

(Stock Exchange No.: 8020)

June 2, 2017

**NOTICE OF
THE 123RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

You are cordially invited to attend the 123rd Ordinary General Meeting of Shareholders of Kanematsu Corporation (hereinafter “the Company”) to be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing. After reviewing the enclosed reference materials, please indicate “for” or “against” for each agenda item listed in the enclosed Ballot Form, and return it to the Company by 5:10 p.m. on Thursday, June 22, 2017.

Sincerely,

Masayuki Shimojima, President & CEO
Kanematsu Corporation
119 Ito-machi, Chuo-ku, Kobe

Meeting Details

1. Date: June 23, 2017 (Friday) at 10:00 a.m.

2. Place: Tokyo Head Office of Kanematsu Corporation, 2nd Floor Conference Room,
Seavans North Bldg., 1-2-1 Shibaura, Minato-ku, Tokyo

3. Meeting Agenda

Items to Be Reported:

1. Business Report and Consolidated Financial Statements, as well as Audit Reports of Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors for the 123rd Fiscal Term (April 1, 2016 to March 31, 2017)
2. Non-Consolidated Financial Statements for the 123rd Fiscal Term (April 1, 2016 to March 31, 2017)

Items to Be Resolved:

- Item 1: Consolidation of shares
- Item 2: Partial amendments to the Articles of Association
- Item 3: Election of eight (8) directors

When you attend in person, please submit the enclosed Ballot Form to the receptionist at the meeting.

Of the documents to be included with this notice, pursuant to laws and regulations and provisions of the Articles of Association of the Company, the Notes to the Consolidated Financial Statements and Notes to the Non-Consolidated Financial Statements are disclosed on our website (<http://www.kanematsu.co.jp>) rather than being included in the documents accompanying this notice. The documents accompanying this notice and the documents posted on the above Website include an audit report and an accounting audit report that were audited by corporate auditors and an accounting auditor during preparation, respectively.

If there are any amendments to the reference materials, Business Report, the Non-Consolidated Financial Statements or Consolidated Financial Statements, the revised version will be posted on our Website (<http://www.kanematsu.co.jp>).

Reference Materials for the General Meeting of Shareholders

Items and References

Item 1: Consolidation of shares

1. Reasons necessitating share consolidation

Japan's securities exchanges have announced the "Action Plan for Consolidating Trading Units," with the aim of standardizing the trading unit for common shares (number of shares per share unit) for listed companies in Japan at 100 shares per unit.

In consideration of this background and the Company's status as an enterprise listed on the Tokyo Stock Exchange Inc., the Company has decided to change the trading unit for the Company's common shares from the present number of 1,000 shares to 100 shares. At the same time, the Company will also consolidate its shares in order to maintain the level of investment unit considered desirable for the Company's shares by the stock exchanges (50,000 yen or more, and less than 500,000 yen).

2. Consolidation ratio

The Company's common shares will be consolidated at the ratio of five shares to one share.

If any fractional shares arise as a result of the consolidation of shares, pursuant to the provisions of Article 235 of the Companies Act, the Company will sell all such fractional shares and distribute the proceeds to shareholders having fractional shares in proportion to their respective fractions.

3. Effective date of share consolidation

October 1, 2017

4. Total number of authorized shares as of the effective date

200,000,000 shares

5. Other

Share consolidation pertaining to this proposal will be executed provided that Item 2 Partial amendments to the Articles of Association is approved.

The Company requests that other matters required for the procedures be left to the discretion of the Board of Directors.

(Note) Although the share consolidation will result in a reduction in the total number of issued shares to one-fifth of the present number, there will be no change in net assets or the like before and after the share consolidation, meaning that net assets per share will be five times the current amount. Therefore, there will be no change in the respective asset value of shares of the Company held by each shareholder, except when impacted by other fluctuation factors such as stock market conditions.

Item 2: Partial amendments to the Articles of Association

The Company proposes that the Articles of Association of the Company be amended as follows.

1. Reason for amendments

- (1) The Company has decided to decrease the total number of its authorized shares stipulated in Article 6 of the current Articles of Association in association with the decrease in the total number of its issued shares, provided that Item 1 “Consolidation of shares” is approved.
- (2) Taking into consideration the intent of the “Action Plan for Consolidating Trading Units” announced by Japan’s securities exchanges, the Company proposes an amendment to Article 7 (Number of Shares per Share Unit) of the current Articles of Association in order to change its share trading unit from 1,000 shares to 100.
- (3) Partial amendments to the Articles of Association shall take effect, provided that Item 1 “Consolidation of shares” is approved, and the Company proposes to establish a supplementary provision stating that such amendments will take effect on October 1, 2017, the effective date of share consolidation. This supplementary provision shall be deleted from the Articles of Association upon the amendments taking effect.

