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## Press Release

April 2, 2015

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### **Notice of Granting Performance-linked Stock Option to Executive Officers of SUMIDA CORPORATION and to Directors and Employees of Its Subsidiaries**

Based on the approval at the 60<sup>th</sup> Annual General Meeting of Shareholders held on March 21, 2015, of issuance of the performance-linked stock acquisition rights (hereinafter referred to as the “Stock Option”), SUMIDA CORPORATION announced today to grant Stock Option to directors and employees of its subsidiaries as well as executive officers of SUMIDA CORPORATION. This Stock Option was introduced to enhance motivation of the optionees to achieve numerical targets set in the three-year business plan from FY2015 through FY2017, aiming for sustainable growth and increase of corporate value in the medium- and long-term period.

#### **I . Guidance on issuance of performance-linked Stock Option for directors and employees of the subsidiaries**

1. Class and number of shares to be delivered upon exercise of stock acquisition rights

The class of shares to be delivered upon exercise of the stock acquisition rights shall be common stock and the number of shares to be delivered upon exercise of one (1) stock acquisition right (hereinafter the “Number of Shares Granted”) shall be 100.

Notwithstanding the foregoing, in the event that the Company carries out a share split (including any allotment of shares without contribution; the same shall apply hereinafter) or a share consolidation of common shares of the Company, the Number of Shares Granted for stock acquisition rights that are unexercised as of the time of the share split or share consolidation shall be adjusted according to the following formula. Any fraction of one (1) share resulting from this adjustment shall be discarded.

$$\begin{array}{r} \text{Number of Shares} \\ \text{Granted after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Number of Shares} \\ \text{Granted before} \\ \text{adjustment} \end{array} \times \begin{array}{r} \text{Ratio of share split} \\ \text{or consolidation} \end{array}$$

In addition, in the event that it is necessary for the Company to make an adjustment to the Number of Shares Granted in cases where the Company carries out a merger, company split, share exchange, share transfer, etc., the Company may make an appropriate adjustment taking into account the merger ratio and other conditions, to the extent reasonable.

2. The maximum number of the stock acquisition rights shall be 3,600.

The above number is the estimated number of the stock acquisition rights to be allotted. In the event that the number of the stock acquisition rights to be allotted decreases due to cancellations of subscription, the maximum number of the stock acquisition rights to be issued shall be the same as the number of the stock acquisition rights to be allotted.

3. Monetary payment is not required for the stock acquisition rights as they are issued without contribution.

4. Value of property to be contributed upon exercise of stock acquisition rights

The value of property to be contributed upon exercise of one (1) stock acquisition right shall be the amount obtained by multiplying one (1) yen, which is the amount to be paid in per one (1) share to be delivered upon exercise of the stock acquisition rights (hereinafter the “Exercise Price”), by the Number of Shares Granted. Notwithstanding the foregoing, if the Company carries out a share split or share consolidation of common shares of the Company after the Resolution Date, the Exercise Price for stock acquisition rights that are unexercised as of the time of the share split or share consolidation shall be adjusted according to the following formula. Any fraction of one (1) yen resulting from this adjustment shall be rounded up to the nearest yen.

$$\begin{array}{r} \text{Exercise Price} \\ \text{after adjustment} \end{array} = \begin{array}{r} \text{Exercise Price before} \\ \text{adjustment} \end{array} \times \frac{1}{\begin{array}{r} \text{Ratio of share split} \\ \text{or consolidation} \end{array}}$$

In addition, in the event that it is necessary for the Company to make an adjustment to the Exercise Price in cases where the Company carries out a merger, company split, share exchange, share transfer, etc.,

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the Company may make an appropriate adjustment taking into account the merger ratio and other conditions, to the extent reasonable.

5. Exercise period of the stock acquisition rights

The stock acquisition rights may be exercised from March 27, 2018 through March 26, 2021.

6. Matters concerning capital stock and legal capital surplus increases in the event of an issuance of shares upon exercise of the stock acquisition rights

(a) The amount of capital stock increase in the event of an issuance of shares upon exercise of the stock acquisition rights shall be half the maximum amount of increase in capital stock, etc., calculated in accordance with the provision in Article 17, Paragraph 1 of the Ordinance on Accounting of Companies. Any fraction of one (1) yen resulting from the calculation shall be rounded up to the nearest yen.

