

[Translation]: This represents an excerpted translation, for reference and convenience only, of the original notice issued in Japanese. In the event of any discrepancies between the Japanese and English versions, the former shall prevail.



(Securities Code: 4118)
June 5, 2018

Notice of Convocation of the 94th Annual General Meeting of Shareholders

Dear Shareholders:

Notice is hereby given that the 94th Annual General Meeting of Shareholders of the Company will be held as set forth below, and your presence at the meeting is highly appreciated.

If you do not expect to be present at the meeting, you may exercise your voting rights either via return mail or via the Internet. Please review the accompanying "Reference Document Concerning the General Meeting of Shareholders" and cast your votes so as to reach the Company prior to 6:00 p.m. (JST) on June 27, 2018 (Wednesday):¹

Yours very truly,

Mamoru Kadokura
President and Representative Director

KANEKA CORPORATION
3-18, Nakanoshima 2-chome, Kita-ku,
Osaka, Japan

¹ (Note): Please note that shareholders outside Japan shall not use these voting procedures.

Particulars

1. Date and time of the meeting:

Thursday, June 28, 2018, at 10:00 a.m. (JST)
Reception will start at 9:00 a.m. (JST)

2. Place of the meeting:

Osaka Headquarters of the Company,
Nakanoshima Festival Tower (36th floor)
3-18, Nakanoshima 2-chome, Kita-ku,
Osaka, Japan

3. Agenda of the meeting:

Matters to be reported:

1. Report on the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 94th fiscal year (from April 1, 2017 to March 31, 2018).
2. Report on the Results of Audit by Accounting Auditor and the Audit & Supervisory Board for Consolidated Financial Statements for the 94th fiscal year (from April 1, 2017 to March 31, 2018).

Matters for resolution:

Proposal No. 1: Share Consolidation

Proposal No. 2: Election of Eleven (11) Directors

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

Proposal No. 4: Provision of Bonus to Directors

4. Information about Exercise of Voting Rights:

Please ensure that you read carefully the attached document entitled “Information about Exercise of Voting Rights” described on page 3.

©If you attend the Annual General Meeting of Shareholders of the Company, please present the enclosed Voting Rights Exercise Form at the reception of the meeting. To conserve resources, please bring this Notice of Convocation and the attached Report for the 94th fiscal year (To Shareholders) to the meeting.

©Since the Consolidated Statements of Changes in Shareholders' Equity, the Notes to Consolidated Financial Statements, the Statements of Changes in Shareholders' Equity and the Notes to Non-Consolidated Financial Statements are posted on the Company's website of the Internet (<http://www.kaneka.co.jp/>) in accordance with the laws and the articles of incorporation of the Company, they are not stated in the Report for the 94th fiscal year separately attached. The Audit & Supervisory Board Member and Accounting Auditor have audited the Consolidated Statements of Changes in Shareholders' Equity, the Notes to Consolidated Financial Statements, the Statements of Changes in Shareholders' Equity and the Notes to Non-Consolidated Financial Statements posted on the Company's website, in addition to having audited the documents in the Report for the 94th fiscal year separately attached.

©In the event of any amendment to the Reference Document Concerning the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, the Company will post the amended items on the Company's website (<http://www.kaneka.co.jp/>).

Information about Exercise of Voting Rights:

1. If you do not express the approval or disapproval on the Voting Rights Exercise Form delivered, the Company will consider it indicative approval for all matters for resolution.
2. In the event that one and the same shareholder exercises voting rights both via return mail and via the Internet, the Company will consider the exercise of voting rights via the Internet to be valid. Moreover, in the event one and the same shareholder exercises voting rights several times, the Company will consider the last exercise of voting rights to be valid.

To the Institutional Investors:

The Company participates in the ICJ platform for institutional investors to vote from ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s). Voting via the Internet other than the ICJ platform is only available for registered shareholders in Japan with Japanese language only.

