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Securities Code: 4611

June 5, 2019

To our shareholders:

Takayuki Sato
President
Dai Nippon Toryo Co., Ltd.
1-124, Nishikujo 6-chome, Konohana-ku, Osaka

NOTICE OF THE 136TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 136th Ordinary General Meeting of Shareholders of Dai Nippon Toryo Co., Ltd. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or by the Internet. In this case, after reviewing the attached Reference Documents for the General Meeting of Shareholders, please indicate your approval or disapproval of the proposals on the enclosed voting form and return it by postal mail to reach us no later than 5:00 p.m., Wednesday, June 26, 2019 (Japan Standard Time), or enter your approval or disapproval of the proposals on the voting website designated by the Company (<https://evote.tr.mufg.jp/>) no later than the above-mentioned deadline.

1. Date and Time: Thursday, June 27, 2019 at 10:00 a.m. (Japan Standard Time) (Reception scheduled to open at 9:00 a.m.)

2. Venue: The Company’s Head Office, 4th Floor Conference Room
1-124, Nishikujo 6-chome, Konohana-ku, Osaka

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 136th Term (from April 1, 2018 to March 31, 2019), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
2. Non-Consolidated Financial Statements for the 136th Term (from April 1, 2018 to March 31, 2019)

Items to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Nine (9) Directors
Proposal 3: Election of One (1) Substitute Corporate Auditor
Proposal 4: Revision of Remuneration Amount for Directors

- If you attend the meeting in person, please submit the enclosed voting form at the reception.
- Of documents to be attached to this notice, the Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are not included in the attached documents of this notice because they are posted on the Company’s website (<https://www.dnt.co.jp/>) on the Internet in accordance with laws and regulations and Article 14 of the Articles of Incorporation. The Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are a portion of the Consolidated Financial Statements and Non-Consolidated Financial Statements that were audited by Corporate Auditors or the Accounting Auditor, in producing the audit reports.
- In case any changes are made to the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, the Company will post such changes on the Company’s website (<https://www.dnt.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Appropriation of Surplus

Returning profits stably to our shareholders is one of the important management issues, and the Company aims to maintain consistent and stable payment of dividends as our basic policy, while striving to strengthen corporate structure and maintaining financial soundness of the Company.

Based on the business performance for the current fiscal year and future business development of the Company, we plan to pay a year-end dividend of ¥25 per share, the same as the previous year-end dividend.

1. Type of dividend property
Cash
2. Allocation of dividend property to shareholders and total amount thereof
¥25 per common share of the Company
Total amount of dividends: ¥714,869,300
3. Effective date of distribution of dividends of surplus
June 28, 2019

(Reference) Basic Strategy for Capital Policy

The Company recognizes its priority challenges in achieving a medium- and long-term increase in its share value in three columns: improving financial health; effective utilization of the investors' equity to boost its earnings power; and amplified returns to shareholders. The Company makes it a basic principle that underlies its capital policies, based on which it takes into overall consideration the optimal balance between these three challenges, to attain continued growth.

Note: The Company conducted a five-to-one consolidation of common shares on October 1, 2017. Dividend amounts for the 134th term and earlier have been recalculated on the assumption that the share consolidation was conducted prior to that term.

Proposal 2: Election of Nine (9) Directors

The term of office of all eight (8) Directors will expire at the conclusion of this meeting.

To enhance diversity of the Board of Directors allowing for decision making based on more thorough discussions and to further strengthen the supervisory function, the Company proposes to add one (1) female Outside Director and ask that nine (9) Directors (of whom three (3) are Outside Directors) be elected. Candidates for Directors have been determined by the Board of Directors based on the recommendation of the Nominating Committee, a majority of which consists of Outside Directors.

