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Securities Code: 4548
May 28, 2019

To Our Shareholders

Ken Mizutani
President & Representative Director
SEIKAGAKU CORPORATION
6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Convocation Notice of the 73rd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 73rd Ordinary General Meeting of Shareholders of SEIKAGAKU CORPORATION (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights by sending the enclosed voting form by postal mail or via the Internet. Please review the attached Reference Documents for General Meeting of Shareholders, and indicate your approval or disapproval of the proposals so that your vote is received by 5 p.m. on Tuesday, June 18, 2019 (JST).

1. Date and Time: Wednesday, June 19, 2019 at 10 a.m. (JST)
(Reception starts at 9:15 a.m.)

2. Venue: Fourth floor hall, Otemachi Sankei Plaza
7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 73rd fiscal year (from April 1, 2018 to March 31, 2019), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 73rd fiscal year (from April 1, 2018 to March 31, 2019)

Matters to be resolved:

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| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of Six Directors |
| Proposal No. 3 | Election of Three Audit & Supervisory Board Members |
| Proposal No. 4 | Determination of Remuneration for Granting Restricted Stock to the Company’s Directors |

- For those attending the meeting, please bring this notice to the meeting and present the enclosed voting form at the reception desk on arrival at the meeting.
- If you exercise your voting rights by proxy, you may appoint as a proxy one of the shareholders holding voting rights at the meeting. However, please note that a document verifying the proxy right of the person representing you must be submitted.
- Any corrections in the Reference Documents for General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements will be posted on the Company’s website on the Internet (in Japanese only).
- Pursuant to the relevant laws and regulations and the provision of Article 16 of the Company’s Articles of Incorporation, the following items among documents to be attached are posted on the Company’s website and are not attached to this notice. The Business Report, Consolidated Financial Statements and the Non-consolidated Financial Statements audited by Audit & Supervisory Board Members and the Financial Auditor consist of documents included in this notice and the following documents posted on the Company’s website (in Japanese only).
 - i “System to Ensure the Appropriateness of Business Operations and Status of Operations of the System” of the Business Report
 - ii “Consolidated Statements of Changes in Shareholders’ Equity” of the Consolidated Financial Statements
 - iii “Notes to the Consolidated Financial Statements”
 - iv “Non-consolidated Statements of Changes in Shareholders’ Equity” of the Non-consolidated Financial Statements
 - v “Notes to the Non-consolidated Financial Statements”
- Please note that the results of the resolutions adopted at this General Meeting of Shareholders will be posted on the Company’s website (in Japanese only) after the conclusion of the General Meeting, in lieu of delivery of the notice of the resolutions in writing to the shareholders.
- The Company’s website <https://www.seikagaku.co.jp/en/ir/stock/meeting.html>

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company positions the improvement of shareholder value as one of important management tasks, and regarding the return of profits to shareholders, we are aiming for a stable and continuous dividend from a medium- to long-term perspective, and will continue with our policy of annual dividends of ¥26 per share.

The Company has given consideration to the business performance of the fiscal year under review, payout ratio and medium- to long-term business growth, etc., and it proposes to pay year-end dividends for the fiscal year as follows:

- (1) Type of dividend property: Cash
- (2) Allotment of dividend property to shareholders and their aggregate amount
 - Per share of common stock of the Company ¥13
 - Total dividends ¥733,250,921Accordingly, including the interim dividend of ¥13 per share, the annual dividend will be ¥26 per share, resulting in the (consolidated) payout ratio of 65.4%.
- (3) Effective date of dividends of surplus: Thursday, June 20, 2019

Proposal No. 2 Election of Six Directors

At the conclusion of this ordinary general meeting of shareholders, the terms of office of all six Directors will expire. Therefore, the Company proposes the election of six Directors.

