

[Translation: Please note that the following purports to be an accurate translation of excerpt contents of the original Japanese document, prepared for foreign shareholders solely as a reference material. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain explanations for the domestic voting procedures are omitted or modified in this translation.]

SEKISUI CHEMICAL CO., LTD.

Stock Exchange Code: 4204

June 6, 2016

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 94TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 94th Annual General Meeting of Shareholders of SEKISUI CHEMICAL CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the aforesaid meeting, you may exercise your voting rights in mailing or through Internet. In such case, please kindly see the attached Reference Documents Concerning the General Meeting of Shareholders and exercise your voting rights before 5:30 p.m. on June 27, 2016 (Monday, JST).

Yours very truly,

By: **TEIJI KOGE**
President and Representative Director
SEKISUI CHEMICAL CO., LTD.
4-4 Nishitemma 2-Chome,
Kita-ku, Osaka 530-8565

PARTICULARS

1. Date and Time of the Meeting: 10:00 a.m. on June 28, 2016 (Tuesday, JST)

2. Place of the Meeting: Manyo no Ma Room
3rd Floor
ANA Crowne Plaza Osaka Hotel
1-3-1 Dojimahama, Kita-ku, Osaka

3. Agenda of the Meeting:

Matters for Reporting:

Report on the Business Report, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents and the report on the Results of the Audits of Consolidated Accounting Documents by the Accounting Auditor and the Board of Corporate Auditors for the 94th Business Term (from April 1, 2015 to March 31, 2016).

Matters for Resolution:

First Item of Business:	Appropriation of Surplus
Second Item of Business:	Election of Ten (10) Directors
Third Item of Business:	Election of Two (2) Corporate Auditors
Fourth Item of Business:	Decisions on Amounts and Details of Share-Based Compensation for Directors

- End -

For those attending, please present Voting Rights Exercise Form (not enclosed in this translation) at the reception desk on arrival at the Meeting. For saving natural resources, please take this notice of convocation with you to the Meeting.

(For Reference Only)

REGISTERED SHAREHOLDERS IN JAPAN may exercise voting rights by means of either of the following:

[In case of exercising voting rights via mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your approval or disapproval of each of the items listed thereon and return the form to the Company before 5:30 p.m. on June 27, 2016 (Monday, JST).

[In case of exercising voting rights via the Internet, etc.]

Please access the website for exercising voting rights designated by the Company (<http://www.evotep.jp/>), indicate your approval or disapproval of each of the items by following the guidance on the display after entering the "log-in ID" and "password" shown on the enclosed Voting Right Exercise Form.

The Company cordially requests the shareholders who exercise voting rights via the Internet, etc. to understand the Guidance for the Exercise of Voting Rights via the Internet, etc. below. (omitted)

Reference Documents Concerning the General Meeting of Shareholders (Items and Matters for Reference)

First Item of Business

Appropriation of Surplus

One of the Company's primary policies in management is to increase corporate value, with an emphasis on returning the Company's profits to the shareholders proactively. In connection with returning the Company's profits to the shareholders, the Company has a basic policy of implementing a stable dividend policy depending upon business results, with a target of a consolidated payout ratio of 30% of the consolidated net income.

Based on its capital policy and the basic policy regarding dividends from surplus as described above, the Company carefully examined the dividend for the business term under review. The Company proposes that the year-end dividend for the business term under review be ¥16. The annual dividend for the business term under review is ¥30 per share, together with the interim dividend of ¥14 per share that was paid in December 2015, and a ¥3 increase per share from the previous business term.

Matters Concerning the Year-End Dividend

1. Type of Dividend Assets:
Cash
2. Matters Concerning Distribution of Dividend Assets and the Aggregate Amount:
¥16 per share of common stock of the Company
Aggregate amount of dividends: ¥7,817,830,640
3. The Date When Dividend of Retained Earnings Takes Effect:
June 29, 2016

<Changes in the Dividends Per Share>



Election of Ten (10) Directors

The terms of offices of all the nine (9) Directors will expire at the closing of this Annual General Meeting of Shareholders. In order to promote diversity management and strengthen the compliance system of the Sekisui Chemical Group, the Company proposes one (1) additional Director, resulting in a total of ten (10) Directors including two (2) Outside Directors to be newly elected. The following candidates for Directors have been determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Advisory Committee.

Two (2) candidates for Outside Directors meet the conditions of the Company's "Standards for the Independence of Outside Officers" (refer to Page 15) and the conditions of Independent Directors stipulated by Tokyo Stock Exchange, Inc.

