

May 31, 2016



## Notice of Convocation

The 150<sup>th</sup> 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.*

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Dear Shareholder,

**Notice of Convocation of  
the 150<sup>th</sup> Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 150<sup>th</sup> 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 21, 2016. (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 22, 2016, 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 Statutory Auditors of the results of audit on the Consolidated Financial Statements, for the 150<sup>th</sup> Fiscal Year (April 1, 2015 to March 31, 2016)

**Proposal 1: Consolidation of Shares to Constitute One Unit**

**Proposal 2: Election of Ten (10) Directors**

**Proposal 3: Election of Two (2) Statutory Auditors**

### 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/>)

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- **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: Consolidation of Shares to Constitute One Unit

#### Purpose of Consolidation of Shares

Japanese stock exchanges have announced the Action Plan for Consolidating Trading Units, aiming to consolidate one hundred (100) shares of common stock of domestic companies listed on Japanese stock exchanges into one (1) trading unit by October 2018.

As a company listed on the Tokyo Stock Exchange (“TSE”), the Company shall respect this intention and at its Board of Directors’ meeting held on May 6, 2016, it resolved to change its number of shares that constitutes one unit from one thousand (1,000) to one hundred (100) shares in accordance with the provisions of the Companies Act, Article 195, Paragraph -1 on October 1, 2016.

(This change is to subject to the approval at the General Meeting of Shareholders as originally proposed regarding the consolidation of shares set forth)

Along with the change in the share unit, the Company will also consolidate its shares (five shares into one share) in order to maintain the level of investment unit considered desirable for the Company’s shares by the stock exchanges (50,000 yen or more, and less than 500,000 yen).

#### Consolidation ratio

The Company’s Common shares will be consolidated at the ratio of 5 shares to 1 share.

There are 196,951,733 \*shares after consolidation.

\* Total number of issued shares after consolidation are theoretical values calculated based on the total number of issued shares before consolidation of shares, and the consolidation ratio.

If any fractional shares arise as a result of the consolidation of shares, pursuant to the provisions of the Companies Act, the Company will sell all such fractional shares and distribute the proceeds to shareholders having fractional shares in proportion to their respective fractions.

#### The effective date of Consolidation of Shares

October 1, 2016

#### Total number of authorized shares on the effective date

600,000,000 shares (3,000,000,000 shares before consolidation)

<Reference> Partial Amendments to the Articles of Incorporation

In the event that this proposal is approved as originally proposed, as of October 1, 2016, the Company’s Articles of Incorporation will be partially amended as follows.

(The underlined portions will be changed.)

Current Articles	Amended Articles
Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>3,000,000,000</u> .	Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>600,000,000</u> .
Article 7. (Number of shares to constitute One Unit and Rights to Shares less than One Unit (“Odd-Lot Shares”)) 1. The number of shares to constitute one unit shall be <u>1,000</u> . (The rest is Omitted)	Article 7. (Number of shares to constitute One Unit and Rights to Shares less than One Unit (“Odd-Lot Shares”)) 1. The number of shares to constitute one unit shall be <u>100</u> . (The rest is Unchanged)

## Proposal 2: Election of Ten (10) Directors

The terms of office of ten (10) Directors,— Shigeo Ohyagi, Jun Suzuki, Yo Goto, Hiroshi Uno, Kazuhiro Yamamoto, 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 nine (9) 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	<p><b>【Reappointment】</b> Shigeo Ohyagi (May 17, 1947) &lt;Participation in Board of directors meetings&gt; 12 times out of 12 (100%)</p>	<p>Mar. 1971 : Joined Teijin Limited Jun. 1999 : Corporate Officer; Manager of Tokyo Branch, Medical &amp; Pharmaceutical Business Division Jun. 2001 : Executive Officer; Deputy General Manager, Pharmaceuticals Marketing Division Apr. 2002 : General Manager, Medical &amp; Pharmaceutical Business Division Jun. 2002 : Senior Executive Officer Apr. 2003 : General Manager, Medical &amp; Pharmaceutical Business Group Oct. 2003 : President &amp; Representative Director, Teijin Pharma Limited Apr. 2005 : CIO (Chief Information Officer), Teijin Limited Jun. 2005 : Managing Director Jun. 2006 : Senior Managing Director Apr. 2007 : CSO (Chief Strategy Officer) Jun. 2008 : President ,Representative Director , CEO (Chief Executive officer) Jun. 2010 : President , Teijin Limited Apr. 2014 : Chairman of the Board (Incumbent),</p> <p>&lt;Significant Concurrent Positions&gt; Permanent Officer, Keidanren (Japan Business Federation) Vice Chairman, Japan Association of Corporate Executives (Keizai Doyukai) Outside Director, Recruit Holdings Co., Ltd Outside Statutory Auditor, JFE Holdings, Inc.</p>	263,000 shares
<p>&lt;Reason of the nomination of the candidate for director&gt; 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	<p><b>【Reappointment】</b> Jun Suzuki (February 19,1958) &lt;Participation in Board of directors meetings&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1983 Apr. 2011 Apr. 2012  Apr. 2013  Jun. 2013 Apr. 2014</p>	<p>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 &amp; Composites Business Group General Manager ,Carbon Fibers and Composites Business Unit President &amp; Representative Director, Toho Tenax Co., Ltd. Director, Executive Officer President , (Incumbent) Representative Director , (Incumbent) CEO (Chief Executive officer) (Incumbent)</p> <p>----- &lt;Significant Concurrent Positions&gt; Chairman, Japan Chemical Fibers Association Officer, Japan Association of Corporate Executives (Keizai Doyukai)</p>	119,000 shares
<p>&lt;Reason of the nomination of the candidate for director&gt; 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.</p>				
3	<p><b>【Reappointment】</b> Yo Goto (January 23,1953) &lt;Participation in Board of directors meetings&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1977 Apr. 2009  Jun. 2009 Apr. 2012 Apr. 2013 Apr. 2014  Jun. 2014  Apr. 2015  Apr. 2016</p>	<p>Joined Teijin Limited CENO (Chief Engineering Officer) Deputy CSRO (Chief Social Responsibility Officer), (for Accident/Disaster/Fire Prevention) President &amp; 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 Representative Director (Incumbent) Senior Executive Officer, Teijin Limited (Incumbent) Supervisor of Raw Materials &amp; Polymers Division (Incumbent)</p>	54,000 shares
<p>&lt;Reason of the nomination of the candidate for director&gt; Yo Goto assumed the posts of General Manager, Technology Center in April 2014, Director, Executive Officer in June of the same year, and 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.</p>				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
4	<p><b>【Reappointment】</b> Hiroshi Uno (September 18, 1955) &lt;Participation in Board of directors meetings&gt; 9 times out of 9 (100%)</p>	<p>Apr. 1981 Jun. 2009  Apr. 2011 Jun. 2011 Apr. 2013  Jun. 2015</p>	<p>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 General Manager, Healthcare Business Group (Incumbent) President &amp; Representative Director, Teijin Pharma Limited (Incumbent) Director, Senior Executive Officer, Teijin Limited (Incumbent)</p>	50,000 shares
<p>&lt;Reason of the nomination of the candidate for director&gt; Hiroshi Uno assumed the posts of Senior Executive Officer, Teijin Limited, General Manager, Healthcare Business Group, President &amp; Representative Director, Teijin Pharma Limited in April 2013, and Director, Senior Executive Officer, Teijin Limited in June 2015, 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 the Company's growth strategy.</p>				
5	<p><b>【Reappointment】</b> Kazuhiro Yamamoto (September 27, 1952) &lt;Participation in Board of directors meetings&gt; 9 times out of 9 (100%)</p>	<p>Apr. 1975 Apr. 2008 Jun. 2011  Apr. 2012 Apr. 2014  Jun. 2015 Apr. 2016</p>	<p>Joined Teijin Limited Corporate Officer, Infocom Corporation CFO Corporate Officer, Teijin Limited General Manager, IT Business Group President &amp; Representative Director, CEO, Infocom Corporation General Manager, Corporate Strategy Office Executive Officer, Teijin Limited CFO (Chief Finance Officer) (Incumbent) General Manager, Accounting, Finance &amp; Procurement Division (Incumbent) Director, Executive Officer, Teijin Limited Director, Senior Executive Officer, Teijin Limited (Incumbent)</p>	27,000 shares
<p>&lt;Reason of the nomination of the candidate for director&gt; Kazuhiro Yamamoto served as President &amp; Representative Director, CEO of Infocom Corporation which is a listed subsidiary after assuming the post of Corporate Officer, Teijin Limited in 2011. He assumed the posts of Executive Officer, Teijin limited in April 2014, Director, Executive Officer in June 2015, and Director, Senior Executive Officer in April 2016. While serving as CFO, General Manager of Accounting, Finance &amp; Procurement Division, he is putting effort into cost management, IR activities, etc. as the head of the counting-related departments and divisions of the Company.</p>				



