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(Stock Exchange Code 4115)

June 8, 2020

To Shareholders with Voting Rights:

Yuji Fukuyama
President and CEO
Honshu Chemical Industry Co., Ltd.
3-9, Nihombashi 3-chome, Chuo-ku, Tokyo

**NOTICE OF
THE 91ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 91st Annual General Meeting of Shareholders of Honshu Chemical Industry Co., Ltd. (the "Company") as described below.

As those who are unable to attend the meeting can exercise their voting rights in writing, if unable to attend, you are requested to review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:00 p.m. Tuesday, June 23, 2020, Japan time.

- 1. Date and Time:** Wednesday, June 24, 2020 at 10:00 a.m. Japan time
(Reception starting from 9:30 a.m.)
- 2. Place:** Hall D7, 7th Floor, D Block, Tokyo International Forum
(Reception desk is on the 6th floor.)
3-5-1, Marunouchi, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements and Results of Audit by the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements for the 91st Fiscal Year (April 1, 2019 - March 31, 2020)
 2. Non-consolidated Financial Statements for the 91st Fiscal Year (April 1, 2019 - March 31, 2020)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of 9 Directors
 - Proposal 3:** Revision of the Amount of Compensation for Directors
 - Proposal 4:** Determination of Compensation for Granting Restricted Stock to Directors (excluding Outside Directors)
 - Proposal 5:** Revision of the Amount of Compensation for Audit & Supervisory Board Members

- The following matters, which should be provided together with this notice, are posted on our Internet website (<http://www.honshuchemical.co.jp/>) pursuant to the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company.
 1. Systems to Ensure the Appropriateness of Business Operation and Operating Status Thereof in Business Report
 2. Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements
 3. Consolidated Statements of Changes in Net Assets and Non-consolidated Statements of Changes in Net Assets
- Any amendment to the Reference Documents for the Annual General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements will be announced on our Internet website (<http://www.honshuchemical.co.jp/>).

■Exercise of Voting Rights

Shareholders are requested to exercise their voting rights after reviewing the “Reference Documents for the Annual General Meeting of Shareholders.” There are following two methods to exercise voting rights:

- Exercising voting rights at the General Meeting of Shareholders

Date and time of the General Meeting of Shareholders:

Wednesday, June 24, 2020 at 10:00 a.m. Japan time

Place:

Hall D7, 7th Floor, D Block, Tokyo International Forum

3-5-1, Marunouchi, Chiyoda-ku, Tokyo

When you attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. You are also requested to bring this notice with you to the meeting.

- Exercising voting rights in writing (by mail)

Voting deadline:

Tuesday, June 23, 2020 at 5:00 p.m. Japan time

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the deadline.

■Measures to be taken against the novel coronavirus disease (COVID-19)

Measures to be taken to prevent the infection and spread of COVID-19 are as follows:

1. Requests to shareholders

- Shareholders planning to attend the meeting are kindly requested to focus on your health and physical conditions and to make careful decisions.
- Shareholders coming to the venue are kindly requested to cooperate in wearing face masks.
- Alcohol sanitizer will be available at the venue. We would appreciate your cooperation in sanitizing your hands.

2. Measures to be taken by the Company

- Attending officers and meeting staff will be wearing face masks.
- Shareholders in attendance who appear to be unwell may be called upon by the meeting staff. We ask for your kind understanding in advance.
- We may take additional measures to prevent the infection at the meeting venue. We ask for your cooperation.

Measures shown above may be modified according to changes in the circumstances hereafter. Shareholders are kindly advised to confirm the latest information on the Company’s website (<http://www.honshuchemical.co.jp/>).

Reference Documents for the Annual General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company regards the return of profit to shareholders as an important management policy and has made it a basic principle to return profit and pay stable dividends to shareholders in line with business performance from a medium-to long-term viewpoint while reinforcing financial soundness and maintaining sufficient retained earnings for future business development.

Based on this basic principle, the year-end dividends for the 91st fiscal year are proposed as follows.

