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(Stock Exchange Code 4968)
June 1, 2018

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 88th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 88th 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, so in this case please review the attached Reference Documents for the General Meeting of Shareholders, indicate your consent/dissent for the proposals on the enclosed Voting Rights Exercise Form, and mail it such that it arrives by no later than 5:30 p.m. on Tuesday, June 19, 2018, Japan time.

- 1. Date and Time:** Wednesday, June 20, 2018 at 10:00 a.m. Japan time
(Reception opens from 9:00 a.m. Japan time.)
- 2. Place:** Conference room on the 8F of the Corporate Headquarters located at
1-3-7, Hiranomachi, Chuo-ku, Osaka, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the Company's 88th Fiscal Year (April 1, 2017 - March 31, 2018)
 2. Results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements for the Company's 88th Fiscal Year
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 11 Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Proposal 3:** Election of 3 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 (<http://www.arakawachem.co.jp>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company's basic policy in terms of shareholder return measures 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 19 yen per share. As a result, the annual dividend for the fiscal year under review will be 38 yen per share including an interim dividend of 19 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 | 19 yen per common share
Total of 392,143,850 yen |
| (3) Date the distribution of surplus comes into effect | June 21, 2018 |

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 11 Directors (excluding Directors who are Audit & Supervisory Committee Members)

The terms of office of all 9 Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, by increasing the number of Directors by 2 to enable growth into a true global company and further strengthen the corporate governance system, the election of 11 Directors (excluding Directors who are Audit & Supervisory Committee Members) is proposed.

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; and Environment & Safety Control
3	Reappointment	Toru Nobuhiro	Managing Director; in charge of Strategic Purchasing; General Manager, Management Planning Department
4	Reappointment	Shozo Tanioku	Director Corporate Counsellor
5	Reappointment	Manabu Nishikawa	Director; General Manager, Production H.Q.
6	Reappointment	Tetsuro Sanoh	Director; Asia Commissary-General (Stationed in Shanghai)
7	Reappointment	Yasutomo Miyashita	Director; General Manager, Administrative H.Q.
8	Reappointment	Masaya Inaba	Director; General Manager, Research & Development H.Q.; General Manager, R&D Center; in charge of Quality
9	Reappointment	Hirohiko Morioka	Director; General Manager, Business H.Q.
10	New Candidate	Nobuyuki Takagi	Officer; General Manager, Coating Chemicals Division, Business H.Q.
11	New Candidate Outside	Daisaburo Akita	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>	April 1983 June 2010 April 2012 October 2012 April 2016 April 2017 December 2017 April 2018	Joined the Company Director, the Company; Representative Director and President, Pelnox, Ltd. Director; General Manager, Management Planning Department; in charge of Purchasing, the Company Managing Director Managing Director; Chief Business Officer (Business H.Q.); General Manager, Business H.Q. Managing Director; Chief Business Officer (Business H.Q.); General Manager, Business H.Q.; General Manager, Coating Chemicals Division, Business H.Q. Representative Director and President; Chief Business Officer (Business H.Q.); General Manager, Business H.Q.; General Manager, Coating Chemicals Division, Business H.Q. Representative Director and President To present	34,100
[Reason for nomination as candidate for Director] 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.				
2	Yoshiteru Manabe (July 23, 1958) <u>Reappointment</u>	April 1983 June 2008 April 2009 June 2010 April 2016 December 2017 April 2018	Joined the Company Director; General Manager, Management Planning Department Director; General Manager, Development Management Division; General Manager, New Technology & Business Development Department; General Manager, Tsukuba R&D Center Managing Director Managing Director; Chief Technical Officer (Research & Development H.Q., Production H.Q.); in charge of Environment & Safety Control Representative Director and Senior Managing Director; Chief Technical Officer (Research & Development H.Q. and Production H.Q.); in charge of Environment & Safety Control Representative Director and Senior Managing Director; in charge of Technology & Production and Environment & Safety Control To present	41,120
[Reason for nomination as candidate for Director] 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.				