No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
6	<p><b>【Reappointment】</b> Yoshihisa Sonobe (October 17,1956) &lt;Participation in Board of directors meetings&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1980 Jun. 2009 Apr. 2010  Apr. 2011  Apr. 2012 Apr. 2014 Jun. 2014 Apr. 2015 Apr. 2016</p>	<p>Joined Teijin Limited Corporate Officer, Teijin Limited Deputy CFO (for/Accounting/ Finance/ Budget Control) General Manager, Accounting and Finance Office General Manager, Corporate Strategy Office General Manager, Teijin Creative Staff Co., Ltd. CFO General Manager, Accounting and Finance Division Representative Director, Executive Officer Teijin Creative Staff Co., Ltd. (General Manager, Accounting and Finance Division) Member, Global Policy Board Teijin Dupont Films Global Joint Venture CFO General Manager, Accounting, Finance &amp; IR Division Corporate Strategy Officer (Incumbent) Supervisor of Raw Materials &amp; Polymers Division Director, Corporate Officer Supervisor of IT, Healthcare Project(Incumbent) Chairman, Teijin Dupont Films Director, Executive Officer (Incumbent)</p>	23,000 shares
<p>&lt;Reason of the nomination of the candidate for director&gt; Yoshihisa Sonobe assumed the posts of Corporate Strategy Officer in April 2014, Director in June of the same year, and Director, Executive Officer in April, 2016, 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 for the Company.</p>				
7	<p><b>【Reappointment】</b> Candidate for Outside Director  Yutaka Imura (October 16,1946) &lt;Participation in Board of directors meetings&gt; 11 times out of 12 (92%)</p>	<p>Apr. 1969 Aug. 1999 Feb. 2001 Sep. 2001 Jul. 2002 Nov. 2002  Apr. 2006 May. 2007 Jul. 2009 Jul. 2009 Jun. 2011  Aug. 2014</p>	<p>Joined Ministry of Foreign Affairs, Japan (MFA) Director, General, Economic Cooperation Bureau, MFA Deputy Vice-Minister, MFA Assistant Vice-Minister, MFA Ambassador of Japan in Indonesia Ambassador of Japan in Indonesia and the Democratic Republic of Timor-Leste (East Timor) Ambassador of Japan in France and The Principality of Andorra (Andorra) Ambassador of Japan in France, Andorra and the Principality of Monaco Retired from MFA Special Envoy of the Government of Japan for the Middle East and Europe (Incumbent) Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent) Councilor, MFA (Southeast Asia cooperation charge ambassador ) (Incumbent)</p> <p>&lt;Significant Concurrent Positions &gt; Councilor, MFA(Southeast Asia cooperation charge ambassador) Vice-Chairman, Japan-Indonesia Association, Inc. Adviser, Taisei Corporation Special Participation, Inpex Corporation Committee, Management Consultation, Tokyo University</p>	19,000 shares
<p>&lt;Reason of the nomination of the candidate for outside director&gt; Although Yutaka Imura does not have direct experience in corporate management, he 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.</p>				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
8	<p><b>【Reappointment】</b> Candidate for Outside Director</p> <p>Nobuo Seki (September 21,1944) &lt;Participation in Board of directors meetings&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1970 Apr. 1992 Jun. 1997 Jun. 1998 Aug. 2000  Apr. 2001 Apr. 2007 Apr. 2009 Jun. 2012  Jul. 2012</p>	<p>Joined Chiyoda Corporation Vice-President, Chiyoda International Corporation Director, Chiyoda Corporation Managing Director, Chiyoda Corporation Senior Managing Director &amp; Representative Director, Chiyoda Corporation President &amp; CEO, Chiyoda Corporation Chairman of the Board, Chiyoda Corporation General Corporate Advisor , Chiyoda Corporation Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent) Adviser Chiyoda Corporation</p> <p>&lt;Significant Concurrent Positions &gt; Outside Director, KAMEDA SEIKA Co., Ltd Outside Director, Weathernews Inc. Outside Director, Yokogawa Electric Corporation</p>	19,000 shares
<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.				
9	<p><b>【Reappointment】</b> Candidate for Outside Director</p> <p>Kenichiro Senoh (January 1,1954) &lt;Participation in Board of directors meetings&gt; 12 times out of 12 (100%)</p>	<p>Apr.1976  Dec.1999  Apr.2001  Apr.2004  Jun.2012</p>	<p>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 &amp; Chairperson, The Industry- Academic Collaboration Initiative (NPO) (Incumbent) Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent)</p> <p>&lt;Significant Concurrent Positions&gt; President &amp; 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 Research Policy and Innovation Management Director, Intellectual Property Association of Japan</p>	32,000 shares
<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.				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
10	New Candidate for Outside Director	Apr. 1971 : Joined Matsushita Electric Works, Ltd., (currently Panasonic Corporation) Jun. 1998 : Director, Matsushita Electric Works, Ltd., Jun. 2000 : Managing Director, Matsushita Electric Works, Ltd., Jun. 2003 : Representative Senior Managing Director, Matsushita Electric Works, Ltd., Jun. 2006 : President, Representative Director, Matsushita Electric Works, Ltd., Jun. 2012 : Chairman of the Board, Representative Director, Panasonic Corporation Jul. 2013 : Special Advisor, Panasonic Corporation (Incumbent)	10,000 shares
	Fumio Ohtsubo (September 5, 1945)	<Significant Concurrent Positions> Trustee, Nippon Life Ins.* Visiting Professor, Kansai University Trustee, Japan-Indonesia Association, Inc. Partner Chairman, Monozukuri, Nippon, Conference Nikkan Kogyo Shimbun, Ltd.	
<p>&lt;Reason of the nomination of the candidate for outside director&gt; Fumio Ohtsubo has served as President and Chairman of the Board of Panasonic Corporation, and he is expected to provide advice on the Company's business operations based on his abundant business experience and high level of insight.</p> <p>* "Nippon Life has a Board of Trustees that serves as a management advisory body to ensure the appropriateness of management. Trustees are elected at the Meeting of Representatives from among policyholders and academic experts. Trustees give opinions on advisory matters and important management issues and deliberate on policyholder opinions regarding corporate management. The results of these opinions and deliberations are reported at the Meeting of Representatives." Fumio Ohtsubo provides advice etc. to Nippon Life from the viewpoint of an outside expert, however, he is not directly engaged in management or execution of business. Although the said company is one of the Company's major shareholders, the Company recognizes that he satisfies the requirements of Independent Director stipulated by the Company.</p>			

- Notes: 1. Yutaka Iimura, Nobuo Seki Kenichiro Senoh and Fumio Ohtsubo 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 independence stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as "Independent Director / Auditor". Refer to pages 14-15 for the contents of the requirements of "Independent Director" stipulated by the Company.
2. The Company has entered into liability limitation agreements with Shigeo Ohyagi, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh, who are currently Directors (excluding Executive Directors), which limit the liabilities of each 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 the Directors is approved, the Company intends to enter into the same liability limitation agreement with them. Furthermore, if Fumio Ohtsubo's election is approved, the Company will enter into an equivalent liabilities limitation agreement with him in accordance with the provisions of Article 427 of the Companies Act and the Company's Articles of Incorporation.
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
Yutaka Iimura	June 22, 2011	5 years
Nobuo Seki	June 22, 2012	4 years
Kenichiro Senoh	June 22, 2012	4 years

### Proposal 3: Election of Two (2) Statutory Auditors

The terms of office of two (2) Statutory Auditors—Toshiaki Yatabe, Nobuo Tanaka, —will expire at the conclusion of this General Meeting of Shareholders.

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

The Board of Statutory Auditors has already approved this proposal.

The candidates for Statutory 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	New Candidate for Statutory Auditor  Noriaki Endo (June 23, 1954)	Apr.1983 Jun.2009  Apr.2012  Apr.2015  Apr.2016	Joined Teijin Limited Corporate Officer, Teijin Limited Manager, Global Pharmaceutical Business Department Teijin Pharma Limited Director, Teijin Pharma Limited General Manager, Compliance Division CSRO (Chief Social Responsibility Officer) Supervisor of Corporate Audit Department Director, Effective Utilization of Factories Project Advisor (Incumbent)	21,000 shares
<p>&lt;Reason of the nomination of the candidate for Statutory Auditor&gt; Noriaki Endo assumed the posts of CSRO and Supervisor of Corporate Audit Department in April 2015 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	<b>【Reappointment】</b> Candidate for Outside Statutory Auditor  Nobuo Tanaka (March 3, 1950)	Apr.1973  Oct. 1991  Jun.1995  Jun.1998  Jun. 2000  Jan. 2002  Jul. 2004  Sep. 2007  Jun. 2012 Apr. 2015  ----- <Significant Concurrent Positions> President, The Sasakawa Peace Foundation Outside Director, Chiyoda Corporation Outside Statutory Auditor, Innotech Corporation	Joined Ministry of International Trade and Industry (MITI, Current Ministry of Economic, Trade and Industry METI) Director, Organization of Economic Co-operation and Development (OECD) Science, Technology and Industry Manager, Industrial Policy Bureau Industrial Finance Division MITI Ministry of Foreign Affairs, Japan (MFA) Minister, Japan Embassy in the USA Vice-Director, The Research Institute of Economy, Trade and Industry General Manager, International Trade Policy Bureau Trade and Industry Organization Division METI Deputy Director , for Science, Technology and Industry of OECD Executive Director, International Energy Agency (IEA) Statutory Auditor, Teijin Limited (Incumbent) President, The Sasakawa Peace Foundation (Incumbent)	16,000 shares
<p>&lt;Reason of the nomination of the candidate for Outside Statutory Auditor&gt; Although Nobuo Tanaka does not have direct experience in corporate management, he is appropriate to fulfill the duties of Outside Statutory Auditor is that , with his ample wisdom and expertise at the Ministry of Economic, Trade and Industry and international agency such as OECD, his advice is expected the contributions to maintain and improve the Company's corporate governance. &lt;Participation in Board of directors meetings&gt; 11 times out of 12 (92%) &lt;Participation in Board of statutory auditors meetings&gt; 10 times out of 12 (83%)</p>				

Notes: 1. Nobuo Tanaka is a candidate for Outside Statutory Auditor. The Company requires candidates for Outside Statutory Auditor to satisfy all the requirements to become Independent Statutory Auditor stipulated by the Company. This candidate satisfies all such requirements. Since he also satisfies the requirements of independence as stipulated by Tokyo Stock Exchange Group Inc., he was registered by the Company as “Independent Director / Auditor”. Refer to

- pages 14-15 for the contents of the requirements of “Independent Statutory Auditor” stipulated by the Company.
2. The Company has entered into liability limitation agreements with Nobuo Tanaka, who is currently an incumbent Outside Statutory Auditor, 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. In the event that his election is approved, the Company intends to enter into the same liability limitation agreement with him. Furthermore, if Noriaki Endo’s election is approved, the Company will enter into an equivalent liabilities limitation agreement with him in accordance with the provisions of Article 427 of the Companies Act and the Company’s Articles of Incorporation.
  3. As of the close of this General Meeting of Shareholders, it has been four years since Nobuo Tanaka assumed his office (on June 22, 2012).
  4. There are no special interests between the candidates and the Company.

## <Reference>

### **Teijin Limited Independent Director and Independent Statutory 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 Statutory Auditors," which covers outside statutory 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 statutory auditor requirements, the Company has formulated and operates regulations concerning independent directors and independent statutory 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 Statutory 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 Statutory 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 statutory 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 statutory 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 statutory auditor of the Teijin Group currently holds a director, statutory 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 statutory auditor, operating officer or positions higher than general manager.

This "Teijin Limited Independent Director and Independent Statutory 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 Statutory 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 150<sup>th</sup> Fiscal Year (April 1, 2015 to March 31, 2016)

#### 1. Current State of the Teijin Group

##### (1) Progress and Results of Operations

###### 1) Progress and Results of Operating Activities

###### ①Sales and Income

Global economic conditions in fiscal 2015, ended March 31, 2016, saw stronger stagnation amid a continuing deceleration of growth in the People's Republic of China (PRC) and other emerging countries and resource-rich nations, although they were underpinned on the whole by firm business conditions in advanced countries, primarily the United States. The Japanese economy followed a modest growth track, against the backdrop of slowing growth in exports, personal consumption and other factors.

