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(Stock Exchange Code 4115)

June 13, 2016

**To Shareholders with Voting Rights:**

Toshiyuki Ikusaka  
President and CEO  
Honshu Chemical Industry Co., Ltd.  
1-1, Kyobashi 1-chome, Chuo-ku, Tokyo

**NOTICE OF  
THE 87TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

We extend our deepest sympathy and condolences to the people who have been affected by “the 2016 Kumamoto Earthquake” and sincerely hope earliest possible rehabilitation and reconstruction of the affected areas.

You are cordially invited to attend the 87th Annual General Meeting of Shareholders of Honshu Chemical Industry Co., Ltd. (the “Company”) as described below.

As those who are unable to attend the meeting can exercise their voting rights in writing, if unable to attend, you are requested to review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:00 p.m. Monday, June 27, 2016, Japan time.

- 1. Date and Time:** Tuesday, June 28, 2016 at 10:00 a.m. Japan time  
(Reception starting from 9:20 a.m.)
- 2. Place:** Hall D7, 7th Floor, D Block, Tokyo International Forum  
3-5-1, Marunouchi, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements and Results of Audit by the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements for the 87th Fiscal Year (April 1, 2015 - March 31, 2016)
    2. Non-consolidated Financial Statements for the 87th Fiscal Year (April 1, 2015 - March 31, 2016)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of 9 Directors
    - Proposal 3:** Election of 1 Audit & Supervisory Board Member
    - Proposal 4:** Election of 2 Substitute Audit & Supervisory Board Members
    - Proposal 5:** Grant of Retirement Benefits to Retiring Directors and Audit & Supervisory Board Member

- When you attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Any amendment to the Reference Documents for the Annual General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements will be announced on our internet website at <http://www.honshuchemical.co.jp/>.

## Reference Documents for the Annual General Meeting of Shareholders

### Proposals and References

#### Proposal 1: Appropriation of Surplus

The Company regards the return of profit to shareholders as an important management policy and has made it a basic principle to pay stable and continuous dividends to shareholders with due consideration for overall business performance and financial position while reinforcing financial soundness and maintaining sufficient retained earnings for future business development.

Based on this basic principle, the year-end dividends and other appropriation of surplus for the 87th fiscal year are proposed as follows.

1. Matters concerning the year-end dividends

(1) Type of dividend assets

Cash

(2) Matters concerning allocation of dividend assets and the total amount thereof

¥16 per share of the Company's common stock

Total amount: ¥183,630,928

Total dividends for the fiscal year under review will be ¥26 per share including the interim dividends of ¥10 per share already paid for.

(3) Effective date of dividend of surplus

June 29, 2016

2. Matters concerning other appropriation of surplus

(1) Surplus item to be increased and the amount thereof

General reserve: ¥200,000,000

(2) Surplus item to be decreased and the amount thereof

Retained earnings brought forward: ¥200,000,000

**Proposal 2: Election of 9 Directors**

Upon the conclusion of this General Meeting of Shareholders, all of the ten (10) Directors will complete their terms of office. Accordingly, shareholders are requested to elect nine (9) Directors (including two (2) Outside Directors).

The candidates for Directors are as follows.

