

Securities Code: 9602  
May 2, 2018

To our shareholders:

Yoshishige Shimatani  
President  
**TOHO CO., LTD.**  
1-2-2 Yurakucho, Chiyoda-ku, Tokyo

## Notice of the 129th Annual General Meeting of Shareholders

You are cordially invited to attend the 129th Annual General Meeting of Shareholders of TOHO CO., LTD. (the “Company”), which will be held as indicated below.

If you are unable to attend the Meeting in person, you may exercise your voting rights in writing or via the Internet as described in “4. Exercise of Voting Rights” below. Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights by 6:30 p.m. on Tuesday, May 29, 2018 (JST).

- 1. Date and Time:** Wednesday, May 30, 2018, at 10:00 a.m. (The reception desk opens at 9:00 a.m.) (JST)  
**2. Venue:** Aoi, 2nd floor, Palace Hotel Tokyo  
1-1-1 Marunouchi, Chiyoda-ku, Tokyo  
(\*Please note that the venue is different from last year.)

### 3. Purpose of the Meeting

#### Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 129th fiscal year (from March 1, 2017 to February 28, 2018), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee
2. The Non-consolidated Financial Statements for the 129th fiscal year (from March 1, 2017 to February 28, 2018)

#### Matters to be resolved:

- Proposal No. 1** Appropriation of Surplus  
**Proposal No. 2** Election of 14 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)  
**Proposal No. 3** Election of Three Directors Who Are Audit & Supervisory Committee Members  
**Proposal No. 4** Election of One Substitute Director Who Is an Audit & Supervisory Committee Member

### 4. Exercise of Voting Rights

#### (1) Voting by Mail

Please indicate your approval or disapproval on the enclosed voting form then return the form to the Company by postal mail so that your vote is received by 6:30 p.m. on Tuesday, May 29, 2018.

#### (2) Voting via the Internet

Please refer to “Guide to Exercising Voting Rights via the Internet” (in Japanese only) and exercise your voting rights by 6:30 p.m. on Tuesday, May 29, 2018.

- If you attend the Meeting in person, please present the enclosed voting form at the reception desk. Also, you are requested to bring this notice to the Meeting.
- Pursuant to laws and regulations and the provision of Article 16 of the Articles of Incorporation, the following items are posted on the Company’s website (<http://www.toho.co.jp/>, in Japanese only) and are not included in this notice:

- 1) Notes to Consolidated Financial Statements
- 2) Notes to Non-consolidated Financial Statements

Accordingly, the Consolidated Financial Statements and Non-consolidated Financial Statements attached to this notice are part of Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by Audit & Supervisory Committee and Financial Auditor in preparing their audit reports.

- If any changes are made to items in the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, such changes will be posted on the Company's website as mentioned above.
- You are advised to arrive at the venue early, as the reception desk is expected to become crowded immediately before the commencement of the Meeting.

## Reference Documents for General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

Our basic dividend distribution policy is to distribute annual dividend payments of ¥25 as a base, and consider additional performance-linked dividend payments if the business performance exceeds the forecast or target. The Company has given consideration to matters including the improvement of profit levels for the fiscal year and the business performance forecast, and it proposes to pay a year-end dividend for the fiscal year of ¥32.5 per share. Accordingly, including the interim dividend that has already been paid (¥12.5 per share), the annual dividend will total ¥45 per share.

1. Year-end dividends
  - (1) Type of dividend property  
Cash
  - (2) Allotment of dividend property and their aggregate amount  
¥32.5 per common share of the Company  
(¥12.5 for regular dividend and ¥20 for special dividend)  
Total payment: ¥5,856,076,428
  - (3) Effective date of dividends of surplus  
May 31, 2018

**Proposal No. 2** Election of 14 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The term of office of all 13 Directors (excluding Directors who are Audit & Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this meeting. In that regard, the Company proposes the election of 14 Directors, increasing the number of Directors by one to enhance the management system. Please note that the Audit & Supervisory Committee has given its opinion that all of the candidates for Director in this proposal are qualified.

The candidates for Director are as follows.

