



**Notice of the 152nd Ordinary General Meeting of Shareholders
to be held in Kitakyushu City, Japan on June 26, 2018**

TOTO LTD.

2-1-1 Nakashima, Kokurakita-ku, Kitakyushu City, Japan

Notice:

This is an English translation of the Japanese original of the Notice of the 152nd Ordinary General Meeting of Shareholders distributed to shareholders in Japan. This translation is prepared solely for the reference and convenience of foreign shareholders. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

To Our Shareholders

TOTO LTD.

Madoka Kitamura
President, Representative Director
2-1-1 Nakashima, Kokurakita-ku, Kitakyushu City

Notice of the 152nd Ordinary General Meeting of Shareholders

This is to inform you that TOTO LTD. (the "Company") will hold its 152nd Ordinary General Meeting of Shareholders, as described below, which you are cordially invited to attend.

If you are unable to attend the Meeting, please exercise your voting rights in written form or electronically, after examining the attached reference documents for the General Meeting of Shareholders, no later than 5:10 p.m. on Monday, June 25, 2018, Japan time.

■ **Time and Date:** 10:00 a.m. on Tuesday, June 26, 2018, Japan time

■ **Place:** TOTO Museum Hall,
2-1-1 Nakashima, Kokurakita-ku, Kitakyushu City

■ **Purpose of the Meeting:**

Matters to be reported:

- (1) Reporting of the substance of the business report, the consolidated financial statements and the non-consolidated financial statements for the 152nd fiscal period (from April 1, 2017 to March 31, 2018)
- (2) Reporting the result of audit of consolidated financial statements by the Independent Accounting Auditors and the Audit & Supervisory Board

Matters to be resolved:

Proposal 1: Election of 13 Directors

Proposal 2: Election of One Audit & Supervisory Board Member

Proposal 3: Revision of Amount of Directors' Base Compensation

Proposal 4: Determination of Compensation Intended to Grant Restricted Shares to Directors

TOTO

■ **Matters Relating to Exercise of Voting Rights**

(1) Exercise of voting rights in written form (by mail)

Please indicate your approval or disapproval on the enclosed voting form and return it for receipt by the Company by 5:10 p.m., Monday, June 25, 2018.

(2) Exercise of voting rights through the Internet

Please vote via the Internet by 5:10 p.m., Monday, June 25, 2018, with reference to the "Precautions required when exercising your voting rights using the Internet" on page 4.

(3) Treatment of multiple exercises of voting rights

In the event that any shareholder exercises voting rights in written form (by mail) as well as through the Internet, exercise of voting rights through the Internet shall supersede as the effective exercise of the voting rights. If any voting right is exercised more than once via the Internet, the latest exercise will be upheld as the valid exercise of the voting right. If any voting right is exercised by personal computer, smartphone, or cellular phone, the latest exercise will be upheld as the valid exercise of the voting right.

- The Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements, as well as the Statements of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements, are posted on the Company's website pursuant to laws and regulations and Article 11 of the Company's Articles of Incorporation. (Japanese only)
These documents are part of the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Audit & Supervisory Board Members and the Independent Accounting Auditors.
- In the event of any change to the Reference Documents for the General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, such change will be posted in the Investor Relations section of the Company's website (<https://jp.toto.com/company/ir>).
- If you plan to attend the Meeting, please submit the enclosed voting form to the receptionist at the Meeting. Please also bring this pamphlet with you, to help us conserve resources.
- In accordance with the Japanese government's "Cool Biz" summertime energy-saving campaign, we will be wearing light clothing at the Meeting. We recommend that you do the same.
- We will give you a gift at the Meeting. Please note that only one gift will be given to one shareholder attending the Meeting, regardless of the number of voting forms that each shareholder brings.

Exercise of Voting Rights

Exercise of Voting Rights via Attending the Shareholders' Meeting



Please present the enclosed voting form at the reception desk.

Date and Time of the Shareholders' Meeting

Tuesday, June 26, 2018
10:00 a.m.

Exercise of Voting Rights via Postal Mail



Please indicate, on the enclosed voting form, your approval or disapproval of each proposal and return the completed form.

Voting Deadline

(To arrive before)
Monday, June 25, 2018
5:10 p.m.

Exercise of Voting Rights via the Internet



Please log into the voting site (<https://evote.tr.mufig.jp/>) as specified by the Company to indicate your approval or disapproval of each proposal.

Voting Deadline

Monday, June 25, 2018
5:10 p.m.

Please refer to page 4

How to fill out the voting form

The image shows a sample of a voting form for TOTO Co., Ltd. (TOTO株式会社). It includes a table for voting on proposals. Red boxes and arrows point to the 'approve' and 'disapprove' options for each proposal. The form is titled '議決権行使書' (Voting Form) and 'TOTO株式会社 御中' (TOTO Co., Ltd. Dear Sir/Madam).

For Proposal 1

- If you approve of all of the candidates: Mark the "approve" box with a "○"
- If you are opposed to all of the candidates: Mark the "disapprove" box with a "○"
- If you are opposed to some of the candidates: Mark the "approve" box with a "○," and indicate the numbers for the candidates that you are opposed to within the parentheses

For Proposal 2, Proposal 3 and Proposal 4

- If you approve of the proposal: Mark the "approve" box with a "○"
- If you are opposed to the proposal: Mark the "disapprove" box with a "○"

* If you submit your voting form without indicating your approval or disapproval of each proposal, it will be treated as an indication of approval.

Precautions required when exercising your voting rights using the Internet

1. Site for Exercising Voting Rights

- (1) You may only exercise voting rights via the Internet by accessing the website for exercising voting rights designated by the Company (<https://evote.tr.mufg.jp/>) through a personal computer, smartphone, or cellular phone. Please note that you will not be able to access the above URL from 2:00 a.m. to 5:00 a.m. each day.
- (2) You might not be able to access the website for exercising voting rights via the Internet from your personal computer, smartphone, or cellular phone depending on your user environment and the type of your service or terminal. For details, please contact the help desk shown below.

2. Method of Exercising Voting Rights via the Internet

- (1) On the website for exercising voting rights (<https://evote.tr.mufg.jp/>), please enter your approval or disapproval for the proposals by using your "Login ID" and "Temporary Password" described in the voting form and by following the instructions on the screen.
- (2) Please note that if you wish to exercise your voting rights via the Internet, you will be requested to change your "Temporary Password" on the website for exercising voting rights in order to prevent unauthorized access or other acts by non-shareholders.

3. Treatment of multiple exercises of voting rights

In the event that any shareholder exercises voting rights in written form (by mail) as well as through the Internet, exercise of voting rights through the Internet shall be deemed as the effective exercise of the voting rights. If any voting right is exercised more than once via the Internet, the latest exercise will be upheld as the valid exercise of the voting right. If any voting right is exercised by personal computer, smartphone, or cellular phone, the latest exercise will be upheld as the valid exercise of the voting right.