The candidates for Director are as follows:

[Reference] List of candidates

Candidate No.		Name	Current position and responsibility in the Company	Attendance at meetings of the Board of Directors
1	Reelection	Ken Mizutani	Representative Director and Member of the Board, President & CEO and Head of Manufacturing	100% (13 of 13)
2	Reelection	Toshiyuki Okada	Member of the Board, Executive Vice President responsible for Business Development & Marketing	92% (12 of 13)
3	Reelection	Yosuke Funakoshi	Member of the Board, Executive Vice President responsible for Research & Development and Head of Clinical Development	100% (10 of 10)
4	Reelection	Takayuki Akita	Member of the Board, Executive Vice President responsible for Corporate Strategy, HR, F&A and Corporate Staff and Head of Corporate Strategy	100% (10 of 10)
5	Reelection	Eiji Katayama Candidate for outside Director Independent Officer	Outside Director	100% (13 of 13)
6	New election	Mio Minaki Candidate for outside Director Independent Officer	—	—

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Ken Mizutani (March 10, 1948) Reelection</p> <p>Term of office as Director: 29 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year under review: 100% (13 of 13)</p>	<p>Apr. 1970 Joined Mitsubishi Chemical Industries Limited (current Mitsubishi Chemical Corporation)</p> <p>Sept. 1983 Deputy Head of Electronics Materials</p> <p>Aug. 1988 Joined the Company</p> <p>June 1990 Member of the Board, Head of Research Biologicals and Diagnostics Marketing</p> <p>June 1993 Member of the Board, Senior Executive Vice President responsible for Planning and Manufacturing</p> <p>June 1996 Member of the Board, Senior Executive Vice President responsible for Pharmaceuticals and Fine Chemicals</p> <p>July 1997 Member of the Board, Senior Executive Vice President responsible for Pharmaceuticals, Fine Chemicals and New Business Development</p> <p>Nov. 1997 Member of the Board, Senior Executive Vice President responsible for Pharmaceuticals, Fine Chemicals, New Business Development and ACC</p> <p>June 1998 Member of the Board, Senior Executive Vice President responsible for Marketing</p> <p>June 2000 Member of the Board, Senior Executive Vice President and Head of Central Research Laboratory</p> <p>June 2002 Representative Director and Member of the Board, Senior Executive Vice President responsible for Pharmaceuticals, Fine Chemicals, Oral Care, Glycoforum, and Head of Central Research Laboratory</p> <p>June 2003 Representative Director and Member of the Board, Senior Executive Vice President responsible for Pharmaceuticals, Fine Chemicals, LAL Strategic Planning and Head of Central Research Laboratory</p> <p>June 2004 Representative Director and Member of the Board, Senior Executive Vice President responsible for Research & Development and Fine Chemical Marketing</p> <p>June 2005 Representative Director and Member of the Board, President & Chief Executive Officer (CEO)</p> <p>June 2014 Representative Director and Member of the Board, President & CEO and head of Manufacturing</p> <p>Jan. 2015 Representative Director and Member of the Board, President & CEO</p> <p>June 2018 Representative Director and Member of the Board, President & CEO and Head of Manufacturing (current position)</p>	437,316 shares

