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Securities Code: 8081

June 5, 2018

To our shareholders:

Nobuyuki Motohashi  
President and Representative Director  
**KANADEN CORPORATION**  
4-22-4 Shimbashi, Minato-ku, Tokyo, Japan

## **NOTICE OF THE 168TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 168th Ordinary General Meeting of Shareholders of KANADEN CORPORATION (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail, or via the Internet. After reviewing the attached Reference Documents for the General Meeting of Shareholders, please exercise your voting rights no later than the end of Company business hours (5:25 p.m.) on Tuesday, June 19, 2018 (Japan Standard Time).

**1. Date and Time:** Wednesday, June 20, 2018 at 10:00 a.m. (Japan Standard Time)

**2. Venue:** Dai-ichi Hotel Tokyo 4F “Primavera 2”  
1-2-6 Shimbashi, Minato-ku, Tokyo, Japan

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 168th Term (from April 1, 2017 to March 31, 2018), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 168th Term (from April 1, 2017 to March 31, 2018)

**Items to be resolved:**

- Proposal 1:** Election of Eight (8) Directors  
**Proposal 2:** Election of Two (2) Substitute Audit & Supervisory Board Members  
**Proposal 3:** Setting of Remuneration Amount under Restricted Shares Remuneration Plan

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Matters

#### Proposal 1: Election of Eight (8) Directors

At the conclusion of this General Meeting of Shareholders, the terms of office of all eight (8) current Directors will expire. Accordingly, the Company proposes the election of eight (8) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)		Number of the Company's shares owned
1	Reelection  Nobuyuki Motohashi (December 31, 1957)	Apr. 1980	Joined the Company.	19,263
		June 2013	Executive Officer and Senior General Manager, Factory Automation Division, the Company	
		June 2015	Director and Senior General Manager, Factory Automation Division, the Company	
		June 2016	President and Representative Director, the Company (current position)	
[Reasons for nomination as candidate for Director] Nobuyuki Motohashi has been involved in the Factory Automation Systems business for many years, which is one of our major business segments, strengthened the performance of our key businesses as a business manager, and led development of our overseas business. After taking office as Representative Director, he has led the management of the Company with his distinguished leadership skills and knowledge to increase the corporate value. We recommend his reelection as a Director because he is necessary for the Company's sustainable growth.				
2	Reelection  Kazunori Shimamoto (July 30, 1956)	Apr. 1979	Joined the Company.	23,035
		June 2008	Executive Officer and General Manager, Accounting and Finance Office, the Company	
		June 2009	Director and General Manager, Accounting and Finance Office, the Company	
		June 2011	Director, General Manager of Accounting and Finance Office, and General Manager of General Affairs and Personnel Office, the Company	
		Apr. 2014	Director and General Manager, Accounting and Finance Office, the Company	
		June 2015	Managing Director and General Manager, Accounting and Finance Office, the Company	
		June 2016	Managing Director in charge of audit and compliance, the Company	
		Apr. 2017	Managing Director in charge of Management Division, the Company	
		June 2017	Managing Director in charge of Management Division and General Manager, Compliance Office, the Company	
		Apr. 2018	Managing Director in charge of Corporate Planning Division and Administration Head Office, the Company (current position)	
[Reasons for nomination as candidate for Director] Kazunori Shimamoto has served for nine years on the Company's Board of Directors, during which time he has competently contributed to strengthening our business foundation by improving its internal controls, primarily in the accounting and finance areas. We recommend his reelection as a Director because we regard him as a person who possesses the experience and knowledge essential to the Company's sustainable growth.				

