Unit President & Representative Director, Toho Tenax Co., Ltd.	Apr 1, 2014
Yo Goto	Executive Officer, Director General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory Supervisor of Safety Control	Executive Officer General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory	June 20, 2014
Yoshihisa Sonobe	Corporate Officer, Director General Manager, Corporate Strategy Office Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project Member of, Global Policy Board Teijin DuPont Films Global Joint Venture	Corporate Officer, General Manager, Corporate Strategy Office Supervisor of Raw Materials & Polymers Division Member of, Global Policy Board Teijin DuPont Films Global Joint Venture	June 20, 2014

9. Changes in posts and duties of Directors following the subject fiscal year are as follows.

Name	New Post	Former Post	Date of Change
Osamu Nishikawa	Director, Advisor	Representative Director, Senior Executive Officer Chief Social Responsibility Officer Supervisor of Corporate Audit Department Director, Effective Utilization of Factories Project President	April 1, 2015
Yoshio Fukuda	Director, Advisor	Senior Executive Officer, Director General Manager, Electric Materials & Performance Polymer Products Business Group General Manager, Films Business Unit Chairman, Teijin DuPont Films	April 1, 2015
Yo Goto	Representative Director, Senior Executive Officer General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory Supervisor of Safety Control	Executive Officer, Director General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory Supervisor of Safety Control	April 1, 2015
Yoshihisa Sonobe	Corporate Officer, Director General Manager, Corporate Strategy Office Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project Chairman, Teijin DuPont Films	Corporate Officer, Director General Manager Corporate Strategy Office Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project Member of, Global Policy Board Teijin DuPont Films Global Joint Venture	April 1, 2015

(2) Remuneration for Directors and Corporate Auditors

1) Remuneration for Directors during the subject fiscal year

(millions of yen)

Inside Directors		Outside Directors		Total	
Number of Directors	Amount of Remuneration	Number of Directors	Amount of Remuneration	Number of Directors	Amount of Remuneration
8	288	4	52	12	341

Notes:

1. Inside directors means directors other than outside directors.
2. The Company has no director who is also an employee of the Company.
3. The maximum annual remuneration for directors is ¥700 million, of which ¥630 million is for annual salary and ¥70 million is for the fair value of compensation-type stock options (as resolved by the 140th Ordinary General Meeting of Shareholders, held on June 23, 2006).
4. The performance-based remuneration system is applied for the inside directors. The amount of remuneration is basically determined according to the consolidated Return on Assets (ROA) and additionally based on the consolidated Return on Equity (ROE), the improvement of operating income, achievements relative to budgets, and an evaluation of the director's performance. Outside directors receive a fixed amount of remuneration.
5. The amounts of above remuneration include ¥40 million as compensation-type stock options granted to inside directors for their duties performed during the subject fiscal year. Stock options were not granted to outside directors.
6. The Company abolished the retirement benefits payment system for retiring inside directors at the conclusion of the 145th Ordinary General Meeting of Shareholders held on June 22, 2011. For the directors who remained in office after the conclusion of the said Ordinary General Meeting of Shareholders, it was decided that payments of retirement benefits corresponding to their respective periods in office up to the abolishment of the retirement benefits payment system are to be made when each director retires. In accordance with this, apart from the above-mentioned amounts of remuneration, retirement benefits of ¥25 million were paid to one (1) inside director who retired during the subject fiscal year. Retirement benefits are not paid to outside directors.

2) Remuneration for Corporate Auditors during the subject fiscal year

(millions of yen)

Inside Corporate Auditors		Outside Corporate Auditors		Total	
Number of Corporate Auditors	Amount of Remuneration	Number of Corporate Auditors	Amount of Remuneration	Number of Corporate Auditors	Amount of Remuneration
2	66	3	28	5	94

Notes:

1. Inside corporate auditors means corporate auditors other than outside corporate auditors.
2. The maximum monthly remuneration for corporate auditors is ¥12 million (as resolved by the 133rd Ordinary General Meeting of Shareholders held on June 25, 1999).

(3) Outside Directors and Outside Corporate Auditors

- 1) Significant concurrent positions and the relation between the Company and the entities at which Outside Directors and Outside Corporate Auditors hold such positions.

They are shown in the above-mentioned 「(1) Directors and Corporate Auditors」.

