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Securities Code: 4205

June 5, 2019

To our shareholders,

Naozumi Furukawa
Chairman
Zeon Corporation
1-6-2 Marunouchi, Chiyoda-ku, Tokyo, Japan

NOTICE OF THE 94th ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 94th Annual General Meeting of Shareholders of Zeon Corporation (“the Company”), which will be held as described hereunder.

In the event that you are unable to attend the meeting, please review the Reference Materials for General Meeting of Shareholders hereinafter and exercise your voting rights in either of the following methods:

[Voting via mail]

Please indicate your approval or disapproval of each of the items to be resolved on the enclosed Voting Rights Exercise Form and return it to the Company by mail.

[Voting via the Internet]

Please access the website designated by the Company for the exercise of voting rights and follow on-screen instructions to enter your approval or disapproval of each of the items to be resolved.

- 1. Date and Time** Thursday, June 27, 2019, at 10:00 a.m. (JST)
(Reception will open at 9:30 a.m.)
- 2. Venue** Conference room of the head office of the Company (Shin Marunouchi Center Building, 14F)
1-6-2 Marunouchi, Chiyoda-ku, Tokyo

3. Purpose of the Meeting

Items to be reported:

1. The business report, the consolidated financial statements for the 94th fiscal year (from April 1, 2018 to March 31, 2019) and the audit reports of the Accounting Auditor and the Audit & Supervisory Board regarding the consolidated financial statements for the 94th fiscal year
2. The non-consolidated financial statements for the 94th fiscal year (from April 1, 2018 to March 31, 2019)

Items to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Ten (10) Directors
- Proposal No. 3:** Election of Three (3) Audit & Supervisory Board Members
- Proposal No. 4:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Outside Directors)

4. Information on Exercise of Voting Rights

- (1) Please exercise your voting rights by completing the Voting Rights Exercise Form and returning it to us by mail to arrive, or by registering your votes via the Internet, no later than 5:30 p.m. on Wednesday, June 26, 2019 (JST).
- (2) In the event that you exercise your voting rights both via mail and via the Internet, the vote via the Internet shall be upheld as the valid exercise of your voting rights. Moreover, if you exercise your voting rights multiple times via the Internet and your multiple votes for the same proposal are inconsistent, your last vote shall be upheld as the valid exercise of your voting rights.

If attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk.

Because the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements,” which must be provided at the time of providing this Notice of the 94th Annual General Meeting of Shareholders, are reported on the Company’s website (<http://www.zeon.co.jp>) in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation, they are not provided in the attached documents to this Notice of the 94th Annual General Meeting of Shareholders. Accordingly, the attached documents to this notice are part of the documents that were audited by the Audit & Supervisory Board and the Accounting Auditor in preparing the Audit Reports.

Amendments to the Reference Materials for General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements, if any, will be posted on our website (<http://www.zeon.co.jp>).

The Company’s website (<http://www.zeon.co.jp>)

Reference Materials for General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

The Company has adopted the basic policy of paying stable and continuous dividends of surplus to shareholders. Under this policy, the year-end dividend for the fiscal year ended March 31, 2019 is proposed to be ¥10 per share as described below. As a result, including the interim dividend, the annual dividend would be ¥19 per share, an increase of ¥2 per share from the previous fiscal year.

Matters concerning the year-end dividend

- (1) Items concerning allocation of dividend assets and the total amount for shareholders thereof
¥10.00 per share of common stock of the Company
The total amount of dividends: ¥2,184,984,960
- (2) Effective date of dividends of surplus
June 28, 2019

Proposal No. 2: Election of Ten (10) Directors

The terms of office of all eleven (11) incumbent Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, we would like you to approve the election of ten (10) Directors including three (3) Outside Directors.