	<p>[Significant concurrent positions outside the Company] Chairman of Mizutani Foundation for Glycoscience</p> <p>*The Company is making donations to Mizutani Foundation for Glycoscience at which Ken Mizutani serves as Chairman. Because the Foundation aims to contribute to the welfare of mankind through the development of Glycoscience, the donation to the Foundation is a suitable donation that coincides with our business objective of working on drug development, mainly Glycoscience. As a transaction, it is approved by the Company's Board of Directors. In addition, he has not received any remuneration from the Foundation, and none of his relatives are an officer or employee of the Foundation.</p> <p>[Reasons for nomination] With experiences in a wide range of fields centered on planning, marketing, and research and development, Ken Mizutani is familiar with all aspects of the Company and has high insight regarding business management and plays a central role of decisions on important matters and supervising business execution. We have once again nominated him as a candidate as we judged that he is qualified to direct the business management as Director and contribute to the improvement of corporate value.</p>
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Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Toshiyuki Okada (August 27, 1960) Reelection</p> <p>Term of office as Director: 2 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year under review: 92% (12 of 13)</p>	<p>Apr. 1989 Joined Dow Corning Japan Co., Ltd.</p> <p>Sept. 1996 Joined Johnson & Johnson Medical K. K. (current Johnson & Johnson K. K.)</p> <p>Feb. 2015 Vice President and Chief Technology Officer (Regulatory Affairs, Quality Assurance, Pharmacovigilance, R&D, GCP Auditing, Medical Affairs, Clinical Development & Post-marketing Research, Quality Regulatory Compliance and Professional Education)</p> <p>Sept. 2015 Joined the Company Executive Vice President, Deputy responsible for Quality Assurance, Pharmacovigilance and Regulatory Affairs Auditing</p> <p>Oct. 2015 Executive Vice President responsible for Quality Assurance, Pharmacovigilance and Regulatory Affairs Auditing</p> <p>June 2016 Executive Vice President responsible for Quality Assurance, Pharmacovigilance and Regulatory Affairs Auditing</p> <p>Jan. 2017 Executive Vice President responsible for Marketing</p> <p>June 2017 Member of the Board, Executive Vice President responsible for Marketing</p> <p>Aug. 2017 Member of the Board, Executive Vice President responsible for Marketing and Head of North American Business</p> <p>Jan. 2018 Member of the Board, Executive Vice President responsible for Marketing, head of Pharmaceuticals Marketing and North American Business</p> <p>Apr. 2018 Member of the Board, Executive Vice President responsible for Marketing and Head of Marketing Planning, Pharmaceuticals Marketing, International Marketing and North American Business</p> <p>June 2018 Member of the Board, Executive Vice President responsible for Business Development & Marketing (current position)</p>	4,600 shares
<p>[Reasons for nomination]</p> <p>Toshiyuki Okada has global insight and abundant know-how on pharmaceutical industry in general through experiencing a wide range of operations at foreign-affiliated pharmaceutical companies, and substantially fulfills the role of decisions on important matters and supervision of business execution. We have once again nominated him as a candidate as we judged that he is qualified to carry out his duties appropriately as Director and contribute to the improvement of corporate value.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
3	<p data-bbox="331 456 544 546">Yosuke Funakoshi (November 28, 1965) Reelection</p> <p data-bbox="304 577 571 636">Term of office as Director: 1 year</p> <p data-bbox="293 667 582 846">Attendance at meetings of the Board of Directors during the fiscal year under review: 100% (10 of 10) (After taking office in June 2018)</p>	<p data-bbox="612 264 1238 293">Apr. 1990 Joined ONO PHARMACEUTICAL CO., LTD.</p> <p data-bbox="612 300 1238 329">June 2008 Joined Takeda Pharmaceutical Company Limited</p> <p data-bbox="612 336 1238 394">July 2009 Takeda Pharmaceuticals International, Inc. Senior Director of Strategic Development</p> <p data-bbox="612 400 1238 517">Aug. 2012 Takeda Global Research & Development Center Inc. (current Takeda Development Center Americas, Inc.) Vice President of Strategic Project Management</p> <p data-bbox="612 524 1238 656">Aug. 2014 Joined the Company Senior Vice President and assistant to Senior Executive Vice President responsible for Research & Development</p> <p data-bbox="612 663 1238 721">Oct. 2014 Senior Vice President and Head of Clinical Development</p> <p data-bbox="612 728 1238 819">June 2016 Executive Vice President, Deputy responsible for Research & Development and Head of Clinical Development</p> <p data-bbox="612 826 1238 916">June 2017 Executive Vice President responsible for Research & Development and Head of Clinical Development</p> <p data-bbox="612 922 1238 1039">June 2018 Member of the Board, Executive Vice President responsible for Research & Development and Head of Clinical Development (current position)</p>	5,100 shares
