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(Securities Code: 7012)

June 6, 2017

Dear Shareholders:

Yoshinori Kanehana  
President  
Kawasaki Heavy Industries, Ltd.  
1-1 Higashikawasaki-cho 3-chome,  
Chuo-ku, Kobe  
(Registered Office)  
1-3 Higashikawasaki-cho 1-chome,  
Chuo-ku, Kobe

## NOTICE OF THE 194<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 194<sup>th</sup> Ordinary General Meeting of Shareholders of Kawasaki Heavy Industries, Ltd. (the "Company" or "KHI"). The meeting will be held as described below.

If you are unable to attend on the day of the meeting, we kindly ask you to review the "Reference Documents for the General Meeting of Shareholders" (described hereinafter), and exercise your voting right in writing or via the Internet, etc., by 5:00 p.m. on Tuesday, June 27, 2017 (JST).

1. Date and Time: Wednesday, June 28, 2017 at 10:00 a.m. (JST) (Door opens at 9 a.m.)
2. Place: Kokusai Hall at The Kobe International House  
1-6 Gokoudori 8-chome, Chuo-ku, Kobe
3. Meeting Agenda:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 194<sup>th</sup> Fiscal Year (from April 1, 2016 to March 31, 2017) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors

2. Non-Consolidated Financial Statements for the Company's 194<sup>th</sup>

Proposal No. 5: Election of Two Corporate Auditors

Proposal No. 6: Revision of Remuneration Amount

(Please refer to the "Reference Documents for the General Meeting of Shareholders" hereinafter for information on each of the proposals.)

4. Other matters regarding procedures of the General Meeting of Shareholders:

Exercise of Voting Rights in Writing \_\_\_\_\_







(Reference) Q&A Regarding the Change in the Number of Shares Constituting  
One Unit of Stock and Share Consolidation

Q1. What are the change in the number of shares constituting one unit of stock and the share consolidation?

The change in the number of shares constituting one unit of stock means to change the unit of voting rights at a general meeting of shareholders and the number of shares to make up the trading unit at the securities exchange . This time, the Company will be changing the number of shares constituting one unit of stock from 1,000 to 100.

Also, the share consolidation means to merge multiple shares together to create fewer total shares . This time, the Company will be merging every 10 shares into 1 share.

Q2. What is the purpose of the share consolidation and changing the number of shares constituting one unit of stock?

Based on the "Action Plan for Consolidating Trading Units," Japan's securities exchanges aim to standardize the trading unit at 100 shares per unit. Respecting the intent of this, the Company has decided to change the number of shares constituting one unit of stock of the Company from current 1,000 to 100.

In line with this, the Company will consolidate every 10 shares into 1 share in consideration of its share price level per trading unit to be taking into account the minimum investment unit considered desirable by the securities exchanges (minimum of ¥50,000 and up to, but not including, ¥500,000) .

Q3. What will happen to the number of shares and the voting rights of shareholders?

The number of shares held by each shareholder after the consolidation of shares will be the number of shares obtained by multiplying the number of shares held by the shareholder recorded in the latest register of shareholders as of September 30, 2017 by one-tenth (rounded down to the nearest whole share) . The voting rights of shareholders will be 1 per 100 shares to be held after the share consolidation. Shareholders who currently have voting rights will not have the number of their voting rights affected by this change. The table below shows the specific

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No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the
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No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
		Apr. 1975    Joined Kawasaki Heavy Industries, Ltd.	

(Reappointed)

4    Munenori Ishikawa  
(February 26,  
1953)

63,000  
shares

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
		Apr. 1978    Joined Kawasaki Heavy Industries, Ltd.	