Reference Document Concerning the General Meeting of Shareholders

Proposals and Matters for Reference

Proposal No. 1: Share Consolidation

1. Reason for Share Consolidation

Based on the “Action Plan for Consolidating Trading Units,” stock exchanges in Japan have been proceeding with the plans to standardize the trading unit of all listed-company stocks to 100-shares, and October 1, 2018 has been set as the deadline for the transition to 100-share trading units.

Respecting the intent of the standardization as a company listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange, the Company has decided to change its share trading unit from the current 1,000 shares to 100 shares. In conjunction with this change, as detailed below the Company intends to implement a share consolidation (five shares into one share) in the aim of setting an appropriate level of investment unit, while also considering medium- to long-term share price fluctuations.

Subject to this proposal being approved as originally proposed, the above-mentioned change in share trading unit will take effect on October 1, 2018.

2. Consolidation Ratio

Five shares of common stock in the Company will be consolidated into one share. When fractions of less than one share are generated as a result of the share consolidation, such fractions will be disposed of collectively, and the proceeds from the disposal will be distributed to the shareholders concerned in accordance with the ratio of fractions pursuant to the provisions of the Companies Act.

3. Effective Date of Share Consolidation and Change in Share Trading Unit

October 1, 2018

4. Total Number of Authorized Shares on the Effective Date

150,000,000 shares

5. Other

Shareholders are requested to entrust other procedural matters necessitated by this change to the discretion of the Board of Directors.

For reference:

Subject to this proposal being approved as originally proposed, the articles of incorporation of the Company shall be partially amended as set out below (underlined parts indicate the changes), with effect from October 1, 2018.

Current Articles	Amended Articles
(Total number of authorized shares) Article 5: The total number of authorized shares of the Company is <u>750,000,000</u> . (Share unit) Article 6: The share unit of the Company is <u>1,000</u> shares.	(Total number of authorized shares) Article 5: The total number of authorized shares of the Company is <u>150,000,000</u> . (Share unit) Article 6: The share unit of the Company is <u>100</u> shares.

Proposal No. 2: Election of Eleven (11) Directors

The terms of office of all eleven (11) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect eleven (11) Directors.

The candidates for Directors are as follows:

Candidate Number	Name	Current Position and Responsibility in the Company
1.	<input type="checkbox"/> Reappointment Kimikazu Sugawara	Chairman of the Board and Representative Director
2.	<input type="checkbox"/> Reappointment Mamoru Kadokura	President and Representative Director
3.	<input type="checkbox"/> Reappointment Minoru Tanaka	Representative Director and Executive Vice President Chairperson of ESG Committee In charge of Quality of Life Solutions Unit, and Corporate R&D Planning and Administration Division, Corporate Planning Department, Global Planning Department and Housing Solutions Strategic Unit
4.	<input type="checkbox"/> Reappointment Shinichiro Kametaka	Director and Senior Managing Executive Officer In charge of Material Solutions Unit, and Material Solutions New Research Engine and Chemicals Purchasing Department
5.	<input type="checkbox"/> Reappointment Shinobu Ishihara	Director and Senior Managing Executive Officer In charge of ESG Department, Investor & Public Relations Department, Legal Department, Accounting Department and Finance Department
6.	<input type="checkbox"/> Reappointment Akira Iwazawa	Director and Managing Executive Officer In charge of Production Technologies, Security, and Process Technology Laboratories, Process Development Research Laboratories, Photovoltaic & Thin Film Device Research Laboratories, IoT Solutions Center, Intellectual Property Department and Procurement Department, and General Manager of Corporate Manufacturing Integrity Center
7.	<input type="checkbox"/> Reappointment Hidesuke Amachi	Director and Managing Executive Officer In charge of Nutrition Solutions Unit, and New Business Development Division, OLED Business Development Project, BDP Business Development Project and Logistics Strategic Unit
8.	<input type="checkbox"/> Reappointment Kazuhiko Fujii	Director and Managing Executive Officer In charge of Health Care Solutions Unit and President and Director of Kaneka Americas Holding, Inc.
9.	<input type="checkbox"/> Reappointment Yasuaki Nuri	Director and Managing Executive Officer In charge of General Affairs Department and Secretariate
10.	<input type="checkbox"/> Reappointment <input checked="" type="checkbox"/> Outside Director <input checked="" type="checkbox"/> Independent Director/Auditor Takeo Inokuchi	Outside Director
11.	<input type="checkbox"/> Reappointment <input checked="" type="checkbox"/> Outside Director <input checked="" type="checkbox"/> Independent Director/Auditor Mamoru Mohri	Outside Director