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)		Number of the Company's shares owned
3	Reelection Outside Independent  Takeshi Jin (March 21, 1938)	Apr. 1964	Registered as an attorney with Daini Tokyo Bar Association.	1,593
		Apr. 1964	Joined Shunzo Kobayashi & Tadao Imai Law Office (currently Chugai Godo Law Office).	
		June 2003	Outside Corporate Auditor, NIHON SHOKUHIN KAKO CO., LTD.	
		July 2006	General Counsel, the Company (current position)	
		June 2015	Outside Director, the Company (current position)	
		Apr. 2016	Outside Director, Tri Chemical Laboratories Inc. (current position)	
		Significant concurrent positions outside the Company Outside Director, Tri Chemical Laboratories Inc.		
		[Reasons for nomination as candidate for Outside Director] We recommend the reelection of Takeshi Jin as an Outside Director because of his experience as an outside director and outside auditor at publicly listed companies and his knowledge of corporate legal affairs as an attorney, even though he has not been involved in corporate management. He is currently an Outside Director of the Company, a position that he will have held for three years as of the conclusion of this Ordinary General Meeting of Shareholders.		
4	Reelection Outside Independent  Yoshiro Nagashima (April 7, 1952)	Apr. 1975	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.).	-
		May 2002	Regional Director, Toranomon Branch Office, MUFG Bank, Ltd.	
		June 2004	Representative Director and President, Tokyo Diamond Collection Service Co., Ltd. (currently MU Frontier Servicer Co., Ltd.)	
		Oct. 2005	Representative Director and Deputy President, MU Frontier Servicer Co., Ltd.	
		June 2009	Standing Auditor, NIPPON CARBIDE INDUSTRIES CO., INC.	
		June 2016	Outside Director, the Company (current position)	
		[Reasons for nomination as candidate for Outside Director] We recommend the reelection of Yoshiro Nagashima as an Outside Director because of his experience as a corporate manager, as well as auditor etc. at publicly listed companies. He is currently an Outside Director of the Company, a position that he will have held for two years as of the conclusion of this Ordinary General Meeting of Shareholders.		

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)		Number of the Company's shares owned
5	Reelection  Yukio Tsunekawa (October 16, 1956)	Apr. 1979 June 2013  Apr. 2014 June 2014 Apr. 2015  June 2016  Significant concurrent positions outside the Company President and Representative Director, TECHNO-CREATE CORPORATION Representative Director, KANADEN TELESYS CORPORATION	Joined the Company. Executive Officer and Senior General Manager, Transportation Division, the Company Executive Officer and General Manager, Management Strategy Office, the Company Director and General Manager, Management Strategy Office, the Company Director, General Manager of Management Strategy Office, and General Manager of Compliance Office, the Company Director, Senior General Manager, Kansai District Office, the Company (current position)	19,928
	[Reasons for nomination as candidate for Director] Yukio Tsunekawa has extensive experience in the Company's businesses and heads our corporate planning functions as a Director. We recommend his reelection as a Director because we believe he possesses balanced judgment and that he will be a key player in sustaining the growth of our business in the future.			
6	Reelection  Hisataka Mori (June 15, 1960)	Apr. 1983 Apr. 2014  Apr. 2016 June 2016 Apr. 2018	Joined the Company. Executive Officer and Branch Manager, Chubu Branch Office, the Company Executive Officer and Deputy Senior General Manager, Kansai District Office, the Company Director and General Manager, Management Strategy Office, the Company Director, General Manager, Business Promotion Office, the Company (current position)	7,805
	[Reasons for nomination as candidate for Director] Hisataka Mori has extensive experience in the Company's businesses and heads our corporate planning functions as a Director. We recommend his reelection as a Director because we believe he possesses balanced judgment and that he will be a key player in sustaining the growth of our business in the future.			
7	Reelection  Shinsuke Saito (May 24, 1958)	Apr. 1981 Apr. 2008  Apr. 2009 Apr. 2014 Apr. 2017 June 2017	Joined Mitsubishi Electric Corporation. Deputy General Manager, Chubu Branch Office, Mitsubishi Electric Corporation General Manager, Shikoku Branch Office, Mitsubishi Electric Corporation General Manager, Kyushu Branch Office, Mitsubishi Electric Corporation Joined the Company. Director in charge of Transportation Division, the Company (current position)	4,011
	[Reasons for nomination as candidate for Director] Shinsuke Saito possesses extensive sales experience and track record in the electronics field, having served in such posts as General Manager of branch offices at Mitsubishi Electric Corporation. We recommend his reelection as a Director because we believe he will demonstrate his knowledge and skills to contribute to the sustainable growth of the Company.			

