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(Securities Code 3407)
June 3, 2016

To Shareholders with Voting Rights:

Hideki Kobori
President & Representative Director
Asahi Kasei Corporation
1-105 Kanda Jinbocho, Chiyoda-ku,
Tokyo, Japan

**NOTICE OF
THE 125TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 125th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation (the “Company”). The meeting will be held for the purposes as described below.

If you will be unable to attend the meeting, please exercise your voting right via either postal mail or the Internet in accordance with the guidance of the following page. In order to be effective, forms to exercise voting rights via either postal mail or Internet must be received no later than 5:00 p.m. JST, Monday, June 27, 2016.

- 1. Date and Time:** Tuesday, June 28, 2016, 10:00 a.m. (JST)
2. Place: The Prominence Ballroom (B-1 Level), ANA InterContinental Tokyo
1-12-33 Akasaka, Minato-ku, Tokyo, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the Company’s 125th Fiscal Period (April 1, 2015 - March 31, 2016)
 2. Results of Audits by the Independent Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements

Proposals to be resolved:

- Proposal No. 1:** Partial Amendment to the Articles of Incorporation
Proposal No. 2: Election of Nine (9) Directors

Disclosure on the Internet

- Out of the documents to be provided at the time of the convocation of this notice, “Principal business of the Group” and “Basic policy concerning control of the Company” in Business Report, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements, and “Non-Consolidated Statements of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements are described in our following website and are not stated in the attachment in relation to matters to be reported, according to the provisions of the law and regulations and Article 15 of our Articles of Incorporation. Please note that the above documents are subject to audits by the Independent Auditor or the Board of Corporate Auditors together with the attachment in relation to matters to be reported.
- Please be informed that, if circumstances to be revised by the previous day of the Shareholders’ General

Meeting arise after dispatch of this notice of the convocation, the Company will notify you to that effect by our following website.

The Company's website: <http://www.asahi-kasei.co.jp/asahi/jp/shoushu/125.html>

<Guidance on how to exercise your voting right>
There are the following three ways:

Attendance to General Meeting of Shareholders

Date and Time of the Meeting: Tuesday, June 28, 2016, 10:00 a.m. (JST)
<Reception begins at 8:50 a.m. (JST)>

Bring your voting right paper as attached and submit it to the reception desk.
In addition, please bring this booklet as meeting material.

* The exercise of the voting right by proxy is limited to the exercise by delegating said right to one shareholder having the voting right. In addition, please note that it is necessary to submit a document certifying the right of proxy.

Exercise by postal mail

Deadline of Exercise: Must be arrived not later than Monday, June 27, 2016, 5:00 p.m. (JST)
Indicate your approval or disapproval on the attached voting right paper and send it by the deadline.

Exercise by Internet

Deadline of Exercise: Must be entered not later than Monday, June 27, 2016, 5:00 p.m. (JST)
Please access our voting right website and enter your approval or disapproval by the deadline.
[Voting right exercise website URL] <http://www.web54.net>

* May not work with some Internet browsers, and cellphones.

To Institutional Investors

The Company utilizes the online platform for institutional investors to exercise voting rights operated by ICJ.

(Appendix)

Business Report

(From April 1, 2015 to March 31, 2016)

I. Business Summary

1. Group's business progress and results

- (1) Although slower growth persisted in China, and other emerging economies continued to slow down during fiscal 2015, the global economy overall was on a path of gradual recovery with increased consumer spending together with improved employment in the US, and signs of recovery in private consumption in Europe. The Japanese economy saw steady consumer spending along with firm corporate performance and capital expenditure, but uncertainty remained regarding the risk of further downturn in emerging economies and appreciation of the yen from the latter half of the period.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity-method affiliates (the Asahi Kasei Group) decreased by 45.5 billion yen from a year ago to 1,940.9 billion yen with lower market prices for petrochemical products in chemicals operations. Operating income increased by 7.3 billion yen to 165.2 billion yen, a new record high for the third consecutive year, with firm performance in homes and critical care operations. Ordinary income decreased by 5.2 billion yen to 161.4 billion yen with equity in earnings of affiliates transitioning to equity in losses of affiliates and foreign exchange gains transitioning to foreign exchange loss. Net income attributable to owners of the parent decreased by 13.9 billion yen to 91.8 billion yen.

Meanwhile, non-consolidated net sales decreased by 8.8 billion yen from a year ago to 46.8 billion yen, and operating income decreased by 9.1 billion yen to 32.7 billion yen. Ordinary income decreased by 9.0 billion yen to 35.0 billion yen. As a result, net income decreased by 0.9 billion yen to 40.1 billion yen.

In October 2015, we announced that Asahi Kasei Construction Materials Corporation, a subsidiary of the Company, manipulated pile installation data. We sincerely apologize to our various stakeholders for causing them so much concern. To prevent such a problem from occurring again, the Group is building up a preventive action system to recover the confidence of the public at full power.

The following table shows the group-wide results.

1) Group's consolidated results

(In 100 millions of yen)

| Category | FY2014 (a) | FY2015 (b) | Change (b) – (a) |
|---|---------------|---------------|---------------------|
| Net sales | 19,864 | 19,409 | –455 |
| Operating income | 1,579 | 1,652 | +73 |
| Ordinary income | 1,665 | 1,614 | –52 |
| Net income attributable to owners of the parent | 1,057 | 918 | –139 |

The Group's operations are described by major business classification: four reportable segments of Chemicals & Fibers, Homes & Construction Materials, Electronics, and Health Care, together with an "Others" category.

Results of Polypore International, LP* and its consolidated subsidiaries (collectively "Polypore"), acquired on August 26, 2015 (US Eastern time), are included in the Electronics segment.

* Polypore International, Inc. changed to Polypore International, LP on March 31, 2016.

2) Segment-by-segment consolidated sales

(In 100 millions of yen)

| Segment | FY2014 (a) | FY2015 (b) | Change (b) – (a) |
|-----------------------------------|---------------|---------------|---------------------|
| Chemicals & Fibers | 9,546 | 8,356 | -1,190 |
| Homes & Construction Materials | 6,038 | 6,324 | +286 |
| Electronics | 1,504 | 1,745 | +241 |
| Health Care | 2,571 | 2,854 | +283 |
| Other | 205 | 130 | -74 |
| Total | 19,864 | 19,409 | -455 |

3) Segment-by-segment consolidated operating income or loss

(In 100 millions of yen)

| Segment | FY2014 (a) | FY2015 (b) | Change (b) – (a) |
|--|---------------|---------------|---------------------|
| Chemicals & Fibers | 646 | 689 | +43 |
| Homes & Construction Materials | 630 | 710 | +80 |
| Electronics | 143 | 69 | -74 |
| Health Care | 308 | 362 | +54 |
| Other | 9 | 6 | -4 |
| Corporate expenses and eliminations | -158 | -184 | -26 |
| Total | 1,579 | 1,652 | +73 |

(2) Next, we describe the Group's business situation on a segment basis.

<Chemicals & Fibers>

[Asahi Kasei Chemicals Corp.]

Main products: Petrochemicals (e.g. acrylonitrile, styrene, and polyethylene), performance polymers (e.g. engineering plastics, adipic acid, and synthetic rubber), and specialty products (e.g. Microza™ hollow fiber filtration membrane, ion exchange membrane, Ceolus™ pharmaceutical and food additive, and Saran Wrap™).

[Asahi Kasei Fibers Corp.]

Main products: Bemberg™ regenerated cellulose fiber, Roica™ elastic polyurethane filament, spunbond nonwoven fabric, and Leona™ nylon 66 filament.

Sales decreased by 119.0 billion yen from a year ago to 835.6 billion yen, while operating income increased by 4.3 billion yen to 68.9 billion yen.

Among chemicals operations, feedstock costs for petrochemical products declined with lower oil and naphtha prices, but market prices deteriorated most notably for acrylonitrile. In performance polymers, terms of trade improved due to lower feedstock costs, and sales of engineering plastics and synthetic rubber for fuel-efficient tires were firm. In specialty products, the effect of the weaker yen was most notable for ion-exchange membranes, and shipment of Saran Wrap™ cling film increased.

In fibers operations, feedstock costs declined for each product, the weaker yen contributed to performance, and shipments of Lamous™ artificial suede for automotive upholstery and Roica™ elastic polyurethane filament increased.

In the chemicals business, we started running additional facilities to increase the production of Duranate™ HDI (hexamethylene diisocyanate)-based polyisocyanate in Nantong City, Jiangsu Province, China last May. Meanwhile, we discontinued the operation of the naphtha cracker in the Mizushima

Works in Kurashiki City, Okayama Prefecture this February.

In the fibers business, we started constructing additional facilities to manufacture Bemliese™ regenerated cellulose continuous filament nonwoven fabric in Nobeoka City, Miyazaki Prefecture last November.

<Homes and construction materials>

[Asahi Kasei Homes Corp.]

Main products or business: Hebel Haus™ unit homes, Hebel Maison™ apartment buildings, Atlas™ condominiums, rental management of Hebel Maison™, remodeling, and housing loans.

[Asahi Kasei Construction Materials Corp.]

Main products: Hebel™ autoclaved aerated concrete (AAC), Neoma™ and Jupii™ high-performance phenolic foam insulation, piles, and structural steel components.

Sales increased by 28.6 billion yen from a year ago to 632.4 billion yen, and operating income also increased by 8.0 billion yen to 71.0 billion yen.

Among homes operations, in order-built homes, deliveries of Hebel Maison™ apartment buildings increased, and selling, general and administrative expenses such as promotional expenses decreased. In real estate, management of rental units was firm. In remodeling, orders increased centering on renovation work and equipment installation.

In construction materials operations, shipments decreased for foundation systems. Feedstock costs declined. Sales of Neoma™ high-performance phenolic foam insulation panels were firm.

In the homes business, we completed Atlas Chofu—a project for rebuilding aged condominiums—in Chofu City, Tokyo last May. In addition, we started the test marketing of Framed Hebel Haus™—the structural frame of a secondhand house from which all interiors and fixtures are removed—this January.

<Electronics>

[Asahi Kasei Microdevices Corp.]

Main products: Mixed-signal LSIs and Hall elements.

[Asahi Kasei E-materials Corp.]

Main products: Hipore™ lithium-ion battery separator, Sunfort™ photosensitive dry film, and photomask pellicles.

Sales increased by 24.1 billion yen from a year ago to 174.5 billion yen, while operating income decreased by 7.4 billion yen to 6.9 billion yen.

Electronic devices operations benefitted from the weaker yen, and sales of devices for smartphones such as audio LSIs and devices for camera modules were firm, but shipments of electronic compasses declined.

In electronic materials operations, production and sale of general purpose epoxy resin were terminated, but the weaker yen contributed to performance, and sales of Hipore™ Li-ion battery separator were firm.

The effect on operating income from amortization of goodwill and other intangible assets, etc. related to the acquisition of Polypore was ¥9.8 billion.

In the electronic materials business, we announced the addition of production facilities for Hipore™ lithium-ion battery separator in Hyuga City, Miyazaki Prefecture last September.

<Health Care>

[Asahi Kasei Pharma Corp.]

Main products: Pharmaceuticals such as Teribone™ therapeutic agent for osteoporosis, Recomodulin™ anticoagulant, and Flivas™ agent for benign prostatic hyperplasia.

[Asahi Kasei Medical Co., Ltd.]

Main products: APS™ polysulfone-membrane artificial kidneys, therapeutic apheresis devices, and Planova™ virus removal filters.

[ZOLL Medical Corporation]

Main products: Defibrillators for medical professionals, LifeVest™ wearable defibrillator, ZOLL AED Plus™ automatic external defibrillator, and “Thermogard System™” for intravascular temperature management.

Sales increased by 28.3 billion yen from a year ago to 285.4 billion yen, and operating income also increased by 5.4 billion yen to 36.2 billion yen.

In pharmaceuticals operations, sales of Teribone™ osteoporosis drug and Recomodulin™ recombinant thrombomodulin were firm, while shipments of Flivas™ agent for treatment of benign prostatic hyperplasia decreased due to competition from generics.

In medical devices operations, shipments increased for dialysis products and Planova™ virus removal filters.

In critical care operations, the LifeVest™ wearable defibrillator business continues to expand consistently, and sales of other products such as defibrillators and related accessories increased, but selling, general and administrative expenses grew with reinforced sales activity.

In the pharmaceuticals business, we obtained a license for the domestic production and sales of Xiaflex™—a therapeutic agent for Dupuytren's contracture—last July and started its sales last September.

In the critical care business, we acquired Kyma Medical Technologies Ltd., an Israeli medical device manufacturer that develops technology to measure early signs of congestive heart failure, last September. Moreover, we obtained approval for expanding the indications of the Thermogard System™ for intravascular temperature management in Japan this February.

<Others>

Sales decreased by 7.4 billion yen from a year ago to 13.0 billion yen, and operating income also decreased by 0.4 billion yen to 0.6 billion yen.

<New business and R&D>

In FY2015, the Group's R&D cost increased by 5.6 billion yen from a year ago to 81.1 billion yen.

In the Group, Corporate Research & Development, the R&D organization of the holding company, worked to create new businesses for the Group's growth, while the R&D organizations of each core operating company conducted R&D necessary for business expansion and the development of new undertakings in fields peripheral to existing businesses.

In FY2015, we continued to position the three fields of “Environment & Energy,” “Residential Living,” and “Health Care” as growth fields to proactively commit management resources for the development of new businesses.

In the “Environment & Energy” field, the development of the applications of UVC-LED (deep ultraviolet light-emitting diode) showed good progress, and in addition to Optan™ for analysis and instrumentation, we started sales of Optan™ SMD to meet market needs last August. In the future, we will not only develop disinfection applications and commercialize them as soon as possible but also find new markets in a wide range of fields, including water, air, food, and medical care. Moreover, the Group develops a hydrogen production system to realize “Society of Clean Environmental Energy.” Its goal is to develop a highly efficient alkaline water electrolysis process by using the world's leading brine electrolysis process technology with ion exchange membrane. Currently, we conduct a demonstrative test for practical use with another company.