Candidate Number	Name	Position and Duty	
1	Naofumi Negishi	Chairman of the Board and Representative Director	Reelected
2	Teiji Koge	President and Representative Director, Chief Executive Officer	Reelected
3	Hajime Kubo	Director, Senior Managing Executive Officer	Reelected
4	Satoshi Uenoyama	Director, Senior Managing Executive Officer	Reelected
5	Shunichi Sekiguchi	Director, Senior Managing Executive Officer	Reelected
6	Keita Kato	Director, Senior Managing Executive Officer	Reelected
7	Yoshiyuki Hirai	Director, Executive Officer	Reelected
8	Hiroyuki Taketomo	Executive Officer	Newly Elected
9	Kunio Ishizuka	Outside Director	Candidate for Outside Director Reelected
10	Yutaka Kase		Candidate for Outside Director Newly Elected

Reelected



1. Naofumi Negishi (Date of birth: March 19, 1948)

<Career Summary, Position and Duty>

- Apr. 1971: Joined the Company
- Jun. 2003: Director of the Company
General Manager of Corporate Finance & Accounting and Planning Department
- Apr. 2005: Managing Director of the Company
General Manager of Corporate Finance & Accounting and Planning Department
- Oct. 2007: Managing Director of the Company
In Charge of Corporate Communication Department
General Manager of Corporate Finance & Accounting and Planning Department
- Apr. 2008: Managing Director of the Company
Senior Managing Executive Officer & CFO of the Company
In Charge of Corporate Communication Department
General Manager of Corporate Finance & Accounting and Planning Department
- Jun. 2008: Director of the Company
Senior Managing Executive Officer & CFO of the Company
In Charge of Corporate Communication Department
General Manager of Corporate Finance & Accounting and Planning Department
- Oct. 2008: Vice President & Director of the Company
Senior Managing Executive Officer & CFO of the Company
In Charge of Corporate Communication Department and Corporate Finance & Accounting and Planning Department
- Mar. 2009: President and Representative Director
Chief Executive Officer of the Company
- Mar. 2015: Chairman of the Board and Representative Director of the Company [incumbent]

<Reasons for Election of the Candidate for Director>

He has mainly been engaged in finance and accounting affairs. He formerly assumed office as President and Representative Director for six years from 2009 to 2015. Since 2015 when he was appointed as Chairman of the Board and Representative Director, he has been engaged in external affairs as the Chairman of the Board and representative of the Sekisui Chemical Group. He has been elected as a candidate for Director as the Company has judged that he would be able to further fortify the Board's functions of decision-making and supervision based on his abundant business experience and past achievements in the Company.

<Number of Shares of the Company Owned>

207,882 shares



Reelected

2. Teiji Koge (Date of birth: November 14, 1953)

<Career Summary, Position and Duty>

- Apr. 1976: Joined the Company
- Jun. 2005: Director of the Company
President of Nagoya Sekisui Heim Co., Ltd.
- Oct. 2005: Director of the Company
Head of President's Office of Housing Company
- Apr. 2006: Director of the Company
General Manager of Planning & Control Department of Housing Company
- Apr. 2007: Director of the Company
General Manager of Housing Division and Planning & Control Department of Housing Company
- Jul. 2007: Director of the Company
In Charge of Sales Department, General Manager of Housing Division of Housing Company
- Feb. 2008: Director of the Company
President of Housing Company
In Charge of Sales Department, General Manager of Housing Division
- Apr. 2008: Director of the Company
Managing Executive Officer of the Company
President of Housing Company
- Apr. 2009: Director of the Company
Senior Managing Executive Officer of the Company
President of Housing Company
- Mar. 2014: Director of the Company
Senior Managing Executive Officer of the Company
Head of CSR Department
Head of Corporate Communication Department
- Mar. 2015: President and Representative Director
Chief Executive Officer of the Company [incumbent]

<Reasons for Election of the Candidate for Director>

He has been engaged in the housing business for many years. He formerly assumed office as Head of the CSR Department and Head of the Corporate Communication Department and has served as President and Representative Director since 2015. He has been elected as a candidate for Director in the position of Chief Executive Officer as the Company has judged that he would be able to contribute to enhance the corporate value of the Sekisui Chemical Group with his abundant business experience acquired until today and expertise in the Company's management.

<Number of Shares of the Company Owned>

113,552 shares



Reelected

3. Hajime Kubo (Date of birth: October 14, 1956)

<Career Summary, Position and Duty>

- Apr. 1980: Joined the Company
- Apr. 2008: Executive Officer of the Company
General Manager of Administrative Management & Control Department of High Performance Plastics Company
- Jan. 2010: Executive Officer of the Company
General Manager of CSR Department
- Apr. 2010: Executive Officer of the Company
In Charge of Corporate Communication Department
General Manager of External Affairs Department and CSR Department
- Jun. 2010: Director of the Company
Executive Officer of the Company
In Charge of Corporate Communication Department
General Manager of External Affairs Department and CSR Department
- Apr. 2011: Director of the Company
Managing Executive Officer of the Company
In Charge of Corporate Communication Department
General Manager of External Affairs Department and CSR Department
- Jan. 2012: Director of the Company
Managing Executive Officer of the Company
General Manager of CSR Department and Corporate Communication Department
- Apr. 2012: Director of the Company
Managing Executive Officer of the Company
In Charge of Legal Department
General Manager of CSR Department and Corporate Communication Department
- Apr. 2013: Director of the Company
Managing Executive Officer of the Company
General Manager of CSR Department and Corporate Communication Department
- Mar. 2014: Director of the Company
Managing Executive Officer of the Company
Responsible for Corporate Finance Accounting Department
Head of Business Planning Department
- Apr. 2014: Director of the Company
Senior Managing Executive Officer of the Company
Responsible for Corporate Finance Accounting Department
Head of Business Planning Department
- Mar. 2015: Director of the Company
Senior Managing Executive Officer of the Company
Responsible for Corporate Finance Accounting Department
Head of Business Planning Department, Head of CSR Department
Head of Corporate Communication Department
- Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of Urban Infrastructure & Environmental Products Company [incumbent]