1. Type of dividend assets
Cash
2. Matters concerning allocation of dividend assets and the total amount thereof
¥20 per share of the Company's common stock
Total amount: ¥229,537,880

Total dividends for the fiscal year under review will be ¥32 per share including the interim dividends of ¥12 per share already paid for.

3. Effective date of dividend of surplus
June 25, 2020

Proposal 2: Election of 9 Directors

Upon the conclusion of this General Meeting of Shareholders, all of the nine (9) Directors will complete their terms of office. Accordingly, shareholders are requested to elect nine (9) Directors (including two (2) Outside Directors).

The candidates for Directors are as follows.

Candidate number		Name	Current position at the Company	Term of office as Director	Attendance at the Board of Directors' meetings
1	Reappointment	Yuji Fukuyama	President and CEO	3 years	15/15
2	Reappointment	Yoshiji Ohori	Representative Managing Director, General Manager of Wakayama Works	3 years	15/15
3	Reappointment	Hidebumi Kasuga	Managing Director, General Manager, High Performance Materials Division and General Manager, Industrial Materials Department, High Performance Materials Division	4 years	15/15
4	Reappointment	Katsuya Okano	Managing Director, General Manager, Corporate Planning Division	3 years	15/15
5	Reappointment	Nobuyoshi Ikeda	Director, General Manager, Personnel, Legal & Administration Department	4 years	15/15
6	Reappointment	Tadashi Hiramine	Director, General Manager, Research Center	4 years	15/15
7	Reappointment	Takuya Inagaki	Director, General Manager, Chemicals Business Division	2 years	15/15
8	Reappointment	Akiko Kurokochi	Outside Director Independent Director	2 years	15/15
9	New appointment	Keiji Kabeya	Outside Director Independent Director	—	—

(Notes)

1. There is no special interest between each candidate and the Company.
2. The Company has concluded a liability limitation contract with Ms. Akiko Kurokochi in accordance with Article 427, Paragraph 1 of the Companies Act to limit the liability for damages pursuant to Article 423, Paragraph 1 of said Act. Under the contract, the maximum liability for damages shall be the amount stipulated by laws and regulations. The Company will continue said contract with Ms. Kurokochi if she is reelected as proposed. Additionally, if Mr. Keiji Kabeya is elected as proposed, the Company will conclude a similar liability limitation contract with him.
3. Ms. Akiko Kurokochi and Mr. Keiji Kabeya are candidates for Outside Directors.
4. The Company has registered Ms. Akiko Kurokochi as an independent director in accordance with the rules of the Tokyo Stock Exchange. The Company will continue registration of Ms. Kurokochi as the independent director if she is reelected as proposed. Additionally, if Mr. Keiji Kabeya is elected as proposed, the Company will register him as an independent director in accordance with the rules of the said Exchange.

