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(Securities Code: 3864)
June 3, 2016

To Our Shareholders with Voting Rights

Kunio Suzuki
President and Chief Executive Officer
Mitsubishi Paper Mills Ltd.
2-10-14 Ryogoku, Sumida-ku, Tokyo, Japan

Notice of the 151st Ordinary General Meeting of Shareholders

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 151st Ordinary General Meeting of Shareholders of Mitsubishi Paper Mills Ltd. (hereinafter “MPM”). The meeting will be held for the purposes as described below.

In the event you are not able to attend the meeting, you can exercise your voting rights in writing. If exercising your voting right in writing, please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Monday, June 27, 2016.

- 1. Date and Time:** Tuesday, June 28, 2016 at 10:00 a.m.
2. Place: MPM Conference Room (11th Floor, Ryogoku City Core)
2-10-14 Ryogoku, Sumida-ku, Tokyo

3. Agenda of the Meeting:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 151st Business Term (from April 1, 2015 to March 31, 2016)
 2. Non-Consolidated Financial Statements for the 151st Business Term (from April 1, 2015 to March 31, 2016)

Proposals to be resolved:

- Proposal No. 1:** Share Consolidation
Proposal No. 2: Election of Nine (9) Directors
Proposal No. 3: Election of Two (2) Audit & Supervisory Board Members
Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal No. 5: Partial Amendments to the Response Policies on Large-Scale Purchases of MPM’s Shares (Takeover Defense Measures) and Continuance Thereof

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- When attending the meeting, please submit the enclosed voting rights exercise form at the reception desk to register your attendance.
 - Please be advised that in the event the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, or the Consolidated Financial Statements require modifications, MPM will post such modifications on its website (<http://www.mpm.co.jp/ir>).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Share Consolidation

(1) Reason for Proposal

For the greater convenience of market participants, all securities exchanges in Japan including Tokyo Stock Exchange, Inc. are promoting an “Action Plan for Consolidating Trading Units” under which trading units of common shares (number of shares in a unit share) for domestically listed companies are uniformly set at 100 shares before October 1, 2018.

In order to respond this request as a company listed on Tokyo Stock Exchange, Inc., MPM changes the number of shares in a unit share from 1,000 shares to 100 shares. To maintain the price level per trading unit considered desirable by securities exchanges (50,000 yen and more and less than 500,000 yen) and to prevent the change in the number of voting rights of shareholders, MPM carries out a share consolidation under which every 10 shares will be consolidated into 1 share.

Subject to approval of this proposal as originally proposed, aforementioned change in the number of shares in a unit share will take effect on October 1, 2016

(2) Type of Shares to Be Consolidated and Consolidation Ratio

For the number of 342,584,332 common shares outstanding, every ten (10) common shares will be consolidated into one (1) share. If any fractional shares arise as a result of the share consolidation, pursuant to the provisions of the Companies Act, article 235, MPM will sell the number of shares equivalent to the total sum of the fractions at one time and distribute the proceeds to shareholders in proportion to the fractions attributed to them.

(3) Effective Date of the Share Consolidation

October 1, 2016

(4) Total Number of Authorized Shares as of Effective Date

90,000,000 shares

By implementing the share consolidation, it will be deemed that the Articles of Incorporation is amended with respect to the change of the total number of authorized shares on its effective date, pursuant to the Companies Act, Article 182, Paragraph 2.

(Reference)

Subject to approval of this proposal as originally proposed, the Articles of Incorporation of MPM will be partially amended as follows on October 1, 2016.

The following table shows the proposed change, which is indicated by underlines, from the current provision of the Articles of Incorporation.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendment
<p>ARTICLE 6 (Total Number of Shares) The total number of shares authorized to be issued by MPM shall be <u>nine hundred million (900,000,000)</u> shares.</p>	<p>ARTICLE 6 (Total Number of Shares) The total number of shares authorized to be issued by MPM shall be <u>ninety million (90,000,000)</u> shares.</p>
<p>ARTICLE 8 (Number of Shares Constituting One Unit) The number of shares which will constitute one unit of the shares of MPM (“Unit Share”) shall be <u>one thousand (1,000)</u> shares.</p>	<p>ARTICLE 8 (Number of Shares Constituting One Unit) The number of shares which will constitute one unit of the shares of MPM (“Unit Share”) shall be <u>one hundred (100)</u> shares.</p>

Proposal No.2: Election of Nine (9) Directors

The terms of the offices of all eight (8) Directors will expire as of the close of this Ordinary General Meeting of Shareholders.

In order to reinforce corporate governance, MPM requires increasing the number of Outside Directors by one (1) person. We therefore propose that nine (9) Directors be elected.

The candidates are as follows:

No.	Name (Date of birth, etc.)	Profile and position in MPM (Important positions concurrently held at other companies, etc.)	Number of shares of MPM held
1	Kunio Suzuki (October 12, 1950) age 65 REAPPOINTMENT CANDIDATE Attendance of Board of Directors meetings 100%(15/15)	<p>April 1974 Joined MPM</p> <p>June 2005 Executive Officer, Head, Hachinohe Mill</p> <p>June 2006 Senior Executive Officer, Head, Hachinohe Mill</p> <p>June 2007 Director, Managing Executive Officer, Head, Hachinohe Mill</p> <p>June 2009 President and Chief Executive Officer (to present)</p> <p>[Reasons for nominating as a candidate for Director] Mr. Kunio Suzuki is familiar with production of paper which is the core of MPM's business. He has been President and Chief Executive Officer since 2009, leading MPM's recovery from the damage caused by the Great East Japan Earthquake, and promoted the development of new businesses and expansion into overseas markets aggressively. He has a great insight and a wealth of experience related to MPM's business. As Chairman of the Board of Directors meeting, he properly plays a lead of the management. In order to run and achieve Second Mid-Term Management Plan which incorporates the future growth strategy, MPM believes that his strong leadership is required, and he has thus been nominated as a candidate for Director.</p>	297,000
2	Kazuhisa Taguchi (April 1, 1954) age 62 REAPPOINTMENT CANDIDATE Attendance of Board of Directors meetings 100%(15/15)	<p>April 1978 Joined MPM</p> <p>April 2007 Executive Officer, Head, Kyoto Mill</p> <p>June 2009 Senior Executive Officer, Vice President, Imaging & Development Company</p> <p>June 2011 Director and Senior Executive Officer</p> <p>June 2013 Director and Managing Executive Officer, General Manager, Imaging Division</p> <p>June 2014 Director and Senior Managing Executive Officer, General Manager, Imaging Division</p> <p>April 2015 Director and Vice President, General Manager, Imaging Division</p> <p>May 2015 Representative Director and Vice President, General Manager, Imaging Division (to present)</p> <p>[Reasons for nominating as a candidate for Director] Mr. Kazuhisa Taguchi has a professional knowledge and a wealth of experience mainly in imaging business which is feature of MPM with advanced technology base. He has been Director and Vice President since April 2015, steering the globalization of the entire business. In order to carry out the management for future growth with standing on the technology that MPM has developed over many years, MPM has large expectations for his ability, and he has thus been nominated as a candidate for Director.</p>	61,000

