

June 5, 2018

To Shareholders:

Hidehito Hisakawa
President and Representative Director

EXEDY Corporation

1-1-1 Kidamotomiya, Neyagawa-shi, Osaka

NOTICE OF CONVOCAATION OF THE 68TH ANNUAL SHAREHOLDERS MEETING

Dear Shareholder,

Thank you for your continued interest in EXEDY Corporation (the "Company").

You are hereby notified that the 68th Annual Shareholders Meeting will be held as stated below.

You are respectfully requested to attend the Meeting.

In the event that you are unable to attend the Meeting, you may exercise your voting rights in writing or via the Internet. In such case, after examining the Reference Documents for Shareholders Meeting hereinafter, please duly exercise your voting rights by 5:00 p.m. on June 25, 2018 (Monday).

Sincerely,

Details

1. Date and Time 10:00 a.m. June 26, 2018 (Tuesday)
2. Place EXEDY Hall, 2nd Floor, Main Building
EXEDY Corporation
1-1-1 Kidamotomiya, Neyagawa-shi, Osaka
3. Meeting Agenda
 1. Report on the Business Report, and the Consolidated and Non-consolidated Financial Statements for the 68th Business Year (from April 1, 2017 to March 31, 2018)
 2. Report on the Audit Results of the Consolidated Financial Statements for the 68th Business Year by the Accounting Auditor and the Board of Corporate Auditors

Matters to be Resolved

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Election of Eleven (11) Directors
- Proposal No. 3: Determination of Remuneration for Granting Restricted Stock Compensation to Directors

-End-

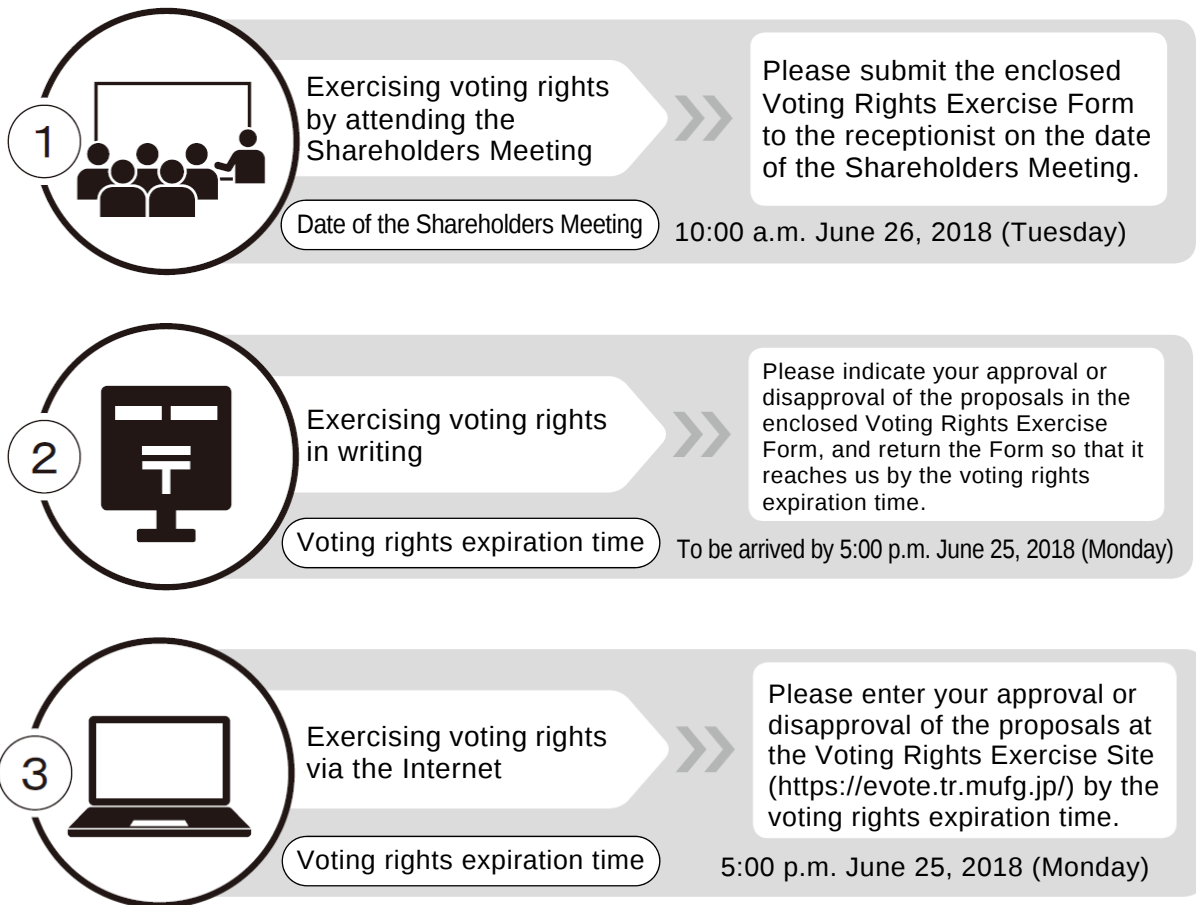
If attending the meeting in person, please submit the enclosed Voting Rights Exercise Form to the receptionist. Furthermore, to save valuable resources, please bring this "Notice of Convocation" with you when attending the Shareholders Meeting.