The candidates for Directors are as follows:

No.	Name	Current position and responsibility	Attribute
1	Naozumi Furukawa	Chairman Chairman of Tohpe Corporation	Reelection
2	Kimiaki Tanaka	President	Reelection
3	Hiroyuki Hirakawa	Director & Senior Corporate Officer Head of CSR Headquarters, Elastomers and Chemicals Business Headquarters, and Division Manager of Logistics Division	Reelection
4	Toru Nishijima	Director & Senior Corporate Officer Head of Production and Engineering Technology Headquarters and Division Manager of Production Center	Reelection
5	Sachio Hayashi	Director & Senior Corporate Officer Head of Research & Development Headquarters and Division Manager of Research & Development Center	Reelection
6	Hiroshi Fujisawa	Director & Corporate Officer Head of Specialty Business Headquarters and Division Manager of Specialty Chemicals Division President of TFC Inc. and President of Zeon CSC Corporation	Reelection
7	Kazuyoshi Matsuura	Corporate Officer Division Manager of Synthetic Rubber Division	New election
8	Haruo Ito	Outside Director Senior Adviser of Fuji Electric Co., Ltd.	Reelection Outside Independent
9	Takao Kitabata	Outside Director Outside Director and Chairman of the Board of Directors of Kobe Steel, Ltd.	Reelection Outside Independent
10	Tadanobu Nagumo	Outside Director Senior Advisor of The Yokohama Rubber Co., Ltd.	Reelection Outside

Reelection: Candidate for reelection as Director

New election: New candidate for Director

Outside: Candidate for Outside Director

Independent: Independent officer as provided by securities exchanges, etc.

No.	Name (Date of birth)	Career summary, position and responsibility at the Company		Number of the Company's shares held
1	Naozumi Furukawa (December 22, 1944) Reelection Attendance at Board of Directors meetings 15/15	Apr. 1967	Joined the Company	127,300
		June 1997	Director of the Company	
		June 1999	Senior Director of the Company	
		June 2001	Executive Director of the Company	
		June 2003	President of the Company	
		June 2013	Chairman of the Company (incumbent)	
		(Status of important concurrent occupations) Chairman of Tohpe Corporation		
	[Reasons for nomination as candidate for Director] Mr. Naozumi Furukawa became President of the Company in 2003 and since 2013 has been serving as Chairman of the Company. Over the years since he became President of the Company, he has directed management in his role as leader of the Group and has greatly contributed to growth of the Company's business. The Company has nominated him as candidate for Director again as it expects him to offer leadership based on his extensive knowledge and experience concerning management in general.			
2	Kimiaki Tanaka (February 19, 1953) Reelection Attendance at Board of Directors meetings 15/15	Apr. 1979	Joined the Company	64,300
		June 2005	Director of the Company	
		June 2007	Director & Corporate Officer of the Company	
		June 2011	Director & Senior Corporate Officer of the Company	
		June 2012	Director & Executive Corporate Officer of the Company	
		June 2013	President of the Company (incumbent)	
		(Status of important concurrent occupations) -		
	[Reasons for nomination as candidate for Director] Mr. Kimiaki Tanaka became President of the Company in 2013, and he has contributed to improvement of the corporate value of the Group, including directing management by leading promotion of the "SZ-20" Mid-Term Management Plan. The Company has nominated him as candidate for Director again as it expects him to offer leadership based on his extensive knowledge and experience concerning management in general.			
3	Hiroyuki Hirakawa (August 23, 1958) Reelection Attendance at Board of Directors meetings 15/15	Apr. 1981	Joined the Company	31,800
		June 2008	Corporate Officer of the Company	
		June 2009	Director & Corporate Officer of the Company	
		June 2015	Director & Senior Corporate Officer of the Company (incumbent)	
		(Status of important concurrent occupations) -		
	[Reasons for nomination as candidate for Director] Mr. Hiroyuki Hirakawa became Director in 2009 and currently serves as Head of CSR Headquarters, Elastomers and Chemicals Business Headquarters, and Division Manager of Logistics Division. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.			
4	Toru Nishijima (February 8, 1957) Reelection Attendance at Board of Directors meetings 15/15	Apr. 1981	Joined the Company	22,100
		June 2009	Corporate Officer of the Company	
		June 2014	Senior Corporate Officer of the Company	
		June 2015	Director & Senior Corporate Officer of the Company (incumbent)	
		(Status of important concurrent occupations) -		
	[Reasons for nomination as candidate for Director] Mr. Toru Nishijima became Director in 2015 and currently serves as Head of Production and Engineering Technology Headquarters and Division Manager of Production Center. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company		Number of the Company's shares held
5	Sachio Hayashi (March 3, 1956) Reelection Attendance at Board of Directors meetings 15/15	Apr. 1980	Joined the Company	36,600
		June 2014	Plant Manager of Kawasaki Plant of the Company	
		June 2015	Corporate Officer of the Company	
		June 2017	Director & Senior Corporate Officer of the Company (incumbent)	
		(Status of important concurrent occupations)		
		-		
[Reasons for nomination as candidate for Director] Mr. Sachio Hayashi became Director in 2017 and currently serves as Head of Research & Development Headquarters and Division Manager of Research & Development Center. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.				
6	Hiroshi Fujisawa (March 15, 1959) Reelection Attendance at Board of Directors meetings 15/15	Apr. 1984	Joined the Company	8,100
		Dec. 2010	Plant Manager of Takaoka Plant of the Company	
		June 2011	Corporate Officer of the Company	
		June 2017	Director & Corporate Officer of the Company (incumbent)	
		(Status of important concurrent occupations)		
		President of TFC Inc.		
		President of Zeon CSC Corporation		
[Reasons for nomination as candidate for Director] Mr. Hiroshi Fujisawa became Director in 2017 and currently serves as Head of Specialty Business Headquarters, Division Manager of Specialty Chemicals Division, President of TFC Inc. and President of Zeon CSC Corporation. The Company has nominated him as candidate for Director again as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.				
7	Kazuyoshi Matsuura (February 21, 1967) New election Attendance at Board of Directors meetings -	April 1993	Joined the Company	1,800
		July 2013	Division Manager of Electronic Materials Division 2 of the Company	
		July 2014	General Manager of Synthetic Rubber Sales & Marketing Department 2, Synthetic Rubber Division of the Company	
		June 2017	Corporate Officer of the Company (incumbent)	
		(Status of important concurrent occupations)		
		-		
[Reasons for nomination as candidate for Director] Mr. Kazuyoshi Matsuura became Corporate Officer of the Company in 2017 and currently serves as Division Manager of Synthetic Rubber Division. The Company has nominated him as new candidate for Director as it judges that his extensive operational knowledge and experience make him suited to playing a role in the Company's management.				