No.	Name (Date of birth, etc.)	Profile and position in MPM (Important positions concurrently held at other companies, etc.)	Number of shares of MPM held
3	Kanji Morioka (April 1, 1960) age 56 REAPPOINTMENT CANDIDATE Attendance of Board of Directors meetings 100%(10/10)	<p>April 1982 Joined The Mitsubishi Bank Ltd. (current The Bank of Tokyo-Mitsubishi UFJ Ltd. (hereinafter “BTMU”))</p> <p>June 2009 Executive Officer (In charge of East Japan area branches), BTMU</p> <p>May 2010 Executive Officer, General Manager, General Affair Department, BTMU</p> <p>June 2011 Audit & Supervisory Board Member (Full-Time), BTMU</p> <p>June 2015 Director and Senior Managing Executive Officer, MPM (to present)</p> <p>[Reasons for nominating as a candidate for Director] Mr. Kanji Morioka has the experience of the execution of business in a mega-bank, and is familiar with management and finance. He also has a broad network of contacts and a great insight. MPM believes that he should play a role as a supervisory function required of the Board of Directors, and also has large expectations for his superior management talent to tackle challenges such as financial strength improvement. He has thus been nominated as a candidate for Director.</p>	4,000
4	Junji Harada (October 30, 1956) age 59 REAPPOINTMENT CANDIDATE Attendance of Board of Directors meetings 100%(15/15)	<p>April 1984 Joined MPM</p> <p>January 2011 Executive Officer, Unit Manager, New Business Development Unit, Imaging and Development Company</p> <p>January 2012 Executive Officer, General Manager, Speciality Materials Division</p> <p>June 2012 Director and Executive Officer, General Manager, Speciality Materials Division</p> <p>January 2015 Director and Senior Executive Officer; General Manager, Speciality Materials Division</p> <p>June 2015 Director and Managing Executive Officer; General Manager, Speciality Materials Division (to present)</p> <p>[Reasons for nominating as a candidate for Director] Mr. Junji Harada has achieved satisfactory results as General Manager of Speciality Materials Division, such as the development of new products and the establishment of production system. He has essential expertise in the growth strategy of MPM. Toward the future growth, MPM is promoting the conversion and construction of the business portfolio. MPM has large expectations for his directions related to appropriate management, and he has thus been nominated as a candidate for Director.</p>	59,852
5	Masaki Shuto (May 4, 1956) age 60 REAPPOINTMENT CANDIDATE Attendance of Board of Directors meetings 100%(10/10)	<p>April 1979 Joined MPM</p> <p>June 2006 General Manager, Finance & Accounting Department</p> <p>June 2011 Executive Officer, General Manager, Finance & Accounting Department</p> <p>January 2015 Senior Executive Officer, General Manager, Finance & Accounting Department</p> <p>June 2015 Director and Managing Executive Officer (to present)</p> <p>[Reasons for nominating as a candidate for Director] Mr. Masaki Shuto has been long involved in the accounting department, and has a wealth of experience and great insight related to finance and accounting. He has played a strong leadership for the financial strength improvement, which is an MPM’s issue. In order to promote Second Mid-Term Management Plan steadily, MPM has large expectations for his superior ability for a firm management base as well as for his appropriate supervision of management. He has thus been nominated as a candidate for Director.</p>	17,100

No.	Name (Date of birth, etc.)	Profile and position in MPM (Important positions concurrently held at other companies, etc.)	Number of shares of MPM held
6	<p>Tsuneaki Handa (October 21, 1954) age 61</p> <p>REAPPOINTMENT CANDIDATE</p> <p>Attendance of Board of Directors meetings 100%(10/10)</p>	<p>April 1979 Joined MPM</p> <p>January 2007 General Manager, Affiliated Companies Administration Department, President's Office</p> <p>May 2008 General Manager, Affiliated Companies Administration Department and Post-Phoenix Department, President's Office</p> <p>January 2009 General Manager, International Business Planning Department, President's Office</p> <p>June 2011 President and CEO, Diamic Co., Ltd.</p> <p>June 2012 Executive Officer; President and CEO, Diamic Co., Ltd.</p> <p>January 2014 Head, Hachinohe Mill</p> <p>April 2014 Executive Officer; President and CEO, MPM Operation Co., Ltd.;</p> <p>Head, Hachinohe Mill, Deputy General Manager, Paper Division</p> <p>January 2015 Senior Executive Officer; President and CEO, MPM Operation Co., Ltd.;</p> <p>Head, Hachinohe Mill, Deputy General Manager, Paper Division</p> <p>April 2015 Senior Executive Officer, Deputy General Manager, Paper Division</p> <p>June 2015 Director and Managing Executive Officer, General Manager, Paper Division (to present)</p> <p>[Important positions concurrently held at other companies, etc.] Outside Audit & Supervisory Board Member, Mitsumura Printing Co., Ltd.</p>	51,000
		<p>[Reasons for nominating as a candidate for Director] Mr. Tsuneaki Handa has a wealth of experience in wide range of the business sectors and the corporate sectors of MPM Group, including overseas business. He is in charge of Paper Division which is MPM's main business as General Manager. In consideration of the future business development of MPM, he is expected to be brilliant at judgment and execution toward the sustainable growth and improvement of corporate value in the mid- to long-term. He has thus been nominated as a candidate for Director.</p>	
7	<p>Naoki Okawa (May 1, 1958) age 58</p> <p>REAPPOINTMENT CANDIDATE</p> <p>Attendance of Board of Directors meetings 100%(10/10)</p>	<p>April 1982 Joined MPM</p> <p>June 2010 General Manager, General Affairs & Personnel Department</p> <p>January 2015 Executive Officer, General Manager, General Affairs & Personnel Department</p> <p>June 2015 Director and Executive Officer, General Manager, General Affairs & Personnel Department (to present)</p>	12,000
		<p>[Reasons for nominating as a candidate for Director] Mr. Naoki Okawa has been long involved in the personnel and general affair departments, and has a wealth of experience and great insight related to corporate sector. He is in charge of General Affairs & Personnel Department as General Manager, and working to strengthen corporate governance. In order to advance Medium-term Management Plan strongly, MPM has large expectations for his ability to use management resources effectively and to fulfill the supervision of management appropriately. He has thus been nominated as a candidate for Director.</p>	

No.	Name (Date of birth, etc.)	Profile and position in MPM (Important positions concurrently held at other companies, etc.)	Number of shares of MPM held
8	Tomohisa Shinagawa (June 14, 1958) age 58	<p>April 1985 Registered as an attorney-at-law (Daini Tokyo Bar Association) Joined Mori Sogo (current Mori Hamada & Matsumoto (hereinafter “MHM”))</p> <p>January 1993 Partner, MHM</p> <p>June 2006 Outside Director, MPM (to present)</p> <p>June 2010 Outside Audit & Supervisory Board Member, R&D Computer Co., Ltd. (to present)</p> <p>January 2013 Senior Counsel, MHM (to present)</p>	0
	REAPPOINTMENT CANDIDATE	[Important positions concurrently held at other companies, etc.]	
	OUTSIDE DIRECTOR CANDIDATE	Senior Counsel, Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, R&D Computer Co., Ltd.	
	INDEPENDENT DIRECTOR CANDIDATE	Director, Nippon Revival Investments Co., Ltd.	
	Attendance of Board of Directors meetings 100%(15/15)	[Reasons for nominating as a candidate for Director] Mr. Tomohisa Shinagawa is an attorney-at-law belonging to MHM. He is familiar with corporate legal affairs, and has great insight to oversee the corporate management. He provides objective and valuable advice over the overall management at Board of Directors meetings, serving as a satisfactory supervision of management. He is expected to contribute to corporate governance reinforcement, continuously by providing advice over the overall management. MPM also has large expectations for his supervisory function for the determination of important business operations and execution from an independent viewpoint as an Outside Director. He has thus been nominated as a candidate for Director.	

No.	Name (Date of birth, etc.)	Profile and position in MPM (Important positions concurrently held at other companies, etc.)	Number of shares of MPM held
9	Somitsu Takehara (April 1, 1952) age 64 NEW CANDIDATE OUTSIDE DIRECTOR CANDIDATE INDEPENDENT DIRECTOR CANDIDATE	January 1977 Joined Peat Marwick Mitchell & Company December 1981 Joined Coopers & Lybrand July 2000 General Manager, Transaction Service Division, ChuoAoyama April 2005 Representative Director, ZECOO Partners Inc. (to present) June 2005 Outside Director, CDG Co., Ltd. (to present) February 2007 Outside Director, S-Pool, Inc. (to present) June 2014 Outside Audit & Supervisory Board Member, EDION Corporation (to present) April 2015 Concurrently Appointed Lecturer, Graduate School of Professional Accountancy, Meiji University (to present)	0
		[Important positions concurrently held at other companies, etc.] Representative Director, ZECOO Partners Inc. Outside Director, CDG Co., Ltd. Outside Director, S-Pool, Inc. Outside Audit & Supervisory Board Member, EDION Corporation Outside Director, GENKI SUSHI Co., Ltd. Concurrently Appointed Lecturer, Graduate School of Professional Accountancy, Meiji University	
		[Reasons for nominating as a candidate for Director] Mr. Somitsu Takehara has expertise in finance and accounting as a certified public accountant. He is Representative Director of ZECOO Partners Inc., and has a wealth of experience of management consulting business and great insight into corporate management. He is expected to contribute to corporate governance reinforcement by making the most of his experience and providing advice over the overall management, MPM also has large expectations for his supervisory function for the determination of important business operations and execution from an independent viewpoint as an Outside Director. He has thus been nominated as a candidate for Director.	

Notes:

1. No conflict of interests exists between MPM and each candidate.
2. Mr. Tomohisa Shinagawa and Mr. Somitsu Takehara are nominated as Outside Director candidates.

(1) Limitation of Liability Agreements

MPM has executed a Limitation of Liability Agreement with Mr. Tomohisa Shinagawa, limiting his liability pursuant to Article 427 Paragraph 1 of the Companies Act. and MPM is scheduled to execute the same agreement with Mr. Somitsu Takehara after he is elected. Based on these agreements, liability for compensation for damages under Article 423 Paragraph 1 shall be limited to 10 million yen or the minimum amount stipulated by law, whichever is greater.