Candidate Number	Name (Date of birth)	Career summary, position and responsibilities at the Company [Significant concurrent positions]	Number of the Company's shares held
1	<p><b>Candidate for Reelection</b></p> <p>Toshiyuki Ikusaka (Nov. 24, 1955)</p> <p>[Term of Office as Director: 1 year]</p>	<p>Oct. 1980 Joined Mitsui Toatsu Chemicals, Inc.</p> <p>Apr. 2010 Executive Officer, Business Sector President, Functional Polymeric Materials Business Sector, Mitsui Chemicals, Inc.</p> <p>Apr. 2014 Managing Executive Officer, Business Sector President, Functional Polymeric Materials Business Sector, Mitsui Chemicals, Inc.</p> <p>Apr. 2015 Assistant to Mr. Tannowa, President &amp; CEO, Mitsui Chemicals, Inc.</p> <p>Jun. 2015 President &amp; CEO, General Manager, Internal Audit Department, the Company</p> <p>Apr. 2016 President &amp; CEO, the Company (to present) (In charge of Internal Audit Department)</p>	4,000
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Ikusaka has extensive business experience in global markets including his position as Business Sector President of Functional Polymeric Materials Business Sector of Mitsui Chemicals, Inc. and is also well-versed in the chemicals industry especially in the area of fine chemicals. Furthermore, he has performed his duties as President &amp; CEO of the Company appropriately for almost 1 year, in decision-making on management matters and the supervision of business execution. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate for Director.</p>		
2	<p><b>Candidate for Reelection</b></p> <p>Toshiyuki Fukushima (Jan. 28, 1953)</p> <p>[Term of Office as Director: 6 years]</p>	<p>Apr. 1977 Joined Mitsui Toatsu Chemicals, Inc.</p> <p>Apr. 2007 Executive Officer, General Manager, Osaka Works, Production &amp; Technology Center, Mitsui Chemicals, Inc.</p> <p>Jun. 2010 Director, Deputy General Manager, Wakayama Works and General Manager, Technical Department of Wakayama Works, the Company</p> <p>Jun. 2011 Managing Director, General Manager, Wakayama Works and General Manager, Manufacturing Department of Wakayama Works, the Company</p> <p>Aug. 2012 Managing Director, General Manager, Wakayama Works, the Company (to present) (In charge of Production, Engineering, Environmental Protection and Quality Management)</p>	3,000
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Fukushima has extensive experience in the production and engineering sectors, including his positions as the General Manager of the Osaka Works of Mitsui Chemicals, Inc. and the General Manager of Wakayama Works of the Company, and has a broad range of technical knowledge and deep insights in the related fields. Furthermore, he has performed his duties as a Director of the Company appropriately for almost 6 years in decision-making on management matters and the supervision of business execution. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate for Director.</p>		

Candidate Number	Name (Date of birth)	Career summary, position and responsibilities at the Company [Significant concurrent positions]	Number of the Company's shares held
3	<p><b>Candidate for Reelection</b></p> <p>Daisaburo Akita (Nov. 19, 1953)</p> <p>[Term of Office as Director: 3 years]</p>	<p>Apr. 1976 Joined Mitsui &amp; Co., Ltd.</p> <p>Apr. 2010 Chairman &amp; President of Mitsui &amp; Co. (AUSTRALIA) LTD. and Chairman of Mitsui &amp; Co NZ Limited</p> <p>Apr. 2013 Basic Chemicals Business Unit, Mitsui &amp; Co., Ltd.</p> <p>Jun. 2013 Director, General Manager, Chemicals Business Division and General Manager, Purchasing Department, the Company (to present) (In charge of Chemicals Business, Biphenol Business and Purchasing)</p>	2,000
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Akita has extensive business experience in global markets through his positions as Chairman &amp; President of Mitsui &amp; Co. (AUSTRALIA) LTD. and Chairman of Mitsui &amp; Co NZ Limited, and is also well-versed in the chemicals industry especially in the area of fine chemicals. Furthermore, he has performed his duties as a Director of the Company appropriately for almost 3 years in decision-making on management matters and the supervision of business execution. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate for Director.</p>		
4	<p><b>Candidate for Reelection</b></p> <p>Yoshinori Ashida (May 9, 1955)</p> <p>[Term of Office as Director: 3 years]</p>	<p>Apr. 1980 Joined Mitsui Toatsu Chemicals, Inc.</p> <p>Apr. 2010 General Manager, Electronic Chemicals Department, High Performance Materials Division, the Company</p> <p>Jun. 2011 General Manager, Industrial Materials Department and General Manager, Corporate Planning Department, the Company</p> <p>Jun. 2012 Associate Director, General Manager, Industrial Materials Department and General Manager, Corporate Planning Department, the Company</p> <p>Jun. 2013 Director, General Manager, Corporate Planning Division and General Manager, Corporate Planning Department, the Company</p> <p>May 2015 Director, General Manager, Corporate Planning Division, the Company (to present) (In charge of Corporate Planning)</p>	2,000
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Ashida has extensive experience in business in global markets and the corporate planning sector including his positions as the General Manager of the Electronic Chemicals Department of the High Performance Materials Division. and the General Manager of the Corporate Planning Division, and is also well-versed in the chemicals industry especially in the area of fine chemicals. Furthermore, he has performed his role as a Director of the Company appropriately for almost 3 years in decision-making on management matters and the supervision of business execution. It is determined that he is qualified to continue to serve as a Director based on his experience and proven track record, and thus he is selected as a candidate for Director.</p>		