No.	Name (Date of birth)	Career summary, position and responsibility at the Company	Number of the Company's shares held
8	Haruo Ito (November 9, 1943) Reelection Outside Independent Attendance at Board of Directors meetings 15/15	Apr. 1968 Joined Fuji Electric Manufacturing Co., Ltd. June 1998 Director of Fuji Electric Co., Ltd. Oct. 2003 President and Representative Director of Fuji Electric Systems Co., Ltd. June 2006 President and Representative Director of Fuji Electric Holdings Co., Ltd. Apr. 2010 Director & Senior Adviser of Fuji Electric Holdings Co., Ltd. June 2010 Senior Adviser of Fuji Electric Holdings Co., Ltd. (incumbent) June 2011 Outside Director of the Company (incumbent) (Status of important concurrent occupations) Senior Adviser of Fuji Electric Co., Ltd. (former Fuji Electric Holdings Co., Ltd.) Outside Director of Nippon Light Metal Holdings Co., Ltd.	9,400
[Reasons for nomination as candidate for Outside Director] Mr. Haruo Ito was involved in the management of Fuji Electric Co., Ltd. for many years, and he possesses experience and knowledge as a person with expertise in corporate management, which he has accumulated through his career. The Company has nominated him as candidate for Outside Director again, as it expects him to provide practical guidance and advice related to corporate management of the Company founded on his experience, etc. At the conclusion of this Annual General Meeting of Shareholders, he will have served eight (8) years as Outside Director of the Company.			
9	Takao Kitabata (January 10, 1950) Reelection Outside Independent Attendance at Board of Directors meetings 13/15	Apr. 1972 Joined Ministry of International Trade and Industry June 2004 Director-General, Economic and Industrial Policy Bureau of Ministry of Economy, Trade and Industry July 2006 Vice-Minister of Economy, Trade and Industry July 2008 Retired from Ministry of Economy, Trade and Industry June 2010 Outside Director of Kobe Steel, Ltd. (incumbent) Outside Audit & Supervisory Board Member of Marubeni Corporation June 2013 Chairman of Board of Sanda Gakuen Junior High School & Senior High School Outside Director of Marubeni Corporation (incumbent) Apr. 2014 Principal of Sanda Gakuen Junior High School & Senior High School June 2014 Outside Director of the Company (incumbent) (Status of important concurrent occupations) Outside Director and Chairman of the Board of Directors of Kobe Steel, Ltd. Outside Director of Marubeni Corporation Outside Director of SEIREN CO., LTD.	0
[Reasons for nomination as candidate for Outside Director] Mr. Takao Kitabata was involved in the planning of economic and industrial policy for many years, and he possesses experience and knowledge of industry overall, which he has accumulated through his career. The Company has nominated him as candidate for Outside Director again, as it judges that, regardless of whether he has had direct involvement in the corporate management of a company, he can contribute to the corporate management of the Company with his guidance and advice based on his knowledge, etc. At the conclusion of this Annual General Meeting of Shareholders, he will have served five (5) years as Outside Director of the Company.			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company	Number of the Company's shares held
10	Tadanobu Nagumo (February 12, 1947) Reelection Outside Attendance at Board of Directors meetings 14/15	Apr. 1969 Joined The Yokohama Rubber Co., Ltd. June 1999 Director of The Yokohama Rubber Co., Ltd. June 2002 Managing Director of The Yokohama Rubber Co., Ltd. June 2003 Senior Managing Director of The Yokohama Rubber Co., Ltd. June 2004 President and Representative Director of The Yokohama Rubber Co., Ltd. June 2011 Chairman and CEO and Representative Director of The Yokohama Rubber Co., Ltd. Outside Audit & Supervisory Board Member of the Company June 2015 Outside Director of the Company (incumbent) Mar. 2016 Chairman and Representative Director of The Yokohama Rubber Co., Ltd. Mar. 2019 Senior Advisor of The Yokohama Rubber Co., Ltd. (incumbent) (Status of important concurrent occupations) Senior Advisor of The Yokohama Rubber Co., Ltd. Outside Director of Kanagawa Chuo Kotsu Co., Ltd.	9,100
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Mr. Tadanobu Nagumo was involved in the management of The Yokohama Rubber Co., Ltd. for many years, and he possesses experience and knowledge as a person with expertise in corporate management, which he has accumulated through his career. The Company has nominated him as candidate for Outside Director again, as it expects him to provide practical guidance and advice related to corporate management of the Company founded on his experience, etc. At the conclusion of this Annual General Meeting of Shareholders, he will have served four (4) years as Outside Director of the Company, but he served four (4) years as Outside Audit & Supervisory Board Member from June 2011.</p>			