(2) Independent Director

MPM has notified the Tokyo Stock Exchange Mr. Tomohisa Shinagawa and Mr. Somitsu Takehara as Independent Directors.

(Reasons for notification as Independent Director)

Tomohisa Sinagawa

Mr. Tomohisa Shinagawa meets the Independence Criteria of MPM's Independent Directors. MPM has been ensured the effective operation under which MPM does not ask him about the issues concerned with the duties execution at all so that he can serve a supervision function from an independent viewpoint in the Board of Directors since MPM first elected him as an Outside Director. In consideration of the above-mentioned situation and the expertise that he has, MPM has notified him as an Independent Director.

Somitsu Takehara

Mr. Somitsu Takahara meets the Independence Criteria of the MPM's Independent Directors. In consideration of it and the expertise that he has, MPM has notified him as an Independent Director.

(3) Terms as Outside Director

Mr. Tomohisa Shinagawa will have served as Outside Director for ten (10) years at the close of this Ordinary General Meeting of Shareholders.

Proposal No. 3: Election of Two (2) Audit & Supervisory Board Members

Outside Audit & Supervisory Board Members Mr. Yasuharu Takamatsu and Mr. Koji Kaihotsu will resign as of the close of this Ordinary General Meeting of Shareholders. Consequently, we hereby propose that two (2) Outside Audit Supervisory Board Members be elected.

The submission of this proposal has been approved by the Audit & Supervisory Board.

The candidates are as follows:

No.	Name (Date of birth, etc.)	Profile and position in MPM (Important positions concurrently held at other companies, etc.)	Number of shares of MPM held
1	<p>Hiroaki Tonooka (January 23, 1953) age 63</p> <p>NEW CANDIDATE</p> <p>OUTSIDE AUDIT & SUPERVISORY BOARD MEMBER CANDIDATE</p> <p>INDEPENDENT AUDIT & SUPERVISORY BOARD MEMBER CANDIDATE</p>	<p>April 1976 Joined Meiji Life Insurance Company (current Meiji Yasuda Life Insurance Company) (hereinafter “MY”)</p> <p>July 2005 Director, General Manager, Group Market Planning & Research Department, MY</p> <p>December 2005 Director, MY</p> <p>April 2006 Director, Managing Executive Officer, MY</p> <p>July 2006 Managing Executive Officer, MY</p> <p>April 2008 Senior Managing Executive Officer, MY</p> <p>July 2012 Deputy President, MY</p> <p>April 2016 Director, MY (to present)</p>	0
		<p>[Reasons for nominating as a candidate for Audit & Supervisory Board Member]</p> <p>Mr. Hiroaki Tonooka has served as Deputy President of MY. He has expertise in finance and accounting and a wealth of experience of management. MPM has large expectations for his appropriate and effective audit function from an independent viewpoint as an Outside Audit & Supervisory Board Member by making the most of his experience. He has thus been nominated as a candidate for Audit & Supervisory Board Member.</p>	
2	<p>Hatsuhito Kaneko (November 2, 1956) age 59</p> <p>NEW CANDIDATE</p> <p>OUTSIDE AUDIT & SUPERVISORY BOARD MEMBER CANDIDATE</p> <p>INDEPENDENT AUDIT & SUPERVISORY BOARD MEMBER CANDIDATE</p>	<p>April 1979 Joined Mitsubishi Trust and Banking (current Mitsubishi UFJ Trust and Banking (hereinafter “MUTB”))</p> <p>June 2006 Executive Officer, General Manager; Retail Project Promotion, MUTB</p> <p>October 2006 Executive Officer, General Manager; Retail Planning Department, MUTB</p> <p>June 2008 Executive Officer, Manager; Kyoto Branch and Chuo Branch</p> <p>June 2009 Managing Executive Officer, MUTB</p> <p>June 2011 Senior Managing Officer, MUTB</p> <p>June 2012 Director, Senior Managing Officer, MUTB</p> <p>June 2013 Vice President, MUTB</p> <p>June 2015 Chairman, Mitsubishi UFJ Real Estate Services (to present)</p>	0
		<p>[Reasons for nominating as a candidate for Audit & Supervisory Board Member]</p> <p>Mr. Hatsuhito Kaneko has served as Vice President of MUTB. He has expertise in finance and accounting and a wealth of experience of management. MPM has large expectations for his appropriate and effective audit function from an independent viewpoint as an Outside Audit & Supervisory Board Member by making the most of his experience. He has thus been nominated as a candidate for Audit & Supervisory Board Member.</p>	

Notes:

- No conflict of interests exists between MPM and the candidates.
- Mr. Hiroaki Tonooka and Mr. Hatsuhito Kaneko are new nominated as Outside Audit & Supervisory Board Member candidates.

(1) Limitation of Liability Agreements

MPM is scheduled to execute a Limitation of Liability Agreement with Mr. Hiroaki Tonooka and Mr. Hatsuhito Kaneko, limiting their liability pursuant to Article 427 Paragraph 1 of the

Companies Act. Based on these agreements, liability for compensation for damages under Article 423 Paragraph 1 shall be limited to 10 million yen or the minimum amount stipulated by law, whichever is greater.

(2) Independent Audit & Supervisory Board Member

MPM has notified the Tokyo Stock Exchange Mr. Hiroaki Tonooka and Mr. Hatsuhiro Kaneko as Independent Audit & Supervisory Board Members.

(Reasons for notification as Independent Audit & Supervisory Board Member)

Hiroaki Tonooka

Mr. Hiroaki Tonooka meets the Independence Criteria of MPM's Independent Audit & Supervisory Board Members. In consideration of it and the expertise that he has, MPM has notified him as an Independent Audit & Supervisory Board Member.

Hatsuhiro Kaneko

Mr. Hatsuhiro Kaneko meets the Independence Criteria of MPM's Independent Audit & Supervisory Board Members. In consideration of it and the expertise that he has, MPM has notified him as an Independent Audit & Supervisory Board Member.

Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member

In case of the number of incumbent Audit & Supervisory Board Members becomes less than that is required by laws and ordinances, pursuant to the provisions of the Companies Act, Article 329, Paragraph 3, we propose that one (1) substitute Audit & Supervisory Board Member be elected.

However, Mr. Norio Fujii does not meet the requirements of Outside Audit & Supervisory Board Members so that he is to be elected to fill a vacancy of Mr. Kenji Oka (Full-time Audit & Supervisory Board Member).

The submission of this proposal has been approved by the Audit & Supervisory Board.

The candidate is as follows:

Name (Date of birth, etc.)	Profile and position in MPM (Important positions concurrently held at other companies, etc.)	Number of shares of MPM held
Norio Fujii (January 23, 1949) Age 67	April 1972 Joined MPM June 2007 Audit & Supervisory Board Member, MPM June 2011 Retired Audit & Supervisory Board Member, MPM (to present)	15,000
	[Reasons for nominating as a candidate for Audit & Supervisory Board Member] Mr. Norio Fujii served for four years as Full-time Audit & Supervisory Board Member of MPM. He is familiar with MPM's business in general. He is the right person in order to maintain the quality of the audit in the case of insufficient number of Full-time Audit & Supervisory Board Members.	

Note:

1. No conflict of interests exists between MPM and the candidate.

Proposal 5: Partial Amendments to the Response Policies on Large-Scale Purchases of MPM's Shares (Takeover Defense Measures) and Continuance Thereof

We request that our shareholders approve the response policies on large-scale purchases of MPM's shares (takeover defense measures) (hereinafter, the plan after the amendments shall be referred to as the "Plan"), which include the contents stated below, that was decided by MPM's Board of Directors, as of May 31, 2016, to continue after making necessary amendments (hereinafter the "Amendments") to the previous response policies on large-scale purchases of MPM's shares (takeover defense measures) (hereinafter the "Current Plan") subject to the approval of the shareholders at the Annual General Meeting of Shareholders.

The Plan will be introduced, in light of the basic policy regarding the concept of persons who control the decisions on MPM's financial and business policies (meaning the basic policy defined in the main paragraph of Article 118, item 3 of the Ordinance for Enforcement of the Companies Act; hereinafter the "Basic Policy"), in order to prevent the decision on MPM's financial and business policies from being decided by inappropriate persons, as well as to maintain and improve MPM's corporate value and the shareholders' common interests. The Plan shall become effective if the approval of the shareholders is obtained.

1. The Basic Policy

(1) Contents of the Basic Policy

MPM considers that the concept of MPM's shareholders should be decided through free trade in the market. Therefore, MPM also considers that whether or not to accept a proposal of a purchase which would accompany a transfer of control of MPM should be finally decided by the intention of the shareholders.