5	(Reappointed) Kazuo Hida (February 1, 1954)	56,000 shares
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No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
6	(Reappointed) Kenji Tomida (August 7, 1955)	Apr. 1978    Joined Kawasaki Heavy Industries, Ltd. Apr. 2012    Executive Officer Deputy General Manager, Corporate Planning Division Marketing Division Apr. 2013    Executive Officer General Manager, Planning & Control Division of Ship & Offshore Structure Company Jul. 2013    Executive Officer General Manager, Corporate Planning Division Apr. 2014    Managing Executive Officer General Manager, Corporate Planning Division Jun. 2014    Senior Vice President General Manager, Corporate Planning Division Apr. 2015    Senior Vice President President of Motorcycle & Engine Company Dec. 2016    General Manager, Corporate Planning Division, in charge of Finance & Accounting and Personnel & Labor Administration Department Apr. 2017    Senior Executive Vice President Assistant to the President, in charge of Head Office Administration Department (current position)	51,000 shares

Reasons for nomination as candidate for Director  
Mr. Tomida has been mainly engaged

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
7	(Reappointed)  Toshiyuki Kuyama (November 12, 1953)	<p>Apr. 1980    Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2012    Executive Officer                   General Manager, Gas Turbine Division of Gas                   Turbine &amp; Machinery Company</p> <p>Apr. 2015    Managing Executive Officer                   President, Gas Turbine &amp; Machinery Company</p> <p>Jun. 2015    Senior Vice President                   President, Gas Turbine &amp; Machinery Company                   (current position)</p>	45,000 shares
<p>Reasons for nomination as candidate for Director Mr. Kuyama has been mainly engaged in business related to technology and development of the gas turbine &amp; machinery segment of the Company for many years. He has served as its Senior Vice President since 2015. Presently, as President of Gas Turbine &amp; Machinery Company, he has been demonstrating his outstanding leadership, thereby making a significant contribution to the Company's business growth and enhancement of its enterprise value. Considering these points, we have determined that he is suitable for a Director and nominated him again as a candidate for Director.</p>			
8	(Reappointed)  Kazuo Ota (January 13, 1955)	<p>Apr. 1978    Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2012    General Manager of Planning &amp; Control                   Division, Aerospace Company</p> <p>Apr. 2013    Executive Officer                   General Manager of Planning &amp; Control                   Division, Aerospace Company</p> <p>Apr. 2015    Managing Executive Officer                   General Manager, Corporate Planning Division,                   in charge of Finance &amp; Accounting and Personnel                   &amp; Labor Administration department</p> <p>Jun. 2015    Senior Vice President                   General Manager, Corporate Planning Division,                   in charge of Finance &amp; Accounting and Personnel                   &amp; Labor Administration department</p> <p>Dec. 2016    Senior Vice President                   President, Motorcycle &amp; Engine Company                   (current position)</p>	60,000 shares

Reasons for nomination as candidate for Director  
Mr. Ota has been mainly engaged in business related to corporate planning and finance & accounting of the Company and its overseas business for many years. He has served as its Senior Vice President since 2015. Presently, as President of Motorcycle & Engine Company, he has been demonstrating his outstanding leadership, thereby making a significant contribution to the Company for many years.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
		Apr. 1978    Joined Kawasaki Heavy Industries, Ltd. Apr. 2012    Executive Officer	

9	(Reappointed) Makoto Ogawara (April 10, 1955)	67,000 shares
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No.	Name (Date of Birth)	Carrier Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
		<p>Apr. 1980    Joined Ministry of Labour (At present: Ministry of Health, Labour and Welfare)</p> <p>Jul. 2009    Director-General    Osaka Labour Bureau, Ministry of Health, Labour and Welfare</p> <p>Jul. 2010    Deputy Director-General (in charge of equal employment, child and family policy, and measures for declining birthrate), Ministry of Health, Labour and Welfare</p>	

(Newly-appointed)  
(Outside Corporate Auditor  
Candidate)  
2    (Independent Officer)

0  
shares

Atsuko Ishii  
(November 17, 1957)

(Reference)

[Qualifications Expected of Directors]

1. Deeply understand and agree to the management philosophy and vision of the KHI Group
2. Be able to contribute to sustainable growth and enhancement of enterprise value in the medium- to long-term
3. Hold company-wide standpoints and have abundant and broad experience, deep insight and expertise to do so
4. Be able to supervise the management and execution of business operations from an independent and objective standpoint as a member of the Board of Directors

[Qualifications Expected of Corporate Auditors]