Candidates for Directors

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)	Number of shares of the Company held by Candidate
1.	Reappointment Kimikazu Sugawara (March 31, 1947)	Apr. 1970 Jun. 2000 Jun. 2003 Jun. 2006 Apr. 2008 Apr. 2014 Presently in the post	43,000 shares

[Reasons for nomination as a Director candidate]

Mr. Kimikazu Sugawara, since becoming Director of the Company, has served many years as President and Representative Director, Chairman of the Board and Representative Director, and Board Chairperson, and has abundant experience in corporate management. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group.

(Note) The Company has no special interest with Mr. Kimikazu Sugawara.

2.	Reappointment Mamoru Kadokura (June 1, 1959)	Apr. 1987 Jun. 2010 Jun. 2012 Apr. 2014 Presently in the post	40,000 shares
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[Reasons for nomination as a Director candidate]

Mr. Mamoru Kadokura, since becoming Director of the Company, has served as General Manager of Corporate R&D Planning and Administration Division, officer in charge of business divisions, and President and Representative Director of the Company, and has abundant experience in corporate management. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group.

(Note) The Company has no special interest with Mr. Mamoru Kadokura.

3.	Reappointment Minoru Tanaka (October 27, 1954)	Apr. 1977 Jun. 2010 Jun. 2014 Jun. 2016 Apr. 2017 Jun. 2017 Apr. 2018 Presently in the post	35,000 shares
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[Reasons for nomination as a Director candidate]

Mr. Minoru Tanaka has long been involved with the planning division. Since becoming Director of the Company, he has served as Managing Executive Officer, Senior Managing Executive Officer and Representative Director and Executive Vice President, and has abundant experience in corporate management. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Minoru Tanaka.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)	Number of shares of the Company held by Candidate
4.	<u>Reappointment</u> Shinichiro Kametaka (November 13, 1957)	Apr. 1981 Joined the Company Jun. 2011 Executive Officer of the Company Jun. 2014 Director and Managing Executive Officer of the Company Apr. 2017 In charge of Material Solutions Unit, and Material Solutions Research Institute, Chemicals Purchasing Department, and General Manager of Performance Polymers Solutions Vehicle of the Company Jun. 2017 Director and Senior Managing Executive Officer Apr. 2018 In charge of Material Solutions Unit, and Material Solutions New Research Engine and Chemicals Purchasing Department of the Company Presently in the post	29,000 shares

[Reasons for nomination as a Director candidate]

Mr. Shinichiro Kametaka has long been involved with the Chemicals segment of the Company and with chemicals purchases. Since becoming Director of the Company, he has served as Managing Executive Officer and Senior Managing Executive Officer, and has abundant experience in corporate management, including managing a broad range of business divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the businesses he is in charge of.

(Note) The Company has no special interest with Mr. Shinichiro Kametaka.