However, the Large-Scale Purchase (defined in 2(2)(a) below; hereinafter the same shall apply) of MPM's shares may be assumed to include (i) those which may damage the corporate value or shareholders' common interests of MPM, in view of the purpose of the purchase, post-purchase management policy, and the like, (ii) those which may actually force MPM's shareholders to sell their shares, (iii) those which are conducted without giving MPM a period reasonably necessary to present a business plan and the like (hereinafter, the "Alternative Proposal") which is substituted for a purchase proposal, business proposal, and the like presented by the relevant Large-Scale Purchaser (defined in 2(1) below), (iv) those which are conducted without providing MPM's shareholders with sufficient information reasonably necessary to consider the details of the purchase, (v) those whose purchase conditions and the like (including the value and kind of the consideration, timing of the purchase, lawfulness of the purchase method, and feasibility of the purchase) are insufficient or inappropriate in view of MPM's intrinsic value, (vi) those which may damage or injure the relationship with interested parties, such as our employees, clients (including customers), and the local community in which our plants and production facilities are located, which are essential to the sustainable improvement of MPM's corporate value, and which may have a material adverse effect on MPM's corporate value or the shareholders' common interests. In light of the view of maximizing MPM's corporate value and the shareholders' common interests, we consider that persons who conduct such large-scale purchases as described above are exceptionally inappropriate as a person who controls the decisions on MPM's financial and business policies.

Accordingly, on one hand, we consider that it is our duty to maximize our corporate value and shareholders' common interests by returning the profits generated by MPM to our shareholders, and that it is the principle to be supported by persons who become MPM's shareholders through free trade in the market. However, on the other hand, it is our Basic Policy that, if there is a risk that MPM's corporate value or our shareholders' common interests as described above could be damaged due to the acquisition of MPM's shares with voting rights accounting for 20% or more of the total voting rights of MPM (hereinafter, the "Controlling Shares") by a person who aims to acquire the Controlling Shares and a person from the person's group (hereinafter, the "Acquirer"), then to the extent permitted by laws and regulations as well as the Articles of Incorporation, we will take appropriate measures in order to maintain and improve MPM's corporate value and the shareholders' common interests, assuming that the Acquirer is inappropriate as a person who controls the decision on MPM's financial and business policies.

(2) Background to the continuance with the basic policy

MPM considers that MPM's corporate value is sourced from the provision of a group of products based on the relationship with the society, know-how, and high-level technological development capabilities, which have been cultivated throughout our history of 118 years as a distinctive paper manufacturer, to the society. In other words, MPM's business is grounded on our management resources, including our human resources, with experience and expert knowledge who have developed and evolved together with our customers since its foundation, the trust that MPM has built, and the close relationship with our clients and other various stakeholders based on that trust. Each of these management resources has know-how and brand image that have been cultivated for many years, and has generated additional values by functioning together. However, these days, with the development of new legal systems, and changes in capital market environment, economic structure, and corporate culture as a backdrop, there has been a trend of forcing acquisition of large quantities of shares unilaterally, without obtaining any consent of the management of a target company. In certain instances, the possibility of the occurrence of situations, such as maintenance and enhancement of MPM's corporate value based on the management resources set forth above being hindered, cannot be ruled out.

Given that situation, it is necessary for MPM to always consider that an Acquirer may appear.

Originally, MPM does not have negative opinions about all types of acquisition of Controlling Shares.

On the back of the circumstances as described above, MPM decided to maintain the Basic Policy as described in (1) above.

2. Contents of the Plan (measures to prevent the decisions on MPM's financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy)

(1) Purposes of continuing with the takeover defense measures under the Plan

As mentioned in the above 1., MPM considers it necessary to take certain measures against the Acquirer, in some cases. However, MPM, as a listed company, believes that, in principle, a decision on whether or not to sell shares to the Acquirer, and the final decision on whether it is appropriate to entrust the management of MPM to the Acquirer, shall be left to each shareholder.

Nevertheless, for shareholders to make a proper decision, it is necessary that they have an accurate understanding of MPM's corporate value and the sources generating such value, upon careful review of the characteristics of business inherent to MPM as outlined above, as well as the history of MPM and MPM's subsidiaries and affiliates (hereinafter, the "Group") as a prior condition. It is easy to make assumptions about cases where information provided by the Acquirer alone would not be sufficient to figure out what kind of potential effects the acquisition of Controlling Shares by the Acquirer would be exerted on MPM's corporate value and the sources generating such value. MPM believes that information supplied by MPM's Board of Directors, who have adequate understanding of the characteristics of business inherent to MPM, as well as its evaluation and opinions on an acquisition of Controlling Shares by such Acquirer, or a new proposal by MPM's Board of Directors upon receipt of the evaluation and opinions in some cases, shall be reviewed by shareholders in order for them to make a proper decision.

Accordingly, MPM considers that securing sufficient time for shareholders to analyze and examine this multilateral information is critically important.

From these perspectives, on the basis of the Basic Policy stated above, MPM requests persons who intend to conduct a Large-Scale Purchase or who are currently conducting a Large-Scale Purchase (hereinafter, the "Large-Scale Purchaser") to provide necessary information regarding such Large-Scale Purchase in advance, and to secure time for consideration and negotiation. In doing so, it enables shareholders to make an appropriate decision on whether or not to accept such Large-Scale Purchase. It also enables MPM's Board of Directors to, upon receiving a recommendation from the Independent Committee (defined in (2)(e) below; hereinafter the same shall apply), present to shareholders its opinions on whether or not to accept such proposal, or an Alternative Proposal, or enables the Board of Directors to negotiate with the Large-Scale Purchaser for the benefit of the shareholders. Thereby, MPM concluded that it is necessary to make the Amendments to the Current Plan into the Plan, and to continue with the takeover defense measures under the

Plan as one of the measures to prevent decisions on MPM's financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy (specifically, certain Large-Scale Purchasers determined by MPM's Board of Directors according to prescribed procedures (Large-Scale Purchasers who violate the Plan, and a Large-Scale Purchaser who is an Abusive Purchaser (defined in (2)(f)A(ii) below)), joint holders thereof, persons in special relationships, and persons deemed by MPM's Board of Directors, upon receipt of advice from the Independent Committee, as being substantially controlled by such given persons and acting jointly or in concert with such given persons, or the like (hereinafter, the "Person(s) Who Falls Under Exceptional Reasons").

Needless to say, regarding the continuation of the takeover defense measures under the Plan, it is desirable to confirm the shareholders' will. Therefore, MPM will confirm the shareholders' will regarding the continuation of the takeover defense measures under the Plan by submitting this agenda to the Annual General Meeting of Shareholders.

For the reasons mentioned above, MPM's Board of Directors decided to submit an agenda to seek approval of the continuation of the takeover defense measures under the Plan, to the Annual General Meeting of Shareholders.

At present, we are not aware of any indication of a specific Large-Scale Purchase.

(2) Contents of the Plan

Detailed contents of the Plan are as follows.

(a) Definition of the Large-Scale Purchase against which countermeasures shall be implemented

When an act that falls under or is likely to fall under any of the following cases (i) through (iii) (excluding acts that are approved in advance by the Board of Directors of MPM) (hereinafter, collectively referred to as "Large-Scale Purchase") has been carried out or is about to be carried out, the countermeasures under the Plan may be implemented.

- (i) Any purchase or other type of acquisition (Note 1) of share certificates, etc. issued by MPM (Note 2) where the holding ratio of share certificates, etc. of a specific shareholder of MPM (Note 3) accounts for 20% or more
- (ii) Any purchase or other type of acquisition (Note 4) of share certificates, etc. issued by MPM (Note 5) where the combined total of a holding ratio of share certificates, etc. by a specific shareholder of MPM (Note 6) and that by persons in a special relationship with a specific shareholder of MPM (Note 7) accounts for 20% or more
- (iii) Consent or other type of act, regardless of whether an act as stated in (i) or (ii) above has been implemented or not, between a specific shareholder of MPM and other shareholder(s) (including cases where the number of the other shareholders is plural; hereinafter the same shall apply to this (iii)) of MPM, which makes the said other shareholder(s) fall under the category of a joint holder of shares held by the said specific shareholder (Note 8), or any act (Note 9) which establishes a relationship between the said specific shareholder and the said other shareholder(s) in which either party substantially controls the other, or all parties act jointly or cooperatively (Note 10) (provided, however, it shall apply only when the total ratio of share certificates, etc. issued by MPM held by the said specific shareholder and the said other shareholder(s) accounts for 20% or more)

(Note 1) Includes cases of having a claim for delivery of share certificates, etc. in accordance with a purchase agreement or other agreements, and carrying out transactions as provided for in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(Note 2) Refers to share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply, unless otherwise prescribed.