Candidate Number	Name (Date of birth)	Career summary, Position and responsibilities at the Company, Significant concurrent positions	Number of the Company's shares held
1	<p>Candidate for Reelection</p> <p>Yuji Fukuyama (Aug. 27, 1958)</p> <p>[Term of Office as Director: 3 years]</p> <p>[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1981 Joined Mitsui Petrochemical Industries, Inc.</p> <p>Apr. 2009 President, Shanghai Sinopec Mitsui Chemicals, Co., Ltd.</p> <p>Apr. 2012 General Manager, Phenols Division, Basic Chemicals Business Sector, Mitsui Chemicals, Inc.</p> <p>Apr. 2015 Chief Senior Director, Representative in China, Mitsui Chemicals, Inc. and President, Mitsui Chemicals (China) Co., Ltd.</p> <p>Apr. 2017 Chief Senior Director, Representative in China, Mitsui Chemicals, Inc.</p> <p>Jun. 2017 President and CEO, the Company (to present)</p> <p>In charge of Internal Audit Department</p>	9,400
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Fukuyama is well-versed in the chemicals industry especially in the area of fine chemicals, and has extensive business experience in global markets. Furthermore, he has led the Company with his strong leadership toward achieving the management vision as President and CEO since June 2017, and performed his duties appropriately in decision-making on management matters and the supervision of business execution. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate.</p>			
2	<p>Candidate for Reelection</p> <p>Yoshiji Ohori (Apr. 12, 1958)</p> <p>[Term of Office as Director: 3 years]</p> <p>[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1983 Joined Mitsui Petrochemical Industries, Inc.</p> <p>Aug. 2010 Director, General Manager of Works, Mitsui Elastomers Singapore Pte. Ltd.</p> <p>Apr. 2012 Director, Planning & Cost Management Department, Ichihara Works, Mitsui Chemicals, Inc.</p> <p>Aug. 2015 President, Shanghai Sinopec Mitsui Elastomers, Co., Ltd.</p> <p>Jun.2017 Director, General Manager of Wakayama Works, the Company</p> <p>Jun.2018 Representative Managing Director, General Manager of Wakayama Works, the Company (to present)</p> <p>In charge of Production, Technology, Environment Safety and Quality Control</p>	4,500
<p>Reasons for selection as a candidate for Director</p> <p>Based on his long-term abundant experience, Mr. Ohori has broad knowledge and insights mainly in the areas of production and technology. He is also well-versed in the overall production and engineering sectors of the Company, having actively engaged in initiatives to ensure safe and stable operation as the General Manager of Wakayama Works since June 2017. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate.</p>			

Candidate Number	Name (Date of birth)	Career summary, Position and responsibilities at the Company, Significant concurrent positions	Number of the Company's shares held
3	<p style="text-align: center;">Candidate for Reelection</p> <p style="text-align: center;">Hidebumi Kasuga (Aug. 6, 1959)</p> <p style="text-align: center;">[Term of Office as Director: 4 years]</p> <p style="text-align: center;">[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1983 Joined Mitsui & Co., Ltd.</p> <p>Apr. 2010 Vice President and General Manager, Basic Chemicals China Business Promotion Department, Mitsui & Co. (Shanghai) Ltd.</p> <p>Apr. 2012 General Manager, Methanol Division, Basic Chemicals Business Unit, Mitsui & Co., Ltd.</p> <p>Apr. 2013 General Manager, Specialty Chemicals Division II, Basic Chemicals Business Unit, Mitsui & Co., Ltd.</p> <p>Apr. 2016 Executive Coordinator, Basic Materials Business Unit, Mitsui & Co., Ltd.</p> <p>Jun. 2016 Director, General Manager, High Performance Materials Division and General Manager, Industrial Materials Department, High Performance Materials Division, the Company</p> <p>Jun. 2018 Managing Director, General Manager, High Performance Materials Division and General Manager, Industrial Materials Department, High Performance Materials Division, the Company</p> <p>Jul. 2018 Managing Director, General Manager, High Performance Materials Division, General Manager, Market Development Department, High Performance Materials Division, and General Manager, Industrial Materials Department, High Performance Materials Division, the Company</p> <p>Oct. 2018 Managing Director, General Manager, High Performance Materials Division and General Manager, Industrial Materials Department, High Performance Materials Division, the Company (to present)</p> <p>In charge of High Performance Material Business</p>	3,300
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Kasuga is well-versed in the chemicals industry especially in the area of fine chemicals and has extensive business experience in global markets. Furthermore, he is well-versed in the overall high performance materials business of the Company, having actively engaged in formulation and promotion of business strategies as the General Manager of High Performance Materials Division since June 2016. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate.</p>			