<Reasons for Election of the Candidate for Director>

He has mainly been engaged in the high performance plastics business. He previously assumed office as Director in charge of the Corporate Communication Department, Legal Department and Corporate Finance Accounting Department. He currently serves as President of Urban Infrastructure & Environmental Products Company. He has been elected as a candidate for Director as he has abundant business experience and expertise regarding business management in general.

<Number of Shares of the Company Owned>

71,718 shares

Reelected



4. Satoshi Uenoyama (Date of birth: November 18, 1953)

<Career Summary, Position and Duty>

- Apr. 1980: Joined the Company
- Apr. 2009: Executive Officer of the Company
Head of R&D Center
- Apr. 2011: Managing Executive Officer of the Company
Head of R&D Center
- Jun. 2011: Director of the Company
Managing Executive Officer of the Company
Head of R&D Center
- Apr. 2014: Director of the Company
Senior Managing Executive Officer of the Company
Head of R&D Center
- Apr. 2016: Director of the Company
Senior Managing Executive Officer of the Company
Head of R&D Center and Head of LB Project [incumbent]

<Reasons for Election of the Candidate for Director>

He has been engaged in the R&D business of the Company for many years. Since 2009 when he was appointed as Head of the R&D Center, he has been the Company's driving force to launch products in markets that win society's confidence with its outstanding technology and product quality. He has been elected as a candidate for Director as the Company has judged that he would be able to further contribute to enhance the corporate value of the Sekisui Chemical Group with his expertise acquired through said experience.

<Number of Shares of the Company Owned>

89,967 shares

Reelected



5. Shunichi Sekiguchi (Date of birth: June 13, 1955)

<Career Summary, Position and Duty>

- Apr. 1978: Joined the Company
- Apr. 2008: Executive Officer of the Company
General Manager of Living Environment Division and Head of Diversified Business Group of Housing Company
- Jul. 2010: Executive Officer of the Company
General Manager of Living Environment Division of Housing Company
- Jan. 2013: Executive Officer of the Company
Responsible for Public Relations & External Relations Department, General Manager of Living Environment Division and Head of President Office of Housing Company
- Apr. 2013: Managing Executive Officer of the Company
Responsible for Public Relations & External Relations Department, Head of Sales Management Division and Head of President Office of Housing Company
- Jan. 2014: Managing Executive Officer of the Company
Responsible for Public Relations & External Relations Department and Head of President Office of Housing Company
- Mar. 2014: Managing Executive Officer of the Company
President of Housing Company
- Jun. 2014: Director of the Company
Managing Executive Officer of the Company
President of Housing Company
- Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of Housing Company [incumbent]

<Reasons for Election of the Candidate for Director>

He has mainly been engaged in the housing business. He previously assumed office as General Manager of the Living Environment Division, person responsible for the Public Relations & External Relations Department, Head of the Sales Management Division and Head of the President Office. He currently serves as President of Housing Company. He has been elected as a candidate for Director as he has the abundant experience in the housing business, which is the Company's core business, and expertise regarding business management in general.

<Number of Shares of the Company Owned>

72,268 shares



6. Keita Kato (Date of birth: January 11, 1958)

<Career Summary, Position and Duty>

- Apr. 1980: Joined the Company
- Apr. 2008: Executive Officer of the Company
Head of Interlayer Film Division of High Performance Plastics Company
- Jul. 2011: Executive Officer of the Company
Head of New Business Promotion Division of High Performance Plastics Company
- Mar. 2013: Executive Officer of the Company
Head of New Business Promotion Division and Head of Research & Development Institute of High Performance Plastics Company
- Oct. 2013: Executive Officer of the Company
Head of Research & Development Institute of High Performance Plastics Company
- Mar. 2014: Managing Executive Officer of the Company
President of High Performance Plastics Company
- Jun. 2014: Director of the Company
Managing Executive Officer of the Company
President of High Performance Plastics Company
- Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company [incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Director of Sekisui Fuller Company Ltd.