(Note 3) Refers to the share certificates, etc. holding ratio as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply. However, in the calculation of such holding ratio of share certificates, etc., (i) persons in a special relationship

as defined in Article 27-2, Paragraph 7 of the said Act, and (ii) investment banks, securities companies, and other financial institutions which have entered into a financial advising agreement with MPM's specific shareholder, and tender offer agents and lead managing underwriters for MPM's specific shareholder (hereinafter, the "Contracted Financial Institutions, etc.") are deemed to be a joint holder of shares of the said specific shareholder under the Plan (refers to a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act; hereinafter, the same shall apply). For the total number of shares issued by MPM that is used in the calculation of such holding ratio of share certificates, etc., MPM may refer to the most recent information made public by MPM.

- (Note 4) Includes purchase and other types of acceptance of transfers for value, and cases classified as similar to acceptance of transfer for value as provided for in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.
- (Note 5) Refers to share certificates, etc. as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply in (ii).
- (Note 6) Refers to the holding ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply. For the total number of voting rights of MPM that is used in the calculation of such holding ratio of share certificates, etc., MPM may refer to the most recent information made public by MPM.
- (Note 7) Refers to persons in a special relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. Provided, however, that with regard to persons listed in item 1 of the same Paragraph, parties specified in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer are excluded. Furthermore, (i) joint holders, and (ii) Contracted Financial Institutions, etc. are deemed to be persons in a special relationship of the said specific shareholder under the Plan. Hereinafter, the same shall apply unless otherwise prescribed.
- (Note 8) Refers to joint holders defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply.
- (Note 9) Whether or not an act prescribed in (iii) above has been conducted shall be reasonably determined by MPM's Board of Directors by following recommendations of the Independent Committee. MPM's Board of Directors may request that its shareholders provide necessary information to the extent deemed necessary for determining whether or not the act falls under the criteria described in (iii) above.
- (Note 10) Criteria to determine whether or not "a relationship between the said specific shareholder and the said other shareholder(s) that one party substantially controls the other party or both parties act jointly or in a coordinated manner" has been established is based on the creation of any relationship in terms of new investment, business partnership, transaction or contractual agreement, concurrent positions served by Officers, funding, credit granting, substantive stake with regard to MPM's share certificates, etc., through derivatives and lending shares and others, as well as direct or indirect impacts on MPM caused by the said specific shareholder and the said other shareholder(s), and others.

(b) Submission of "Statement of Intent"

Prior to the commencement or implementation of a Large-Scale Purchase, MPM will have the Large-Scale Purchaser submit to MPM's Board of Directors a written form with the signature, or name and seal of the representative of the Large-Scale Purchaser, to the effect that the Large-Scale Purchaser will pledge to comply with the procedures prescribed in the Plan (hereinafter, the "Large-Scale Purchase Rules") and a

certificate of eligibility of the representative who signed or sealed (hereinafter, collectively referred to as “Statement of Intent”) in a format separately prescribed by MPM and addressed to the President and Representative Director of MPM. When the President and Representative Director of MPM receives such Statement of Intent, he or she should promptly submit it to MPM’s Board of Directors and the Independent Committee.

In addition to the pledge to comply with the Large-Scale Purchase Rules, a Statement of Intent must contain the name of the Large-Scale Purchaser, the address or location of its headquarters or office, etc., the governing law of incorporation, the name of the representative, the contact person in Japan, the number of MPM’s share certificates, etc. currently held by the Large-Scale Purchaser, the status of the Large-Scale Purchaser’s trading of MPM’s shares during 60 days prior to the submission of the Statement of Intent, and a summary of the Large-Scale Purchase plan. Only the Japanese language shall be used in a Statement of Intent.

When a Statement of Intent is submitted by a Large-Scale Purchaser, MPM will disclose such matters deemed appropriate by MPM’s Board of Directors or the Independent Committee in accordance with the applicable laws and regulations (hereinafter, collectively meaning the Companies Act and the Financial Instruments and Exchange Act, and the rules, cabinet orders, cabinet office ordinances, ministerial ordinances, and the like regarding those acts, and the rules of the financial instruments exchange on which MPM’s shares, etc. are listed; hereinafter the same shall apply) in a timely and appropriate manner.

(c) Requesting Large-Scale Purchaser to provide information

MPM will have a Large-Scale Purchaser provide information concerning the matters stated below from (i) to (xiii) (hereinafter, collectively, the “Large-Scale Purchase Information”) to MPM’s Board of Directors within five business days (not counting the first day) of the day on which MPM’s Board of Directors receives a Statement of Intent. When MPM’s Board of Directors receives Large-Scale Purchase Information, it shall promptly submit it to the Independent Committee.

When MPM’s Board of Directors judges that because information initially provided by a Large-Scale Purchaser is not sufficient, it is difficult for shareholders to appropriately determine whether or not to accept the Large-Scale Purchase, and for MPM’s Board of Directors and the Independent Committee to form its opinions of approval or disapproval of such Large-Scale Purchase (hereinafter, “forming opinions”) or for the Board of Directors to develop Alternative Proposals (hereinafter, “developing alternative proposals”) and to present them to shareholders in an appropriate manner, MPM’s Board of Directors, after establishing a reasonable deadline for additional information submission, may request that the Large-Scale Purchaser at any time submit additional information necessary in order to enable shareholders to make a proper decision and to enable the Board of Directors of MPM and the Independent Committee to form opinions and develop alternative proposals upon disclosing to shareholders the established specific period and reasons for requiring such reasonable specific period. However, in that case, MPM’s Board of Directors shall respect the Independent Committee’s opinions as much as possible.

In addition, when MPM’s Board of Directors determines that the provision of Large-Scale Purchase Information is completed, MPM shall disclose such completion in accordance with the applicable laws and regulations in a timely and appropriate manner. Furthermore, pursuant to the decision made by MPM’s Board of Directors, MPM shall disclose information deemed necessary for shareholders to make an appropriate determination on whether or not to accept such Large-Scale Purchase among Large-Scale Purchase Information, when appropriate after the reception thereof, in accordance with the applicable laws and regulations in a timely and appropriate manner. Only the Japanese language shall be used when providing Large-Scale Purchase Information, or otherwise giving a notice to or contacting MPM pursuant to the Large-Scale Purchase Rules.

- (i) The outline (including concrete name, capital structure, capital contribution ratio, financial position, and presence or absence of breaches of laws and regulations over the past ten years (outlines thereof, if present) as well as officers’ names, brief histories, and presence or absence of breaches of laws and regulations in the

past (outlines thereof, if present)) of the Large-Scale Purchaser and its group companies, etc. (they include major shareholders or investors (regardless of direct or indirect: hereinafter the same shall apply) and substantial subsidiaries and affiliates of the Large-Scale Purchaser. In the case where the Large-Scale Purchaser is a fund or an entity in which it invests, they include major partners, investors, and other members, as well as executive partners and persons who continuously give investment advice to them; hereinafter, the same shall apply).

- (ii) Status of holding MPM's share certificates, etc., the status of holding and the status of contracts regarding derivatives or other financial derivative products, of which the underlying assets are MPM's share certificates, etc. or assets relating to the business activities of MPM or the Group, as well as the status of stock lending and short sale of MPM's share certificates, etc. by the Large-Scale Purchaser and its group companies, etc.
- (iii) Specific descriptions of the internal control system of the Large-Scale Purchaser and its group companies, etc. (including the group internal control system), and the presence or absence of, or the status of the effectiveness of such system.
- (iv) Objectives, method, and contents of the Large-Scale Purchase (including class and number of MPM's share certificates, etc. that are the target of the Large-Scale Purchase, type and price of consideration for the Large-Scale Purchase, timing of the Large-Scale Purchase, structure of the related transactions, legality of the method used for the Large-Scale Purchase, feasibility of the Large-Scale Purchase and related transactions (if a certain condition is required for the Large-Scale Purchase, the contents of such condition). In a case where there is a possibility that share certificates, etc. of MPM may be delisted after the completion of the Large-Scale Purchase, such possibility shall be notified along with reasons thereof. As for the legality of the method used for the Large-Scale Purchase, submission of a statement of opinions written by a certified lawyer may also be requested.)
- (v) Whether there has been communication with third parties concerning a Large-Scale Purchase (including a communication in respect of making an important proposal, etc. to MPM (refers to the act of making an important proposal, etc. as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act); hereinafter, the same shall apply) and if such communication is present, specific conditions and contents thereof
- (vi) Basis and process for calculating the consideration for the Large-Scale Purchase (including facts and assumptions which form the premise of the calculation, calculation method, name of and information regarding the calculation agencies, numerical information used in the calculation, and the amount of synergies and dis-synergies anticipated to be generated through a series of transactions related to the Large-Scale Purchase and bases for calculation thereof)
- (vii) Financial support for the Large-Scale Purchase (including the specific names of funds providers (including substantive providers (regardless of direct or indirect)), financing methods, presence or absence of conditions for financing, and contents of, presence or absence of security interest after financing or covenants and contents thereof, and the specific contents of related specific transactions)
- (viii) Management policies, business plans, financial plans, funding plans, investment plans, capital policies, and dividend policies, etc., which are intended for MPM and the Group after the completion of the Large-Scale Purchase (including plans with respect to sales, provision of security interests, and other disposal of MPM's assets after the completion of the Large-Scale Purchase), and policies for dealing with and treating officers, employees, business partners, clients of MPM and the Group, and local public bodies where plants and production facilities of MPM are located, and other stakeholders of MPM after the completion of the Large-Scale Purchase.
- (ix) A document in which the Large-Scale Purchaser pledges that it does not fall under the category of an Abusive Purchaser (defined in (f)A(ii) below)
- (x) Restricted matters under the domestic or overseas laws and regulations, etc. that are possible to apply to the Large-Scale Purchase, and the possibility of the acquisition of approvals, licenses, or permissions, etc. under anti-trust laws or other laws and regulations, etc. to be acquired from domestic or overseas governments or third parties (submission of a statement of opinions written by a certified lawyer regarding these matters may also be requested)
- (xi) Possibility of maintaining the licenses or permissions under domestic or overseas