In the “Residential Living” field, we finished the verification of “Business related to Medical Care” and

“Business related to Seniors” in “HH2015,” a demonstration Hebel Haus™ constructed in Fuji City, Shizuoka Prefecture, by using technologies and products in and out of the Group. In the former business, we verified at-home dialysis and business expansion increasing a synergistic effect, for example by using UVC-LED to purify the air and water. In the latter business, we grasped the actual living situations of older people and conducted a demonstrative test of their apartment houses to work on how they can live independently and comfortably. Currently, the business migrates from the verification to the actual place to start concrete studies on how to provide good homes and services seamlessly from independence to nursing care.

In the “Health Care” field, the Health Care R&D Center of Corporate Research & Development takes the initiative in finding new fields, while the Health Care Council talks about the reinforcement of our global business infrastructure to pursue synergy between the growing critical care business and the existing pharmaceuticals and medical care business. The council consists of Asahi Kasei Corp., Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., and ZOLL Medical Corp.

From FY2016, Asahi Kasei Corp. changes to an operating holding company and reorganizes the R&D organization to facilitate greater internal synergy. The company will conduct R&D from three aspects: “Cultivating and Acquiring Core Technology,” “Pursuing High Added Value,” and “Using Market Channels” to create new business.

(3) In FY2015, the Group made a total capital investment of 99.0 billion yen, and the following shows key facilities completed or under construction during the year.

1) Facilities completed in FY2015

- Additional production line at the HDI-based polyisocyanate plant in China (chemicals business)
- Additional synthetic rubber plant for fuel-efficient tires in Singapore (chemicals business)
- Additional manufacturing line for spunbond nonwoven fabric in Thailand (fibers business)
- Additional manufacturing line for Roica™ elastic polyurethane filament in Thailand (fibers business)
- No. 2 resin compound plant (new) in the US (chemicals business)

2) Facilities under construction during FY2015

- Additional production line for Hipore™, a separator for lithium-ion secondary batteries (electronic materials business)
- Additional production line for Bemliese™, regenerated cellulose continuous filament nonwoven fabric (fibers business)
- New active ingredient plant for Recomodulin™ anticoagulant (pharmaceuticals business)
- New spinning plant for Planova™ BioEX, a virus removal filter (medical care business)

(4) In FY2015, the Group raised funds by borrowing new funds and issuing commercial paper. Meanwhile, we repaid loans and lease obligations and redeemed commercial paper. As a result, the interest-bearing outstanding debts at the year end increased by 180.7 billion yen from a year ago to 449.7 billion yen mainly because of the acquisition of Polypore International, Inc. (currently Polypore International, LP).

Note: The amounts above are rounded off to the nearest 100 million.

2. Issues to be addressed by the Group

(1) Issue of manipulation of pile installation data by Asahi Kasei Construction Materials Corporation

Asahi Kasei Construction Materials Corporation, a subsidiary of the Company, performed pile installation work as a secondary subcontractor in the construction of a condominium complex from 2005 to 2006. On October 14, 2015, the Company announced that the subsidiary had manipulated part of ammeter data acquired during pile installation work and flowmeter data on cement fluid used to protect the pile foot (hereinafter both are called installation data).

The Company set up an in-house task force and an internal fact-finding committee as well as an independent commission consisting of outside and independent lawyers to start conducting an investigation of the facts, finding out the causes, and working on preventive measures. Last October 22, the Company gave the Ministry of Land, Infrastructure, Transport and Tourism a report that showed the results of piling work conducted by Asahi Kasei Construction Materials Corporation over the past ten years.

Of the piling results above, cases able to be checked for whether the piling data applied to other piles were investigated completely by last November 24, and the results were reported to the Ministry. In 360 of 3,052 operations, the piling data problem was found. In cooperation with Asahi Kasei Construction Materials Corporation, the general constructors and clients inspected the safety of the buildings in which the problem had been discovered in accordance with instructions issued by the Ministry, while the competent administrative agency reported the buildings, whose safety was confirmed, to the ministry. Note that in the Land and Transit Committee of the House of Councilors held on this April 5, the MLIT made a report to the effect that the safety of 357 of 360 operations had been confirmed.

On this January 13, the Kanto Regional Development Bureau, MLIT gave Asahi Kasei Construction Materials Corporation administrative dispositions for the piling work of condominiums constructed from 2005 to 2006 in accordance with the Construction Industry Act, Article 28, paragraph 1, a business suspension order as per Article 28, paragraph 3, and a recommendation based on Article 41, paragraph 1.

In addition, the external investigation committee and in-house research panel announced an interim report on January 8 and February 9 respectively to show the possible causes of the installation data problem and preventive measures.

The Company seriously accepts the problem caused by Asahi Kasei Construction Materials Corporation to make compliance sound by obeying the three principles of giving priority to “Actual Field,” “Actual Thing,” and “Real Facts.” Moreover, the Risk Management & Compliance section has started newly from this January 1 to centralize group-wide risk information and compliance-related events. The Safety & Environment Dept. has been reorganized and renamed the Corporate ESH & QA Dept. to reinforce the quality assurance function. The Group will take preventive measures to recover the confidence of society and customers.

(2) Mid-term management plan

1) The Group implemented the five-year management plan “For Tomorrow 2015” beginning FY2011. Under this plan, the Company constructed new or additional manufacturing facilities for globally competitive products in Japan, Singapore, South Korea, China, Thailand, and the US to expand our world-leading businesses. We also worked to create new value for society, and to obtain and strengthen business platforms, including by acquiring ZOLL Medical Corporation, a US manufacturer of medical devices for acute critical care, in FY2012 to enter the critical care market, and Polypore International, Inc. (currently Polypore International, LP), a US battery separator manufacturer, in FY2015 in order to expand the battery separator business. For these growth strategies, we made an investment of about 1 trillion yen in total while improving the earnings structure by strengthening the domestic petrochemical business infrastructure and by implementing a project to reduce costs. However, we recognized an issue that remained to be addressed; namely that after our transition to a pure holding company configuration, business development leveraging the group’s combined strength was not sufficient.

2) When moving to the operating holding company system in FY2016, the Group will classify its business field into three sectors: “Material,” “Homes,” and “Health Care” and implement the new three-year management plan “Cs* for Tomorrow 2018.” The plan defines what the Group should be after 10 years as an aggregate of highly profitable and value-added businesses, and aims to build a basis for further progress for the first three years by combining diversified business types and various human resources. To achieve the goal, we will strive to address social problems to realize two kinds of society: one is “Society of Clean Environmental Energy” and the other is “Society of Healthy/Comfortable Longevity with Peace of Mind.”

* Cs is an aggregate of the first letters of “Creating for Tomorrow,” the Group’s slogan; “Connection” with outside organizations, among inside organizations, among regions, and among technologies to create new business; and three Cs (Compliance, Communication, and Challenge) to be implemented by the Group.

Outline of new mid-term management plan “Cs for Tomorrow 2018”

Since this April, the Group has started the new mid-term management plan “Cs for Tomorrow 2018” to achieve its final goal by the end of FY2018.

Through diversified businesses, the Group will contribute to the realization of “Society of Clean Environmental Energy” and “Society of Healthy/Comfortable Longevity with Peace of Mind.” Toward an aggregate of highly profitable and value-added businesses after 10 years, the new mid-term management plan for the first three years shows the three basic strategies: “Pursuit of Growth and Profitability,” “Creation of New Businesses,” and “Acceleration of Globalization” to establish the base for the next phase with connections among diverse businesses and diverse human resources.

1) Basic strategies

i) Pursuit of growth and profitability

In the “Material” sector, we plan to improve profitability by pursuing the fusion and synergy between business operations, optimizing business portfolios, and finding competitive advantages. In the “Homes” sector, we aim at stable and continuous growth by grasping social needs, strengthening business with the total ability to provide products, operations, and services, and expanding the value chain. In the “Health Care” sector, we aim at high growth by reinforcing the global business infrastructure while increasing the profitability of domestic business.

ii) Creation of new businesses

We will leverage the Group’s strength to create new businesses by enhancing connections among various technologies and diverse business operations through R&D from three aspects: “foster and acquire core technology”, “heighten added value”, and “utilize market channels”, while deepening coordination with outside organizations.

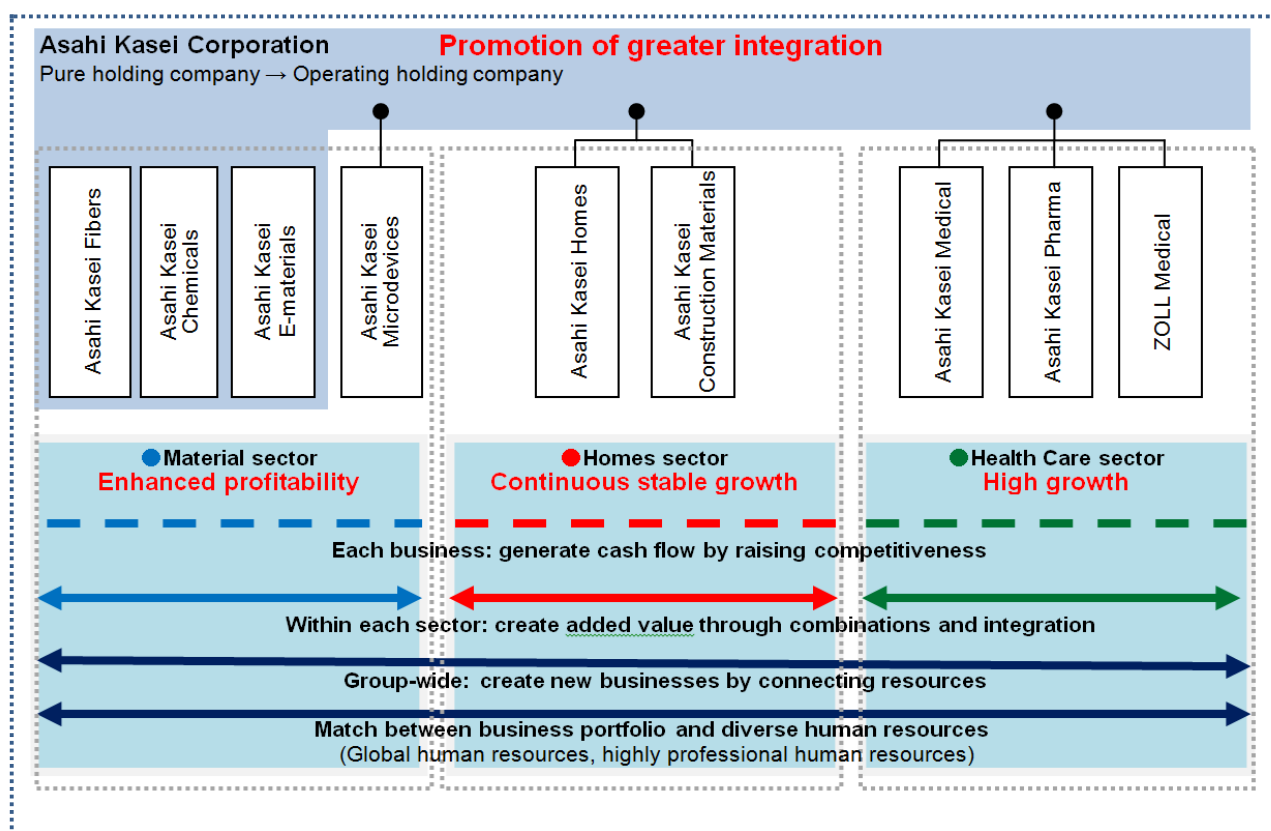
iii) Acceleration of globalization

To achieve this, we clarify area-by-area strategies in Japan, Asia, North America, and Europe, develop business or create new business models through M&A, and respond to new trading rules including TPP.

2) Numerical goals

Our goals are to increase sales and operating income to 2.2 trillion yen and 180.0 billion yen, respectively in the final fiscal year 2018. To attain these goals, we plan to make a total investment of 700 billion yen in existing business and discontinuous growing fields for the first three years.

| (Unit: 100 million yen) | Plan in FY2018 | Prospect in FY2025 |
|---|----------------|--------------------|
| Net sales | 22,000 | 30,000 |
| Operating income | 1,800 | 2,800 |
| Net income attributable to owners of the parent | 1,100 | — |
| Return-to-stockholder ratio | 35.0% | — |
| ROE | 9.0% | 10.0% |
| D/E ratio | 0.50 | 0.50 |



3. Trends in group-wide results and assets

(In millions of yen*)

| Category | FY2011 (121st) | FY2012 (122nd) | FY2013 (123rd) | FY2014 (124th) | FY2015 (125th) Current |
|---|-------------------|-------------------|-------------------|-------------------|------------------------------|
| Net sales | 1,573,200 | 1,666,600 | 1,897,800 | 1,986,400 | 1,940,900 |
| Operating income | 104,300 | 92,000 | 143,300 | 157,900 | 165,200 |
| Ordinary income | 107,600 | 95,100 | 142,900 | 166,500 | 161,400 |
| Net income attributable to owners of the parent | 55,800 | 53,700 | 101,300 | 105,700 | 91,800 |
| Net income per share | ¥39.89 | ¥38.43 | ¥72.48 | ¥75.62 | ¥65.69 |
| Total assets | 1,410,600 | 1,800,200 | 1,915,100 | 2,014,500 | 2,211,700 |
| Net assets | 719,300 | 824,500 | 925,800 | 1,097,700 | 1,057,400 |
| Net assets per share | ¥505.72 | ¥581.05 | ¥653.15 | ¥775.05 | ¥745.94 |

* Except per share amounts.

Notes:

1. Net sales, operating income, ordinary income, net income attributable to owners of the parent, total assets, and net assets are rounded to the nearest 100 million yen.
2. Net income per share and net assets per share are derived from the average number of shares issued throughout the period and the number of shares issued at the period end, respectively. The number of treasury shares is subtracted from both figures.
3. In the 121st period, net sales increased year-on-year because the homes business showed good progress, but operating income, ordinary income, net income attributable to owners of the parent, and net income per share suffered from a year-on-year reduction, because a rise in raw material prices and the strong yen had a

significant effect on the chemicals business.