Of all documents to be provided with this Notice of Convocation of the Annual Shareholders Meeting, the consolidated statement of changes in equity, the notes to consolidated financial statements, the statement of changes in net assets, and the notes to financial statements are not included in the documents attached to this convocation notice, as they are noted on our website (<http://www.exedy.com>) according to provisions of the relevant laws and regulations, and Article 14 of the Articles of Incorporation of the Company.

In the event that any change is made in the Reference Documents for the Shareholders Meeting, the Business Report, or the Consolidated and Non-consolidated Financial Statements, such changes will be notified on our website (<http://www.exedy.com>).

[How to exercise your voting rights]

You may exercise voting rights in one of the following three ways.



For institutional investors

The Company participates in the electronic voting rights exercise platform operated by ICJ.

[How to exercise your voting rights via the Internet]

Please refer to the following, access the Voting Rights Exercise Site of our shareholder registry administrator via the Internet (<https://evote.tr.mufig.jp/>), use the "Login ID" and "Provisional Password" indicated in the Voting Rights Exercise Form, and enter your approval or disapproval of the proposals, as displayed on the screen.

1. Voting Rights Exercise Site

- (1) Our designated Voting Rights Exercise Site (<https://evote.tr.mufig.jp/>) is not available from 2 a.m. to 5 a.m. every day.
- (2) You may not exercise your voting rights using a PC or a smartphone if, due to your Internet usage conditions, you use a firewall and other similar means, anti-virus software, or proxy servers, etc. when connecting with the Internet.

2. Voting rights exercise methods

- (1) To prevent any third party other from accessing the site (impersonation), and to prevent falsification of your exercised voting rights, you will be requested to change your "Provisional Password" on the Voting Rights Exercise Site.
- (2) Every time a Shareholders Meeting is convened, you will be notified of your new "Login ID" and "Provisional Password."

3. Handling of voting rights exercised on multiple occasions

- (1) If you have exercised your voting rights both in writing and via the Internet, the contents of the voting rights you have exercised via the Internet will prevail.
- (2) If you have exercised your voting rights on multiple occasions via the Internet, the contents of the voting rights you have exercised on the last occasion will prevail.

4. Costs incurred for accessing the Voting Rights Exercise Site

You shall bear Internet connection fees and other costs incurred for accessing the Voting Rights Exercise Site.

[For inquiries about the above system, please contact the following.]

Corporate Agency Division (Help Desk),
Mitsubishi UFJ Trust and Banking Corporation
Tel: 0120-173-027 (toll-free, available from 9:00 to 21:00)

End

Reference Documents for the Shareholders Meeting

Proposal No. 1: Appropriation of Surplus

The Company will redistribute profits in an appropriate manner that meets shareholder expectations, by taking into consideration capital demands, business results, payout ratio, etc. in a comprehensive manner.