various laws and regulations, etc. necessary in order to conduct the business of the Group after the completion of the Large-Scale Purchase, and the possibility of the compliance with restrictions, including domestic and overseas various laws and regulations, etc.

- (xii) Presence or absence of any relationship with anti-social forces or terrorism-related organization (regardless of direct or indirect), and details thereof, if present.
- (xiii) Other information that a Large-Scale Purchaser is requested to submit in writing within five business days (not counting the first day) of the date on which MPM's Board of Directors receives a complete and appropriately prepared Statement of Intent, which was reasonably deemed necessary by MPM's Board of Directors or the Independent Committee.

d) Setting of the Board of Directors' Evaluation Period, etc.

The Board of Directors of MPM will set the period, defined in (i) or (ii) below (in either case, the period shall start from the date on which MPM disclosed that the Board of Directors of MPM has determined that the provision of the Large-Scale Purchase Information has completed; not counting the first day), as the period for evaluation, examination, forming opinions, developing alternative proposals, and conducting negotiations with a Large-Scale Purchaser by the Board of Directors of MPM (hereinafter, the "Board of Directors Evaluation Period"), depending on the content of the Large-Scale Purchase disclosed by the Large-Scale Purchaser.

Unless otherwise provided in this Plan, the Large-Scale Purchase shall be commenced only after the elapse of the Board of Directors' Evaluation Period. Note that the Board of Directors' Evaluation Period has been set by taking into account factors such as the difficulties in evaluating or examining MPM's business activities and the level of difficulty in forming opinions and developing alternative proposals.

- (i) In the case of purchase of all MPM's shares by tender offer in which the consideration will be paid entirely in cash (Japanese yen): maximum 60 days
- (ii) In any other cases of the Large-Scale Purchase except for the case stated in (i): maximum 90 days

During the Board of Directors' Evaluation Period, the Board of Directors of MPM shall evaluate and examine, form opinions, and develop alternative proposals on, and negotiate with the Large-Scale Purchaser regarding the contemplated Large-Scale Purchase, from the viewpoint of protecting and enhancing the corporate value of MPM and the common interests of its shareholders, based on the Large-Scale Purchase Information provided by the Large-Scale Purchaser. In performing such procedures, the Board of Directors of MPM shall seek advice, as needed, from third-party external specialists (financial advisors, lawyers, certified public accountants, and certified public tax accounts, etc.) who are independent from MPM's Board of Directors. All the expenses incurred for such procedures shall be borne by MPM to the extent reasonable.

In cases where it is inevitable that the Board of Directors cannot reach a resolution determining whether or not to implement the countermeasures within the Board of Directors Evaluation Period due to reasons, including failure of the Independent Committee to make recommendations as stated in (f) below within the Board of Directors Evaluation Period, then the Board of Directors of MPM may extend the period up to 30 days (not counting the first day) to the extent necessary, based on the Independent Committee's recommendations (the same shall apply to re-extensions; however, the period may be re-extended only up to twice). If the Board of Directors of MPM decides to extend the Board of Directors' Evaluation Period, MPM will disclose the resolved specific period and the reason for the necessity of such specific period, in accordance with the applicable laws and regulations, in a timely and appropriate manner.

(e) Establishment of the Independent Committee

MPM has established the Independent Committee comprising three or more independent outside directors and independent outside corporate auditors (including substitutes for them) and outside experts who are independent from the executive management team of MPM (hereinafter, the "Independent Committee"), with the aim to prevent arbitrary decisions by the Board of Directors of MPM on the implementation, etc. of the Current Plan. MPM will maintain the Independent Committee in the Plan.

The Independent Committee may obtain advice and the like, as necessary, from outside experts (financial advisors, lawyers, certified public accountants, and certified public tax accountants, etc.) who are independent from the Board of Directors of MPM and the Independent Committee. All the expenses incurred for obtaining the advice shall be borne by MPM, to the extent reasonable

The name and brief history of each member of the Independent Committee as of the beginning of the continued takeover defense measures are as described in Appendix 1.

Resolutions of the Independent Committee shall be passed by affirmative votes of a majority of all the members, where all the current members of the Independent Committee are present. However, if any members of the Independent Committee are unable to be present, or if there are any other unavoidable reasons, resolutions of the Independent Committee shall be passed by affirmative votes of a majority of all the members, where a majority of the members are present.

(f) Procedures for recommendations of the Independent Committee and resolutions by the Board of Directors of MPM

A. Recommendations of the Independent Committee

The Independent Committee shall make recommendations to the Board of Directors of MPM regarding the Large-Scale Purchase, in accordance with (i) through (iii) below, within the Board of Directors' Evaluation Period (including any extended period, if any).

(i) When the Large-Scale Purchase Rules are not complied with

If the Large-Scale Purchaser violates the Large-Scale Purchase Rules in any material respect, and such violation is not corrected within five business days (not counting the first day) after the Board of Directors of MPM gives such Large-Scale Purchaser a written request to correct such violation, then the Independent Committee, in principle, will recommend that the Board of Directors of MPM implement a countermeasure against the Large-Scale Purchase, except where it is clearly necessary to refrain from implementing the countermeasure in order to protect and enhance the corporate value of MPM and the common interests of its shareholders, or when any other particular circumstances exist. If such recommendation is made, MPM shall disclose the Independent Committee's opinion, reasons therefor, and such other information as deemed appropriate, in accordance with the applicable laws and regulations, in a timely and appropriate manner.

Even after the Independent Committee has recommended that the Board of Directors of MPM implement a countermeasure, if the Large-Scale Purchase is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered, then the Independent Committee may recommend that the Board of Directors of MPM discontinue implementing the countermeasures, or make other recommendations. If such further recommendation is made, MPM will disclose the Independent Committee's opinion, the reasons therefor, and such other information as deemed appropriate in accordance with the applicable laws and regulations, in a timely and appropriate manner.

(ii) When the Large-Scale Acquisition Rules are complied with

When the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Independent Committee shall, in principle, recommend that the Board of Directors of MPM refrain from implementing the countermeasure against the Large-Scale Purchase.

However, even if the Large-Scale Purchase Rules are complied with, the Independent Committee will recommend that the Board of Directors of MPM implement the countermeasure against such Large-Scale Purchase if such Large-Scale Purchaser is recognized to be a person having any of the circumstances set out in (a) to (k) below (hereinafter, collectively referred to as the "Abusive Purchaser") and if it deems it appropriate to implement the

countermeasures against such Large-Scale Purchase:

- (a) When the Large-Scale Purchaser does not have an intention of actually participating in the management of MPM, but attempts a takeover of MPM's share certificates, etc., for the purpose of increasing the price of the shares and making parties related to MPM buy back the shares at an inflated stock price (a so-called "green mailer"), or when the main purpose of acquiring MPM's share certificates, etc. is to acquire a short-term margin
- (b) When the main purpose of participating in the management of MPM is to temporarily control the management of MPM, and cause it to transfer to the Large-Scale Purchaser or its group companies, etc., MPM's intellectual property, know-how, trade secrets, or major business partners and clients, etc., which are essential to MPM's business operations
- (c) When the Large-Scale Purchaser is acquiring MPM's share certificates, etc. with the intent of inappropriately utilizing MPM's assets as collateral or funds for repayment of the obligations of such Large-Scale Purchaser or its group companies, etc., after taking control over the management of MPM
- (d) When the main purpose of participating in the management of MPM is to temporarily control the management of MPM, and cause it to sell or otherwise dispose of its real estate properties, securities, and other high-priced assets which are irrelevant to MPM's business for the time being, and then cause it to distribute high dividends temporarily from the profits of such disposals, or to sell the shares at a high price, taking advantage of the opportunity from the sudden rise in share price created by the temporarily high dividends
- (e) When the Large-Scale Purchaser shows no particular interest in or gets involved in the management of MPM, and when, after it acquires MPM's shares, by using a series of tricks, the Large-Scale Purchaser tries to acquire profits from sales of MPM's shares to MPM itself or third parties, exclusively in a short or middle term, and when the Large-Scale Purchaser seeks its own profits earnestly, finally intending to dispose of MPM's assets
- (f) When the conditions proposed by the Large-Scale Purchaser for the acquisition of MPM's share certificates, etc. (such conditions include, but are not limited to, the type and amount of and the calculation basis for the consideration of the purchase, the content, timing, method, the presence or absence of illegality, and feasibility) are determined to be insufficient or inadequate, on reasonable grounds, in view of MPM's corporate value
- (g) When the method of takeover proposed by the Large-Scale Purchaser is such an oppressive method that the shareholders' opportunity or freedom for decision may be restricted due to the structure of such method, as exemplified by a two-stage purchase (purchase of share certificates, etc. in a manner wherein the terms of the second-stage purchase are set more disadvantageously or are unclear, or otherwise concerns of the future liquidity of MPM's share certificates, etc. are raised by suggesting delisting, etc. in the event all of MPM's share certificates, etc. are not purchased during the first-stage of purchase and the shareholders are thereby effectively coerced into accepting the purchase) and partial tender offer (a tender offer to purchase some, but not all, of the share certificates, etc. of MPM)
- (h) When the Large-Scale Purchaser's acquisition of control of MPM is expected to cause significant damage to the corporate value of MPM, as a result of destruction or impairment of the relationships with not only shareholders but also clients and employees, and other stakeholders of MPM, which are the source of the corporate value, or there are reasonable grounds to determine that the protection and enhancement of MPM's corporate value may be seriously hindered; or when MPM's corporate value in the event of its control being acquired by the Large-Scale Purchaser, is determined to be clearly lesser than MPM's corporate value in the event of its control not being acquired by the

Large-Scale Purchaser, if comparing its medium to long-term corporate value of both assumed cases

- (i) The fact of the Large-Scale Purchaser's acquisition of control of MPM itself would cause significant damage to the corporate value of MPM, in such cases where MPM would lose an important business partner
- (j) When there are reasonable grounds to determine that the Large-Scale Purchaser is inappropriate as the controlling shareholder of MPM, from the viewpoint of public order and morals, in such cases as where any of the management team members, major shareholders, or investors of the Large-Scale Purchaser has an association with antisocial forces, or terrorism-related organizations
- (k) Other cases which are equivalent to cases stated in (a) through (j) above, and which are determined that the corporate value of MPM or the common interests of its shareholders would be significantly damaged

Note that the disclosure procedures relating to such recommendation, or the procedures relating to the subsequent further recommendation, shall be in accordance with (i) above.

(iii) Other recommendations, etc. by the Independent Committee

In addition to the above, the Independent Committee may recommend matters necessary from the viewpoint of maximizing MPM's corporate value or the shareholders' common interests, as necessary, to the Board of Directors of MPM, or may recommend discontinuation or suspension of implementation of countermeasures, where permitted by certain laws and regulations, etc.

Note that the disclosure procedures relating to such recommendation, or the procedures relating to the subsequent further recommendation, shall be in accordance with (i) above.

B. Resolution by the Board of Directors of MPM

The Board of Directors of MPM shall make a resolution, while giving maximum respect to the Independent Committee's recommendation, whether or not to implement or discontinue the countermeasure, or other necessary resolutions if it determines that the Large-Scale Purchase meets certain requirements provided in the "Guidelines Regarding Large-Scale Purchase" (hereinafter, the "Guidelines") during the Board of Directors Evaluation Period.

If such resolutions are passed, MPM will disclose the opinion of the Board of Directors of MPM, the reasons therefor, and such other information as deemed appropriate in accordance with the applicable laws and regulations in a timely and appropriate manner.

(g) Modification of the Large-Scale Purchase Information

If the Board of Directors of MPM determines that any material modification has been made by the Large-Scale Purchaser to the Large-Scale Purchase Information after MPM disclosed its determination that the furnishing of the Large-Scale Purchase Information in accordance with the provision in (c) above has completed, then MPM will disclose to that effect, the reasons therefor, and such other information as deemed appropriate in accordance with the applicable laws and regulations in a timely and appropriate manner, and thereupon, the procedures under the Plan in connection with the Large-Scale Purchase based on the previous Large-Scale Purchase Information (hereinafter, the "Pre-modified Large-Scale Purchase") shall be suspended, and the Large-Scale Purchase based on the modified Large-Scale Purchase Information shall be treated as another Large-Scale Purchase, separate from the Pre-modified Large-Scale Purchase, and the procedures under the Plan shall apply anew. However, MPM's Board of Directors shall respect the Independent Committee's opinions as much as possible.

(h) Specific contents of the countermeasure

The countermeasure to be implemented by MPM against the Large-Scale Purchase

under the Plan is assumed to be the countermeasure by way of allotment of share options without contribution provided in Article 277 and thereafter of the Companies Act (hereinafter, the stock options to be allotted shall be referred to as the “Share Options”), in principle. However, if it is determined that the implementation of other countermeasures permitted under the Companies Act, other laws and regulations, and the Articles of Incorporation of MPM is appropriate, such other countermeasures may be taken.

The outline of the allotment of Share Options without contribution as a countermeasure against the Large-Scale Purchase is as set out in Appendix 2, and when the Share Options are actually allotted without contribution, MPM may set the exercise period, conditions for exercise, terms of acquisition, etc. at its discretion, including (i) a condition for exercise that prohibits the Persons Who Fall Under Exceptional Reasons from exercising their Share Options, and (ii) terms of acquisition that, when acquiring part of the Share Options, allow MPM to only acquire the Share Options held by share option holders other than the Persons Who Fall Under Exceptional Reasons, in view of its effectiveness as a countermeasure against the Large-Scale Purchase and reasonableness as a countermeasure.

Even after the countermeasure is implemented, if the approval is obtained by an ordinary resolution regarding a proposal of a Large-Scale Purchase by a Large-Scale Purchaser at a general meeting of shareholders of MPM, if the Independent Committee unanimously recommends the abolishment of a countermeasure, or in other cases separately provided by MPM’s Board of Directors, then, in principle, MPM’s Board of Directors shall, while giving maximum respect to the Independent Committee’s opinions, make a resolution that is required in order to abolish the countermeasure.

3. Continuation of takeover defense measures under the Plan, and duration, continuance, and abolishment of, and amendment to the Plan, etc.

The duration of the Plan shall expire at the closing of the Annual General Meeting of Shareholders regarding the last business year which ends within three years after this Annual General Meeting of Shareholders. However, even if prior to the expiration of such duration, (i) if a general meeting of shareholders of MPM adopts a resolution to abolish the Plan, or (ii) if the Board of Directors of MPM adopts a resolution to abolish the Plan, then the Plan shall be abolished at the time. Therefore, the Plan may be abolished at any time according to the shareholders’ will.

From this year, MPM’s Board of Directors will consider whether to continue, abolish, or amend the Plan, if necessary, at the first meetings of the Board of Directors to be held after the conclusion of MPM’s Annual General Meeting of Shareholders. If necessary, the Board of Directors will make necessary resolutions.

Further, from the viewpoint of protecting and enhancing the corporate value of MPM and the common interests of its shareholders, MPM’s Board of Directors may also review or amend the Plan, if necessary, to the extent not running counter to the entire purpose of the Plan, as well as to the extent reasonably deemed necessary as a result of amendments to laws and regulations, etc., or their guidelines (including changes of laws and regulations, etc., and the establishment of new laws and regulations, etc., which succeed to the former laws and regulations, etc.), or changes of the interpretation or operation thereof, or changes of taxation systems, judicial precedents, or the like, after obtaining the approval of the Independent Committee, on an occasion other than the first meeting of the Board of Directors to be held after the conclusion of MPM’s Annual General Meeting of Shareholders.

In the event that a resolution is adopted for the abolishment, amendment, etc. of the Plan, MPM will disclose such matters as the Board of Directors of MPM or the Independent Committee finds appropriate in accordance with the applicable laws and regulations in a timely and appropriate manner.