The candidates for Directors are as follows:

No.	Name		Position and responsibilities in the Company	Attendance to the Board of Directors
1	Toshijiro Iwasa	Reelection	Representative Director and Chairman	100% (11/11)
2	Takayuki Sato	Reelection	Representative Director and President	100% (11/11)
3	Naoyuki Kimura	Reelection	Director, Managing Executive Officer General Manager, Overseas Operations Division in charge of Procurement	100% (11/11)
4	Tatsuhiko Nagano	Reelection	Director, Managing Executive Officer General Manager, Administrative Division	100% (9/9)
5	Hideyoshi Noda	Reelection	Director, Executive Officer General Manager, Production Division	100% (11/11)
6	Motohiro Yamamoto	Reelection	Director, Executive Officer General Manager, Coating Business Division	100% (11/11)
7	Kyoichi Haizaki	Reelection Outside Independent	Director	100% (11/11)
8	Michitaka Mukohara	Reelection Outside Independent	Director	100% (9/9)
9	Kimiyo Hayashi	New candidate Outside Independent	-	-

Note: The attendance statuses for Tatsuhiko Nagano and Michitaka Mukohara are of the meetings since their assignment on June 28, 2018.

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
1	Toshijiro Iwasa (September 27, 1947) Reelection	Apr. 1971 Joined the Company Apr. 2002 General Manager, Planning Department, Corporate Planning Department of the Company June 2004 Executive Officer, General Manager, Corporate Planning Department, Administrative Division of the Company Apr. 2005 Deputy General Manager, Administrative Division of the Company Apr. 2006 Deputy General Manager, Production Division of the Company June 2006 Director of the Company Apr. 2007 Managing Executive Officer of the Company Apr. 2010 Senior Managing Executive Officer in charge of Sales & Marketing of the Company June 2010 Representative Director and President of the Company June 2018 Representative Director and Chairman of the Company (present position)	36,600 shares
[Reasons for nomination as candidate for Director] As the chairman of the Board of Directors, he has been managing the Board of Directors meetings appropriately, and has been contributing to corporate value improvement through strengthening of corporate governance. As the Representative Director and President, and later as the Representative Director and Chairman, he has been in charge of management of the Company over the years. The Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors by leveraging his ample experience and achievements.			