5.	<u>Reappointment</u> Shinobu Ishihara (May 4, 1955)	Apr. 1980 Joined the Company Jun. 2010 Executive Officer of the Company Jun. 2014 Managing Executive Officer of the Company Jun. 2015 Director and Managing Executive Officer of the Company Apr. 2017 In charge of CSR Department, Investor & Public Relations Department, Legal Department, Accounting Department and Finance Department, and General Manager of Finance Department of the Company Apr. 2018 Director and Senior Managing Executive Officer of the Company In charge of ESG Department, Investor & Public Relations Department, Legal Department, Accounting Department and Finance Department of the Company Presently in the post	20,000 shares
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[Reasons for nomination as a Director candidate]

Mr. Shinobu Ishihara has long been involved with the accounting and finance divisions of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer, Senior Managing Executive Officer and has abundant experience in corporate management, including being in charge of a broad range of divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Shinobu Ishihara.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)		Number of shares of the Company held by Candidate
6.	<u>Reappointment</u> Akira Iwazawa (February 22, 1957)	Apr. 1981 Jun. 2008 Jun. 2010 Jun. 2011 Apr. 2017 Apr. 2018	Joined the Company Executive Officer of the Company Managing Executive Officer of the Company Director and Managing Executive Officer of the Company In charge of Production Technologies, Security, and Process Technology Laboratories, Process Development Research Laboratories, Photovoltaic & Thin Film Device Research Laboratories, Intellectual Property Department and Procurement Department of the Company In charge of Production Technologies, Security, and Process Technology Laboratories, Process Development Research Laboratories, Photovoltaic & Thin Film Device Research Laboratories, IoT Solutions Center, Intellectual Property Department and Procurement Department, and General Manager of Corporate Manufacturing Integrity Center of the Company Presently in the post	34,000 shares

[Reasons for nomination as a Director candidate]

Mr. Akira Iwazawa has long been involved with the production division and the production technology division of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including being in charge of a broad range of divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Akira Iwazawa.

7.	<u>Reappointment</u> Hidesuke Amachi (December 18, 1956)	Apr. 1979 Jun. 2011 Jun. 2013 Jun. 2014 Apr. 2017 Apr. 2018	Joined the Company Executive Officer of the Company Managing Executive Officer of the Company Director and Managing Executive Officer of the Company In charge of Nutrition Solutions Unit, and New Business Development Division, OLED Business Development Project and BDP Business Development Project of the Company In charge of Nutrition Solutions Unit, and New Business Development Division, OLED Business Development Project, BDP Business Development Project and Logistics Strategic Unit of the Company Presently in the post	21,000 shares
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[Reasons for nomination as a Director candidate]

Mr. Hidesuke Amachi has long been involved with the Synthetic Fibers segment of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including managing a broad range of business divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the businesses he is in charge of.

(Note) The Company has no special interest with Mr. Hidesuke Amachi.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)	Number of shares of the Company held by Candidate
8.	<u>Reappointment</u> Kazuhiko Fujii (June 17, 1961)	Apr. 1985 Joined the Company Apr. 2012 President and Director of Kaneka North America LLC Jun. 2012 Executive Officer of the Company Apr. 2015 President and Director of Kaneka Americas Holding, Inc. Jun. 2016 Director and Managing Executive Officer of the Company Apr. 2017 In charge of Health Care Solutions Unit and Health Care Solutions Research Institute of the Company, President and Director of Kaneka Americas Holding, Inc., and President and Director of Kaneka North America LLC Apr. 2018 In charge of Health Care Solutions Unit and President and Director of Kaneka Americas Holding, Inc. Presently in the post	8,000 shares

[Reasons for nomination as a Director candidate]

Mr. Kazuhiko Fujii has long been involved with the Functional Plastics and Life Science Products segments of the Company, and has many years of experience working overseas. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including being in charge of a broad range of divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the entire Group and the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Kazuhiko Fujii.

