

SUMITOMO BAKELITE CO., LTD.  
5-8, Higashi-Shinagawa 2-chome,  
Shinagawa-ku, Tokyo, Japan

May 31, 2018

## NOTICE OF THE 127TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby inform you of the 127th Ordinary General Meeting of Shareholders to be held at the time and location set forth below:

**If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the “Reference for the General Meeting of Shareholders” mentioned below, and exercise your voting rights by Thursday, June 21, 2018 at 5:40 p.m.**

Very truly yours,

Shigeru Hayashi  
President and Representative Director

### Notice

- 1. Date and Time:** Friday, June 22, 2018 at 10:00 a.m.
- 2. Location:** Conference room of the Company on the 20th floor of Tennoz Parkside Building, 5-8, Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo, Japan
- 3. Agenda of the Meeting:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 127th Fiscal Year (from April 1, 2017 through March 31, 2018)
    2. Results of audit on the 127th Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors
  - Matters to be resolved:**
    - Proposal No. 1:** Appropriation of Surplus
    - Proposal No. 2:** Share Consolidation
    - Proposal No. 3:** Election of ten (10) Directors
    - Proposal No. 4:** Election of one (1) Corporate Auditor and one (1) Substitute Corporate Auditor

**Attendants are kindly asked to return their completed Exercise of Voting Rights Forms to the reception desk on the day of the meeting.**

**Please be forewarned that, regarding the contents of the Reference for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statement, if a situation to be corrected occurs up to the previous day before the meeting, we will post notice to that effect on our home page (<http://www.sumibe.co.jp>).**

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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## REFERENCE FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and references

#### Proposal No. 1 Appropriation of Surplus

As for the appropriation of surplus, we attempt to return to our shareholders a portion of surplus in the form of dividends in the most regular and stable manner as possible over the long term. In order to solidify our management bases for the future, we also have a policy to pay dividends according to profitability, while taking the enhancement of internal reserves into consideration. In consideration of the need to set aside funds for strategic investment and M&A towards continued growth as well, we will increase the year-end dividend by 1 yen from the previous fiscal year to 6 yen per share. This makes our annual dividends 12 yen per share, including the interim dividend distributed last year.

- (1) Class of dividend property  
Monetary payment
- (2) Matters related to the disbursement of dividend property and the total amount  
Dividends: 6 yen per common share                      Total amount: 1,411,912,794 yen
- (3) Effective date of the disbursement of dividends from surplus: June 25, 2018

## Proposal No. 2 Share Consolidation

### 1. Reason for conducting a share consolidation

The nationwide stock exchanges in Japan announced the “Action Plan for the Unification of Share Trading Units” with the aim of unifying the trading units (number of shares constituting one trading unit) of common shares of domestic companies listed on the nationwide stock exchanges to 100 shares.

As a company listed on the Tokyo Stock Exchange, respecting the intent of the unification of trading units, the Company determined to change the number of the Company’s shares constituting one trading unit from the current 1,000 shares to 100 shares and conduct a share consolidation to adjust to the investment unit standard that is regarded by the stock exchanges as desirable (50,000 yen or more and less than 500,000 yen).

### 2. Ratio of the share consolidation

Each 5 common shares of the Company will be consolidated into 1.

Fractional shares less than 1 share resulting from the share consolidation will be aggregated and disposed of pursuant to the relevant provisions of the Companies Act, the proceeds of which will be distributed to shareholders in proportion to the number of fractional shares they hold.

### 3. Effective date of the share consolidation

October 1, 2018

### 4. Total number of shares authorized to be issued as of the effective date

160,000,000 shares

Upon the effective date, in accordance with the ratio of the share consolidation, the total number of shares authorized to be issued will be decreased from the current 800,000,000 shares to 160,000,000 shares.

(Reference)

If this Proposal is approved as originally proposed, based on the provisions of Article 182, Paragraph 2 and Article 195, Paragraph 1 of the Companies Act, part of the Company’s Articles of Incorporation will be amended on October 1, 2018, without undergoing a resolution on partial amendment of the Articles of Incorporation at a general meeting of shareholders. The content to be amended is as follows.

(The amended sections have been underlined.)