2) Main Activities of Outside Directors and Outside Corporate Auditors

Category	Name	Main Activities
Outside Directors	Hajime Sawabe	Attended 12 of the 12 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his extensive management experience and knowledge.
	Yutaka Imura	Attended 12 of the 12 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his expertise and knowledge cultivated over many years as a diplomat.
	Nobuo Seki	Attended 12 of the 12 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his extensive management experience and knowledge.
	Kenichiro Senoh	Attended 12 of the 12 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his specialist viewpoint of business model field.
Outside Corporate Auditors	Toshiharu Moriya	Attended 12 of 12 meetings of the Board of Directors and 9 of 9 meetings of the Board of Corporate Auditors held during the relevant fiscal year and offered valuable comments from his professional knowledge as a Certified Public Accountant and Licensed tax accountant.
	Noriko Hayashi	Attended 12 of 12 meetings of the Board of Directors and 9 of 9 meetings of the Board of Corporate Auditors held during the relevant fiscal year and offered valuable comments from her professional knowledge as lawyer, and offered, in particular, advice and suggestions concerning compliance
	Nobuo Tanaka	Attended 12 of 12 meetings of the Board of Directors and 9 of 9 meetings of the Board of Corporate Auditors held during the relevant fiscal year and offered valuable comments from his experience at the government agencies and international organization and offered, in particular, advice and suggestions concerning corporate governance.

3) Liabilities Limitation Agreements

① Liabilities Limitation Agreement with Outside Directors

The Company has executed a Liabilities Limitation Agreement with each of four (4) outside directors, Hajime Sawabe, Yutaka Imura, Nobuo Seki and Kenichiro Senoh which limits the respective liabilities of each outside director to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

② Liabilities Limitation Agreement with Outside Corporate Auditors

The Company has executed a Liabilities Limitation Agreement with each of three (3) outside corporate auditors, Toshiharu Moriya, Noriko Hayashi and Nobuo Tanaka which limits the respective liabilities of each outside corporate auditor to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC.

(2) Amount of Remuneration

(Millions of yen)

Details	Amount
1) The amount of remuneration, etc., to be paid by the Company to the accounting auditor	171
2) The total amount of cash or other proprietary interest to be paid by the Company and its subsidiaries to the accounting auditor	318

Notes:

1. The amount described in Item 1) of the above table is the total sum of the remunerations for audits under the Companies Act and the remuneration for the audits under Financial Products & Exchange Act in Japan because these are not clearly distinguished from each other in the contract between the Company and the accounting auditor.
2. Of the major subsidiaries of the Company, 10 companies, including Teijin Aramid B.V., undergo auditing by accounting firm other than the accounting auditor.
3. The Company pays remuneration to the accounting auditor for "Making comfort letter service for bond issue" and so on not specified in Article 2, Paragraph 1, of the Certified Public Accountant Act.

(3) Policy on Determining Dismissal and Non-Reappointment of Accounting Auditor

The Company has a policy that the Board of Corporate Auditors may dismiss the accounting auditor based on the unanimous approval by the corporate auditors in cases where Article 340, Paragraph 1 of the Companies Act is judged to apply. Furthermore, the Company has a policy of submitting a proposal regarding dismissal of the accounting auditor to a shareholder's meeting in the event that it is deemed that a grave obstacle to the Company's audit operation involving the accounting auditor has occurred, and similarly submitting a proposal regarding the non-reappointment of the accounting auditor in the event that it is deemed necessary to change the accounting auditor in light of the accounting auditors' independence and reliability, or the status of its performance of duties. In both cases, the submission of the proposals is based on a decision of the Board of Corporate Auditors.

6. Corporate Governance System

(1) Reasons for Choosing the Current Corporate Governance System

The Company has adopted and will adopt from time to time mechanisms for corporate governance which is appropriate for achieving the purposes of the Company. Accordingly, the Company will timely review the mechanisms and such changes may be made in accordance with changes in the social and legal environments.

The current Companies Act requires the Board of Directors to appropriately carry out two functions: important business decision and management oversight and supervision. The governance system deemed appropriate is therefore based on these two core functions, with execution of business led by the Company's inside directors (limited Executive Directors) on the one hand, and management oversight and supervision focused on by outside directors and carried out by corporate auditors and the Board of Auditors on the other hand.

Therefore the Company intends to continue to be a company with Board of Corporate Auditors for the time being. At the Company, the strengthening of the management oversight and supervisory functions and similar corporate governance that are the aim of a "company with nominating committees" are effectively achieved via an "Advisory Board", a "Board of Directors and executive officer system that includes independent outside directors," and a "Board of Auditors system that includes independent outside corporate auditors."