In this environment, for fiscal 2015, consolidated net sales totaled ¥790.7 billion, an increase of 0.6% year on year, owing primarily to increases in the Trading and Retail and Healthcare segments, despite the impact of decreased sales from the halt of production at our resin plant in Singapore. Operating income rose 71.7%, or ¥28.0 billion, to ¥67.1 billion, underpinned by substantial increases in our materials businesses, which reflected falling prices for raw materials and fuel, and the positive impact of restructuring initiatives, and by steady gains in our Healthcare segment, thanks to robust results for core products and services.

Additionally, ordinary income increased 42.3%, or ¥17.9 billion, to ¥60.3 billion, despite the recording of equity in loss on affiliates (loss on valuation of investment in affiliates, etc.). Profit attributable to owners of parent increased ¥39.2 billion to ¥31.1 billion, owing in part to a decrease in extraordinary losses. Net earnings per share rose ¥39.86 to ¥31.63.

###### ②Analysis of Assets, Liabilities and Net Assets

Total assets as of March 31, 2016 amounted to ¥823.4 billion, down ¥0.3 billion from the end of fiscal 2014. The decrease in total assets was primarily the result of a decline in fixed assets due to impairment accounting and valuation differences on investment securities. This decrease was despite an increase in cash and cash deposits due to a positive net cash balance.

Total liabilities amounted to ¥509.0 billion, down ¥11.0 billion from the end of fiscal 2014. Interest-bearing debt, which includes borrowings and bonds payable, accounted for ¥303.3 billion of the total, down ¥4.9 billion, mainly due to the impact of foreign exchange movements (a stronger yen) on foreign-currency denominated interest-bearing debt, as well as redemption of bonds.

Total net assets rose ¥10.8 billion, to ¥314.4 billion. Total shareholders' equity and total accumulated other comprehensive income together represented ¥300.1 billion of the total, an increase of ¥13.0 billion. This was mainly due to an increase in line with profit attributable to owners of parent, which was partially offset by a decrease in valuation difference on available-for-sale securities and a decrease in foreign currency translation adjustment.



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

(Billions of yen / %)

		Fiscal 2014	Fiscal 2015	Change	Percentage
Net sales	Advanced Fibers and Composites	¥135.5	<b>¥133.0</b>	-¥2.5	-1.9%
	Electric Materials & Performance Polymer Products	184.8	<b>163.7</b>	-21.1	-11.4
	Health Care	141.7	<b>147.5</b>	5.8	4.1
	Trading & Retail	259.4	<b>270.9</b>	11.6	4.5
	Sub-Total	¥721.4	<b>¥715.2</b>	-¥6.2	-0.9
	Others	64.8	<b>75.6</b>	10.8	16.7
	Total	¥786.2	<b>¥790.7</b>	4.6	0.6
Operating income	Advanced Fibers and Composites	¥14.4	<b>¥18.5</b>	¥4.1	28.9
	Electric Materials & Performance Polymer Products	3.4	<b>22.3</b>	18.9	555.4
	Health Care	24.8	<b>28.8</b>	4.0	16.0
	Trading & Retail	4.2	<b>5.3</b>	1.1	25.4
	Sub-Total	¥46.8	<b>¥74.9</b>	¥28.1	60.0
	Others	4.0	<b>6.5</b>	2.5	62.9
	Elimination and corporate	(11.7)	<b>( 14.3)</b>	-2.6	-
	Total	¥ 39.1	<b>¥67.1</b>	¥28.0	71.7

Business Segment Results for fiscal 2015 were as follows:

## ■ Advanced Fibers and Composites

*Sales in the Advanced Fibers and Composites segment totaled ¥133.0 billion, while operating income was ¥18.5 billion.*

### High-Performance Fibers

*Sales remained firm for automotive applications.*

In aramid fibers, sales of *Twaron* para-aramid fibers expanded firmly for automotive applications, including for tires in Europe. Sales for use in ballistic protection products showed a recovery. In contrast, sales for use in uniforms and in optical fiber applications were weak. Sales were favorable for *Technora* para-aramid fibers for automotive applications in Japan and infrastructure-related applications overseas, leading to strong improvement in earnings. *Technora* is being used in an expanding range of applications under more extreme conditions given the positive assessment of its outstanding fatigue resistance, chemical barrier and other properties, and production has continued at full capacity. Therefore, in March 2016, we decided to boost production capacity of *Technora* by around 10%, mainly by increasing fiber production facilities. Sales of *Teijinconex* meta-aramid fibers were robust for use in automotive applications such as turbocharger hoses, as well as protective clothing and industrial applications, despite persistently fierce competition in the growing market for filter applications.

In this environment, we commenced production and sales of *Teijinconex neo*, a new meta-aramid fiber offering superior heat resistance and dyeability, at a new production facility in Thailand in August 2015. Motivated by increasingly stringent regulations pertaining to flame-retardant materials and environmental safety, we have continued to focus on expanding this particular business in promising Asian markets and emerging markets.

In polyester fibers, sales growth was sluggish for automotive applications at our subsidiary in Thailand, but earnings held firm thanks to solid sales of personal hygiene products, wadding, and other materials, as well as contributions from lower prices for raw materials and other cost reductions. In Japan, amid lackluster growth in sales for automobile applications, income was bolstered by higher sales for use in reverse osmosis membrane support layers for water treatment applications, as well as by efforts to cut costs. Moreover, we are striving to further strengthen our competitiveness by realigning our domestic production configuration and transferring production of certain items to subsidiaries in Thailand.

### Carbon Fibers and Composites

*Favorable sales for use in aircraft and general industrial applications, while progress was made on new product development and downstream business expansion.*

Sales of *TENAX* carbon fibers for use in aircraft were favorable, as orders from aircraft manufacturers remained firm. Among other applications, sales for use in general industrial applications were robust. However, the supply-demand balance softened for sports and leisure equipment applications in Asia from midway through last year. Sales of *Pyromex* Oxidized PAN fiber were strong, reflecting brisk demand for use in aircraft brake pads. Declining prices for raw material and fuel prices, which have persisted since autumn 2014, helped boost profitability.

Against this backdrop, we have been accelerating new product development, including *TENAX XMS32*, a new grade of carbon fiber with high-tenacity and high-tensile modulus properties for aircraft and automotive applications, and a woven fabric prepreg with high-tenacity, high-rigidity and fire-retardant properties that uses thermoplastic. In the field of railcars, we jointly developed a carbon fiber reinforced plastic (CFRP) leaf spring for the *efWING* new-generation railcar truck developed by Kawasaki Heavy Industries, Ltd. and began supplying this product to this company.

We are working to expand operations in profitable, high-growth markets by promoting the expansion of downstream business. As part of these efforts, we strove to develop an integrated production system for CFRP in Europe using a high-pressure resin transfer molding (HP-RTM) process in combination with Part via Preform (PvP), a one-step carbon fiber to part technology. We are carrying out procedures to acquire land in the United States, with a view to constructing a new plant.

In addition, in the area of structural components for mass-produced vehicles made with our innovative thermoplastic CFRP *Sereebo*, we are continuing to implement activities with General Motors Company and other automobile manufacturers to achieve future commercialization.

## ■ Electronics Materials & Performance Polymer Products

*The Electronics Materials & Performance Polymer Products segment reported sales of ¥163.7 billion and operating income of ¥22.3 billion.*

### Resin and Plastics Processing

*Focus on shifting to high-value-added fields with production halted at our subsidiary in Singapore.*

Profits from our mainstay *Panlite* and *Multilon* polycarbonate resin products improved markedly from the previous year, bolstered by lower prices for key raw materials and the positive impact of restructuring initiatives implemented to date. In December 2015, we halted production at our polycarbonate resin production subsidiary in Singapore as planned. Through the optimization of production capacity, we have worked to enhance capacity utilization rates and the sales mix, along with reducing fixed costs. As a result, we have established a production configuration that is able to generate steady profits. Going forward, we will upgrade and expand our product lineup centered on compound products by harnessing materials such as the Teijin Group's high-performance fibers (aramid fibers, carbon fibers) and copolymers, as well as the "super engineering plastic" polyphenylene sulfide (PPS) resin, which will enter mass production at INITZ Co., Ltd., a joint venture with SK Chemicals Ltd. of the Republic of Korea (ROK).

These efforts will target growth fields such as automobiles, infrastructure, and housing equipment, as well as the medical field, in addition to the office equipment and electronic fields in which we have traditionally been strong. In parallel, in order to expand our earnings power, we will further strengthen development and marketing activities that will enable us to provide solutions through high-value-added materials, components, and services in growth fields.

In polyethylene naphthalate (PEN) high-performance resin, sales remained firm, and we are stepping up our focus on developing more applications that take advantage of features such as its chemical and gas barrier resistance properties. In flame retardants, we are bolstering activities to obtain product specification approval primarily through the development of new phosphorous products featuring strengths such as the ability to impart flame resistance and colorability to polyester fabrics and other materials, alongside our existing lineups, which are steadily generating earnings.

In processed plastics, we posted solid sales of polycarbonate retardation film for liquid crystal displays (LCDs) and 3D glasses, as well as reverse-dispersion solvent-cast retardation film for use as an organic electroluminescent display (OLED) antireflective film in smartphones and tablets. In addition, sales of *ELECLEAR* transparent electroconductive polycarbonate film for use in touch screens for vehicle navigation systems, printers and game hardware, among others, were favorable, although sales for use in smartphones and tablets for the PRC market were sluggish.

### Films

*Strengthened cost competitiveness by integrating our domestic production facilities through restructuring initiatives.*

We faced an uphill struggle as the emergence of manufacturers from the PRC intensified volume and pricing competition in the area of reflective films for use in liquid crystal display (LCD) televisions, and demand for use in special packaging for beverage cans and other items remained weak. However, we posted firm sales of *PUREX* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones and other devices. In addition, we saw lower raw material and fuel costs as a result of the fall in crude oil prices, and benefited from cost reductions as a result of restructuring. Consequently, profits improved from the previous year. Currently, we are working to consolidate production items and narrow our focus on high-value-added applications as a part of preparations for the integration of our domestic production facilities at the Utsunomiya Factory, scheduled for fiscal 2016. At the same time, we are striving to expand sales of fire-retardant films and other newly developed products. Going forward, we will step up our focus on developing new types of high-performance films by advancing marketing and development in tune with market needs.

Overseas, sluggish market conditions intensified competition in the PRC, particularly as regards both sales volume and prices. However, demand for films for packaging applications and for use in solar cells, among others, was comparatively firm in the Americas and Europe.

Considering that the operating environment surrounding this business is becoming increasingly severe, we applied impairment accounting to fixed assets in connection with our domestic operations for the nine months ended December 31, 2015.