<p data-bbox="277 1061 523 1090">[Reasons for nomination]</p> <p data-bbox="277 1095 1417 1238">Yosuke Funakoshi has a high-level insight through years of research and development in the pharmaceutical industry, and substantially fulfills the role of decisions on important matters and supervision of business execution from a global perspective that makes full use of his overseas work experience. We have once again nominated him as a candidate as we judged that he is qualified to carry out his duties appropriately as Director and contribute to the improvement of corporate value.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	<p style="text-align: center;">Takayuki Akita (December 9, 1963) Reelection</p> <p style="text-align: center;">Term of office as Director: 1 year</p> <p>Attendance at meetings of the Board of Directors during the fiscal year under review: 100% (10 of 10) (After taking office in June 2018)</p>	<p>Apr. 1986 Joined The Mitsubishi Bank, Limited (current MUFG Bank, Ltd.)</p> <p>May 2013 Executive Vice President, Head of International Operations</p> <p>July 2014 Executive Vice President (dispatched to MUFG Union Bank N.A.), Head of Japanese/Asian Corporate Banking, Regional Head of the Americas (Mission Specialist) and Deputy Head of New York Branch (Mission Specialist)</p> <p>May 2016 Executive Vice President, Head of Transaction Banking</p> <p>June 2017 Joined the Company as Advisor</p> <p>June 2017 Executive Vice President responsible for Corporate Planning</p> <p>Oct. 2017 Executive Vice President and Head of Corporate Strategy</p> <p>June 2018 Member of the Board, Executive Vice President responsible for Corporate Strategy, HR, F&A and Corporate Staff and Head of Corporate Strategy</p>	1,800 shares
<p>[Reasons for nomination]</p> <p>Through his experiences at domestic and international financial institutions, Takayuki Akita has a wide range of insights into global business practices and corporate management, and substantially fulfills the role of decisions on important matters and supervision of business execution. We have once again nominated him as a candidate as we judged that he is qualified to carry out his duties appropriately as Director and contribute to the improvement of corporate value.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
5	<p>Eiji Katayama (November 8, 1950) Candidate for outside Director Reelection Independent Officer</p> <p>Term of office as Director: 15 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year under review: 100% (13 of 13)</p>	<p>Apr. 1973 Joined Fujisawa Pharmaceutical Co., Ltd. (current Astellas Pharma Inc.)</p> <p>Apr. 1984 Admitted to the bar in Japan</p> <p>Apr. 1984 Joined Ginza Law Office (current Abe, Ikubo & Katayama) (current position)</p> <p>Aug. 1989 Admitted to the bar in New York State, US</p> <p>June 1997 Outside Audit & Supervisory Board Member of the Company</p> <p>June 2004 Outside Director (current position)</p>	36,100 shares
<p>[Significant concurrent positions outside the Company]</p> <p>Partner of Abe, Ikubo & Katayama</p> <p>Director and Audit and Supervisory Committee Member of Mitsubishi UFJ Trust and Banking Corporation</p> <p>Outside Audit & Supervisory Board Member of Akatsuki Inc.</p> <p>Outside Audit & Supervisory Board Member of REALGATE INC.</p> <p>*The transaction amount between the Company and Abe, Ikubo & Katayama, of which Eiji Katayama is a Partner, is ¥170,000 for the fiscal year ended March 31, 2017, which is minimal and within the scope of the "Independence Criteria for Outside Officers" as stated below that we have defined. There were no transactions during the fiscal year ended March 31, 2018 and the fiscal year ended March 31, 2019.</p> <p>[Reasons for nomination]</p> <p>Eiji Katayama, being familiar with pharmaceutical business from his experience in working at a pharmaceutical company, has been acting as an attorney in the areas of international and corporate legal affairs as a whole, in particular with respect to intellectual property and business revitalization, and has significant insight in the field of corporate management. His tenure as outside Director is 15 years at the conclusion of this ordinary general meeting of shareholders. While consistently maintaining a third party viewpoint, he actively advises and makes recommendations from a neutral and objective standpoint and substantially fulfills the role of decisions on important matters and supervision of business execution. We have once again nominated him as a candidate as we judged that he is qualified to carry out his duties appropriately as outside Director and contribute to the improvement of corporate value.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
6	Mio Minaki (April 6, 1973) Candidate for outside Director New election Independent Officer Term of office as Director: — Attendance at meetings of the Board of Directors during the fiscal year under review: —	Apr. 1999 Joined MIT Corporation Oct. 2003 Public prosecutor, Tokyo District Public Prosecutors Office Apr. 2004 Public prosecutor, Osaka District Public Prosecutors Office Apr. 2005 Public prosecutor, Fukuoka District Public Prosecutors Office Apr. 2014 Litigation Department Attorney, Ministry of Justice Fukuoka Legal Affairs Bureau Apr. 2016 Public prosecutor, Tokyo District Public Prosecutors Office Apr. 2017 Assigned as Head of Legal Affairs Department to Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan Apr. 2019 Admitted to the bar in Japan Apr. 2019 Joined Minaki & Kitazawa Law Office (current position)	—
<p>[Significant concurrent positions outside the Company] Partner of Minaki & Kitazawa Law Office</p> <p>*There had been no transaction between the Company and Minaki & Kitazawa Law Office, a law firm in which Mio Minaki serves as a Partner, for the past three years.</p> <p>[Reasons for nomination] In addition to her years of abundant experience in the judicial field, Mio Minaki has deep insight in the field of corporate legal affairs. We have nominated her as a candidate as we judged that she is qualified to appropriately fulfill the role of decisions on important matters and supervision of business execution from a neutral and objective standpoint as an outside Director of the Company and contribute to the improvement of corporate value.</p>			