9.	<u>Reappointment</u> Yasuaki Nuri (January 18, 1958)	Apr. 1981 Joined the Company Jun. 2016 Managing Executive Officer of the Company Apr. 2017 General Manager of Secretariate of the Company Jun. 2017 Director and Managing Executive Officer of the Company In charge of Business Process Re-engineering Department, General Affairs Department and Secretariate, and General Manager of Secretariate of the Company Apr. 2018 In charge of General Affairs Department and Secretariate Presently in the post	11,000 shares
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[Reasons for nomination as a Director candidate]

Mr. Yasuaki Nuri has long been involved with the human resource, general affairs and secretariate divisions as well as administration groups of business divisions of the Company. Since becoming Director of the Company, he has served as Managing Executive Officer, and has abundant experience in corporate management, including being in charge of a broad range of divisions. Therefore, the Company anticipates that he will contribute to increasing its medium- to long-term corporate value and strengthen the oversight function over the divisions he is in charge of.

(Note) The Company has no special interest with Mr. Yasuaki Nuri.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)	Number of shares of the Company held by Candidate
10.	<div style="border: 1px solid black; padding: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px;">Independent Director/Auditor</div> Takeo Inokuchi (April 9, 1942) 【Attendance】 Board of Directors 13 out of 14 meetings (93%)	Apr. 1965 Joined Taisho Marine & Fire Insurance Co., Ltd. Jun. 1993 Director of Mitsui Marine and Fire Insurance Co., Ltd. (formerly, Taisho Marine and Fire Insurance Co., Ltd.) Jun. 1994 Managing Director of Mitsui Marine and Fire Insurance Co., Ltd. Apr. 1996 Representative Director and President of Mitsui Marine & Fire Insurance Co., Ltd. Jun. 2000 Chief Executive Officer, Representative Director, Chairman and President of Mitsui Marine & Fire Insurance Co., Ltd. Oct. 2001 Representative Director, Chairman of the Board and joint CEO of Mitsui Sumitomo Insurance Co., Ltd. Apr. 2006 Representative Director, Chairman of the Board and Executive Officer of Mitsui Sumitomo Insurance Co., Ltd. Jun. 2006 Retired as Representative Director, Chairman of the Board and Executive Officer of Mitsui Sumitomo Insurance Co., Ltd. Jul. 2007 Senior Advisor of Mitsui Sumitomo Insurance Co., Ltd. Jun. 2011 Director of the Company Apr. 2018 Honorary Advisor of Mitsui Sumitomo Insurance Co., Ltd. Presently in the post	0
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> (Important position of other organizations concurrently assumed) Outside Director of Kikkoman Corporation Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. </div>			

[Reasons for nomination as an Outside Director candidate]

Mr. Takeo Inokuchi has been engaged in the management of a financial institution for many years and has a high level of knowledge and abundant practical experience in top management. Furthermore, he has also a detailed knowledge of corporate governance, holding a key position at Japan Association of Corporate Directors, which makes high-level advocacies and recommendations with respect to corporate governance. He has already been conducting appropriate oversight across every aspect of management and providing objective and strategic advice at the Board of Directors of the Company. Therefore, the Company nominates him for the continuation of such service.