## ■ Healthcare

*Sales in the Healthcare segment came to ¥147.5 billion, while operating income was ¥28.8 billion.*

### Pharmaceuticals

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

In our domestic pharmaceuticals business, sales of recently developed drugs, including hyperuricemia and gout treatment *Feburic* (febuxostat) and *Somatuline*<sup>®\*</sup>, a treatment for acromegaly, continued to expand steadily. Meanwhile, the operating environment for long-listed originator drugs remained harsh, owing to rising sales of generic drugs. In this environment, the osteoporosis treatment *Bonalon*<sup>®†</sup> saw firm sales of new formulations including an oral jelly and an intravenous drip. A new addition to our portfolio is *Mucosolvan* L Tablet 45 mg, a novel reduced-sized tablet-form version of our well-known expectorant *Mucosolvan* launched in July 2015, that offers a once-daily tablet that is easier to swallow and yet equally effective as regular-sized tablets. These additional formulations provide patients with a wider range of choices. In January 2016, Teijin Pharma Limited began jointly marketing the transdermal anti-inflammatory analgesic patch formulation *LOQQA* Tape with Taisho Toyama Pharmaceutical Co., Ltd.

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 57 of these countries and territories (including Japan), and we are in the process of obtaining regulatory approval to make it available in the others.

In R&D, we commenced Stage I clinical trials in Japan for TMX-049, a new treatment for hyperuricemia and gout, in April 2015. In July 2015, we filed an application with the Ministry of Health, Labour and Welfare for the approval of TMX-67TSL, which is under development as a project to expand indications for *Feburic* tablets to hyperuricemia associated with cancer chemotherapy. In September 2015, subsidiary Teijin Pharma Limited signed a joint research and development agreement with PeptiDream Inc. We aim to discover innovative pharmaceuticals for patients with unmet medical needs by seeking to turn macrocyclic and constrained peptides into pharmaceuticals for various drug targets<sup>1</sup> that had been excluded from drug development efforts to date. In other initiatives, in November 2015 we filed an application with the China Food and Drug Administration of the PRC for approval of TMX-67 (generic name: febuxostat), a treatment for hyperuricemia and gout, which is being jointly developed with Astellas Pharma China, Inc. in the PRC. In addition, in January 2016 we began clinical development of EZN-2279 (domestic development code: STM-279), a therapeutic agent for adenosine deaminase (ADA) deficiency discovered by Sigma Tau Rare Disease Ltd. of the U.K. In March 2016, we obtained designation of EZN-2279 as an orphan drug by Japan's Ministry of Health, Labour and Welfare.

Since 2015, the Ministry of Health, Labour and Welfare had ordered manufacturer and distributor Kaketsuken (The Chemo-Sero-Therapeutic Research Institute) to suspend shipments of *Kenketsu Venilon-1* (an intravenous-use human immunoglobulin therapy). In March 2016, Kaketsuken obtained approval for partial amendment following progress made on resolving inconsistencies between the approval form and the actual manufacturing methods.

In response, we will make every effort to fulfill our responsibility to ensure a stable supply of pharmaceuticals to the medical frontline.

### Home Healthcare

*Rental volumes either remained high or increased for all offerings*

In the home healthcare business, we currently provide 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 5S* and *Hi-Sanso Portable α* (alpha). Looking ahead, we will strive to further boost rental volume, by expanding the use of *Hi-Sanso Portable α II*, a portable oxygen concentrator launched in March 2016. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, due to the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks, and an influx of SAS patients owing to the use of the *SAS2100* sleep disorder diagnostic system. Going forward, we will seek to further boost rental volume, by proactively expanding the use of *SLEEPMATE10*, a new model launched in January 2016 featuring *NemLink* functions and a built-in heater-humidifier. To fortify support services for individuals, we sought to improve our ability to respond to patient needs by capitalizing on our home healthcare call centers in Fukuoka and Osaka.

\* *Somatuline*<sup>®</sup> is a registered trademark of Ipsen Pharma S.A.S., Paris, France.

† *Bonalon*<sup>®</sup> is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

<sup>1</sup> A drug target is a molecule closely related to the cause of a disease. Controlling this molecule paves the way for successful treatment of the disease.

Meanwhile, as part of our transformation and growth strategies, in September 2015 we commenced sales of *VitalLink*, a patient information sharing system. We have been working to expand this business by conducting marketing activities focused on facilities that play a crucial role in comprehensive community healthcare and on other sites. Moreover, investigator-initiated clinical trials of intractable neuropathic pain using a trial model of a repetitive transcranial magnetic stimulation device developed through an industry-academia partnership with Osaka University and other partners commenced at Osaka University Hospital in December 2015, followed by the start of these clinical trials at several other hospitals. We also continued to expand our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from a stroke or 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 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 & Retail

*The Trading & Retail segment yielded sales of ¥270.9 billion and operating income of ¥5.3 billion.*

### **Fiber Materials and Apparel**

*Expanded joint initiatives with overseas global brands by leveraging strengths of proprietary materials.*

In the sports apparel field, we expanded joint initiatives with overseas global brands by leveraging high-performance materials centered on the core product *DELTA* series. Sales in Japan were healthy, supported mainly by the accomplishments of integrated materials sewing initiatives using OEM in the ASEAN region. Meanwhile, in the uniform field, we faced an uphill struggle owing to sluggish sales and the impact of inventory adjustments due to unseasonable weather. Sales of yarn benefitted from favorable sales of differentiated products. In textiles, sales of products for new markets in the Middle East grew.

In functional textiles and apparel, we faced an uphill struggle in our mainstay apparel OEM business due to declining consumption of apparel and sluggish sales of autumn and winter products due to unseasonable weather. In addition, profitability was squeezed by the yen's depreciation and rising overseas production costs. In this environment, we worked to enhance our ability to receive orders by pushing ahead with efforts to upgrade and expand our manufacturing platform, including a review of our manufacturing management structure centered on Vietnam and Myanmar. Moreover, in an effort to expand business, we proactively presented plans and proposals for apparel products based on proprietary materials including our strategic material *SOLOTEX*, through a comprehensive exhibition of textiles and apparel staged by TEIJIN FRONTIER CO., LTD. in Tokyo and by opening a booth at the *Première Vision* exhibition held in Paris.

### **Industrial Textiles and Materials**

*Firm sales of automotive materials and healthy exports of functional materials.*

In the industrial textiles and automotive materials field, we saw firm sales of our mainstay tire cords for high-performance tires, and generally stable sales of rubber materials used in automobiles, such as hoses and belts. Airbags reached full capacity utilization and full sales in the second half of the fiscal year, with further production increases planned ahead. Although sales of automotive accessories such as seat covers remained lackluster, sales of automotive interior materials held steady overall, underpinned by the adoption of these materials in major vehicle models and other factors.

In textiles and related materials, in the Japanese market, sales were firm in the civil engineering, agriculture, fisheries and packaging fields, as well as in products related to nonwoven fabrics, despite weak sales of membrane materials such as decorative tent fabrics and products in the filter field. In overseas markets, sales increased favorably owing to surging demand for functional materials such as short-cut fibers and carbon fibers.

In household materials, we posted growth in sales of products for wiping-related applications, and face masks developed as a new initiative with a major convenience store, among other products. In interior materials, sales of floor-covering materials and wall-covering materials were firm, but sales of curtain materials struggled.

In the films and plastics field, we faced an uphill struggle in sales of film, due to the impact of production adjustments for electronic components in the PRC from the second half of the fiscal year. In plastics, weak sales reflected a higher recycling rate for electronic component packaging applications. Meanwhile, sales were firm for equipment and machinery.

## ■ Others

*Others, which does not qualify as a reportable operating segment, generated sales of ¥75.6 billion and operating income of ¥6.5 billion.*

The IT business reported solid results due to steady growth in sales of e-books in the net services category and other factors. Looking at the IT services category, we developed and started sales of the Cancer Patient Guidance and Administration Support System to hospitals, and in the field of comprehensive community healthcare, we entered into a business and capital alliance with Solasto Corporation. In addition, we made product enhancements to *GRANDIT*, a web-based ERP software package, such as enabling My Number support, in conjunction with advancing greater collaboration with our development and sales partners. Furthermore, in the IoT<sup>‡</sup> field, we pushed ahead with expanding our business domains by entering into a business alliance with Afero, Inc., which provides cloud services. Meanwhile, we decided to stop providing services through our own data centers as a part of our restructuring initiative.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators continued to expand favorably. We also developed a new high-performance membrane that contains polyethylene using our proprietary microporous membrane production technology, and we are working to launch a new business based on this technology, with products to be offered under the brand name *miraim*.

In the healthcare field, we are advancing R&D with the aim of creating new business fields, such as embedded medical devices and medical composite materials for pharmaceuticals. In the orthopedics domain, in April 2015, we established Teijin Nakashima Medical Co., Ltd. as a joint venture with Nakashima Holdings Co., Ltd. to develop a global artificial joint business. The new venture plans to put together a strategic marketing team and develop products that combine the technologies of the two parent companies. In the cardiovascular domain, we continue to pursue our project to develop a patch for cardiac care. This project 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.

We promoted the use of *Recopick*—a radio frequency identification (RFID) information management system that incorporates our RFID-enabled two-dimensional communication sheet *CELL FORM*, in electronic management solutions for library books, classified information and medical devices, among others, capitalizing on the system's ability to efficiently and accurately track the entry and removal, inventory levels and precise location of items.

## 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 Teijin Group aims for the sustainable development of both business and society. Of the issues related to sustainability including social and environmental problems, in 2015, we identified and took proactive initiatives on important CSR issues related to business activities, which are three governance issues, three environmental issues, and seven social issues. In one designated issue, “Reducing Environmental Impact,” in addition to working to reduce its greenhouse gas emissions in manufacturing both within Japan and abroad, the Group made further efforts to reduce waste, both by reducing the total amount of waste produced and by promoting various recycling programs, achieving a large overall reduction in the amount of non-recyclable waste emissions. Furthermore, we have identified solutions of environmental value as an important CSR issue, and based on the Teijin Group Design for Environment Guidelines which evaluates the environmental impact throughout a product's lifestyle, we work to design products, manufacturing processes, and IT/services which reduce environmental impact, create light-weight materials which contribute to the reduction of CO<sub>2</sub>, and promote the recycling of resources.

Furthermore, based on shared Group guidelines, the Teijin Group proactively approaches social contribution activities in line with the characteristics of the different business groups and regions.

Among these approaches, we believe next-generation education is particularly important, and co-sponsor the All Japan High School Soccer Tournament to proactively support sports activities of the youth. In 2015, with the goal of developing global human resources through soccer, with the Japan Football Association, Teijin established a joint human-resources development center, TEIJIN ACADEMY FUJI, in Susono, Shizuoka.

In terms of academic research, through the Teijin Kumura Scholarship system provided by the Teijin Scholarship

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<sup>‡</sup> The IoT (Internet of Things) 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 wider range of new services.