(2) Overview of Current Corporate Governance

1) Advisory Board (Management Consultative Committee)

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general and to evaluate the top managements, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five to seven outside advisors consisting of two or three non-Japanese advisors as well as the Chairman of the Board* and the President & CEO, and the Chairman of the Board chairs the Advisory Board. The Advisory Board also functions as a nominations and remuneration committee, making recommendations regarding the alternation of the CEO and nomination of a successor, deliberating the selection of Chairman, deliberating the system and levels of compensation for Teijin Group directors, and evaluating the performance of the CEO and representative directors.

*The case of vacant of the Chairman of the Board, Senior Advisor will take the chairmanship of the Advisory Board.

2) Board of Directors and Corporate Officer System that Includes Independent Outside Directors

To expedite decision making and clarify accountability of execution of business, the Company's Articles of Incorporation set the maximum members of the Board of Directors to 10 directors, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. Four members of the Board of Directors are independent outside directors. In addition, the Articles of Incorporation sets the term of office for directors at one year. The Board of Directors is chaired by the Chairman of the Company*, as a means of separating oversight and supervision from execution of business.

The outside directors also contribute to enhancement of the transparency and accountability of the Board of Directors, with their oversight function with respect to internal directors and by management advice function based on their expertise.

*The case of vacant of the Chairman of the Board, the director of Senior Advisor or the outside director will take the chairmanship of the Board.

3) Board of Auditors System that Includes Independent Outside Corporate Auditors

① Corporate Audits

The Company's Board of Auditors consists of five members, of whom a majority of three are independent outside auditors. This maintains transparency, and achieves the management oversight and audit function including audit of total risk management. In addition, the Committee of Teijin Group Corporate Auditors, comprising corporate auditors of Group companies, exists to enhance the effectiveness of group-wide oversight and audit of the entire Group, which correspond to group consolidated management and ensure impartial auditing.

The Company and its Group companies have a three-pronged audit system, which includes internal audits in addition to the corporate audits by corporate auditors and the accounting audits by the accounting auditors stipulated by the Companies Act and the Financial Products and Exchange Act. These three components work in mutual cooperation to enhance corporate governance.

② Internal Audit System

The Corporate Audit Office, reporting directly to CEO, has been established as an internal audit organization, and carries out Group-wide and global audits to evaluate efficiency and validity of internal control functions.

7. Summary of Resolution to Establish Systems to Ensure Appropriate Business Operations

Resolutions on Basic Policies for Establishment of Internal Control Systems

The Company passed a resolution regarding the “Basic Policy for Establishment of Internal Control Systems” at a Board of Directors meeting held on March 31, 2015. The content of the resolution has been revised in response to the revisions to the Companies Act that came into force on May 1, 2015.

Below is a summary of this resolution, the details of which can be viewed at the Company’s Web site: (<http://www.teijin.com/ir/governance/resolution/>).

(1) System for Ensuring Compliance with Laws, Regulations and the Articles of Incorporation in the Performance of Duties by Directors and Employees of the Company and Its Subsidiaries

The Company has declared the basic principles of compliance in its Teijin Group “Corporate Governance Guide” (available on the Company’s Web site at : <http://www.teijin.com/ir/governance/guide/>).

To practice these basic principles, the Company shall establish systems and organizational structures that ensure practical operation and thorough observation of the Company’s Corporate Philosophy, Corporate Code of Conduct, Corporate Standards of Conduct, Group Ethics Regulations and other related internal regulations.

The Company’s representative directors and other executives shall take the initiative and set good examples in observing laws, regulations and the Articles of Incorporation, social rules and ethics, and shall promote compliance education and awareness among directors, officers and employees of the Company and its subsidiaries. In order to establish a compliance system across the entire Teijin Group, the Company appoints Chief Social Responsibility Officer as the officer in charge of compliance.

All directors, officers and employees of the Company and its subsidiaries are required to report to the Teijin entity to which they belong or to Teijin Limited which is the holding company of the Teijin Group, whether they detect any violations of laws and regulations or other serious information concerning compliance, in accordance with Group Ethics Regulations and other internal regulations. Chief Social Responsibility Officer shall direct and supervise investigations to confirm such reported facts and, upon consultation with CEO (President), determine appropriate measures.