2. The current Articles of Association proposed amendments are as indicated below.

(Underlined portions indicate the proposed amendments)

Current Articles of Association	Proposed Amendments
Articles 1 to 5 (Omitted)	Articles 1 to 5 (Unchanged)
Chapter 2 Shares	Chapter 2 Shares
Article 6 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>1,016,653,604</u> .	Article 6 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>200,000,000</u> .
Article 7 (Number of Shares per Share Unit) The number of shares constituting one unit of shares of the Company shall be <u>1,000</u> .	Article 7 (Number of Shares per Share Unit) The number of shares constituting one unit of shares of the Company shall be <u>100</u> .
Articles 8 to 36 (Omitted)	Articles 8 to 36 (Unchanged)
(Newly established)	<u>(Supplemental Provisions)</u> <u>The amendments to Articles 6 and 7 shall take effect on October 1, 2017. This supplementary provision shall be deleted after the lapse of October 1, 2017.</u>

Item 3: Election of eight (8) directors

The terms of office for all seven (7) directors will expire at the conclusion of this General Meeting of Shareholders. To enhance the supervisory function of the Board of Directors, the number of Outside Directors will be increased by one (1). Accordingly, the Company proposes to elect eight (8) directors.

The candidates for director are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)	
1	Masayuki Shimojima (August 6, 1951)	Apr. 1974	Joined the Company
	Number of the Company's shares owned 117,000 shares	Jul. 1995	Vice-President, Kanematsu USA Inc.
Jul. 2000		General Manager, IT Administration Office, the Company	
Jun. 2002		President, Kanematsu USA Inc.	
Jun. 2006		Director, the Company	
Jun. 2009		Managing Director, the Company	
	Apr. 2010	President & CEO, the Company (To the present)	
<p><Reasons for nomination as candidate for director> Since 2010, Mr. Masayuki Shimojima has served as our President & CEO responsible for making decisions on important matters in the management and supervision of the execution of operations, with a wealth of experience, track record, and knowledge as a manager. He is expected to demonstrate his leadership in promoting our Group's management and strengthening corporate governance, and is thus re-nominated as a candidate for director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)
2	Kaoru Tanigawa (September 24, 1958)	<p>Apr. 1981 Joined the Company</p> <p>Jul. 2004 General Manager, Somerset Branch, Kanematsu USA Inc.</p> <p>Jan. 2008 General Manager, Information & Electronics Department, the Company</p> <p>Jun. 2010 Temporary transferred to Kanematsu Communications Co., Ltd. Director, Kanematsu Communications Co., Ltd.</p> <p>Apr. 2011 General Manager, Corporate Planning Department, the Company</p> <p>Jun. 2013 Director, the Company</p> <p>Jun. 2014 Retiring Director of the Company according to revision for improvement of executive officer system Managing Executive Officer, the Company</p> <p>Jun. 2015 Director, Senior Managing Executive Officer, the Company (To the present)</p> <p>(incumbent) Chief Officer, Electronics and Devices Division, Chief Officer, Corporate Planning, the Company</p> <p>(Significant concurrent position) Director, KANEMATSU ELECTRONICS LTD.</p>
	Number of the Company's shares owned 52,000 shares	
<p><Reasons for nomination as candidate for director></p> <p>Since joining the Company, Mr. Kaoru Tanigawa has been engaged primarily in the electronics and devices business. After serving as General Manager of the Company's Corporate Planning Department, in 2013, Mr. Tanigawa was appointed as a director responsible for the Electronics and Devices Division, and Corporate Planning, contributing to business expansion and development of management strategies. Due to his abundant experience and broad expertise, he is re-nominated as a candidate for director.</p>		