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
8	New election  Akio Iguchi (November 4, 1957)	Apr. 1981      Joined Mitsubishi Electric Corporation. Apr. 2003      General Manager, Machinery Division, Kyushu Branch, Mitsubishi Electric Corporation Oct. 2003      General Manager, Factory Automation Systems Division, Kyushu Branch, Mitsubishi Electric Corporation Apr. 2007      General Manager, Machinery Sales No.2 Division, Head Office, Mitsubishi Electric Corporation Apr. 2009      General Manager, Kanetsu Branch, Mitsubishi Electric Corporation Apr. 2013      General Manager, Chugoku Branch, Mitsubishi Electric Corporation Apr. 2016      General Manager, Chubu Branch, Mitsubishi Electric Corporation Apr. 2018      Joined the Company. (current position)	-
[Reasons for nomination as candidate for Director] Akio Iguchi possesses extensive sales experience and track record in the electronics field, having served in such posts as General Manager of branch offices at Mitsubishi Electric Corporation. We recommend his election as a Director because we believe he will demonstrate his knowledge and skills to contribute to the sustainable growth of the Company.			

- Notes:
1. There is no special interest between each candidate and the Company.
  2. The number of the Company's shares owned by each candidate includes those owned through the executive stock ownership program. (Fractional amounts of less than one share have been omitted.)
  3. Takeshi Jin and Yoshiro Nagashima are candidates for Outside Directors.
  4. Takeshi Jin, candidate for Outside Director, has entered into a contract as consulting attorney with the Company. However, the amount of compensation is insignificant, and this arrangement does not compromise his independence.
  5. Takeshi Jin and Yoshiro Nagashima, candidates for Outside Director, satisfy the criteria for being an Independent Director as determined by the Tokyo Stock Exchange, Inc. The Company has therefore submitted an Independent Director Notification with the TSE to register them as an Independent Director.
  6. It is planned that candidate for an Outside Director Yoshiro Nagashima will, at the conclusion of the ordinary general shareholders meeting of ZENKOKU HOSHO Co., Ltd. that is scheduled for June 15, 2018, take office as Outside Director.

**Proposal 2:** Election of Two (2) Substitute Audit & Supervisory Board Members

The Company would like to recommend the election of two (2) candidates for the position of Substitute Audit & Supervisory Board Member, in order to avoid a situation in which it may not have the legally required number of Audit & Supervisory Board Members.

The candidates for the position of Substitute Audit & Supervisory Board Member are listed below. Junya Torigoe is the candidate for substitute for Outside Audit & Supervisory Board Member Kei Doi, and Akira Takeuchi is the candidate for substitute for Outside Audit & Supervisory Board Member Yutaka Nomiya.

The Audit & Supervisory Board has already given its consent to this proposal.

No.	Name (Date of birth)	Career summary and position (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Junya Torigoe (February 28, 1970)	Apr. 1992    Joined Mitsubishi Electric Corporation. Oct. 2010    Manager, Personnel Training Section, Corporate Administration Division, Kyushu Branch Office, Mitsubishi Electric Corporation July 2012    Manager, Compliance Group, Market Planning & Administration Department, Corporate Marketing Group, Mitsubishi Electric Corporation Oct. 2012    Manager, Compliance Group, Compliance Department, Corporate Marketing Group, Mitsubishi Electric Corporation (current position)	-
[Reasons for nomination as candidate for Substitute Outside Audit & Supervisory Board Member] We recommend the election of Junya Torigoe as a Substitute Outside Audit & Supervisory Board Member because, even though he has not been involved in corporate management, he has considerable knowledge and experience of corporate auditing through the supervision of group companies in his capacity as Manager of Compliance Department of Mitsubishi Electric Corporation's Corporate Marketing Group. It should be noted that the Company has business transactions with Mitsubishi Electric Corporation, and Mitsubishi Electric owns 25.32% of the Company's shares, excluding treasury stock.			
2	Akira Takeuchi (April 19, 1961)	Apr. 1984    Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.). Sept. 2013    Joined TERAOKA SEISAKUSHO CO., LTD. Apr. 2014    General Manager, Accounting Division, TERAOKA SEISAKUSHO CO., LTD. Apr. 2017    General Manager, Management Planning Office, TERAOKA SEISAKUSHO CO., LTD. (current position)	-
[Reasons for nomination as candidate for Substitute Outside Audit & Supervisory Board Member] We recommend the election of Akira Takeuchi as a Substitute Outside Audit & Supervisory Board Member in view of his broad knowledge of finance and accounting gained from key positions at administrative section of TERAOKA SEISAKUSHO CO., LTD., as well as his long years of experience at financial institutions, even though he has not been involved in corporate management.			