The Company shall provide necessary means for directors, officers, employees and business partners to directly report any violation or doubtful activities of non-compliance in the Company or its subsidiaries. Such measures shall ensure that anonymity of the caller is protected and that the caller does not get any disadvantageous treatment. Important reports as well as measures taken by the relevant Teijin entity and their results shall be announced as appropriate to, and shall be recognized by, all directors, officers and employees of the Company and its subsidiaries.

The directors of the Company and its subsidiaries shall have their performance of duties audited by the corporate auditors, and will respect any advice or recommendations received from the corporate auditors.

The Company places Corporate Audit Department directly supervised by CEO, which performs internal auditing of the Teijin Group’s execution of business and conducts the evaluation of the internal control system and proposes its improvement.

The Company shall maintain a resolute attitude toward pressure from antisocial forces, including demands for payoffs from specific shareholders or interference by crime syndicates, and shall not allow such interference. Chief Social Responsibility Officer shall be appointed as the person in charge of actions against antisocial forces. Chief Social Responsibility Officer shall establish action policies and other rules in consort with general manager, Human Resources Division and shall ensure observance of such policies and rules by directors, officers and employees within the Company and its subsidiaries.

To intensify the validity of the decision to be made by the Board of Directors, more than one of the directors shall be outside directors satisfying the requirements for independence stipulated by the company.

(2) Rules and Other Systems for Management of Risk of Loss in the Company and its Subsidiaries

The Board of Directors of the Company shall operate a total risk management system to deal with any kind of risks that might threaten sustainable business development.

Total Risk Management (TRM) Committee, shall mainly deal with the business operational risks and strategic risks to Teijin Group, and shall propose basic policies and annual plans related to TRM to the Board of Directors of the Company. Chief Social Responsibility Officer is in charge of establishing a system across the Teijin Group to manage business operation risk, and shall identify problems and deal with such risks upon occurrence thereof. CEO shall assess strategic risks and present his/her assessment to the Board of Directors of the Company as an important element upon which managerial decisions are made.

The Company shall establish a system for the Teijin Group to ensure the continuation of businesses when faced with risk events including disasters, the inappropriate performance of duties by directors, officers or employees, and damage to critical IT systems.

(3) Systems for Ensuring that Duties by Directors and Employees of the Company and Its Subsidiaries Are Performed Efficiently

The Company shall establish Group regulations to provide the necessary rules and guidelines for the Group to ensure efficient business operations throughout the Teijin Group.

The Board of Directors of the Company shall have the representative directors and other executives conduct the operation of the Company and decisions for the items on which the representative directors and other executives have been delegated decision-making powers shall be made by the organization and procedures in accordance with the internal regulations. These regulations shall be revised as may be necessary to reflect any revision and/or abolition of laws and regulations and/or to increase the efficiency of the representative directors and other executives in executing their duties.

The Board of Directors of the Company shall organize the basic structure of Teijin Group, and shall establish efficient management, oversight and supervision system.

The Company shall formulate the Group medium-term management plan, and each fiscal year it shall formulate short-term plans, key management targets, and budgets, as well as carrying out progress checks, in order to realize the medium-term management plan.

(4) Systems for Ensuring that Proper Business Operations Are Conducted within Teijin Group

The Company shall establish Group Regulations to provide the necessary rules and guidelines for the Group to ensure appropriate business operations throughout the Teijin Group. Based on the Group regulations, each company shall establish its own regulations, and use appropriate processes for deciding on important matters.

The Company shall discuss important matters concerning Teijin Group companies at its Group meetings and so forth, and to shall require Teijin Group companies to make reports.

The representative directors and other executives shall provide necessary instructions to ensure that the Teijin Group entities have appropriate internal control systems.

Corporate Audit Department of the Company shall operate or supervise internal audits of the Teijin Group's business operations and ensure the efficiency and validity of internal control functions over the entire business of the Teijin Group.

Corporate Auditors of the Company shall establish appropriate systems, such as those for close coordination with the accounting auditors and Corporate Audit Department, to ensure effective and appropriate supervision and auditing of the Group's entire business operations.

To ensure the reliability of its financial reporting, the Company shall establish a group-wide internal control system for the financial reporting and the operation of the Teijin Group individual operational processes, and shall be properly and efficiently operate and assessed such systems.

(5) Systems for the Preservation and Management of Information in Relation with the Directors' Performance of Their Duties

Directors shall appropriately preserve and manage minutes of shareholders' general meetings, minutes of Board of Directors' meetings, and other documents and important information concerning the performance of their duties in accordance with relevant company regulations. Chairman of the Board*, who chairs the Board of Directors, is responsible for the supervision and oversight of the preservation and management of such documents and important information. Documents concerning directors' performance of their duties shall be preserved for at least ten (10) years and shall be accessible whenever necessary.