(b) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the stock acquisition rights shall be the amount obtained by subtracting the capital stock increase stipulated in (a) above from the maximum amount of increase in capital stock, etc., described in (a) above.

7. Date of allotment of the stock acquisition rights

The stock acquisition rights shall be allotted on April 15, 2015.

8. Place to accept an application for exercise of the stock acquisition rights

An application for exercise of the stock acquisition rights shall be sent to the Secretariat of Stock Option at the Company.

9. Bank to accept payment associated with exercise of the stock acquisition rights

Mitsubishi UFJ Trust and Banking Corporation

10. Restriction on the transfer of stock acquisition rights

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Any transfer of the stock acquisition rights shall be subject to the approval of the Board of Directors of the Company.

11. Matters regarding repurchase of stock acquisition rights

(a) In the event that any of the agenda items set forth in 1), 2), 3), 4) and 5) below is approved at a General Meeting of Shareholders of the Company (or, if a resolution at a General Meeting of Shareholders is not required, is resolved by the Board of Directors or determined by the executive officer of the Company delegated by resolution of the Board of Directors), the Company may acquire the stock acquisition rights without contribution on the date to be separately determined by the Board of Directors or determined by the executive officer of the Company delegated by resolution of the Board of Directors:

- 1) Agenda item for approval of a merger agreement under which the Company shall become a disappearing company;
- 2) Agenda item for approval of absorption-type company split agreement or incorporation-type company split plan under which the Company shall become a split company;
- 3) Agenda item for approval of a share exchange agreement or share transfer plan under which the Company shall become a wholly-owned subsidiary;
- 4) Agenda item for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of all shares to be issued by the Company shall require the approval of the Company; and
- 5) Agenda item for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of a class of shares to be delivered upon exercise of the stock acquisition rights shall require the approval of the Company or that the Company may acquire all of such class of shares by resolution at a General Meeting of Shareholders.

(b) In the event that a holder of the stock acquisition rights or a Successor of Rights as defined in (13) (e) below is no more possible to exercise his/her stock acquisition rights due to the provisions set forth in (13) below or by other reasons before exercising his/her rights, the Company may acquire the stock acquisition rights without contribution.

12. Handling of stock acquisition rights in relation to an act of structural reorganization

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In the event that the Company carries out a merger (limited to cases where the Company disappears due to the merger), an absorption-type or incorporation-type company split (limited to cases where the Company becomes a split company), or a share exchange or transfer (limited to cases where the Company becomes a wholly-owned subsidiary) (collectively, the “Act of Structural Reorganization”), the Company shall, in each of the above cases, deliver the stock acquisition rights of any of the relevant companies set forth in Article 236, Paragraph 1, Items 8(a) to 8(e) of the Companies Act (hereinafter referred to as the “Reorganized Company”) to the holders of the stock acquisition rights remaining as of the effective date of the relevant Act of Structural Reorganization (hereinafter the “Remaining Stock Acquisition Rights”) in accordance with the following terms and conditions. In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided, however, that the foregoing shall be on the condition that delivery of such stock acquisition rights of the Reorganized Company in accordance with the following terms and conditions is stipulated in a merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(a) Number of stock acquisition rights of the Reorganized Company to be delivered

A number equal to the number of the Remaining Stock Acquisition Rights held by the holder shall be delivered to each such holder.

(b) Class of shares of the Reorganized Company to be delivered upon exercise of stock acquisition rights  
Shares of common stock of the Reorganized Company

(c) Number of shares of the Reorganized Company to be delivered upon exercise of stock acquisition rights

To be determined in accordance with (1) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.

(d) Value of property to be contributed upon exercise of stock acquisition rights

The value of property to be contributed upon exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the amount per share to be paid in after reorganization obtained by adjusting the Exercise Price set forth in (4) above by the number of shares of the Reorganized Company to be delivered upon exercise of relevant stock acquisition rights as determined in accordance with (c) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.

(e) Exercise period of the stock acquisition rights

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From and including whichever is the later of the commencement date of the period during which the stock acquisition rights may be exercised as provided for in (5) above (hereinafter the “Exercise Period”) or the effective date of the Act of Structural Reorganization, to and including the expiry date of the Exercise Period.