- Notes:
1. The Company has no special interest with Mr. Takeo Inokuchi.
 2. Mr. Takeo Inokuchi is a candidate for Outside Director. The following matters are specifically noted with respect to the said candidate for Outside Director.
 - (1) Although Mr. Takeo Inokuchi is a former Representative Director of Mitsui Sumitomo Insurance Co., Ltd., a shareholder of the Company, the Company sees no issue with regard to his independence as twelve years have passed since his resignation from the post. Furthermore, although the Company has transactions with Mitsui Sumitomo Insurance Co., Ltd. for nonlife insurance, the insurance premium paid by the Kaneka Group to Mitsui Sumitomo Insurance Co., Ltd. in the most recent fiscal year is minimal, accounting for less than 0.1% of its premium income.
 - (2) While Mr. Takeo Inokuchi held the office of an Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd., Sanki Engineering found through an in-house investigation that it had violated the Antimonopoly Act in the bidding for snow-melting equipment engineering works for the Hokuriku Shinkansen, which was ordered by the Japan Railway Construction, Transport and Technology Agency. Thus the company applied for the leniency program to the Japan Fair Trade Commission and made an announcement of this event on March 31, 2014. Although the company received a cease and desist order from the Japan Fair Trade Commission on October 9, 2015, it was granted leniency and hence the company was not ordered to pay surcharge. However, as a result of the cease and desist order, Sanki Engineering received a business suspension order for the 30 days from July 8, 2016, in accordance with the Construction Business Act. He had been, on a regular basis, providing advice and opinions at the Board of Directors and the Audit & Supervisory Board from the perspective of legal compliance. After he was reported of the event, he provided advice and such on the immediate measures Sanki Engineering should take, and also continued to duly perform his duties as an Audit & Supervisory Board Member by providing timely and appropriate advice and such on the initiatives for the establishment of recurrence prevention measures and the reinforcement of internal control systems for the entire Sanki Engineering group as well as on the public announcement of the above event.
 - (3) Mr. Takeo Inokuchi will have been in the office of Director of the Company for seven years at the conclusion of this General Meeting of Shareholders.
 - (4) The Company has entered into a contract with Mr. Takeo Inokuchi to limit his liability for damages with respect to the liability set forth in Article 423(1) of the Companies Act, whereby the amount of his liability for damages is limited to the minimum liability amount provided for in the relevant laws and ordinances.
 - (5) The Company has designated Mr. Takeo Inokuchi as an independent director/auditor and submitted the statement to that effect to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. Upon his election as originally proposed, it is planned that Mr. Inokuchi will continue to serve as an independent director/auditor.

Candidate Number	Name (Date of birth)	Brief history (Position and responsibility and important position of other organizations concurrently assumed)	Number of shares of the Company held by Candidate
11.	<div style="border: 1px solid black; padding: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px;">Independent Director/Auditor</div> Mamoru Mohri (January 29, 1948) <p>【Attendance】 Board of Directors 14 out of 14 meetings (100%)</p>	Jun. 1976 Received a doctorate in Chemistry from Flinders University of South Australia Apr. 1982 Associate Professor at Hokkaido University, School of Engineering Aug. 1985 Astronaut at the National Space Development Agency of Japan Sep. 1992 Conducted experiments as a prime payload specialist on STS-47, Spacelab-J on the NASA Space Shuttle “Endeavour” Feb. 2000 Worked as a mission specialist for the Shuttle Radar Topography Mission on the NASA Space Shuttle “Endeavour” Oct. 2000 Chief Executive Director of National Museum of Emerging Science and Innovation operated by Japan Science and Technology Corporation (currently the Japan Science and Technology Agency) Jun. 2015 Director of the Company Presently in the post (Important position of other organizations concurrently assumed) Chief Executive Director of the National Museum of Emerging Science and Innovation (Miraikan), Japan Science and Technology Agency Chairman of National Promotion Committee on AMR Action Plan Specially Appointed Professor at Graduate School of Kyoto University	0

[Reasons for nomination as an Outside Director candidate]

Mr. Mamoru Mohri has diverse and abundant experience and achievements in leading-edge science and technology of the world. The Company holds ‘Moving toward an “R&D-type” company’ as one of its management policies in its long-term management vision, and has made focused investment of its management resources in R&D. Based on his advanced insight and global perspective, he has been conducting appropriate oversight and providing objective and strategic advice at the Board of Directors of the Company. Therefore, the Company nominates him for the continuation of such service.

- Notes:
1. The Company has no special interest with Mr. Mamoru Mohri.
 2. Mr. Mamoru Mohri is a candidate for Outside Director. The following matters are specifically noted with respect to the said candidate for Outside Director.
 - (1) Mr. Mamoru Mohri will have been in the office of Director of the Company for three years at the conclusion of this General Meeting of Shareholders.
 - (2) The Company has entered into a contract with Mr. Mamoru Mohri to limit his liability for damages with respect to the liability set forth in Article 423(1) of the Companies Act, whereby the amount of his liability for damages is limited to the minimum liability amount provided for in the relevant laws and ordinances.
 - (3) The Company has designated Mr. Mamoru Mohri as an independent director/auditor and submitted the statement to that effect to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. Upon his election as originally proposed, it is planned that Mr. Mohri will continue to serve as an independent director/auditor.