Candidate Number	Name (Date of birth)	Career summary, Position and responsibilities at the Company, Significant concurrent positions	Number of the Company's shares held
4	<p><u>Candidate for Reelection</u></p> <p>Katsuya Okano (Nov. 21, 1957)</p> <p>[Term of Office as Director: 3 years]</p> <p>[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1981 Joined Mitsui & Co., Ltd.</p> <p>Apr. 2009 General Manager, Industrial Chemicals Division, Basic Chemicals Business Unit, Mitsui & Co., Ltd.</p> <p>Apr. 2011 Deputy Chief Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit, Mitsui & Co., Ltd. and President, Mitsui & Co. Deutschland GmbH</p> <p>May 2014 Operating Officer, Basic Chemicals Business Unit, Mitsui & Co., Ltd.</p> <p>Jun. 2017 Director, General Manager, Corporate Planning Division, the Company</p> <p>Jun. 2019 Managing Director, General Manager, Corporate Planning Division, the Company (to present)</p> <p>In charge of Corporate Planning, Business Development, Quality Assurance & Chemicals Management</p>	5,200
	<p>Reasons for selection as a candidate for Director</p> <p>Mr. Okano is well-versed in the chemicals industry especially in the area of fine chemicals and has extensive business experience in global markets. Furthermore, he is well-versed in the overall management of the Company, having compiled the 2020 4-Year Management Plan as the General Manager of Corporate Planning Division since June 2017. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate.</p>		
5	<p><u>Candidate for Reelection</u></p> <p>Nobuyoshi Ikeda (Jul. 11, 1959)</p> <p>[Term of Office as Director: 4 years]</p> <p>[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1984 Joined Mitsui Toatsu Chemicals, Inc.</p> <p>Apr. 2011 Director, Human Resources & Employee Relations Department, Human Resources Division, Mitsui Chemicals, Inc.</p> <p>Apr. 2015 General Manager, Administration Department of Wakayama Works, the Company</p> <p>Jun. 2016 Director, General Manager, Personnel, Legal & Administration Department, the Company (to present)</p> <p>In charge of Human Resources, Corporate Administration/ Public Relations and Accounting</p>	3,900
	<p>Reasons for selection as a candidate for Director</p> <p>Based on his long-term abundant experience, Mr. Ikeda has broad knowledge and insights mainly in the areas of personnel and labor affairs. He is also well-versed in the overall corporate governance and personnel affairs of the Company, having engaged in enhancement of corporate governance as well as formulation and promotion of personnel strategies as the General Manager of Personnel, Legal & Administration Department since June 2016. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate.</p>		

Candidate Number	Name (Date of birth)	Career summary, Position and responsibilities at the Company, Significant concurrent positions	Number of the Company's shares held
6	<p><u>Candidate for Reelection</u></p> <p>Tadashi Hiramine (Jul. 6, 1962)</p> <p>[Term of Office as Director: 4 years]</p> <p>[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2009 Manager, Innovation Research Gr., Research Center, the Company</p> <p>Jun. 2013 General Manager, Manufacturing Department of Wakayama Works, the Company</p> <p>Jun. 2016 Director, General Manager, Research Center, the Company (to present)</p> <p>In charge of Research and Intellectual Property</p>	4,200
	<p>Reasons for selection as a candidate for Director</p> <p>Based on his long-term abundant experience, Mr. Hiramine has broad knowledge and insights mainly in the areas of R&D, production and technology. He is also well-versed in the overall R&D of the Company, having engaged in formulation and promotion of R&D strategies as the General Manager of Research Center since June 2016. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate for Director.</p>		
7	<p><u>Candidate for Reelection</u></p> <p>Takuya Inagaki (Mar. 5, 1961)</p> <p>[Term of Office as Director: 2 years]</p> <p>[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1983 Joined Mitsui & Co., Ltd.</p> <p>Apr. 2010 General Manager, Aromatics and Polyester Materials Division, Basic Chemicals Business Unit, Mitsui & Co., Ltd.</p> <p>Jun. 2012 Director, Vice President, Chief Operating Officer, MITSUI BUSSAN CHEMICALS CO., LTD.</p> <p>Apr. 2014 Operating Officer, Basic Chemicals Business Unit, Mitsui & Co., Ltd.</p> <p>Apr. 2018 Executive Coordinator, Basic Materials Business Unit, Mitsui & Co., Ltd.</p> <p>Jun. 2018 Director, General Manager, Chemicals Business Division, General Manager, Purchasing Department, the Company</p> <p>Jul. 2018 Director, General Manager, Chemicals Business Division, the Company (to present)</p> <p>In charge of Chemical Business, Biphenol Business, Purchasing and Logistics</p>	2,500
	<p>Reasons for selection as a candidate for Director</p> <p>Mr. Inagaki is well-versed in the chemicals industry especially in the area of fine chemicals and has extensive business experience in global markets. Furthermore, he is well-versed in the overall chemicals business of the Company, having engaged in formulation and promotion of business strategies as the General Manager of Chemicals Business Division since June 2018. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate.</p>		