4. Costs arising from Access to the Website for Exercising Voting Rights

Internet connection fees, communication charges, etc. shall be borne by you.

For questions with respect to systems, etc.

Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Department (help desk)
Telephone: 0120-173-027 (toll-free number)
Operating Hours: 9:00 a.m. to 9:00 p.m.

To Institutional Investors

As an additional method for exercising your voting rights at the General Meeting of Shareholders, you may use the electronic voting platform operated by ICJ, Inc.

Reference Documents for General Meeting of Shareholders **(Agenda and References are as follows)**

Proposal 1: Election of 13 Directors

The term of office of the Company's Directors is one year.

The term of office of all 13 incumbent Directors will expire at the close of this Meeting. The Company asks for your approval of the following 13 Director candidates.

The Director candidates are listed below.

The size of the Board of Directors and the selection of Director candidates are determined after consultations with the Nominating Advisory Committee* to ensure that the Company's Board of Directors consists of Directors who have the expertise and experience necessary to contribute to the improvement of the corporate value of the Company group and that it consists of the most appropriate personnel at the present time.

There is no special conflict of interests between each Director candidate and the Company.

* The Nominating Advisory Committee has been established to help ensure the objectivity and transparency of the Company's management through activities such as deliberation on and confirmation of the appointment of the Company's Board of Directors and Audit & Supervisory Board members. The Committee shall make reports to the Board of Directors on proposals to the Meeting of Shareholders related to the appointment and dismissal of Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Members of the Audit & Supervisory Board.

Half or more of Committee members shall be outside members, and the chairperson and members have been appointed by the Board of Directors. The Committee members consist of five Independent Directors/Audit & Supervisory Board Members as outside members and two Representative Directors as internal members, and the chairperson shall be the President and Representative Director of the Company.

List of the Candidates for Directors

Candidate No.	Name		Position and Responsibilities	Board of Directors Meeting Attendance
1	Kunio Harimoto	Re-elected	Representative Director, Chairman of the Board	12/12 (100%)
2	Madoka Kitamura	Re-elected	President, Representative Director In charge of Global Business Promotion, Management Planning, Design, and Secretary's Office	12/12 (100%)
3	Noriaki Kiyota	Re-elected	Representative Director, Executive Vice President In charge of Business Divisions & Research & Technology, Human Resource, Purchasing, Engineering Works, and in charge of WILL2022 Management Resource Innovation	12/12 (100%)
4	Nozomu Morimura	Re-elected	Representative Director, Executive Vice President In charge of Sales Groups, Customer Service, Cultural Promotion, and in charge of WILL2022 Marketing Innovation	12/12 (100%)
5	Soichi Abe	Re-elected	Director, Senior Managing Executive Officer In charge of China & Asia Housing Equipment Business, Internal Audit Office, and in charge of WILL2022 China & Asia Housing Equipment Business	12/12 (100%)
6	Ryosuke Hayashi	Re-elected	Director, Managing Executive Officer In charge of New-Domain Business Group, Bathroom, Kitchen & Lavatory Vanity, Faucets & Appliances, and in charge of WILL2022 New Business Domains, and WILL2022 Demand Chain Innovation	12/12 (100%)
7	Kazuo Sako	Re-elected	Director, Managing Executive Officer In charge of Americas & Europe Housing Equipment Business, and in charge of WILL2022 Americas & Europe Housing Equipment Business	12/12 (100%)
8	Taiichi Aso	Re-elected	Director, Managing Executive Officer In charge of Restroom Business Group and Production Technology Business Group	12/12 (100%)
9	Satoshi Shirakawa	Re-elected	Director, Managing Executive Officer In charge of Sales Promotion Group, Logistics, and in charge of WILL2022 Japan Housing Equipment Business	10/10 (100%)
10	Tomoyuki Taguchi	Newly elected	Executive Officer In charge of Accounting & Finance, Legal Affairs, Information System Planning, and General Affairs	—
11	Kazuhiko Masuda	Re-elected Outside Independent	Outside Director	12/12 (100%)
12	Masatsugu Shimono	Re-elected Outside Independent	Outside Director	12/12 (100%)
13	Junji Tsuda	Newly elected Outside Independent	—	—

(Note) As Director and Managing Executive Officer Mr. Satoshi Shirakawa was elected at the 151st Ordinary General Meeting of Shareholders held on June 27, 2017, the number of Meetings of the Board of Directors he was eligible to attend is different from that of the other Directors.

Candidates for Directors:

Candidate number: 1 Re-elected		Kunio Harimoto (Date of birth: Mar. 19, 1951) 67 years old		
		Number of the Company's shares held Common stock: 47,100 shares	Term of office served as Director 15 years	Board of Directors Meeting Attendance 12/12 (100%)
Nominating Advisory Committee Member				
Brief Career History, Position, Responsibilities and Significant Concurrent Positions Apr. 1973 Joined the Company Jun. 2003 Director, Executive Officer Director, Sales Promotion Group of the Company Jun. 2005 Director, Managing Executive Officer In charge of the Marketing & Communication Group and Director, Sales Promotion Group of the Company Jun. 2006 Director, Senior Managing Executive Officer In charge of the Marketing Group and the Sales Promotion Group of the Company Apr. 2009 President, Representative Director In charge of the New-Domain Business Group of the Company Apr. 2010 President, Representative Director In charge of System Product Group, New-Domain Business Group, Secretary's Office, Management Planning Department, Internal Audit Office, and in charge of V-Plan New business domains of the Company Apr. 2011 President, Representative Director In charge of New-Domain Business Group, Management Planning Division, Internal Audit Office, Secretary's Office, and in charge of V-Plan New business domains of the Company Apr. 2012 President, Representative Director In charge of New-Domain Business Group, Management Planning Division, Internal Audit Office, Cultural Promotion Department, Secretary's Office, and in charge of V-Plan New business domains of the Company Apr. 2014 Representative Director, Chairman of the Board of the Company [Present]				
Significant concurrent position Outside Director of Nishi-Nippon Railroad Co., Ltd. Outside Audit & Supervisory Board Member of RKB MAINICHI HOLDINGS CORPORATION				
Reason for nomination as a Director candidate Mr. Kunio Harimoto has served as Representative Director, President, and Chairman of the Board of the Company and has abundant experience and achievements as a manager. The Company believes that he is highly capable of enhancing the entire group's corporate governance and supervising the execution of Company business, and therefore proposes his reelection as Director.				