- (Notes)
1. Mr. Haruo Ito, Mr. Takao Kitabata and Mr. Tadanobu Nagumo are candidates for Outside Directors as provided in Article 2, paragraph 3, item 7 of the Regulation for Enforcement of the Companies Act.
 2. The Company has notified the Tokyo Stock Exchange of status of Mr. Haruo Ito and Mr. Takao Kitabata as independent directors/auditors.
 3. The Company has concluded contracts with Mr. Haruo Ito, Mr. Takao Kitabata and Mr. Tadanobu Nagumo that limit their liability for damages prescribed by Article 423, paragraph 1 of the Companies Act to the minimum liability amount prescribed by laws and regulations. If their re-election is approved, the Company plans to continue contracts with the same contents.
 4. Mr. Takao Kitabata has served as an Outside Director of Kobe Steel, Ltd. since June 2010. Kobe Steel, Ltd. announced in October 2017 that Kobe Steel, Ltd. and its group companies shipped or provided products that do not satisfy public standards or customer specifications to customers as products that satisfy the standards and specifications, by falsifying or fabricating inspection results. Kobe Steel, Ltd. was found guilty of a violation of the Unfair Competition Prevention Act in March 2019 for part of these acts. He was not aware of the facts until such problem was revealed, but he has regularly called attention to the form the company should take by making suggestions from a compliance perspective in meetings of the Board of Directors and other occasions of Kobe Steel, Ltd. After such facts were discovered, he expressed a variety of opinions in the Board of Directors meeting on the appropriateness and suitability of the investigation methods in addition to those aimed at identifying the cause and verifying safety, and as a member of the Quality Governance Restructuring Deliberation Committee, he contributed to the formulation of measures to prevent recurrence. He was later appointed as Chairman of the Board of Directors of Kobe Steel, Ltd. in June 2018, and has received periodic reports in meetings of the Board of Directors on the progress of measures to prevent recurrence, while appropriately monitoring the execution of measures to prevent recurrence and various initiatives by commenting on Kobe Steel's initiatives to regain trust such as governance reform and changing the awareness of employees.
 5. Mr. Hiroshi Fujisawa is President of TFC Inc. The Company has transactions with the aforementioned company, involving mostly purchase of the optical film. Furthermore, he is President of Zeon CSC Corporation, with which the Company has transactions, involving mostly sale of specialty plastics products, etc.
 6. There are no special conflicts of interests as prescribed by Article 74, paragraph 2, item 3 of the Regulation for Enforcement of the Companies Act between the Company and any of the other candidates.

