

June 14, 2017

To Our Shareholders

Company name: Kansai Paint Co., Ltd.
Representative: Hiroshi Ishino, President
(Securities code: 4613, First Section, TSE)
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Supplementary Explanation on the Second and Seventh Items of Proposal of the 153rd Ordinary General Meeting of Shareholders

Although the Second Item of Proposal, “Partial Amendment of the Articles of Incorporation,” and the Seventh Item of Proposal, “Continued Approval of Policy concerning Large-Scale Purchases of Kansai Paint Shares (Takeover Defense Measure),” which Kansai Paint Co., Ltd. (the “Company”) has submitted to the 153rd Ordinary General Meeting of Shareholders to be held on June 29, 2017 have already been described in the notice of convocation, the Company offers a supplementary explanation regarding the two items so as to assist the shareholders’ understanding of the items, including the background thereof.

1. Second Item of Proposal: Partial Amendment of the Articles of Incorporation

The Company proposes to partially amend the Articles of Incorporation in order to shorten the term of office of Board Directors from two years as stipulated in the existing Articles of Incorporation to one year. The aim is to better reflect the intentions of shareholders by further strengthening corporate governance.

2. Seventh Item of Proposal: Continued Approval of Policy concerning Large-Scale Purchases of Kansai Paint Shares (Takeover Defense Measure)

The Company proposes to renew the policy (the “Existing Policy”) since it will expire upon the close of this meeting. However, the Company intends to add the following two major changes to the Existing Policy:

Change 1: In order to eliminate the chance of the Board of Directors using discretion, the Company has decided to **limit the requirements for exercising the policy to the so-called Four Types cited by the High Court and the coercive two-tiered tender offer** upon exercising the policy.

Change 2: **The Company will not deliver any money or other compensation with an economic value to any of the large-scale purchasers, and this has been specified in the policy.**

As a basic rule, the Company does not flatly oppose every large-scale purchase of Kansai Paint shares. In the current business environment involving the paints industry, however, it is impossible to rule out the possibility of a situation that would cause damage to the assets, know-how and business relations of the Company as well as to the source of profit of the Company as a result, and thus a situation where the source of profit that should be returned to shareholders would be harmed. It is due to these reasons that the Company continues the policy. In order to secure the Company’s medium- to long-term growth as well as profits for shareholders, we ask our shareholders to understand the background thereof.

3. Dialogue with Shareholders

Submission of the Second Item of Proposal and the changes made to the Existing Policy in the Seventh Item of Proposal are a result of deliberations made through dialogue with our shareholders to match the Company’s way of thinking and the intentions of our shareholders.

While we cannot accommodate all the intentions of our shareholders, we intend to consider the matters that were presented in the dialogue in earnest to strengthen our corporate governance and make continued efforts to enable the dialogue with our shareholders to be even more constructive in the future.

We ask for the continued support of our shareholders in understanding this background and approving the items of proposal.