Candidate number: 2		Madoka Kitamura		
		(Date of birth: May 24, 1957) 61 years old		
Re-elected		Number of the Company's shares held Common stock: 15,800 shares	Term of office served as Director 7 years	Board of Directors Meeting Attendance 12/12 (100%)
Nominating Advisory Committee Member				
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1981	Joined the Company			
Jun. 2006	Executive Officer General Manager, Management Planning Department of the Company			
Apr. 2008	Executive Officer General Manager, Bathroom Division of the Company			
Apr. 2011	Managing Executive Officer In charge of System Product Group and General Manager, Bathroom Division of the Company			
Jun. 2011	Director, Managing Executive Officer In charge of System Product Group and General Manager, Bathroom Division of the Company			
Apr. 2012	Director, Managing Executive Officer In charge of System Product Group of the Company			
Jun. 2013	Director, Senior Managing Executive Officer In charge of System Product Group of the Company			
Apr. 2014	President, Representative Director In charge of New-Domain Business Group, Management Planning Division, Secretary's Office, and in charge of V-Plan New business domains of the Company			
Apr. 2015	President, Representative Director In charge of New-Domain Business Group, Management Planning Division, Global Strategy Office, Secretary's Office, and in charge of V-Plan New business domains of the Company			
Apr. 2016	President, Representative Director In charge of Global Business Promotion, Management Planning, and Secretary's Office of the Company			
Apr. 2017	President, Representative Director In charge of Global Business Promotion, Management Planning, Design, and Secretary's Office of the Company [Present]			
Reason for nomination as a Director candidate				
Having been responsible for management planning and the Company's entire system product business, Mr. Madoka Kitamura has served as President and Representative Director since 2014. He has abundant experience and achievements as a manager.				
The Company believes that he is highly capable of promoting the new Mid-Term Management Plan, and therefore proposes his reelection as Director.				

Candidate number: 3		Noriaki Kiyota (Date of birth: Oct. 8, 1961) 56 years old		
		Number of the Company's shares held Common stock: 10,800 shares	Term of office served as Director 6 years	Board of Directors Meeting Attendance 12/12 (100%)
Re-elected				
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1984	Joined the Company			
Apr. 2010	Executive Officer General Manager, Restroom Business Group of the Company			
Apr. 2012	Executive Officer In charge of Restroom Business Group of the Company			
Jun. 2012	Director, Managing Executive Officer In charge of Restroom Business Group of the Company			
Apr. 2014	Director, Senior Managing Executive Officer In charge of Restroom Business Group and Faucets & Appliances Division of the Company			
Apr. 2015	Director, Senior Managing Executive Officer In charge of System Product Group and Faucets & Appliances Division of the Company			
Apr. 2016	Representative Director, Executive Vice President In charge of Business Divisions, Faucets & Appliances, Internal Audit Office, and in charge of V-Plan Marketing Innovation of the Company			
Apr. 2017	Representative Director, Executive Vice President In charge of Business Divisions, Faucets & Appliances, Human Resource, Accounting & Finance, and in charge of V-Plan Management Resource Innovation of the Company			
Apr. 2018	Representative Director, Executive Vice President In charge of Business Divisions & Research & Technology, Human Resource, Purchasing, Engineering Works, and in charge of WILL2022 Management Resource Innovation of the Company [Present]			
Reason for nomination as a Director candidate				
Having been responsible for the Restroom Business Group and the System Product Group, Mr. Noriaki Kiyota has served as Representative Director and Executive Vice President since 2016. He has abundant experience and achievements as a manager.				
The Company believes that he is highly capable of promoting Management Resource Innovation for the new Mid-Term Management Plan, realizing management strategies, and supervising the Business Divisions & Research & Technology, and therefore proposes his reelection as Director.				

Candidate number: 4		Nozomu Morimura (Date of birth: Jul. 10, 1957) 60 years old		
Re-elected		Number of the Company's shares held Common stock: 9,400 shares	Term of office served as Director 5 years	Board of Directors Meeting Attendance 12/12 (100%)
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1980	Joined the Company			
Apr. 2010	Executive Officer General Manager, Nagoya Branch Office of the Company			
Apr. 2013	Senior Executive Officer In charge of Sales Coordinating Division of the Company			
Jun. 2013	Director, Managing Executive Officer In charge of Sales Coordinating Division of the Company			
Apr. 2014	Director, Managing Executive Officer In charge of Marketing Group and Sales Promotion Group of the Company			
Apr. 2015	Director, Managing Executive Officer In charge of Marketing Group, Sales Promotion Group, and in charge of V-Plan Marketing Innovation of the Company			
Apr. 2016	Director, Senior Managing Executive Officer In charge of Sales Promotion Group, Customer Service, Design, and in charge of V-Plan Japan Housing Equipment Business of the Company			
Apr. 2017	Representative Director, Executive Vice President In charge of Sales Groups, Customer Service, Cultural Promotion, Internal Audit Office, and in charge of V-Plan Marketing Innovation of the Company			
Apr. 2018	Representative Director, Executive Vice President In charge of Sales Groups, Customer Service, Cultural Promotion, and in charge of WILL2022 Marketing Innovation of the Company [Present]			
Reason for nomination as a Director candidate				
Having been responsible for sales offices in Japan and the Sales Promotion Group, Mr. Nozomu Morimura has served as Representative Director and Executive Vice President since 2017. He has abundant experience and achievements as a manager. The Company believes that he is highly capable of promoting Marketing Innovation for the new Mid-Term Management Plan, realizing management strategies, and supervising the Sales Groups, and therefore proposes his reelection as Director.				

