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(Securities Code: 9869)

December 1, 2017

To our shareholders:

Kazuya Kato, President and Director
KATO SANGYO CO., LTD.
9-20, Matsubara-cho, Nishinomiya, Hyogo

Notice of the 71st Annual General Meeting of Shareholders

You are cordially invited to attend the 71st Annual General Meeting of Shareholders of KATO SANGYO CO., LTD. (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights before Thursday, December 21, 2017, at 5:30 p.m. (JST).

- 1. Date and Time:** Friday, December 22, 2017, at 10:00 a.m. (JST)
- 2. Venue:** Banquet hall “Kairaku,” B1 Floor of the Main Building, KOBE PORTOPIA HOTEL
10-1, 6 Chome, Minatojima Nakamachi, Chuo-ku, Kobe, Hyogo

3. Purpose of the Meeting

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 71st fiscal year (from October 1, 2016 to September 30, 2017), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 71st fiscal year (from October 1, 2016 to September 30, 2017)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of 12 Directors
Proposal No. 3: Payment of Retirement Benefits to a Retiring Director

- When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Appropriation of Surplus

We recognize that returning our profits to our shareholders is an important policy of management and have the basic policy of maintaining a fair dividend that is stable and commensurate with business performance while improving our earning capacity and enhancing our financial structure. In addition, with respect to internal reserves, we will proactively utilize them for enrichment of logistics function, information system upgrade, as well as the investment in new businesses for further strengthening our management base.

The Company celebrated its 70th anniversary on August 22, 2017. As a gesture of our gratitude for the ongoing support we have received from our shareholders, in accordance with the aforementioned policy, we plan to pay a commemorative dividend of ¥4 in addition to the ordinary dividend, as outlined below.

1. Year-end dividends

(1) Type of dividend property

To be paid in cash.

(2) Allotment of dividend property to shareholders and their aggregate amount

¥29 per common share of the Company (including a commemorative dividend of ¥4)

Total payment: ¥1,062,287,777

(Note) As the Company has already paid an interim dividend of ¥23 per share, the annual dividend will be ¥52 per share (including a commemorative dividend of ¥4).

(3) Effective date of dividends of surplus

The effective date of dividends will be December 25, 2017.

2. Other appropriation of surplus

(1) Item of surplus to be increased and amount of increase

General reserve: ¥4,500,000,000

(2) Item of surplus to be decreased and amount of decrease

Retained earnings brought forward: ¥4,500,000,000

Proposal No. 2: Election of 12 Directors

The terms of office of all 11 Directors will expire at the conclusion of this meeting.

Therefore, we propose to elect 12 Directors, including two Outside Directors, to enhance the corporate governance.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibilities at the Company
1	[Reelection] Kazuya Kato	President and Representative Director Responsible for Information Systems
2	[Reelection] Toshihiro Kimura	Senior Managing Director Chief of Sales Headquarters
3	[Reelection] Yutaka Kozuki	Managing Director Chief of Administration Headquarters and Related Operations Headquarters
4	[Reelection] Kenichi Yamanaka	Managing Director Vice Chief of Sales Headquarters, Responsible for operations in East Japan
5	[Reelection] Takashi Ota	Director Division Manager of Higashi Kanto Division
6	[Reelection] Toshinao Nakamura	Director Assistant Chief of Sales Headquarters, Responsible for Wide-Area Distribution, General Manager of Private Label Division
7	[Reelection] Kimihiro Suga	Director Division Manager of Minami Kinki Division
8	[Reelection] Keisuke Hibi	Director Chief of Logistics Headquarters, General Manager of Logistics Department
9	[New election] Masatoshi Uchita	Executive Officer Division Manager of Kita Kinki Division
10	[New election] Shigenori Tsuguie	Executive Officer General Manager of General Affairs Department and Environmental Management Department
11	[Reelection] Machiko Miyai	Outside Director [Outside Officer] [Independent Officer]
12	[Reelection] Yusuke Yasokawa	Outside Director [Outside Officer] [Independent Officer]