Present Articles of Incorporation	Proposed Amendments
Article 6 (Total Number of Shares Authorized to be Issued) The total number of the Company’s shares authorized to be issued shall be <u>eight hundred million (800,000,000)</u> .	Article 6 (Total Number of Shares Authorized to be Issued) The total number of the Company’s shares authorized to be issued shall be <u>one hundred sixty million (160,000,000)</u> .
Article 7 (Number of Shares Constituting One Trading Unit) The number of shares constituting one trading unit of the Company shall be <u>one thousand (1,000)</u> .	Article 7 (Number of Shares Constituting One Trading Unit) The number of shares constituting one trading unit of the Company shall be <u>one hundred (100)</u> .

**Proposal No. 3 Election of ten (10) Directors**

All of the ten (10) Directors will complete their terms of office at the conclusion of this meeting. Accordingly, we propose that you elect the following ten (10) Directors.

The candidates for the positions are as follows:

Candidate No.	Name	Current position at the Company			
1	<b>Shigeru Hayashi</b>	Representative Director President	Reappointment		
2	<b>Kazuhiko Fujiwara</b>	Director Senior Managing Executive Officer	Reappointment		
3	<b>Masayuki Inagaki</b>	Director Senior Managing Executive Officer	Reappointment		
4	<b>Sumitoshi Asakuma</b>	Director Senior Managing Executive Officer	Reappointment		
5	<b>Takashi Nakamura</b>	Managing Executive Officer	New		
6	<b>Goichiro Kuwaki</b>	Managing Executive Officer	New		
7	<b>Takashi Kobayashi</b>	Managing Executive Officer	New		
8	<b>Hiroyuki Abe</b>	Outside Director	Reappointment	Outside	Independent
9	<b>Kazuo Matsuda</b>	Outside Director	Reappointment	Outside	Independent
10	<b>Hiroshi Ueda</b>	Outside Director	New	Outside	

Candidate No. 1	(Name) <b>Shigeru Hayashi</b>	Reappointment
Date of birth	August 15, 1947	
Number of Company shares held	105,000	
Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)	
Brief personal history, position and responsibility at the Company		
April 1970	Entered the Company	
June 2000	Director of the Company	
June 2004	Managing Director of the Company	
June 2006	Director, Senior Managing Executive Officer of the Company	
June 2008	Director, Executive Vice President of the Company	
June 2010	President and Director of the Company (to the present)	
[Reasons for selecting as a candidate for Director]		
<p>Since assuming the office of the President of the Company in June 2010, Mr. Shigeru Hayashi has provided leadership and taken the initiative in the Company's business. To improve the Company group's corporate value drawing on his considerable experience and wide range of knowledge developed so far as a management executive, we have continuously selected Mr. Hayashi as a candidate for Director.</p>		

Candidate No. 2	(Name) <b>Kazuhiko Fujiwara</b>	Reappointment
Date of birth	March 2, 1958	
Number of Company shares held	50,000	
Attendance at Board of Directors' meetings	12 times out of 13 meetings (92.3%)	
Brief personal history, position and responsibility at the Company		
April 1980	Entered the Company	
June 2009	Executive Officer of the Company	
April 2013	Managing Executive Officer of the Company	
June 2014	Director, Managing Executive Officer of the Company	
April 2016	Director, Senior Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company)		
Overseeing High Performance Plastics segment		
[Major concurrent position]		
<p>Director (CEO) of Sumitomo Bakelite North America Holding, Inc. Chairman of Sumitomo Bakelite Macau Co., Ltd.</p>		
[Reasons for selecting as a candidate for Director]		
<p>Mr. Kazuhiko Fujiwara has considerable experience as a chief person in launching our biotechnology business and management of Quality of Life Products segment. He currently acts as a chief person in charge of High Performance Plastics segment and possesses experience and achievement in the Company's overall businesses. Based on such experience and achievement, we can expect Mr. Fujiwara to take on responsibility to boldly lead the management of the Company's group. To improve the Company group's corporate value, we have continuously selected Mr. Fujiwara as a candidate for Director.</p>		

