

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

May 31, 2019

## NOTICE OF THE 128TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby inform you of the 128th 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 Friday, June 21, 2019 at 5:40 p.m.**

Very truly yours,

Kazuhiko Fujiwara  
President and Representative Director

### Notice

- 1. Date and Time:** Monday, June 24, 2019 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 128th Fiscal Year (from April 1, 2018 through March 31, 2019)
    2. Results of audit on the 128th 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:** Election of ten (10) Directors
    - Proposal No. 3:** Election of four (4) Corporate Auditors and one (1) Substitute Corporate Auditor

● From among the documents to be provided together with the Notice of the 128th Ordinary General Meeting of Shareholders, the “Notes to the Consolidated Financial Statements” and “Notes to the Non-consolidated Financial Statements” are disclosed on the Company’s website (<http://www.sumibe.co.jp>) pursuant to the laws, regulations and Article 15 of the Company’s Articles of Incorporation. Therefore, these documents are not included in the attached documents to this Notice. Also, the consolidated financial statements and non-consolidated financial statements in the attached documents to this Notice are included in the consolidated and non-consolidated financial statements audited by the Corporate Auditors and the Accounting Auditor to prepare the Audit Reports.

● 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 Statements, if a situation to be corrected occurs up to the previous day before the meeting, we will post notice to that effect on the Company's website (<http://www.sumibe.co.jp>).

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, the Company proposes to make annual dividends of 37.50 yen per share.

The Company carried out a share consolidation at a ratio of one share for every five shares of the Company's stock, with an effective date of October 1, 2018. The annual dividend for this fiscal year with consideration of the effect of the share consolidation is 75 yen per share (including an interim dividend of 37.50 yen per share), an increase of 15 yen per share from the previous fiscal year.


- (1) Class of dividend property  
Monetary payment
- (2) Matters related to the disbursement of dividend property and the total amount  
Dividends: 37.50 yen per common share    Total amount: 1,764,761,363 yen
- (3) Effective date of the disbursement of dividends from surplus: June 25, 2019


**Proposal No. 2 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 Chairman of the Board of Directors	Reappointment		
2	<b>Kazuhiko Fujiwara</b>	Representative Director President	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>	Director Managing Executive Officer	Reappointment		
6	<b>Goichiro Kuwaki</b>	Director Managing Executive Officer	Reappointment		
7	<b>Takashi Kobayashi</b>	Director Managing Executive Officer	Reappointment		
8	<b>Hiroyuki Abe</b>	Outside Director	Reappointment	Outside	Independent
9	<b>Kazuo Matsuda</b>	Outside Director	Reappointment	Outside	Independent
10	<b>Toshihisa Deguchi</b>		New	Outside	


Candidate No. 1	(Name) <b>Shigeru Hayashi</b>	<b>Reappointment</b>
	Date of birth	August 15, 1947
	Number of Company shares held	21,900
	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 June 2018 Chairman of the Board of Directors and Director of the Company (to the present)	
[Major concurrent position] President of Green Chemicals Co., Ltd.		
[Reasons for selecting as a candidate for Director] Since assuming the office as President and Director in June 2010 and Chairman of the Board of Directors and Director in June 2018, Mr. Shigeru Hayashi has led the core management of the Company for many years. Based on our judgment that he will contribute to improving the Company group's corporate value with his considerable experience as a management executive and wide range of knowledge developed so far, we have continuously selected Mr. Hayashi as a candidate for Director.		


Candidate No. 2	(Name) <b>Kazuhiko Fujiwara</b>	<b>Reappointment</b>
	Date of birth	March 2, 1958
	Number of Company shares held	10,800
	Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)
	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 June 2018 President and Director of the Company (to the present)	
[Reasons for selecting as a candidate for Director] Mr. Kazuhiko Fujiwara possesses experience and achievement in the Company's overall businesses through his service as a chief person in charge of the Quality of Life Products segments and High Performance Plastics segments. Since assuming the office as President and Director of the Company in June 2018, he has provided leadership and taken the initiative in the Company's business. 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. Fujiwara as a candidate for Director.		