<Reasons for Election of the Candidate for Director>

He has mainly been engaged in the high performance plastics business. He previously assumed office as Head of the Interlayer Film Division, Head of the New Business Promotion Division and Head of the Research & Development Institute. He currently serves as President of High Performance Plastics Company. He has been elected as a candidate for Director as he has abundant experience in global business for many years and expertise regarding business management in general, as well as the globalization that the Company strives to strengthen and expand.

<Number of Shares of the Company Owned>

60,091 shares

Reelected



7. Yoshiyuki Hirai (Date of birth: February 4, 1963)

<Career Summary, Position and Duty>

- Apr. 1985: Joined the Company
- Mar. 2009: Head of Foam Division of High Performance Plastics Company
- Apr. 2014: Executive Officer of the Company
Head of Foam Division of High Performance Plastics Company
- Apr. 2015: Executive Officer of the Company
Responsible for CSR Promotion Department
Head of Business Strategy Department
- Jun. 2015: Director of the Company
Executive Officer of the Company
Responsible for CSR Promotion Department
Head of Business Strategy Department [incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Director of Sekisui Seikei, Ltd.

<Reasons for Election of the Candidate for Director>

He has mainly been engaged in the high performance plastics business. He previously assumed office as Head of the Foam Division. He currently serves as the person responsible for the CSR Promotion Department and Head of the Business Strategy Department. He has been elected as a candidate for Director as the Company has judged that he would be able to contribute to enhance the corporate value of the Sekisui Chemical Group by utilizing his expertise acquired through his past abundant experience in the planning of management strategy from a company-wide perspective.

<Number of Shares of the Company Owned>

21,675 shares



Newly Elected

8. Hiroyuki Taketomo (Date of birth: July 8, 1961)

<Career Summary, Position and Duty>

- Apr. 1985: Joined the Company
- Oct. 2003: Head of General Administration Department of High Performance Plastics Company
- Apr. 2011: Director of SEKISUI MEDICAL CO., LTD.
- Sep. 2014: Head of HR Group of CSR Department
- Apr. 2015: Executive Officer of the Company
General Manager of HR Department
- Apr. 2016: Executive Officer of the Company
In charge of Legal Department
General Manager of HR Department [incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Director of SEKISUI AMERICA CORPORATION

<Reasons for Election of the Candidate for Director>

He has mainly been engaged in HR affairs. He previously assumed office as Director of SEKISUI MEDICAL CO., LTD. He currently serves as Executive Officer in charge of the Legal Department and General Manager of the HR Department. He has been elected as a candidate for Director as the Company has judged that he would be able to further contribute to enhance the corporate value of the Sekisui Chemical Group through the promotion of diversity management and the establishment of the compliance system by utilizing his expertise acquired through his past abundant experience.

<Number of Shares of the Company Owned>

11,811shares



9. Kuno Ishizuka (Date of birth: September 11, 1949)

<Career Summary, Position and Duty>

- May 1972: Joined Mitsukoshi, Ltd.
- Feb. 2003: Executive Officer, General Manager of Operations Department of Mitsukoshi, Ltd.
- Mar. 2004: Senior Executive Officer, General Manager of Corporate Planning Division of Mitsukoshi, Ltd.
- Mar. 2005: Managing Executive Officer, General Manager of Business Planning Division of Mitsukoshi, Ltd.
- May 2005: President and Representative Director, Executive Officer, General Manager of Business Planning Division of Mitsukoshi, Ltd.
- Feb. 2006: President and Representative Director, Executive Officer of Mitsukoshi Ltd.
- Apr. 2008: President and Representative Director, Executive Officer of Isetan Mitsukoshi Holdings Ltd.
- Feb. 2012: Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi Holdings Ltd.
[incumbent]
- Apr. 2012: Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi Ltd.
[incumbent]
- Jun. 2013: Director of the Company
[incumbent]

<Important Position of Other Organizations Concurrently Assumed>

- Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi Holdings Ltd.
- Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi Ltd.
- Chairman of Japan Housing Association

<Reasons for Election of the Candidate for Outside Director>

He serves as Chairman and Representative Director and Executive Officer of Isetan Mitsukoshi Holdings Ltd. and Chairman and Representative Director and Executive Officer of Isetan Mitsukoshi, Ltd. He plays an important role as an Outside Director of the Company and gives advice to the Company by utilizing his experience and knowledge as a management executive in the leading retail and service industry. He has been elected again as a candidate for Outside Director as we believe that his considerable insight on corporate management would be reflected in the management of the Sekisui Chemical Group.

While the Company has business with Isetan Mitsukoshi, net sales of Isetan Mitsukoshi Holdings Ltd. to the Company represented less than 0.01% of the Company's total net sales; and net sales of the Company to Isetan Mitsukoshi Ltd. represented less than 0.01% of total net sales of Isetan Mitsukoshi Ltd. in each case for the business year last closed. Accordingly, independence of Outside Directorship is sufficiently secured. The Company has no business with Japan Housing Association.