Proposal No. 3: Election of Three (3) Audit & Supervisory Board Members

Of the Audit & Supervisory Board Members currently in office, the term of office of Mr. Tadayuki Minami, Mr. Akio Kohri and Mr. Nobutake Nishijima will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, we would like you to approve the election of three (3) Audit & Supervisory Board Members, including two (2) Outside Audit & Supervisory Board Members. The Audit & Supervisory Board has approved this proposal. The candidates for Audit & Supervisory Board Members are as follows:

No.	Name (Date of birth)	Career summary and position at the Company		Number of the Company's shares held
1	Takeo Furuya (December 2, 1958)	Mar. 1990 July 2012	Joined the Company General Manager of Accounting & Finance Department and General Manager of Accounting Reform Department, Corporate Administration Division of the Company	22,100
	New election Attendance at Board of Directors meetings 15/15 Attendance at Audit & Supervisory Board meetings -	June 2013 June 2015	Corporate Officer of the Company Director & Corporate Officer of the Company (incumbent) (Status of important concurrent occupations) Vice President of Zeon Nano Technology Co., Ltd.	
[Reasons for nomination as candidate for Audit & Supervisory Board Member] Mr. Takeo Furuya became Director in 2015 and is currently in charge of Carbon Nanotube Business and serving as Vice President of Zeon Nano Technology Co., Ltd. The Company has nominated him as new candidate for Audit & Supervisory Board Member as it expects that he will contribute to improvement of the corporate value of the Group through management audits that take full advantage of his extensive operational experience and insight into finance and accounting.				
2	Akio Kohri (December 21, 1948)	Apr. 1971 June 2005 June 2008	Joined Asahi Denka Co., Ltd. (currently ADEKA Corporation) Operating Officer of ADEKA Corporation Director and Operating Officer of ADEKA Corporation	0
	Reelection Outside Independent Attendance at Board of Directors meetings 12/15 Attendance at Audit & Supervisory Board meetings 6/6	June 2010 June 2012 June 2015 June 2018	Director and Managing Operating Officer of ADEKA Corporation President and Chief Operating Officer of ADEKA Corporation Outside Audit & Supervisory Board Member of the Company (incumbent) Chairman and Chief Executive Officer of ADEKA Corporation (incumbent) (Status of important concurrent occupations) Chairman and Chief Executive Officer of ADEKA Corporation Director of Nihon Nohyaku Co., Ltd.	
[Reasons for nomination as candidate for Outside Audit & Supervisory Board Member] Mr. Akio Kohri was involved in the management of ADEKA Corporation for many years, and he possesses experience and knowledge as a person with expertise in corporate management, which he has accumulated through his career. The Company has nominated him as candidate for Outside Audit & Supervisory Board Member again, as it expects him to provide management supervision and check functions based on his perspective. At the conclusion of this Annual General Meeting of Shareholders, he will have served four (4) years as Audit & Supervisory Board Member of the Company.				

