

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

June 2, 2021

## NOTICE OF THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby inform you of the 130th Ordinary General Meeting of Shareholders to be held at the time and location set forth below:

**In order to prevent the spread of COVID-19, we strongly recommend that you refrain from visiting the venue on the day of the meeting and exercise your voting rights in advance in writing or via the Internet. Please review the “Reference for the General Meeting of Shareholders” mentioned below, and exercise your voting rights in writing or via the Internet by Wednesday, June 23, 2021 at 5:40 p.m.**

Very truly yours,

Kazuhiko Fujiwara  
President and Representative Director

### Notice

- 1. Date and Time:** Thursday, June 24, 2021 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 130th Fiscal Year (from April 1, 2020 through March 31, 2021)
    2. Results of audit on the 130th 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 one (1) Corporate Auditor and one (1) Substitute Corporate Auditor

● From among the documents to be provided together with the Notice of the 130th 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>).

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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 sustainable growth, the Company proposes to pay the year-end dividend of 45 yen per share.

As a result, the annual dividend for this fiscal year will be 75 yen per share, including the interim dividend distributed last year. The amount of the annual dividend will be the same as that of the previous fiscal year. Accordingly, the Company proposes the appropriation of surplus as follows.

#### 1. Matters regarding appropriation of surplus

The Company intends to reverse the reserve for dividends by the amount equivalent to the year-end dividends and transfer the same amount to retained earnings brought forward.

##### (1) Item and the amount of surplus to be increased

Retained earnings brought forward	2,200,000,000 yen
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##### (2) Item and the amount of surplus to be decreased

Reserve for dividends	2,200,000,000 yen
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#### 2. Matters regarding year-end dividend

##### (1) Class of dividend property

Monetary payment

##### (2) Matters related to the disbursement of dividend property and the total amount

Dividends: 45 yen per common share	Total amount: 2,117,586,645 yen
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##### (3) Effective date of the disbursement of dividends from surplus:


June 25, 2021


## Proposal No. 2 Election of ten (10) Directors


All of the nine (9) Directors will complete their terms of office at the conclusion of this meeting. Further, Mr. Toshihisa Deguchi resigned as Director on January 31, 2021. 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 Executive Vice President	Reappointment		
4	<b>Sumitoshi Asakuma</b>	Director Senior Managing Executive Officer	Reappointment		
5	<b>Takashi Nakamura</b>	Director Senior 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>Etsuko Nagashima</b>	Outside Corporate Auditor	New	Outside	Independent


Candidate No. 1	(Name) <b>Shigeru Hayashi</b>	<b>Reappointment</b>
	Date of birth	August 15, 1947
	Number of Company shares held	23,900
	Attendance at Board of Directors' meetings	12 times out of 12 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	12,800
	Attendance at Board of Directors' meetings	12 times out of 12 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. He has led the core management of the Company for many years as Director. Since assuming the office as President and Director 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	12,600
	Attendance at Board of Directors' meetings	12 times out of 12 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	
April 2021	Director, Executive Vice President of the Company (to the present)	
(Responsibility at the Company) General Manager of Corporate Production Management & Engineering Div.; Overseeing Corporate Research & Development Div., Advanced Materials Research Laboratory, Bio & Science Research Laboratory and Circuitry with Optical Interconnection Business Development Dept.; In charge of Corporate Engineering Center		
[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 has overseen overall corporate research & development and engineering area for many years. Also, he currently serves as a chief person to facilitate sustainability of the Company group. 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	9,000
	Attendance at Board of Directors' meetings	12 times out of 12 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	5,100
	Attendance at Board of Directors' meetings	12 times out of 12 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	
April 2020	Director, Senior Managing Executive Officer of the Company (to the present)	
(Responsibility at the Company) Overseeing Corporate General Affairs Div., Personnel Div., Osaka Office and Nagoya Office; In charge of Corporate Finance & Planning Div., Corporate Planning Dept., Information Systems & Data Processing Dept. and Global Procurement Div.		
[Major concurrent position] President of S.B. Information System 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	5,900
	Attendance at Board of Directors' meetings	12 times out of 12 meetings (100%)
	Brief personal history, position and responsibility at the Company	
	April 1985	Entered 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. Director (Chairman and CEO) of Vaupell Holdings, 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>	<b>Reappointment</b>	
	Date of birth	February 22, 1963	
	Number of Company shares held	6,300	
	Attendance at Board of Directors' meetings	12 times out of 12 meetings (100%)	
	Brief personal history, position and responsibility at the Company		
	April 1987	Entered 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 Films & Sheets Research Laboratory, Films & Sheets Div. and Amagasaki Plant; In charge of Healthcare Products Div. and S-BIO Business Div.			
[Major concurrent position] President of Akita Sumitomo Bakelite Co., Ltd. Chairman of the Board of Kawasumi Laboratories, Incorporated			
[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. He currently serves as a chief person in charge of the Films & Sheets business, the Healthcare business and the S-BIO 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. 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	12 times out of 12 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 and expected role] Mr. Hiroyuki Abe has expertise, considerable experience and wide range of insight as a university professor. The Company expects him to provide appropriate opinions and valuable advice from an objective standpoint by using such knowledge. He has served as a member of the Appointment and Remuneration Advisory Committee and expressed opinions from an independent standpoint. Since he has played his role in line with the expectations mentioned above, we have judged that he is qualified for the position of Outside Director of the Company, and therefore 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	1,900		
	Attendance at Board of Directors' meetings	12 times out of 12 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 and expected role]				
<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. The Company expects him to provide appropriate opinions and valuable advice from an objective standpoint by using such knowledge. He has served as a member of the Appointment and Remuneration Advisory Committee and expressed opinions from an independent standpoint. Since he has played his role in line with the expectations mentioned above, we have judged that he is qualified for the position of Outside Director of the Company, and therefore continuously selected Mr. Matsuda as a candidate for Outside Director.</p>				