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	[Reelection] Kazuya Kato (July 10, 1969)	Mar. 1994 Joined the Company Dec. 1995 Director, General Manager of Presidential Affairs Office Oct. 1996 Director, General Manager of Distribution Department Dec. 1997 Director, Responsible for Logistics, General Manager of Sales Planning Department Apr. 1999 Director, Responsible for Logistics, Assistant of Sales Division Dec. 1999 Managing Director, Responsible for Logistics, Assistant of Sales Division Mar. 2000 Managing Director, Chief of Systems Headquarters, Assistant Chief of Sales Headquarters Dec. 2001 Senior Managing Director, Chief of Administration Headquarters, Systems Headquarters and Related Operations Headquarters Dec. 2003 President and Representative Director Dec. 2012 President and Representative Director, Chief of Systems Headquarters Dec. 2016 President and Representative Director, Responsible for Information Systems (present position)	950,388
[Reasons for nomination as a candidate for Director] Kazuya Kato has extensive contacts in the food distribution industry and abundant experience as a corporate manager, with both outstanding personality and insight. Serving as the President and Representative Director of the Company since December 2003, he has been leading the Group-wide management and contributing to improving the Company's corporate value. Accordingly, the Company has judged that Kazuya Kato is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	[Reelection] Toshihiro Kimura (January 20, 1957)	Mar. 1980 Joined the Company Oct. 2002 Branch Manager of Tama Branch June 2006 Division Manager of Kita Kanto Division, Branch Manager of Tama Branch Oct. 2008 Division Manager of Nishi Kinki Division, Branch Manager of Hanshin Branch Dec. 2009 Director, Division Manager of Nishi Kinki Division, Branch Manager of Hanshin Branch Apr. 2011 Director, Division Manager of Nishi Kinki Division Dec. 2014 Managing Director, Division Manager of Minami Kinki Division Dec. 2015 Managing Director, Vice Chief of Sales Headquarters, Division Manager of Minami Kinki Division Dec. 2016 Managing Director, Vice Chief of Sales Headquarters Dec. 2016 Senior Managing Director, Chief of Sales Headquarters (present position)	9,700
[Reasons for nomination as a candidate for Director] Toshihiro Kimura has served as head of the sales departments for many years, and with his abundant business experience and broad insight, he has been contributing to reinforcing sales capabilities and securing stable income. Accordingly, the Company has judged that Toshihiro Kimura is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	[Reelection] Yutaka Kozuki (May 27, 1955)	Nov. 2010 Joined the Company Nov. 2010 Chief of Related Operations Headquarters, General Manager of Presidential Affairs Office Apr. 2011 Chief of Related Operations Headquarters, General Manager of Presidential Affairs Office and International Business Department Dec. 2012 Executive Officer, Chief of Related Operations Headquarters, General Manager of Presidential Affairs Office and International Business Department Dec. 2013 Director, Chief of Related Operations Headquarters, General Manager of Presidential Affairs Office and International Business Department Dec. 2014 Director, Chief of Administration Headquarters and Related Operations Headquarters, General Manager of International Business Department Dec. 2015 Managing Director, Chief of Administration Headquarters and Related Operations Headquarters, General Manager of International Business Department Apr. 2016 Managing Director, Chief of Administration Headquarters and Related Operations Headquarters (present position) (Significant concurrent positions outside the Company) President and Representative Director, Kato SC Asia Investment Co., Ltd.	5,000
[Reasons for nomination as a candidate for Director] Yutaka Kozuki has consecutively held key positions in the administration departments and presently leads the Company in areas of corporate governance and business management as Managing Director, the Chief of the Administration Headquarters and Related Operations Headquarters. Accordingly, the Company has judged that Yutaka Kozuki is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares owned
4	[Reelection] Kenichi Yamanaka (March 30, 1960)	Apr. 1982	Joined the Company	14,700
		Dec. 2005	Branch Manager of Kita Osaka Branch	
		Oct. 2007	Branch Manager of Takamatsu Branch, Chushikoku Division	
		Oct. 2009	Division Manager of Chushikoku Division	
		Dec. 2012	Director, Division Manager of Chushikoku Division	
		Dec. 2015	Director, Division Manager of Minami Kanto Division	
		Dec. 2016	Managing Director, Division Manager of Minami Kanto Division	
		Dec. 2017	Managing Director, Vice Chief of Sales Headquarters, Responsible for operations in East Japan (present position)	
[Reasons for nomination as a candidate for Director] Kenichi Yamanaka has been mainly engaged in sales-related business and has developed broad range of customer relationship. He has also been contributing to reinforcing sales capabilities and securing stable income. Accordingly, the Company has judged that Kenichi Yamanaka is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.				
5	[Reelection] Takashi Ota (April 26, 1961)	Apr. 1984	Joined the Company	6,800
		Feb. 2006	Branch Manager of Akita Branch	
		Dec. 2007	Deputy Division Manager of Hokkaido Division, Branch Manager of Sapporo Branch	
		Apr. 2010	Division Manager of Hokkaido Division, Branch Manager of Sapporo Branch	
		Oct. 2010	Division Manager of Hokkaido Division	
		Dec. 2012	Executive Officer, Division Manager of Tohoku Division	
		Apr. 2013	Executive Officer, Division Manager of Tohoku Division, Branch Manager of Sendai Branch	
		Dec. 2013	Director, Division Manager of Tohoku Division, Branch Manager of Sendai Branch	
		Dec. 2016	Director, Division Manager of Higashi Kanto Division (present position)	
[Reasons for nomination as a candidate for Director] Takashi Ota has abundant business experience and insight in the sales area and has been contributing to reinforcing sales capabilities and securing stable income. Accordingly, the Company has judged that Takashi Ota is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares owned
6	[Reelection] Toshinao Nakamura (September 7, 1967)	Apr. 1991	Joined the Company	12,500
		Oct. 2008	Branch Manager of Nagoya Branch, Chubu Division	
		Apr. 2011	General Manager of Wide-Area Distribution Department	
		Dec. 2013	Executive Officer, General Manager of Wide-Area Distribution Department	
		Dec. 2014	Executive Officer, General Manager of Wide-Area Distribution Department and Private Label Division	
		Dec. 2015	Director, Assistant Chief of Sales Headquarters, General Manager of Wide-Area Distribution Department and Private Label Division	
		Aug. 2017	Director, Assistant Chief of Sales Headquarters, Responsible for Wide-Area Distribution, General Manager of Private Label Division (present position)	
