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(Stock Exchange Code 4968)

May 31, 2019

To Shareholders with Voting Rights:

Takashi Une
Representative Director and President
ARAKAWA CHEMICAL
INDUSTRIES, LTD.
1-3-7, Hiranomachi, Chuo-ku, Osaka, Japan

**NOTICE OF
THE 89th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 89th Annual General Meeting of Shareholders of ARAKAWA CHEMICAL INDUSTRIES, LTD. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet as stated in the Guidance on Exercise of Voting Rights on page 2, so in this case please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 5:30 p.m. on Tuesday, June 18, 2019, Japan time.

- 1. Date and Time:** Wednesday, June 19, 2019 at 10:00 a.m. Japan time
(Reception opens from 9:00 a.m. Japan time.)
- 2. Place:** International Conference Hall
7F of the Osaka Chamber of Commerce and Industry located at
2-8, Honmachibashi, Chuo-ku, Osaka
(Please note that the venue is different from the previous year.)
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the Company's 89th Fiscal Year (April 1, 2018 - March 31, 2019)
 2. Results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements for the Company's 89th Fiscal Year
Proposals to be resolved:
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of 10 Directors (excluding Directors who are Audit & Supervisory Committee Members)

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Should matters in the Business Report, Consolidated Financial Statements, Financial Statements, and Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<https://www.arakawachem.co.jp/>).

Guidance on the Exercise of Voting Rights

If you attend the meeting:

Please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.

If you are unable to attend the meeting:

Exercise of Voting Rights in Writing

Please indicate your consent/dissent for the proposals on the enclosed Voting Rights Exercise Form and return it to us so that it arrives no later than 5:30 p.m. Japan Time on Tuesday, June 18, 2019.

Exercise of Voting Rights via the Internet, etc.

Please access the website for the exercise of voting rights (<https://evote.tr.mufg.jp/>) and enter your vote for or against for each proposal no later than 5:30 p.m. Japan Time on Tuesday, June 18, 2019.

For details, please see the “Guidance Notes on Exercise of Voting Rights via the Internet, etc.” on pages 3 and 4.

For shareholders using a smartphone

If you exercise your voting rights via smartphone, you can log in to the website only once without entering the Login ID and the Temporary Password.

Guidance on Exercise of Voting Rights via the Internet, etc.

If you exercise your voting rights via the Internet, please use your smartphone, personal computer, or other methods to access the website for the exercise of voting rights (<https://evote.tr.mufg.jp/>) designated by the Company, and exercise your voting rights by following the instructions on the screen.

Deadline for the exercise of voting rights: No later than 5:30 p.m. Japan Time on Tuesday, June 18, 2019

* Please note that no votes can be accepted from 2:00 a.m. to 5:00 a.m.

Login with a QR Code

If you use a smartphone:

Scanning the QR Code for Login will allow you to log in to the website without the need for entering the Login ID and the Temporary Password.

*** The method below are only be available once when you exercise your voting rights.**

- (1) Scan the QR Code.
Scan the QR Code for Login printed at the right-hand side of the Voting Rights Exercise Form using your smartphone.
- (2) Select a method for exercising your voting rights.
The screen displays methods for entering your vote for or against the proposals. Please select the method you desire.
- (3) Select the Approval or Disapproval for each proposal.
Select the Approval or Disapproval for each proposal by following the instructions on the screen.

QR Code is a registered trademark of Denso Wave Incorporated.

To Institutional Shareholders,

Institutional shareholders who have applied in advance to use the electronic voting platform operated by ICJ, Inc. may use the platform to exercise their voting rights.

When logging in to the website after the initial login:

Please log in to the website by following the guidance note on the next page.

If you login to the website using the Login ID and Temporary Password:

Please access the website for the exercise of voting rights (<https://evote.tr.mufg.jp/>), login using the Login ID and Temporary Password printed on the enclosed Voting Form and enter your vote for or against for each proposal by following the instructions on the screen.

- (1) Access the website for the exercise of voting rights. (<https://evote.tr.mufg.jp/>)
- (2) Log in to the website.
- (3) Change the password.