Candidate No. 10	(Name) <b>Etsuko Nagashima</b>	<b>New</b>	<b>Outside</b>	<b>Independent</b>
	Date of birth	August 23, 1954		
	Number of Company shares held	0		
	Attendance at Board of Directors' meetings as Outside Corporate Auditor	12 times out of 12 meetings (100%)		
	Brief personal history, position and responsibility 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, Representative (to the present)			
April 2008	Representative Partner of Veritas audit firm			
June 2019	Outside Corporate Auditor of the Company (to the present)			
[Major concurrent position]				
<p>Certified Public Accountant of Nagashima CPA Accounting Office  Outside Director (Audit &amp; Supervisory Board Member) of BULL-DOG SAUCE CO., LTD.  Outside Auditor of FALCO HOLDINGS Co., Ltd.</p>				
[Reasons for selecting as a candidate for Outside Director and expected role]				
<p>Ms. Etsuko Nagashima has specialist viewpoint and wide range of insight relating to finance and accounting as a Certified Public Accountant. The Company expects her to provide appropriate opinions and valuable advice from an objective standpoint by using such knowledge. Although Ms. Etsuko Nagashima is currently Outside Corporate Auditor of the Company, we propose to newly appoint Ms. Nagashima as Outside Director, as we expect her to play the role mentioned above as Outside Director going forward. Also, after assuming the position of Outside Director, the Company plans to appoint her as a member of the Appointment and Remuneration Advisory Committee. Though Ms. Etsuko Nagashima 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 Director for the reason mentioned above.</p>				

- Notes:
1. Mr. Shigeru Hayashi concurrently serves as Representative Director of Green Chemicals 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.  
Mr. Takashi Nakamura concurrently serves as Representative Director of S.B. Information System Co., Ltd., which handles business transactions with the Company.
  2. No conflict of interests exists between the Company and the candidates other than the candidates 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. Also, the Company has entered into a similar agreement to limit liability with Ms. Etsuko Nagashima as Outside Corporate Auditor. If the appointment of Ms. Etsuko Nagashima is approved, the Company will enter into the same agreement to limit liability with Ms. Nagashima as Outside Director.
  4. The Company has entered into a directors and officers liability insurance contract that covers all the candidates as the insured with an insurance company. The insurance contract covers damages the insured assumes when claims for damages are made against the insured as a result of the execution (including omission) of his or her duties as an officer of the Company. If this proposal is approved, the candidates will continue to be insured under the insurance contract. The insurance premiums are fully paid by the Company. Further, the Company plans to renew the insurance contract with the same content at the next renewal.
  5. Mr. Hiroyuki Abe, Mr. Kazuo Matsuda and Ms. Etsuko Nagashima are candidates for Outside Director.
  6. The term in office as Outside Director of Mr. Hiroyuki Abe will be six (6) years upon the conclusion of this ordinary general meeting of shareholder. 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 five (5) 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. Ms. Etsuko Nagashima currently serves as Outside Corporate Auditor of the Company. The term in office as Outside Corporate Auditor of Ms. Etsuko Nagashima will be two (2) years upon the conclusion of this ordinary general meeting of shareholders.
  7. The Company has determined Mr. Hiroyuki Abe, Mr. Kazuo Matsuda 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. Abe, Mr. Matsuda and Ms. Nagashima are submitted to Tokyo Stock Exchange, Inc. as independent officers.