4. In the 122nd period, net sales increased from a year ago thanks to the contribution of the critical care business added newly in the period, but operating income, ordinary income, net income attributable to owners of parent, and net income per share suffered from year-on-year reduction, because the struggling market environment had an impact on the chemical and electronics business. Total assets increased year-on-year because of the acquisition of ZOLL Medical Corporation.
5. In the 123rd period, the progress of the weak yen improved the profitability of the whole export business. Moreover, net sales, operating income, ordinary income, net income attributable to owners of the parent, and the income per share reached all-time highs, because the number of homes delivered to customers increased, the sales volume of the chemicals and pharmaceuticals businesses rose, and the pharmaceuticals business received compensatory damages as a result of winning a lawsuit in the US, although business structure improvement expenses were necessary to the integration of naphtha crackers in Mizushima, Okayama Prefecture, and the reinforcement of the domestic petrochemical business infrastructure.
6. In the 124th period, the progress of the weak yen improved the profitability of the whole export business. In addition, net sales, operating income, ordinary income, net income attributable to owners of the parent, and net income per share were at all-time highs because of a reduction in raw material prices in the chemicals business and sales expansion in the critical care business.
7. In the 125th period, net sales decreased from a year earlier because the chemicals business suffered from decreased market prices for petrochemical products, but operating income was at an all-time high thanks to the good progress of the homes and critical care businesses. Meanwhile, ordinary income, net income attributable to owners of the parent, and net income per share suffered from a year-on-year reduction because equity in earnings of affiliates transitioned to equity in losses of affiliates and foreign exchange gains transitioned to foreign exchange loss.

II. Corporate Summary

(As of March 31, 2016)

1. Group's key offices, plants, and laboratories

| Segment | Names and locations | |
|--------------------------------|---------------------|--|
| Holding company | Offices | Headquarters (Tokyo), Nobeoka Office (Miyazaki), Fuji Office (Shizuoka), Moriyama Office (Shiga), Asahi Kasei America Inc. (US), Asahi Kasei Europe GmbH (Germany), Asahi Kasei (China) Co., Ltd. (China), and Asahi Kasei India Private Limited (India) |
| | Laboratories | Analysis & Simulation Center, Environmental Energy R&D Center (Kanagawa and Shizuoka), Health Care R&D Center (Tokyo, Kanagawa, Shizuoka, and Oita), and Synergistic Solutions Initiative (Kanagawa) |
| Chemicals & Fibers | Offices | Asahi Kasei Chemicals Corp. (Tokyo) and Asahi Kasei Fibers Corp. (Osaka) |
| | Plants | <p><Chemicals business> Kawasaki Works (Kanagawa and Chiba), Suzuka Works (Mie), Microza Plant (Shizuoka), Wakayama Plant (Wakayama), Mizushima Works (Okayama), Chikushino Plant (Fukuoka), Oita Plant (Oita), Atago Plant, Leona Plastics & Materials Plant, Hyuga Chemicals Plant, Ceolus Plant (Miyazaki), Asahi Kasei Microza Hangzhou Co., Ltd., Asahi Kasei Performance Chemicals Corp., Asahi-DuPont POM (Zhangjiagang) Co., Ltd. (China), Tongsoh Petrochemical Corp., Ltd. (South Korea), Asahi Kasei Plastics Singapore Pte. Ltd., Asahi Kasei Synthetic Rubber Singapore Pte. Ltd. (Singapore), Asahikasei Plastics (Thailand) Co., Ltd., PTT Asahi Chemical Co., Ltd. (Thailand), and Asahi Kasei Plastics North America, Inc. (US)</p> <p><Fibers business> Roica Plant, Spunbond Plant (Shiga), Bemberg Plant, Nonwovens Plant, Leona Fiber Plant, Eltas Plant (Miyazaki), Hangzhou Asahikasei Spandex Co., Ltd. (China), Thai Asahi Kasei Spandex Co., Ltd., Asahi Kasei Spunbond (Thailand) Co., Ltd. (Thailand), Formosa Asahi Spandex Co., Ltd. (Taiwan), and Asahi Kasei Spandex Europe GmbH (Germany)</p> |
| | Laboratories | <p><Chemicals business> Monomer and Catalysis Laboratory, Chemistry & Chemical Process Laboratory (Okayama), and Resin Research Laboratory (Kanagawa)</p> <p><Fiber business> R&D Center (Shiga and Miyazaki)</p> |
| Homes & Construction Materials | Offices | Asahi Kasei Homes Corp. (Tokyo) and Asahi Kasei Construction Materials Corp. (Tokyo) |
| | Plants | <Construction materials business> Sakai Plant, Neoma Foam Plant (Ibaraki), Hozumi Plant (Gifu), and Iwakuni Plant (Yamaguchi) |

| Segment | Names and locations | |
|-------------|---------------------|---|
| | Laboratories | <Homes business> Research and Development Laboratories (Shizuoka) and Living Innovation Laboratory (Tokyo) <Construction materials business> Material Technology Dept. (Ibaraki) |
| Electronics | Offices | Asahi Kasei Microdevices Corp. (Tokyo) and Asahi Kasei E-materials Corp. (Tokyo) |
| | Plants | Fuji Plant, Fuji 2nd Plant, Fuji Office of Asahi Kasei Electronics Co., Ltd. (Shizuoka), Hipore Plant, Moriyama Plant of Asahi-Schwebel Co., Ltd. (Shiga), Hipore Hyuga Plant, Nobeoka Office of Asahi Kasei Microsystems Co., Ltd., Nobeoka Office of Asahi Kasei Electronics Co., Ltd., Asahi Kasei FP Corp. (Miyazaki), Ishinomaki Office of Asahi Kasei Microsystems Co., Ltd. (Miyagi), Asahi Kasei Electronics Materials Suzhou Co., Ltd., Asahi Kasei Electronics Materials Changsu Co., Ltd. (China), Asahi-Schwebel (Taiwan) Co., Ltd. (Taiwan), and Polypore International, LP (US) |
| | Laboratories | R&D Center (Kanagawa and Shizuoka), New Business Development Div. (Shizuoka), and Polypore International, LP (US) |
| Health Care | Offices | Asahi Kasei Pharma Corp. (Tokyo), Asahi Kasei Medical Co., Ltd. (Tokyo), and ZOLL Medical Corporation (US) |
| | Plants | <Pharmaceuticals and medical care business> Ohito Pharmaceuticals Plant, Fuji Pharmaceuticals Plant (Shizuoka), Nagoya Pharmaceuticals Plant (Aichi), Tsunetomi Plant, Okatomi Plant, Planova Plant (Miyazaki), Artificial Kidney Plant, Apheresis Plant, Sepacell Plant, Planova Oita Plant (Oita), and Asahi Kasei Medical (Hangzhou) Co., Ltd. (China) <Critical care business> ZOLL Medical Corporation (US) |
| | Laboratories | <Pharmaceuticals and medical care business> Pharmaceutical Research Center (Shizuoka) and Medical Product Development Div. (Tokyo, Shizuoka, Oita, and Miyazaki) <Critical care business> ZOLL Medical Corporation (US) |
| Other | Offices | Asahi Research Center Co., Ltd. (Tokyo), Asahi Kasei Engineering Corp. (Kanagawa), and Asahi Kasei Amidas Co., Ltd. (Tokyo) |

Note: The subsidiary offices above show the locations of the head offices.

2. Group's employees

| Segment | Employees | Year-on-year change |
|----------------------------------|-----------|---------------------|
| Holding company | 1,178 | -7 |
| Chemicals and fibers | 9,844 | 382 |
| Homes and construction materials | 6,744 | 73 |
| Electronics | 5,387 | 1,664 |
| Health Care | 8,654 | 353 |
| Other | 1,014 | 43 |

| Segment | Employees | Year-on-year change |
|---------|-----------|---------------------|
| Total | 32,821 | 2,508 |

3. Main lenders and loans

(In millions of yen)

| Lender | Loan |
|--|---------|
| Sumitomo Mitsui Banking Corporation | 113,030 |
| Mizuho Bank, Ltd. | 107,199 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 96,148 |
| The Norinchukin Bank | 36,741 |
| Sumitomo Mitsui Trust Bank, Limited | 25,115 |
| Nippon Life Insurance Company | 6,000 |
| Japan Bank for International Cooperation | 3,952 |
| Sumitomo Life Insurance Company | 3,000 |
| Meiji Yasuda Life Insurance Company | 3,000 |
| Asahi Mutual Life Insurance Company | 3,000 |

Note: The amounts above are rounded off to the nearest million.

4. Matters regarding Shares of a Stock Company

- (1) Total number of authorized shares: 4,000,000,000 shares
- (2) Total number of outstanding shares: 1,402,616,332 shares (including treasury stock of 5,861,678 shares)
- (3) Number of shareholders: 90,122 persons (increased by 4,640 persons over the end of previous fiscal year)
- (4) Largest shareholders (top 10)

| Name of shareholder | Number of shares owned (Thousand shares) | Percentage of equity (%) |
|--|--|--------------------------|
| Nippon Life Insurance Company | 73,000 | 5.23 |
| Master Trust Bank of Japan, Ltd. (trust account) | 70,351 | 5.04 |
| Japan Trustee Services Bank, Ltd. (trust account) | 55,005 | 3.94 |
| Sumitomo Mitsui Banking Corp. | 35,404 | 2.53 |
| Asahi Kasei Group Employee Stockholding Assn. | 34,459 | 2.47 |
| Japan Trustee Services Bank, Ltd. (trust account 9) | 29,020 | 2.08 |
| Mizuho Bank, Ltd. | 20,269 | 1.45 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 20,215 | 1.45 |
| Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (Mizuho Bank Account) | 19,800 | 1.42 |
| Sumitomo Life Insurance Company | 19,517 | 1.40 |

(Note) Percentage of equity ownership after exclusion of treasury stock.

5. Situation of Parent Company and Material Subsidiaries

- (1) Situation of material subsidiaries, etc.

| Company name | | Capital | The Company's ratio of voting rights | Principal business |
|--|----|--------------------------|--------------------------------------|---|
| Asahi Kasei Chemicals Corp. | | ¥3,000 million | 100.0% | Production and sale of petrochemicals and functional products |
| Asahi Kasei Pax Corp. | *1 | ¥490 million | 100.0% | Production and sale of synthetic resin products |
| Japan Elastomer Co., Ltd. | *1 | ¥1,000 million | 75.0% | Production and sale of synthetic rubber |
| PS Japan Corp. | *1 | ¥5,000 million | 62.1% | Production and sale of polystyrene |
| Tongsuh Petrochemical Corp., Ltd. | | KRW 237,642 million | 100.0% | Production and sale of acrylonitrile, sodium cyanide, etc. |
| Asahi Kasei Synthetic Rubber Singapore Pte. Ltd. | *1 | U.S. \$160 million | 100.0% | Production and sale of synthetic rubber |
| Asahi Kasei Plastics Singapore Pte. Ltd. | *1 | U.S. \$46 million | 100.0% | Production and sale of performance resin |
| Asahi Kasei Performance Chemicals Corp. | *2 | CNY 285 million | 100.0% | Production and sale of high-performance HDI-based polyisocyanate |
| Asahi-DuPont POM (Zhangjiagang) Co., Ltd. | *2 | CNY 265 million | 100.0% | Production and sale of polyacetal |
| Asahi Kasei Plastics (America) Inc. | *1 | U.S. \$32 million *11 | 100.0% | Holding company of a company producing and selling compounded performance resin |
| Asahi Kasei Microza (Hangzhou) Co., Ltd | *1 | CNY 69 million | 100.0% | Production and sale of hollow fiber industrial filtration membranes and systems |
| PTT Asahi Chemical Co., Ltd. | *1 | THB 14,246 million | 48.5% | Production and sale of acrylonitrile, methyl methacrylate, etc. |
| Asahi Kasei Fibers Corp. | | ¥3,000 million | 100.0% | Production and sale of fibers and textiles |
| Asahi Kasei Advance Corp. | | ¥500 million | 100.0% | Production, processing, sale, etc. of fibers, chemicals, resin products, and construction material products |
| Asahi Kasei Spandex Europe GmbH | *3 | €27 million *11 | 100.0% | Production and sale of spandex |
| Hangzhou Asahikasei Spandex Co., Ltd | *3 | CNY 154 million | 100.0% | Production and sale of spandex |
| Hangzhou Asahikasei Textiles Co., Ltd | *3 | CNY 78 million | 92.5% | Production and sale of warp-knit spandex textiles |
| Asahi Kasei Spunbond (Thailand) Co., Ltd. | *3 | THB 1,600 million | 85.6% | Production and sale of spunbond nonwovens |
| Thai Asahi Kasei Spandex Co., Ltd. | *3 | THB 1,350 million | 60.0% | Production and sale of spandex textiles |
| Asahi Kasei Homes Corp. | | ¥3,250 million | 100.0% | Housing design, construction, and sale |
| Asahi Kasei Fudousan Residence Corp. | *4 | ¥3,200 million | 100.0% | Real estate development, brokerage, and related business |
| Asahi Kasei Jyuko Co., Ltd. | *4 | ¥2,820 million | 100.0% | Production and sale of steel frames for homes |
| Asahi Kasei Mortgage Corp. | *4 | ¥1,000 million | 100.0% | Financial services |
| Asahi Kasei Reform Co., Ltd. | *4 | ¥250 million | 100.0% | Waterproofing, exterior reforming, and renovation of homes |