[Reasons for nomination as a candidate for Director] Toshinao Nakamura has abundant business experience and insight in the sales area. He has been contributing to reinforcing private label products and securing stable income as the General Manager of the Private Label Division. Accordingly, the Company has judged that Toshinao Nakamura is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.				
7	[Reelection] Kimihiro Suga (January 21, 1963)	Apr. 1981	Joined the Company	7,200
		Sept. 2007	Branch Manager of Fukuoka Branch, Kyushu Division	
		Dec. 2008	Branch Manager of Fukuoka and Yamaguchi Branch, Kyushu Division	
		Oct. 2009	Branch Manager of Fukuoka Branch, Kyushu Division	
		Apr. 2013	Division Manager of Kyushu Division, Branch Manager of Fukuoka Branch	
		Dec. 2013	Executive Officer, Division Manager of Kyushu Division, Branch Manager of Fukuoka Branch	
		Feb. 2015	Executive Officer, Division Manager of Kyushu Division, Branch Manager of Fukuoka and Yamaguchi Branch	
		Oct. 2015	Executive Officer, Division Manager of Kyushu Division, Branch Manager of Fukuoka Branch	
		Dec. 2016	Executive Officer, Division Manager of Minami Kinki Division	
		Dec. 2016	Director, Division Manager of Minami Kinki Division (present position)	
[Reasons for nomination as a candidate for Director] Kimihiro Suga has been mainly engaged in sales-related business and has abundant business experience and insight. He has also developed broad range of customer relationship and has been contributing to securing stable income. Accordingly, the Company has judged that Kimihiro Suga is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares owned
8	[Reelection] Keisuke Hibi (December 28, 1965)	Apr. 1989	Joined the Company	4,000
		Oct. 2010	General Manager of Logistics Department	
		Dec. 2014	Executive Officer, Vice Chief of Systems Headquarters, General Manager of Logistics Department	
		Dec. 2016	Director, Chief of Logistics Headquarters, General Manager of Logistics Department (present position)	
[Reasons for nomination as a candidate for Director] Keisuke Hibi has abundant experience and insight in the logistics departments and presently leads the Company in the area of logistics as Director, the Chief of the Logistics Headquarters, and the General Manager of the Logistics Department. Accordingly, the Company has judged that Keisuke Hibi is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate to continue serving as Director.				
9	[New election] Masatoshi Uchita (March 4, 1963)	Apr. 1985	Joined the Company	3,900
		June 2006	Branch Manager of Hanwa Branch, Minami Kinki Division	
		Apr. 2011	Branch Manager of Kita Osaka Branch, Kita Kinki Division	
		Nov. 2011	Division Manager of Kita Kinki Division, Branch Manager of Kita Osaka Branch	
		Dec. 2013	Executive Officer, Division Manager of Kita Kinki Division, Branch Manager of Kita Osaka Branch	
		Oct. 2016	Executive Officer, Division Manager of Kita Kinki Division (present position)	
[Reasons for nomination as a candidate for Director] Masatoshi Uchita has been mainly engaged in sales-related business and has developed broad range of customer relationship. He has also been contributing to reinforcing sales capabilities and securing stable income. Accordingly, the Company has judged that Masatoshi Uchita is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate for Director.				
10	[New election] Shigenori Tsuguie (September 24, 1972)	Apr. 1995	Joined the Company	177,881
		Apr. 2012	Assigned to General Manager of General Affairs Department (temporarily transferred to K-Teion Foods Co., Ltd.)	
		Dec. 2015	General Manager of General Affairs Department and Environmental Management Department	
		Dec. 2016	Executive Officer, General Manager of General Affairs Department and Environmental Management Department (present position)	
[Reasons for nomination as a candidate for Director] Shigenori Tsuguie has been mainly engaged in business in the administration departments and has abundant experience and insight. He also leads the Company in areas of corporate governance and business management through institutional reforms. Accordingly, the Company has judged that Shigenori Tsuguie is well-qualified to contribute to the continuous improvement of the Company's corporate value, and has nominated him as a candidate for Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
11	<p>[Reelection] [Outside Officer] [Independent Officer]</p> <p>Machiko Miyai (September 29, 1960)</p>	<p>Apr. 1983 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Oct. 2001 General Manager of Lifestyle Research Laboratory</p> <p>Apr. 2005 Director</p> <p>Apr. 2006 Director, General Manager of Cooking Appliances Business Unit</p> <p>Apr. 2011 Executive Officer, General Manager of Corporate Environmental Affairs Division and Corporate Electricity Saving Division, Panasonic Corporation</p> <p>Oct. 2012 Executive Officer, In charge of Lifestyle Research for Future Markets, R&D Division</p> <p>Apr. 2014 Corporate Adviser</p> <p>June 2014 Outside Director, Morinaga & Co., Ltd. (present position)</p> <p>Dec. 2014 Outside Director, the Company (present position)</p> <p>May 2015 Outside Director, YOSHINOYA HOLDINGS CO., LTD. (present position)</p> <p>(Significant concurrent positions outside the Company) Outside Director, Morinaga & Co., Ltd. Outside Director, YOSHINOYA HOLDINGS CO., LTD.</p>	—
<p>[Reasons for nomination as a candidate for Outside Director]</p> <p>Machiko Miyai has experience in important business execution including marketing in the electrical industry. She has been offering objective advice on management in general from a broad perspective, unconstrained by the industry to which the Company belongs, and contributing to improving corporate governance. Although, up to the present, she has not been directly involved with company management in a manner other than serving as an outside director, for the aforementioned reasons, the Company has judged that Machiko Miyai is capable of appropriately carrying out the duties of an Outside Director and, therefore, has nominated her as a candidate to continue serving as Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
12	[Reelection] [Outside Officer] [Independent Officer] Yusuke Yasokawa (October 22, 1965)	Apr. 1989 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION Jan. 1999 Joined The Boston Consulting Group May 2013 Joined P&E Directions, INC. Director Aug. 2015 Founded Y-Knot Inc. Representative Director (present position) Dec. 2015 Outside Director, the Company (present position) (Significant concurrent positions outside the Company) Representative Director, Y-Knot Inc.	—
<p>[Reasons for nomination as a candidate for Outside Director]</p> <p>Yusuke Yasokawa has abundant and significant experience in company management including the development and implementation support of growth strategies and medium-term business plans, development of financial strategies and capitalization policies, and group company management in various firms such as consulting firms. For the aforementioned reasons, the Company has nominated him as a candidate to continue serving as Outside Director to have him offer objective advice on management in general from a broad perspective, unconstrained by the industry to which the Company belongs, and contribute to improving corporate governance.</p>			