*The case of vacant of the Chairman of the Board, CEO will perform the office of the Chairman.

(6) Provisions Concerning Employees Assigned to Assist the Corporate Auditors in Performing Their Duties, the Independence from Directors of Such Employees, and the Validity of Instructions Given to Such Employees

The Company shall establish Teijin Group Auditors Office under the direct control of full-time corporate auditors and appoint two or more employees, in principle, to assist Corporate Auditors in performing their duties. The members of Teijin Group Auditors Office may have corporate auditors of Teijin Group companies performing concurrent duties; however it shall not have corporate officers connected with performance of duties at Teijin Group companies performing concurrent duties.

To secure the independence of members of Teijin Group Auditors Office above, all decisions concerning personnel measures regarding the members of Teijin Group Auditors require the prior consent of the full-time Corporate Auditors. The full-time Corporate Auditors shall assess the performance of the members of Teijin Group Auditors Office.

(7) System for Reporting to Corporate Auditors by Directors, Corporate Officers and Employees of the Company and its Subsidiaries, and System for Other Reports to Corporate Auditors

The full-time corporate auditors shall attend the meetings of the Board of Directors meetings and other important meeting bodies of the Company, as well as those of the important meeting bodies of the main subsidiaries.

Representative directors and other executives shall report at the meetings of the Board of Directors and other important meetings on their performance of duties with regard to the business operations, functions and subsidiaries under their charge.

The directors, officers and employees of the Company and its subsidiaries shall immediately report to the corporate auditors when they discover incidents that causes or may cause significant erosion of public trust of the Company, adverse effects on the performance of the Company, significant damage to the internal or external environment, safety and health (ESH); or related to product liability, significant violations of internal regulations, or other similar incidents.

The directors, officers and employees of the Company and its subsidiaries shall report on the business operations, functions, and subsidiaries under their charge, when they deem it necessary to do so, or at the request of the corporate auditors of the Company, and shall cooperate with the investigations of the corporate auditors of the Company.

(8) System for Ensuring that Persons Reporting to the Corporate Auditors Are Not Subject to Unfair Treatment Because of Such Reporting

The Teijin Group's Corporate Code of Conduct and other regulations stipulate that no person shall be treated unfairly because of reporting or giving notice of illegal conduct and so forth.

(9) Policy Concerning Processing of Expenses and Obligations Arising with Respect to the Corporate Auditors' Performance of Duties, Prepayment of Expenses, and Reimbursement Procedures

The Company shall bear the expenses and obligations required for the corporate auditors' performance of duties, and shall promptly respond to requests for pre-payment of expenses in accordance with laws and regulations after checking the requests.

(10) Other System for Ensuring that the Audits of Corporate Auditors Are Conducted Effectively

To ensure transparency, the majority of corporate auditors consists of independent outside auditors that satisfy the requirements for independence that the Company specifies.

The corporate auditors shall enter into advisory agreements with outside law firms in order for themselves and corporate auditors of the Company and its subsidiaries to form independent opinions. When they consider it necessary in the course of conducting audits, the corporate auditors can, at their own discretion, retain outside advisers, including Certified Public Accountants and other consultants.

8. Basic Policy Regarding the Control of the Company

(1) Basic Policy Regarding the Company's Shareholders

(Basic policy regarding those who control the decision of the company's financial and business policy)

The Company believes the existence of its shareholders is based on free transactions in the market and therefore the Company's shareholders should make the final decisions as to whether to accept a proposal of a large-scale acquisition that would result in a transfer of the Company's ownership.

However, it is envisioned that some large-scale acquisition of the Company's shares or such proposals might entail, the following nature and other similar nature:

① The likelihood of causing obvious harm to the corporate value of the Company and, in turn, the common interests of the shareholders.

② The threat of compelling the shareholders to sell their shares.

③ Acquisition conditions that are inappropriate or insufficient with a view to the Company's intrinsic value.

The Company believes such a large-scale acquirer of the Company's shares or a person or company who proposes such an action is exceptionally inappropriate to control the decision of the Company's financial and business policies.

(2) Measures to Realize the Basic Policy

The Company has already launched the following measures to improve the corporate value of the Company and the common interests of the shareholders to ensure that investors can continue to invest in the Company over the long term. The Company believes such measures will contribute to the realization of the basic policy described in (1) above.