Candidate number: 5		Soichi Abe (Date of birth: Aug. 22, 1961) 56 years old														
Re-elected		Number of the Company's shares held Common stock: 8,100 shares	Term of office served as Director 4 years	Board of Directors Meeting Attendance 12/12 (100%)												
Compensation Advisory Committee Member Brief Career History, Position, Responsibilities and Significant Concurrent Positions <table><tr><td>Apr. 1985</td><td>Joined the Company</td></tr><tr><td>Apr. 2011</td><td>Executive Officer General Manager, International Business Group of the Company</td></tr><tr><td>Apr. 2014</td><td>Executive Officer In charge of International Business Group, and in charge of V-Plan Overseas housing equipment business of the Company</td></tr><tr><td>Jun. 2014</td><td>Director, Managing Executive Officer In charge of International Business Group, and in charge of V-Plan Overseas housing equipment business of the Company</td></tr><tr><td>Apr. 2016</td><td>Director, Managing Executive Officer In charge of China & Asia Housing Equipment Business, and in charge of V-Plan China & Asia Housing Equipment Business of the Company</td></tr><tr><td>Apr. 2018</td><td>Director, Senior Managing Executive Officer In charge of China & Asia Housing Equipment Business, Internal Audit Office, and in charge of WILL2022 China & Asia Housing Equipment Business of the Company [Present]</td></tr></table> Significant concurrent position Chairman of TOTO (China) Co., Ltd.					Apr. 1985	Joined the Company	Apr. 2011	Executive Officer General Manager, International Business Group of the Company	Apr. 2014	Executive Officer In charge of International Business Group, and in charge of V-Plan Overseas housing equipment business of the Company	Jun. 2014	Director, Managing Executive Officer In charge of International Business Group, and in charge of V-Plan Overseas housing equipment business of the Company	Apr. 2016	Director, Managing Executive Officer In charge of China & Asia Housing Equipment Business, and in charge of V-Plan China & Asia Housing Equipment Business of the Company	Apr. 2018	Director, Senior Managing Executive Officer In charge of China & Asia Housing Equipment Business, Internal Audit Office, and in charge of WILL2022 China & Asia Housing Equipment Business of the Company [Present]
Apr. 1985	Joined the Company															
Apr. 2011	Executive Officer General Manager, International Business Group of the Company															
Apr. 2014	Executive Officer In charge of International Business Group, and in charge of V-Plan Overseas housing equipment business of the Company															
Jun. 2014	Director, Managing Executive Officer In charge of International Business Group, and in charge of V-Plan Overseas housing equipment business of the Company															
Apr. 2016	Director, Managing Executive Officer In charge of China & Asia Housing Equipment Business, and in charge of V-Plan China & Asia Housing Equipment Business of the Company															
Apr. 2018	Director, Senior Managing Executive Officer In charge of China & Asia Housing Equipment Business, Internal Audit Office, and in charge of WILL2022 China & Asia Housing Equipment Business of the Company [Present]															
Reason for nomination as a Director candidate Having been assigned to China and been responsible for the China Division and the International Business Group, Mr. Soichi Abe has been serving as Director and Senior Managing Executive Officer since 2018. He has abundant experience and achievements as a manager. The Company believes that he is highly capable of promoting the Company's China & Asia Housing Equipment Business for the new Mid-Term Management Plan, realizing management strategies, and supervising the China & Asia Business Division, and therefore proposes his reelection as Director.																

Candidate number: 6		Ryosuke Hayashi (Date of birth: Sep. 4, 1963) 54 years old		
		Number of the Company's shares held Common stock: 6,800 shares	Term of office served as Director 3 years	Board of Directors Meeting Attendance 12/12 (100%)
Re-elected				

Brief Career History, Position, Responsibilities and Significant Concurrent Positions	
Apr. 1987	Joined the Company
Apr. 2011	Executive Officer General Manager, Washlet Division of the Company
Apr. 2014	Executive Officer Deputy General Manager, Restroom Business Group, and General Manager, Washlet Division of the Company
Apr. 2015	Executive Officer In charge of Restroom Business Group and Production Technology Business Group, General Manager, Restroom Business Group, and in charge of V-Plan Demand Chain Innovation of the Company
Jun. 2015	Director, Managing Executive Officer In charge of Restroom Business Group, Production Technology Business Group, and in charge of V-Plan Demand Chain Innovation of the Company
Apr. 2016	Director, Managing Executive Officer In charge of New-Domain Business Group, Bathroom, Kitchen & Lavatory Vanity, and in charge of V-Plan New business domains, and V-Plan Demand Chain Innovation of the Company
Apr. 2018	Director, Managing Executive Officer In charge of New-Domain Business Group, Bathroom, Kitchen & Lavatory Vanity, Faucets & Appliances, and in charge of WILL2022 New business domains, and WILL2022 Demand Chain Innovation of the Company [Present]

Reason for nomination as a Director candidate
Having been responsible for restroom product development and the Company's Washlet business, Mr. Ryosuke Hayashi has served as Director and Managing Executive Officer since 2015. He has abundant experience and achievements as a manager. The Company believes that he is highly capable of promoting New business domains and Demand Chain Innovation for the new Mid-Term Management Plan, realizing management strategies, and supervising the Business Division, and therefore proposes his reelection as Director.

Candidate number: 7		Kazuo Sako (Date of birth: Aug. 25, 1959) 58 years old		
		Number of the Company's shares held Common stock: 5,500 shares	Term of office served as Director 2 years	Board of Directors Meeting Attendance 12/12 (100%)
Re-elected				

Brief Career History, Position, Responsibilities and Significant Concurrent Positions

Apr. 1983	Joined the Company
Apr. 2011	Executive Officer General Manager, Green Building Materials Division of the Company
Apr. 2015	Senior Executive Officer Deputy General Manager, International Business Group (in charge of Europe & Americas) of the Company
Apr. 2016	Senior Executive Officer In charge of Americas & Europe Housing Equipment Business, General Manager, Americas Housing Equipment Business Division, and in charge of V-Plan Americas & Europe Housing Equipment Business of the Company
Jun. 2016	Director, Managing Executive Officer In charge of Americas & Europe Housing Equipment Business, General Manager, Americas Housing Equipment Business Division, and in charge of V-Plan Americas & Europe Housing Equipment Business of the Company
Apr. 2018	Director, Managing Executive Officer In charge of Americas & Europe Housing Equipment Business, and in charge of WILL2022 Americas & Europe Housing Equipment Business of the Company
	[Present]

Significant concurrent position
President of TOTO Americas Holdings, Inc.

Reason for nomination as a Director candidate
Having been assigned to the U.S.A. and been responsible for Company's business in the Americas and the Green Building Materials Division, Mr. Kazuo Sako has served as Director and Managing Executive Officer since 2016. He has abundant experience and achievements as a manager.
The Company believes that he is highly capable of promoting the Company's Americas & Europe Housing Equipment Business for the new Mid-Term Management Plan, realizing management strategies, and supervising the Company's Business Division in the Americas and Europe and therefore proposes his reelection as Director.

Candidate number: 8		Taiichi Aso (Date of birth: Mar. 5, 1960) 58 years old		
		Number of the Company's shares held Common stock: 6,700 shares	Term of office served as Director 2 years	Board of Directors Meeting Attendance 12/12 (100%)
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1982 Joined the Company				
Jun. 2009 Executive Officer President and Representative Director of TOTO Sanitechno Ltd.				
Apr. 2010 Executive Officer General Manager, Sanitary Ware Division of the Company				
Apr. 2012 Senior Executive Officer General Manager, Sanitary Ware Division of the Company				
Apr. 2016 Senior Executive Officer In charge of Restroom Business Group, and Production Technology Business Group of the Company				
Jun. 2016 Director, Managing Executive Officer In charge of Restroom Business Group, and Production Technology Business Group of the Company [Present]				
Reason for nomination as a Director candidate				
Having been responsible for the Sanitary Ware Division, Mr. Taiichi Aso has served as Director and Managing Executive Officer since 2016. He has abundant experience and achievements as a manager. The Company believes that he is highly capable of realizing management strategies and supervising the Business Division, and therefore proposes his reelection as Director.				