Candidate No. 3	(Name) <b>Masayuki Inagaki</b>	<b>Reappointment</b>
	Date of birth	July 27, 1959
	Number of Company shares held	10,500
	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 Research & Development Div.; General Manager of Corporate Production Management & Engineering Div.; in charge of Advanced Materials Research Laboratory, Corporate Engineering Center 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	7,000
	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 Semiconductor Materials segment		
[Major concurrent position] Chairman of Sumitomo Bakelite (Taiwan) Co., Ltd.		
[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>Reappointment</b>
	Date of birth	October 18, 1956
	Number of Company shares held	3,000
	Attendance at Board of Directors' meetings	10 times out of 10 meetings (100%)
	Brief personal history, position and responsibility at the Company	
	April 1979	Entered 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	
June 2018	Director, Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company) Manager of Corporate Planning Dept.; Overseeing Personnel Div., Osaka Office and Nagoya Office; In charge of Corporate General Affairs Div., Corporate Finance & Planning Div., Information Systems & Data Processing Dept. and Global Procurement Div.		
[Major concurrent position] President of SB Bioscience Co., Ltd.		
[Reasons for selecting as a candidate for Director] Mr. Takashi Nakamura engaged in duties in multiple business departments at Sumitomo Chemical Co., Ltd., and at the Company he is serving as a chief person in charge of overall administration area as well as procurement area. 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. Nakamura as a candidate for Director.		

Candidate No. 6	(Name) <b>Goichiro Kuwaki</b>	<b>Reappointment</b>
	Date of birth	September 5, 1961
	Number of Company shares held	3,900
	Attendance at Board of Directors' meetings	10 times out of 10 meetings (100%)
	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	
June 2018	Director, Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company) Overseeing High Performance Plastics segment		
[Major concurrent position] Director (CEO) of Sumitomo Bakelite North America Holding, Inc. Chairman of Sumitomo Bakelite Macau Co., Ltd.		
[Reasons for selecting as a candidate for Director] Mr. Goichiro Kuwaki engaged in High Performance Plastics segment business for many years and currently serves as a chief person in charge of this business segment, 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 continuously selected Mr. Kuwaki as a candidate for Director.		

Candidate No. 7	(Name) <b>Takashi Kobayashi</b>	Reappointment	
	Date of birth	February 22, 1963	
	Number of Company shares held	4,200	
	Attendance at Board of Directors' meetings	10 times out of 10 meetings (100%)	
	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		
June 2018	Director, Managing Executive Officer of the Company (to the present)		
(Responsibility at the Company) Overseeing Quality of Life Products segment			
[Reasons for selecting as a candidate for Director] Mr. Takashi Kobayashi possesses considerable experience, having 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. He currently serves as a chief person in charge of the Quality of Life Products 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. Kobayashi as a candidate for Director.			

Candidate No. 8	(Name) <b>Hiroyuki Abe</b>	Reappointment	Outside	Independent
	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	1,200		
	Attendance at Board of Directors' meetings	13 times out of 13 meetings (100%)		
	Brief personal history, position and responsibility at the Company			
	<p>April 1971 Entered The Fuji Bank Limited (currently Mizuho Bank, Ltd.)</p> <p>February 1988 First Vice President of Fuji International Finance, London (currently, Mizuho International plc)</p> <p>October 1994 Director of Fuji Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)</p> <p>June 1995 Managing Director of Fuji Securities Co., Ltd.</p> <p>June 1996 Senior Managing Director of Fuji Securities Co., Ltd.</p> <p>May 1997 General Manager of Kabutocho Branch of The Fuji Bank Limited (currently Mizuho Bank, Ltd.)</p> <p>April 2000 Senior Managing Executive Officer of Fuji Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)</p> <p>October 2000 Managing Executive Officer of Mizuho Securities Co., Ltd.</p> <p>December 2002 Senior General Manager of Mizuho Securities Co., Ltd.</p> <p>May 2003 Senior General Manager of NSK Ltd.</p> <p>June 2004 Vice President of NSK Ltd.</p> <p>June 2006 Senior Vice President of NSK Ltd.</p> <p>June 2008 Executive Vice President of NSK Ltd.</p> <p>June 2009 Director, Representative Executive Vice President of NSK Ltd.</p> <p>June 2011 Special Adviser of NSK Ltd.</p> <p>June 2015 Outside Corporate Auditor of the Company</p> <p>June 2016 Outside Director of the Company (to the present)</p>			
[Major concurrent position] Outside Corporate Auditor of Daido Metal Co., Ltd.				
[Reasons for selecting as a candidate for Outside Director] 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.				