1) Enhancing corporate value through dramatic restructuring initiatives and forward-looking transformation and growth strategies, the twin pillars of our revised medium-term management plan

In November 2014, we introduced a revised medium-term management plan, which centers on restructuring initiatives and transformation and growth strategies, to guide our efforts through fiscal 2016.

Under the plan's restructuring initiatives, we are narrowing our focus by analyzing each of our businesses from the perspectives of market growth potential, competitive advantages and profitability, and will promote the targeted allocation of corporate resources in promising businesses. We are also integrating and streamlining our production and R&D bases, as well as revamping our business structure. We estimate that the combined positive impact of such efforts on operating income will be ¥17.5 billion when fully realized.

Transformation and growth strategies will center on maximizing our position as a unique corporate entity with capabilities in three business domains, namely, high-performance materials, healthcare and IT. Our emphasis going forward will be on integrating capabilities and advantages from these domains to realize new value for customers. In particular, we will seek to leverage key Teijin Group capabilities to capitalize on business opportunities in areas we recognize as particularly promising—which we have grouped into three categories: environment and energy conservation; safety, security and disaster mitigation; and demographic change and increased health consciousness—to foster groundbreaking, distinctively Teijin businesses.

Between now and the end of fiscal 2016, we expect results to be bolstered by the positive impact of restructuring initiatives and by the growth of our core strategic advanced fibers and composites and healthcare businesses. Accordingly, we are targeting ROE of 8% or higher in fiscal 2016. In the next few years, we will promote further restructuring initiatives designed to unify our various materials businesses, in line with our ultimate goal of evolving toward a solutions-oriented business model that is more than simply an extension of our traditional business model. Through these efforts, we will endeavor to realize ROE of 10% or higher by around fiscal 2020.

Our basic policy for profit sharing is to ensure dividends are in line with our consolidated results. We also give consideration to the need to ensure financial soundness and to our ability to maintain stable dividend payments over the medium to long term.

2) Measures to Improve Corporate Value through Strengthening Corporate Governance

As an essential system to achieve steady growth in the corporate value of the Company and the common interests of the shareholders, the Company has strived to strengthen corporate governance. Concretely, it is executed as shown below ;

① Separated and strengthened the decision-making and business operations and the monitoring/auditing 3 functions.

② Established an Advisory Board as the Board of Directors' consultative body that includes experts from Japan and overseas to receive advice and recommendations on management of the entire Group, thereby enhancing the effectiveness and transparency of management. The Advisory Board also evaluates the performance of top executives.

③ Established and disclosed the Corporate Governance Guide as a concrete guideline for corporate governance.

(3) Measures to Prevent Decisions on the Financial and Business Policies of the Company from Being Controlled by Those Deemed Inappropriate in Light of the Basic Policy (Takeover Defense Measures)

The Company established the Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures) (hereinafter, "the Plan"), which were approved by shareholders at the 146th Ordinary General Meeting of Shareholders held on June 22, 2012. A summary of the Plan can be viewed at the Company's Web site: (<http://www.teijin.com/ir/governance/defense/>).

*The Company passed a resolution, at the meeting of the Board of Directors held on May 8, 2015, to newly introduce Countermeasures to Large-Scale Acquisitions of Teijin Shares (Takeover Defense Measures) (hereinafter, "New Plan"), in place of the plan which is due to expire at the conclusion of the 149th Ordinary General Meeting of Shareholders to be held on June 24, 2015, conditional upon the approval of the New Plan by a majority vote of shareholders present at said Ordinary General Meeting of Shareholders. For details the New Plan, please refer to the 14-25 pages for "Proposal 5: Renewal of the Countermeasure to Large-Scale Acquisitions of Teijin Shares (Takeover Defense Measures)".

9. Policy Regarding the Determination of Dividends from Retained Earnings

Our basic policy for profit sharing is to ensure dividends are in line with consolidated operating results. We also give consideration to the need to ensure financial soundness, to our ability to maintain stable dividend payments over the medium to long term and to securing sufficient internal reserves to fund strategic investments aimed at ensuring future growth.