Foundation, we have supported around 1,600 science and engineering students over more than 60 years, and in 2010, launched a scholarship system in China. Furthermore, aiming to foster human resources for science and technology by integrating industry-government-academia research groups, the Teijin Group co-sponsors Science Koshien, supporting middle school and high school students in the science field and making broad contributions to supporting next-generation education.

Additionally, we provide continual relief support for the areas affected by the Tohoku-Pacific Offshore Earthquake, as well as continually operating a range of initiatives to support employee volunteer activities.

Furthermore, in the field of international exchange, we support sports among children in Southeast Asia, donate picture books to libraries, and work to resolve hunger in developing countries, proactively participating in social contribution activities.

These activities have been recognized through the inclusion of the Teijin Group in multiple social development investment indices including the DJSI Asia Pacific, FTSE4Good, and MSCI ESG Index.

Going forward, as a good corporate citizen, to realize both sustainable social and corporate development, we will continue to proactively participate in and support 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	147 <sup>th</sup> Fiscal Period FY2012	148 <sup>th</sup> Fiscal Period FY2013	149 <sup>th</sup> Fiscal Period FY2014	150 <sup>th</sup> Fiscal Period FY2015 (Current period)
Net sales (Millions of yen)	745,712	784,424	786,171	790,748
Operating income (Millions of yen)	12,357	18,078	39,086	67,130
Ordinary income (Millions of yen)	9,786	19,887	42,378	60,316
Profit attributable to owners of parent (Millions of yen)	Δ29,130	8,356	Δ8,086	31,090
Net earnings per share (Yen)	Δ29.61	8.50	Δ8.23	31.63
Total assets (Millions of yen)	762,399	768,411	823,694	823,429
Net assets (Millions of yen)	292,127	300,112	303,635	314,412

## (3) Capital Investments

Capital investments by the Group in fiscal 2015 totaled ¥ 38.3 billion, mainly for maintenance and renewal.

## (4) Financing

The Company raised long term debts to secure finance. The Company redeemed a debenture and due to the impact of foreign exchange movements (a stronger yen) on foreign-currency denominated, interest-bearing debt in long-and short-term loans amounted to ¥300.3 billion reduced by ¥4.9 billion from the end of the previous year.

## (5) Tasks Ahead

### Short-Term Efforts

In our advanced fibers and composites business, which we have positioned as a core strategic business, we will focus on bolstering sales in promising markets, notably for use in aircraft, automotive and infrastructure-related applications. In healthcare, also viewed as a core strategic business, we will press ahead with efforts to increase sales of key strategic products, namely, hyperurecemia and gout treatment febuxostat and CPAP ventilators for treating SAS.

In addition to taking steps to expand profits in our trading and retail and IT businesses, which we see as stable-profit businesses, we will leverage synergies with core strategic businesses. In businesses to be restructured, namely our electronics materials and performance polymer products and our raw materials and polymerization businesses, we will step up efforts to reshape our business structure, in addition to steadily executing restructuring initiatives.

### **Medium-Term Efforts**

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 seek to promote the targeted allocation of corporate resources in promising growth businesses. Based on the results of this process, we are pushing ahead with the integration of production and development bases.

These measures have already produced a positive impact from restructuring initiatives of ¥4.5 billion on operating income through fiscal 2015. Combined with an additional positive impact of ¥8.0 billion next fiscal year, we are targeting a cumulative positive impact of ¥12.5 billion through fiscal 2016, compared with fiscal 2014.

#### ***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 foster groundbreaking, distinctively Teijin businesses in key categories: environment and energy conservation; safety, security and disaster mitigation; and demographic change and increased health consciousness. We will continue to actively invest our resources to achieve this goal.

#### ***Medium-term management targets***

Under the revised medium-term management plan, through the positive impact of restructuring initiatives and by the growth of our core strategic businesses, we targeted operating income of ¥50.0 billion and ROE of 8% or higher for fiscal 2016. However, in fiscal 2015, we attained these targets ahead of schedule. In fiscal 2016, we will manage our businesses with the aim of achieving operating income of ¥58.0 billion and ROE of 11.3%, both of which exceed our initial targets.

#### ***Next medium-term management plan***

In fiscal 2016, the final fiscal year of the revised medium-term management plan, a major priority is to formulate the next medium-term management plan to drive further growth over the medium and long terms. In the process of formulating this plan, we will articulate our growth scenarios and set a clearer course for our transformation to a solutions-oriented business model.

Note: Italicized product names and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries. Where noted, other italicized product names and service names used in this document are protected as the trademarks and/or trade names of other companies.



## (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, Trading & Retail, and Others segments.

(As of March 31, 2016)

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, Anodyne resolutive
	Home Health Care	Oxygen Concentrator for Home oxygen Therapy (HOT), Continuous Positive Airway Pressure Unit (CPAP), Ultrasound Bone Fracture Treatment Devices
Trading & Retail	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	General Corporation information system, Information system for hospital, Medicine manufacturing information system, Document control system, Web-ERP(Integration Business Software Package), Emergency Call / Safety Confirmation system
	Net Business	Electronic book delivery service, E-commerce of foods
	New Business development	Lithium-ion battery separators Medical equipment for joint prostheses, bone joining material, etc.,
	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, 2016)

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	Shizuoka, Ehime U.S.A., Germany , the Netherlands ,Thailand, China
Electric Materials & Performance Polymer Products	Manufacturing bases	Gifu, Tochigi, Ehime, Hiroshima China, Indonesia
	Operation bases	Tokyo, Osaka, Aichi U.S.A., the Netherlands, China, Korea, Taiwan, 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.
Trading & Retail	Manufacturing bases	Ishikawa, Fukui, Shiga, Fukuoka China, Thailand, Vietnam
	Operation bases	Tokyo, Osaka, Aichi, Niigata, Gifu U.S.A., Germany, China, Vietnam, Indonesia, Myanmar, Mexico
Others	Manufacturing bases	Tokyo, Ehime, Okayama, South Korea
	Operation bases	Tokyo, Osaka, Kanagawa, Fukuoka, Ehime, Yamaguchi, Okayama
	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

(As of March 31, 2016)

Business segments	149 <sup>th</sup> Fiscal Period FY2014 (As of March 31, 2015)	150 <sup>th</sup> Fiscal Period FY2015 (As of March 31, 2016) (Current period)	Change in the number of employees
Advanced Fibers and Composites	4,307	4,301	Δ 6
Electric Materials & Performance Polymer Products	2,152	2,141	Δ 11
Health Care	3,701	3,633	Δ68
Trading & Retail	3,010	2,966	Δ 44
Others	2,610	2,715	+105
Total	15,780	15,756	Δ24

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  
(2,367 employees for the 149<sup>th</sup> fiscal period and 2,535 employees for the 150<sup>th</sup> fiscal period)

## (9) Significant Subsidiaries

(As of March 31, 2016)

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	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
Trading & Retail	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 Notes <sup>3</sup>	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 31,2016)

Primary Lenders	Balance of borrowings
	Millions of yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.*	43,207
Development Bank of Japan Inc	35,000
Mizuho Bank, Ltd. *	21,881
Mitsubishi UFJ Trust & Banking Corporation*	7,554
The Norinchukin Bank	5,200

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 ¥115,544 million under syndicated loans.

## 2. Matters Regarding the Shares of the Company (as of March 31, 2016)

(1) Issuable shares 3,000,000,000 shares

(2) Issued shares 984,758,665 shares

(3) Number of shareholders 94,703

### (4) Top 10 shareholders of the Company

Shareholders		Investment in the Company	
		Number of shares held	Shareholding ratio (%)
1	Japan Trustee Service Bank, Ltd.(Trust account )	72,532,000	7.37
2	The Master Trust Bank of Japan, Ltd. (Trust account)	72,125,000	7.33
3	Nippon Life Insurance Company	35,227,509	3.58
4	The Employee Stock Ownership Association of Teijin	23,429,813	2.38
5	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,694,935	2.10
6	Japan Trustee Service Bank, Ltd.(Trust account 9 )	16,516,000	1.67
7	STATE STREET BANK WEST CLIENT - TREATY 505234	12,173,859	1.23
8	CBNY-GOVERNMENT OF NORWAY	12,148,903	1.23
9	STATE STREET BANK AND TRUST COMPANY 505001	11,720,991	1.19
10	STATE STREET BANK AND TRUST COMPANY 505225	11,253,526	1.14

Note: The shareholding ratio has been calculated after excluding Treasury stocks (1,530,571 shares) from the Issued shares.

### 3. Directors and Statutory Auditors

#### (1) Directors and Statutory Auditors

(As of March 31, 2016)

Post	Name	Duty, state of significant positions concurrently held at other companies
Chairman of the Board	Shigeo Ohyagi	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 Statutory Auditor, JFE Holdings, Inc.
President, Representative Director	Jun Suzuki	CEO (Chief Executive Officer) Chairman, Japan Chemical Fibers Association
Senior Executive Officer, Representative Director	Yo Goto	General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory
*Senior Executive Officer, Director	Hiroshi Uno	General Manager, Healthcare Business Group President & Representative Director, Teijin Pharma Limited
*Executive Officer, Director	Kazuhiro Yamamoto	CFO General Manager, Accounting, Finance & Procurement Division
Officer, Director	Yoshihisa Sonobe	Corporate Strategy Officer Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project
Director	Hajime Sawabe	Counselor, TDK Corporation Outside Statutory Auditor, Nikkei Inc. Outside Director, Japan Display Inc. Outside Director, Ebara Corporation 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 Special Participation, INPEX Corporation
Director	Nobuo Seki	Outside Director, KAMEDA SEIKA Co., Ltd. Outside Director, Weathernews Inc. Outside Director, Yokogawa Electric Corporation
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 Statutory Auditor	Toshiaki Yatabe	
*Full-time Statutory Auditor	Atsushi Mugitani	
Statutory Auditor	Noriko Hayashi	Representative, Hayashi Legal Office Lawyer The Chairperson of Committee on Labor Law Legislation, Japan Federation of Bar Associations Certified
Statutory Auditor	Nobuo Tanaka	President, The Sasakawa Peaceful Fund Outside Director, Chiyoda Corporation Outside Statutory Auditor, Innotech Corporation
*Statutory Auditor	Gen Ikegami	Representative, Gen Ikegami Certified Public Accountant Office, Certified Public Accountant

## Notes:

- The directors and statutory auditors marked with \* were newly elected at the 149th Ordinary General Meeting of Shareholders held on June 24, 2015, and assumed such post on such date except for Gen Ikegami who assumed such post as of July 1, 2015.
- Four (4) Directors—Hajime Sawabe, Yutaka Imura, 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 pages 14-15 for the requirements of “Independent Director” which Company defines.
- There are no important interests between the Company and any of the entities at which the abovementioned outside directors hold positions as director/statutory auditor etc.
- Three (3) Statutory Auditors—Noriko Hayashi, Nobuo Tanaka and Gen Ikegami—are outside statutory auditors. The Company requires the candidate for outside statutory auditor to satisfy the requirements of “Independent Statutory Auditor” stipulated by the Company. These three (3) Statutory 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 pages 14-15 for the requirements of “Independent Statutory Auditor” which Company defines.
- There are no important interests between the Company and any of the companies at which the abovementioned outside statutory auditors hold positions as director/ statutory auditor etc.
- Statutory Auditor Gen Ikegami is a Certified Public Accountant and has ample knowledge of finance and accounting.
- The following Directors and Statutory Auditors retired as of June 24, 2015.