Candidate No. 10	(Name) <b>Toshihisa Deguchi</b>	<b>New</b>	<b>Outside</b>
	Date of birth	January 28, 1952	
	Number of Company shares held	0	
	Brief personal history, position and responsibility at the Company		
	April 1977	Entered Sharp Corporation	
	March 1990	Entered Sumitomo Chemical Co., Ltd.	
April 2006	Executive Officer of Sumitomo Chemical Co., Ltd.		
April 2009	Managing Executive Officer of Sumitomo Chemical Co., Ltd.		
June 2011	Director, Managing Executive Officer of Sumitomo Chemical Co., Ltd.		
April 2012	Director, Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.		
April 2017	Director, Executive Vice President of Sumitomo Chemical Co., Ltd.		
April 2019	Director of Sumitomo Chemical Co., Ltd. (to the present, scheduled to leave office in June 2019)		
[Reasons for selecting as a candidate for Outside Director]			
Mr. Toshihisa Deguchi possesses achievement mainly in overseeing the IT-related Chemicals Sector at Sumitomo Chemical Co., Ltd., and has been engaged 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. Deguchi as a candidate for Outside Director.			

- Notes: 1. Mr. Shigeru Hayashi concurrently serves as Representative Director of Green Chemicals Co., Ltd., which handles business transactions with the Company.
- Mr. Takashi Nakamura concurrently serves as Representative Director of SB Bioscience Co., Ltd., which handles business transactions with the Company.
- Mr. Sumitoshi Asakuma concurrently serves as Chairman of Sumitomo Bakelite (Taiwan) Co., Ltd., which engages in business transactions within a similar category as 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. Toshihisa Deguchi 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. Toshihisa Deguchi are candidates for Outside Director.
5. The term in office as Outside Director of Mr. Hiroyuki Abe will be four (4) 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 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 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” (page 14) stipulated by the Company. Further, Mr. Abe and Mr. Matsuda are submitted to Tokyo Stock Exchange, Inc. as independent officers.

**Proposal No. 3 Election of four (4) Corporate Auditors and one (1) Substitute Corporate Auditor**

All of the four (4) Corporate Auditors will complete their terms of office at the conclusion of this meeting. Accordingly, we propose that you elect the following four (4) Corporate Auditors.

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:


## &lt;Candidate for Corporate Auditor&gt;


Candidate No.	Name	Current position at the Company			
1	<b>Tsuneo Terasawa</b>	Standing Corporate Auditor	Reappointment		
2	<b>Katsushige Aoki</b>		New		
3	<b>Kazuhiko Yamagishi</b>		New	Outside	Independent
4	<b>Etsuko Nagashima</b>		New	Outside	Independent


## &lt;Candidate for Substitute Corporate Auditor&gt;


Candidate No.	Name	Current position at the Company			
5	<b>Setsuko Yufu</b>			Outside	Independent

<Candidate for Corporate Auditor>

Candidate No. 1	(Name) <b>Tsuneo Terasawa</b>	<b>Reappointment</b>
	Date of birth	November 21, 1951
	Number of Company shares held	17,700
	Attendance at Board of Directors' meetings as Director	3 times out of 3 meetings (100%)
	Attendance at Board of Directors' meetings	10 times out of 10 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 June 2018 Standing Corporate Auditor 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 continuously selected Mr. Terasawa as a candidate for Corporate Auditor.		