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

We propose to elect a substitute Audit & Supervisory Board Member as a substitute of Outside Audit & Supervisory Board Member in anticipation of a case in which the number of Audit & Supervisory Board Members might become less than the number provided for in the laws and ordinances.

We have already obtained the consent of the Audit & Supervisory Board for the submission of this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Candidate for substitute Audit & Supervisory Board Member

Name (Date of birth)	Brief history (Important position of other organizations concurrently assumed)	Number of shares of the Company held by candidate	
Masafumi Nakahigashi (September 19, 1965)	Apr. 1996	Associate Professor of School of Law of Nagoya University	0
	Apr. 1999	Associate Professor of Graduate School of Law of Nagoya University	
	Apr. 2005	Professor of Graduate School of Law of Nagoya University	
	Apr. 2010	Secretary, Legislative Council of the Ministry of Justice, Section for the Companies Act (to Sep. 2012)	
	Jun. 2011	Secretary, Advisory Committee on Civil Rules of Supreme Court of Japan (to Nov. 2012)	
	Jun. 2016	Substitute Audit & Supervisory Board Member of the Company	
	Apr. 2017	Secretary, Legislative Council of the Ministry of Justice, Section for the Companies Act related to Corporate Governance Presently in the post	

[Reasons for nomination as a substitute Outside Audit & Supervisory Board Member candidate]

Mr. Masafumi Nakahigashi has served in such positions as Secretary of Legislative Council of the Ministry of Justice, Section for the Companies Act, and has a high level of knowledge and abundant experience as a university professor. Anticipating that valuable advice and opinions will be provided by him at meetings of the Board of Directors and the Audit & Supervisory Board of the Company, the Company believes that he is qualified as a substitute Audit & Supervisory Board Member. In addition, since 2007, he has regularly provided appropriate and suitable advice as a member of the Special Committee of the Company.

Notes:

1. The Company has no special interest with Mr. Masafumi Nakahigashi.
2. Mr. Masafumi Nakahigashi is a candidate for substitute Outside Audit & Supervisory Board Member. The following matters are specifically noted with respect to the candidate for Outside Audit & Supervisory Board Member.
 - (1) In the event that Mr. Masafumi Nakahigashi assumes the office of Audit & Supervisory Board Member, the Company intends to enter into a contract with him to limit his liability with respect to the liability for damages set forth in Article 423(1) of the Companies Act, whereby the amount of his liability for damages will be limited to the minimum liability amount provided for in the relevant laws and ordinances.
 - (2) In the event that Mr. Masafumi Nakahigashi assumes the office of Audit & Supervisory Board Member, the Company intends to designate him as an independent director/auditor and submit the statement to that effect to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc.

[For reference] Standards for Independence of Outside Directors/Audit & Supervisory Board Members

The independence of Outside Directors or Outside Audit & Supervisory Board Members (collectively the “Outside Directors/Audit & Supervisory Board Members”) of the Company refers to such a person being independent from the Company’s management without falling under any of the following:

- (1) A person executing the business, etc. (“Executing Person”) of the Company and its affiliates (hereinafter, “the Group”) and their close relatives, etc.;
- (2) A party for which the Group is a principal business partner or an Executing Person thereof;
- (3) A principal business partner of the Group or an Executing Person thereof;
- (4) A major shareholder of the Company (a party that directly or indirectly holds a voting interest of 10% or more) or an Executing Person thereof;
- (5) A director and other Executing Person of an organization that has received a certain amount or more of donations or subsidies from the Group;
- (6) An Executing Person of a company with which the Group has an arrangement for mutual secondment of directors and audit & supervisory board members;
- (7) A person belonging or who has belonged in the past to an auditing firm conducting a statutory audit of the Company; or
- (8) A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director/audit & supervisory board member compensation from the Group (if the party receiving such consideration is a corporation, association or other entity, a person belonging to the said entity or a person who has belonged to the said entity in the past).