| Company name | Capital | The Company's ratio of voting rights | Principal business |
|---|--------------------------|--------------------------------------|--|
| Asahi Kasei Jyuko Vietnam Corp. *4 | U.S. \$14 million *11 | 78.0% | Production of steel-frame members |
| Asahi Kasei Construction Materials Corp. | ¥3,000 million | 100.0% | Production and sale of construction and civil engineering materials |
| Asahi Kasei Microdevices Corp. | ¥3,000 million | 100.0% | Production and sale of electronic devices |
| Asahi Kasei E-materials Corp. | ¥3,000 million | 100.0% | Production and sale of electronic materials |
| Asahi Kasei Electronics Materials (Changshu) Co., Ltd. *5 | CNY 306 million | 100.0% | Production and sale of electronic materials |
| Asahi Kasei Electronics Materials (Suzhou) Co., Ltd. *5 | CNY 181 million | 100.0% | Production and sale of electronic materials |
| Asahi Kasei E-materials Korea Inc. *6 | KRW 18,900 million | 100.0% | Production and sale of electronic materials |
| Asahi-Schwebel (Taiwan) Co., Ltd. *6 | NT\$326 million | 51.0% | Production and sale of long glass fiber fabric |
| Polypore International, LP *10 | U.S. \$2,233 million *11 | 100.0% | Production and sale of battery separators |
| Asahi Kasei Pharma Corp. | ¥3,000 million | 100.0% | Production and sale of pharmaceuticals |
| Asahi Kasei Pharma America Corp. *7 | U.S. \$122 million *11 | 100.0% | Clinical trials for new drugs |
| Asahi Kasei Medical Co., Ltd | ¥3,000 million | 100.0% | Production and sale of medical devices, bioprocess products, etc. |
| Asahi Kasei Bioprocess, Inc. *8 | U.S. \$30 million | 100.0% | Production and sale of bioprocess equipment and systems |
| Asahi Kasei Medical (Hangzhou) Co., Ltd *8 | CNY 165 million | 100.0% | Production of hemodialyzers and sale of medical devices |
| Asahi Kasei Medical Europe GmbH *8 | €18 million | 100.0% | Sale of medical devices and systems |
| ZOLL Medical Corporation *9 | U.S. \$1,723 million *11 | 100.0% | Production and sale of acute critical care devices and systems |
| Asahi Research Center Co., Ltd. | ¥1,000 million | 100.0% | Information gathering, research, publication, and consulting services |
| Asahi Kasei Engineering Corp. | ¥400 million | 100.0% | Design, installation, sale, and repairs related to equipment, devices, civil engineering, and construction |
| Asahi Kasei Amidas Co., Ltd. | ¥80 million | 100.0% | Personnel placement and employment agency services |
| Asahi Kasei (China) Co., Ltd. | CNY 1,566 million | 100.0% | Investment and business support services, etc. in China |
| Crystal IS, Inc. | U.S. \$37 million *11 | 100.0% | Development of aluminum nitride substrates, UV LEDs, etc. |
| Asahi Organic Chemicals Industry Co., Ltd. | ¥5,000 million | 30.6% | Production, processing, and sale of synthetic resin and fabricated plastic products |

| Company name | Capital | The Company's ratio of voting rights | Principal business |
|--|-----------------------------------|--------------------------------------|--|
| Asahi Kasei Holdings US, Inc. | U.S. \$1,732 million *11 | 100.0% | Holding company of ZOLL Medical Corporation |
| Asahi Kasei Energy Storage Materials, Inc. | U.S. \$2,256 million *11 | 100.0% | Equity-holding company of Polypore International, LP |

(Note) Figures shown above are indicated in millions, rounded to the nearest million.

*1 are owned indirectly through Asahi Kasei Chemicals Corp.

*2 owned indirectly through Asahi Kasei Chemicals Corp. and Asahi Kasei (China) Co., Ltd.

*3 owned indirectly through Asahi Kasei Fibers Corp.

*4 owned indirectly through Asahi Kasei Homes Corp.

*5 owned indirectly through Asahi Kasei (China) Co., Ltd.

*6 owned indirectly through Asahi Kasei E-materials Corp.

*7 owned indirectly through Asahi Kasei Pharma Corp.

*8 owned indirectly through Asahi Kasei Medical Co., Ltd.

*9 owned indirectly through Asahi Kasei Holdings US, Inc.

*10 owned indirectly through Asahi Kasei Energy Storage Materials, Inc.

*11 including capital reserve.

Consolidated subsidiaries and equity-method affiliates at the end of FY2015 are respectively 174 companies and 31 companies, including material subsidiaries, etc. stated in (1) above.

(2) Integration and reorganization of material subsidiaries, etc.

- 1) As of April 1, 2015, Asahi Kasei Trading Co., Ltd., Asahi Kasei Commerce Co., Ltd., and Asahi Kasei Intertextiles Corp. merged to form Asahi Kasei Advance Corp. and started operations.
- 2) As of April 1, 2015, the Company made Asahi Kasei Jyuko Vietnam Corp. its consolidated subsidiary.
- 3) As of August 26, 2015 (USA Eastern Standard Time), the Company made Polypore International, LP and Asahi Kasei Energy Storage Materials, Inc. its consolidated subsidiaries accompanying the completion of the acquisition.

III Matters regarding Company Officers

1. Situation of Directors and Corporate Auditors

(As of March 31, 2016)

| Position | Name | Responsibilities | Situation of concurrent holding of important posts |
|---------------------------------------|-------------------|--|--|
| Chairman and Director | Ichiro Itoh | Convene and chair meetings of the Board of Directors | |
| President and Representative Director | Toshio Asano | Presidential Executive Officer Convene and chair General Meetings of Shareholders and meetings of the Strategic Management Council Health Care business sector | |
| Representative Director | Masahito Hirai | Vice-Presidential Executive Officer Human resources/general affairs, corporate procurement and logistics, risk management, compliance, Homes & Construction Materials business sector | |
| Representative Director | Yuji Kobayashi | Primary Executive Officer Chemicals & Fibers business sector | President and Representative Director of Asahi Kasei Chemicals Corp. |
| Representative Director | Hideki Kobori | Primary Executive Officer Management strategy/corporate accounting and corporate finance, internal control, Electronics business sector | |
| Director | Hiroshi Kobayashi | Senior Executive Officer Corporate production technology/safety & environment/PL, information, Moriyama Office, assistant in charge of risk management | |
| Outside Director | Norio Ichino | | Special Advisor of Tokyo Gas Co., Ltd. |
| Outside Director | Masumi Shiraishi | | Professor of Faculty of Policy Studies, Kansai University |
| Outside Director | Kenyu Adachi | | Outside Director of Toyo Engineering Corp. |
| Corporate Auditor | Hajime Nagahara | | |
| Corporate Auditor | Shinsuke Kido | | |
| Outside Corporate Auditor | Koji Kobayashi | | Certified Public Accountant Outside Corporate Auditor, Felissimo Corp. |
| Outside Corporate Auditor | Akio Makabe | | Professor, Faculty of Economics, Shinshu University |
| Outside Corporate Auditor | Tetsuo Ito | | Attorney-at-Law, (Of Counsel, Nishimura & Asahi) Outside Corporate Auditor of Takasago Thermal Engineering Co., Ltd. Outside Corporate Auditor of UNIZO Holdings Co., Ltd. |

- (Notes) 1. Corporate Auditors Shinsuke Kido and Tetsuo Ito were newly elected as Corporate Auditors at the 124th Ordinary General Meeting of Shareholders held on June 26, 2015 and assumed office as of the same date.
2. Directors Norio Ichino, Masumi Shiraishi, and Kenyu Adachi are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
3. Corporate Auditors Koji Kobayashi, Akio Makabe, and Tetsuo Ito are Outside Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
4. Corporate Auditor Koji Kobayashi is licensed as a certified public accountant and has vast experience of corporate audit, while Corporate Auditor Akio Makabe has instructed and conducted research on economics and finance at universities, etc. over the years. Both persons have considerable insight into finance and accounting.
5. The Company has executed contracts with four Directors Ichiro Itoh, Norio Ichino, Masui Shiraishi, and Kenyu Adachi as well as five Corporate Auditors Hajime Nagahara, Shinsuke Kido, Koji Kobayashi, Akio Makabe, and Tetsuo Ito to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of either ¥10 million or the minimum liability limit amount stipulated in laws and regulations.

2. Matters pertaining to Remuneration, etc. of Directors and Corporate Auditors

(1) The amount of remuneration, etc. of Directors and Corporate Auditors in FY2015

| Classification | Directors | | Corporate Auditors | | Total | |
|---|--------------------------|----------------------------------|-----------------------------------|----------------------------------|---|----------------------------------|
| | Number of Directors Paid | Amount Paid (In millions of yen) | Number of Corporate Auditors Paid | Amount Paid (In millions of yen) | Number of Directors and Corporate Auditors Paid | Amount Paid (In millions of yen) |
| Remuneration paid based on the Articles of Incorporation or a resolution of General Meeting of Shareholders | 9 | 385 | 7 | 110 | 16 | 495 |
| (Of which Outside Officers) | 3 | 36 | 4 | 36 | | |
| Total | 9 | 385 | 7 | 110 | 16 | 495 |

- (Notes) 1. The remuneration limit to be paid to Directors is set at 650 million yen per year, of which annual remuneration for Outside Directors is 50 million yen or less (the resolution was made on the 123rd Ordinary General Meeting of Shareholders held on June 27, 2014).
2. The remuneration limit to be paid to Corporate Auditors is set at 150 million yen per year (the resolution was made on the 115th Ordinary General Meeting of Shareholders held on June 29, 2006).
3. The number of Officers as of March 31, 2016 is nine Directors (of which three are Outside Directors) and five Corporate Auditors (of which three are Outside Corporate Auditors).
4. Figures shown above are indicated in millions, rounded to the nearest million.

(2) Policy regarding the determination of remuneration amount for Officers and the procedures

1) Remuneration for Directors

Directors' remuneration, within the remuneration limit approved at a shareholders meeting, is determined based on the remuneration system approved in advance by the Board of Directors, and consists of a fixed base remuneration determined by the rank of each Director and performance-linked remuneration determined based on consolidated and non-consolidated financial results of the Group. Performance is comprehensively evaluated in consideration of the degree of achievement of individually-established objectives, achievements, contributions to financial performance, and the degree of contributions, in addition to management benchmarks including, but not limited to, net sales, operating income, and ROA. The Company determines the level of remuneration based on research data provided by external specialized agencies, etc.

In order to further improve objectivity and transparency of Directors' remuneration, the Company has established a Remuneration Advisory Committee, which mainly consists of Outside Directors, to participate in discussions about the Directors' remuneration system and operation thereof, and to

provide advice to the Board of Directors.

2) Remuneration for Corporate Auditors

The performance-linked remuneration system is not applied in the remuneration for Corporate Auditors, in consideration of their role of auditing the execution of duties of Directors in a position independent from Directors, and their remuneration consists of fixed remuneration. Individual remuneration amount is determined through discussion with Corporate Auditors.

The System of Retirement Bonuses for Directors and Corporate Auditors was discontinued at the closing of the 123rd Ordinary General Meeting of Shareholders held on June 27, 2014.

3. Matters regarding Outside Officers

(1) Situation of major activities of Outside Officers

| Classification | Name | Situation of attendance to the Board of Directors (attendance rate) | Situation of attendance to the Board of Corporate Auditors (attendance rate) | Remarks |
|--------------------|------------------|---|--|---|
| Directors | Norio Ichino | 14 out of 14 meetings (100%) | – | He, mainly from the perspective of company management, appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a business manager. |
| | Masumi Shiraishi | 14 out of 14 meetings (100%) | – | She, mainly from the perspective of company management, appropriately made statements that were necessary to the Board's deliberation of agenda based on her high personal insight as a university professor. |
| | Kenyu Adachi | 14 out of 14 meetings (100%) | – | He, mainly from the perspective of company management, appropriately made statements that were necessary to the Board's deliberation of agenda based on his broad knowledge for industries. |
| Corporate Auditors | Koji Kobayashi | 13 out of 14 meetings (93%) | 15 out of 15 meetings (100%) | He, mainly from the perspective of finance and accounting, appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a certified public accountant. |
| | Akio Makabe | 14 out of 14 meetings (100%) | 15 out of 15 meetings (100%) | He, mainly from economic and financial perspective, appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a university professor |
| | Tetsuo Ito | 11 out of 11 meetings (100%) | 10 out of 11 meetings (91%) | He, mainly from the perspective of compliance, appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a prosecutor and attorney-at-law. |

(Notes) 1. No special relation exists between important posts held concurrently as stated in "Situation of Directors and Corporate Auditors" and the Company.

- In October 2015 during the term of office of Norio Ichino, Masumi Shiraishi, and Kenyu Adachi as Outside Directors of the Company and during the term of office of Messrs. Koji Kobayashi, Akio Makabe, and Tetsuo Ito as Outside Corporate Auditors of the Company, the Company disclosed that Asahi Kasei Construction Materials Corporation, its subsidiary, diverted a part of installation data over years in the installation work of precast concrete piles. Also, in January 2016, Asahi Kasei Construction Materials Corporation received administrative dispositions in accordance with the Construction Business Act with respect to the installation work of precast concrete piles installed by the Company from 2005 to 2006. The above six persons made statements from the perspective of compliance, etc. at meetings of the Board of Directors, etc. before said facts had been found. In addition, after the facts were found, they have appropriately assumed their responsibilities including: investigation on the facts and the causes, formulation of measures to prevent recurrence, further strengthening awareness of compliance, etc.

IV. Situation of Independent Auditors

- (1) Name of Independent Auditor
PricewaterhouseCoopers Aarata

- (2) The rationale for the Board of Corporate Auditors having agreed on the amount of remuneration, etc. to be paid to Independent Auditors pertaining to FY2015
 - 1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act
PricewaterhouseCoopers Aarata: 130 million yen

 - 2) Total amount of remuneration to be paid by the Company and its subsidiaries and other financial profit
PricewaterhouseCoopers Aarata: 276 million yen

- (Notes) 1. In the audit contract between the Company and Independent Auditor, it is not practically possible to distinguish between the remuneration for the audit based on the Companies Act as Independent Auditors and that for the audit based on the Financial Instrument and Exchange Act. Therefore, the above amounts include both of these.
 2. In addition to audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company pays Independent Auditors the expenses for accounting advisory services.
 3. The Company's significant overseas subsidiaries are audited by parties other than the Company's Independent Auditors (such as a chartered accountant or an entity that has the equivalent qualification to chartered accountant overseas) - (only to the extent the provisions of overseas statutory laws and regulations equivalent to the Companies Act and the Financial Instruments and Exchange Act are applicable).
 4. Figures shown above are indicated in millions, rounded to the nearest million.

- 3) The rationale for the Board of Corporate Auditors having agreed on the remuneration, etc. of Independent Auditors
The Board of Corporate Auditors agreed on the amount of the remuneration, etc. of the Independent Auditor after conducting necessary verification to ascertain the appropriateness of descriptions in the audit plan prepared by the Independent Auditor, the status of execution of accounting audit duties, the basis for the calculation of the estimated amount of remuneration estimation, etc.