Candidate No. 2	(Name) <b>Katsushige Aoki</b>	<b>New</b>
	Date of birth	April 12, 1961
	Number of Company shares held	0
	Brief personal history and position at the Company	
		April 1986 Entered Sumitomo Chemical Co., Ltd. March 2012 General Manager, Internal Control and Audit Dept. of Sumitomo Chemical Co., Ltd. (to the present, scheduled to leave office in June 2019)
[Reasons for selecting as a candidate for Corporate Auditor] At Sumitomo Chemical Co., Ltd., Mr. Katsushige Aoki engaged in accounting-related duties for many years and currently serves as General Manager of Internal Control and Audit Dept. As we would like him to utilize his experience and achievement for the audits of the Company, we have newly selected Mr. Aoki as a candidate for Corporate Auditor.		

Candidate No. 3	(Name) <b>Kazuhiko Yamagishi</b>	<b>New</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 Outside Corporate Auditor] As we would like Mr. Kazuhiko Yamagishi to utilize his specialist viewpoint as a lawyer and wide range of insight relating to management for the audits of the Company, we propose to newly appoint him as Outside Corporate Auditor.				

Candidate No. 4	(Name) <b>Etsuko Nagashima</b>	<b>New</b>	Outside	Independent
	Date of birth	August 23, 1954		
	Number of Company shares held	0		
	Brief personal history and position at the Company			
	October 1978	Entered Deloitte Touche Tohmatsu LLC		
July 1980	Entered Tsukeshiba CPA Accounting Office			
October 1982	Certified Public Accountant registration			
June 1988	Established Nagashima CPA Accounting Office (to the present)			
April 2008	Representative Partner of Veritas audit firm			
[Major concurrent position] Outside Director (Audit & Supervisory Board Member) of BULL-DOG SAUCE CO., LTD.				
[Reasons for selecting as a candidate for Outside Corporate Auditor] As we would like Ms. Etsuko Nagashima to utilize her specialist viewpoint as a Certified Public Accountant and wide range of insight relating to finance and accounting for the audits of the Company, we propose to newly appoint her as Outside Corporate Auditor. Though she has not been involved in corporate management in a position other than outside officer in the past, we have judged that she can appropriately perform the duties as Outside Corporate Auditor for the reason mentioned above.				

- Notes:
1. No conflict of interests exists between the Company and any of the above candidates.
  2. If the appointment of Mr. Katsushige Aoki, Mr. Kazuhiko Yamagishi and Ms. Etsuko Nagashima is approved, the Company will enter into an agreement with each of them to limit liability as provided in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.
  3. Mr. Kazuhiko Yamagishi and Ms. Etsuko Nagashima are candidates for Outside Corporate Auditors.
  4. The Company has determined Mr. Kazuhiko Yamagishi and Ms. Etsuko Nagashima to be independent based on the "Criteria for Independence of Directors and Corporate Auditors" (page 14) stipulated by the Company. Further, Mr. Yamagishi and Ms. Nagashima are submitted to Tokyo Stock Exchange, Inc. as independent officers as stipulated by the said exchange.

<Candidate for Substitute Corporate Auditor>

Candidate No. 5	(Name) <b>Setsuko Yufu</b>		Outside	Independent
		Date of birth	March 28, 1952	
Number of Company shares held		0		
Brief personal history and position at the Company				
April 1981		Lawyer registration		
January 2002	Senior Partner of Atsumi & Sakai (to the present)			
[Reasons for selecting as a candidate for Substitute Outside Corporate Auditor] We propose to appoint Ms. Setsuko Yufu as Substitute Outside Corporate Auditor, as she has specialist viewpoint as a lawyer and wide range of insight relating to management. Though she has not been involved in corporate management in a position other than outside officer in the past, we have judged that she can appropriately perform the duties as Outside Corporate Auditor for the reason mentioned above.				

- 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 Ms. Setsuko Yufu 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. Ms. Setsuko Yufu is a candidate for Outside Corporate Auditor.
4. The Company has determined Ms. Setsuko Yufu to be independent based on the “Criteria for Independence of Directors and Corporate Auditors” (page 14) stipulated by the Company. Further, Ms. Yufu 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 revenue 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.