Candidate number: 9		Satoshi Shirakawa		
		(Date of birth: Aug. 12, 1962) 55 years old		
Re-elected		Number of the Company's shares held Common stock: 5,100 shares	Term of office served as Director 1 year	Board of Directors Meeting Attendance 10/10 (100%)
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1985		Joined the Company		
Apr. 2011		General Manager, Sapporo Branch Office of the Company		
Apr. 2014		Deputy General Manager, Management Planning Division of the Company		
Jun. 2014		Executive Officer General Manager, Management Planning Division of the Company		
Apr. 2017		Senior Executive Officer In charge of Sales Promotion Group, and in charge of V-Plan Japan Housing Equipment Business of the Company		
Jun. 2017		Director, Managing Executive Officer In charge of Sales Promotion Group, and in charge of V-Plan Japan Housing Equipment Business of the Company		
Apr. 2018		Director, Managing Executive Officer In charge of Sales Promotion Group, Logistics, and in charge of WILL2022 Japan Housing Equipment Business of the Company [Present]		
Reason for nomination as a Director candidate				
Having been responsible for sales offices in Japan and the Management Planning Division, Mr. Satoshi Shirakawa has served as Director and Managing Executive Officer since 2017. He has abundant experience and achievements as a manager.				
The Company believes that he is highly capable of promoting the Japan Housing Equipment Business under the new Mid-Term Management Plan, realizing management strategies, and supervising the Sales Division in Japan, and therefore proposes his reelection as Director.				

Candidate number: 10		Tomoyuki Taguchi		
		(Date of birth: Sep. 24, 1965) 52 years old		
Newly elected		Number of the Company's shares held Common stock: 400 shares	Term of office served as Director – years	Board of Directors Meeting Attendance –
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1990 Joined the Company				
Apr. 2007 Director, General Manager, Administration Department of TOTO VIETNAM CO., LTD.				
Apr. 2011 General Manager, Business Planning Department of TOTO ASIA OCEANIA PTE. LTD.				
Apr. 2012 Director, General Manager, Business Planning Department of the same company				
Apr. 2014 Chief Senior Planner, Accounting & Finance Division of the Company, and Director, General Manager, Administration Department of TOTO Finance LTD.				
Dec. 2014 Chief Senior Planner, Management Planning Department, Management Planning Division of the Company, and Director, General Manager, Administration Department of TOTO Finance LTD.				
Apr. 2015 General Manager, Management Planning Department, Management Planning Division of the Company				
Apr. 2016 Executive Officer, General Manager, Accounting & Finance Division of the Company				
Apr. 2017 Executive Officer, General Manager, Accounting & Finance Division of the Company, and President, Representative Director of TOTO Finance LTD.				
Apr. 2018 Executive Officer In charge of Accounting & Finance, Legal Affairs, Information System Planning, and General Affairs of the Company [Present]				
Reason for nomination as a Director candidate				
Having been assigned overseas and been responsible for accounting and finance, Mr. Tomoyuki Taguchi has engaged in planning financial strategies and reinforcing financial standing as Executive Officer since 2016. Based on the above, the Company believes that he is highly capable of leading the Administrative Division, and therefore proposes his election as Director. After elected as Director, he will also perform the duties of Managing Executive Officer.				

Candidate number: 11 Re-elected Outside Director Independent Director		Kazuhiko Masuda (Date of birth: Apr. 24, 1942) 76 years old		
		Number of the Company's shares held Common stock: None	Term of office served as Director 4 years	Board of Directors Meeting Attendance 12/12 (100%)
		Compensation Advisory Committee Member	Nominating Advisory Committee Member	Special Committee Member
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1965 Joined Sumitomo Light Metal Industries, Ltd. (currently, UACJ Corporation)				
Jun. 1996 Director General Manager, the First Light Metal Division of the same company				
Apr. 1997 Director Manager of the same company				
Oct. 1997 Director Deputy General Manager, the Board Business Division of the same company				
Oct. 1998 Director Deputy General Manager, the Memory Disk Division of the same company				
Jun. 1999 Managing Director General Manager, the Memory Disk Division of the same company				
Apr. 2001 Managing Director of the same company				
Jun. 2001 Senior Managing Director of the same company				
Jun. 2004 President, Representative Director of the same company				
Jun. 2009 Representative Director, Chairman of the Board of the same company				
Jun. 2013 Advisor of the same company				
Oct. 2013 Advisor of UACJ Corporation				
Jun. 2014 Outside Director of the Company [Present]				
Jun. 2016 Honorary Advisor of UACJ Corporation [Present]				
Significant concurrent position Honorary Advisor of UACJ Corporation Outside Director of Sekisui Jushi Corporation (Scheduled to retire on June 28, 2018) Outside Director of CK San-Etsu Co., Ltd.				
Reason for nomination as an Outside Director candidate Mr. Kazuhiko Masuda has been involved in the management of Sumitomo Light Metal Industries, Ltd. (currently, UACJ Corporation) for many years. He provides valuable opinions at Meetings of the Board of Directors based on the expertise he has developed in his career as a professional corporate manager and displays outstanding supervision skills by reflecting his views unfettered by the conventional way of doing things in the Company's management. The Company believes that he has experience and knowledge of general management and corporate governance as well as of the production technology of manufacturers, and therefore the Company proposes his reelection as Outside Director.				
Policy regarding the independence of Directors Over the past years, Mr. Kazuhiko Masuda has been working for UACJ Corporation, a business partner of the Company. However, the amount of transactions between the two companies during the most recent business year was less than 0.4% relative to the consolidated sales of the Company and less than 0.6% relative to those of UACJ Corporation. Therefore, Mr. Masuda satisfies the requirements for Independent Directors stipulated by the Company. For this reason, the Company reports him as an Independent Director obligated by Tokyo Stock Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange to protect general stockholders. (Please refer to page 21 for more information regarding Eligibility for Independent Directors/Audit & Supervisory Board Members of the Company.)				
Notes on Outside Director The Company will continue the agreement with Mr. Kazuhiko Masuda, in the event that his reelection is approved, to limit his liability to the minimum liability amount in accordance with Paragraph 1 of Article 425 of the Companies Act.				