Director Osamu Nishikawa

Director Yoshio Fukuda

Statutory Auditor Atuso Amano

Statutory Auditor Toshiharu Moriya

- Changes in posts and duties of Directors during the subject fiscal year are as follows.

Name	New Post	Former Post	Date of Change
Yo Goto	Senior Executive Officer, Representative Director General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory	Senior Executive Officer, Representative Director General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory Supervisor of Safety Control	September 1, 2015
Hiroshi Uno	Senior Executive Officer, Director General Manager, Healthcare Business Group President & Representative Director, Teijin Pharma Limited	Senior Executive Officer General Manager, Healthcare Business Group President & Representative Director, Teijin Pharma Limited	June 24, 2015
Kazuhiro Yamamoto	Executive Officer, Director CFO General Manager, Accounting, Finance & Procurement Division	Executive Officer CFO General Manager, Accounting, Finance & Procurement Division	June 24, 2015
Yoshihisa Sonobe	Officer, Director Corporate Strategy Officer Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project	Officer, Director Corporate Strategy Officer Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project Chairman, Teijin DuPont films	October 1, 2015

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

Name	New Post	Former Post	Date of Change
Yo Goto	Senior Executive Officer, Representative Director General Manager, Technology Center Supervisor of Raw Materials & Polymers Division Supervisor of Iwakuni, Matsuyama and Mihara factory	Senior Executive Officer, Representative Director General Manager, Technology Center Supervisor of Iwakuni, Matsuyama and Mihara factory	April 1, 2016
Kazuhiro Yamamoto	Senior Executive Officer, Director CFO General Manager, Accounting, Finance & Procurement Division	Executive Officer, Director CFO General Manager, Accounting, Finance & Procurement Division	April 1, 2016
Yoshihisa Sonobe	Executive Officer, Director Corporate Strategy Officer Supervisor of IT, Healthcare Project	Officer, Director Corporate Strategy Officer Supervisor of Raw Materials & Polymers Division Supervisor of IT, Healthcare Project	April 1, 2016

## (2) Liabilities Limitation Agreements

### 1) Liabilities Limitation Agreement with Directors (excluding Executive Director)

The Company has executed a Liabilities Limitation Agreement with each of five (5) directors (excluding Executive Directors), Shigeo Ohyagi, Hajime Sawabe, Yutaka Imura, Nobuo Seki, and Kenichiro Senoh which limits the respective liabilities of each 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 Statutory Auditors

The Company has executed a Liabilities Limitation Agreement with each of five (5) statutory auditors, Toshiaki Yatabe, Atsushi Mugitani, Noriko Hayashi, Nobuo Tanaka, and Gen Ikegami which limits the respective liabilities of each statutory auditor to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

## (3) Remuneration for Directors and Statutory 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	373	4	56	12	429

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 amounts of above remuneration include ¥125 million, an expected amount of performance-based remuneration to be paid to the six (6) inside directors appointed at the 149th Ordinary General Meeting of Shareholders held on June 24, 2015. Performance-based remuneration was not paid to outside directors. The amounts of above remuneration include ¥27 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.
4. 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 ¥10 million were paid to two (2) inside directors who retired during the subject fiscal year. Retirement benefits are not paid to outside directors.

## 2) The calculation standard for Directors' Remuneration

<Amount of remunerations>

The maximum annual remuneration for directors of the Company has been ¥700 million, as resolved by the 140th Ordinary General Meeting of Shareholders, held on June 23, 2006 and the 149th Ordinary General Meeting of Shareholders, held on June 24, 2015\*. The amount of the above remuneration includes (1) ¥630 million of annual salary, and (2) ¥70 million for the fair value of compensation-type stock options. The remuneration for outside directors is only annual salary. In addition, the amount of remunerations for directors does not include the portion of employee salaries for directors concurrently serving as employees.

The standard for calculating the annual remuneration for 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 profit attributable to owners of parent 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.

\* The Company abolished the remuneration frame (¥60 million) for outside directors at the 149th Ordinary General Meeting of Shareholders, held on June 24, 2015.

## 3) Remuneration for Statutory Auditors during the subject fiscal year

(millions of yen)					
Inside Statutory Auditors		Outside Statutory Auditors		Total	
Number of Statutory Auditors	Amount of Remuneration	Number of Statutory Auditors	Amount of Remuneration	Number of Statutory Auditors	Amount of Remuneration
3	59	4	31	7	90

Notes:

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

## (4) Outside Directors and Outside Statutory Auditors

### 1) Significant Concurrent Positions and the relation between the Company and the entities at which Outside Directors and Outside Statutory Auditors hold such positions.

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

### 2) Main Activities of Outside Directors and Outside Statutory 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 Iimura	Attended 11 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.



Category	Name	Main Activities
Outside Statutory Auditors	Noriko Hayashi	Attended 12 of 12 meetings of the Board of Directors and 12 of 12 meetings of the Board of Statutory 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 11 of 12 meetings of the Board of Directors and 10 of 12 meetings of the Board of Statutory 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.
	Gen Ikegami	After his appointment on July 1, 2015, he attended 8 of 8 meetings of the Board of Directors and 7 of 7 meetings of the Board of Statutory Auditors held during the relevant fiscal year and offered valuable comments from his professional knowledge as a Certified Public Accountant.

#### 4. 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	156
2) The total amount of cash or other proprietary interest to be paid by the Company and its subsidiaries to the accounting auditor	309

Notes:

- 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.
- Of the major subsidiaries of the Company, 10 companies, including Teijin Aramid B.V., undergo auditing by accounting firm other than the accounting auditor.
- Based on the Company's scale and characteristics, the Board of Statutory Auditors has given consent to the remuneration, etc., to be paid the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of the confirmation of the audit contents, total audit work done, audit plans of Accounting Auditor and its rewards estimation.

##### (3) Policy for Dismissal or Non-Reappointment of Accounting Auditor

The Company has a policy that the Board of Statutory Auditors may dismiss the accounting auditor based on the unanimous approval by the statutory 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 Statutory Auditors.

## **5. Corporate Governance System**

### **(1) Reasons for Choosing the Current Corporate Governance System**

The Company's Group 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 statutory auditors and the Board of Statutory Auditors on the other hand.

Therefore the Company intends to continue to be a company with Board of Statutory 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 Statutory Auditors system that includes independent outside statutory auditors."

### **(2) Outline of Current System**

#### **1) Decision-Making Bodies**

Within the Teijin Group, matters for which the Board of Directors retains authority in accordance with the provisions of the law are decided by the "Board of Directors," which meets once a month in principle. Important matters related to execution of business of the Company or the Teijin Group for which authority has been delegated from the Board of Directors (individual medium- or short-term plans relating to each business group or function operations, and individual important matters) are decided by the President and CEO through deliberation in the "Group Strategy Committee," which meets once a week in principle, and the "Group Management Committee," which meets once a month in principle.

The "Group Strategy Committee" members consist of the CEO, chief officers, and people designated by the CEO, while the "Group Management Committee" members consist of the CEO, chief officers, business group general managers, and people designated by the CEO. The CEO convenes and chairs both committees. In addition to the members, the committees are also attended by the full-time statutory auditors.

#### **2) Board of Directors and Corporate Officer System**

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 outside directors who are independent from the company. 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 (in 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), as a means of separating oversight and supervision from execution of business.

#### **3) Selection of Director Candidates**

Director candidates are decided by the Board of Directors as personnel that are suitable to be top management of the Company, with outstanding personality and insight, in consideration of their personal capabilities, past performance record, and so forth. The candidates are recommended at the General Meeting of Shareholders.

#### **4) 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 (in the case of vacant of the chairman of the Board, the senior advisor will take the chairmanship 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.

## **5) Nomination Consultative Committee and Compensation Consultative Committee as consultative bodies**

In addition to the above Advisory Board, the Company shall establish and manage the Nomination Consultative Committee and the Compensation Consultative Committee, as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. Both committees are made up of two outside directors, the Chairman of the Board and the President & CEO. Outside Director chairs both committees. Both committees shall have a function to make proposals and recommendations to the Board of Directors with respect to the nomination, evaluation and amount of compensation of Directors and the Senior Management other than the Chairman and CEO and the nomination of Statutory Auditors.

## **6) Status of Initiatives to Enhance the Function of Statutory Auditors (Corporate Audits)**

The Company's Board of Statutory Auditors consists of five members, of who, three—a majority—are independent outside directors who are independent from the company, and one of those three is female. In addition, Gen Ikegami possesses certified public accountant's qualification and possesses considerable knowledge of finance and accounting. Moreover, as a system provided for group consolidated management, the Committee of Teijin Group Statutory Auditors, comprising statutory auditors of Group companies, serves to enhance the effectiveness of group-wide oversight and audit and ensure impartial auditing.

## **7) Internal Audit System**

The Corporate Audit Department, 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. Furthermore, at certain listed subsidiaries and so forth, individual internal audit organizations have been established. As of March 31, 2016, the number of internal auditors in the Teijin Group is 20 (excluding internal auditors at listed subsidiaries and so forth).

## **8) Status of Accounting Audits**

The status of certified public accountants who executed business is as follows (items in brackets are the affiliated auditing firm and number of consecutive years performing audits).

Iwao Hirano (KPMG AZSA LLC, 3 years), Kiyoshi Hirai (KPMG AZSA LLC, 2year), Takeharu Kirikae (KPMG AZSA LLC, 1 years).

The status of assistants who executed auditing is as follows.

Certified public accountants 17, others 38, total 55.

## **9) Total Risk Management**

In April 2003, the Company established the "Total Risk Management (TRM) Committee" beneath the Board of Directors, as a preventive measure to handle any risks the Company may face. The TRM Committee categorizes the risks into management strategy or business operating risks and conducts comprehensive management against the risks. The Board of Directors deliberates and determines basic policies and annual plans related to TRM that are proposed by the TRM Committee. The CEO is in charge of management strategy risk assessment, and provides important judgment materials for the Board of Directors and so forth. The statutory auditors conduct audits to check whether the Board of Directors is conducting appropriate policy determination, oversight and supervision regarding TRM.