<Number of Shares of the Company Owned>

0 shares

<Number of Years in Office of the Company>

3 years (At the closing of this Annual General Meeting of Shareholders)

<Number of Attendance of the Board of Directors Meetings of the Company>

17 out of 17 Board of Directors meetings (Attendance rate: 100%)
(The business term under review)



Candidate for Outside Director

Newly Elected

10. Yutaka Kase (Date of birth: February 11, 1947)

<Career Summary, Position and Duty>

May 1970: Joined Nissho Iwai Corporation
Jun. 2001: Executive Officer of Nissho Iwai Corporation
Apr. 2003: Director and Managing Executive Officer of Nissho Iwai Corporation
Apr. 2004: Representative Director and Senior Managing Executive Officer of Former Sojitz Corporation
Aug. 2004: Representative Director and Executive Vice President of Former Sojitz Corporation
Oct. 2005: Representative Director and Executive Vice President of Sojitz Corporation
Apr. 2007: President & CEO of Sojitz Corporation
Apr. 2012: Representative Director and Chairman of Sojitz Corporation [incumbent]

<Important Positions of Other Organizations Concurrently Assumed>

Representative Director and Chairman of Sojitz Corporation
Outside Director of Astellas Pharma Inc.
Outside Director of JAC Recruitment Co., Ltd.

<Reasons for Election of the Candidate for Outside Director>

As Representative Director and Chairman of Sojitz Corporation, he has abundant experience and past achievements regarding global corporate management and business strategy, which were developed as a corporate manager of a general trading company. He has been elected as a candidate for Outside Director as we believe that his advice given with his international knowledge and experience would be useful to promote the globalization of the Sekisui Chemical Group.

While the Company has business transactions with Sojitz Corporation, the ratio of the transaction value to the net sales of Sojitz Corporation and the Company for the business year last closed was less than 0.1% for both parties. Accordingly, the independence of the Outside Directorship is sufficiently secured.

<Number of Shares of the Company Owned>

0 shares

- (Notes) 1. Each of the candidates has no interest with the Company.
2. Limiting Liability Agreement:
In the light of enabling Mr. Kunio Ishizuka to discharge his duties in full as expected, the Company has entered into an agreement with Mr. Ishizuka limiting their liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liability for compensations is limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that this Item of Business is approved, the Company will continue the limiting liability agreement with Mr. Ishizuka and the Company is scheduled to enter into the above Limiting Liability Agreement with Mr. Yutaka Kase.
3. The Company appointed Mr. Kunio Ishizuka as Independent Director pursuant to the rules of Tokyo Stock Exchange, Inc. and notified the Exchange of the appointment.
In the event that this Item of Business is approved, the Company will appoint Mr. Yutaka Kase as Independent Director pursuant to the rules of Tokyo Stock Exchange, Inc. and notify the Exchange of the appointment.

<Criteria for Independence of Outside Board Members>

The Company has established the following “Criteria for Independence of Outside Board Members” and the Company has elected a candidate satisfy all of the criteria.

Criteria for Independence of Outside Board Members

- 1) The candidate has never been an executive director or any other employee of the Company or any of the companies within the Group.
- 2) The candidate is not receiving compensation more than 10 million yen per year from the Group other than the compensation as an officer.
- 3) The candidate and the main company of the candidate¹ is not a major shareholder² of the Company
- 4) The business of the main company of the candidate does not compete with the main business(es) of the Company.
- 5) The main company of the candidate is not a major business partner³ of the Company.
- 6) None of the executive directors of the Company is concurrently serving as a director of the main company of the candidate.
- 7) The candidate has never worked for an accounting auditor of the Company.
- 8) The candidate is not a relative⁴ of any of the officers or employees of the Company.
- 9) The candidate has not fallen under any of 2 through 8 above for the period of five years immediately preceding the scheduled date of assumption of office.

¹ Main company of the candidate shall mean the company, if any, at which the candidate for an outside board member is an executive director, executive officer, or manager or other employee.

² Major shareholder shall mean directly or indirectly holding more than 10% of voting rights.

³ Major business partner shall mean the business partner whose transaction with the Company exceeds 2% of such business partner’s consolidated gross sales.

⁴ Relative shall mean the person’s spouse, partner, relative within the second degree of kinship or relative who lives with the person.

At the closing of this Annual General Meeting of Shareholders, the term of office of Mr. Kiyotaka Tsuji, Corporate Auditor will expire, and Mr. Takayoshi Matsunaga, Corporate Auditor, will resign his office. The Company proposes that the following two (2) Corporate Auditors be newly elected.

The Board of Corporate Auditors has given consent to the submission of this Item.



Newly Elected

1. Takashi Goto (Date of birth: July 4, 1958)

<Career Summary, Position and Duty>

Apr. 1982: Joined the Company
 Oct. 2010: Chief Audit Officer
 Apr. 2012: General Manager of Legal Department
 Apr. 2013: Executive Officer and General Manager of Legal Department
 Apr. 2016: Advisor of the Company [incumbent]

<Reasons for Election of the Candidate for Corporate Auditor>

Since he joined the Company, he has mainly been engaged in HR, finance, audit and legal affairs. He formerly served as Executive Officer and General Manager of the Legal Department. He has been elected as a candidate for Corporate Auditor as he has abundant business experience in the Company and expertise relating to HR, finance, audits, legal affairs, etc.