Candidate number: 12		Masatsugu Shimono (Date of birth: Dec. 11, 1953) 64 years old		
		Number of the Company's shares held Common stock: 1,000 shares	Term of office served as Outside Director 2 years	Board of Directors Meeting Attendance 12/12 (100%)
Re-elected Outside Director Independent Director		Compensation Advisory Committee Member	Nominating Advisory Committee Member	Special Committee Member
Brief Career History, Position, Responsibilities and Significant Concurrent Positions				
Apr. 1978 Joined IBM Japan, Ltd. Jan. 1992 Assignment to IBM Corporation (USA) Apr. 2000 Director, Outsourcing Services, Services Business, IBM Japan, Ltd. Apr. 2001 Director, ITS and Outsourcing of the same company Jul. 2003 Managing Executive Officer, IBM Global Services of the same company Jan. 2007 Senior Managing Executive Officer of the same company Jul. 2010 Member of the Board, Executive Vice President of the same company Jan. 2016 Senior Executive Advisor of the same company Jun. 2016 Outside Director of the Company [Present] May 2017 Vice Chairman of IBM Japan, Ltd. Sep. 2017 Member of the Board, Vice Chairman of the same company [Present]				
Significant concurrent position Member of the Board, Vice Chairman of IBM Japan, Ltd.				
Reason for nomination as an Outside Director candidate Mr. Masatsugu Shimono has been involved in the management of IBM Japan, Ltd. for many years. He provides valuable opinions at Meetings of the Board of Directors based on his expertise he has developed in his career as a professional corporate manager and displays outstanding supervision skills by reflecting his views unfettered by the conventional way of doing things in the Company's management. The Company believes that he has experience and knowledge of general management and corporate governance as well as of the management of a global company, and therefore the Company proposes his reelection as Outside Director.				
Policy regarding the independence of Directors Over the past years, Mr. Masatsugu Shimono has been working for IBM Japan, Ltd., a business partner of the Company. However, the amount of transactions between the two companies during the most recent business year was less than 0.1% relative to the consolidated sales of the Company. IBM Japan, Ltd. does not prepare consolidated financial statements, but the amount of transactions between the Company and the IBM Group was less than 0.3% relative to the non-consolidated sales of IBM Japan, Ltd. Therefore, Mr. Shimono satisfies the requirements for Independent Directors stipulated by the Company. For this reason, the Company reports him as an Independent Director obligated by Tokyo Stock Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange to protect general stockholders. (Please refer to page 21 for more information regarding Eligibility for Independent Directors/Audit & Supervisory Board Members of the Company.)				
Notes on Outside Director The Company will continue the agreement with Mr. Masatsugu Shimono, in the event that his reelection is approved, to limit his liability to the minimum liability amount in accordance with Paragraph 1 of Article 425 of the Companies Act.				

Candidate number: 13		Junji Tsuda (Date of birth: Mar. 15, 1951) 67 years old																												
		Newly elected Outside Director Independent Director	Number of the Company's shares held Common stock: None	Term of office served as Outside Director – years	Board of Directors Meeting Attendance –																									
Compensation Advisory Committee Member Nominating Advisory Committee Member Special Committee Member Brief Career History, Position, Responsibilities and Significant Concurrent Positions <table border="0"> <tr> <td style="vertical-align: top; padding-right: 10px;">Mar. 1976</td> <td>Joined YASKAWA Electric Manufacturing Co. Ltd. (currently, Yaskawa Electric Corporation)</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 1998</td> <td>Executive Vice President of Yaskawa Electric America Corporation</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Aug. 2003</td> <td>Marketing Manager, Drives Division, Motion Control Division of Yaskawa Electric Corporation</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Mar. 2004</td> <td>General Manager, Drives Division, Motion Control Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 2005</td> <td>Director, General Manager, Drives Division, Motion Control Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Mar. 2006</td> <td>Director, General Manager, Drives Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Mar. 2007</td> <td>Director, General Manager, Robotics Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 2009</td> <td>Managing Director, General Manager, Robotics Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Mar. 2010</td> <td>President (Representative Director) In charge of human resources development General Manager, Corporate Sales & Marketing Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 2012</td> <td>Representative Director President In charge of human resources development General Manager, Corporate Sales & Marketing Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Mar. 2013</td> <td>Representative Director Chairman of the Board/President In charge of human resources development General Manager of Corporate Marketing Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Sep. 2014</td> <td>Representative Director Chairman of the Board/President In charge of human resources development General Manager of Corporate Marketing Division Manager of Diversity Management Division of the same company</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Mar. 2016</td> <td>Representative Director Chairman of the Board of the same company [Present]</td> </tr> </table> Significant concurrent position Representative Director, Chairman of the Board of Yaskawa Electric Corporation					Mar. 1976	Joined YASKAWA Electric Manufacturing Co. Ltd. (currently, Yaskawa Electric Corporation)	Jun. 1998	Executive Vice President of Yaskawa Electric America Corporation	Aug. 2003	Marketing Manager, Drives Division, Motion Control Division of Yaskawa Electric Corporation	Mar. 2004	General Manager, Drives Division, Motion Control Division of the same company	Jun. 2005	Director, General Manager, Drives Division, Motion Control Division of the same company	Mar. 2006	Director, General Manager, Drives Division of the same company	Mar. 2007	Director, General Manager, Robotics Division of the same company	Jun. 2009	Managing Director, General Manager, Robotics Division of the same company	Mar. 2010	President (Representative Director) In charge of human resources development General Manager, Corporate Sales & Marketing Division of the same company	Jun. 2012	Representative Director President In charge of human resources development General Manager, Corporate Sales & Marketing Division of the same company	Mar. 2013	Representative Director Chairman of the Board/President In charge of human resources development General Manager of Corporate Marketing Division of the same company	Sep. 2014	Representative Director Chairman of the Board/President In charge of human resources development General Manager of Corporate Marketing Division Manager of Diversity Management Division of the same company	Mar. 2016	Representative Director Chairman of the Board of the same company [Present]
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Mar. 2016	Representative Director Chairman of the Board of the same company [Present]																													

Reason for nomination as an Outside Director candidate

Mr. Junji Tsuda has been involved in the management of Yaskawa Electric Corporation for many years. He has experience and knowledge of the general management of a global corporation and of corporate governance developed during his career, as well as of human resources development and community-based management.

The Company expects that he will provide valuable opinions at Meetings of the Board of Directors based on his expertise as a professional global corporate manager, and he will display outstanding supervision skills by reflecting his views, which are unfettered by the conventional way of doing things, in the Company's management, and therefore proposes his election as Outside Director.

Policy regarding the independence of Directors

Over the past years, Mr. Junji Tsuda has been working for Yaskawa Electric Corporation, a business partner of the Company. However, the amount of transactions between the two companies during the most recent business year was less than 0.1% relative to the consolidated sales of the Company and less than 0.1% relative to those of Yaskawa Electric Corporation. Therefore, Mr. Tsuda satisfies the requirements for Independent Directors stipulated by the Company. For this reason, the Company reports him as an Independent Director obligated by Tokyo Stock Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange to protect general stockholders.