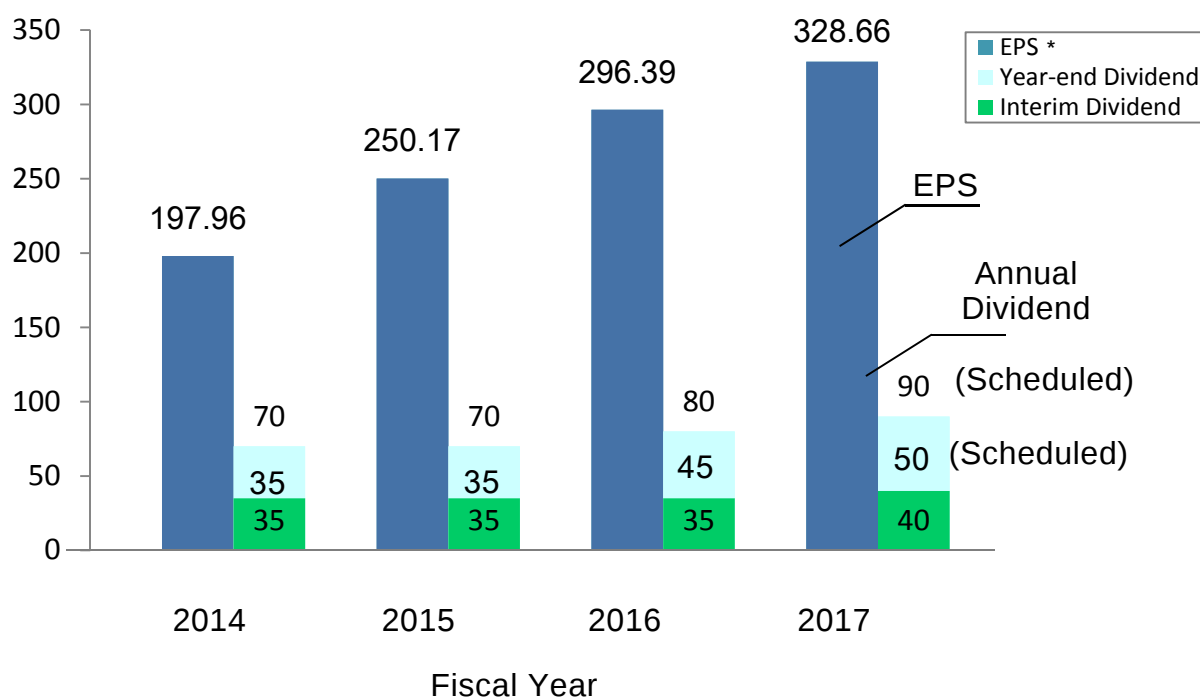
In this regard, the surplus will be appropriated as follows.

1. Matters concerning the year-end dividend
 - (1) Matters concerning and the total amount of the dividend property to be allotted to shareholders
¥50 per share of the Company
Total of ¥2,408,230,600

Together with the interim dividend of ¥40 per share paid on November 20, 2017, the annual dividend is ¥90 per share.
 - (2) Effective date of dividends from the surplus
June 27, 2018
2. Other matters concerning the appropriation of surplus
 - (1) Items and amount of decreasing surplus
Retained earnings brought forward ¥4,000,000,000
 - (2) Items and amount of increasing surplus
General reserves ¥4,000,000,000

Dividend History DPS (Yen)

(Yen)



*EPS is calculated based on the JGAAP for FY2014 and FY2015 and International Financial Reporting Standards (IFRS) for FY2016 and FY2017.

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

All eleven (11) Directors will complete their terms of office at the close of this Shareholders Meeting.

Consequently, the Company proposes the election of eleven (11) Directors, including three (3) Outside Directors.