<Number of Shares of the Company Owned>

60,910 shares



Newly Elected

2. Yuichi Hamabe (Date of birth: October 18, 1958)

<Career Summary, Position and Duty>

Apr. 1982: Joined the Company
 Jul. 2010: Managing Director of TOKUYAMA SEKISUI CO., LTD.
 General Manager of Corporate Finance & Accounting and Planning Department of TOKUYAMA SEKISUI CO., LTD.
 Apr. 2012: Head of Corporate Audit Department
 Apr. 2016: Assistant to General Manager of HR Department [incumbent]

<Reasons for Election of the Candidate for Corporate Auditor>

Since he joined the Company, he has mainly been engaged in HR and audit affairs. He previously served as Managing Director of TOKUYAMA SEKISUI CO., Ltd. and Head of the Corporate Audit Department. He has been elected as a candidate for Corporate Auditor as he has abundant business experience in the Company and expertise relating to HR, audits, etc.

<Number of Shares of the Company Owned>
14,161 shares

- (Notes) 1. Each of the candidates has no interest with the Company.
2. Limiting Liability Agreement:
In light of enabling Corporate Auditors to discharge their duties in full as expected, the Company has entered into an agreement with the Corporate Auditors limiting their liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which their liability for compensations is limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that this Item of Business is approved, the Company is scheduled to enter into the above Limiting Liability Agreement with Mr. Takashi Goto and Mr. Yuichi Hamabe.

Fourth Item of Business

Decisions on Amounts and Details of Share-Based Compensation for Directors

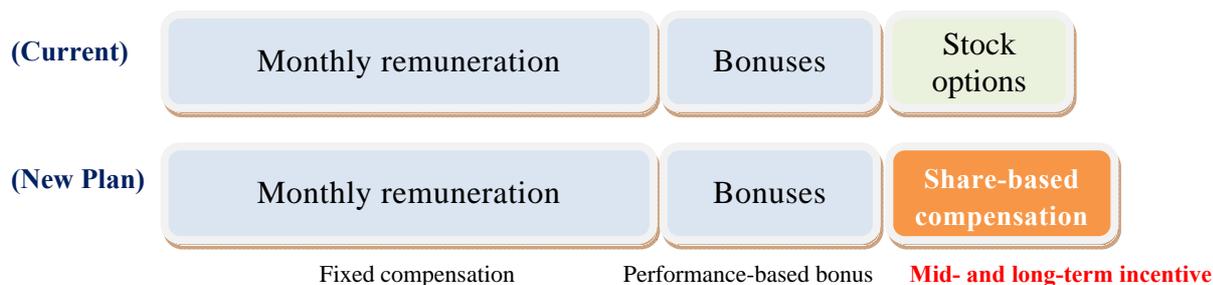
While the Company's compensation for Directors currently consists of monthly remuneration, bonuses and stock options, the Company has decided to reestablish the compensation plan for Directors. The Company is introducing a new share-based compensation plan ("the Plan") for its Directors (excluding Outside Directors), which is highly transparent and objective and that is closely linked to the company's performance. The upper limit of said compensation amount is 330 million yen per year.

If the Second Item of Business "Appointment of Ten (10) Directors" is approved as originally proposed, the number of Directors to whom the compensation is allotted based on the Plan will be eight (8). Compensation for Outside Directors will only be fixed compensation. Stock options will no longer be granted to Directors upon approval of the Plan.

The Plan has a structure enabling the Company Directors (excluding Outside Directors) to receive a benefit at the time of retirement for the results for which they contributed to enhancing the Company's mid- and long-term corporate value in the form of the Company's shares reflecting such enhancement in share value, thereby enhancing the link with mid- and long-term shareholders' value. The purpose of the Plan is to further raise motivation to make a contribution to the improvement of mid- and long-term business performance, improve the Group's corporate value, and further enhance management awareness that places importance on the interest of shareholders by positioning the Company Directors to share the same perspective with shareholders..

The Plan was deliberated by the Company's Advisory Committee on Nomination and Compensation, which are made up of a majority by Outside Directors who are not subject to the Plan, and resolved by the Board of Directors considering the recommendation by the Committee to redesign the compensation plan so that it can add more incentive for Directors to enhance the Company's corporate value, with the intent to enhance the link with mid- and long-term business performance.