- (3) Policies of dismissal or denial of reappointment of Independent Auditors
The Board of Corporate Auditors shall dismiss Independent Auditors subject to the agreement of all Corporate Auditors when it concludes that any item of Article 340, Paragraph 1 of the Companies Act is applicable to Independent Auditors.

In addition to the above case, if it is deemed to be difficult for Independent Auditors to perform their duties adequately, the Board of Corporate Auditors shall decide a proposal concerning dismissal or denial of reappointment of Independent Auditors, and the Board of Directors shall submit the relevant proposal to the General Meeting of Shareholders based on the relevant decision.

V. The System and Policy of the Company

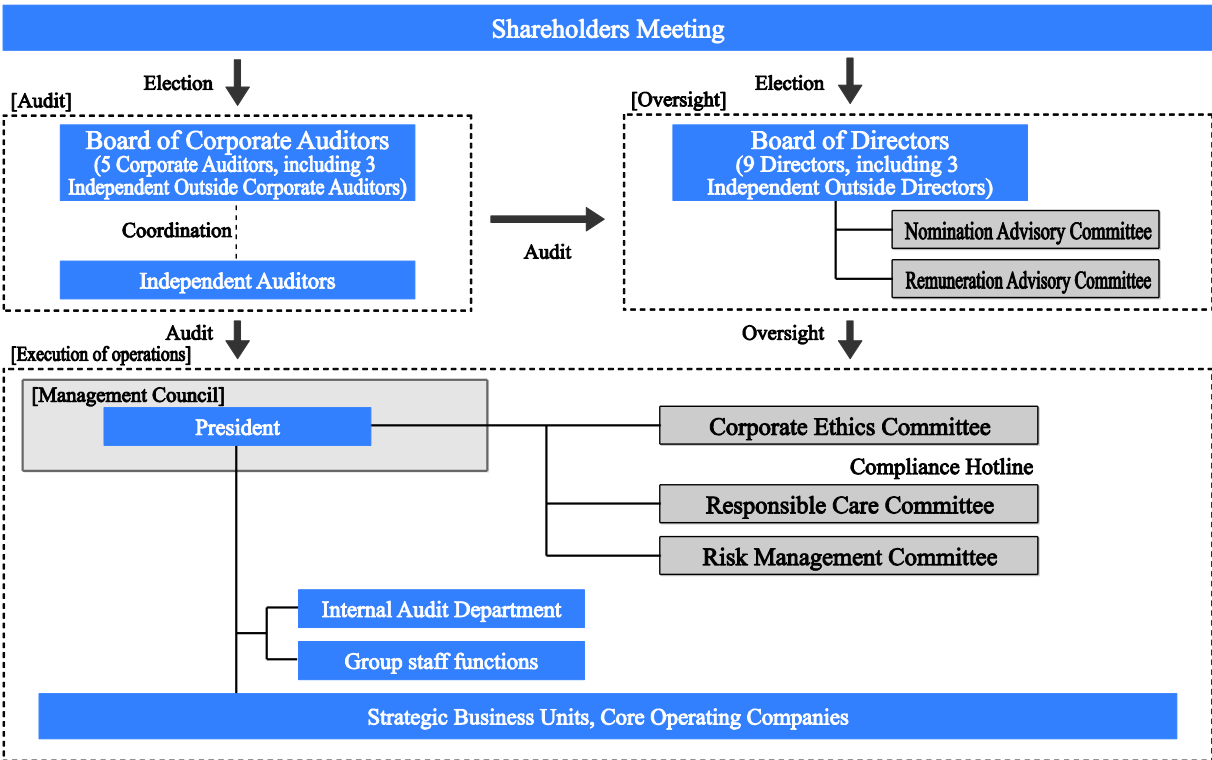
1. Corporate governance system

(1) Basic views for corporate governance

The Group Vision of the Company is to provide new value to society and solve social issues by enabling “living in health and comfort” and “harmony with the natural environment” under the Group Mission of “contributing to life and living for people around the world.” With this as a base, the Company aims to contribute to society, achieve sustainable growth, and enhance corporate value over the medium to long term by promoting innovation and creating synergy through integration of various businesses. The Company continues to pursue optimal corporate governance as a framework to achieve transparent, fair, timely, and decisive decision-making in accordance with changes in the business environment.

(2) Diagram of corporate governance system of the Group

(As of April 1, 2016)



(3) Overviews of corporate governance system of the Company

1) Oversight and audit

The Board of Directors, which consists of nine Directors including three Independent Outside Directors (one-third), makes decisions on matters that are stipulated by laws/regulations and the Articles of Incorporation as requiring a Board of Directors resolution, as well as on important matters for the Company and the Group, and oversees execution of operations by Directors and Executive Officers.

Under the Board of Directors, the Company has established a Nomination Advisory Committee and a Remuneration Advisory Committee, which mainly consist of Outside Directors, so that Outside Directors actively participate in consideration of the optimal makeup and size of the Board of Directors of the Company, policies to nominate candidates for Directors/Corporate Auditors, independence standards and qualification for Outside Officers, Directors’ remuneration policy/system, and evaluations of Directors for performance-based remuneration, and to provide relevant advice to the Board of Directors.

The Board of Corporate Auditors consists of five Corporate Auditors, including three (majority) Independent Outside Corporate Auditors, and each Corporate Auditor, based on the audit policy stipulated by the Board of Corporate Auditors, oversees execution of duties by Directors by attending

meetings of the Board of Directors and examining the status of execution of operations. In order to enhance the function of the Board of Corporate Auditors and to facilitate smooth cooperation and support with Outside Corporate Auditors, the Company has established a Corporate Auditors Office staffed with dedicated employees.

Also, PricewaterhouseCoopers Aarata performs audits based on the Companies Act and the Financial Instruments and Exchange Act.

Moreover, the Company has established the Internal Audit Department, which conducts internal audits based on an audit plan. Results of internal audits performed by each staff function are aggregated in the Internal Audit Department and reported to the Board of Directors.

2) Execution of operation

The Company has adopted an Executive Officer system in order to expedite the execution of operations, as well as to clarify responsibilities and specify the roles of Directors in charge of decision-making and oversight, and those of Executive Officers in charge of execution of operations.

The Company has established detailed standards for decision-making in its Decision-making and Approval Authority Regulations of the Group with regard to matters concerning the management plan, investment and loans, financing and fund management, the organization and management system, research and development, and production technology, and delegates authority to the Strategic Management Council and the core operating companies from the Board of Directors.

3) Business ethics and risk management, etc.

The Company has established the Corporate Ethics Committee, which determines policies for business ethics and deliberates overall issues concerning business ethics.

Also, the Company has established the Responsible Care Committee, which discusses preventive measures and recurrence prevention measures for accidents related to environmental protection, product safety, operational safety, and workplace safety/health.

Moreover, the Company has established the Risk Management Committee, which identifies risks of the Group, assesses risks, and formulates countermeasures to realize effective risk management in the Group.

2. System to ensure properness of operations and situation of operating the system

The Company, at the Board of Directors, has made decisions on policy concerning the system to ensure the appropriateness of operations, based on Article 362 of the Companies Act and Article 100 of the Ordinance for Enforcement of the Companies Act, and operates the policy as follows.

| Policy | Overview of situation of operation |
|--|--|
| <p>System of Compliance for Execution of Duties by Directors</p> <ol style="list-style-type: none"> 1. Directors oversee execution of operations by other Directors through the Board of Directors. 2. For the purpose of the foregoing paragraph, the Company holds a meeting of the Board of Directors one or more sessions per month in principle. 3. For the purpose of Paragraph 1, the Company, in the Regulations for the Board of Directors, specifically stipulates matters to be discussed by the Board of Directors concerning execution of important operations. 4. The Company is one with a Board of Corporate Auditors, and Corporate Auditors, based on the | <ul style="list-style-type: none"> ◆ In FY2015, the Company held 14 meetings of the Board of Directors in total, one or more sessions per month. ◆ In the Regulations for the Board of Directors, specific matters to be discussed by the Board of Director are stipulated. At any meeting of the Board of Directors, Directors and Corporate Auditors, including Outside Officers, with high attendance rate, made sufficient deliberations actively on matters to be discussed. The average duration of a meeting of the Board of Director per one session is about two and half hours. ◆ In FY2015, Corporate Auditors implemented |

| Policy | Overview of situation of operation |
|--|---|
| <p>audit policy stipulated by the Board of Corporate Auditors, oversee execution of duties by Directors by attending meetings of the Board of Directors and examining the status of execution of operations from the viewpoints of legality and validity.</p> | <p>hearings for multiple persons who execute operations as well as site inspections in addition to the attendance to meetings of the Board of Directors. Outside Corporate Auditors also participated in these events as necessary.</p> |
| <p>System of Communication of Information and Storage/Management Thereof</p> <ol style="list-style-type: none"> 1. The Company, in the Articles of Incorporation, the Regulations for the Board of Directors, and the Decision-Making and Approval Authority Regulations of the Group, clearly specifies decision makers concerning the decision of the matters important to the management of Group including the Board of Directors and the Strategic Management Council, and properly makes decision based thereon. 2. The Company, in the Articles of Incorporation, the Regulations for the Board of Directors, and the Decision-Making and Approval Authority Regulations of the Group, also clearly specifies to whom reports are to made and what is to be reported concerning communication of information important to the management of the Group including the Board of Directors and the Strategic Management Council, and properly communicated information based thereon. 3. The President of the Company requests a report from presidents of the core operating companies on the status of execution of operations and important management issues as well as results of audits conducted by Corporate Auditors of core operating companies, and exerts efforts to grasp information important to the management of the Group. 4. Concerning decision making and communication of information conducted in accordance with the above, the Company specifies rules on creation and storage of minutes thereof as necessary to store and manage such information properly based thereon. | <ul style="list-style-type: none"> ◆ Matters important to the management of the Group of FY2015 are submitted for discussion at meetings of the Board of Directors and reported properly as shown on the left, and their minutes are stored and managed properly. The Company also communicates important management decisions and matters to be reported to executives of core operating companies. ◆ In FY2015, the President of the Company receives reports from presidents of the core operating companies on the status of execution of operations and important management issues and checks how to handle them and the progress of the handling. The President of the Company also receives reports regularly on the results of audits conducted by Corporate Auditors of core operating companies. ◆ Responsible divisions/departments properly store/manage important information related to management and execution of operations of the Group, management decisions, internal notices, etc. |
| <p>System to Ensure Efficiency</p> <ol style="list-style-type: none"> 1. The Group establishes business sectors in order to conduct diversified businesses and ensures a system which enables swift and flexible decision-making based on the nature of each business. 2. The Company adopts an Executive Officer system in order to expedite execution of operations and clarify responsibilities and specify the roles of Directors in charge of decision-making and oversight and those of Executive Officers in charge of execution of operations. 3. To expedite management decisions, the Company | <ul style="list-style-type: none"> ◆ The Group, to achieve further growth, adopted an operating holding company configuration as of April 1, 2016 and reorganized its business into the three sectors of Material, Homes, and Health Care with the start of a new medium-term management initiative. ◆ As of April 1, 2016, the Company reexamined the rules for submitting proposals to the Board of Directors concerning investment and loans, in order to expedite management decisions by promoting proper delegation of authority pertaining to the execution of operations. |

| Policy | Overview of situation of operation |
|--|---|
| <p>promotes proper delegation of authority pertaining to the execution of operations.</p> <p>4. Financial data which are used in performance management are provided in a timely and appropriate manner to Directors, Executive Officers, etc.</p> | <p>◆ Other systems are operated as shown on the left.</p> |
| <p>Risk Management System</p> <p>1. The Company systematizes its basic policy for risk management of the entire Group as well as identification and handling of risks, and establishes an organization controlling risk management. The Company also builds a system so that proper and prompt action can be taken when a risk becomes clear.</p> <p>2. To deal with risks related to the environment, products, workplace safety/health, disaster, etc., each responsible division/department establishes necessary rules, provides education, raises awareness, and implements monitoring as necessary.</p> <p>3. The Company clarifies the system and procedures concerning the internal control for financial reporting and ensures its effectiveness by establishing an organization to manage such a system and procedures.</p> | <p>◆ The Company has stipulated Basic Risk Management Regulations as a system of identifying and handling risks and has established a Risk Management & Compliance section as an organization controlling risk management. In addition, the Company has stipulated in various rules and regulations, including the above regulations concerning system building, matters such as the establishment of a group emergency response headquarters when a risk becomes clear.</p> <p>◆ As to response to risks of the Group related to environment, products, workplace safety/health, disaster, etc., each responsible division/department establishes necessary rules, provides education, raises awareness, and implements monitoring as necessary. To strengthen the quality assurance system for products and services provided by the Group, the Company reformed the Safety and Environment Department into Corporate ESH & QA in January 2016 to strengthen its functions.</p> <p>◆ The Company has specified the Regulations for Internal Control Management to clarify the system and procedures concerning the internal control for financial reporting, and has established an organization to manage such a system and procedures within the Internal Audit Department from where internal control of the entire Group, improvement of business operation processes, and the evaluation of operation status are supervised.</p> |
| <p>Compliance System of the Group</p> <p>1. In order to fulfill corporate social responsibilities, the Company establishes each Committee over which the President has direct control and adopts a system to promote overall CSR of the Group.</p> <p>2. The Company specifies a basic policy and various regulations for business ethics and compliance and applies them to the entire Group in principle. Further, the Company proactively make efforts to let officers and employees of the Group aware of the same.</p> <p>3. In order to enhance the compliance system of the entire Group, the Company appoints an Executive Officer in charge of compliance and adopts a system which monitors the status of compliance with the policy for business ethics/the code of conduct of the entire Group.</p> <p>4. The Company introduces a Compliance Hotline</p> | <p>◆ The Company has specified “Corporate Ethics – Basic Policy and Code of Conduct” as a basic policy regarding business ethics and compliance and promotes its penetration as shown on the left. Last year, however, in the installation work of precast concrete piles conducted by Asahi Kasei Construction Materials Corporation, a subsidiary of the Company, years of diversion of a part of installation data was found. Also, in January 2016, Asahi Kasei Construction Materials Corporation received administrative dispositions in accordance with provisions of the Construction Business Act with respect to the installation work of precast concrete piles installed by the company from 2005 to 2006. The Group gravely accepts these facts, and will take measures to prevent the reoccurrence and review the compliance system.</p> |