The candidates for Directors are as follows:

1 Hidehito Hisakawa (January 24, 1955)

Number of shares of the Company held 16,800 shares



Re-appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

April 1978	Joined the Company
June 2006	Director of the Company in charge of overseas businesses
April 2009	Executive General Manager, Sales Headquarters, of the Company
June 2009	Director and Executive Managing Officer of the Company
April 2011	Director and Senior Executive Managing Officer of the Company
April 2012	Representative Director of the Company
April 2015	Representative Director and President of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Hidehito Hisakawa has long been engaged in corporate management since he was appointed Director of the Company in June 2006, and has led the management as Representative Director and President since April 2015. The Company has thus continued to appoint him as a candidate for a director's position because, with his abundant experience and versatile perspective on corporate management, he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

2 Masayuki Matsuda (June 27, 1951)

Number of shares of the Company held 7,800 shares



Re-appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

April 1974	Joined the Company
June 2002	Director of the Company
June 2004	Executive General Manager, Sales Headquarters, of the Company
June 2005	Managing Director of the Company
June 2009	Director and Executive Managing Officer of the Company
April 2010	Director and Senior Executive Managing Officer of the Company to the present
April 2012	Executive General Manager, Development Headquarters, of the Company
April 2015	Representative Director of the Company to the present Executive General Manager, Purchasing Headquarters, of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Masayuki Matsuda has long been engaged in corporate management since he was appointed Director of the Company in June 2002, and has performed a wide range of the Group operations as Senior Executive Managing Officer of the Company since April 2010. The Company has thus continued to appoint him as a candidate for a director's position because he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

3 Shogo Okamura (September 16, 1956)

Number of shares of the Company held 5,300 shares



Re-appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

March 1982	Joined the Company
July 2002	Branch Manager of Tokyo Sales Office
June 2005	Director of the Company
September 2006	Representative EXEDY ASEAN Regional Office
April 2010	Executive Managing Officer of the Company
April 2015	Senior Executive Managing Officer of the Company to the present Executive General Manager, Sales Headquarters, of the Company to the present
June 2015	Director of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Shogo Okamura has long worked overseas as an expatriate and accumulated experience and achievements in ASEAN- and India-related business operations, etc. , and has been broadly engaged in management of the Group business since he was appointed Director and Senior Executive Managing Officer since June 2015. The Company has thus continued to appoint him as a candidate for a director's position because he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

4 Hiroshi Toyohara (August 19, 1962)

Number of shares of the Company held 2,300 shares



Re-appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

January 1995	Joined the Company
April 2010	Executive Officer of the Company
April 2011	Executive General Manager, Financial Planning Headquarters, of the Company
June 2012	Director of the Company to the present
April 2013	Senior Executive Officer of the Company Executive General Manager, Administrative Headquarters, of the Company to the present
April 2016	Executive Managing Officer of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Hiroshi Toyohara has abundant experience and achievements in general administrative operations, as head of the financial and planning departments, etc., and has been broadly engaged in the execution of the Group business since his appointment as Director in June 2012. The Company has thus continued to appoint him as a candidate for a director's position because he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

5 Kenji Matsuda (October 23, 1962)

Number of shares of the Company held 1,600 shares



Re-appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

April 1993	Joined the Company
April 2010	Executive Officer of the Company
April 2012	Executive General Manager, Production Management Headquarters, of the Company
April 2013	Senior Executive Officer of the Company
April 2016	Executive General Manager, M&T Manufacturing Headquarters, of the Company Executive Managing Officer of the Company to the present
April 2017	Executive General Manager, MT Manufacturing Headquarters, of the Company to the present
June 2017	Director of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Kenji Matsuda has abundant experience and achievements in manufacturing/production management operations, and has been broadly engaged in the execution of the Group business since his appointment as a Director and Executive Managing Officer in June 2017. The Company has thus continued to appoint him as a candidate for a director's position because he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

6 Tadashi Nakahara (October 8, 1962)

Number of shares of the Company held 2,200 shares



Re-appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

March 1981	Joined the Company
April 2009	Executive General Manager, M&T Business Headquarters, of the Company
June 2009	Executive Officer of the Company
April 2010	Executive General Manager, M&T Manufacturing Headquarters, of the Company
June 2012	Director of the Company to the present
April 2014	Executive General Manager, AT Manufacturing Headquarters, of the Company to the present
April 2016	Senior Executive Officer of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Tadashi Nakahara has abundant experience and achievements in the manufacturing field in general, and has been broadly engaged in the execution of the Group business since his appointment as Director in June 2012. The Company has thus continued to appoint him as a candidate for a director's position because he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