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
2	Takayuki Sato (January 15, 1961) Reelection	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2009 Deputy General Manager, Protective Coating Department, General Coating Business Division of the Company</p> <p>Apr. 2010 General Manager, Development Department, Technical Development Division of the Company</p> <p>Apr. 2011 Executive Officer, Deputy General Manager, General Coating Business Division (Head of Technology), and Deputy General Manager, Industrial Coating Business Division (Head of Technology) of the Company</p> <p>Apr. 2012 General Manager, Technical Development Division and Deputy General Manager, Coating Business Division (Head of Technology) of the Company</p> <p>June 2012 Director of the Company</p> <p>Apr. 2014 General Manager, Coating Business Division, and General Manager, Marketing & Sales Department of the Company</p> <p>Apr. 2016 Managing Executive Officer, General Manager, Protective & Decorative Coatings Department, Coating Business Division of the Company</p> <p>Apr. 2018 Senior Managing Executive Officer, Overall management of the Company</p> <p>June 2018 Representative Director and President of the Company (present position)</p>	7,300 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>As the Representative Director and President, he has been managing the Company and the Group, appropriately making important decisions in the Board of Directors meetings and supervising execution of business. Having long served in the Technical and Sales & Marketing Divisions of the Company, he has extensive experience and achievements, as well as strong leadership qualities. As such, the Company requests his election as a Director in the belief that he will be able to oversee the Group and contribute to strengthening the decision-making and supervisory functions of the Board of Directors.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
3	Naoyuki Kimura (May 28, 1959) Reelection	<p>Apr. 1982 Joined Mitsubishi Corporation</p> <p>Mar. 2003 CEO of Miteni S.p.A (Italy)</p> <p>July 2006 Manager, Fine Chemicals Unit, Head Office, Mitsubishi Corporation</p> <p>Mar. 2010 President of PT.Kaltim Parna Industri (Indonesia)</p> <p>Apr. 2013 General Manager, Warsaw Branch, Mitsubishi Corporation</p> <p>Apr. 2016 Executive Officer, Deputy General Manager, Overseas Operations Division; General Manager, Overseas Business Planning Department; and Deputy General Manager, Procurement Division of the Company</p> <p>Apr. 2017 General Manager, Overseas Operations Division (present position) in charge of Procurement (present position) of the Company</p> <p>June 2017 Director (present position), Managing Executive Officer of the Company (present position)</p> <p>[Responsibilities] Overseas Operations Division, Procurement Division</p>	400 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>He has extensive knowledge and experience of business nurtured at a general trading company, and currently is responsible for the Overseas Operations Division and the Procurement Division of the Company. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors by leveraging his ample experience and achievements.</p>			
4	Tatsuhiko Nagano (September 22, 1963) Reelection	<p>Apr. 1987 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2012 General Manager, Corporate Banking Division No. 5, Corporate Banking Group No. 2, The Mitsubishi Bank, Ltd.</p> <p>June 2014 General Manager, Marunouchi Branch, The Mitsubishi Bank, Ltd.</p> <p>June 2017 Executive Officer, Deputy General Manager, Administrative Division, and in charge of Finance of the Company</p> <p>Apr. 2018 General Manager, Administrative Division of the Company (present position)</p> <p>June 2018 Director (present position), Managing Executive Officer of the Company (present position)</p> <p>[Responsibilities] Administrative Division</p>	200 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>He has extensive knowledge and experience nurtured in financial institutions, and currently has responsibility for the Administrative Division of the Company. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthen the decision-making and supervisory functions of the Board of Directors by leveraging his ample experience and achievements.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
5	Hideyoshi Noda (September 28, 1962) Reelection	<p>Apr. 1985 Joined Nippon Paint Co., Ltd.</p> <p>Apr. 1991 Joined Nippon Steel Chemical Co., Ltd. (currently NIPPON STEEL Chemical & Material Co., Ltd.)</p> <p>Apr. 2007 Joined NITTO CHEMICAL CO., LTD.</p> <p>Apr. 2010 Joined the Company as Deputy General Manager, Production Engineering Department, Production Division</p> <p>Oct. 2010 General Manager, Production Engineering Department, Production Division of the Company</p> <p>Apr. 2013 Executive Officer of the Company (present position)</p> <p>May 2013 Deputy General Manager, Coating Business Division and General Manager, Coating Business Planning Department of the Company</p> <p>Apr. 2015 General Manager, Production Division of the Company (present position)</p> <p>June 2015 Director (present position), General Manager, Production Engineering Department, Production Division of the Company</p> <p>[Responsibilities] Production Division</p> <p>[Significant concurrent position outside the Company] Representative Director and President, Nitto Sanwa Toryo Co., Ltd. Representative Director and President, Okayama Kako Co., Ltd.</p>	10,100 shares
<p>[Reasons for nomination as candidate for Director] He has extensive knowledge nurtured through his experience in the coating industry and, in addition to having experience in the Sales & Marketing Division, is responsible for the Production Division at the Company. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors by leveraging his ample experience and achievements.</p>			