(Please refer to page 21 for more information regarding Eligibility for Independent Directors/Audit & Supervisory Board Members of the Company.)

Notes on Outside Director

The Company will enter into a new agreement with Mr. Junji Tsuda, in the event that his appointment is approved, to limit his liability to the minimum liability amount in accordance with Paragraph 1 of Article 425 of the Companies Act.

(Reference for Proposal 1)

Eligibility for Independent Directors/Audit & Supervisory Board Members of the Company

The Company appoints an Outside Director or Audit & Supervisory Board Member, Outside after the Nominating Advisory Committee has confirmed that the candidates meet the requirements listed below. With respect to the appointment of Audit & Supervisory Board Members, Outside, the Company obtains the prior approval of the Audit & Supervisory Board. In the event that the appointment of such candidates is approved by the General Meeting of Shareholders, the Company designates them as *Independent Directors/Audit & Supervisory Board Members* obligated by the Tokyo Stock Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange to protect general stockholders.

- (1) a person who has experience in business management above a certain level, or a professional or an external expert in business management (a company owner with significant past achievements, a specialist in the investment banking business, a lawyer, a certified public accountant, a researcher who mainly studies the Companies Act or other acts, or any similar person);
- (2) a person who is not or has not been a Director (except for an Outside Director; the same is applied hereinafter), an Audit & Supervisory Board Member (except for an Audit & Supervisory Board Member, Outside; the same is applied hereinafter), an accounting advisor, an executive officer, a manager or any other employee (collectively, the "Director") of the Company, its Subsidiary or Affiliate Companies (collectively, the "Company Group");
- (3) a person who is not the spouse or a relative within the third degree of relationship of a current or former Director of the Company Group (except for a person who is not a principal of the Company);
- (4) a person who, during the most recent five years, has not served as a Director, etc. in a financial institution that is a major loan provider for the Company Group;
- (5) a person who, during the most recent five years, has not served as a Director in a business associate that has business with the Company Group of 2% or more of the consolidated sales of either such business associate or the Company Group in any fiscal year during the recent five fiscal years;
- (6) a person who is not a lawyer, a certified public accountant, or a consulting or other professional service provider (if such service provider is a corporation, association or other entity, a person who belongs to such entity and a person who belonged to such entity during the most recent five years) who received from the Company Group a compensation totaling 10 million yen or more in any fiscal year during the recent five fiscal years; or
- (7) a person who is not a Director of a company which is the Company's major shareholder or whose major shareholder is the Company, or who is not a Director of a parent company, subsidiary or affiliate of such company.

Proposal 2: Election of One Audit & Supervisory Board Member

The term of office of Motohiro Oniki, an Audit & Supervisory Board Member, will expire at the close of this Meeting. Therefore, the Company asks for your approval of the election of one Audit & Supervisory Board Member.

The Audit & Supervisory Board Member candidate is as follows.

This proposal has been approved by the Audit & Supervisory Board.

There is no special conflict of interests between the candidate and the Company.

Candidates for Audit & Supervisory Board Members

		Yuichi Narukiyo (Date of birth: Mar. 18, 1962) 56 years old				
Newly elected		Number of the Company's shares held Common stock: 8,500 shares	Term of office served as Director 4 years	Term of office served as Audit & Supervisory Board Member — years	Board of Directors Meeting Attendance 12/12 (100%)	Audit & Supervisory Board Meeting Attendance —
Brief Career History, Position and Significant Concurrent Positions						
Apr. 1987		Joined the Company				
Apr. 2004		Vice President of SIAM SANITARY WARE CO., LTD.				
Jun. 2007		General Manager, Tokyo Corporate Administrative Division of the Company				
Apr. 2010		General Manager, Human Resource Development Division of the Company				
Apr. 2011		Executive Officer General Manager, Human Resource Development Division of the Company				
Apr. 2014		Executive Officer In charge of Corporate Administrative Group, Legal Affairs Division, General Manager, Human Resource Division, and in charge of V-Plan Management Resource Innovation of the Company				
Jun. 2014		Director, Managing Executive Officer In charge of Corporate Administrative Group, Legal Affairs Division, and in charge of V-Plan Management Resource Innovation of the Company				
Apr. 2016		Director, Managing Executive Officer In charge of Legal Affairs, Human Resource, Accounting & Finance, Information System Planning, General Affairs, Logistics, Purchasing, Engineering Works, and in charge of V-Plan Management Resource Innovation of the Company				
Apr. 2017		Director, Managing Executive Officer In charge of Logistics, Purchasing, Legal Affairs, Information System Planning, General Affairs, and Engineering Works of the Company				
Apr. 2018		Director of the Company [Present]				
Significant concurrent position Outside Audit & Supervisory Board Member of IZUTSUYA CO., LTD.						
Reason for nomination as an Audit & Supervisory Board Member candidate Mr. Yuichi Narukiyo has served as Director and Managing Executive Officer since 2014 and been in charge of Legal Affairs, Human Resource, Accounting & Finance, Information System Planning, General Affairs, Logistics, Purchasing and Engineering Works. He has abundant knowledge and experience in the businesses and corporate governance of the Company. Based on the above, the Company believes that, based on his considerable knowledge of financing and accounting as well as legal affairs, he is highly capable of auditing the business execution of general management, and therefore proposes his election as Audit & Supervisory Board Member.						

Proposal 3: Revision of Amount of Directors' Base Compensation

The 145th Ordinary General Meeting of Shareholders held on June 29, 2011 approved the amount of base compensation for Directors as "up to 500 million yen per annum (an amount of up to 30 million yen for Outside Directors.)"

The Company is revising the compensation for Outside Directors in an effort to further strengthen the supervisory function of management for its continuous growth and enhanced corporate value over the medium to long term.

Therefore, the Company proposes an increase in the total amount of compensation for Outside Directors, with the base compensation for Directors redefined as "up to 500 million yen per annum (an amount of up to 50 million yen for Outside Directors.)"

The Company has currently 13 Directors (including 3 Outside Directors) and will have 13 Directors (including 3 Outside Directors) if Proposal 1 is approved as proposed.

Proposal 4: Determination of Compensation Intended to Grant Restricted Shares to Directors

With the objectives of increasing morale and willingness to contribute to improved corporate performance, and of aiming to share value with shareholders, the compensation for Directors (excluding Outside Directors) of the Company consists of base compensation as fixed compensation, performance-linked bonus determined according to one's performance, and stock compensation-type stock options to share value with the shareholders.