Candidate Number	Name (Date of birth)	Career summary, position and responsibilities at the Company [Significant concurrent positions]	Number of the Company's shares held
5	<div style="border: 1px solid black; display: inline-block; padding: 2px;">New candidate</div> Nobuyoshi Ikeda (Jul. 11, 1959)	Apr. 1984 Joined Mitsui Toatsu Chemicals, Inc. Oct. 2003 General Manager, Administration Department of Wakayama Works, the Company Apr. 2006 Human Resources & Employee Relations Division, Mitsui Chemicals, Inc. Apr. 2011 Director, Human Resources & Employee Relations Department, Human Resources Division, Mitsui Chemicals, Inc. Apr. 2015 General Manager, Administration Department of Wakayama Works, the Company (to present) (In charge of Human Resources, Corporate Administration/Public Relations, Accounting)	None
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Ikeda has extensive experience especially in the human resources sector with a broad range of expert knowledge and deep insights in the said area and is highly capable in the overall administration sector as the General Manager of Administration Department of Wakayama Works. It is determined that he is expected to demonstrate his leadership in promoting our business strategies and contribute to the enhancement of supervisory functions based on his experience and proven track record, and thus he is selected as a candidate for Director.</p>		
6	<div style="border: 1px solid black; display: inline-block; padding: 2px;">New candidate</div> Hidebumi Kasuga (Aug. 6, 1959)	Apr. 1983 Joined Mitsui & Co., Ltd. Apr. 2010 Vice President, General Manager, Basic Chemicals China Business Promotion Department, MITSUI & CO. (SHANGHAI) LTD. Nov. 2011 General Manager, IT Planning & Administration Department GM, Information Technology Promotion Division, Mitsui & Co., Ltd. Apr. 2012 General Manager, Methanol Division, Basic Chemicals Business Unit, Mitsui & Co., Ltd. Apr. 2013 General Manager, Specialty Chemicals Division II, Basic Chemicals Business Unit, Mitsui & Co., Ltd. Apr. 2016 Executive Coordinator, Basic Materials Business Unit, Mitsui & Co., Ltd. Jun. 2016 Joined the Company (to present) (In charge of Functional Materials Business, Development)	None
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Kasuga has extensive business experience in global markets through his positions as Vice President of MITSUI &amp; CO. (SHANGHAI) LTD. and the General Manager of Specialty Chemicals Division II of the Basic Chemicals Business Unit of Mitsui &amp; Co., Ltd., and is also well-versed in the chemicals industry especially in the area of fine chemicals. It is determined that he is expected to demonstrate his leadership in promoting our business strategies based on his experience and proven track record, and thus he is selected as a candidate for Director.</p>		