6	Motohiro Yamamoto (January 18, 1964) Reelection	<p>Apr. 1986 Joined the Company</p> <p>Apr. 2014 Deputy General Manager, Technical Development Division, General Manager, Development Department, Head of First Technical Development Group, and Deputy General Manager, Protective & Decorative Coatings Department of the Company</p> <p>Apr. 2015 Executive Officer of the Company (present position)</p> <p>Apr. 2016 General Manager, Technical Development Division and Deputy General Manager, Coating Business Division (Head of Technology) of the Company</p> <p>June 2017 Director of the Company (present position)</p> <p>Apr. 2018 General Manager, Coating Business Division of the Company (present position)</p> <p>[Responsibilities] Coating Business Division, Specialty Business Division</p>	2,900 shares
<p>[Reasons for nomination as candidate for Director] Having long served in technical divisions of the Company, he has extensive experience and achievements in the Company, and currently is responsible for the Sales & Marketing Department. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
7	Kyoichi Haizaki (December 22, 1948) Reelection Outside Independent	<p>Mar. 1971 Joined Nippon Yusoki Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.)</p> <p>Sept. 2005 General Manager, Domestic Sales Planning Department, Domestic Sales Division, Nippon Yusoki Co., Ltd.</p> <p>June 2006 Executive Officer, Nippon Yusoki Co., Ltd.</p> <p>June 2007 Director, Nippon Yusoki Co., Ltd.</p> <p>June 2008 Managing Director, Nippon Yusoki Co., Ltd.</p> <p>Apr. 2009 Director, Nippon Yusoki Co., Ltd. Representative Director, Nichiyu MHI Forklift Co., Ltd.</p> <p>June 2010 Managing Director, Nippon Yusoki Co., Ltd.</p> <p>June 2011 Senior Managing Director, Nippon Yusoki Co., Ltd.</p> <p>Apr. 2013 Director, Senior Managing Executive Officer, Mitsubishi Nichiyu Forklift Co., Ltd. (Currently Mitsubishi Logisnext Co., Ltd.)</p> <p>June 2015 Senior Advisor, Mitsubishi Nichiyu Forklift Co., Ltd.</p> <p>June 2016 Advisor, Mitsubishi Nichiyu Forklift Co., Ltd. (retired in June 2017) Director of the Company (present position)</p>	200 shares
<p>[Reasons for nomination as candidate for Outside Director] The Company requests election of him as an Outside Director in the belief that he will be able to contribute to strengthening the corporate governance of the Company by providing suggestions and proposals concerning the Company's overall management by leveraging his ample business expertise and wealth of insight gained through his many years of experience at a listed company and experience as a Director of the same company.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
8	<p>Michitaka Mukohara (November 3, 1954) Reelection Outside Independent</p>	<p>Apr. 1977 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Jan. 1997 General Manager, Tamachi Higashi-guchi Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Oct. 2000 General Manager, Media Relations Office, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>June 2004 Executive Officer, General Manager of Credit Department, The Bank of Tokyo-Mitsubishi, Ltd. (retired in June 2006)</p> <p>June 2006 Representative Director and President, Marunouchi Yorozu Co., Ltd. (retired in June 2007)</p> <p>June 2007 Deputy President, Mitsubishi UFJ Capital Co., Ltd.</p> <p>June 2008 President, Mitsubishi UFJ Capital Co., Ltd. (retired in June 2011)</p> <p>June 2011 Full-time Audit & Supervisory Board Member, MARUI GROUP CO., LTD. (retired in June 2015)</p> <p>Dec. 2015 Deputy President, MST Insurance Service Co., Ltd. (retired in June 2018)</p> <p>June 2018 Corporate Auditor, Marunouchi Yorozu Co., Ltd. (present position)</p> <p>Director of the Company (present position)</p>	300 shares
<p>[Reasons for nomination as candidate for Outside Director] The Company requests election of him as an Outside Director in the belief that he will be able to contribute to strengthening the corporate governance of the Company with suggestions and proposals concerning the Company's overall management by leveraging his ample business expertise and wealth of insight gained through his experience as a full-time Audit & Supervisory Board Member in a listed company and a senior corporate executive of business companies, in addition to that in financial institutions over many years.</p>			
9	<p>Kimiyo Hayashi (April 29, 1958) New candidate Outside Independent</p>	<p>Oct. 1982 Joined Asahi & Co. (currently KPMG AZSA LLC)</p> <p>Mar. 1986 Registered as a certified public accountant (to the present)</p> <p>Oct. 1995 Senior Manager, Asahi & Co. (retired in September 2009)</p> <p>Oct. 2009 Founded Hayashi Kimiyo Certified Public Accountant Office</p> <p>Oct. 2010 Corporate Auditor, Iwatani Direct Co., Ltd. (currently IWATANI-I-COLLECT Co., Ltd.) (present position)</p> <p>Jan. 2016 Corporate Auditor, Lotus Thermal Solution Inc. (present position)</p> <p>Dec. 2017 Corporate Auditor, TAKUTO Holdings Co., Ltd. (present position)</p> <p>[Significant concurrent position outside the Company] Certified public accountant</p>	0 shares
<p>[Reasons for nomination as candidate for Outside Director] In addition to her wealth of insight in finance and accounting as a certified public accountant, she has ample experience as an auditor of business corporations. Although Kimiyo Hayashi has never been involved in the management of a company except as an outside officer, the Company requests election of her as an Outside Director in the belief that, in addition to the above reason, she will be able to contribute to strengthening the corporate governance of the Company by providing suggestions and proposals concerning the Company's overall management as well as to enhance diversity of the organization.</p>			