(f) Terms and conditions for exercising stock acquisition rights

To be determined in accordance with (13) below.

(g) Matters concerning capital stock and legal capital surplus increases in event of issuance of shares upon exercise of stock acquisition rights

To be determined in accordance with (6) above.

(h) Matters concerning acquisition of stock acquisition rights

To be determined in accordance with (11) above.

(i) Restriction on acquisition of stock acquisition rights by way of transfer

Acquisition of the stock acquisition rights by way of transfer shall be subject to the approval by resolution of the board of directors of the Reorganized Company (or a director of the Reorganized Company if the Reorganized Company is not a company with a board of directors).

13. Terms and conditions for exercising stock acquisition rights

(a) When the numerical target of 2,600 million yen or more of net income in the consolidated statement of income for the fiscal year ending December 31, 2017 included in the annual securities report filed for the said fiscal year pursuant to the Financial Instruments and Exchange Act, (hereinafter the “Numerical Target”) is achieved, the holders of the stock acquisition rights may exercise their stock acquisition rights up to the number of the stock acquisition rights allotted to each holder of the stock acquisition rights.

In this case, the achievement rate of the Numerical Target shall not be taken into consideration, and the stock acquisition rights may be exercised only if the Numerical Target as set forth above is achieved.

(b) Holders of the stock acquisition rights must be in a position of director or employee of a subsidiary of the Company (hereinafter referred to collectively as the “Required Position”) on a continuing basis until the time of exercise of the stock acquisition rights.

(c) With regard to holders of the stock acquisition rights, there must not be a situation where dismissal of

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the Optionee has been adopted at a general meeting of shareholders of the relevant subsidiary of the Company, or where punitive dismissal of the Optionee has been decided pursuant to the employment regulations of the Company or its subsidiary, or a similar situation, as of the time of exercise of the stock acquisition rights.

- (d) Notwithstanding (b) above, stock acquisition rights may be exercised even when a holder of the stock acquisition rights has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise stock acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which one (1) year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period.
- (e) When a holder of the stock acquisition rights has passed away, his/her heir may exercise the stock acquisition rights if (I) the holder has met the conditions of (b) above and (c) above immediately before the death, or (II) the holder had been able to exercise stock acquisition rights in accordance with the provision of (d) above immediately before the death (such heir who may exercise the stock acquisition rights is hereinafter referred to as “Successor of Rights”); provided, however, that in the case of (I), a Successor of Rights may exercise stock acquisition rights only from and including whichever is later of the date of death of the relevant holder of the stock acquisition rights or the commencement date of the Exercise Period, to and including the date on which one (1) year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period, and in the case of (II) a Successor of Rights may exercise stock acquisition rights during the same period as the period allowed for the relevant holder of the stock acquisition rights to exercise those in accordance with (d) above.
- (f) When a Successor of Rights passes away, his/her heir may not exercise the stock acquisition rights.
- (g) A holder of the stock acquisition rights or a Successor of Rights may not exercise the allotted stock acquisition rights in installments.

#### 14. Handling of fractions of one (1) share resulting from exercise of stock acquisition rights

Any fraction of one (1) share included in the number of shares to be delivered to a holder of the stock acquisition rights who exercised stock acquisition rights shall be discarded.

15. Number of people eligible for this Stock Option

Directors of the subsidiaries            14

Employees of the subsidiaries        21

The above number is an estimate (upper limit) and is likely to decrease without a full application for subscription of the stock option.

**II. Guidance on issuance of performance-linked Stock Option for executive officers of SUMIDA CORPORATION**

Details regarding issuance of the Stock Option are the same as described above except for the following items.

1. The maximum number of the stock acquisition rights shall be 1,700.

2. Amount of monetary payment for the stock acquisition rights

Amount of monetary payment for the stock acquisition rights shall be the amount obtained by multiplying an Option Price, which is the amount to be paid in per one stock acquisition rights calculated with “Black Scholes Model”. The Optionee may offset the amount of monetary payment for the stock acquisition rights against his/her compensation account receivables from the Company.

3. Terms and conditions for exercising stock acquisition rights

(C) Holders of the stock acquisition rights must be in a position of executive officer of the company (hereinafter referred to as the “Required Position”) on a continuing basis until the time of exercise of the stock acquisition rights.

4. Number of executive officers eligible for this Stock Option: 5

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