Note: You may not be able to use the website in such Internet environments as those using firewalls, etc. for the Internet connection, those using anti-virus programs, those with a proxy server, or those where TLSencrypted communications are not specified.

- (1) Click on the “Next” button.
- (2) Enter the “Login ID” and the “Temporary Password” printed on the Voting Rights Exercise Form.
- (3) Click on the “Login” button.
- (4) Enter the “Current Password”, “New Password”, and “New Password (for confirmation)”, respectively. Please make sure that you do not forget your new password.
- (5) Click on the “Send” button.

If you have exercised a voting right more than once via the Internet, only the last vote you entered will be considered effective. Similarly, if you have exercised a voting right both by personal computer and mobile phone, only the last vote you entered will be considered effective.

Notes

- (1) Please note that to prevent improper access (“impersonation”) or vote-altering by non-shareholders, you will be asked to change your Temporary Password on the website for the exercise of voting rights.
- (2) You will be notified of your new Login ID and Temporary Password every time a General Meeting of Shareholders is convened.
- (3) Any fees incurred for accessing the website for the exercise of voting rights (Internet connection fees, telephone charges, etc.) will be borne by shareholders. Also, when voting by mobile phone, packet communication fees and other costs entailed by the use of mobile phones will be borne by shareholders.

Inquiries related to systems, etc.

Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Division (Help Desk)
Phone:0120-173-027 (toll-free, within Japan)
(Hours: 9:00 a.m. to 9:00 p.m.)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company's basic policy is to maintain a stable, continuous dividend while proactively implementing shareholder return measures.

In order to strengthen management foundations and achieve sustainable growth, the Company intends to actively utilize internal reserves to ensure the soundness of its financial position, invest in research and development, make capital investments, and strengthen Group systems to facilitate synergies in developing technology and customer demand, etc., and shall thus endeavor to enhance business performance.

Comprehensively taking these policies and business performance into consideration, the Company proposes a year-end dividend of 22 yen per share. As a result, the annual dividend for the fiscal year under review will increase by 4 yen year-on-year to 42 yen per share including an interim dividend of 20 yen.

The Company proposes the appropriation of surplus for the fiscal year under review as follows.

1. Items Related to the Year-end Dividend

- | | |
|---|---|
| (1) Type of dividend property | Cash |
| (2) Items related to the allocation of dividend property to shareholders and its total amount | 22 yen per common share
Total of 454,061,278 yen |
| (3) Date the distribution of surplus comes into effect | June 20, 2019 |

2. Other Items Related to the Appropriation of Surplus

- | | | |
|---|-----------------------------------|-------------------|
| (1) Surplus item to be increased and its amount | General reserve | 1,700,000,000 yen |
| (2) Surplus item to be decreased and its amount | Retained earnings brought forward | 1,700,000,000 yen |

Proposal 2: Election of 10 Directors (excluding Directors who are Audit & Supervisory Committee Members)

The terms of office of all 11 Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 10 Directors (excluding Directors who are Audit & Supervisory Committee Members) is proposed.

The candidates were decided by the Board of Directors upon the receipt of the report issued by the Nomination Advisory Committee.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

No.		Name	Positions and responsibilities in the Company
1	Reappointment	Takashi Une	Representative Director and President
2	Reappointment	Yoshiteru Manabe	Representative Director and Senior Managing Director; in charge of Technology & Production, Environment and Safety Control
3	Reappointment	Toru Nobuhiro	Managing Director; in charge of Strategic Purchasing; and SHIFT Promotion
4	Reappointment	Manabu Nishikawa	Director; General Manager, Production H.Q.
5	Reappointment	Yasutomo Miyashita	Director; General Manager, Administrative H.Q.
6	Reappointment	Masaya Inaba	Director; General Manager, Research & Development H.Q.; General Manager, R&D Center; in charge of Quality
7	Reappointment	Hirohiko Morioka	Director; General Manager, Business H.Q.
8	Reappointment	Nobuyuki Takagi	Director; General Manager, Management Planning Department
9	Reappointment Outside	Daisaburo Akita	Outside Director
10	New Candidate Outside	Elizabeth Masamune	Candidate for Outside Director