Candidate No. 3	(Name) <b>Masayuki Inagaki</b>	<b>Reappointment</b>
Date of birth	July 27, 1959	
Number of Company shares held	48,000	
Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)	
Brief personal history, position and responsibility at the Company		
April 1982	Entered the Company	
June 2009	Executive Officer of the Company	
April 2013	Managing Executive Officer of the Company	
June 2015	Director, Managing Executive Officer of the Company	
April 2017	Director, Senior Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company) General Manager of Corporate Production Management & Engineering Div.; General Manager of Corporate Engineering Center; Overseeing Corporate Research & Development Div., Advanced Materials Research Laboratory and Circuitry with Optical Interconnection Business Development Dept.		
[Reasons for selecting as a candidate for Director] Mr. Masayuki Inagaki has considerable experience as a chief person mainly in charge of manufacturing and production engineering area and currently acts as a chief person in charge of research & development area as well. Accordingly, based on our judgment that he will contribute to improving the Company group's corporate value with his experience and achievement, we have continuously selected Mr. Inagaki as a candidate for Director.		

Candidate No. 4	(Name) <b>Sumitoshi Asakuma</b>	<b>Reappointment</b>
Date of birth	January 3, 1961	
Number of Company shares held	31,000	
Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)	
Brief personal history, position and responsibility at the Company		
April 1985	Entered the Company	
June 2010	Executive Officer of the Company	
April 2014	Managing Executive Officer of the Company	
June 2015	Director, Managing Executive Officer of the Company	
April 2018	Director, Senior Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company) Overseeing Information & Telecommunication Materials Research Laboratory, Smart Community Marketing & Developing Div. and Utsunomiya Plant; In charge of Information & Telecommunication Materials Div.		
[Reasons for selecting as a candidate for Director] Mr. Sumitoshi Asakuma has considerable experience as a chief person mainly in charge of research & development area and currently oversees Semiconductor Materials segment. Accordingly, based on our judgment that he will contribute to improving the Company group's corporate value with his experience and achievement, we have continuously selected Mr. Asakuma as a candidate for Director.		

Candidate No. 5	(Name) <b>Takashi Nakamura</b>	<b>New</b>
Date of birth	October 18, 1956	
Number of Company shares held	11,000	
Brief personal history, position and responsibility at the Company		
April 1979	Entered Sumitomo Chemical Co., Ltd.	
April 2012	General Manager of Industrial Chemicals Div., Sumitomo Chemical Co., Ltd.	
March 2015	Retired from Sumitomo Chemical Co., Ltd.	
April 2015	Executive Officer of the Company	
April 2016	Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company) General Manager of Corporate Planning Dept.; In charge of Corporate Finance & Planning Div. and Information Systems & Data Processing Dept.		
[Reasons for selecting as a candidate for Director] Mr. Takashi Nakamura engaged in duties in multiple business departments at Sumitomo Chemical Co., Ltd., and after he assumed office as Executive Officer of the Company he served as a chief person in charge of finance and planning. Accordingly, based on our judgment that he will contribute to improving the Company group's corporate value with his experience and achievement, we have newly selected Mr. Nakamura as a candidate for Director.		

Candidate No. 6	(Name) <b>Goichiro Kuwaki</b>	<b>New</b>
Date of birth	September 5, 1961	
Number of Company shares held	15,000	
Brief personal history, position and responsibility at the Company		
April 1985	Entered the Company	
June 2010	Plant Manager of Shizuoka Plant of the Company	
April 2013	Executive Officer of the Company	
April 2017	Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company) Deputy General Manager of High Performance Plastic Products Business Unit; Manager of Global Management & Planning Dept., High Performance Plastic Products Business Unit		
[Reasons for selecting as a candidate for Director] Mr. Goichiro Kuwaki engaged in High Performance Plastics segment business for many years and served as a chief person in charge of Shizuoka Plant, which is a major plant of the said business, and the Company's High Performance Plastics segment business in North America, possessing considerable experience in this field. Accordingly, based on our judgment that he will contribute to improving the Company group's corporate value with his experience and achievement, we have newly selected Mr. Kuwaki as a candidate for Director.		