- Notes
1. There is no special interest between any of the candidates and the Company.
 2. Eiji Katayama and Mio Minaki are candidates for outside Director.
 3. At the conclusion of this ordinary general meeting of shareholders, the tenure of Eiji Katayama as an outside Director will have been 15 years.
 4. As Eiji Katayama and Mio Minaki satisfy the requirements for independent officer established by Tokyo Stock Exchange Inc. and the "Independence Criteria for Outside Officers" of the Company as stated below, the Company has submitted notification to Tokyo Stock Exchange, Inc. that they have been appointed as independent officers.
 5. The Company has appointed Eiji Katayama as an Independent Committee member prescribed in the countermeasures against large-scale purchases of the Company's shares (takeover defense measures). The Company will also appoint Mio Minaki as an Independent Committee member if her appointment as a Director is approved.
 6. The Company prescribes in the Articles of Incorporation that it may enter into an agreement with a Director (excluding a director who is an executive director, etc.) to limit the scope of his or her liability for damages to the Company, in order to enable the outside Director to fully exercise his or her duties as expected.
Accordingly, the Company has entered into an agreement with Eiji Katayama to limit his liability, if a case falls under requirements specified by laws and regulations regarding the liability under Article 423, paragraph 1 of the Companies Act. Pursuant to this agreement, the defined maximum amount of liability is the amount provided for under Article 425, paragraph 1 of the Companies Act. If the reelection of Eiji Katayama is approved, the Company plans to renew the aforementioned agreements with him. The Company will also enter into an agreement with Mio Minaki to limit her liability, if her election is approved.