1. Be able to contribute to ensuring the soundness of the KHI Group's management
2. Have the ability to make fair and appropriate judgment from an independent and objective standpoint
3. Be able to exercise one's authority in an active and positive manner, and properly express one's opinions to the Board of Directors or the management
4. Be familiar with the Company's business and corporate management or have abundant and broad experience, deep insight and expertise
5. At least one Corporate Auditor must have substantial knowledge about finance and accounting

[Independence Standards for Officers]

When the outside officer does not fall under all the following items, Outside Officer is deemed to satisfy the independence requirements:

1. The Outside Officer presently serves or previously served in the last ten years as a managing director, executive officer, operating officer or other important employee of a company (including major subsidiaries designated by the Company) (hereinafter, the "Home Company") that has a business relationship with the KHI Group, where the average amount of transaction from the said business for the last five fiscal years exceeds 2% of average net sales of the KHI Group and the Home Company.
- 2.

Proposal No. 6: Revision of Remuneration Amount for Corporate Auditors

The maximum remuneration for Corporate Auditors was set at ¥8 million per month (¥96 million per year) by a resolution of the 170th Ordinary General Meeting of Shareholders held on June 29, 1993.

In order to further enhance our corporate governance, taking into account the addition of one Outside Corporate Auditor and the various circumstances including the growing role of each Corporate Auditor, we propose to set the remuneration amount for

Attachment:

Business Report  
(April 1, 2016 - March 31, 2017)





Operating income decreased ¥5.9 billion from the previous fiscal year to ¥2.6 billion, mainly due to the provisioning of additional reserves against losses on construction contracts for LNG tanks for overseas market and other factors, although there were increased sales.

#### Motorcycle & Engine segment

Net sales of the Motorcycle & Engine segment decreased ¥20.5 billion from the previous fiscal year to ¥313.0 billion. This was attributable to the yen's appreciation and decreased sales of general-purpose gasoline engines and motorcycles for emerging market, and other factors, while sales of motorcycles and utility vehicles in developed countries increased.

Operating income decreased ¥4.0 billion from the previous fiscal year to ¥11.7 billion due to sales decrease.

(Note) The net sales figure for the Motorcycle & Engine segment is also used as the figure for orders received.

#### Precision Machinery segment

In the Precision Machinery segment, orders received were ¥166.8 billion, an increase of ¥33.6 billion from the previous fiscal year due to the increase in hydraulic components for construction machinery and various industrial robots, along with other factors.

Net sales increased ¥22.1 billion from the previous fiscal year to ¥155.2 billion, mainly due to the increase in hydraulic components for construction machinery and various industrial robots, along with other factors.

Operating income increased ¥4.5 billion from the previous fiscal year to ¥13.1 billion partly due to sales increase.

#### Others segment

In the Others segment, net sales decreased ¥31.4 billion from the previous fiscal year to ¥77.4 billion due to the assignment of the construction machinery business in the previous fiscal year.

Operating income increased ¥0.2 billion from the previous fiscal year to ¥3.1

( \$â) Reference

i) Orders Received, Net Sales and Operating Income/Loss by Segment

(Billions of yen)

Segment	Orders Received		Net Sales		Operating Income/Loss	
	Amount	Year-on-Year Change	Amount	Year-on-Year Change	Amount	Year-on-Year Change
Ship & Offshore Structure	36.9	(61.4)	103.2	8.3	(21.4)	(13.4)
Rolling Stock	158.5	26.4	137.1	(9.4)	3.4	(5.8)
Aerospace	237.0	(227.2)	329.9	(21.9)	25.0	(20.6)
Gas Turbine & Machinery	260.3	(28.5)	241.9	5.5	15.2	(1.6)
Plant & Infrastructure	95.0	(43.7)	160.8	25.2	2.6	(5.9)
Motorcycle & Engine	313.0	(20.5)	313.0	(20.5)	11.7	(4.0)
Precision Machinery	166.8	33.6	155.2	22.1	13.1	4.5
Others	80.9	(23.4)	77.4	(31.4)	3.1	0.2
Adjustment	–	–	–	–	(7.0)	(3.3)
Total	1,348.7	(344.9)	1,518.8	(22.2)	45.9	(50.0)

(Notes) 1. Net sales recorded are for sales to external customers.