- Notes:
1. There is no special interest between each candidate and the Company.
  2. Junya Torigoe and Akira Takeuchi are candidates for Substitute Outside Audit & Supervisory Board Members.
  3. Junya Torigoe, candidate for Substitute Outside Audit & Supervisory Board Member, has received compensation as an employee of Mitsubishi Electric Corporation, a Specific Related Business, for the past two years, and he plans on doing the same in the future.

### **Proposal 3:**                      Setting of Remuneration Amount under Restricted Shares Remuneration Plan

At the 162nd Ordinary General Meeting of Shareholders on held June 28, 2012, the amount of remuneration etc. for the Company's Directors was approved at ¥300 million per annum or less (excluding employee salaries and bonuses of Directors who concurrently serve as employees).

The Company hereby proposes the provision of remuneration for the allotment of restricted shares to Directors (excluding Outside Directors) of the Company (hereinafter, "Eligible Directors"), separately from the above-mentioned remuneration framework, in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared values between Directors and shareholders.

Based on this Proposal, the total value of monetary remuneration claims provided for the allotment of restricted shares to Eligible Directors shall be ¥50 million per annum or less (excluding employee salaries and bonuses of Directors who concurrently serve as employees), as an amount considered reasonable in view of the above-mentioned goals.

In addition, it is proposed that the specific timing and allocation of the provisions to each of the Eligible Directors shall be left to the discretion of the Board of Directors.

The number of Directors is currently eight (8) (including two (2) outside Directors). Subject to the approval and adoption of Proposal 1 as originally proposed, the number of Directors will continue to be eight (8) (including two (2) outside Directors).

#### <Details of the Restricted Shares Remuneration Plan>

##### (1) Overview

In accordance with a resolution of the Board of Directors of the Company, the Eligible Directors shall pay all monetary remuneration claims arising under this proposal in the form of property contributed in kind, and shall receive common shares of the Company that shall be issued or disposed of by the Company. However, the Company shall conclude with Eligible Directors restricted shares allotment agreements that include the content of item (4) below (hereinafter the "Allotment Agreement"), and for a period of time specified in the Allotment Agreement, Eligible Directors may not freely transfer the allotted shares (defined in (4)(i) below). In cases where circumstances prescribed in the Allotment Agreement, such as the case that indicators determined by the Company in the medium-term management plan are not achieved, arise, the Company shall acquire the common shares in question without contribution.

##### (2) Limit on remuneration amount for monetary remuneration claims and on number of shares allotted under the restricted shares plan

The limit for the remuneration amount of monetary remuneration claims provided to Eligible Directors shall be ¥50 million per annum or less, and the total number of common shares of the Company issued or disposed of for this purpose shall be 100,000 shares per year or less (however, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of common shares of the Company issued or disposed of for the purposes of restricted shares, the relevant total number shall be reasonably adjusted).

##### (3) Amount to be paid per share

The amount to be paid per share shall be determined based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors regarding the allotment of shares (if there is no closing price on such date, the closing price on the closest preceding trading day), and decided by the Board of Directors such that the amount will not be particularly advantageous to Eligible Directors.

##### (4) Outline of terms and conditions stipulated in the Allotment Agreement

- (i) During the restriction period, Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (hereinafter, the "Allotted Shares"). (Hereinafter, the "Transfer Restriction")

The restriction period shall be determined by the Board of Directors at between one year and five years, so as to match the period of the medium- to long term management plan.

- (ii) Depending on whether or not the Company has achieved the management target figures, set in advance at a meeting of the Board of Directors for each medium-long-term management plan, the Transfer Restrictions on all of the Allotted Shares will be lifted when the restriction period expires, and following that, Eligible Directors may freely transfer the Allotted Shares for which the Transfer Restrictions have been lifted.
- (iii) If an Eligible Director loses the position of Director of the Company before the restriction period expires, the Company shall automatically acquire such Allotted Shares without contribution, except in cases where the Company's Board of Directors deems there to be reasonable justification for the loss of position.  
Conversely, if the Company's Board of Directors believes there to be reasonable justification, in the event that a Director of the Company loses their position, the Transfer Restrictions will be lifted at the point at which the restriction period expires.
- (iv) The Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted at the expiration of the restriction period.
- (v) If, during the restriction period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), immediately prior to the business day before the date at which the organization etc. becomes effective, the Company shall lift the Transfer Restrictions by a resolution of the Board of Directors of the Company for all shares held by Eligible Directors on the date at which the reorganization, etc. is approved.
- (vi) The method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.