7 Shinji Fujimoto (June 5, 1962)

Number of shares of the Company held 1,400 shares



Newly appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

March 1985	Joined the Company
April 2007	Deputy Executive General Manager, Engineering & Development Headquarters, of the Company
April 2012	Executive Officer of the Company
April 2015	Executive General Manager, Development Headquarters, of the Company to the present
April 2016	Senior Executive Officer of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Shinji Fujimoto has abundant experience and achievements in the development field in general, and has been broadly engaged in the execution of the Group business since his appointment as Senior Executive Officer in April 2016. The Company has thus newly appointed him as a candidate for a director's position because he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

8 Makoto Mitsuya (December 13, 1958)

Number of shares of the Company held 2,000 shares



Re-appointed

Outside

▶ Career summary, position and duties at the Company (Important concurrent positions)

April 1981	Joined AISIN SEIKI CO., LTD.
June 2005	Managing Officer of AISIN SEIKI CO., LTD.
June 2009	Senior Managing Director of AISIN SEIKI CO., LTD.
June 2012	Director and Senior Managing Officer of AISIN SEIKI CO., LTD.
June 2013	Representative Director and Executive Vice President of AISIN SEIKI CO., LTD. to the present
June 2017	Director of the Company to the present

▶ Reasons for candidacy for an outside director's position

Mr. Makoto Mitsuya has long been engaged in management of AISIN SEIKI CO., LTD. and accumulated abundant expertise as a corporate manager in the automotive component industry. The Company has thus continued to appoint him as a candidate for an outside director's position because he is expected to provide the Company with additional management reinforcement and enhancement of supervisory functions by the Board of Directors.

9 Koji Akita (February 17, 1962)

Number of shares of the Company held 3,474 shares



Re-appointed

▶ Career summary, position and duties at the Company (Important concurrent positions)

March 1985	Joined the Company
June 2006	Director of the Company
June 2009	Senior Executive Officer of the Company
April 2011	Director and Executive Managing Officer of DYNAX Corporation
April 2013	Director and Senior Executive Managing Officer of DYNAX Corporation
April 2015	Representative Director and President of DYNAX Corporation to the present
June 2015	Director of the Company to the present

▶ Reasons for candidacy for a director's position

Mr. Koji Akita has been broadly engaged in the execution of the Group business as the representative director and president of DYNAX Corporation, the largest subsidiary in the Group, since April 2015, and as a director of the Company since June 2015. The Company has thus continued to appoint him as a candidate for a director's position because he is expected to contribute to enhancing the corporate values of the entire Group and to promoting proper management decisions.

10 Ichizo Yoshikawa (May 20, 1946)

Number of shares of the Company held 1,800 shares



Re-appointed

Outside

Independent

▶ Career summary, position and duties at the Company (Important concurrent positions)

April 1970	Joined Suminoe Textile Co., Ltd.
August 1997	Director of Suminoe Textile Co., Ltd.
August 2005	Representative Director and President of Suminoe Textile Co., Ltd.
May 2016	Outside Director of KINTETSU Department Store Co., Ltd. to the present
June 2016	Representative Director and Chairman of Suminoe Textile Co., Ltd. Director of the Company to the present
July 2016	Representative Director and Chairman and President of Suminoe Textile Co., Ltd. to the present

- ▶ Reasons for candidacy for an outside director's position
Mr. Ichizo Yoshikawa has long accumulated abundant expertise as a manager of a listed company, by fulfilling corporate management responsibilities as a representative director of Suminoe Textile Co., Ltd. The Company has thus continued to appoint him as a candidate for an outside director's position because he is expected to provide the Company with additional management reinforcement and enhancement of supervisory functions by the Board of Directors.

11 Toshiki Takano (August 31, 1954)

Number of shares of the Company held 2,000 shares



Re-appointed

Outside

Independent

▶ Career summary, position and duties at the Company (Important concurrent positions)

January 1984	Joined ROHM Co., Ltd.
June 2010	Director of ROHM Co., Ltd.
June 2015	Retired from the post of director of ROHM Co., Ltd.
June 2017	Director of the Company to the present

- ▶ Reasons for candidacy for an outside director's position
Mr. Toshiki Takano has long accumulated abundant expertise as a corporate manager, by fulfilling his responsibilities as a director of ROHM Co., Ltd. The Company has thus continued to appoint him as a candidate for an outside director's position because he is expected to provide the Company with additional management reinforcement and enhancement of supervisory functions by the Board of Directors.