2. The net sales figure for Motorcycle & Engine segment is also used as the figure for orders received.

ii) ROIC and ROE

	FY2015 (193rd fiscal year)	FY2016 (194th fiscal year)
ROIC	9.4	

(2) Capital Investments, etc.

In the KHI Group, capital investments were made predominantly for the development of facilities to handle new models and products in the Aerospace



remote monitoring and fault diagnosis technologies for electric power generation plants, etc.

(v) Enhancement of corporate governance system and emphasis on engagement

Based on the intent of the Corporate Governance Code and Stewardship Code, we will continue to review our corporate governance system that is appropriate for the Company, striving to continue high-quality dialogue with capital markets.

- (Notes)
1. Corporate Governance Code: Principles for companies to establish a structure to make decisions in a transparent, fair, speedy and decisive manner from the standpoint of different parties such as shareholders, customers, employees and local communities
  2. Stewardship Code: Principles for institutional investors to carry out their fiduciary responsibilities to enhance the company's medium- to long-term growth through dialogue

(vi) Reforms in the way of working and respect for diversity

We will raise productivity by initiating reforms in the way of working, called "Kawasaki Workstyle Innovation Activities (K-Win Activities)", which center around administrative and technical employees to develop their sensitivities and maximize their capabilities. In addition, at a special subsidiary we have established, we are creating an environment in which people with disabilities find more accessible, as well as jobs matching their respective abilities. We are also working to establish a work environment that reflects respect for diversity, including promotion of women's participation in the workplace.

The issues to be undertaken by each business segment are as follows:

- i) Ship & Offshore Structure: Aggregate domestic ship constructions in KHI Sakaide Works and selectively accept orders for gas-related ships construction, strengthen cost competitiveness through thorough efforts to improve productivity, further deepen integrated management such as joint purchases and shared construction with Nantong COSCO KHI Ship Engineering Co, Ltd. and Dalian COSCO KHI Ship Engineering Co., Ltd., reduce the cost of building offshore work vessels
  - ii) Rolling Stock: Enhance competitiveness through technologies and products that meet customer needs including cutting-edge technological development and new rolling stock, further enhance system integration capability through strengthening of human resources, expand stock-type business for maintenance and remodeling etc., and construct a global optimal business execution system including overseas production and procurement and effective use of partnerships
  - iii) Aerospace: Establish a mass production system and develop derivative products for P-1 patrol aircraft and C-2 transport aircraft including repair
- iii) Aerospace: u2(o014.8s on )j1(lo.2841 -1.2273804)1

v) Plant & Infrastructure: Enhance competitiveness through sophistication

(9) Trends in Assets and Income

(i) Company Group Assets and Income

(Billions of yen)

Item	The 191st fiscal year	The 192nd fiscal year	The 193rd fiscal year	The 194th fiscal year (under review)
Orders received	1,455.4	1,712.9	1,693.6	1,348.7
Net sales	1,385.4	1,486.1	1,541.0	1,518.8
Operating income	72.3	87.2	95.9	45.9
Recurring profit	60.6	84.2	93.2	36.6
Net income attributable to owners of parent	38.6	51.6	46.0	26.2
Net income per share (yen)	¥23.09	¥30.89	¥27.56	¥15.68
Total assets	1,554.4	1,662.2	1,620.4	1,687.3
Net assets	376.6	447.9	445.6	451.3

(ii) Company Assets and Income

(Billions of yen)

Item	The 191st fiscal year	The 192nd fiscal year	The 193rd fiscal year	The 194th fiscal year (under review)
Orders received	1,089.5	1,344.5	1,309.0	1,005.0
Net sales	1,011.6	1,098.0	1,161.0	1,172.4
Operating income	36.1	46.4	56.8	4.7
Recurring profit	35.9	55.5	68.5	12.5
Net income attributable to owners of parent	32.0	36.4	30.7	17.4
Net income per share (yen)	¥19.20	¥21.81	¥18.43	¥10.47
Total assets	1,243.5	1,301.1	1,300.7	1,388.0
Net assets	273.1	294.0	306.8	304.7

(10) Major Parent Companies and Subsidiaries

(i) Parent Companies

Not applicable.