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)
3	Masao Hasegawa (April 20, 1955)	Apr. 1979 Joined The Bank of Tokyo, Ltd. (present The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
	Number of the Company's shares owned 21,000 shares	Apr. 2004 General Manager, Trust Business Division, The Bank of Tokyo-Mitsubishi, Ltd. (present The Bank of Tokyo-Mitsubishi UFJ, Ltd.) May 2005 President, The Bank of Tokyo-Mitsubishi (Holland) N.V. (present MUFG Bank (Europe) N.V.) Apr. 2008 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. President, The Bank of Tokyo-Mitsubishi UFJ (Holland) N.V. (present MUFG Bank (Europe) N.V.) May 2008 Executive Officer & General Manager, Corporate Risk Management Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Jun. 2010 Managing Director (Representative Director), Mitsubishi UFJ Financial Group, Inc. Jun. 2012 Deputy President, Mitsubishi UFJ Research and Consulting Co., Ltd. Jun. 2014 Resigned from Deputy President, Mitsubishi UFJ Research and Consulting Co., Ltd. Executive Vice President, the Company (To the present) (incumbent) Chief Officer, Supporting Area, Chief Officer, Internal Auditing Department, the Company
<Reasons for nomination as candidate for director> Mr. Masao Hasegawa, an expert in comprehensive risk management, has gained a wealth of experience and track record by serving as Chief Risk Officer as well as Managing Director (Representative Director) of Mitsubishi UFJ Financial Group, Inc. Appointed as our Executive Vice President in 2014, he has been committed to enhancing the Company's governance system, etc. and is thus re-nominated as a candidate for director.		

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)	
4	Takashi Gunji (July 20, 1958)	Apr. 1982	Joined the Company
	Number of the Company's shares owned 67,000 shares	Apr. 1998	Managing Director, Kanematsu Iran Ltd.
		Jun. 2005	General Manager, Iron & Steel Foreign Trade Department, the Company
		Feb. 2010	General Manager, Iron & Steel Foreign Trade Department and General Manager, Iron & Steel Administration Office, the Company
		Apr. 2010	Executive Officer, the Company
		Jun. 2010	Director, the Company
		Jun. 2013	Managing Director, the Company
		Jun. 2014	Director, Senior Managing Executive Officer, the Company (To the present)
		(incumbent)	Chief Officer, Steel, Materials and Plant Division, Chief Officer, Human Resources & General Affairs, General Manager, Osaka Branch, General Manager, Nagoya Branch, the Company
		(Significant concurrent position)	Executive Director, KANEYO CO., Ltd.
<p><Reasons for nomination as candidate for director></p> <p>Since joining the Company, Mr. Takashi Gunji has been engaged primarily in the iron & steel business. After serving as Managing Director of the Company's overseas subsidiary, he was appointed as a director in 2010, and has been responsible for Steel, Materials and Plant Division, and Human Resources & General Affairs. He is committed to strengthening our revenue base and fostering human resources. Due to his abundant experience and wide range of knowledge, he is re-nominated as a candidate for director.</p>			
5	Tetsuro Tsutano (April 3, 1969)	Apr. 1992	Joined the Company
	Number of the Company's shares owned 38,000 shares	Aug. 2007	Manager, Managerial Accounting Section, Accounting Department, the Company
New election		Apr. 2012	Manager, Finance Section, Finance Department, the Company
		Apr. 2013	General Manager, Finance Department, the Company (To the present)
	(incumbent)	General Manager, Finance Department, the Company	
<p><Reasons for nomination as candidate for director></p> <p>Since joining the Company, Mr. Tetsuro Tsutano has been engaged in finance and accounting. He has been committed to strengthening the Company's sound financial condition. Due to his wealth of experience and broad expertise, he is newly nominated as a candidate for director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)	
6	Yutaka Hirai (November 11, 1945)	Apr. 1970	Joined Daifuku Machinery Works Co., Ltd. (present Daifuku Co., Ltd.)
	Number of the Company's shares owned 0 shares	Jun. 2001	Director, Daifuku Co., Ltd.
	Candidate for outside director	Apr. 2003	Managing Director, Daifuku Co., Ltd.
	Independent officer	Apr. 2004	Senior Managing Director, Daifuku Co., Ltd.
		Apr. 2006	Vice-President, Daifuku Co., Ltd.
		Jun. 2011	Corporate Auditor, the Company
		Jun. 2014	Director, the Company (To the present)
	<Reasons for nomination as candidate for outside director> While serving in positions including Vice-President of Daifuku Co., Ltd., Mr. Yutaka Hirai has been responsible for management advisory and appropriate supervision of the execution of operations as an outside director of the Company, based on his long years of business experience and extensive knowledge, and is thus re-nominated as a candidate for outside director.		
7	Seiichi Katayama (April 18, 1943)	Apr. 1971	Assistant, Kobe University of Commerce
	Number of the Company's shares owned 0 shares	Sep. 1980	Visiting Professor at The Evergreen State College
	Candidate for outside director	Apr. 1987	Professor, Kobe University of Commerce
	Independent officer	Dec. 1993	Professor, Research Institute for Economics and Business Administration, Kobe University
		Apr. 2000	Director, Research Institute for Economics and Business Administration, Kobe University
		Apr. 2007	Professor Emeritus, Kobe University (To the present)
			Professor, Faculty of Business and Commerce, Aichi Gakuin University
		Apr. 2013	Professor, Faculty of Economics, Aichi Gakuin University
		Apr. 2014	Visiting Professor, Faculty of Economics, Aichi Gakuin University
		Jun. 2015	Director, the Company (To the present)
		Apr. 2017	Specially Appointed Researcher, Aichi Gakuin University (To the present)
		(Significant concurrent positions) Professor Emeritus, Kobe University	
	<Reasons for nomination as candidate for outside director> Although Mr. Seiichi Katayama has not been directly involved in corporate management in ways other than being an outside corporate officer, he is a university professor specializing in economics and has been committed to management advisory and appropriate supervision of the execution of operations as an outside director, based on his extensive expertise and knowledge regarding corporate management. Thus, he is re-nominated as a candidate for outside director.		