The 145th Ordinary General Meeting of Shareholders held on June 29, 2011 approved the amount of compensation etc. for Directors of the Company as up to 500 million yen per annum (an amount of up to 30 million yen for Outside Directors,) and new share subscription rights issued as stock compensation-type stock options as compensation etc. for Directors (excluding Outside Directors) as up to 200 million yen per annum.

With the objectives of giving Directors of the Company (excluding Outside Directors; the "Eligible Directors") an incentive to make continuous improvements to the Company's corporate value and of further sharing value with shareholders, as part of the revision of the compensation system for Directors, the Company proposes to newly provide Eligible Directors with compensation intended to grant shares with transfer restrictions ("restricted shares"; "transfer restrictions" are defined later), separately from the compensations described above.

In accordance with this proposal, the compensation to be paid to the Eligible Directors for granting restricted shares shall be monetary receivables (the "monetary compensation receivables"), and its total amount shall be up to 200 million yen per annum, which is equal to the amount of existing stock compensation-type stock options, and an amount deemed as reasonable in light of the foregoing objectives. The specific timing of payment and allocation of such compensation to the respective Eligible Directors shall be determined by the Board of Directors. However, compensation intended to grant restricted shares shall not be provided to Outside Directors.

In conjunction with this, the allotment of stock options under the existing stock compensation-type stock options will be discontinued from the current fiscal year, on the condition that this proposal is approved and adopted at this General Meeting of Shareholders.

The Company currently has 13 incumbent Directors (including 3 Outside Directors) and will have 13 Directors (including 3 Outside Directors) if Proposal 1 is approved as proposed.

Further, in accordance with a resolution of the Board of Directors of the Company, Eligible Directors shall pay in the entire monetary compensation receivables to be provided based on this proposal in the form of property contributed in kind, and shall receive the Company's common shares that shall be issued or disposed of by the Company. The total number of the Company's common shares to be

issued or disposed of thereby shall be up to 100,000 shares per year (however, the total number shall be adjusted within a reasonable range if either a share split of the Company's common shares (including the allotment of the Company's common shares without contribution) or a share consolidation of the Company's common shares is carried out, or if any other event where the total number of the Company's common shares to be issued or disposed of as restricted shares needs to be adjusted occurs on or after the day this proposal is approved).

The amount to be paid in per share shall be determined by the Board of Directors to the extent that the amount would not be particularly favorable to Eligible Directors receiving such common shares, based on the closing price of a common share of the Company on the Tokyo Stock Exchange on the business day preceding the day of each resolution of the Board of Directors (or the closing price on the closest preceding trading day in cases where no transactions are concluded on such date). In addition, for the issuance or disposal of the Company's common shares, the Company and the Eligible Directors shall enter into an agreement on the allotment of restricted shares containing the following details (the "Allotment Agreement").

(1) Restriction period

The Eligible Director must not transfer, create a security interest on, or dispose of in any other way the Company's common shares allotted under the Allotment Agreement (the "Allotted Shares"), for a period of minimum 10 years and maximum 30 years from the day the shares are allotted under the Allotment Agreement, as predetermined by the Board of Directors of the Company (the "Restriction Period"). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the "transfer restrictions."

(2) Treatment at the time of retirement

When the Eligible Director retires from any position as Director (including Executive Officer of a company with Nomination Committee, etc.) or Audit & Supervisory Board Member of the Company before the Restriction Period expires, the Company shall automatically acquire the Allotted Shares without contribution, except in the case of the expiration of the term of office, death, or any other good reason for such retirement.

(3) Lifting of transfer restrictions

Notwithstanding the provision of above (1), the Company shall lift the transfer restrictions on all of the Allotted Shares as of the expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position of Director (including Executive Officer of a company with Nomination Committee etc.) or Audit & Supervisory Board Member of the Company throughout the Restriction Period. However, when the Eligible Director resigns from the position as provided in above (2) for reasons of the expiration of the term of office, death, or any other good reason as provided in above (2) before the Restriction Period expires, the number of the Allotted Shares on which the transfer restrictions are to be lifted and the timing of lifting the transfer restrictions shall be reasonably adjusted as necessary.

(4) Treatment during reorganization etc.

Notwithstanding the provision of above (1), when matters relating to a merger agreement whereby the Company becomes the disappearing company, a share exchange agreement or share transfer plan whereby the Company becomes a wholly owned subsidiary, or other reorganization etc. are approved by the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company where the reorganization etc. are not subject to approval by the General Meeting of Shareholders of the Company) during the Restriction Period, the Company shall lift the transfer restrictions on the Allotted Shares in the number reasonably determined given the period from the start date of the Restriction Period to the day of approval of the reorganization etc., by means of a

resolution of the Board of Directors of the Company, prior to the effective date of the reorganization etc. In the case as provided 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 to be decided by the Board of Directors

In addition to the foregoing, the method of declaring intention and giving notification for the Allotment Agreement, the method of revising the Allotment Agreement, and other matters to be decided by the Board of Directors shall be covered by the Allotment Agreement.

(Reference) Compensation for Directors and Audit & Supervisory Board Members When Proposals 3 and 4 Are Approved

(Compensation System for Directors and Audit & Supervisory Board Members)

	Fixed Compensation	Performance-linked Compensation		
	Base Compensation	Bonuses		Restricted Shares
		Based on Single-Year Performance	Based on Multi-Year Performance	
Directors (excluding Outside Directors)	●	●	●	●
Outside Directors	●	—	—	—
Audit & Supervisory Board Members	●	—	—	—

(Compensation Structure for Directors)

Fixed Compensation		Performance-linked Compensation (*1)		
Base Compensation (up to 500 million yen per annum, including up to 30 million yen for Outside Directors)	Bonuses (up to 0.8% of consolidated operating income)		Stock Compensation-type Stock Options (up to 200 million yen per annum)	
	Based on Single-Year Performance (up to 0.6% of consolidated operating income)	Based on Multi-Year Performance (*2)		
↓ ↓				
Base Compensation (up to 500 million yen per annum, including up to <u>50 million yen</u> for Outside Directors)	Bonuses (up to 0.8% of consolidated operating income)		<u>Restricted Share Compensation</u> (<u>up to 200 million yen per annum</u>)	
	Based on Single-Year Performance (up to 0.6% of consolidated operating income)	Based on Multi-Year Performance (*2)		

*1: Performance-linked compensation is not paid to Outside Directors

*2: When consolidated operating income increases over three consecutive years; and the achievement ratio of consolidated operating income of the third fiscal year relative to the initial consolidated operating income target (published value) is:
100% or more -- Up to 0.2% of consolidated operating income of the third fiscal year
80% - 100% (but not including 100%) -- Up to 0.1% of consolidated operating income of the third fiscal year