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

At the conclusion of this ordinary general meeting of shareholders, the terms of office of Audit & Supervisory Board Members Nobuhiro Takeuchi, Yoshihito Shibata and Mie Fujimoto will expire. Therefore, the Company proposes the election of three Audit & Supervisory Board Members.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

[Reference] List of candidates

Candidate No.	Name		Current position in the Company
1	Reelection	Yoshihito Shibata Candidate for outside Audit & Supervisory Board Member Independent Officer	Outside Audit & Supervisory Board Member
2	Reelection	Mie Fujimoto Candidate for outside Audit & Supervisory Board Member Independent Officer	Outside Audit & Supervisory Board Member
3	New election	Shinkichi Matsuo Candidate for outside Audit & Supervisory Board Member Independent Officer	—

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
1	Yoshihito Shibata (July 31, 1965) Candidate for outside Audit & Supervisory Board Member Reelection Independent Officer Term of office as Audit & Supervisory Board Member: 4 years	Apr. 1988 Apr. 1998 Dec. 1999 July 2006 Apr. 2015 June 2015	Joined FUJITSU LIMITED Admitted to the bar in Japan Joined Law Offices of Hideyuki Sakai (Later, Bingham Sakai Mimura Aizawa (foreign law joint enterprise)) Admitted to the bar in New York State, US Joined Anderson Mori & Tomotsune (current position) Outside Audit & Supervisory Board Member of the Company (current position)	1,300 shares
	<p>[Significant concurrent positions outside the Company]</p> <p>Partner of Anderson Mori & Tomotsune Outside Statutory Auditor of C'est la vie Resort Izumigo Co., Ltd. Outside Audit & Supervisory Board Member of FWD Fuji Life Insurance Company, Limited *There had been no transaction between the Company and Anderson Mori & Tomotsune, a law firm in which Yoshihito Shibata serves as a Partner, for the past three years.</p> <p>[Reasons for nomination]</p> <p>Yoshihito Shibata, being familiar with corporate legal affairs as an attorney, in particular with respect to risk management, business revitalization, healthcare and pharmaceutical regulations, has an abundant insight on corporate finance and accounting and corporate management, and substantially fulfills the role of supervision of management from a specialist viewpoint based on his knowledge and experience. We have once again nominated him as a candidate as we judged that he is qualified to carry out his duties appropriately as an outside Audit & Supervisory Board Member.</p>			
2	Mie Fujimoto (August 17, 1967) Candidate for outside Audit & Supervisory Board Member Reelection Independent Officer Term of office as Audit & Supervisory Board Member: 4 years	Apr. 1993 Apr. 1993 Apr. 2015 June 2015	Admitted to the bar in Japan Joined New Tokyo International (Later, Bingham Sakai Mimura Aizawa (foreign law joint enterprise)) Joined TMI Associates (current position) Outside Audit & Supervisory Board Member of the Company (current position)	1,300 shares
	<p>[Significant concurrent positions outside the Company]</p> <p>Partner of TMI Associates Outside Director of Kuraray Co., Ltd. Outside Corporate Auditor of TOKYO BROADCASTING SYSTEM HOLDINGS, INC. Corporate Auditor of TOKYO BROADCASTING SYSTEM TELEVISION, INC. *There had been no transaction between the Company and TMI Associates, a law firm in which Mie Fujimoto serves as a Partner, for the past three years.</p> <p>[Reasons for nomination]</p> <p>Mie Fujimoto, being familiar with corporate legal affairs as an attorney, in particular with respect to labor related laws and regulations, has abundant insight in the field of corporate management, and substantially fulfills the role of supervision of management from a specialist viewpoint based on her knowledge and experience. We have once again nominated her as a candidate as we judged that she is qualified to carry out her duties appropriately as an outside Audit & Supervisory Board Member.</p>			

Candidate No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
3	Shinkichi Matsuo (January 9, 1969) Candidate for outside Audit & Supervisory Board Member New election Independent Officer Term of office as Audit & Supervisory Board Member: —	Apr. 1991 Joined Mitsubishi Electric Corporation Apr. 1993 Joined Yokohama City Government Oct. 1995 Joined Ota Showa Audit Corporation (current Ernst & Young ShinNihon LLC) Apr. 1999 Registered as a certified public accountant June 2018 Representative Director, NextLeap Co., Ltd. (current position)	—
<p>[Significant concurrent positions outside the Company] Representative Director of NextLeap Co., Ltd. Outside Audit & Supervisory Board Member of Amvis Holdings, Inc. There had been no transaction between the Company and NextLeap Co., Ltd., a company in which Shinkichi Matsuo serves as a Representative Director, for the past three years.</p> <p>[Reasons for nomination] Shinkichi Matsuo, being familiar with finance and accounting as a certified public accountant, has abundant insight in the field of corporate management. We have nominated him as a candidate as we judged that he is qualified to substantially fulfill the role of supervision of management from a specialist viewpoint based on his knowledge and experience, as an outside Audit & Supervisory Board Member of the Company.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Yoshihito Shibata, Mie Fujimoto, and Shinkichi Matsuo are candidates for outside Audit & Supervisory Board Members.
 3. At the conclusion of this ordinary general meeting of shareholders, the tenures of Yoshihito Shibata and Mie Fujimoto as outside Audit & Supervisory Board Member will have been 4 years.
 4. As Yoshihito Shibata, Mie Fujimoto and Shinkichi Matsuo satisfy the requirements for independent officer established by Tokyo Stock Exchange Inc. and the "Independence Criteria for Outside Officers" of the Company as stated below, the Company has submitted notification to Tokyo Stock Exchange, Inc. that they have been appointed as independent officers.
 5. The Company has appointed Yoshihito Shibata and Mie Fujimoto as Independent Committee members prescribed in the countermeasures against large-scale purchases of the Company's shares (takeover defense measures). The Company will also appoint Shinkichi Matsuo as an Independent Committee member if his appointment as an Audit & Supervisory Board Member is approved.
 6. The Company prescribes in the Articles of Incorporation that it may enter into an agreement with an Audit & Supervisory Board Member to limit the scope of his or her liability for damages to the Company, in order to enable the Audit & Supervisory Board Member to fully exercise his or her duties as expected. Accordingly, the Company has entered into agreement with each of Yoshihito Shibata and Mie Fujimoto to limit his or her liability, if a case falls under requirements specified by laws and regulations regarding the liability under Article 423, paragraph 1 of the Companies Act. Pursuant to this agreement, the defined maximum amount of liability is the amount provided for under Article 425, paragraph 1 of the Companies Act. If the reelection of Yoshihito Shibata and Mie Fujimoto is approved, the Company plans to renew the aforementioned agreement with each of them. The Company will also enter into an agreement with Shinkichi Matsuo to limit his liability, if his appointment as an outside Audit & Supervisory Board Member is approved.
 7. In March 2017, Kuraray Co., Ltd., a company in which Mie Fujimoto serves an outside Director, received a cease and desist order from the Japan Fair Trade Commission as a punitive disposition against a violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade with respect to a tender for the procurement of certain vinylon products by the Acquisition, Technology & Logistics Agency. Although Mie Fujimoto, who had held the office of outside Auditor of the company at that point, was not aware of the abovementioned fact in advance, she had been regularly calling the company's attention to the importance of compliance with laws and regulations. After the facts came out, she confirmed the content of the countermeasures for recurrence prevention, appropriately provided recommendations at the meetings of the Board of Directors of the company, and thereby fulfilled her duties.