\* The details of Teijin Group "Corporate Governance Guide" (the Company's Corporate Governance System) can be viewed at the Company's Web site: (<http://www.teijin.com/ir/governance/guide/>).

## **6. Systems to Ensure Appropriate Business Operations and the Status of its Implementation**

### **(1) 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, 2016.

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” .

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 statutory auditors, and will respect any advice or recommendations received from the statutory 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 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. Statutory 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 properly and efficiently operate and assess 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 Statutory 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 statutory auditors and appoint two or more employees, in principle, to assist Statutory Auditors in performing their duties. The members of Teijin Group Auditors Office may have statutory 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 Statutory Auditors. The full-time Statutory Auditors shall assess the performance of the members of Teijin Group Auditors Office.

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

The full-time statutory 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 statutory 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 statutory auditors of the Company, and shall cooperate with the investigations of the statutory auditors of the Company.

## **8) System for Ensuring that Persons Reporting to the Statutory 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 Statutory Auditors' Performance of Duties, Prepayment of Expenses, and Reimbursement Procedures**

The Company shall bear the expenses and obligations required for the statutory 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 Statutory Auditors Are Conducted Effectively**

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

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

## **(2) Summary of the "Internal Control System Operating Status"**

In accordance with the "Basic Policy for the Establishment of Internal Control Systems," the operating status of the Company's internal control system for the relevant year is as follows.

### **1) Operating Status Regarding Compliance with Laws and Regulations**

The Company has published the Teijin Group "Corporate Governance Guide" and the related regulations necessary to carry out its basic policy on the Company intranet, and has designated each October as Corporate Ethics Month in which internal training is held, promoting compliance education and awareness. Furthermore, for important decision making, the related divisions and departments perform verifications, working to prevent any violations of laws and regulations.

The Company has established a framework to promote compliance under the direction of the Chief Social Responsibility Officer, which works to identify and respond to problems across the Teijin Group. The Chief Social Responsibility Officer also responds appropriately to important compliance issues reported by the directors, officers and employees of the Company and its subsidiaries based on the Group Ethics Regulations, which establish rules for reporting illegal conduct and other responses, and make regular reports to the TRM Committee.

The Company has established an internal reporting system including an anonymous compliance hotline, responding appropriately to hotline inquiries from group companies in Japan and overseas, protecting the reporter, and publishing the status of the response biannually on the intranet, promoting education and awareness.

The Company's Corporate Audit Department performs internal auditing across the Teijin Group based on the annual plan, and reports the audit results to the Directors and Statutory Auditors as necessary.

The Company maintains an action policy against anti-social forces in its Corporate Code of Conduct, and promotes education and awareness at its Corporate Ethics Month.

## **2) Operating Status Regarding Management of Risk of Loss**

The Board of Directors of the Company receives reports from the TRM Committee on proposals for basic policies and annual plans related to TRM, as well as the status of the occurrence and response to risks, putting in place a system to manage important risks and ensure the continuation of the business.

The Chief Social Responsibility Officer implements regular evaluation and monitoring of operational risks, continually identifying risks and evaluating the validity of countermeasures.

At meetings of the Board of Directors and other important meetings of the company, deliberation items are evaluated based on the results of strategic risk assessment implemented based on the Regulations for Group Profit Management.

To ensure the continuation of business, the Company will prepare the required manuals and hold regular drills to be prepared in the event of an emergency.

While preparing individual policies on personal information protection and information security, the Company has implemented various internal education programs and security enhancement policies, as well as enhancing countermeasures against the risk of information leaks.

## **3) Operating Status Regarding Securing Efficiency**

The Company publishes the Group regulations on the Company intranet, promoting education and awareness.

The Company assigns management systems and job duties as well as clarifying responsibilities and authorities based on Group organizational regulations and Group responsibility and authority regulations, working to ensure efficient management execution and effective management.

## **4) Operating Status Regarding the Internal Control System within the Corporate Group**

The Company performs regular self-evaluations of the creation and operating status of its internal control system, continually guiding the creation of the internal control system including both the regulations and meetings of the various Teijin Group companies and a reporting system.

The Company's Statutory Auditors, to promote fair and efficient auditing activities within the Teijin Group, by holding regular meetings of the Group Board of Statutory Auditors and attending meetings in which accounting audit reports are given, maintains close cooperation among the Accounting Auditors and Internal Audit Departments.

## **5) Operating Status Regarding the Preservation and Management of Information**

The Company's Board of Directors appropriately preserves documents and important information concerning the performance of their duties in accordance with regulations regarding information related to the duties of the Group's directors.

## **6) Operating Status Regarding Ensuring the Effectiveness of the Auditing of the Statutory Auditors**

The Company has established the Teijin Group Auditor Office, with the Teijin Group Auditor Office members under the direct control of the Statutory Auditors to assist the Statutory Auditors in performing their duties.

The Company's full-time Statutory Auditors attend important meeting bodies of the Company and of the main subsidiaries, receiving reports at the meeting bodies from the representative directors, other directors, and corporate officers on the status of the performance of duties.

The Chief Social Responsibility Officer reports on important stipulated items, including internal reporting by the hotline, promptly following their discovery, both individually and in detail, to the members of the meeting bodies including the Statutory Auditors, through the important meeting bodies.

Officers and employees of the Company properly respond to items requested by the Statutory Auditors, working to ensure the effectiveness of the auditing of the Statutory Auditors.

## **7. Basic Policy Regarding the Control of the Company(Excluding Takeover Defense Measures)**

### **(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 control.

However, it is envisioned that some large-scale acquisition of the Company's shares or such proposals might entail, among others, the followings:

- ① The likelihood of causing obvious harm to the corporate value of the Company and the common interests of the shareholders.
- ② The threat of compelling the shareholders to sell their shares.
- ③ In case the compensation of the Acquisition 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 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) Medium-Term Efforts**

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.

The goals of our restructuring initiatives are to ensure full awareness of and further reinforce the basic strengths that we have amassed to date and to build a new structure capable of supporting transformation and growth strategies. As a result of narrowing our business focuses, we are pushing ahead with the integration of production and development bases and these measures have already produced a positive impact from restructuring initiatives of ¥4.5 billion on operating income through fiscal 2015. We are targeting a cumulative positive impact of ¥12.5 billion through fiscal 2016, compared with fiscal 2014.

As part of our transformation and growth strategies, with the goal of creating new and unique business that only we are capable of, we will continue to actively invest our resources in these key categories: environment and energy conservation; safety, security and disaster mitigation; and demographic change and increased health consciousness.

Under the revised medium-term management plan, we targeted operating income of ¥50.0 billion and ROE of 8% or higher for fiscal 2016. However, in fiscal 2015, we attained these targets ahead of schedule. In fiscal 2016, we will manage our businesses with the aim of achieving operating income of ¥58.0 billion and ROE of 11.3%, both of which exceed our initial targets.

In fiscal 2016, the final fiscal year of the revised medium-term management plan, we will produce the next medium-term management plan and articulate our growth scenarios and set a clearer course for our transformation to a solutions-oriented business model.

#### **2) Measures to Improve Corporate Value through Strengthening Corporate Governance**

As an essential system to achieve steady growth of the corporate value of the Company and the common interests of the shareholders, the Company has strived to strengthen corporate governance. Refer to pages 34-35 for the contents of the Corporate Governance System.

\* A Summary of the Company's Takeover Defense Measures can be viewed at the Company's Web site:  
(<http://www.teijin.com/ir/governance/defense/>)

## **8. 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.



<Reference>

**Stock Option**

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

Time of Issue (Issue date)	5 <sup>th</sup> (July 10, 2006)	6 <sup>th</sup> (July 5, 2007)	7 <sup>th</sup> (July 7, 2008)	8 <sup>th</sup> (July 9, 2009)	9 <sup>th</sup> (July 9, 2010)	10 <sup>th</sup> (Mar 12, 2012)	11 <sup>th</sup> (Mar 15, 2013)	12 <sup>th</sup> (Mar 14, 2014)	13 <sup>th</sup> (Mar 18, 2015)	14 <sup>th</sup> (Mar 16, 2016)
Number of Issued Stock Option (unit)	146	207	328	420	349	737	698	618	379	274
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	274,000
Issue Price of Stock Option (per share)	¥663	¥610	¥307	¥253	¥261	¥245	¥196	¥228	¥385	¥360
Exercise Price of Stock Option (per share)	¥1	¥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	Mar 16, 2016 ~Mar 15, 2036

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

(As of March 31, 2016)

Issue	Directors		Statutory Auditors	
	Number of Units	Number of Directors Holding Rights	Number of Units	Number of Statutory Auditors Holding Rights
The 5 <sup>th</sup> Issue of the Stock Option	4	1	2	1
The 6 <sup>th</sup> Issue of the Stock Option	6	1	4	1
The 7 <sup>th</sup> Issue of the Stock Option	16	1	6	1
The 8 <sup>th</sup> Issue of the Stock Option	36	4	8	1
The 9 <sup>th</sup> Issue of the Stock Option	34	4	7	1
The 10 <sup>th</sup> Issue of the Stock Option	91	5	17	1
The 11 <sup>th</sup> Issue of the Stock Option	123	6	-	-
The 12 <sup>th</sup> Issue of the Stock Option	116	6	-	-
The 13 <sup>th</sup> Issue of the Stock Option	103	6	-	-
The 14 <sup>th</sup> Issue of the Stock Option	86	6	-	-

Note:

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

**(2) Stock Option distributed during the subject Fiscal Year**

Stock Option distributed during the subject Fiscal Year is stated in the 14<sup>th</sup> Issue of the Stock Option noted in (1) above. Status of Stock Option distributed to employees of the Company in the 14<sup>th</sup> Issue of Stock Option.