Candidate Number	Name (Date of birth)	Career summary, Position and responsibilities at the Company, Significant concurrent positions	Number of the Company's shares held
8	<p><u>Candidate for Reelection</u> <u>Outside Director</u> <u>Independent Director</u></p> <p>Akiko Kurokochi (Sep. 21, 1960)</p> <p>[Term of Office as Director: 2 years]</p> <p>[Attendance at Board of Directors meetings: 15/15]</p>	<p>Apr. 1994 Registered as an attorney, Daini Tokyo Bar Association Joined Kashiwagi Sogo Law Offices</p> <p>Jan. 2009 Partner, Kashiwagi Sogo Law Offices</p> <p>Jun. 2018 Outside Director, the Company (to present)</p> <p>Jan. 2020 Managing Partner, Kashiwagi Sogo Law Offices (to present)</p> <p>[Significant concurrent positions] Managing Partner, Kashiwagi Sogo Law Offices</p>	None
<p>Reasons for selection as a candidate for Outside Director</p> <p>Ms. Kurokochi has deep insights in such areas as law compliance, corporate ethics and risk management fostered based on her long-term experience as an attorney-at-law, and has supervised and advised on the management of the Company from a professional and objective standpoint as an Outside Director since June 2018. It is determined that she is qualified to continue to serve as an Outside Director based on her experience and proven track record, and thus she is selected as a candidate.</p>			
9	<p><u>New Candidate</u> <u>Outside Director</u> <u>Independent Director</u></p> <p>Keiji Kabeya (Mar. 20, 1958)</p> <p>[Term of Office as Director: —]</p> <p>[Attendance at Board of Directors meetings: —]</p>	<p>Oct. 1985 Joined ASAHI SHINWA & Co. (currently KPMG AZSA LLC)</p> <p>Apr. 1989 Registered as a certified public accountant</p> <p>May 2006 Senior Partner, KPMG AZSA LLC</p> <p>Jun. 2018 Retired from KPMG AZSA LLC</p> <p>Jul. 2018 Representative, Kabeya Keiji CPA Firm (to present)</p> <p>[Significant concurrent positions] Representative, Kabeya Keiji CPA Firm</p>	None
<p>Reasons for selection as a candidate for Outside Director</p> <p>Mr. Kabeya has deep insights in such areas as corporate accounting, tax affairs and risk management fostered based on his long-term abundant experience as a certified public accountant. It is determined that he is able to supervise and advise on the management of the Company from a professional and objective standpoint as an Outside Director based on his experience, and thus he is selected as a candidate.</p>			

(Reference) Independence Standards for Independent Outside Directors and Independent Outside Audit & Supervisory Board Members

In order to be designated by the Company as an Independent Outside Director and an Independent Outside Audit & Supervisory Board Member, the person must not fall under any of the following items.