Proposal No. 4 Determination of Remuneration for Granting Restricted Stock to the Company's Directors

At the 61st Ordinary General Meeting of Shareholders held on June 22, 2007, approval was granted for the total amount of remuneration for the Company's Directors (excluding the employee portion of remuneration for Directors who serve concurrently as employees) to be set at a maximum of ¥400 million per annum (including a maximum of ¥50 million for outside Directors).

The Company has adopted a Directors' remuneration system deploying a stock-price-linked remuneration system, under which the Company's shares are purchased every month through the Director Shareholding Association using a certain portion of funds from the Directors' remuneration in addition to a base remuneration and a performance-linked remuneration for inside Directors, up to the limit mentioned above.

As a revision to the Directors' remuneration system based on the recent approach to corporate governance, the Company proposes the introduction of a new remuneration scheme (the "Scheme") under which restricted stock is granted to the Company's Directors (the "Eligible Directors," excluding outside Directors) separately from the remuneration limit mentioned above, in order to provide the Eligible Directors with incentives to sustainably increase the Company's corporate value and further accelerate the sharing of the value with shareholders by promoting long-term, stable shareholding. If the introduction of the Scheme is approved, the Company plans to abolish the stock-price-linked remuneration system mentioned above.

Remuneration to be paid to the Eligible Directors for granting restricted stock pursuant to this Proposal shall be a monetary claim (the "Monetary Remuneration Claim"), and its total amount shall be a maximum of ¥50 million per annum (excluding the employee portion of remuneration for Directors who serve concurrently as employees), an amount deemed reasonable in consideration of the purposes mentioned above. The specific timing and distribution of the payment to the Eligible Directors shall be deliberated at a Nomination and Remuneration Committee consisting of the President & Representative Director and all of the outside Directors, to be resolved by the Board of Directors.

The current number of Directors is six (including two outside Directors). If Proposal No. 2 "Election of Six Directors" of this meeting is approved as proposed, the number of Directors will remain six (including two outside Directors), and the number of the Eligible Directors will be four through the exclusion of two outside Directors.

[Details of the Scheme]

1. Summary

Based on the resolution of the Company's Board of Directors, the Eligible Directors shall pay all of the Monetary Remuneration Claim granted pursuant to this Proposal as property contributed in kind and shall receive the issuance or disposal of the shares of common stock of the Company.

When issuing or disposing of shares of common stock of the Company, the Company shall conclude an agreement on the allotment of restricted stock (the "Allotment Agreement") with the Eligible Directors. The Eligible Directors shall not transfer, pledge, or otherwise dispose (the "Restriction") of shares of common stock of the Company allotted in accordance with the Allotment Agreement (the "Allotted Shares") during the period from the date on which the Eligible Directors receive an allotment in accordance with the Allotment Agreement up until the time immediately after the Eligible Directors retire or resign from their positions as both Directors and Managing Officers of the Company. The details of the Allotment Agreement are summarized in 4 below.