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	Joined the Company	39,140
		June 2008	Director; General Manager, Administrative Management Division; General Manager, Financial & Accounting Department, Administrative Management Division; General Manager, Data Processing Department, Administrative Management Division	
October 2010	Director; General Manager, Administrative Management Division; General Manager, Data Processing Department, Administrative Management Division			
April 2014	Director; General Manager, Management Planning Department			
June 2015	Managing Director			
April 2016	Managing Director; Chief Strategy Officer (Strategic Purchasing and Management Planning); General Manager, Management Planning Department			
April 2018	Managing Director; in charge of Strategic Purchasing, General Manager, Management Planning Department 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	Shozo Tanioku (March 1, 1955) <u>Reappointment</u>	April 1979	Joined the Company	58,980
		June 2007	Director, the Company; Representative Director and President, Pelnox, Ltd.	
April 2008	Director; General Manager, Development Management Division; General Manager, Technology Business Development Department; General Manager, Tsukuba R&D Center; in charge of Safety, the Company			
April 2009	Director; General Manager, Management Planning Department; in charge of Safety			
June 2010	Managing Director			
April 2013	Representative Director and President			
December 2017	Director Corporate Counsellor To present			
[Reason for nomination as candidate for Director] Mr. Shozo Tanioku has served as Representative Director and President until December 2017, and possesses abundant experience as a corporate manager 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 and high-level insights 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	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	23,340
		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.	
[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.				
6	Tetsuro Sanoh (March 22, 1955) <u>Reappointment</u>	April 1977 April 2009 June 2013	Joined the Company Officer; General Manager, Paper Chemicals Division Director; General Manager, Paper Chemicals Division; General Manager, Tokyo Office	20,300
		April 2015 April 2017 To present	Director; Asia Commissary-General Director; Asia Commissary-General (Stationed in Shanghai)	
[Reason for nomination as candidate for Director] Mr. Tetsuro Sanoh has been involved in sales departments over many years, has served as General Manager of the Paper Chemicals Division, and has been involved in promoting global business development as Asia Commissary-General, etc., and possesses abundant experience in regard to the overall management of the Group. 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.				
7	Yasutomo Miyashita (January 25, 1957) <u>Reappointment</u>	March 1991 December 2009 April 2012	Joined Mitsubishi Petrochemical Co., Ltd. (present Mitsubishi Chemical Corporation) Joined the Company Officer; General Manager, Financial & Accounting Department, Administrative Management Division	13,200
		June 2013 April 2014 April 2016 April 2018 To present	Director; General Manager, Financial & Accounting Department, Administrative Management Division Director; General Manager, Administrative Management Division; General Manager, Financial & Accounting Department, Administrative Management Division; General Manager, Data Processing Department, Administrative Management Division 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. Director; General Manager, Administrative H.Q.	
[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.				

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
8	Masaya Inaba (February 23, 1957) <u>Reappointment</u>	April 1982	Joined the Company	18,780
		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.				
9	Hirohiko Morioka (March 27, 1961) <u>Reappointment</u>	April 1983	Joined the Company	15,400
		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.				
10	Nobuyuki Takagi (November 1, 1964) <u>New candidate</u>	April 1988	Joined the Company	3,200
		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.			
		To present		
[Reason for nomination as candidate for Director] Mr. Nobuyuki Takagi has been involved in research, sales, and planning departments, has served as Officer and General Manager of Strategic Purchasing currently serves as Officer and General Manager of Coating Chemicals Division, Business H.Q., and possesses abundant experience in regard to material department and overall management. The Company has judged that he will be able to utilize this experience to play 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 serve as Director.				

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
11	Daisaburo Akita (November 19, 1953) New Candidate Outside	<p>April 1976 Joined MITSUI & CO., LTD.</p> <p>April 2010 Associate Officer; Chairman and Managing Director, MITSUI & CO., LTD. (AUSTRALIA) LTD.; Chairman, Mitsui & Co NZ Limited</p> <p>April 2013 Associate Officer, Basic Chemicals Business Unit, MITSUI & CO., LTD.</p> <p>June 2013 Director; General Manager, Chemicals Business Division; General Manager, Purchasing Department, Honshu Chemical Industry Co., Ltd.</p> <p>June 2016 Managing Director; General Manager, Chemicals Business Division; General Manager, Purchasing Department</p> <p>To present</p>	—
<p>[Reason for nomination as candidate for Outside Director]</p> <p>Mr. Daisaburo Akita has abundant experience in corporate management at another company and high-level of insights, and the Company judges that he will be able to provide valuable views and straightforward observations regarding the management of the Group. The Company expects he 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 him as a candidate for Outside Director.</p>			

- (Notes)
1. There are no special interests between any of the candidates and the Company.
 2. Mr. Daisaburo Akita intends to retire from Director of Honshu Chemical Industry Co., Ltd. at the conclusion of the Annual General Meeting of Shareholders of Honshu Chemical Industry Co., Ltd. scheduled to be held on June 22, 2018.
 3. The Company and Mr. Daisaburo Akita intend to enter into an agreement, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act, if his appointment is approved. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by laws and regulations.
 4. Mr. Daisaburo Akita satisfies the criteria for independence of Outside Directors of the Company. The Company will file the notification of him as Independent Director to the Tokyo Stock Exchange, Inc. if his appointment is approved.

Proposal 3: Election of 3 Directors who are Audit & Supervisory Committee Members

The terms of office of all 3 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 3 Directors who are Audit & Supervisory Committee Members is proposed.