- Notes:
- Although the Company has a trading relationship with Morinaga & Co., Ltd., where the candidate for Outside Director Machiko Miyai concurrently serves as an outside director, it is not considered a major trading partner based on the most recent trading performance. There is no special interest between any other candidates and the Company.
 - Machiko Miyai and Yusuke Yasokawa are candidates for Outside Director.
 - (1) Machiko Miyai is currently an Outside Director of the Company, and at the conclusion of this meeting, her tenure as Outside Director will have been three years.
 - (2) Yusuke Yasokawa is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been two years.
 - Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act and Article 26 of the Company's Articles of Incorporation, the Company has entered into an agreement with candidates for Outside Director Machiko Miyai and Yusuke Yasokawa to limit their liability for damages under Article 423, paragraph 1 of the Companies Act. The maximum amount of liability for damages under the said agreement is the minimum liability amount provided for under laws and regulations, and if Machiko Miyai and Yusuke Yasokawa are reelected, the Company will continue the said agreement.
 - Machiko Miyai and Yusuke Yasokawa satisfy the requirements for an independent officer as provided for by the Tokyo Stock Exchange, and the Company has submitted notification to the aforementioned exchange concerning their appointment as independent officers.

Proposal No. 3: Payment of Retirement Benefits to a Retiring Director

In order to reward Kazunari Fukushima, who will retire as a Director, for his services during his terms up to the conclusion of the meeting, we would like to pay him a reasonable amount of retirement benefits in accordance with the Company's internal rules.

It is also proposed that such matters as the actual amounts, the timing and method be determined by the Board of Directors.

The career summary of the retiring Director is as follows:

Name	Career summary	
Kazunari Fukushima	Dec. 2005	Director
	Dec. 2012	Managing Director (present position)