- (1) A person who currently is or has been in the past an executive (such as an executive director, associate officer, general manager, or other such officer who executes operations) of the Company or a subsidiary of the Company
- (2) A person for whom the Company is a major business partner (*1) or an executive thereof
*1 If the payments received from the Company in any of the past three fiscal years is equivalent to 2% or more of its annual sales, then the Company is a major business partner thereto
- (3) A major business partner (*2) of the Company or an executive thereof
*2 If the Company has received payments of 2% or more of its annual sales from a party in any of the past three fiscal years, or if a party has loaned a monetary amount of 2% or more of the Company's total assets to the Company in any of the past three fiscal years, then that party is the Company's major business partner.
- (4) A large shareholder (a person directly or indirectly holding 10% or more of total voting rights) of the Company or an executive thereof
- (5) An executive of a juridical person for whom the Company is a large shareholder (directly or indirectly holding 10% or more of total voting rights)
- (6) An accounting auditor of either the Company or a consolidated subsidiary of the Company, or a person who is in charge of auditing either the Company or a consolidated subsidiary of the Company as an employee of such accounting auditor
- (7) An attorney-at-law, judicial scrivener, patent attorney, certified public accountant, certified public tax accountant, consultant, or other such professional who has received money or other assets, other than officer remuneration, from the Company exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such assets, this includes any person belonging to such group for which the assets received from the Company exceed 2% of the group's annual revenue)
- (8) A person who has received donations from the Company exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such donations, this includes any executive of such group for which the donations received from the Company exceed 2% of the group's annual revenue)
- (9) A person whose close relative (meaning a spouse or a relative within the second degree of kinship) falls under any of items (1) to (8) above
- (10) A person who was previously categorized under any of items (2) to (9) above in the past three years
- (11) Notwithstanding the provisions of each preceding item, a person regarding whom there are found to be special circumstances that may cause a conflict of interest with the Company

Proposal 3: Revision of the Amount of Compensation for Directors

The amount of compensation for Directors of the Company was approved to be up to ¥190 million per year (including up to ¥10 million per year for Outside Directors; not including employee salaries payable to Directors concurrently serving as employees) at the 86th Annual General Meeting of Shareholders held on June 24, 2015, and has remained unchanged until today. For the purpose of further strengthening and enhancing the management foundation and reinforcing corporate governance systems, the Company proposes to revise the amount of compensation for Directors to be up to ¥200 million per year (including up to ¥20 million per year for Outside Directors; not including employee salaries payable to Directors concurrently serving as employees). The current number of Directors is 9 (including 2 Outside Directors), and if Proposal 2 “Election of 9 Directors” is approved and resolved as originally proposed, the number of Directors will again become 9 (including 2 Outside Directors).

Proposal 4: Determination of Compensation for Granting Restricted Stock to Directors (excluding Outside Directors)

The amount of compensation for Directors of the Company was approved to be up to ¥190 million per year (including up to ¥10 million per year for Outside Directors; not including employee salaries payable to Directors concurrently serving as employees) at the 86th Annual General Meeting of Shareholders held on June 24, 2015. If Proposal 3 “Revision of the Amount of Compensation for Directors” is approved, the amount will be up to ¥200 million per year (including up to ¥20 million per year for Outside Directors; not including employee salaries payable to Directors concurrently serving as employees).

As part of the ongoing revision of the compensation system for Directors, the Company proposes to offer new compensation for granting restricted stock to Directors (excluding Outside Directors) (hereinafter “Eligible Directors”) of the Company, separately from the above-mentioned amount of compensation. The purpose of the new compensation is to provide Eligible Directors an incentive to sustainably increase the Company’s corporate value and to further promote shared value between shareholders and them.

The compensation to be offered to Eligible Directors for granting restricted stock in accordance with this Proposal shall be in the form of monetary claims (hereinafter “Monetary Compensation Receivables”). The total amount thereof shall be up to ¥30 million per year (not including employee salaries payable to Directors concurrently serving as employees), an amount deemed reasonable in consideration of the aforementioned aims. The specific timing to grant the Monetary Compensation Receivables and allocation thereof to each Eligible Director shall be determined by the Board of Directors.

The current number of Directors is 9 (including 2 Outside Directors), and if Proposal 2 “Election of 9 Directors” is approved and resolved as originally proposed, the number of Directors will again become 9 (including 2 Outside Directors).