No.	Name (Date of birth)	Career summary and position at the Company	Number of the Company's shares held
3	Nobutake Nishijima (May 23, 1953) Reelection Outside Independent Attendance at Board of Directors meetings 15/15 Attendance at Audit & Supervisory Board meetings 6/6	Apr. 1976 Joined Dai-Ichi Kangyo Bank, Ltd. Mar. 2003 Executive Officer of Mizuho Corporate Bank, Ltd. Apr. 2004 Executive Officer of Mizuho Bank, Ltd. Apr. 2005 Managing Executive Officer of Mizuho Bank, Ltd. Apr. 2008 Deputy President & Executive Officer of Mizuho Trust & Banking Co., Ltd. June 2008 Director, Deputy President & Executive Officer of Mizuho Trust & Banking Co., Ltd. Apr. 2013 President of Mizuho Private Wealth Management Co., Ltd Apr. 2015 Vice Chairman of Total Insurance Service Limited June 2015 Outside Audit & Supervisory Board Member of the Company (incumbent) Apr. 2017 Advisor of Fujitsu Total Insurance Service Limited June 2018 Advisor of NIPPON TOCHI-TATEMONO Co., Ltd. (incumbent) (Status of important concurrent occupations) Advisor of NIPPON TOCHI-TATEMONO Co., Ltd.	0
<p>[Reasons for nomination as candidate for Outside Audit & Supervisory Board Member]</p> <p>Mr. Nobutake Nishijima was involved in the management of companies such as Mizuho Trust & Banking Co., Ltd. for many years, and he possesses experience and knowledge as a person with expertise in corporate management, which he has accumulated through his career. The Company has nominated him as candidate for Outside Audit & Supervisory Board Member again, as it expects him to provide management supervision and check functions based on his perspective. At the conclusion of this Annual General Meeting of Shareholders, he will have served four (4) years as Outside Audit & Supervisory Board Member of the Company.</p>			

- (Notes)
1. Mr. Akio Kohri and Mr. Nobutake Nishijima are candidates for Outside Audit & Supervisory Board Members as provided in Article 2, paragraph 3, item 8 of the Regulation for Enforcement of the Companies Act.
 2. The Company has notified the Tokyo Stock Exchange of status of Mr. Akio Kohri and Mr. Nobutake Nishijima as independent directors/auditors.
 3. The Company has concluded contracts with Mr. Akio Kohri and Mr. Nobutake Nishijima that limit their liability for damages prescribed by Article 423, paragraph 1 of the Companies Act to the minimum liability amount prescribed by laws and regulations. If their re-election is approved, the Company plans to continue contracts with the same contents. The Company plans to conclude a contract with the same contents with Mr. Takeo Furuya.
 4. Mr. Takeo Furuya concurrently serves as Vice President of Zeon Nano Technology Co., Ltd., but plans to retire from the position before the date of the Annual General Meeting of Shareholders.
 5. Mr. Akio Kohri is Chairman and Chief Executive Officer of ADEKA Corporation. The Company has transactions with the aforementioned company, involving mostly purchase of raw materials.
 6. There are no special conflicts of interests as prescribed by Article 76, paragraph 1, item 2 of the Regulation for Enforcement of the Companies Act between the Company and any of the other candidates.