Candidate No. 7	(Name) <b>Takashi Kobayashi</b>	<b>New</b>		
Date of birth	February 22, 1963			
Number of Company shares held	17,000			
Brief personal history, position and responsibility at the Company				
April 1987	Entered the Company			
September 2007	Director, General Manager of Sumitomo Bakelite (Nantong) Co., Ltd.			
April 2013	Executive Officer of the Company			
April 2017	Managing Executive Officer of the Company (to the present)			
(Responsibility at the Company)				
Overseeing Films & Sheets Research Laboratory, Industrial Functional Materials Research Laboratory, Industrial Functional Materials Sales Div., Amagasaki Plant, Kanuma Plant and Waterproof Sheet-related Business; In charge of Films & Sheets Div. and Healthcare Products Div.				
[Reasons for selecting as a candidate for Director]				
Mr. Takashi Kobayashi engaged in High Performance Plastics segment business for many years and served as a chief person in charge of the Company's business in the China region since the launch of Sumitomo Bakelite (Nantong) Co., Ltd. Accordingly, based on our judgment that he will contribute to improving the Company group's corporate value with his experience and achievement, we have newly selected Mr. Kobayashi as a candidate for Director.				

Candidate No. 8	(Name) <b>Hiroyuki Abe</b>	<b>Reappointment</b>	<b>Outside</b>	<b>Independent</b>
Date of birth	October 9, 1936			
Number of Company shares held	0			
Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)			
Brief personal history, position and responsibility at the Company				
October 1977	Professor, School of Engineering, Tohoku University			
April 1993	Dean, Undergraduate School of Engineering/Graduate School of Engineering, Tohoku University			
November 1996	President of Tohoku University			
November 2002	Professor Emeritus of Tohoku University (to the present)			
June 2007	Outside Corporate Auditor of the Company			
June 2015	Outside Director of the Company (to the present)			
[Reasons for selecting as a candidate for Outside Director]				
Mr. Hiroyuki Abe has expertise, considerable experience and wide range of insight as a university professor and has provided appropriate opinions and valuable advice from an objective standpoint as Outside Director of the Company. As we would like him to continue to utilize his experience and insight for the management of the Company, we have continuously selected Mr. Abe as a candidate for Outside Director. Though he has not been involved in corporate management in a position other than outside officer in the past, we have judged that he can appropriately perform the duties as Outside Director for the reason mentioned above.				



Candidate No. 9	(Name) <b>Kazuo Matsuda</b>	Reappointment	Outside	Independent
Date of birth	November 11, 1948			
Number of Company shares held	5,000			
Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)			
Brief personal history, position and responsibility at the Company				
April 1971	Entered The Fuji Bank Limited (currently Mizuho Bank, Ltd.)			
February 1988	First Vice President of Fuji International Finance, London (currently, Mizuho International plc)			
October 1994	Director of Fuji Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)			
June 1995	Managing Director of Fuji Securities Co., Ltd.			
June 1996	Senior Managing Director of Fuji Securities Co., Ltd.			
May 1997	General Manager of Kabutocho Branch of The Fuji Bank Limited (currently Mizuho Bank, Ltd.)			
April 2000	Senior Managing Executive Officer of Fuji Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)			
October 2000	Managing Executive Officer of Mizuho Securities Co., Ltd.			
December 2002	Senior General Manager of Mizuho Securities Co., Ltd.			
May 2003	Senior General Manager of NSK Ltd.			
June 2004	Vice President of NSK Ltd.			
June 2006	Senior Vice President of NSK Ltd.			
June 2008	Executive Vice President of NSK Ltd.			
June 2009	Director, Representative Executive Vice President of NSK Ltd.			
June 2011	Special Adviser of NSK Ltd.			
June 2015	Outside Corporate Auditor of the Company			
June 2016	Outside Director of the Company (to the present)			
[Major concurrent position]				
Outside Corporate Auditor of Daido Metal Co., Ltd.				
[Reasons for selecting as a candidate for Outside Director]				
<p>Mr. Kazuo Matsuda has considerable experience and wide range of insight that he cultivated at a financial institution as well as business companies as a management executive and has provided appropriate opinions and valuable advice from an objective standpoint as Outside Director of the Company. As we would like him to continue to utilize his experience and insight for the management of the Company, we have continuously selected Mr. Matsuda as a candidate for Outside Director.</p>				