Consolidated Balance Sheets

(Millions of yen)

	FY2013 (As of Mar. 31, 2014)	FY2014 (As of Mar. 31, 2015)
< Assets >		
Current assets		
Cash and deposits	33,134	45,719
Notes and accounts receivable-trade	165,239	172,139
Securities	—	25,000
Merchandise and finished goods	79,014	78,357
Work in process	9,084	8,194
Raw materials and supplies	30,569	28,781
Short-term loans receivable	18,644	16,421
Deferred tax assets	7,269	7,123
Other current assets	24,639	25,375
Allowance for doubtful accounts	(2,687)	(1,108)
Total	364,908	406,004
Fixed assets		
Tangible assets		
Buildings and structures, net	69,238	60,752
Machinery and equipment, net	91,429	71,111
Land	43,690	43,810
Construction in progress	9,297	10,246
Other, net	23,204	22,962
Total	236,861	208,883
Intangible assets		
Goodwill	15,806	9,408
Other	13,651	11,218
Total	29,457	20,627
Investments and other assets		
Investment securities	82,068	119,915
Long-term loans receivable	2,059	2,199
Net defined benefit asset	28,836	34,584
Deferred tax assets	2,271	3,874
Other	25,033	30,533
Allowance for doubtful accounts	(3,085)	(2,927)
Total	137,184	188,179
Total fixed assets	403,502	417,689
Total assets	768,411	823,694

Consolidated Balance Sheets

(Millions of yen)

	FY2013 (As of Mar. 31, 2014)	FY2014 (As of Mar. 31, 2015)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	80,003	75,495
Short-term loans payable	84,604	56,427
Current portion of long-term loans payable	21,811	20,570
Current portion of bonds	6,960	21,059
Income taxes payable	2,915	6,680
Deferred tax liabilities	60	33
Accrued expenses	17,757	21,052
Other	34,550	40,236
Total	248,662	241,555
Noncurrent liabilities		
Bonds payable	30,000	55,188
Long-term loans payable	136,401	153,517
Provision for business structure improvement	—	14,683
Net defined benefit liability	30,204	30,407
Asset retirement obligations	1,245	6,860
Deferred tax liabilities	9,782	6,289
Other	12,001	11,557
Total	219,635	278,503
Total liabilities	468,298	520,059
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,429	101,447
Retained earnings	111,754	101,201
Treasury stock	(435)	(426)
Total	283,564	273,039
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,758	24,226
Deferred gains or losses on hedges	1,017	(2,569)
Foreign currency translation adjustment	(13,025)	(8,102)
Remeasurements of defined benefit plans	(634)	479
Total	(1,884)	14,034
Subscription rights to shares	737	844
Minority interests	17,694	15,716
Total net assets	300,112	303,635
Total liabilities and net assets	768,411	823,694

Consolidated Statements of Income

(Millions of yen)

	FY2013 (Apr. 2013-Mar. 2014)	FY2014 (Apr. 2014-Mar. 2015)
Net sales	784,424	786,171
Cost of sales	590,091	569,499
Gross profit	194,333	216,672
Selling, general and administrative expenses	176,254	177,586
Operating income	18,078	39,086
Nonoperating revenues		
Interest income	506	622
Dividends income	957	1,308
Equity in earnings of affiliates	4,181	2,435
Foreign exchange gains	—	1,031
Gain on valuation of derivatives	1,495	2,663
Miscellaneous income	1,405	1,109
Total	8,546	9,170
Nonoperating expenses		
Interest expenses	3,358	3,067
Foreign exchange losses	287	—
Contribution	1,043	903
Miscellaneous loss	2,048	1,907
Total	6,737	5,877
Ordinary income	19,887	42,378
Extraordinary income		
Gain on sales of noncurrent assets	151	748
Gain on sales of investment securities	8,296	94
Other	690	115
Total	9,139	958
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,676	1,283
Loss on valuation of investment securities	106	4
Impairment loss	8,781	30,375
Business structure improvement expenses	2,385	16,759
Other	1,557	1,842
Total	14,507	50,264
Income (loss) before income taxes	14,519	(6,927)
Income taxes - current	5,126	11,521
Income taxes - deferred	2,781	(8,446)
Total	7,907	3,074
Income (loss) before minority interests	6,611	(10,002)
Minority interests in income (loss)	(1,744)	(1,915)
Net income (loss)	8,356	(8,086)

Consolidated Statement of Changes in Net Assets

FY2014 (Apr. 2014 - Mar. 2015)

(Million yen : amounts less than one million yen are omitted)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2014	70,816	101,429	111,754	(435)	283,564
Cumulative effects of changes in accounting policies			1,465		1,465
Restated balance	70,816	101,429	113,219	(435)	285,029
Changes of items during the period					
Dividends from surplus			(3,930)		(3,930)
Net income (loss)			(8,086)		(8,086)
Others					—
Purchase of treasury stock				(23)	(23)
Disposal of treasury stock		18		32	50
Net changes of items other than shareholders' equity					
Total	—	18	(12,017)	9	(11,989)
Balance at March 31, 2015	70,816	101,447	101,201	(426)	273,039