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Takashi Une (November 17, 1960) <u>Reappointment</u>	<p>April 1983 Joined the Company</p> <p>June 2010 Director, the Company; Representative Director and President, Pelnox, Ltd.</p> <p>April 2012 Director; General Manager, Management Planning Department; in charge of Purchasing, the Company</p> <p>October 2012 Managing Director</p> <p>April 2016 Managing Director; Chief Business Officer (Business H.Q.); General Manager, Business H.Q.</p> <p>April 2017 Managing Director; Chief Business Officer (Business H.Q.); General Manager, Business H.Q.; General Manager, Coating Chemicals Division, Business H.Q.</p> <p>December 2017 Representative Director and President; Chief Business Officer (Business H.Q.); General Manager, Business H.Q.; General Manager, Coating Chemicals Division, Business H.Q.</p> <p>April 2018 Representative Director and President</p> <p>To present</p>	39,100
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Takashi Une has been involved in administration and planning departments, including overseas, over many years, and after serving as general manager of a plant, President of a subsidiary, general manager of the management planning department, and Managing Director and Chief Business Officer, has been serving as Representative Director and President since December 2017, and possesses abundant experience in regard to the overall management of the Group and business management. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.</p>			
2	Yoshiteru Manabe (July 23, 1958) <u>Reappointment</u>	<p>April 1983 Joined the Company</p> <p>June 2008 Director; General Manager, Management Planning Department</p> <p>April 2009 Director; General Manager, Development Management Division; General Manager, New Technology & Business Development Department; General Manager, Tsukuba R&D Center</p> <p>June 2010 Managing Director</p> <p>April 2016 Managing Director; Chief Technical Officer (Research & Development H.Q., Production H.Q.); in charge of Environment & Safety Control</p> <p>December 2017 Representative Director and Senior Managing Director; Chief Technical Officer (Research & Development H.Q. and Production H.Q.); in charge of Environment & Safety Control</p> <p>April 2018 Representative Director and Senior Managing Director; in charge of Technology & Production and Environment & Safety Control</p> <p>April 2019 Representative Director and Senior Managing Director; in charge of Technology & Production, Environment and Safety Control</p> <p>To present</p>	44,420
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Yoshiteru Manabe has been involved in research and development and overseas businesses over many years, and after serving in positions including President of an overseas subsidiary, general manager of the management planning department, general manager of the research and development department, and Managing Director and Chief Technical Officer, has been serving as Representative Director since December 2017, and possesses abundant experience in regard to the overall management of the Group and business management. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held	
3	Toru Nobuhiro (July 21, 1960) <u>Reappointment</u>	April 1984 June 2008	Joined the Company Director; General Manager, Administrative Management Division; General Manager, Financial & Accounting Department, Administrative Management Division; General Manager, Data Processing Department, Administrative Management Division	41,640
		October 2010 April 2014 June 2015 April 2016 April 2018 April 2019 To present	Director; General Manager, Administrative Management Division; General Manager, Data Processing Department, Administrative Management Division Director; General Manager, Management Planning Department Managing Director Managing Director; Chief Strategy Officer (Strategic Purchasing and Management Planning); General Manager, Management Planning Department Managing Director; in charge of Strategic Purchasing, General Manager, Management Planning Department Managing Director; in charge of Strategic Purchasing; and SHIFT Promotion To present	
[Reason for nomination as candidate for Director] Mr. Toru Nobuhiro has been involved in overseeing administration departments as a whole over many years, and after serving as general manager of the management planning department, currently serves as Managing Director, and possesses abundant experience in regard to the overall management of the Group and business management. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.				
4	Manabu Nishikawa (October 26, 1957) <u>Reappointment</u>	April 1981 October 2011	Joined the Company Officer, General Manager, Production Management Division; General Manager, Production Technology Development Department; General Manager, Production Logistics Department	25,140
		June 2012 April 2014 April 2016 To present	Director; General Manager, Production Management Division; General Manager, Production Technology Development Department; General Manager, Production Logistics Department Director; General Manager, Production Management Division Director; General Manager, Production H.Q. To present	
[Reason for nomination as candidate for Director] Mr. Manabu Nishikawa has experience of establishing many overseas offices and has served as President of an overseas subsidiary, has overseen the production departments of the Group as a whole over many years, and possesses abundant experience in regard to overall management, and currently serves as Director and General Manager of the Production H.Q. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.				