<Illustration of Directors' compensation plan>



Share-based compensation is received at the time of retirement from the office of Director

1. Compensation Amounts and Details of the Plan

(1) Outline of the Plan

The Plan will employ the Board Incentive Plan Trust (“the Trust”) in which the shares of the Company are delivered based on the position of Directors (excluding Outside Directors; the same shall apply hereinafter in this Item). In this Plan, the shares of the Company, etc., are delivered/granted based on the position of Directors for three consecutive fiscal years (initially, three fiscal periods starting with the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019. In the event that the above trust term is extended, three subsequent fiscal periods; hereinafter, “the Target Period”).

The Company shares are delivered when the Directors retire from the office of Director.

(2) Number of Company Shares Delivered/Granted to Directors

The Company grants a certain number of points to Directors who are in the position of Director as of July 1 every year. Points are granted each year during the trust term. When the Directors retire from office, 50% of the shares of the Company (shares less than one unit are discarded) corresponding to the number of accumulated points are delivered by the Trust. The remaining Company shares will be converted into cash under the Trust and the money equivalent to the cash obtained by the conversion will be paid.

Shares are delivered to Directors at the rate of one share being equal to one point. If events such as a share split or reverse share split occur and the adjustment of the number of points during the trust term in accordance with such events is regarded as appropriate, such adjustment will be made in accordance with the relevant share split ratio or reverse share split ratio, etc.

(3) The Upper Limit of the Amount of Trust Money Entrusted to the Trust and the Number of Company Shares

At this General Meeting of Shareholders, the upper limit of the amount of trust money to acquire the shares of the Company subject to delivery to Directors and the number of points granted within one year are as follows:

- **Upper limit of money in the Trust: 330 million yen**
- **Upper limit of the number of points granted within one year: 70,000 points**
(Shares are delivered at the rate of one share being equal to one point.)

(Note) 330 million yen, which is the upper limit of the total funds for the Trust to acquire shares, was obtained by multiplying 110 million yen (annual amount) by three (the duration of the trust term). The Actual amount entrusted to the Trust will be the total of the funds for the Trust to acquire shares, the fees and expenses for the Trust.

(4) Trust Term

The trust term will be approximately three years, from September 2016 (estimated) to August 2019 (estimated).

The Trust may be continued by altering the trust agreement and entrusting additional money upon the expiry of the trust term. In such case, the trust term of the Trust, which is the same period as the initial trust term, will be extended, and the Company will entrust additional money upon each extension of the trust term, to the extent of the upper limit of the trust money approved by a resolution at the General Meeting of Shareholders and will continue to grant points to Directors during the extended trust term.

However, in cases where such additional entrustment is made and there are any remaining Company shares (excluding the shares of the Company to be delivered to Directors corresponding to points granted to Directors which have not yet actually been delivered/granted to Directors) and any remaining money (collectively, “the Remaining Shares, etc.”) in the trust assets as of the last day of the previous trust term, the total amount of the Remaining Shares, etc., and the additional contribution of trust money shall be within the upper limit of trust money approved by a resolution at the General Meeting of Shareholders.

In addition, if there are any Directors who are likely to meet the beneficiary requirements at the time of the termination of the trust term, no points will be granted to Directors thereafter. Meanwhile, the Company may extend the trust term up to ten years until said Directors retire from the office of Director and the

delivery/granting of the shares of the Company to said Directors is complete.

(5) Method of acquiring the shares of the Company by the Trust

Initially, the Trust plans the acquisition of shares of the Company through the disposal of treasury shares or from the stock market to the extent of the upper limit of the amount of trust money and the number of shares of the Company to be granted, as specified in (3) above. The details of the acquisition method will be resolved by the Board of Directors following approval at the General Meeting of Shareholders, and will then be disclosed.

In cases where the number of shares in the Trust is likely to fall short of the number of shares granted to Directors corresponding to the number of accumulated points during the trust term due to such reasons as an increase in the number of Directors, the Company may entrust additional money to the Trust and the Trust may acquire additional Company shares to the extent of the upper limit of trust money and the number of shares to be granted as approved at the General Meeting of Shareholders, as specified in (3) above.

(6) Exercising Voting Rights Related to the Company Shares

Voting rights related to the shares of the Company in the Trust will not be exercised at all during the trust term to ensure the neutrality of Company management.