Candidate Number	Name (Date of birth)	Career summary, position and responsibilities at the Company [Significant concurrent positions]	Number of the Company's shares held
7	<p><b>New candidate</b></p> <p>Tadashi Hiramine (Jul. 6, 1962)</p>	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2009 Manager , Innovation Research Gr., Research Center, the Company</p> <p>Jun. 2013 General Manager, Manufacturing Department of Wakayama Works, the Company</p> <p>Jan. 2015 General Manager, Manufacturing Department, and Manager, Manufacturing Sec.1, Manufacturing Department of Wakayama Works, the Company</p> <p>Apr. 2015 General Manager, Manufacturing Department of Wakayama Works, the Company (to present) (In charge of Research and Intellectual Property)</p>	None
<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Hiramine has extensive experience especially in the research &amp; development and manufacturing sector with a broad range of technical knowledge and deep insights in those areas and is also highly capable in overall factory management as the General Manager of the Manufacturing Department of the Wakayama Works. It is determined that he is expected to demonstrate his leadership in promoting our business strategies and contribute to the enhancement of supervisory functions based on his experience and proven track record, and thus he is elected as a candidate for Director.</p>			
8	<p><b>Candidate for Reelection/Outside Director Independent Director</b></p> <p>Koji Matsuura (Aug. 21, 1950)</p> <p>[Term of Office as Director: 2 years]</p>	<p>Apr. 1979 Registered as an attorney, Daini Tokyo Bar Association Joined Kashiwagi Sogo Law Offices</p> <p>Jan. 2009 Managing Partner, Kashiwagi Sogo Law Offices (to present)</p> <p>Jun. 2013 Outside Audit &amp; Supervisory Board Member, the Company</p> <p>Jun. 2014 Outside Director, the Company (to present)</p> <p>[Significant concurrent positions] Managing Partner, Kashiwagi Sogo Law Offices Outside Corporate Auditor, Japan Logistic Systems Corp.</p>	None
<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Matsuura has extensive professional expertise and experience and deep insights fostered based on his long-term experience as an attorney-at-law, and has supervised and advised on the management of the Company from an objective standpoint as an Outside Director for almost 2 years. It is determined that he is qualified as an Outside Director based on his experience and proven track record, and thus he is selected as a candidate.</p>			

Candidate Number	Name (Date of birth)	Career summary, position and responsibilities at the Company [Significant concurrent positions]	Number of the Company's shares held
9	<p>Candidate for Reelection/Outside Director Independent Director</p> <p>Masayoshi Mochizuki (Jun. 30, 1945)</p> <p>[Term of Office as Director: 1 year]</p>	<p>Jan. 1970 Joined Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>Apr. 1993 Senior Partner, ASAHI SHINWA &amp; Co. (currently KPMG AZSA LLC)</p> <p>Jun. 2009 Retired from KPMG AZSA &amp; Co. (currently KPMG AZSA LLC)</p> <p>Jul. 2009 Manager, Certified Public Accountant &amp; Certified Public Tax Accountant, Mochizuki Masayoshi Office (to present)</p> <p>Sep. 2009 Auditor, Toho University (to present)</p> <p>Jun. 2015 Outside Director, the Company (to present)</p> <p>[Significant concurrent positions] Director, Certified Public Accountant &amp; Certified Public Tax Accountant of Mochizuki Masayoshi Office Auditor, Toho University</p>	None
<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Mochizuki has extensive professional expertise and experience and deep insights fostered based on his long-term experience as a certified public accountant and certified public tax accountant, and has supervised and advised on the management of the Company from an objective standpoint as an Outside Director for almost 1 year. It is determined that he is qualified as an Outside Director based on his experience and proven track record, and thus he is selected as a candidate.</p>			

(Note)