(ii) Major Subsidiaries

i) Japan

Company name (Location)	Capital	The Company's percentage of equity participation	Main business
Kawasaki Trading Co., Ltd. (Kobe, Hyogo)	¥600 million	70%	Sale of various types of industrial machinery, petroleum, steel stock, and air conditioning equipment, etc.
Kawasaki Machine Systems, Ltd. (Osaka, Osaka)	¥350 million	100%	Sale, repair and after-sales service of general-purpose gas turbine generators and other industrial machinery
NIPPI Corporation (Yokohama, Kanagawa)	¥6,048 million	100%	



ii) Overseas

(11) Company Group's Main Business and Number of Employees

Segment	Main Business	Number of Employees
Ship & Offshore Structure	Manufacture and sale of ships, etc.	2,606
Rolling Stock	Manufacture and sale of rolling stock, and snow removal machinery, etc.	3,333
Aerospace	Manufacture and sale of aircraft, etc.	6,231
Gas Turbine & Machinery	Manufacture and sale of jet engines, industrial gas turbines, prime movers, etc.	4,257
Plant & Infrastructure	Manufacture and sale of industrial machinery, boilers, environmental equipment, steel structures and crushing machines, etc.	3,101
Motorcycle & Engine	Manufacture and sale of motorcycles, All Terrain Vehicles (ATVs), utility vehicles, personal water craft ("JET SKI®"), general purpose gasoline engines, etc.	8,581
Precision Machinery	Manufacture and sale of hydraulic components and industrial robots, etc.	3,067
Others	Commerce, brokerage and mediation for sale and order reception and administration of welfare facilities, etc.	2,875
Company-wide common areas	(Head Office Administration Department, Research & Development Department, etc.)	1,076
Total	-	35,127 Japan 26,348 Overseas 8,779

(Note) The Company has 16,162 employees (average age: 38.1 years old; average years of service: 13.3 years).

(12) Company Group's Principal Offices and Plants

		Name and location
Principal offices	Head office	Kobe Head Office (Kobe), Tokyo Head Office (Minato-ku, Tokyo): 2 Head Offices
	Branches	Sapporo Office (Sapporo), Sendai Office (Sendai), Nagoya Office (Nagoya),

(13) Principal lenders

(Billions of yen)

Lenders	Balance of borrowings		
	Long term	Short term	Total
Mizuho Bank, Ltd.	7.0	23.4	30.4
Sumitomo Mitsui Banking Corporation	7.0	11.3	18.3
Development Bank of Japan Inc.	18.0	0.1	18.2
Sumitomo Mitsui Trust Bank, Ltd.	15.0	1.0	16.0
Bank of Tokyo-Mitsubishi UFJ, Ltd.	0	11.9	11.9

(14) Other important issues concerning the current situation of company groups

Not applicable.

2. Status of Shares (as of March 31, 2017)

(1) Aggregate number of issuable shares 3,360,000,000 shares

(2) Total number of shares issued 1,670,805,320 shares  
(including 259,108 shares of treasury stock)

(3) Number of shareholders 129,890 persons

(4) Major shareholders (top 10)

Shareholder name	Shareholders' investment in the Company	
	Number of shares held	Shareholding ratio
	thousand shares	%

4. Company Officers

(1) Directors and Corporate Auditors

(As of March 31, 2017)

Position

Name

Areas of Responsibility within the Company and

there is no issue as regards to the independence of Mr. Torizumi and he is therefore suitable for an Independent Officer.

4. Directors Eiji Inoue, Akio Murakami and Hideki Fukuda and Corporate Auditor Yuji Murakami resigned during the fiscal year under review at the conclusion of the 193rd Ordinary General Meeting of Shareholders.
5. As of April 1, 2017, the Director positions have changed:  
Joji Iki, formerly Senior Executive Vice President (Representative Director), has become Director, and Kenji Tomida, formerly Senior Vice President, has become Senior Executive Vice President (Representative Director).
6. Corporate Auditor Katsuyoshi Fukuma, who has many years of experience with administration and accounting operations at the Company, has substantial knowledge about finance and accounting.