(Notes)

1. Mr. Makoto Mitsuya is a Representative Director and Executive Vice President of AISIN SEIKI CO., LTD., which has business transactions, including product sales and purchases, with the Company; however, the transaction value remains less than 0.4% of our consolidated revenue. The other candidates have no special vested interest with the Company.
2. Mr. Makoto Mitsuya, Mr. Ichizo Yoshikawa, and Mr. Toshiaki Takano are candidates for Outside Directors.
3. Mr. Ichizo Yoshikawa's term of office, as an Outside Director, will be two (2) years at the conclusion of this Shareholders Meeting.
4. Mr. Makoto Mitsuya, and Mr. Toshiaki Takano 's term of office, as an Outside Director, will be one (1) year at the conclusion of this Shareholders Meeting.
5. AISIN SEIKI CO., LTD., of which Mr. Makoto Mitsuya is the Representative Director and Executive Vice President, paid a fine of US\$35.8 million to the United States government in February 2015 for violations of the U.S. Antitrust Law in connection with part of the sales of Variable Valve Timing ("VVT") devices, an automotive engine component.
6. Suminoe Textile Co., Ltd., of which Mr. Ichizo Yoshikawa is a Representative Director, made a correction to the financial results for the preceding year in October 2016 due to a certain inappropriate accounting problem that took place in its local subsidiary in the U.S.
7. The Company has entered into a contract with Mr. Makoto Mitsuya, Mr. Ichizo Yoshikawa, and Mr. Toshiaki Takano pursuant to the provision of the Company's Articles of Incorporation to limit their liabilities to the Company. In the event that this proposal is approved in its original form and that they are reappointed, the Company shall continue such contracts with them respectively.

An outline of the contents of the liability limitation contracts is as follows.

- (1) If an Outside Director is liable to the Company for damages, the amount of such damages shall be limited to the minimum liability amount prescribed in Article 425 of the Companies Act;
 - (2) The foregoing limitation shall be limited to cases where an Outside Director is without knowledge of the act that gives rise to damages and is not grossly negligent in performing his or her duties.
8. Mr. Ichizo Yoshikawa and Mr. Toshiaki Takano are Independent Officers stipulated by the Tokyo Stock Exchange.

Proposal No. 3 Determination of Remuneration for Granting Restricted Stock Compensation to Directors

1. Purpose and reason for changing stock-based compensation for directors

Each director's remuneration to be paid by the Company is composed of a "Basic Salary," "Bonuses," and "Stock-based Compensation"; The total amount of "Basic Salary" and "Bonuses" for all directors were approved at an amount not exceeding 300 million yen per year at the 56th Annual Shareholders Meeting held on June 27, 2006 (excluding, however, the employee salary portion for a director who serves concurrently as an employee). As for "Stock-based compensation," a trust-held stock compensation plan was approved at the 64th Annual Shareholders Meeting held on June 24, 2014 (hereafter referred to as, "Current Plan").

In order to enable directors and shareholders to share common values, and remuneration to function as an incentive to sustainable improvement of mid-to-long-term corporate performance and shareholder value, we would like to review "Stock-based Compensation" and replace Current Plan with the "Restricted Stock Compensation Plan (hereafter referred to as "New Plan").

Now, we would like to request that shareholders approve the monetary compensation to be paid for granting the restricted stocks.

Provided that this proposal is approved by a resolution, the Current Plan will cease to be used.

2. Overview of the New Plan

Directors eligible for the New Plan are directors excluding outside directors and part-time directors (hereafter referred to as "Eligible Directors").

Eligible Directors shall pay the entire monetary compensation claims derived from this Proposal in the form of assets contributed in kind and shall, in return, receive issuance or disposal of the Company's common shares.

The total amount of monetary compensation to be paid for granting the restricted stocks to Eligible Directors according to this Proposal shall be 200 million yen or less per year, the amount deemed reasonable in the light of the aforementioned objective. Specific amount to be paid to each Eligible Director shall be determined at the Board of Directors.