1. There is no special interest between each candidate and the Company.
2. Mr. Koji Matsuura and Mr. Masayoshi Mochizuki are candidates for Outside Directors.
3. It is determined that Mr. Koji Matsuura is qualified as an Outside Director since he has extensive professional expertise and experience and deep insights fostered based on his long-term experience as an attorney-at-law, and has supervised and advised on the management of the Company from an objective standpoint. It should be noted that his term of office as an Outside Director is 2 years and starts upon the conclusion of this General Meeting of Shareholders.
4. It is determined that Mr. Masayoshi Mochizuki is qualified as an Outside Director since he has extensive professional expertise as a certified public accountant and certified public tax accountant, and has supervised and advised on the management of the Company from an objective standpoint. It should be noted that his term of office as an Outside Director is 1 year and starts upon the conclusion of this General Meeting of Shareholders.
5. The Company has concluded liability limitation contracts with Mr. Koji Matsuura and Mr. Masayoshi Mochizuki in accordance with Article 427, Paragraph 1 of the Companies Act to limit the liability for damages pursuant to Article 423, Paragraph 1 of said Act. Under this contract, the maximum liability for damages shall be the amount stipulated by laws and regulations. The Company will continue said contract with both candidates if both candidates are reelected as proposed.
6. The Company has registered Mr. Koji Matsuura and Mr. Masayoshi Mochizuki as independent directors in accordance with the rules of the Tokyo Stock Exchange. The Company will continue registration of both candidates as independent directors if they are reelected as proposed.
7. In the past 5 years, Mr. Toshiyuki Ikusaka and Mr. Nobuyoshi Ikeda were executives of Mitsui Chemicals, Inc. which falls under a specified business operator (major business partner, as defined in Article 2, Paragraph 3, Item 19 (b) of the Ordinance for the Enforcement of the Companies Act) of the Company.
8. In the past 5 years, Mr. Hidefumi Kasuga was an executive of Mitsui & Co., Ltd. which falls under a specified business operator (major business partner, as defined in Article 2, Paragraph 3, Item 19 (b) of the Ordinance for the Enforcement of the Companies Act) of the Company.

## **(Reference) Independence Standards for Independent Outside Directors and Independent Outside Audit & Supervisory Board Members**

In order to be designated by the Company as an Independent Outside Director and an Independent Outside Audit & Supervisory Board Member, the person must not fall under any of the following items.

- (1) A person who currently is or has been in the past an executive (such as an executive director, associate officer, general manager, or other such officer who executes operations) of the Company or a subsidiary of the Company
- (2) A person for whom the Company is a major business partner (\*1) or an executive thereof  
\*1 If the payments received from the Company in any of the past three fiscal years is equivalent to 2% or more of its annual sales, then the Company is a major business partner thereto
- (3) A major business partner (\*2) of the Company or an executive thereof  
\*2 If the Company has received payments of 2% or more of its annual sales from a party in any of the past three fiscal years, or if a party has loaned a monetary amount of 2% or more of the Company's total assets to the Company in any of the past three fiscal years, then that party is the Company's major business partner.
- (4) A large shareholder (a person directly or indirectly holding 10% or more of total voting rights) of the Company or an executive thereof
- (5) An executive of a juridical person for whom the Company is a large shareholder (directly or indirectly holding 10% or more of total voting rights)
- (6) An accounting auditor of either the Company or a consolidated subsidiary of the Company, or a person who is in charge of auditing either the Company or a consolidated subsidiary of the Company as an employee of such accounting auditor
- (7) An attorney-at-law, judicial scrivener, patent attorney, certified public accountant, certified public tax accountant, consultant, or other such professional who has received money or other assets, other than officer remuneration, from the Company exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such assets, this includes any person belonging to such group for which the assets received from the Company exceed 2% of the group's annual revenue)
- (8) A person who has received donations from the Company exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such donations, this includes any executive of such group for which the donations received from the Company exceed 2% of the group's annual revenue)
- (9) A person whose close relative (meaning a spouse or a relative within the second degree of kinship) falls under any of items (1) to (8) above
- (10) A person who was previously categorized under any of items (2) to (9) above in the past three years
- (11) Notwithstanding the provisions of each preceding item, a person regarding whom there are found to be special circumstances that may cause a conflict of interest with the Company



**Proposal 3: Election of 1 Audit & Supervisory Board Member**

Since Mr. Kenji Ekawa, Audit & Supervisory Board Member, will resign upon the close of this Annual General Meeting of Shareholders, shareholders are requested to elect one (1) Audit & Supervisory Board Member as a substitute for him.