| Policy | Overview of situation of operation |
|--|---|
| <p>(whistle blowing system) which all employees of the Group can utilize.</p> <p>5. The Internal Audit Department, which also satisfies an internal audit function, conducts an audit of whether execution of operations by all divisions/departments of the Group complies with laws and regulations as well as the Articles of Incorporation.</p> | <p>◆ Accompanying the changes in compliance environment in each country, M&As in overseas companies, and problem of diversion of installation data in the installation work of precast concrete piles that occurred in Asahi Kasei Construction Materials Corporation, etc., the Company has decided to review the compliance and risk management system from FY2016. Specifically, the Company plans to build a system for centralized aggregation of risk information and cases related to compliance of the Group into the Risk Management & Compliance section by increasing the number of staff members of the section where the standard and guide of the code of conduct is reviewed, an educational program is introduced, and risk evaluation and monitoring for each business sector are implemented.</p> |
| <p>System to Support Corporate Auditors</p> <p>1. The Company has a Corporate Auditors Office as a department which supports the duties of Corporate Auditors.</p> <p>2. Corporate Auditors, not Directors, have the right to supervise and give instructions to employees who are affiliated with the Corporate Auditors Office.</p> <p>3. Transfer and performance review of employees who are affiliated with the Corporate Auditors Office require the prior approval of Corporate Auditors.</p> <p>4. Employees who are assigned to the Corporate Auditors Office work as dedicated staff.</p> <p>5. In order to effectively conduct an audit, the Company assigns a sufficient number of staff members with required specialist skills and abundant work experience as employees who are assigned to the Corporate Auditors Office.</p> | <p>◆ The Company has a Corporate Auditors Office as a department that supports the duties of Corporate Auditors where multiple dedicated staff members who have abundant work experience are assigned.</p> |
| <p>System of Reporting to Corporate Auditors</p> <p>1. Corporate Auditors may require Directors, Executive Officers, and employees of the Company as well as Directors, Executive Officers, employees, and the Corporate Auditor of each company of the Group to submit reports whenever considered necessary to execute their duties.</p> <p>2. Directors, Executive Officers, and employees of the Company as well as Directors, Executive Officers, employees, and the Corporate Auditor of each company of the Group promptly report to Corporate Auditors of the Company information important to the management of the Group, including matters related to compliance not limited to matters Corporate Auditors are required to report.</p> <p>3. No unfair treatment shall be given to any person who makes a report to Corporate Auditors</p> | <p>◆ The Company provides Corporate Auditors opportunities to attend meetings important to the management of the Group, including meetings of the Board of Directors and the Strategic Management Council (present Management Council), and also provides an environment contributing to understanding of the compliance and management status of the Group through inspection of each site and regular meetings with major persons who execute operations of the Group.</p> <p>◆ The Company provides Corporate Auditors information regarding matters related to compliance and matters reported through the Compliance Hotline (whistle blowing system) through attendance, etc. to meetings of the Corporate Ethics Committee.</p> |

| Policy | Overview of situation of operation |
|--|---|
| (including whistle-blowers) on the grounds of making such report. | |
| <p>Policy for Burden of Audit Cost</p> <ol style="list-style-type: none"> 1. The Company bears audit cost except as considered not necessary for execution of duties by Corporate Auditors. 2. The Company sets a budget for cost which arises from execution of duties by Corporate Auditors. | <ul style="list-style-type: none"> ◆ Operation is executed as shown on the left. |
| <p>Other System to Ensure Effectiveness of Audit by Corporate Auditors</p> <ol style="list-style-type: none"> 1. The Company provides opportunities to have meetings between Corporate Auditors and Outside Directors and between Corporate Auditors and Independent Auditors on a regular basis so that Corporate Auditors can understand the situation of compliance and management of the Group and share information. 2. In order to improve the effectiveness of the Group audit system, Corporate Auditors of the Company regularly exchange ideas with the Corporate Auditors of the core operating companies. | <ul style="list-style-type: none"> ◆ In addition to regular meetings between Corporate Auditors and Independent Auditors conducted conventionally, the Company has decided to hold regular meetings between Corporate Auditors and Outside Directors on a continuous basis from FY2015. ◆ Regular meetings between Corporate Auditors of the Company and those of the core operating companies are held continuously. |
| <p>Policy for Eliminating Anti-Social Forces</p> <ol style="list-style-type: none"> 1. The Company shall resolutely reject anti-social forces, and shall not provide benefit or have any other trading relationship with them. In addition, the General Affairs Department, which is in charge of overall management of responses to anti-social forces, leads activities including cooperation with external specialized agencies such as the police, and collection of information on anti-social forces to disseminate information and raise awareness within the Group. | <ul style="list-style-type: none"> ◆ Operation is executed as shown on the left. |

3. Policy regarding the decision on the distribution of surplus, etc.

Under the former “For Tomorrow 2015” medium-term management initiative, the Company has aimed to consistently expand cash flow in two basic ways. One is by enhancing profitability through greater cost competitiveness, enhanced product performance, and business structure improvement, and other is by improving capital efficiency through intragroup financing and appropriate control of inventory levels. Also, to obtain stable and low-cost financing, the Company has employed various fund-raising methods such as borrowing from banks, issuing bonds, and issuing commercial paper flexibly and dynamically in accordance with the financial circumstances of the Group.

In addition to these funds, the Group has made investment for growth for further business expansion and shareholder returns as dividends based on cash flow generated through the promotion of the former medium-term management initiative. The basic financial strategy of the Company has been to maintain an appropriate balance between the two.

Under the new “Cs for Tomorrow 2018” medium-term management initiative, the Group maintains this financial strategy. As measures for growth, the Company allocates funds toward the expansion of production facilities, R&D, and business alliances including M&A. Thereby, the Company strives to continuously increase dividends for shareholder returns.

Consolidated Balance Sheet
(As of March 31, 2016)

(In millions of yen)

| Accounts | Current Consolidated Fiscal Year (As of March 31, 2016) | Previous Consolidated Fiscal Year (As of March 31, 2015) |
|--------------------------------------|---|--|
| (Assets) | | |
| Current assets | 856,018 | 891,579 |
| Cash and deposits | 146,054 | 123,821 |
| Notes and accounts receivable–trade | 280,095 | 325,568 |
| Short-term investment securities | 1,534 | 1,802 |
| Merchandise and finished goods | 159,441 | 161,554 |
| Work in process | 108,684 | 112,813 |
| Raw materials and supplies | 68,618 | 65,311 |
| Deferred tax assets | 18,133 | 21,707 |
| Other | 75,324 | 80,520 |
| Allowance for doubtful accounts | (1,865) | (1,517) |
| Noncurrent assets | 1,355,711 | 1,122,952 |
| Property, plant and equipment | 555,989 | 502,507 |
| Buildings and structures | 227,183 | 209,681 |
| Machinery, equipment and vehicles | 198,559 | 175,019 |
| Land | 61,046 | 59,287 |
| Lease assets | 1,745 | 2,822 |
| Construction in progress | 49,240 | 37,566 |
| Other | 18,215 | 18,133 |
| Intangible assets | 494,582 | 286,076 |
| Goodwill | 305,112 | 153,835 |
| Other | 189,470 | 132,241 |
| Investments and other assets | 305,140 | 334,368 |
| Investment securities | 244,598 | 289,393 |
| Long-term loans receivable | 16,353 | 9,952 |
| Net defined benefit asset | - | 2,929 |
| Deferred tax assets | 20,098 | 11,351 |
| Other | 24,280 | 21,016 |
| Allowance for doubtful accounts | (189) | (273) |
| Total assets | 2,211,729 | 2,014,531 |

Note: Amounts are rounded to nearest million yen.

(In millions of yen)

| Accounts | Current Consolidated Fiscal Year (As of March 31, 2016) | Previous Consolidated Fiscal Year (As of March 31, 2015) |
|--|---|--|
| (Liabilities) | 1,154,330 | 916,809 |
| Current liabilities | 725,662 | 507,449 |
| Notes and accounts payable—trade | 126,653 | 151,867 |
| Short-term loans payable | 313,587 | 96,015 |
| Lease obligations | 919 | 1,383 |
| Accrued expenses | 98,717 | 101,164 |
| Income taxes payable | 32,735 | 10,203 |
| Advances received | 74,667 | 74,675 |
| Provision for periodic repairs | 3,908 | 2,396 |
| Provision for product warranties | 2,355 | 2,562 |
| Provision for removal cost of property, plant and equipment | 2,130 | 2,832 |
| Asset retirement obligations | 568 | 533 |
| Other | 69,423 | 63,817 |
| Noncurrent liabilities | 428,669 | 409,360 |
| Bonds payable | 40,000 | 40,000 |
| Long-term loans payable | 94,632 | 130,400 |
| Lease obligations | 537 | 1,219 |
| Deferred tax liabilities | 64,930 | 57,943 |
| Provision for periodic repairs | 558 | 1,248 |
| Provision for removal cost of property, plant and equipment | 7,228 | 7,865 |
| Provision for loss on litigation | 2,171 | 2,316 |
| Net defined benefit liability | 186,300 | 142,035 |
| Asset retirement obligations | 3,480 | 3,506 |
| Long-term guarantee deposits | 20,131 | 19,146 |
| Other | 8,702 | 3,683 |
| Net assets | 1,057,399 | 1,097,722 |
| Shareholders' equity | 942,724 | 879,014 |
| Capital stock | 103,389 | 103,389 |
| Capital surplus | 79,410 | 79,408 |
| Retained earnings | 763,076 | 699,259 |
| Treasury stock | (3,150) | (3,041) |
| Accumulated other comprehensive income | 99,177 | 203,639 |
| Net unrealized gain on other securities | 92,280 | 113,562 |
| Deferred gains or losses on hedges | (179) | (1,697) |
| Foreign currency translation adjustment | 48,429 | 99,531 |
| Remeasurements of defined benefit plans | (41,353) | (7,757) |
| Non-controlling interests | 15,498 | 15,068 |
| Total liabilities and net assets | 2,211,729 | 2,014,531 |

Note: Amounts are rounded to nearest million yen.

Consolidated Statement of Income

(April 1, 2015 - March 31, 2016)

(In millions of yen)

| Accounts | Current Consolidated Fiscal Year (April 1, 2015 - March 31, 2016) | Previous Consolidated Fiscal Year (April 1, 2014 - March 31, 2015) |
|--|--|---|
| Net sales | 1,940,914 | 1,986,405 |
| Cost of sales | 1,354,698 | 1,439,344 |
| Gross profit | 586,216 | 547,061 |
| Selling, general and administrative expenses | 421,013 | 389,128 |
| Operating income | 165,203 | 157,933 |
| Non-operating income | 11,322 | 17,288 |
| Interest income | 1,417 | 1,389 |
| Dividends income | 4,757 | 3,923 |
| Equity in earnings of affiliates | - | 1,738 |
| Foreign exchange gains | - | 5,197 |
| Other | 5,148 | 5,041 |
| Non-operating expenses | 15,154 | 8,678 |
| Interest expense | 3,611 | 3,056 |
| Equity in losses of affiliates | 854 | - |
| Foreign exchange loss | 3,679 | - |
| Other | 7,010 | 5,622 |
| Ordinary income | 161,370 | 166,543 |
| Extraordinary income | 9,192 | 3,137 |
| Gain on sales of investment securities | 8,275 | 2,756 |
| Gain on sales of noncurrent assets | 917 | 382 |
| Extraordinary loss | 24,173 | 11,241 |
| Loss on sales of investment securities | - | 112 |
| Loss on valuation of investment securities | 363 | 1,136 |
| Loss on disposal of noncurrent assets | 5,214 | 4,728 |
| Impairment loss | 3,493 | 1,255 |
| Business structure improvement expenses | 3,606 | 4,010 |
| Litigation settlement | 1,201 | - |
| Loss on piling business | 1,456 | - |
| Business integration expense | 1,547 | - |
| Special retirement expenses and other | 2,027 | - |
| Loss on discontinuation of joint sales agreement | 5,266 | - |
| Income before income taxes | 146,389 | 158,440 |
| Income taxes—current | 55,419 | 44,059 |
| Income taxes—deferred | (2,441) | 7,483 |
| Net income | 93,412 | 106,898 |
| Net income attributable to non-controlling interests | 1,658 | 1,246 |
| Net income attributable to owners of the parent | 91,754 | 105,652 |

Note: Amounts are rounded to nearest million yen.

(Reference)

Summary of Consolidated Statements of Cash Flows

(April 1, 2015 - March 31, 2016)

(In 100 millions of yen)

| Description | Amount |
|---|----------------|
| Cash flows from operating activities | 2,162 |
| Income before income taxes | 1,464 |
| Depreciation and amortization | 938 |
| decrease in notes and accounts receivable–trade | 485 |
| decrease in inventories | 129 |
| decrease in notes and accounts payable–trade | (241) |
| Income taxes paid | (604) |
| Other,net | (9) |
| Cash flows from investing activities | (2,853) |
| Payments into time deposits | (64) |
| Proceeds from withdrawal of time deposits | 174 |
| Purchase of property, plant and equipment | (852) |
| Purchase of intangible assets | (103) |
| Proceeds from sales of investment securities | 102 |
| Purchase of shares in subsidiaries resulting in change in scope of consolidation | (1,937) |
| Payments for transfer of business | (2) |
| Other,net | (171) |
| Cash flows from financing activities | 1,014 |
| Net increase in loans payable and commercial papers | 1,311 |
| Cash dividends paid | (279) |
| Other,net | (18) |
| Effect of exchange rate change on cash and cash equivalents | (56) |
| Net (decrease) increase in cash and cash equivalents | 267 |
| Cash and cash equivalents at beginning of period | 1,123 |
| Increase in cash and cash equivalents resulting from changes in scope of consolidation | 63 |
| Cash and cash equivalents at end of period | 1,453 |

Note: Amounts are rounded to nearest 100 million yen.