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
5	Yasutomo Miyashita (January 25, 1957) <u>Reappointment</u>	March 1991	Joined Mitsubishi Petrochemical Co., Ltd. (present Mitsubishi Chemical Corporation)	15,800
		December 2009	Joined the Company	
		April 2012	Officer; General Manager, Financial & Accounting Department, Administrative Management Division	
		June 2013	Director; General Manager, Financial & Accounting Department, Administrative Management Division	
		April 2014	Director; General Manager, Administrative Management Division; General Manager, Financial & Accounting Department, Administrative Management Division; General Manager, Data Processing Department, Administrative Management Division	
		April 2016	Director; Chief Financial Officer (Administrative H.Q.); General Manager, Administrative H.Q.; General Manager, Financial & Accounting Department, Administrative H.Q.; General Manager, Data Processing Department, Administrative H.Q.	
		April 2018	Director; General Manager, Administrative H.Q. To present	
[Reason for nomination as candidate for Director] Mr. Yasutomo Miyashita has been involved in the areas of accounting and finance over many years, possesses abundant experience in regard to overall management, including serving as General Manager of the Administrative Management Division overseeing other administrative departments as a whole, and currently serves as Director and General Manager of the Administrative H.Q. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.				
6	Masaya Inaba (February 23, 1957) <u>Reappointment</u>	April 1982	Joined the Company	21,080
		April 2012	Officer; Representative Director and President, Pelnox, Ltd.	
		April 2015	Officer; General Manager, R&D Center; General Manager, Development Management Division; General Manager, R&D Promoting Department, Development Management Division, the Company	
		June 2015	Director; in charge of Quality; General Manager, R&D Center; General Manager, Development Management Division; General Manager, R&D Promoting Department, Development Management Division	
		April 2016	Director; in charge of Quality; General Manager, R&D Center; General Manager, Research & Development H.Q.; General Manager, Corporate Development Department, Research & Development H.Q.	
		April 2017	Director; in charge of Quality; General Manager, R&D Center; General Manager, Tsukuba R&D Center; General Manager, Research & Development H.Q.; General Manager, Corporate Development Department, Research & Development H.Q.	
April 2018	Director; General Manager, Research & Development H.Q.; General Manager, R&D Center; in charge of Quality To present			
[Reason for nomination as candidate for Director] Mr. Masaya Inaba has been involved in the research and development department over many years, has served as President of a subsidiary, etc., currently serves as Director and General Manager of the Research & Development H.Q., and possesses abundant experience in regard to the research and development department and overall management. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.				