The total number of the Company's common shares to be issued to or disposed of for directors according to this Proposal shall not exceed 50,000 shares per year (however, in the event of share splitting (including gratis allocation of the Company's common shares) or share consolidation of the Company's common shares occurring on or after the date of approval for this Proposal, or when other adjustments are necessary for the total number of the Company's common shares to be issued or disposed of as restricted stock, adjustments will be reasonably made to the total number of shares).

The amount paid in per share according to this Proposal shall be the amount determined by the Board of Directors within the scope of an amount that is not particularly advantageous to an Eligible Director, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day prior to the day of the relevant resolution at the Board of Directors determining subscription requirements (if no trading is reported on the day, it shall be the closing price on the

immediately preceding day).

When issuing or disposing of the Company's common shares according to this Proposal, the Company shall conclude a restricted stock allocation agreement (hereafter referred to as, "Allocation Agreement") that includes the following provisions, with each Eligible Director.

When Proposal No. 2 is approved by a resolution as presented here, the Company will have eleven (11) directors (including three outside directors and one part-time director); and there will be seven (7) Eligible Directors.

3. Overview of the Allocation Agreement

(1) Transfer restriction period

During a period specified by the Board of Directors; minimum 10 years and maximum 30 years that starts from the date on which an Eligible Director receives an allocation according to the Allocation Agreement (hereafter referred to as "Transfer Restriction Period"), he/she shall neither transfer, create a security interest on, nor otherwise dispose of, the Company's common shares allocated according to the Allocation Agreement (hereafter referred to as "Allocated Shares") (hereafter referred to as "Transfer Restriction").

(2) Requirement for lifting the Transfer Restriction

Irrespective of the provision of (1) above, the Company shall lift the Transfer Restriction on all of the Allocated Shares at the expiry of the Transfer Restriction Period on the condition that the Eligible Director was in the position of director or executive officer continuously during the Transfer Restriction Period. If the Eligible Director loses the position of director or executive officer prior to the expiry of the Transfer Restriction Period through reasons recognized as legitimate by the Board of Directors, then the Company shall be able to lift all or part of the Transfer Restriction on the Allocated Shares. The number of Allocated Shares for which the restriction should be lifted and the timing of the lifting shall be reasonably adjusted, as required.

(3) Cases of acquiring shares free of charge

- 1) If, prior to the expiry of the Transfer Restriction Period, an Eligible Director loses his/her position of director or executive officer, the Company shall, as a matter of course, acquire the Allocated Shares free of charge, with the exception of cases which have a reason to be recognized as legitimate by the Board of Directors.
- 2) The Company shall, as a matter of course, acquire the Allocated Shares for which the Transfer Restrictions are not lifted according to the provisions of (2) above, as of the expiry of the Transfer Restriction Period, free of charge.

(4) Management of shares

The Allocated Shares are to be managed in a dedicated account opened in a domestic securities firm, or in such means as deemed appropriate by the Company, in order to ensure that the Eligible Directors neither transfer, create a security interest on, nor otherwise dispose of, the shares during the Transfer Restriction Period.

(5) Treatment of Allocated Shares upon reorganization, etc. of the Company

- 1) If, during the Transfer Restriction Period, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other matters related to reorganization, etc., are resolved at a General Meeting of Shareholders (or by the Board of Directors, if the approval of the General Meeting of Shareholders is not required), then the Company will lift the Transfer Restrictions for the Allocated Shares the number of which will be reasonably determined by resolution of the Board of Directors, based on the period from the first day of the Transfer Restriction Period to the date of approval for the reorganization, etc., prior to the effective date of the reorganization.
- 2) In the cases prescribed in “1)” above, the Company shall, as a matter of course, acquire, free of charge, the Allocated Shares for which the Transfer Restrictions are still effective immediately after the Restrictions are lifted as provided for in “1)” above.

(6) Declaration of intention, etc. for Allocation Agreement

The Allocation Agreement includes the declaration of intention and methods of notification concerning the Allocation Agreement, and methods of revision for the Allocation Agreement, and other matters determined by the Board of Directors.

(For your information)

The Company also plans to grant restricted stock similar to that described above to executive officers of the Company.

Nothing below this line