Non-Consolidated Balance Sheet

(As of March 31, 2016)

(In millions of yen)

| Accounts | Current Non-Consolidated Fiscal Year (As of March 31, 2016) | Previous Non-Consolidated Fiscal Year (As of March 31, 2015) |
|---|--|---|
| (Assets) | | |
| Current assets | 365,970 | 305,102 |
| Cash and deposits | 53,412 | 43,585 |
| Supplies | 306 | 226 |
| Prepaid expenses | 1,894 | 1,896 |
| Deferred tax assets | 801 | 1,469 |
| Accounts receivable—other | 25,940 | 21,081 |
| Income taxes receivable | - | 1,872 |
| Short-term loans receivable from subsidiaries and affiliates | 235,766 | 187,112 |
| Advances paid | 46,886 | 47,937 |
| Other | 966 | 103 |
| Allowance for doubtful accounts | - | (180) |
| Noncurrent assets | 959,119 | 751,779 |
| Property, plant and equipment | 68,722 | 69,243 |
| Buildings | 17,249 | 18,101 |
| Structures | 2,075 | 2,189 |
| Machinery and equipment | 1,498 | 1,547 |
| Vehicles | 6 | 10 |
| Tools, furniture and fixtures | 1,761 | 1,834 |
| Land | 45,532 | 45,300 |
| Lease assets | 6 | 9 |
| Construction in progress | 594 | 254 |
| Intangible assets | 12,380 | 15,893 |
| Software | 11,579 | 14,970 |
| Lease assets | - | 31 |
| Patent rights and others | 800 | 891 |
| Investments and other assets | 878,018 | 666,643 |
| Investment securities | 142,439 | 169,684 |
| Stocks of subsidiaries and affiliates | 701,035 | 425,657 |
| Investments in capital | 11 | 12 |
| Long-term loans receivable from subsidiaries and affiliates | 30,150 | 66,300 |
| Long-term prepaid expenses | 327 | 334 |
| Other | 4,057 | 4,655 |
| Total assets | 1,325,089 | 1,056,881 |

Note: Amounts are rounded to nearest million yen.

(In millions of yen)

| Accounts | Current Non-Consolidated Fiscal Year (As of March 31, 2016) | Previous Non-Consolidated Fiscal Year (As of March 31, 2015) |
|---|--|---|
| (Liabilities) | 825,025 | 551,451 |
| Current liabilities | 673,602 | 350,648 |
| Notes payable—trade | 14 | 8 |
| Short-term loans payable | 261,689 | 47,379 |
| Current portion of long-term loans payable | 35,521 | 28,819 |
| Short-term loans payable to subsidiaries and affiliates | 312,885 | 218,763 |
| Lease obligations | 3 | 34 |
| Accounts payable—other | 27,944 | 27,759 |
| Accrued expenses | 10,958 | 11,803 |
| Income taxes payable | 7,718 | - |
| Advances received | 7 | 11 |
| Deposits received | 3,717 | 3,308 |
| Notes payable—alternative payment | 4,662 | 4,333 |
| Other | 8,485 | 8,431 |
| Noncurrent liabilities | 151,423 | 200,803 |
| Bonds payable | 40,000 | 40,000 |
| Long-term loans payable | 65,825 | 103,230 |
| Lease obligations | 4 | 6 |
| Deferred tax liabilities | 32,934 | 44,170 |
| Provision for retirement benefits | 11,561 | 12,424 |
| Long-term guarantee deposits | 597 | 455 |
| Other | 503 | 518 |
| Total liabilities | 500,064 | 505,430 |
| (Net assets) | | |
| Shareholders' equity | 428,713 | 416,702 |
| Capital stock | 103,389 | 103,389 |
| Capital surplus | 79,410 | 79,408 |
| Legal capital surplus | 79,396 | 79,396 |
| Other retained earnings | 14 | 11 |
| Retained earnings | 249,065 | 236,947 |
| Legal retained earnings | 25,847 | 25,847 |
| Other retained earnings | 223,218 | 211,100 |
| Reserve for special depreciation | 14 | 17 |
| Reserve for advanced depreciation of noncurrent assets | 12,782 | 12,121 |
| Reserve for dividend equalization | 7,000 | 7,000 |
| General reserve | 82,000 | 82,000 |
| Retained earnings brought forward | 121,422 | 109,961 |
| Treasury stock | (3,150) | (3,041) |
| Valuation and translation adjustments | 71,351 | 88,727 |
| Net unrealized gain on other securities | 71,351 | 90,225 |
| Deferred gains or losses on hedges | - | (1,497) |
| Total liabilities and net assets | 1,325,089 | 1,056,881 |

Note: Amounts are rounded to nearest million yen.

Non-Consolidated Statement of Income

(April 1, 2015 - March 31, 2016)

(In millions of yen)

| Description | Current Non-Consolidated Fiscal Year (April 1, 2015 - March 31, 2016) | Previous Non-Consolidated Fiscal Year (April 1, 2014 - March 31, 2015) |
|--|---|--|
| Operating revenue | 46,790 | 55,634 |
| Dividends income from subsidiaries and affiliates | 40,411 | 49,349 |
| Rent income of real estate from subsidiaries and affiliates | 6,379 | 6,285 |
| Operating expenses | 14,136 | 13,894 |
| General and administrative expenses | 14,136 | 13,894 |
| Operating income | 32,655 | 41,740 |
| Non-operating income | 6,831 | 6,148 |
| Interest and dividends income | 5,988 | 5,259 |
| Other income | 843 | 889 |
| Non-operating expenses | 4,463 | 3,827 |
| Interest expenses | 2,641 | 2,428 |
| Other expenses | 1,822 | 1,398 |
| Ordinary income | 35,023 | 44,062 |
| Extraordinary income | 9,028 | 343 |
| Gain on sales of investment securities | 8,250 | - |
| Gain on sales of noncurrent assets | 778 | 343 |
| Extraordinary loss | 4,652 | 5,331 |
| Loss on valuation of investment securities | 96 | 3,500 |
| Loss on disposal of noncurrent assets | 451 | 1,209 |
| Impairment loss | 2,437 | 621 |
| Business integration expense | 1,547 | - |
| Loss on piling business | 122 | - |
| Income before income taxes | 39,399 | 39,075 |
| Income taxes—current | (1,150) | (426) |
| Income taxes—deferred | 494 | (1,422) |
| Net income | 40,055 | 40,922 |

Note: Amounts are rounded to nearest million yen.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1 Partial Amendment to Articles of Incorporation

1. Reason for amendment

In line with our acquisition of Asahi Kasei Chemicals Corporation, Asahi Kasei Fibers Corporation and Asahi Kasei E-materials Corporation on April 1, 2016, the Company amends current Article 2 of the Articles of Incorporation to define the content of the business.

2. Content of Amendment

The content of the amendment is as follows:

(The underlined portion is the portion to be amended.)

| Current Articles of Incorporation | Proposal to amend |
|---|--|
| (Objects and Purposes) Article 2 The objects and purposes of the Company shall be to engage in the following and related businesses, and by virtue of ownership of shares or holdings therein, to oversee and control the business operations of domestic or foreign companies engaged in the following and related businesses, and to perform functions related thereto. | (Objects and Purposes) Article 2 (Unchanged) |
| 1. Manufacture, processing, purchase, and sales of the following products: | 1. (Unchanged) |
| (a)-(b) (Provisions omitted) | (a)-(b) (Unchanged) |
| (c) Organic and inorganic chemicals for industrial use, perfume, medicines, chemical fertilizers, agricultural chemicals, and other chemical products | (c) Organic and inorganic chemicals, perfume, medicines, <u>quasi-drugs, cosmetics</u> , chemical fertilizers, agricultural chemicals, and other chemical products |
| (d)-(k) (Provisions omitted) | (d)-(k) (Unchanged) |

Proposal 2 Election of Nine Directors

The term of office of the following nine Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders: Messrs. Ichiro Itoh, Toshio Asano, Masahito Hirai, Yuji Kobayashi, Hideki Kobori, Hiroshi Kobayashi, Norio Ichino, Kenyu Adachi, and Ms. Masumi Shiraishi.

The Company therefore proposes that the following nine candidates be elected Directors:

Candidates Messrs. Norio Ichino, Tsuneyoshi Tatsuoka, and Ms. Masumi Shiraishi meet the requirements for Outside Directors as stipulated by the Company and the Company judges that the three candidates have full independency without the fear of contradicting with general shareholders in light of independent judgment criteria. Also, the three candidates meet the requirements as stipulated by Tokyo Stock Exchange, Inc. as independent directors and the Company has reported them to said Exchange as independent directors.

| Candidate No. | Name | Date of birth | Position and responsibilities at the Company | Candidate attribute |
|---------------|---------------------|------------------|---|--|
| 1 | Ichiro Itoh | July 6, 1942 | Chairman & Director Director's meeting convocation & chairman Nomination Advisory Committee Member Remuneration Advisory Committee Member | Re-appointed |
| 2 | Hideki Kobori | February 2, 1955 | President & Representative Director Presidential Executive Officer Shareholders Meeting & Management Council convocation & chairman Nomination Advisory Committee Member Remuneration Advisory Committee Member | Re-appointed |
| 3 | Yuji Kobayashi | July 17, 1952 | Representative Director Vice-Presidential Executive Officer Responsible for procurement & logistics, materials | Re-appointed |
| 4 | Masafumi Nakao | November 1, 1952 | Primary Executive Officer Responsible for Corporate ESH & QA, Branch Office, Corporate Production Technology, Production, R & D | Newly-appointed |
| 5 | Shuichi Sakamoto | October 13, 1957 | Senior Executive Officer, Responsible for Corporate Strategy, Corporate Finance/Accounting, IT | Newly-appointed |
| 6 | Nobuyuki Kakizawa | June 21, 1957 | Lead Executive Officer Responsible for General Affairs/Legal, Risk Management/Compliance, General Affairs Manager | Newly-appointed |
| 7 | Norio Ichino | January 1, 1941 | Outside Director Nomination Advisory Committee Member Remuneration Advisory Committee Member | Re-appointed Outside Director Independent |
| 8 | Masumi Shiraishi | November 6, 1958 | Outside Director Nomination Advisory Committee Member Remuneration Advisory Committee Member | Re-appointed Outside Director Independent |
| 9 | Tsuneyoshi Tatsuoka | January 29, 1958 | - | Newly-appointed Outside Director Independent |

Abbreviation: R = Re-appointed, N = Newly-appointed, O = Outside Director, I = Independent


| Candidate No. | Name, date of birth | No. of Company's shares held / Attendance at Board of Directors meetings | Career summary and position/ responsibility at the time of director of the Company [Notable concurrent offices] |
|---------------|--|---|---|
| 1 | <p style="text-align: center;">R</p> <p style="text-align: center;">Ichiro Itoh July 6, 1942</p> | <p style="text-align: center;">121,000</p> <p style="text-align: center;">14/14</p> | <p>April 1966: joined the Company</p> <p>June 2001: Director</p> <p>February 2003: Managing Director</p> <p>June 2003: Director</p> <p>June 2003: Primary Executive Officer</p> <p>April 2006: Vice-Presidential Executive Officer</p> <p>April 2010: Representative Director</p> <p>April 2010: Chairman & Director (Position held at present)</p> <p>● Director's meeting convocation & chairman, Nomination Advisory Committee Member, Remuneration Advisory Committee Member</p> |
| | | | <p>[Reasons for us to propose him as a director candidate]</p> <p>Ichiro Itoh has been involved in the fibers & textiles business for a long time, and experience as Fibers & Textiles Planning & Coordination Manager, Cashmilon Division Manager, Corporate Planning & Coordination Manager, has assumed the post of Executive Officer for Corporate Strategy/Finance and Accounting, Vice-Presidential Executive Officer, and Chairman & Director since April 2010. He has rich experience in and wide knowledge about operations and management of the Company Group. We have decided to nominate him as director candidate because we can expect him to play a full role as director in deciding important matters of and in the supervision of management execution of the Company Group while making full use of his experience.</p> |
| 2 | <p style="text-align: center;">R</p> <p style="text-align: center;">Hideki Kobori February 2, 1955</p> | <p style="text-align: center;">31,000</p> <p style="text-align: center;">14/14</p> | <p>April 1978: joined the Company</p> <p>April 2008: Asahi Kasei Microdevices Director</p> <p>April 2008: Asahi Kasei Microdevices Senior Executive Officer</p> <p>April 2009: Asahi Kasei Microdevices Primary Executive Officer</p> <p>April 2010: Asahi Kasei Microdevices President & Representative Director</p> <p>April 2010: Asahi Kasei Microdevices Presidential Executive Officer</p> <p>April 2012: Senior Executive Officer</p> <p>June 2012: Director (Position held at present)</p> <p>April 2014: Representative Director (Position held at present)</p> <p>April 2014: Primary Executive Officer</p> <p>April 2016: President and Director (Position held at present)</p> <p>April 2016: Presidential Executive Officer (Position held at present)</p> <p>● Shareholders Meeting & Management Council convocation & chairman, Nomination Advisory Committee Member, Remuneration Advisory Committee Member</p> |
| | | | <p>[Reasons for us to propose him as a director candidate]</p> <p>Hideki Kobori has been involved in the electronics business for a long time, has experience as Marketing and Sales Center General Manager, Corporate Strategy and Planning Manager, President and Representative Director, etc. of Asahi Kasei Microdevices, has been responsible for Management Strategy, Finance and Accounting and Internal Management of the Company Group since April 2012 and has assumed the position of President and Director of the Company since April 2016. He has rich experience in and wide knowledge about the Company Group businesses and company management. We have decided to nominate him as director candidate because we can expect him to play a full role as director in deciding important matters of and in the supervision of management execution of the Company Group while making full use of his experience.</p> |