Candidate No. 10	(Name) <b>Hiroshi Ueda</b>	<b>New</b>	<b>Outside</b>
Date of birth	August 5, 1956		
Number of Company shares held	0		
Brief personal history, position and responsibility at the Company			
April 1982	Entered Sumitomo Chemical Co., Ltd.		
April 2009	Executive Officer of Sumitomo Chemical Co., Ltd.		
April 2011	Managing Executive Officer of Sumitomo Chemical Co., Ltd.		
April 2016	Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.		
June 2016	Director, Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd. (to the present)		
[Major concurrent position]			
*Representative Director, Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.			
[Reasons for selecting as a candidate for Outside Director]			
Mr. Hiroshi Ueda oversees research activities at Sumitomo Chemical Co., Ltd., and has been involved in the corporate management of Sumitomo Chemical Co., Ltd. as Director. As we would like him to utilize his knowledge and experience for the management of the Company, we have newly selected Mr. Ueda as a candidate for Outside Director.			

- Notes: 1. A candidate with an asterisk (\*) by his company name in the “Major concurrent position” doubles as a representative director of the company concerned. The said company also engages in business transactions within similar category of the Company, and handles business transactions with the Company.
2. No conflict of interests exists between the Company and the candidates other than the candidate stated in 1. above.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Hiroyuki Abe and Mr. Kazuo Matsuda to limit liability as provided for in Article 423, Paragraph 1 of the Companies Act and the maximum amount of liability shall be the amount stipulated in applicable laws and regulations. Further, if the appointment of Mr. Hiroshi Ueda is approved, the Company will enter into a liability limitation agreement, same as those with Mr. Abe and Mr. Matsuda.
4. Mr. Hiroyuki Abe, Mr. Kazuo Matsuda and Mr. Hiroshi Ueda are candidates for Outside Director.
5. The term in office as Outside Director of Mr. Hiroyuki Abe will be three (3) years upon the conclusion of this ordinary general meeting of shareholders. Also, he had served as Outside Corporate Auditor of the Company for the period of eight (8) years before taking office as Outside Director of the Company. The term in office as Outside Director of Mr. Kazuo Matsuda will be two (2) years upon the conclusion of this ordinary general meeting of shareholders. Also, he had served as Outside Corporate Auditor of the Company for the period of one (1) year before taking office as Outside Director of the Company.
6. The Company has determined Mr. Hiroyuki Abe and Mr. Kazuo Matsuda to be independent based on the “Criteria for Independence of Directors and Corporate Auditors” stipulated by the Company. Further, Mr. Abe and Mr. Matsuda are submitted to Tokyo Stock Exchange, Inc. as independent officers.

**Proposal No. 4 Election of one (1) Corporate Auditor and one (1) Substitute Corporate Auditor**

Corporate Auditor Mr. Tamotsu Yahata will resign upon the conclusion of this ordinary general meeting of shareholders. Accordingly, we propose that you elect the following one (1) Corporate Auditor as a substitute.

In addition, we propose that, preparing for deficiency in the legal number of corporate auditors, you elect one (1) Substitute Corporate Auditor in advance. Also, we propose that, limiting to the period prior to the assumption of office, the appointment of Substitute Corporate Auditor may be effectively withdrawn by the resolution of the Board of Directors after obtaining an approval of the Board of Corporate Auditors.

The Board of Corporate Auditors has given prior consent to the submission of this proposal.

The candidates for Corporate Auditor and Substitute Corporate Auditor are as follows:

<Candidate for Corporate Auditor>

Candidate No. 1	(Name) <b>Tsuneo Terasawa</b>	New
Date of birth	November 21, 1951	
Number of Company shares held	84,000	
Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)	
Brief personal history and position at the Company		
April 1974	Entered the Company	
June 2002	Director of the Company	
June 2004	Executive Officer of the Company	
June 2006	Managing Executive Officer of the Company	
June 2008	Director, Managing Executive Officer of the Company	
June 2010	Director, Senior Managing Executive Officer of the Company	
April 2014	Director, Executive Vice President of the Company (to the present)	
[Reasons for selecting as a candidate for Corporate Auditor]		
Mr. Tsuneo Terasawa has considerable operational experience in administration area including personnel affairs and corporate general affairs as well as procurement area. Also, he has played a key role in corporate management as Director of the Company for many years including oversight of accounting and planning. Accordingly, based on our judgment that he will utilize his experience and achievement for the Company, we have newly selected Mr. Terasawa as a candidate for Corporate Auditor.		