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)	
8	Tsutomu Yajima (April 7, 1949)	Apr. 1973	Joined Kawasaki Steel Corporation (present JFE Steel Corporation)
	Number of the Company's shares owned 0 shares New election Candidate for outside director Independent officer	Jul. 2001	Senior Associate Officer and General Manager, Sales Division, Kawasaki Steel Corporation
		Apr. 2003	Senior Associate Officer and General Manager, Steel and Terre Armee Division, Kawasho Corporation (present JFE Shoji Trade Corporation)
		Jun. 2003	Executive Officer, Kawasho Corporation
		Jun. 2004	Director and Managing Executive Officer, Kawasho Corporation
		Oct. 2004	Director and Managing Executive Officer, JFE Shoji Trade Corporation
		Apr. 2005	Managing Executive Officer, JFE Steel Corporation
		Apr. 2008	Senior Managing Executive Officer, JFE Steel Corporation
		Apr. 2010	Executive Vice President, JFE Steel Corporation
		Apr. 2012	Executive Vice President, JFE Shoji Trade Corporation
		Apr. 2013	President & CEO, JFE Shoji Trade Corporation
		Apr. 2016	Senior Advisor, JFE Shoji Trade Corporation (To the present)
		<p><Reasons for nomination as candidate for outside director> Mr. Tsutomu Yajima has gained extensive experience and deep insight in corporate management by serving as Executive Vice President of JFE Steel Corporation, and President & CEO of JFE Shoji Trade Corporation, among others. He is thus newly nominated as a candidate for outside director and expected to be committed to management advisory services and appropriate supervision of the execution of operations.</p>	

- (Notes) 1. There are no special interests between the Company and the candidates.
2. Messrs. Yutaka Hirai, Seiichi Katayama and Tsutomu Yajima are candidates for outside director.
3. At the conclusion of this meeting, Mr. Yutaka Hirai's tenure as corporate auditor and as outside director will have been three years, respectively. In addition, at the conclusion of this meeting, Mr. Seiichi Katayama's tenure as outside director will have been two years.
4. Limited liability agreement with outside directors
- (1) The Company has entered into agreements with Messrs. Yutaka Hirai and Seiichi Katayama with regard to limitation of liability for damages stipulated in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the said act. If their reelection is approved, the Company plans to renew these agreements with them.
- The maximum amount of liability for damages under this agreement is the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act.
- (2) If the election of Mr. Tsutomu Yajima is approved, the Company plans to enter into agreement with him with regard to limitation of liability for damages stipulated in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the said act.
- The maximum amount of liability for damages under this agreement is the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act.

5. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Messrs. Yutaka Hirai and Seiichi Katayama have been appointed as independent officers as provided for by the aforementioned exchange.

The Company plans to submit notification to Tokyo Stock Exchange, Inc. that Mr. Tsutomu Yajima is appointed as an independent officer as provided for by the aforementioned exchange.