No. of Unites	No. of Recipients
188	23

### (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.

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
Conversion price*	¥413.8 per share (subject to adjustment in certain circumstances)	¥406.8 per share (subject to adjustment in certain circumstances)
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.
Exercise period of stock acquisition rights	Between December 26, 2014 and November 28, 2018	Between December 26, 2014 and November 26, 2021

Note: Adjustment of Conversion Price pursuant to Condition 5.2.4 of the terms and conditions of the Bonds due to the Extraordinary Dividend (as defined in such Condition 5.2.4) resulting from payment of a dividend of ¥7 per Share. The payment of such dividend was approved at the board of directors of the Company on 6 May 2016.  
(Effective date: As of April 1, 2016)

## Consolidated Balance Sheets

(Millions of yen)

	FY2014 (As of Mar. 31, 2015)	FY2015 (As of Mar. 31, 2016)
<b>&lt; Assets &gt;</b>		
<b>Current assets</b>		
Cash and deposits	45,719	72,122
Notes and accounts receivable-trade	172,139	164,536
Securities	25,000	29,000
Merchandise and finished goods	78,357	85,965
Work in process	8,194	7,738
Raw materials and supplies	28,781	26,738
Short-term loans receivable	16,421	15,811
Deferred tax assets	7,123	8,256
Other current assets	25,375	21,351
Allowance for doubtful accounts	(1,108)	(1,015)
<b>Total</b>	<b>406,004</b>	<b>430,504</b>
<b>Fixed assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	60,752	58,631
Machinery and equipment, net	71,111	70,751
Land	43,810	43,080
Construction in progress	10,246	8,475
Other, net	22,962	22,327
<b>Total</b>	<b>208,883</b>	<b>203,267</b>
<b>Intangible assets</b>		
Goodwill	9,408	7,296
Other	11,218	9,356
<b>Total</b>	<b>20,627</b>	<b>16,653</b>
<b>Investments and other assets</b>		
Investment securities	119,915	109,053
Long-term loans receivable	2,199	2,271
Net defined benefit asset	34,584	32,552
Deferred tax assets	3,874	4,278
Other	30,533	27,013
Allowance for doubtful accounts	(2,927)	(2,166)
<b>Total</b>	<b>188,179</b>	<b>173,004</b>
<b>Total fixed assets</b>	<b>417,689</b>	<b>392,924</b>
<b>Total assets</b>	<b>823,694</b>	<b>823,429</b>

Consolidated Balance Sheets

(Millions of yen)

	FY2014 (As of Mar. 31, 2015)	FY2015 (As of Mar. 31, 2016)
<b>&lt; Liabilities &gt;</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	75,495	71,394
Short-term loans payable	56,427	55,527
Current portion of long-term loans payable	20,570	27,493
Current portion of bonds	21,059	—
Income taxes payable	6,680	6,238
Deferred tax liabilities	33	52
Accrued expenses	21,052	24,996
Other	40,236	42,493
<b>Total</b>	<b>241,555</b>	<b>228,196</b>
<b>Noncurrent liabilities</b>		
Bonds payable	55,188	55,148
Long-term loans payable	153,517	163,645
Provision for business structure improvement	14,683	12,555
Net defined benefit liability	30,407	30,440
Asset retirement obligations	6,860	2,405
Deferred tax liabilities	6,289	5,640
Other	11,557	10,984
<b>Total</b>	<b>278,503</b>	<b>280,820</b>
<b>Total liabilities</b>	<b>520,059</b>	<b>509,017</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	70,816	70,816
Capital surplus	101,447	101,473
Retained earnings	101,201	127,377
Treasury stock	(426)	(354)
<b>Total</b>	<b>273,039</b>	<b>299,312</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	24,226	17,754
Deferred gains or losses on hedges	(2,569)	(1,303)
Foreign currency translation adjustment	(8,102)	(15,073)
Remeasurements of defined benefit plans	479	(578)
<b>Total</b>	<b>14,034</b>	<b>799</b>
<b>Subscription rights to shares</b>	<b>844</b>	<b>837</b>
<b>Non-controlling interests</b>	<b>15,716</b>	<b>13,462</b>
<b>Total net assets</b>	<b>303,635</b>	<b>314,412</b>
<b>Total liabilities and net assets</b>	<b>823,694</b>	<b>823,429</b>

**Consolidated Statements of Income**

(Millions of yen)

	FY2014 (Apr. 2014-Mar. 2015)	FY2015 (Apr. 2015-Mar. 2016)
<b>Net sales</b>	<b>786,171</b>	<b>790,748</b>
Cost of sales	569,499	536,309
<b>Gross profit</b>	<b>216,672</b>	<b>254,439</b>
Selling, general and administrative expenses	177,586	187,309
<b>Operating income</b>	<b>39,086</b>	<b>67,130</b>
Nonoperating revenues		
Interest income	622	654
Dividends income	1,308	1,656
Equity in earnings of affiliates	2,435	—
Foreign exchange gains	1,031	—
Gain on valuation of derivatives	2,663	—
Miscellaneous income	1,109	1,442
Total	9,170	3,753
Nonoperating expenses		
Interest expenses	3,067	2,419
Equity in losses of affiliates	—	2,943
Foreign exchange losses	—	889
Contribution	903	851
Loss on valuation of derivatives	—	1,276
Miscellaneous loss	1,907	2,185
Total	5,877	10,567
<b>Ordinary income</b>	<b>42,378</b>	<b>60,316</b>
Extraordinary income		
Gain on sales of noncurrent assets	748	305
Gain on sales of investment securities	94	70
Reversal of impairment losses	95	3,265
Other	19	879
Total	958	4,521
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,283	2,865
Loss on valuation of investment securities	4	567
Impairment loss	30,375	7,565
Business structure improvement expenses	16,759	5,506
Other	1,842	2,752
Total	50,264	19,257
<b>Income (loss) before income taxes</b>	<b>(6,927)</b>	<b>45,580</b>
Income taxes - current	11,521	13,069
Income taxes - deferred	(8,446)	3,289
Total	3,074	16,358
<b>Profit (loss)</b>	<b>(10,002)</b>	<b>29,222</b>
Profit (loss) attributable to non-controlling interests	(1,915)	(1,867)
<b>Profit (loss) attributable to owners of parent</b>	<b>(8,086)</b>	<b>31,090</b>

## Consolidated Statement of Changes in Net Assets

FY2014 (Apr. 2014 - Mar. 2015)

(Millions of 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)
Profit (loss) attributable to owners of parent			(8,086)		(8,086)
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

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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)
Profit (loss) attributable to owners of parent								(8,086)
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

## Consolidated Statement of Changes in Net Assets

FY2015 (Apr. 2015 - Mar. 2016)

(Millions of 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, 2015	70,816	101,447	101,201	(426)	273,039
Cumulative effects of changes in accounting policies					
Restated balance	70,816	101,447	101,201	(426)	273,039
Changes of items during the period					
Dividends from surplus			(4,914)		(4,914)
Profit (loss) attributable to owners of parent			31,090		31,090
Purchase of treasury stock				(41)	(41)
Disposal of treasury stock		26		112	138
Net changes of items other than shareholders' equity					
Total	—	26	26,175	71	26,273
Balance at March 31, 2016	70,816	101,473	127,377	(354)	299,312

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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, 2015	24,226	(2,569)	(8,102)	479	14,034	844	15,716	303,635
Cumulative effects of changes in accounting policies								—
Restated balance	24,226	(2,569)	(8,102)	479	14,034	844	15,716	303,635
Changes of items during the period								
Dividends from surplus								(4,914)
Profit (loss) attributable to owners of parent								31,090
Purchase of treasury stock								(41)
Disposal of treasury stock								138
Net changes of items other than shareholders' equity	(6,471)	1,265	(6,971)	(1,057)	(13,234)	(7)	(2,254)	(15,496)
Total	(6,471)	1,265	(6,971)	(1,057)	(13,234)	(7)	(2,254)	10,776
Balance at March 31, 2016	17,754	(1,303)	(15,073)	(578)	799	837	13,462	314,412

Consolidated Statements of Comprehensive Income (Reference)

(Millions of yen)

	FY2014 (Apr. 2014-Mar. 2015)	FY2015 (Apr. 2015-Mar. 2016)
<b>Profit (loss)</b>	<b>(10,002)</b>	<b>29,222</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,467	(6,483)
Deferred gains (losses) on hedges	(3,586)	1,266
Foreign currency translation adjustment	3,995	(6,056)
Remeasurements of defined benefit plans, net of tax	1,737	(2,074)
Share of other comprehensive income of associates accounted for using equity method	421	(74)
<b>Total</b>	<b>16,035</b>	<b>(13,422)</b>
<b>Comprehensive income</b>	<b>6,033</b>	<b>15,799</b>
Comprehensive income attributable to :		
Owners of the parent	7,832	17,855
Non-controlling interests	(1,798)	(2,055)



Consolidated Statements of Cash Flows (Reference)

(Millions of yen)

	FY2014 (Apr. 2014-Mar. 2015)	FY2015 (Apr. 2015-Mar. 2016)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	(6,927)	45,580
Depreciation and amortization of others	43,030	38,893
Impairment loss	30,375	7,565
Reversal of impairment losses	(95)	(3,265)
Increase (decrease) in net defined benefit liability	5,420	603
Decrease (increase) in net defined benefit asset	(2,781)	(1,776)
Increase (decrease) in allowance for doubtful receivables	(1,917)	(753)
Increase (decrease) in provision for business structure improvement	14,683	974
Interest and dividend income	(1,931)	(2,310)
Interest expense	3,067	2,419
Equity in losses (earnings) of affiliates	(2,435)	2,943
Loss (gain) on valuation of derivatives	(2,663)	1,276
Loss (gain) on sales and retirement of noncurrent assets	535	2,559
Loss (gain) on sales of investment securities	39	9
Loss (gain) on valuation of investment securities	4	567
Decrease (increase) in notes and accounts receivable-trade	1,050	2,998
Decrease (increase) in inventories	6,766	(6,933)
Increase (decrease) in notes and accounts payable-trade	(9,626)	(550)
Increase (decrease) in accrued payments due to change in retirement benefit plan	(2,082)	(2,015)
Other, net	2,897	1,366
Subtotal	77,410	90,153
Interest and dividends income received	7,067	6,588
Interest expenses paid	(3,189)	(2,481)
Income taxes paid	(5,258)	(13,619)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>76,030</b>	<b>80,640</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(26,527)	(31,895)
Proceeds from sales of property, plant and equipment	751	668
Purchase of intangible assets	(2,364)	(2,801)
Purchase of investment securities	(22,052)	(2,406)
Proceeds from sales of investment securities	1,575	848
Decrease (increase) in short-term loans receivable	2,434	(2,643)
Payments of long-term loans receivable	(1,908)	(59)
Collections of long-term loans receivable	329	188
Other, net	(1,861)	(2,223)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(49,624)</b>	<b>(40,322)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(36,295)	3,146
Proceeds from issuance of bonds	59,210	—
Redemption of bonds	(19,809)	(20,770)
Proceeds from long-term loans payable	37,534	36,707
Repayment of long-term loans payable	(25,805)	(21,820)
Cash dividends paid	(3,930)	(4,914)
Cash dividends paid to non-controlling interests	(200)	(284)
Other, net	(309)	(380)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>10,393</b>	<b>(8,316)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>786</b>	<b>(1,970)</b>
Net increase in cash and cash equivalents	37,586	30,030
<b>Cash and cash equivalents at beginning of period</b>	<b>32,975</b>	<b>70,561</b>
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	363
<b>Cash and cash equivalents at end of period</b>	<b>70,561</b>	<b>100,955</b>