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2014	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	300,112
Cumulative effects of changes in accounting policies								1,465
Restated balance	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	301,577
Changes of items during the period								
Dividends from surplus								(3,930)
Net income (loss)								(8,086)
Others								—
Purchase of treasury stock								(23)
Disposal of treasury stock								50
Net changes of items other than shareholders' equity	13,467	(3,586)	4,923	1,113	15,918	106	(1,977)	14,047
Total	13,467	(3,586)	4,923	1,113	15,918	106	(1,977)	2,057
Balance at March 31, 2015	24,226	(2,569)	(8,102)	479	14,034	844	15,716	303,635

(Reference) Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2013 (Apr. 2013-Mar. 2014)	FY2014 (Apr. 2014-Mar. 2015)
Income (loss) before minority interests	6,611	(10,002)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,790)	13,467
Deferred gains (losses) on hedges	(50)	(3,586)
Foreign currency translation adjustment	7,957	3,995
Remeasurements of defined benefit plans, net of tax	—	1,737
Share of other comprehensive income of associates accounted for using equity method	1,504	421
Total	6,620	16,035
Comprehensive income (loss)	13,232	6,033
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	14,992	7,832
Comprehensive income (loss) attributable to minority interests	(1,760)	(1,798)

(Reference) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2013 (Apr. 2013-Mar. 2014)	FY2014 (Apr. 2014-Mar. 2015)
Cash flows from operating activities		
Income (loss) before income taxes	14,519	(6,927)
Depreciation and amortization of others	45,663	43,030
Impairment loss	8,781	30,375
Increase (decrease) in net defined benefit liability	1,424	5,420
Decrease (increase) in net defined benefit asset	1,258	(2,781)
Increase (decrease) in allowance for doubtful receivables	(382)	(1,917)
Increase (decrease) in provision for business structure improvement	—	14,683
Interest and dividend income	(1,776)	(1,931)
Interest expense	3,358	3,067
Equity in losses (earnings) of affiliates	(4,181)	(2,435)
Loss (gain) on valuation of derivatives	(1,495)	(2,663)
Loss (gain) on sales and retirement of noncurrent assets	1,524	535
Loss (gain) on sales of investment securities	(8,289)	39
Loss (gain) on valuation of investment securities	106	4
Decrease (increase) in notes and accounts receivable-trade	8,591	1,050
Decrease (increase) in inventories	(2,370)	6,766
Increase (decrease) in notes and accounts payable-trade	(15,998)	(9,626)
Increase (decrease) in accrued payments due to change in retirement benefit plan	(2,420)	(2,082)
Other, net	(5,324)	2,802
Subtotal	42,989	77,410
Interest and dividends income received	5,403	7,067
Interest expenses paid	(3,663)	(3,189)
Income taxes paid	(6,143)	(5,258)
Net cash and cash equivalents provided by operating activities	38,586	76,030
Cash flows from investing activities		
Purchase of property, plant and equipment	(30,863)	(26,527)
Proceeds from sales of property, plant and equipment	472	751
Purchase of intangible assets	(2,208)	(2,364)
Purchase of investment securities	(21,202)	(22,052)
Proceeds from sales of investment securities	10,847	1,575
Decrease (increase) in short-term loans receivable	(2,981)	2,434
Payments of long-term loans receivable	(55)	(1,908)
Collections of long-term loans receivable	254	329
Other, net	(1,541)	(1,861)
Net cash and cash equivalents used in investing activities	(47,278)	(49,624)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,135	(36,295)
Proceeds from issuance of bonds	11,110	59,210
Redemption of bonds	(21,631)	(19,809)
Proceeds from long-term loans payable	51,730	37,534
Repayment of long-term loans payable	(55,339)	(25,805)
Cash dividends paid	(3,931)	(3,930)
Cash dividends paid to minority shareholders	(553)	(200)
Other, net	(421)	(309)
Net cash and cash equivalents provided by financing activities	(7,902)	10,393
Effect of exchange rate changes on cash and cash equivalents	869	786
Net increase in cash and cash equivalents	(15,725)	37,586
Cash and cash equivalents at beginning of period	48,700	32,975
Cash and cash equivalents at end of period	32,975	70,561