- Notes:
1. Hideyoshi Noda, a candidate for Director, serves concurrently as Representative Director and President of Nitto Sanwa Toryo Co., Ltd. and Okayama Kako Co., Ltd. The Company outsources the production of paints to Nitto Sanwa Toryo Co., Ltd. and Okayama Kako Co., Ltd.
 2. There are no special interests between the other candidates and the Company.
 3. Matters pertaining to candidates for Outside Director are as follows.
 - (1) Kyoichi Haizaki, Michitaka Mukohara and Kimiyo Hayashi are candidates for Outside Director.

The Company has designated Kyoichi Haizaki, Michitaka Mukohara and Kimiyo Hayashi as Independent Officers and notified such designations to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.
 - (2) At the conclusion of this meeting, Kyoichi Haizaki will have been an Outside Director for three (3) years. Also, at the conclusion of this meeting, Michitaka Mukohara will have been an Outside Director for one (1) year.
 - (3) The Company has entered into limited liability agreements with Kyoichi Haizaki and Michitaka Mukohara under Article 423, paragraph 1 of the Companies Act. Limitation on liability of Outside Director to compensate damages under such agreements is set out to be the minimum amounts set forth in the relevant laws and regulations. If the reappointment of Kyoichi Haizaki and Michitaka Mukohara is approved, the Company intends to continue the above limited liability agreements. Moreover, if the appointment of Kimiyo Hayashi is approved, the Company intends to enter into a similar limited liability agreement with her.
 - (4) There are business transactions such as providing coatings, etc., between the Company and Mitsubishi Logisnext Co., Ltd., where Kyoichi Haizaki served as a business executive, but the amount of these transactions in the most recent fiscal year is negligible (less than 0.2%) for the consolidated net sales of the Company. Accordingly, the Company has determined that the independence of Kyoichi Haizaki is secured.
 - (5) There are business transactions such as borrowings, etc., between the Company and MUFG Bank, Ltd., where Michitaka Mukohara served as a business executive; however, the amount of these borrowings at the end of the most recent fiscal year is small (less than 2.5%) for the consolidated total assets of the Company. Also, a significant period of time (thirteen (13) years) has passed since he left the said bank. There are business transactions such as purchasing of insurance, etc., between the Company and MST Insurance Service Co., Ltd., where Michitaka Mukohara served as a business executive, but the amount of these transactions in the most recent fiscal year is negligible (less than 1%) for the consolidated net sales of MST Insurance Service Co., Ltd. Accordingly, the Company has determined that the independence of Michitaka Mukohara is secured.

There has been no transaction in the most recent fiscal year between the Company and other companies where Michitaka Mukohara served as a business executive.
 - (6) Although Kimiyo Hayashi was formerly a member of KPMG AZSA & Co. (currently KPMG AZSA LLC), the accounting auditor of the Company, a significant period of time has passed since she left the said firm (nine (9) years). Therefore, the Company deems Kimiyo Hayashi to be independent.

Proposal 3: Election of One (1) Substitute Corporate Auditor

The effect of assignment of substitute Corporate Auditor Hiroshi Maeshima will expire at the commencement of this meeting. Therefore, we propose the election of one (1) substitute Corporate Auditor, to prepare for a situation where the number of Corporate Auditor does not satisfy the number prescribed by laws and regulations. The candidate for substitute Corporate Auditor has been determined by the Board of Directors based on the recommendation of the Nominating Committee, a majority of which consists of Outside Directors.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary [Significant concurrent positions outside the Company]	Number of the Company's shares owned
Hiroshi Maeshima (November 25, 1951)	Mar. 1970 Joined Nippon Yusoki Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.) June 2004 Deputy General Manager, Corporate Planning Department, Nippon Yusoki Co., Ltd. Sept. 2005 General Manager, Corporate Planning Department, Nippon Yusoki Co., Ltd. Jan. 2006 Deputy General Manager, Corporate Planning Office, Nippon Yusoki Co., Ltd. June 2010 General Manager, Internal Audit Office, Administrative Division, Nippon Yusoki Co., Ltd. Oct. 2010 Corporate Auditor, Nichiyu MHI Forklift Co., Ltd. June 2011 Senior Corporate Auditor, Nippon Yusoki Co., Ltd. (present position) [Significant concurrent positions outside the Company] Audit and Supervisory Board Member, Mitsubishi Logisnext Co., Ltd.	0 shares
[Reasons for nomination as candidate for substitute Outside Corporate Auditor] The Company requests election of him as a substitute Outside Corporate Auditor in the belief that he will be able to execute his duties as Corporate Auditor from his expert perspective by leveraging his ample knowledge of the corporate planning office and internal control, etc. gained through his many years of experience including his current position as an Audit and Supervisory Board Member at a listed company.		