Eligible Directors shall, based on a resolution of the Board of Directors, make in-kind contribution of all the Monetary Compensation Receivables to be granted according to this Proposal, and common stock of the Company shall either be issued or disposed of by the Company with the upper limit set at 25,000 shares per year. (However, the total number may be adjusted within a reasonable range in the case that a share split (including an allotment of shares without contribution) or a consolidation of shares of the Company’s common stock is conducted, or any other reason that requires an adjustment to the total number of common stock to be issued or disposed of by the Company as restricted stock, on or after the day on which this Proposal is approved and resolved.) The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately prior to the date on which resolution is made at Board of Directors meetings (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day), within a scope which is not a particularly advantageous price for the Eligible Directors receiving the allotment of the common stock. For the purpose of such issuance or disposal of common stock of the Company, a contract on the allotment of restricted stock (hereinafter “Allotment Contract”) that includes the following provisions shall be concluded between the Company and Eligible Directors.

(1) Transfer restriction period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Company’s common stock that is allotted according to Allotment Contract (hereinafter “Allotted Shares”) during a period prescribed by the Company’s Board of Directors (hereinafter “Transfer Restriction Period”), which shall be between 3 and 30 years from the day when Eligible Directors are allotted such shares according to the Allotment Contract (hereinafter “Transfer Restriction”).

(2) Treatment on retirement

In the event that Eligible Directors retire from the position of the Company’s Director or other positions predetermined by the Board of Directors prior to the expiry of Transfer Restriction Period, the Company shall acquire Allotted Shares rightfully without consideration unless the reason for Eligible Directors’ retirement from office is the expiration of the term of office, death, or any other justifiable reason.

(3) Lifting of transfer restriction

Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiration of Transfer Restriction Period on the condition that Eligible Directors have continuously served in the position stipulated in (2) above during Transfer Restriction Period. However, if such Eligible Directors retire from the position stipulated in (2) above prior to the expiry of Transfer Restriction Period for any of the reason such as the expiration of the term of office, death, or any other justifiable reason, the number of

Allotted Shares for which Transfer Restriction is to be lifted and the timing of the lifting of Transfer Restriction shall be reasonably adjusted as necessary. In addition, at the time immediately after the lifting of Transfer Restriction pursuant to the provisions described above, the Company shall acquire Allotted Shares for which Transfer Restriction has not been lifted, rightfully without consideration.

(4) Treatment on organizational restructuring, etc.

Notwithstanding the provision of (1) above, in the case where an agreement of merger with the Company as the non-surviving entity, agreement of share exchange or plan for share transfer through which the Company becomes a wholly-owned subsidiary, or a matter concerning other organizational restructuring, etc. is approved at the General Meeting of Shareholders (or at the Company's Board of Directors in the case where approval of the General Meeting of Shareholders is not required for the said organizational restructuring, etc.) during Transfer Restriction Period, Transfer Restriction shall be lifted by the resolution of the Company's Board of Directors prior to the effective date of the said organizational restructuring, etc., with regard to the number of the Allotted Shares reasonably set forth in light of the period from the start date of Transfer Restriction Period to the approval date of the said organizational restructuring, etc. In the case described above, at the time immediately after the lifting of Transfer Restriction, the Company shall acquire Allotted Shares for which Transfer Restriction has not been lifted, rightfully without contribution.

(5) Others

Any other matters concerning Allotment Contract shall be determined by the Company's Board of Directors.

Proposal 5: Revision of the Amount of Compensation for Audit & Supervisory Board Members

The amount of compensation for Audit & Supervisory Board Members of the Company was approved to be up to ¥40 million per year at the 77th Annual General Meeting of Shareholders held on June 29, 2006, and has remained unchanged until today. For the purpose of further strengthening and enhancing the management foundation and strengthening corporate governance systems, the Company proposes to revise the amount of compensation for Audit & Supervisory Board Members to be up to ¥50 million per year.

The current number of Audit & Supervisory Board Members is 4 (including 2 Outside Audit & Supervisory Board Members).

End