| Candidate No. | Name, date of birth | No. of Company's shares held / Attendance at Board of Directors meetings | Career summary and position/ responsibility at the time of director of the Company [Notable concurrent offices] |
|---------------|---|--|--|
| 3 | Yuji Kobayashi July 17, 1952 R | 49,000 14/14 | <p>April 1975: joined the Company</p> <p>October 2007: Asahi Kasei Chemicals Executive Officer</p> <p>April 2008: Asahi Kasei Chemicals Director</p> <p>April 2008: Asahi Kasei Chemicals Senior Executive Officer</p> <p>April 2011: Asahi Kasei Chemicals Primary Executive Officer</p> <p>April 2012: Asahi Kasei Chemicals President & Representative Director</p> <p>April 2012: Asahi Kasei Chemicals Presidential Executive Officer</p> <p>April 2012: Executive Officer (*)</p> <p>April 2012: Asahi Kasei Fibers Director (*) (* = Notable concurrent offices)</p> <p>April 2014: Primary Executive Officer</p> <p>June 2014: Representative Director (Position held at present)</p> <p>April 2016: Vice-Presidential Executive Officer (Position held at present)</p> <p>● Responsible for Corporate Procurement & Logistics, Materials Sector</p> |
| | | | <p>[Reasons for us to appoint him as a director candidate]</p> <p>Yuji Kobayashi has been involved in the petrochemicals business for a long time, has experience as Asahi Kasei Chemicals AN business manager and President & Representative Director, etc. and has been responsible for the chemicals & fibers sector since April 2014. He has rich experience in and wide knowledge about business and company management in the material sector. We have decided to propose him as a director candidate because we can expect him to play a full role as director in deciding important matters of and in the supervision of management execution of the Company Group while making full use of his experience.</p> |
| 4 | Masafumi Nakao November 1, 1952 N | 28,000 | <p>April 1978: joined the Company</p> <p>April 2009: Asahi Kasei Microdevices Director</p> <p>April 2009: Asahi Kasei Microdevices Executive Officer</p> <p>April 2011: Next-Generation Part Development Center General Manager</p> <p>April 2012: Lead Executive Officer</p> <p>April 2012: New SBU President</p> <p>Notable concurrent offices</p> <p>June 2012: Director</p> <p>April 2014: R&D Senior General Manager</p> <p>June 2014: Retired from Director</p> <p>April 2015: Senior Executive Officer</p> <p>April 2016: Primary Executive Officer (Post held at present)</p> <p>● Responsible for Corporate ESH & QA, Branch Office, Corporate Production Technology, Production and R&D</p> |
| | | | <p>[Reasons for us to propose him as a director candidate]</p> <p>Masafumi Nakao has been involved in R&D and new business development of electronics operations for a long time, has experience as Asahi Kasei Electronics President and Representative Director, Asahi Kasei Microdevices R&D Center President, Director for QA, etc. and has been responsible for R&D of the Company Group since April 2012. He has rich experience in and wide knowledge about this sector. We have decided to propose him as a director candidate because we can expect him to play a full role as director in deciding important matters of and in the supervision of management execution of the Company Group while making full use of his experience.</p> |

| Candidate No. | Name, date of birth | No. of Company's shares held / Attendance at Board of Directors meetings | Career summary and position/ responsibility at the time of director of the Company [Notable concurrent offices] |
|---------------|---|--|---|
| 5 | <div style="text-align: center;">N</div> Shuichi Sakamoto October 13, 1957 | 16,948 | April 1981: joined the Company April 2010: Asahi Kasei Chemicals Performance Plastics Div. Senior General Manager April 2011: Asahi Kasei Chemicals Executive Officer October 2012: Asahi Kasei Chemicals AN Div. Senior General Manager April 2014: Asahi Kasei Chemicals Director April 2014: Asahi Kasei Chemicals Senior Executive Officer November 2014: Lead Executive Officer November 2014: Corporate Management Strategy Department Senior General Manager April 2016: Senior Executive Officer (Post held at present) ● Responsible for Corporate Strategy, Finance and Accounting and IT |
| | | | [Reasons for us to appoint him as a director candidate] Shuichi Sakamoto has been involved in the Petrochemicals Division for a long time, has experience as Asahi Kasei Chemicals Performance Plastics Division Senior General Manager, AN Division Senior General Manager, and has been responsible for Corporate Strategy and Business Strategy of the Company Group since November 2014. In addition, he has been responsible for Finance & Accounting and IT since April 2016. He has rich experience in and wide knowledge about businesses and strategy of the Company Group. We have decided to nominate him as director candidate because we can expect him to play a full role as director in deciding important matters of and in the supervision of management execution of the Company Group while making full use of his experience. |
| 6 | <div style="text-align: center;">N</div> Nobuyuki Kakizawa June 21, 1957 | 13,000 | April 1980; joined the Company April 2009: Asahi Kasei Homes General Affairs Division Senior General Manager April 2013: General Affairs Division Senior General Manager (Post held at present) April 2015: Executive Officer April 2016: Lead Executive Officer (Position held at present) ● Responsible for General Affairs /Legal Affairs, Risk Management /Compliance |
| | | | [Reasons for us to propose him as a director candidate] Nobuyuki Kakizawa has been engaged in the housing business for a long time, has experience as Finance/Accounting Division Assistant Senior General Manager, Asahi Kasei Homes General Affairs Division Senior General Manager, etc. and has been responsible for risk management and compliance measures of the Company Group as General Affairs Division Senior General Manager since April 2013. He has rich experience in and wide knowledge about said sector. We have decided to propose him as a director candidate because we can expect him to play a full role as director in deciding important matters of and in the supervision of management execution of the Company Group while making full use of his experience. |

| Candidate No. | Name, date of birth | No. of Company's shares held / Attendance at Board of Directors meetings | Career summary and position/ responsibility at the time of director of the Company [Notable concurrent offices] |
|--|--|--|--|
| 7 | <p>[Outside Director Candidate]</p> <p style="text-align: center;">☐☐☐</p> <p>Norio Ichino January 1, 1941</p> | <p>16,000</p> <p>14/14</p> | <p>April 1964: joined Tokyo Gas Co., Ltd. June 1996: Director, Tokyo Gas Co., Ltd. June 2003: President and Representative Director, Tokyo Gas Co., Ltd. June 2003: Executive President, Tokyo Gas Co., Ltd. April 2006: Director and Vice Chairman of the Board, Tokyo Gas Co., Ltd. April 2007: Director and Chairman of the Board, Tokyo Gas Co., Ltd. April 2010: Director and Executive Advisor, Tokyo Gas Co., Ltd. June 2010: Executive Advisor, Tokyo Gas Co., Ltd. June 2011: Director, the Company (Position held at present) April 2014: Special Advisor, Tokyo Gas Co., Ltd. (Position held at present)</p> <p>● Nomination Advisory Committee Member, Remuneration Advisory Committee Member</p> <p>[Notable concurrent offices] Special Advisor, Tokyo Gas Co., Ltd.</p> |
| <p>[Reasons for us to propose him as an outside director candidate]</p> <ul style="list-style-type: none"> • The term of office of Norio Ichino will be five years as an outside director from the close of this Ordinary General Meeting of Shareholders. • The reasons for us to nominate him as an outside director are because we can expect him to play a full role as outside director in deciding important matters of and in the control of management execution of the Company Group while making full use of his rich experience and wide knowledge as management. • The Company Group has transactions with Tokyo Gas Co., Ltd. for which he worked in the past concerning gas supply, mainly to plants in Kanto Area. Said transactions, however, are regular transactions with little room for discretion. The amount of said transactions is very small, not more than 0.1% of the consolidated sales of the Company Group, which does not have many main plants in the Kanto Area, as well as not more than 0.1% of the consolidated sales of Tokyo Gas Co., Ltd. In addition, he has not been involved in the business since 2010 and such situation has not any influence on his independency. Under the circumstances, we have designated him as an independent director. | | | |

| Candidate No. | Name, date of birth | No. of Company's shares held / Attendance at Board of Directors meetings | Career summary and position/ responsibility at the time of director of the Company [Notable concurrent offices] |
|---------------|---|--|--|
| 8 | <p>[Outside Director Candidate]</p> <p style="text-align: center;">☐☐☐</p> <p>Masumi Shiraishi November 6, 1958</p> | <p style="text-align: center;">15,000</p> <p style="text-align: center;">14/14</p> | <p>May 1989: joined NLI Research Institute</p> <p>April 2001: Head Researcher, NLI Research Institute</p> <p>April 2002: Assistant Professor, Department of Economics, Toyo University</p> <p>April 2006: Professor, Department of Economics, Toyo University</p> <p>April 2007: Professor, Faculty of Policy Studies, Kansai University (Position held at present)</p> <p>June 2013: Director, the Company (Position held at present)</p> <p>● Nomination Advisory Committee Member, Remuneration Advisory Committee Member</p> <p>[Notable concurrent offices] Professor, Faculty of Policy Studies, Kansai University</p> |
| | <p>[Reasons for us to nominate her as an outside director candidate]</p> <ul style="list-style-type: none"> • The term of office of Masumi Shiraishi will be three years from the close of this Ordinary General Meeting of Shareholders. • The reasons for us to propose her as an outside director candidate are because, though she has never been involved in corporate management by ways other than assuming the position of outside director or outside corporate auditor in the past, we can expect her to play a full role as an outside director in deciding important matters of and in the control of management execution of the Company Group while making full use of her rich experience and wide knowledge on economy/society as university professor. • The Company Group has transactions with Kansai University for which she works, mainly concerning R&D entrustment. They are, however, transactions mainly concerning R&D programs of scientific technology and the transaction amount is very small, not more than 5 million yen. Such situation does not have any influence on her independence as professor, Faculty of Policy Studies. Under the circumstances, we have designated her as an independent director. | | |

| Candidate No. | Name, date of birth | No. of Company's shares held / Attendance at Board of Directors meetings | Career summary and position/ responsibility at the time of director of the Company [Notable concurrent offices] |
|---------------|--|--|--|
| 9 | [Outside Director Candidate]  Tsuneyoshi Tatsuoka January 29, 1958 | 1,000 | April 1980: joined Ministry of International Trade and Industry January 2010: Councilor, Cabinet Secretariat August 2011: Deputy Vice-Minister of Economy, Trade and Industry June 2013: Vice-Minister of Economy, Trade and Industry July 2015: retired from Ministry of Economy, Trade and Industry [Notable concurrent offices] Outside Director of Nitori Holdings Co., Ltd. |
| | [Reasons for us to propose him as an Outside Director] <ul style="list-style-type: none"> The reasons for us to propose him as Outside Director are because, though he has never been involved in business by ways other than assuming the position of Outside Director or Outside Corporate Auditor, we can expect him to play a full role as an Outside Director in deciding important matters of and in the control of management execution of the Company Group while making full use of his rich experience and wide knowledge on industry/economy policy. The Company Group has transactions with the Ministry of Economy, Trade and Industry for which he worked in the past. They are, however, transactions mainly on research entrustment and subsidies, etc. The transaction amount is very small, not more than 0.1% of the consolidated sales of the Company Group. He has already retired from said Ministry and such situation does not have any influence on his independency. Under the circumstances, we have designated him as an independent director. | | |

- (Notes)
1. There is no special interest between any candidate and the Company.
 2. In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with Ichiro Itoh, Norio Ichino and Masumi Shiraishi which limits their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher. The Company also plans to conclude a similar agreement with Tsuneyoshi Tatsuoka, if elected.
 3. In October 2015 during the term of office of Norio Ichino and Masumi Shiraishi as Outside Directors of the Company, the Company disclosed that Asahi Kasei Construction Materials Corporation, its subsidiary, diverted a part of installation data over years in the installation work of precast concrete piles. Also, in January 2016, Asahi Kasei Construction Materials Corporation received administrative dispositions in accordance with the Construction Business Act with respect to the installation work of precast concrete piles installed by the Company from 2005 to 2006. The above two persons made statements from the perspective of compliance, etc. at meetings of the Board of Directors, etc. before said facts had been found. In addition, after the facts were found, they have appropriately assumed their responsibilities including: investigation on the facts and the causes, formulation of measures to prevent recurrence, further strengthening awareness of compliance, etc.

(For your reference)

1. Policy and Procedures to Nominate Candidates for Directors and Corporate Auditors

In selecting candidates for Directors, the Company chooses persons with deep insight and excellent skills suitable for Directors. For inside Directors, the Company chooses those with expertise, experience and skills in the required field as candidates. Meanwhile, for Outside Directors, the Company chooses as candidates corporate executives, academic experts, and former civil servants with abundant experience, expecting objective oversight of management based on their deep insight.

In selecting candidates for Corporate Auditor, the Company chooses persons with insight and skills suited for Corporate Auditor, and appointment requires the approval of the Board of Corporate Auditors. In addition, the Company makes sure that at least one Corporate Auditor is familiar with finance and accounting.

In order to further improve objectivity and transparency of appointment of candidates for Directors and Corporate Auditors, the Company has established a Nomination Advisory Committee which mainly consists of Outside Directors to participate in discussions about the makeup and size of the Board of Directors and about policies for nomination of Directors/Corporate Auditors, and to provide advice to the Board of Directors.

2. Independence Standards and Qualification for Outside Directors/Corporate Auditors

In determining that Outside Directors and Outside Corporate Auditors are independent, the Company ensures that they do not correspond to any of the following and whether they are capable of performing duties from a fair and neutral standpoint.

1. Person who currently executes or has executed businesses of the Group (executive Directors, executive officers, employees, etc.) over the last 10 years
2. Company or person who executes businesses thereof whose major business partner is the Group (company with more than 2% of its annual consolidated net sales comes from the Group)
3. Major business partner of the Group (when payments by this partner to the Group account for more than 2% of the Company's annual consolidated net sales or when the Company borrows money from such partner amounting to more than 2% of the Company's consolidated total assets) or person who executes businesses thereof
4. Person who receives money or other financial gain (10 million yen or more in a year) from the Group as an individual other than, excluding remuneration for Director/Corporate Auditor of the Company
5. Company which receives donation or aid (10 million yen or more in a year) from the Group or person who executes businesses thereof
6. Main shareholder of the Group (person/company who directly or indirectly owns 10% or more of all voting rights of the Company) or person who executes businesses thereof
7. Person who executes businesses of a company which elects Directors/Corporate Auditors/employees of the Group as Directors/Corporate Auditors
8. Independent Auditor of the Group or any staff thereof
9. Person who fell into any of the categories 2 through 8 above over the last three years
10. Person who has a close relative (spouse, relative within the second degree of kinship, and those who share living expenses) who falls under any of the categories 1 through 8 above, provided that "person who executes businesses thereof" in 1, 2, 3, 5, 6, and 7 above shall be replaced with "important person who executes businesses thereof (executive Directors and executive officers, etc.)"