- Notes:
1. There is no special interest between Hiroshi Maeshima, a candidate for substitute Outside Corporate Auditor, and the Company.
 2. Hiroshi Maeshima is a candidate for substitute Outside Corporate Auditor. If he is appointed Corporate Auditor, the Company plans to designate Hiroshi Maeshima as an Independent Officer and notify such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.
 3. If he is appointed Corporate Auditor, the Company intends to enter into a liability limitation agreement with Hiroshi Maeshima per Article 423, paragraph 1 of the Companies Act. Based on this agreement, the limitation of liability for compensation for damages is set to be the minimum amount specified in the relevant laws and regulations.
 4. There are business transactions such as providing coatings, etc. between the Company and Mitsubishi Logisnext Co., Ltd., where Hiroshi Maeshima serves as an Audit and Supervisory Board Member, but the amount of these transactions in the most recent fiscal year is negligible (less than 0.2%) for the consolidated net sales of the Company. Accordingly, the Company has determined that the independence of Hiroshi Maeshima is secured.

Proposal 4: Revision of Remuneration Amount for Directors

At the 124th Ordinary General Meeting of Shareholders held on June 28, 2007, remuneration for the Company's Directors was approved at an amount not to exceed ¥204 million p.a. However, as the Company proposes to increase the number of Outside Directors by one to further enhance the corporate governance system, as described in the Proposal No. 2, and taking into consideration the increasingly larger responsibilities and roles expected to be fulfilled by Directors, the Company proposes to revise the remuneration amount for Directors to an amount not to exceed ¥300 million p.a.

This proposal has been prepared by the Board of Directors based on the recommendation of the Remuneration Advisory Committee, a majority of which consists of Outside Directors.

Currently, there are eight (8) Directors (of whom two (2) are Outside Directors), but the number will increase to nine (9) Directors (of whom three (3) are Outside Directors) upon approval of Proposal No. 2 "Election of Nine (9) Directors."

(Reference) Policy and Procedure for Determining Remuneration for Directors, etc.

The remuneration for Directors and other officers of the Company is composed of the monthly base remuneration, a bonus linked with performance, paid in cash, and a stock option as stock-based remuneration in treasury shares aimed at medium- and long-term improvement in financial results. The Company will specify the ratio of remuneration linked with medium- and long-term financial results and the ratio of remuneration in cash to that in treasury shares at proper levels in order to provide sound incentives that help to further continuous growth

(i) Policy on Determining Remuneration for Directors, etc.

The Company will define the following as a basic policy on determining remuneration for Directors and other personnel.

- A structure of remuneration suited to the roles, responsibilities, and results of individual Directors and other personnel.
- A structure of remuneration that reflects the Company's financial conditions and medium- and long-term financial results.
- A structure of remuneration that gives incentives to improve the Company's financial results and its corporate value.
- A structure of remuneration that enables them to share the same value standard with shareholders and other stakeholders.

(ii) Details of Remuneration and Procedures of Determining Remuneration

- The remuneration for directors is composed of monthly remuneration, a bonus, and a stock-based compensation stock option, and the amount of remuneration for each director will be determined by the Board of Directors within the limit approved by the General Meeting of Shareholders. The remuneration for each Outside Director consists of monthly remuneration and a bonus.
- The remuneration of each Executive Officer will consist of monthly remuneration, a bonus, and a stock-based compensation stock option, subject to a decision by the Board of Directors.