(2) Executive Officers (as of April 1, 2017)

Position	Name	Areas of Responsibility within the Company
President	Yoshinori Kanehana	
Senior Executive Vice President	Munenori Ishikawa	

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Position	Name	Areas of Responsibility within the Company
Executive Officer		

(4) Outside Officers

- (i) Concurrent Managing Officer positions at other companies and the relationship between the Company and said companies  
Not applicable.
  
- (ii) Concurrent Outside Officer positions at other companies and the relationship between the Company and said companies  
Director Yoshihiko Morita concurrently holds a position as Outside Corporate Auditor of TOKYO GAS Co., Ltd. The Company does not have any important dealing or other special relationship with the said company.  
Director Michio Yoneda concurrently holds a position as Outside Corporate Auditor of the Resolution and Collection Corporation. The Company does not have any important dealing or other special relationship with the said company.
  
- (iii) Family relationships with managing officers or officers, of the Company or of specific related business operators of the Company  
Not applicable.
  
- (iv) Main activities during the fiscal year under review  
Attendance and comments at Board of Directors meetings and Board of Corporate Auditors meetings  
Director Yoshihiko Morita attended all of the 14 Board of Directors meetings



5. Accounting Auditor



Consolidated Balance Sheet  
(As of March 31, 2017)

(Unit: Millions of yen)

Description	Amount	Description	Amount
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## Consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Unit: Millions of yen)

Description	Amount	
Net sales		1,518,830
Cost of sales		1,278,906
Gross profit		239,923
Selling, general and administrative expenses		193,963
Operating income		45,960
Non-operating income		12,394
Interest income	845	
Dividend income	254	
Equity in income of non-consolidated subsidiaries and affiliates	5,537	
Gain on sales of fixed assets	875	
Other non-operating income	4,881	
Non-operating expenses		21,684
Interest expense	2,859	
Foreign exchange losses, net	7,724	
Loss on retirement of non-current assets	2,233	
Other non-operating expenses	8,866	
Recurring profit		36,671
Extraordinary income		2,202
Gain on sale of fixed assets	2,202	
Income before income taxes		38,873
Income taxes-current	7,470	
Income taxes-deferred	3,477	10,948
Net income		27,925
Net income attributable to non-controlling interests		1,721
Net income attributable to owners of parent		26,204

## Non-consolidated Balance Sheet

## Non-consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Unit: Millions of yen)

Description	Amount	
Net sales		1,172,427
Cost of sales		1,058,496
Gross profit		113,930
Selling, general and administrative expenses		109,143
Operating income		4,786
Non-operating income		27,391
Interest income	446	
Dividend income	23,467	
Other non-operating income	3,476	
Non-operating expenses		19,672
Interest expense	1,366	
Foreign exchange losses	7,501	
Loss on retirement of non-current assets	2,092	
Other non-operating expenses	8,712	
Recurring profit		12,504
Extraordinary income		2,202
Gain on sale of fixed assets	2,202	
Income before income taxes		14,706
Income taxes-current	(2,666)	
Income taxes-deferred	(120)	(2,786)
Net income		17,493

**Audit Report**  
(English Translation)

Regarding the performance of duties by the Directors for the 194th fiscal year from April 1, 2016 to March 31, 2017, the Board of Corporate Auditors hereby submits its audit report, which has been prepared upon careful consideration based on the audit report prepared by each Corporate Auditor.

**1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors**

- (1) The Board of Corporate Auditors established auditing policies, audit plans and other relevant matters, and received reports from each Corporate Auditor regarding his/her audits and results thereof, as well as received reports from the Directors, and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.
- (2) Each Corporate Auditor complied with the auditing standards of the Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, audit plans and other relevant matters, communicated with the Directors, internal control development division, Auditing Department (Internal Audit Department) and other employees, and any other relevant personnel, as well as making efforts to prepare the environment for information collection and audit, and conducted the audit by the following methods.
  - (i) Participated in the Board of Directors meetings and other important meetings, received reports from the Directors, Executive Officers, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices.

As for subsidiaries, each Corporate Auditor communicated and exchanged information with Directors, Corporate Officers, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices.