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
7	Hirohiko Morioka (March 27, 1961) <u>Reappointment</u>	April 1983	Joined the Company	17,200
		April 2015	Officer; General Manager, Paper Chemicals Division	
June 2015	Director; General Manager, Paper Chemicals Division			
April 2016	Director; Deputy General Manager, Business H.Q. (in charge of Sales); General Manager, Paper Chemicals Division, Business H.Q.			
April 2018	Director; General Manager, Business H.Q. To present			
[Reason for nomination as candidate for Director] Mr. Hirohiko Morioka has been involved in the sales department over many years, has served as General Manager of the Paper Chemicals Division, Director and Deputy General Manager of the Business H.Q., currently serves as Director and General Manager of the Business H.Q., and has abundant experience in regard to the sales department and overall management. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.				
8	Nobuyuki Takagi (November 1, 1964) <u>Reappointment</u>	April 1988	Joined the Company	4,600
		April 2012	General Manager, Strategic Purchasing Division	
April 2013	Officer; General Manager, Strategic Purchasing Division			
April 2018	Officer; General Manager, Coating Chemicals Division, Business H.Q.			
June 2018	Director; General Manager, Coating Chemicals Division, Business H.Q.			
April 2019	Director; General Manager, Management Planning Department To present			
[Reason for nomination as candidate for Director] Mr. Nobuyuki Takagi has been involved in research, sales, and planning departments, and has served as General Manager of Strategic Purchasing Division, as well as Director and General Manager of Coating Chemicals Division, Business H.Q. Currently, he serves as Director and General Manager of Management Planning Department and possesses abundant experience in regard to material and sales departments, and overall management. The Company has judged that he will be able to utilize this experience to continue playing a sufficient role in the enhancement of the Group's corporate value and growth into a true global company, and has therefore nominated him as a candidate to continue serving as Director.				
9	Daisaburo Akita (November 19, 1953) <u>Reappointment</u> <u>Outside</u>	April 1976	Joined MITSUI & CO., LTD.	200
		April 2010	Associate Officer; Chairman and Managing Director, MITSUI & CO., LTD. (AUSTRALIA) LTD.; Chairman, Mitsui & Co NZ Limited	
April 2013	Associate Officer, Basic Chemicals Business Unit, MITSUI & CO., LTD.			
June 2013	Director; General Manager, Chemicals Business Division; General Manager, Purchasing Department, Honshu Chemical Industry Co., Ltd.			
June 2016	Managing Director; General Manager, Chemicals Business Division; General Manager, Purchasing Department			
June 2018	Outside Director, the Company To present			
[Reason for nomination as candidate for Outside Director] Mr. Daisaburo Akita has abundant experience in corporate management at another company and high-level of insights, and has provided valuable views and straightforward observations regarding the management of the Group. The Company expects he will continue playing a sufficient role in the enhancement of the Group's corporate value, growth into a true global company, and the strengthening and enhancement of corporate governance, and has therefore nominated him as a candidate for Outside Director. [Term of office as Outside Director of the Company] One (1) year at the conclusion of this General Meeting				

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
10	Elizabeth Masamune (April 5, 1960) New Candidate Outside	<p>January 1987 Joined Australian Trade Commission, Australian Embassy (Tokyo)</p> <p>April 1996 Counsellor, Australian Embassy (Jakarta)</p> <p>April 1999 Counsellor, Australian Embassy (Hanoi)</p> <p>August 2002 Counsellor, Australian Embassy (Seoul)</p> <p>August 2007 Minister; Australian Embassy, General Manager; Australian Trade Commission (Tokyo)</p> <p>October 2011 General Manager; Northeast Asia, Australian Trade Commission (Sydney)</p> <p>September 2013 General Manager; Trade Headquarters, Australian Trade Commission (Sydney)</p> <p>March 2014 President, @Asia Associates Inc. (Sydney)</p> <p>July 2015 President, @Asia Associates Japan Inc. To present</p> <p>[Significant concurrent positions] President, @Asia Associates Japan Inc. Member; Council of Management, Chiba University Senior Managing Director; Awaji Youth Federation, Pasona Group, Inc. Outside Director, Faith, Inc.</p>	—
<p>[Reason for nomination as candidate for Outside Director] Ms. Elizabeth Masamune has international experience as a diplomat, abundant experience in corporate management and high-level of insights. The Company judges that she will be able to provide valuable views and straightforward observations regarding the management of the Group. The Company expects she will play a sufficient role in the enhancement of the Group's corporate value, growth into a true global company, and the strengthening and enhancement of corporate governance, and has therefore nominated her as a candidate for Outside Director.</p>			

- (Notes) 1. There are no special interests between any of the candidates and the Company.
2. The Company has entered into an agreement with Mr. Daisaburo Akita, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act. However, the maximum amount of liability pursuant to the agreement is the minimum amount stipulated by laws and regulations.
The Company intends to enter into such a limited liability agreement with Mr. Daisaburo Akita if his appointment is approved.
3. Mr. Daisaburo Akita satisfies the criteria for independence of Outside Directors of the Company. The Company has registered him as Independent Director with the Tokyo Stock Exchange, Inc. If his appointment is approved, the Company will file the notification of him as Independent Directors.
4. The Company and Ms. Elizabeth Masamune intend to enter into an agreement, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, to limit her liability pursuant to Article 423, Paragraph 1 of the Companies Act, if her appointment is approved. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by laws and regulations.
5. Ms. Elizabeth Masamune satisfies the criteria for independence of Outside Directors of the Company. The Company will file the notification of her as Independent Director to the Tokyo Stock Exchange, Inc. if her appointment is approved.