Proposal No. 4: Determination of Remuneration for Granting Restricted Shares to Directors (excluding Outside Directors)

The total amount of monetary remuneration to be paid to Directors of the Company has been approved to be not more than ¥550 million per year (excluding employee salaries of Directors who concurrently serve as employees) at the Company's 82nd Annual General Meeting of Shareholders held on June 28, 2007, and apart from monetary remuneration, the amount of remunerations concerning stock acquisition rights granted as stock remuneration-type stock options for Directors has been approved to be not more than ¥200 million per year at the Company's 81st Annual General Meeting of Shareholders held on June 29, 2006.

The Company hereby proposes the introduction of payment of remuneration for granting restricted shares to Directors of the Company (excluding Outside Directors; "Eligible Directors") apart from the above maximum amount of remuneration in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them, in place of the above stock remuneration-type stock option plan, as part of the revision to its remuneration package for officers.

Once this proposal is approved, the Company will discontinue the stock remuneration-type stock option plan for Directors except for those already granted, and will not thereafter issue new stock acquisition rights as stock remuneration-type stock options for Directors.

The remuneration to be paid to Eligible Directors for the purpose of granting them restricted shares shall be monetary claims ("monetary remuneration claims"); and the total amount of monetary remuneration claims based on this proposal shall be not more than ¥200 million per year as deemed reasonable in light of the above purposes. The specific timing for providing thereof and the allocation to each Eligible Director shall be determined by the Board of Directors. However, the Company will not pay remuneration for the purpose of granting restricted shares to Outside Directors.

The remuneration amount above shall not include employee salaries of Directors who concurrently serve as employees.

The number of Directors is currently eleven (11) (including three (3) Outside Directors). Subject to the approval and adoption of Proposal No. 2 "Election of Ten (10) Directors" as originally proposed, the number of Directors will be ten (10) (including three (3) Outside Directors).

Furthermore, the Eligible Directors shall pay all monetary remuneration claims to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and shall, in return, receive common stock of the Company that shall be issued or disposed of by the Company. The total number of shares of common stock of the Company that shall be issued or disposed of by the Company shall not exceed 160,000 shares per year (However, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution), a reverse share split of its common stock, or any other reason arises necessitating an adjustment to the total number of shares of common stock of the Company that shall be issued or disposed of as restricted shares, the relevant total number shall be reasonably adjusted as required).

The amount to be paid in per share shall be determined by the Board of Directors within the extent that the amount will not be particularly advantageous to Eligible Directors who subscribe the Company's common stock based on the closing price of the Company's common stock on the First Section of the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day). For such issuance or disposal of the common stock of the Company as a result of the above, an agreement on allotment of restricted shares including the following content (the "Allotment Agreement") shall be entered into between the Company and each Eligible Director.

(1) Restriction Period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the common stock of the Company allotted under the Allotment Agreement (the "Allotted Shares") for a certain period specified in advance by the Board of Directors in the Allotment Agreement (the "Restriction Period"), which is a period between 20 to 30 years from the day on which shares are allotted under the Allotment Agreement ("transfer restrictions").

(2) Treatment on retirement from the position

If an Eligible Director retires from the position specified by the Board of Directors of the Company in advance before the Restriction Period expires, the Company shall automatically acquire such Allotted Shares without contribution, unless the reason for his/her retirement from office is the expiration of the term of his/her office, death, or other justifiable reason.

(3) Lifting of transfer restrictions

Notwithstanding the provision of (1) above, the Company shall lift the transfer restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position specified by the Board of Directors of the Company in advance throughout the Restriction Period. However, if the Eligible Director retires from the position specified in (2) above before the expiration of the Restriction Period due to expiration of the term of office specified in (2) above, death or other justifiable reason, which is designated in (2) above, the Company shall rationally adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted, and the timing of lifting as needed. Furthermore, pursuant to the above provision, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company. In cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(5) Other matters

Other matters related to the Allotment Agreement shall be specified by the Board of Directors of the Company.