It should be noted that this Proposal has been consented to by the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Career summary and position at the Company [Significant concurrent positions]	Number of the Company's shares held
<u>New candidate</u>  Taiichi Shiomi (Nov. 23, 1952)	Apr. 1975 Joined the Company Feb. 2008 General Manager, Research Center, the Company Jun. 2010 Associate Director, General Manager, Research Center, the Company Jun. 2011 Director, General Manager, Research Center, the Company (to present)	3,000
<b>Reasons for selection as a candidate for Audit &amp; Supervisory Board Member</b> Mr. Shiomi has extensive experience especially in the research & development sector with a broad range of technical knowledge and deep insights in the area and has performed his role as a Director of the Company appropriately for almost 5 years in decision-making on management matters and the supervision of business execution. It is determined that he is expected to contribute to the enhancement of the supervisory functions of the Company based on his experience and proven track record, and thus he is selected as a candidate for Audit & Supervisory Board Member.		

(Note)

1. There is no special interest between Mr. Taiichi Shiomi and the Company.
2. The Company will conclude a liability limitation contract with Mr. Taiichi Shiomi, if he is elected as proposed, in accordance with Article 427, Paragraph 1 of the Companies Act to limit the liability for damages pursuant to Article 423, Paragraph 1 of said Act. Under this contract, the maximum liability for damages shall be the amount stipulated by laws and regulations.
3. The term of office of Mr. Taiichi Shiomi, if he is elected as proposed, will expire upon the end of the term of office of his predecessor in accordance with the provisions of the Company's Articles of Incorporation.

**Proposal 4:** Election of 2 Substitute Audit & Supervisory Board Members

In preparation for the event of failing to meet the minimum number of Audit & Supervisory Board Members required by laws and regulations, shareholders are requested to elect two (2) substitute Audit & Supervisory Board Members.

While the effective term of the election based on this Proposal shall expire at the beginning of the Annual General Meeting of Shareholders for the latest business year ending within four (4) years after the resolution of the Proposal in accordance with the provisions of the Company's Articles of Incorporation, the election may be revoked by a resolution of the Board of Directors, subject to the consent of the Audit & Supervisory Board, only before an Audit & Supervisory Board Member takes office.

It should be noted that this Proposal has been consented to by the Audit & Supervisory Board.

The candidates for substitute Audit & Supervisory Board Members follow.

Candidate Number	Name (Date of birth)	Career summary and position at the Company [Significant concurrent positions]	Number of the Company's shares held
1	Hiroshi Matsuzaki (Mar. 26, 1963)	<p>Apr. 1986 Joined Mitsui Petrochemical Industries, Ltd.</p> <p>Apr. 2009 Vice President, Mitsui Chemicals (Shanghai) Co., Ltd., Group Management Division, Mitsui Chemicals, Inc.</p> <p>Apr. 2010 Director, Business Planning Department, Planning &amp; Coordination Division, Basic Chemicals Business Sector, Mitsui Chemicals, Inc.</p> <p>Apr. 2013 General Manager, Planning &amp; Coordination Division, Basic Chemicals Business Sector, Mitsui Chemicals, Inc.</p> <p>Apr. 2016 General Manager, Affiliates Coordination Division, Mitsui Chemicals, Inc. (to present)</p>	None
2	Kenji Ekawa (Jan. 25, 1950)	<p>Apr. 1975 Joined the Company</p> <p>Jun. 2007 Director, General Manager, Research Center, the Company</p> <p>Jun. 2009 Managing Director, General Manager, High Performance Materials Division, General Manager, Electronic Chemicals Department, High Performance Materials Division, General Manager, Market Development Department, High Performance Materials Division, the Company</p> <p>Apr. 2010 Managing Director, General Manager, High Performance Materials Division, General Manager, Market Development Department, High Performance Materials Division, the Company</p> <p>Jun. 2011 Managing Director, General Manager, High Performance Materials Division, General Manager, Electronic Chemicals Department, High Performance Materials Division, General Manager, Market Development Department, High Performance Materials Division, the Company</p> <p>Jun. 2013 Audit &amp; Supervisory Board Member, the Company (to present)</p>	8,000