(Note 1) An Executing Person refers to those who conduct business operations or conducted business operations in the past, including directors (excluding outside directors), executive officers and employees.

(Note 2) Close relatives refer to relatives within the second degree of kinship of or relatives living in the same place with those who conduct important business operations, including directors (excluding outside directors), executive officers and division managers.

(Note 3) A party for which the Group is a principal business partner refers to a business partner group (which means entities that belong to the consolidated group to which the direct business partner belongs; the same shall apply hereinafter) that supplies products and services to the Group, where the business partner group's trading amount with the Group exceeds 2% of the consolidated sales of the business partner group in the most recent fiscal year.

(Note 4) A principal business partner of the Group refers to those who fall under either of the following:

(1) A business partner group to whom the Group supplies products and services, where the Group's trading amount with such group exceeds 2% of the Group's consolidated sales in the most recent fiscal year.

(2) A financial institution group (which means entities that belong to the consolidated group to which the direct lender belongs) from which the Group has borrowed funds, where the total amount of the Group's borrowings from the financial institution group exceeds 2% of the Group's consolidated total assets at the end of the most recent fiscal year.

(Note 5) An organization that has received a certain amount or more of donations or subsidies from the Group refers to public interest incorporated foundations, public interest incorporated associations, non-profit organizations, etc. which receive donations or subsidies of over 10 million yen per year from the Group.

(Note 6) A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director/audit & supervisory board member compensation from the Group refers to those who received such consideration other than director/audit & supervisory board member compensation of over 10 million yen from the Group in the most recent fiscal year or those who belong to an entity which receives such consideration from the Group in amount exceeding 2% of the said entity's consolidated sales or gross income.

[For reference] Procedures for Nomination of Directors and Audit & Supervisory Board Members

Candidates for Directors are proposed by the Representative Directors and decided by the Board of Directors based on the report of the Nomination and Compensation Advisory Committee, pursuant to the “Standards on Nomination of Directors.” Candidates for Directors are elected as Directors by a resolution of the General Meeting of Shareholders every year.

Candidates for Audit & Supervisory Board Members (including substitute Audit & Supervisory Board Member) are proposed by the Representative Directors and decided by the Board of Directors with the consent of the Nomination and Compensation Advisory Committee and the Audit & Supervisory Board, pursuant to the “Standards on Nomination of Audit & Supervisory Board Members.” Candidates for Audit & Supervisory Board Members are elected as Audit & Supervisory Board Members (including substitute Audit & Supervisory Board Members) by a resolution of the General Meeting of Shareholders.

[For reference] Balance of Knowledge, Experience and Expertise and Diversity among the Directors as well as Size of the Board of Directors as a whole

The Company elects Directors on the condition that they have high integrity, insight, skills, experience and strong ethical standards.

Proposal No. 4: Provision of Bonus to Directors

Taking into account the results of operation for the fiscal year and various other factors, we propose to grant a total amount of 110,000,000 yen to nine (9) incumbent Directors excluding Outside Directors as at the end of the fiscal year. Furthermore, it is proposed that the determination of the amounts to be given to each Director be entrusted to the decision of the Board of Directors.

The above represents an excerpted translation, for reference and convenience only, of the original notice issued in Japanese. We did our utmost to ensure accuracy in our translation and believe it to be of the highest standard. However, due to differences of accounting, legal, and other systems as well as of language, this English version might contain inaccuracies, and therefore, might be inconsistent with the original intended in Japanese. In the event of any discrepancies between the Japanese and English versions, the former shall prevail as the official version.