The Audit & Supervisory Committee has previously given its approval to this proposal.

The candidates for Directors who are Audit & Supervisory Committee Member are as follows:

No.		Name	Positions and responsibilities in the Company
1	New Candidate	Hiroshi Nakagawa	Officer; Deputy General Manager of Administrative H.Q.,
2	Reappointment Outside	Shigeto Murakami	Outside Director who are Audit & Supervisory Committee Member
3	Reappointment Outside	Masahiro Nakatsukasa	Outside Director who are Audit & Supervisory Committee Member

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
1	Hiroshi Nakagawa (November 27, 1956) [New Candidate]	April 1981	Joined the Company	6,780
		April 2011	Director, TAIWAN ARAKAWA CHEMICAL INDUSTRIES, LTD.	
April 2014	Managing Director, TAIWAN ARAKAWA CHEMICAL INDUSTRIES, LTD.			
April 2015	Officer, the Company; Managing Director, TAIWAN ARAKAWA CHEMICAL INDUSTRIES, LTD.			
April 2018	Officer; Deputy General Manager of Administrative H.Q., the Company To present			
[Reason for nomination as candidate for Director who is an Audit & Supervisory Committee Member] Mr. Hiroshi Nakagawa possesses abundant experience in the research department and business department of the Company and as President of overseas subsidiaries. The Company has judged that he will be able to play a sufficient role in the Group's growth into a true global company and the strengthening and enhancement of corporate governance, and has therefore nominated him as a candidate to serve as Director who is an Audit & Supervisory Committee Member.				
2	Shigeto Murakami (November 25, 1954) [Reappointment Outside]	April 1978	Joined The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.)	1,100
		June 2006	Officer; General Manager, East Osaka Central Branch	
July 2008	Joined Heiwado Co., Ltd.			
May 2010	Director; General Manager, Training and Personnel Department			
February 2012	Director; General Manager, Affiliated Businesses Department			
May 2013	Standing Corporate Auditor			
Jun 2016	Outside Director; Standing Audit & Supervisory Committee Member, the Company To present			
[Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member] Mr. Shigeto Murakami possesses experience as an officer at another company and a high level of insight in regard to corporate management. The Company has judged that he will be able to play a sufficient role in the Group's growth into a true global company and the strengthening and enhancement of corporate governance, and has therefore nominated him as a candidate to continue serving as Outside Director who is an Audit & Supervisory Committee Member. [Term of office as Outside Director of the Company] Two (2) years 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
3	Masahiro Nakatsukasa (January 19, 1965) <u>Reappointment</u> <u>Outside</u>	<p>April 1994 Registered as attorney-at-law (Osaka Bar Association)</p> <p>April 1994 Joined Chuo Sogo Law Office (present Chuo Sogo Law Office, P.C.)</p> <p>To present</p> <p>April 2015 Deputy Chairman, Osaka Bar Association</p> <p>June 2015 Outside Corporate Auditor, the Company</p> <p>June 2016 Outside Director; Audit & Supervisory Committee Member, the Company</p> <p>To present</p> <p>[Significant concurrent positions]</p> <p>Outside Director; Audit & Supervisory Committee Member, Asaka Industrial Co., Ltd.</p> <p>Outside Director; Audit & Supervisory Committee Member, Nippon Dentsu Corporation</p> <p>Outside Director, NAKAYAMA STEEL WORKS., LTD.</p>	2,200
<p>[Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member] Mr. Masahiro Nakatsukasa has thus far provided valuable views and straightforward observations regarding the management of the Group as an Outside Corporate Auditor, from an objective perspective with a high level of independence, based on his specialist legal knowledge and experience as an attorney. The Company has judged that he will be able to play a sufficient role in the Group's growth into a true global company and the strengthening and enhancement of corporate governance by participating in the management of the Company from the standpoint of an Audit & Supervisory Committee Member, and has therefore nominated him as a candidate to continue serving as Outside Director who is an Audit & Supervisory Committee Member.</p> <p>[Term of office as Outside Director of the Company] Two (2) years at the conclusion of this General Meeting</p>			

- (Notes) 1. There are no special interests between any of the candidates and the Company.
2. The Company has entered into agreements with Mr. Shigeto Murakami and Mr. Masahiro Nakatsukasa, 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. If their appointment is approved, the Company intends to enter into such agreements with these candidates.
3. Mr. Shigeto Murakami and Mr. Masahiro Nakatsukasa satisfy the criteria for independence of Outside Directors of the Company, and the Company has registered them as Independent Directors with the Tokyo Stock Exchange, Inc. If their appointment is approved, the Company will file the notification of them as Independent Directors.