<Candidate for Substitute Corporate Auditor>

Candidate No. 2	(Name) <b>Kazuhiko Yamagishi</b>	Outside	Independent
Date of birth	April 19, 1956		
Number of Company shares held	0		
Brief personal history and position at the Company			
April 1984	Lawyer registration		
September 1995	New York State Attorney registration		
March 1998	Partner of Asahi Law Offices (to the present)		
April 2008	Director of Yamato Servicer Co., Ltd.		
[Major concurrent position]			
Outside Corporate Auditor of New Cosmos Electric Co., Ltd.			
[Reasons for selecting as a candidate for Substitute Outside Corporate Auditor]			
As for Mr. Kazuhiko Yamagishi, we propose to appoint him as Substitute Outside Corporate Auditor, as he has specialist viewpoint as a lawyer and wide range of insight relating to management.			

- Notes: 1. No conflict of interests exists between the Company and the candidate.
2. If the Substitute Corporate Auditor assumes the office of Outside Corporate Auditor upon approval of this proposal, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into an agreement with Mr. Kazuhiko Yamagishi to limit liability as provided for in Article 423, Paragraph 1 of the Companies Act and the maximum amount of liability shall be the amount stipulated in applicable laws and regulations.
3. Mr. Kazuhiko Yamagishi is a candidate for Outside Corporate Auditor.
4. The Company has determined Mr. Kazuhiko Yamagishi to be independent based on the “Criteria for Independence of Directors and Corporate Auditors” stipulated by the Company. Further, Mr. Yamagishi satisfies the requirements of independent officers stipulated by Tokyo Stock Exchange, Inc.

(Reference)

The Company has stipulated the criteria on the independence of Directors and Corporate Auditors as follows for the determination of their independence.

#### Criteria for Independence of Directors and Corporate Auditors

The criteria determining the independence of Directors and Corporate Auditors shall be as follows:

1. A Director or a Corporate Auditor shall satisfy the requirements for an outside officer as stipulated by the Companies Act and shall not fall under any of the following in order to be deemed independent.
  - (1) A major business partner of the Company (within the past five (5) years)
    - An individual whose business accounts for 2% or more of the Company's annual consolidated net sales for the most recent fiscal year (in the case of a corporation or a group, an executive officer thereof (including an adviser or any other corporate officer)).
    - In the case of an individual who has left the position as an executive officer of a major business partner, an individual with less than five (5) years since his/her departure from office.
    - In the case of an individual whose major business partner is the Company, determination shall be made based on the actual business status.
  - (2) Attorneys, certified public accountants, tax accountants, and other consultants and professionals
    - An individual who is receiving an annual amount of 10 million yen or more from the Company in money or any other property benefit other than Director's or Corporate Auditor's compensations (including any individual belonging to a group such as a law firm, an audit corporation, a tax accounting firm, a consulting firm, or any other corporation or association).
    - An individual receiving an annual amount of 10 million yen or more from the Company in donation or subsidy (including a board member or any other executive officer of a corporation, association or any other group).
  - (3) Major Shareholders
    - An individual whose shares account for 10% or more of the voting rights (in the case of a corporation or a group, an executive officer thereof (including an adviser or any other corporate officer)).
    - An individual who was an executive officer of an aforementioned corporation or any other group during the past five (5) years.
  - (4) Relatives
    - A spouse, or a second-degree or a closer relative of an executive officer of the Company group.
    - The independence of the spouse, or the second-degree or the closer relative of an individual falling under any of (1) through (3) shall be determined based on the actual situation.
2. When there are doubts concerning independence due to attributes other than those listed in 1. above, the Board of Directors shall determine independence on a case-by-case basis.