(7) Treatment of Dividends Related to the Company Shares in the Trust

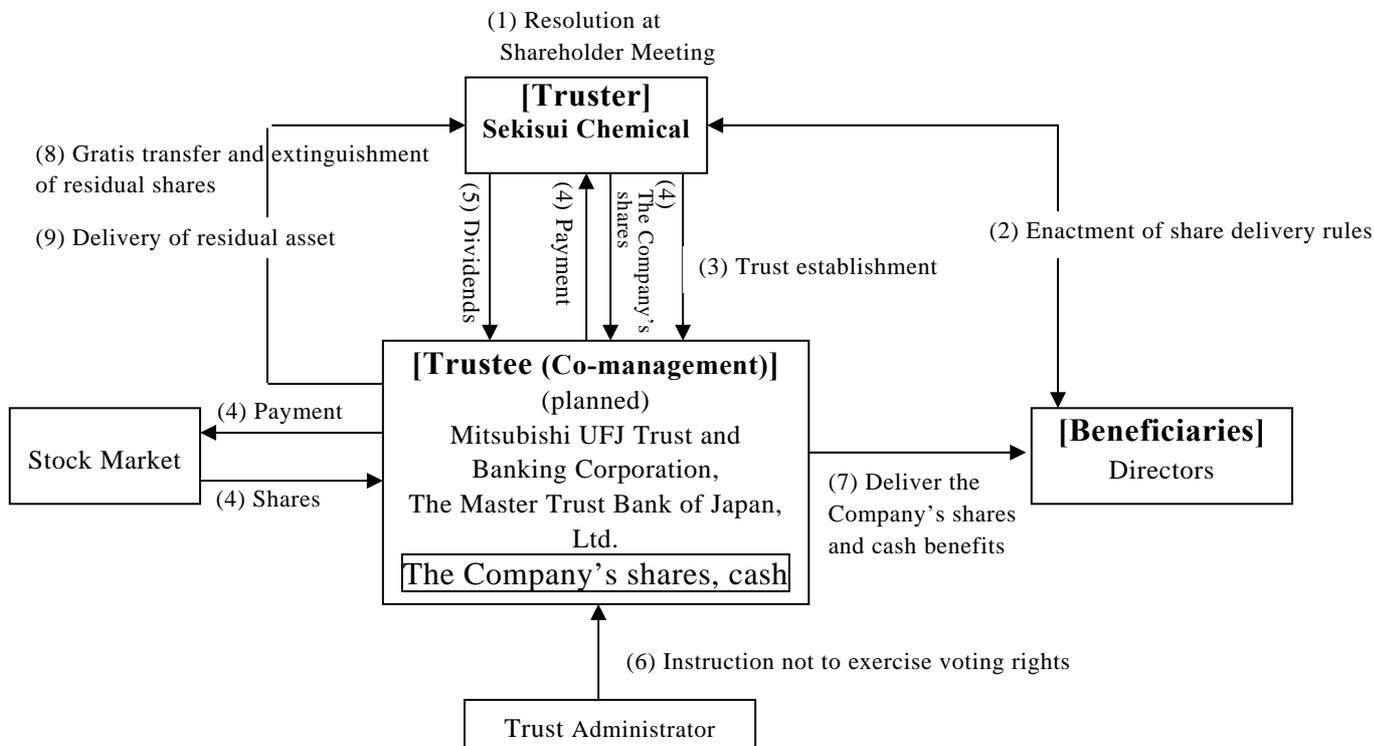
Dividends related to the shares of the Company in the Trust will be received by the Trust and used for fees and expenses for the Trust.

(8) Treatment at the End of the Trust Term

The Company shares contained in the residual properties of the Trust at the end of the trust term will be acquired by the Company without compensation and will then be cancelled by a resolution at the Board of Directors meeting.

The remaining money will be donated to groups that have no vested interest in the Company or its Directors and Executive Officers. When the Trust is continuously used, money will be spent as the funds to acquire shares.

2. Overview of the Trust



- (1) The Company will obtain approval in relation to the introduction of the Plan at the Shareholders Meeting.
- (2) The Company will, at the Board of Directors meeting, enact the Share Delivery Rules concerning director remuneration in relation to the introduction of the Plan.
- (3) The Company will entrust money to the extent approved by a resolution at the General Shareholders Meeting in (1) above and establish a trust wherein the Directors who meet the beneficiary requirements are beneficiaries.
- (4) The Trustee acquires the shares of the Company from the Company or the stock market using money contributed in (3) above in accordance with the instructions of the trust administrator. The number of shares acquired by the Trust will be to the extent approved by a resolution at the General Shareholders Meeting in (1) above.
- (5) Dividends of the shares of the Company in the Trust will be distributed in the same manner as other Company shares.
- (6) The voting rights of Company shares in the Trust will not be exercised during the trust term.
- (7) During the trust term, a certain number of points are granted to Directors every year based on their position. A specific percentage of the shares of the Company corresponding to the number of accumulated points is delivered to Directors who meet the specified beneficiary requirement at the time of retirement. The remaining Company shares will be converted into cash under the Trust and the money equivalent to the cash obtained by the conversion will be paid.
- (8) If there are shares remaining upon the expiry of the trust term due to such reasons as a decrease in the number of subject persons during the trust term, the Trust may continue to be used as a type of incentive plan similar to the Plan by changing the trust agreement and entrusting additional money to the Trust, or the Trust may voluntarily convey said remaining shares to the Company and the Company may acquire them without compensation and cancel the remaining shares.
- (9) (9) Residual properties after distribution to beneficiaries at the end of the Trust will belong to the Company to the extent of trust redemption charges, which are calculated by deducting the funds to acquire Company shares from the trust money. The portion exceeding the trust redemption charges will be donated to groups that have no vested interest in the Company and its Directors, etc.