(Note)

1. There is no special interest between each candidate and the Company.
2. Mr. Hiroshi Matsuzaki is to be newly elected as a substitute Audit & Supervisory Board Member for Mr. Yasuo Kawakami, Outside Audit & Supervisory Board Member, due to the revocation of the election of Mr. Toru Morita, who was elected as a substitute Audit & Supervisory Board Member for Mr. Yasuo Kawakami, Outside Audit & Supervisory

Board Member, at the 85th Annual General Meeting of Shareholders held on June 24, 2014. It should be noted that the revocation of the election of Mr. Toru Morita as a substitute Audit & Supervisory Board Member was resolved at the Board of Directors meeting held on May 13, 2016 with the consent of the Audit & Supervisory Board in accordance with the procedures determined by the resolution at the aforementioned Annual General Meeting of Shareholders.

3. Mr. Kenji Ekawa is to be elected as a substitute Audit & Supervisory Board Member for Mr. Taiichi Shiomi, candidate for Audit & Supervisory Board Member, to be elected subject to the approval of the Proposal 3 “Election of 1 Audit & Supervisory Board Member.”
4. Shareholders are requested to elect Mr. Hiroshi Matsuzaki as Audit & Supervisory Board Member since it is determined that he is expected to contribute to the enhancement of the supervisory functions of the Company once he is elected as Outside Audit & Supervisory Board Member as he has extensive experience, a proven track record and a broad range of knowledge and insights in corporate business. As described in the Career summary section above, Mr. Matsuzaki is currently an executive of Mitsui Chemicals, Inc., which falls under a specified business operator (major business partner, as defined in Article 2, Paragraph 3, Item 19 (b) of the Ordinance for the Enforcement of the Companies Act) of the Company.
5. The Company will conclude liability limitation contracts with Messrs. Hiroshi Matsuzaki and Kenji Ekawa respectively, when they take office as Audit & Supervisory Board Members, in accordance with Article 427, Paragraph 1 of the Companies Act to limit the liability for damages as provided for in Article 423, Paragraph 1 of said Act. Under this contract, the maximum liability for damages shall be the amount stipulated by laws and regulations.

**Proposal 5: Grant of Retirement Benefits to Retiring Directors and Audit & Supervisory Board Member**

Four (4) Directors, Mr. Yoshiyuki Funakoshi, Mr. Kazuto Tsugawa, Mr. Tamikiyo Hasegawa and Mr. Taiichi Shiomi and one (1) Audit & Supervisory Board Member, Mr. Kenji Ekawa, will retire at the close of this Annual General Meeting of Shareholders. In recognition of their services provided during their tenure, we propose that appropriate retirement benefits, calculated in accordance with the criteria of the Company, be granted to them. We also propose that the specific amount, timing and method of such payments, etc., for retiring Directors be left to the Board of Directors, and for the retiring Audit & Supervisory Board Member, to the consultation of Audit & Supervisory Board Members.

Career summaries of retiring Directors and the retiring Audit & Supervisory Board Member follows.

Name	Career summary	
Yoshiyuki Funakoshi	Jun. 2011	President & CEO, the Company
	Jun. 2015	Chairman, the Company (to present)
Kazuto Tsugawa	Jun. 2007	Director, the Company
	Jun. 2011	Managing Director, the Company (to present)
Tamikiyo Hasegawa	Jun. 2011	Director, the Company
	Jun. 2013	Managing Director, the Company (to present)
Taiichi Shiomi	Jun. 2011	Director, the Company (to present)
Kenji Ekawa	Jun. 2013	Audit & Supervisory Board Member, the Company (to present)