4. Impact on shareholders and investors

- (1) Impact on shareholders and investors when the Current Plan is revised into the Plan as a result of the Amendments

At the time when the Current Plan is revised into the Plan as a result of the Amendments, the allotment of Share Options without contribution itself will not be implemented. Therefore, the Plan or the Amendments will not have any direct, specific impact on the legal

rights and economic interests of the shareholders and investors when they take effect.

(2) Impact on shareholders and investors at the time of allotment of the Share Options without contribution

The Board of Directors of MPM may implement the countermeasure against the Large-Scale Purchase under the Plan for the purpose of protecting and enhancing the corporate value and the common interests of its shareholders. However, given the structure of the countermeasure currently assumed, while the per share value of MPM's shares held by the shareholders would be diluted at the time of the allotment of the Share Options without contribution, the value of the entire shares of MPM held by the shareholders will not be diluted. Therefore, the Board of Directors of MPM does not expect that the allotment of the Share Options will have any direct, specific impact on the legal rights and economic interests of the shareholders and investors.

However, with respect to the Persons Who Fall Under Exceptional Reasons, if the countermeasure is implemented, it may in the end have some impact on their legal rights or economic interests.

In addition, if the resolution of the allotment of the Share Options without contribution is adopted to serve as a countermeasure and after the shareholders who are eligible for the allotment of the Share Options without contribution are determined, and if MPM suspends the allotment of the Share Options without contribution, or acquires without contribution the Share Options once allotted without contribution, the per share value of MPM's shares will not be diluted as a result, and hence the investors who have sold or purchased MPM's shares on the assumption that the per share value of MPM's shares would be diluted may suffer an unexpected loss due to stock price movement or the like.

The procedures relating to the shareholders for the exercise and acquisition of the Share Options allotted without contribution are as follows:

In the event that the Board of Directors of MPM adopts a resolution to make an allotment of the Share Options without contribution, MPM shall fix the record date for the allotment of the Share Options and publicly announce to that effect in accordance with the laws and regulations and the Articles of Incorporation of MPM. In that case, the Share Options will be allotted to the shareholders stated or registered on the last register of shareholders on the record date in proportion to the number of shares held by them respectively.

If the Share Options are to be allotted without contribution, the shareholders who are stated or registered on the last register of shareholders on the record date will become holders of the Share Options by rights on the effective date of the allotment of the Share Options without contribution.

MPM will send to the shareholders stated or registered on the last register of shareholders on the record date a request form for the exercise of the Share Options (such form shall be designated by MPM, and may include necessary matters, such as the contents and number of the Share Options to be exercised, and the date on which the Share Options will be exercised, a statement for shareholders declaring that they are not Persons Who Fall Under Exceptional Reasons, as well as information regarding an account for book-entry transfer of common shares of MPM), and other documents required for the exercise of the Share Options. When a shareholder pays the amount separately determined by the Board of Directors within the extent from the lower limit of one yen per Share Option up to the upper limit of one-half of the market price of one common share of MPM, to the place handling such payments, and submits the necessary documents within the exercise period for the Share Options separately designated by the Board of Directors of MPM, such shareholder will receive one common share of MPM for each Share Option. However, there are cases where Persons Who Fall Under Exceptional Reasons cannot exercise such Share Options.

On the other hand, if MPM acquires the Share Options pursuant to the terms of acquisition, the shareholders will receive one common share of MPM as consideration for MPM's acquisition of such Share Options, without paying the amount equivalent to the exercise price of the Share Options (in such event, the shareholders may be required to submit an identity verification document, documents containing information on the account for book-entry transfer of MPM's common shares, and a document wherein the relevant shareholder declares that such shareholder is not a Person Who Falls Under Exceptional Reasons and that such shareholder will immediately return MPM's common shares issued if such declaration is found to be false). However, as stated above, the Persons Who Fall Under Exceptional Reasons may be treated differently from the way other shareholders are treated.

For example, Share Options that they hold are not subject to acquisition.

The details of these procedures will be disclosed in a timely and appropriate manner in accordance with the applicable laws and regulations when an actual situation that requires such procedures takes place. Please check such details of the procedures.

End

(Appendix 1)

Names and Brief Histories of the Independent Committee Members

(The names are stated according to the order of the Japanese syllabary.)

<Name> Yoshihiro Kataoka

<Brief History> Born in 1954

April, 1980: Registered as an attorney-at-law
June, 1990: Partner of Kataoka & Kobayashi (up to date)
June, 2007: Member of the Independent Committee of MPM (up to date)

<Name> Tomohisa Shinagawa

<Brief History> Born in 1958

April, 1985: Registered as an attorney-at-law
January, 1993: Partner of Mori Hamada & Matsumoto
June, 2006: Outside Director of MPM (up to date)
June, 2007: Member of the Independent Committee of MPM (up to date)

January, 2013: Assumption of office as a Senior Counsel of Mori Hamada & Matsumoto (up to date)

(Note) MPM has designated Mr. Tomohisa Shinagawa as an independent officer, as stipulated under the regulations of the Tokyo Stock Exchange, and has submitted a notification of the designation to the same Exchange.

<Name> Somitsu Takehara

<Brief History> Born in 1952

May, 1982: Registered as a certified public accountant
April, 2005: President of ZECOO Partners INC. (up to date)
July, 2006: Temporary Accounting Auditor of MPM
June, 2007: Member of the Independent Committee of MPM (up to date)
June, 2016: Outside Director of MPM (scheduled to assume office on June 28)

(Note) MPM is scheduled to designate Mr. Somitsu Takehara as an independent officer, as stipulated under the regulations of the Tokyo Stock Exchange, and will submit a notification of the designation to the same Exchange.

(Appendix 2)

Outline of the Case for Implementing Allotment of Share Options Without Contribution

1. Shareholders entitled to allotment
One share option shall be allotted without contribution for one share held by shareholders (excluding, however, the common shares of MPM held by MPM) stated or registered on the last register of shareholders as of the record date separately designated by the Board of Directors.
2. Class and number of shares to be delivered upon exercise of share options
The class of the shares to be delivered upon exercise of the share options shall be common shares. One common share of MPM shall be delivered upon exercise of one unit of the share options.
3. Effective date of the allotment of share options without contribution
To be separately designated by the Board of Directors
4. The amount of property to be contributed upon exercise of each share option
Contributions upon exercise of the share options are to be made in cash, and the amount of property to be contributed upon exercise of each share option shall be the amount separately determined by the Board of Directors within the extent from the lower limit of one yen up to the upper limit of one-half of the market price of one common share of MPM
5. Restriction on the transfer of share options
Acquisition of share options by transfer shall be subject to the approval of the Board of Directors.
6. Conditions for exercise of share options
Conditions for exercise of the share options shall be separately designated by the Board of Directors. (Further, conditions for exercise in consideration of the effectiveness as a countermeasure against Large-Scale Purchases may be added, such as the conditions for exercise which prohibit the Persons Who Fall Under Exceptional Reasons from exercising their share options)
7. Acquisition of share options by MPM
 - (1) At a meeting of the Board of Directors, MPM may establish terms of acquisition which allow MPM to acquire, following the resolution of the Board of Directors, all of the share options, or only the share options held by share option holders other than the Persons Who Fall Under Exceptional Reasons, subject to certain events arising, such as the violation of the Large-Scale Purchase Rules by the Large-Scale Purchaser, or upon the arrival of a certain date designated by the Board of Directors.
 - (2) When MPM adds the aforementioned terms of acquisition, MPM shall formulate the terms of acquisition with a view to establishing effective and adequate countermeasures against the Large-Scale Purchase.
8. Events that cause acquisition of share options without contribution (events that cause abolishment of countermeasures)
MPM may acquire all of the share options without contribution, if either of the following events occurs:
 - (1) If the approval is obtained by an ordinary resolution at the General Meeting of Shareholders of MPM regarding a proposal of a Large-Scale Purchase by a Large-Scale Purchaser;
 - (2) If the Independent Committee unanimously recommends the abolishment of a countermeasure; or
 - (3) If other events separately designated by the Board of Directors occur.
9. Cooperation regarding the disposal of share options
If the Persons Who Fall Under Exceptional Reasons, who received an allotment of share options, are no longer considered, on reasonable grounds, to be a threat to the corporate value of MPM or the common interests of its shareholders, MPM shall, subject to consultation with the Independent Committee, cooperate to a reasonable extent with such Persons Who Fall Under Exceptional Reasons in the disposal of the share options, or share options granted as consideration for acquiring such share options, by such means as supporting the transfer thereof

to a third party at a fair price as of the purchase date (as calculated excluding the effect of an inflated market price as a result of being a target of speculation). However, MPM shall have no obligation regarding such types of cooperation.

10. Exercise period of share options, etc.

Exercise period of, and other necessary matters regarding, the share options shall be separately determined by the Board of Directors in consideration of the effectiveness as a countermeasure against Large-Scale Purchases.

End