2. Upper limit of the amount of the Monetary Remuneration Claim and number of shares under the Scheme

The total amount of the Monetary Remuneration Claim to be granted to the Eligible Directors shall be a maximum of ¥50 million per annum (excluding the employee portion of remuneration for Directors who serve concurrently as employees), and the total number of the Allotted Shares to be issued or disposed of for the Eligible Directors shall be a maximum of 40,000 per annum; provided that, in the case of a stock split (including gratis allotment) or a reverse stock split of shares of common stock of the Company, or any other case requiring the adjustment of the total number of the Allotted Shares arises on or after the day of approval of this Proposal, the total number shall be adjusted within a reasonable range.

3. Amount to be paid per Allotted Share

The amount to be paid per Allotted Share shall be based on the closing price of the Company's common stock on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the resolution date of the Board of Directors regarding share allotment (if the Company's common stock is not traded on the said day, the closing

price on the latest preceding trading day) and shall be resolved by the Board of Directors within a price range that is not particularly advantageous to the Eligible Directors who receive the shares of common stock.

4. Summary of the Allotment Agreement

(1) Restriction-on-transfer period (“Restriction Period”)

The Restriction period shall be the period from the date on which an Eligible Director receives an allotment in accordance with the Allotment Agreement up until the time immediately after the Eligible Director retires or resigns from his or her positions as both a Director and Managing Officer of the Company. During the Restriction period, the Eligible Directors shall not transfer, pledge, or otherwise dispose of the Allotted Shares.

(2) Treatment at the time of retirement

If an Eligible Director retires or resigns from his or her positions as both a Director and a Managing Officer before the expiration of the period from the commencement of the Restriction period up until the time immediately preceding the conclusion of the first ordinary general meeting of shareholders to be held after the commencement date (the “Service Period”), the Company shall acquire the related Allotted Shares without consideration as a matter of course, unless there are reasonable grounds for the retirement or resignation such as the expiration of the term of office or the death of the Eligible Director.

(3) Release of the Restriction

The Company shall release the Restriction of all Allotted Shares when the Restriction period expires, on the condition that an Eligible Director has filled the position of either a Director or Managing Officer of the Company during the Service Period; provided that the number of Allotted Shares subject to the release and the timing of the release shall be reasonably adjusted as necessary if (i) the Eligible Director retires or resigns from both positions stated in (2) above before the Service Period expires because of death or other reasonable grounds, or (ii) the Eligible Director retires or resigns from both positions stated in (2) above before the Restriction period expires for reasons other than the expiration of the term of office, death, or other reasonable grounds stated in (2) above even after the Service Period expires. The Company shall, as a matter of course, acquire without consideration the Allotted Shares that are not subject to the release immediately after the Restriction is released in accordance with the above provisions.

(4) Treatment upon reorganization, etc.

Notwithstanding the provisions in (1) and (3) above, if a merger agreement in which the Company is to be the merged company, a stock exchange agreement in which the Company is to be a wholly owned subsidiary, or an agenda item related to reorganization, etc. such as a stock transfer plan is approved at the Company’s general meeting of shareholders (or by the Company’s Board of Directors, if the reorganization, etc. does not require the approval of a general meeting of shareholders) during the Restriction period, the Company shall, by a resolution of its Board of Directors, release the Restriction before the effective date of the reorganization, etc. for the number of Allotted Shares to be decided reasonably based on the period from the date of commencement of the Restriction period up until the date of the approval of the reorganization, etc. In addition, in the case provided for above, the Company shall, as a matter of course, acquire without consideration the Allotted Shares that are not subject to the release immediately after the Restriction is released.

(5) Other matters

Any other matters related to the Allotment Agreement shall be determined by the Company’s Board of Directors.

<Reference>

Subject to the approval of this Proposal as proposed, the Company plans to introduce a scheme similar to the Scheme above for Managing Officers not serving concurrently as Directors of the Company.