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


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

Further, 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 candidate for Corporate Auditor and the candidate for Substitute Corporate Auditor are as follows:


Candidate for Corporate Auditor

Candidate No. 1	(Name) <b>Noriko Kawate</b>	New	Outside	Independent
	Date of birth	February 22, 1976		
	Number of Company shares held	0		
	Brief personal history and position at the Company			
	April 1999	Entered Deloitte Touche Tohmatsu LLC		
	July 2001	Certified Public Accountant registration		
	April 2003	Established Kawate CPA Office, Principal (to the present)		
	August 2004	Joined Cast Law P.C. (currently Uryu & Itoga)		
	November 2004	Certified Tax Accountant registration		
	February 2008	Established CLEA Consulting Co., Ltd., Representative Director (to the present)		
	January 2009	Joined Gracia Corporation		
November 2011	U.S. Certified Public Accountant registration			
February 2015	Partner of Cast Group (currently Cast Global Group) (to the present)			
[Major concurrent position]				
Certified Public Accountant, Certified Tax Accountant and U.S. Certified Public Accountant of Kawate CPA Office President of CLEA Consulting Co., Ltd. Partner of Cast Global Group Outside Director of Ichigo Inc.				
[Reasons for selecting as a candidate for Outside Corporate Auditor]				
As we would like Ms. Kawate to utilize her specialist viewpoint as a Certified Public Accountant and a Certified Tax Accountant and wide range of insight relating to finance, accounting and management for the audits of the Company, we propose to newly appoint her as Outside Corporate Auditor.				

- Notes:
1. No conflict of interests exists between the Company and the candidate.
  2. If the appointment of Ms. Noriko Kawate is approved, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into an agreement with Ms. Noriko Kawate 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. The Company has entered into a directors and officers liability insurance contract that covers Corporate Auditors as the insured with an insurance company. The insurance contract covers damages the insured assumes when claims for damages are made against the insured as a result of the execution (including omission) of his or her duties as an officer of the Company. If the appointment of Ms. Noriko Kawate is approved, Ms. Kawate will become the insured under the insurance contract. The insurance premiums are fully paid by the Company. Further, the Company plans to renew the insurance contract with the same content at the next renewal.
  4. Ms. Noriko Kawate is a candidate for Outside Corporate Auditor.

5. The Company has determined Ms. Noriko Kawate to be independent based on the “Criteria for Independence of Directors and Corporate Auditors” (page 14) stipulated by the Company. Further, Ms. Noriko Kawate is submitted to Tokyo Stock Exchange, Inc. as an independent officer.

Candidate for Substitute Corporate Auditor

Candidate No. 2	(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)			
[Major concurrent position]				
Lawyer of Atsumi & Sakai Audit & Supervisory Board Member of Panasonic Corporation				
[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 after 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. The Company has entered into a directors and officers liability insurance contract that covers Corporate Auditors as the insured with an insurance company. The insurance contract covers damages the insured assumes when claims for damages are made against the insured as a result of the execution (including omission) of his or her duties as an officer of the Company. The insurance premiums are fully paid by the Company. If the Substitute Corporate Auditor assumes the office of Outside Corporate Auditor after approval of this proposal, Ms. Setsuko Yufu will become the insured under the insurance contract. Further, the Company plans to renew the insurance contract with the same contents at the next renewal.
  4. Ms. Setsuko Yufu is a candidate for Outside Corporate Auditor.
  5. 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.