Candidate No.	Attributes of the candidates	Name	Responsibility in the Company and significant concurrent positions outside the Company	Attendance / Number of Board of Directors meetings held
1	Reelection	Yoshishige Shimatani	General Manager of Motion Picture Group, and direct supervision of Internal Control Audit Department Director of Hankyu Hanshin Holdings, Inc. Outside Director of Tokyo Rakutenchi Co., Ltd. Outside Director of Fuji Media Holdings, Inc.	10 of 10
2	Reelection	Nobuyuki Tako	In charge of Corporate Planning, and supervision of Corporate Real Estate, Human Resources and General Affairs Director of Subaru Enterprise Co., Ltd. Outside Director of OS Co., Ltd. (Audit & Supervisory Committee Member)	10 of 10
3	Reelection	Toshiyuki Urai	In charge of Finance & Accounting and Information Technology & System, and Specified Director Outside Director of Tokyo Rakutenchi Co., Ltd. (Audit & Supervisory Committee Member)	10 of 10
4	Reelection	Minami Ichikawa	In charge of Production & Acquisitions and Planning & Production, Motion Picture Group	10 of 10
5	Reelection	Yasushi Ishizuka	In charge of Human Resources and General Affairs Director of Subaru Enterprise Co., Ltd.	10 of 10
6	Reelection	Makoto Yamashita	In charge of Corporate Real Estate	10 of 10
7	Reelection	Kazuhiko Seta	President of TOHO Cinemas Ltd.	9 of 10
8	Reelection	Atsuo Ikeda	In charge of Theatrical	10 of 10
9	Reelection	Keiji Ota	In charge of Products & Licensing and Music Business, Motion Picture Group	10 of 10
10	Reelection	Hiroyasu Matsuoka	In charge of Distribution, International Business, Motion Picture Group, and West Japan Distribution	10 of 10
11	Reelection	Takayuki Ikeda	In charge of Marketing, Motion Picture Group	10 of 10
12	Reelection	Hiroshi Biro	Assistant to Human Resources, and General Manager of Human Resources Department	8 of 8
13	New election Outside	Kazuo Sumi	Chairman and Representative Director, Group CEO of Hankyu Hanshin Holdings, Inc. Director of H <sub>2</sub> O Retailing Corporation Outside Director of Tokyo Rakutenchi Co., Ltd. Outside Director of ASICS Corporation	
14	New election	Harunori Kato	Supervisor of Finance and Accounting	

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
1	Yoshishige Shimatani (March 5, 1952)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1975 Apr. 1999  May 2001 May 2005 May 2007 May 2011 [Responsibility in the Company and significant concurrent positions outside the Company] General Manager of Motion Picture Group, and direct supervision of Internal Control Audit Department Director of Hankyu Hanshin Holdings, Inc. Outside Director of Tokyo Rakutenchi Co., Ltd. Outside Director of Fuji Media Holdings, Inc.	Joined the Company General Manager of Production & Acquisitions Department, Motion Picture Group Director Managing Director Senior Managing Director President (current position)	10,200 shares
	[Reasons for nomination as candidate for Director] Mr. Shimatani has long been engaged in the operation of the Motion Picture Group, a major line of business of the Company group (the “TOHO Group”) since he joined the Company. Ever since he took office as President of the Company, he has exercised great leadership in promoting the Company’s mid-term management strategy and supervised the overall management of the Company in an appropriate manner. The Company judges that, with his rich experience, achievements, and discernment earned throughout his career, he is well suited for Director to enhance corporate value of the TOHO Group. Therefore, the Company proposes his reelection as Director of the Company.			
2	Nobuyuki Tako (December 4, 1965)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1988 Apr. 2005  May 2008 May 2014 May 2017 [Responsibility in the Company and significant concurrent positions outside the Company] In charge of Corporate Planning, and supervision of Corporate Real Estate, Human Resources and General Affairs Director of Subaru Enterprise Co., Ltd. Outside Director of OS Co., Ltd. (Audit & Supervisory Committee Member)	Joined the Company General Manager of Group Planning Department (currently Corporate Planning Department) Director Managing Director Senior Managing Director (current position)	10,100 shares
	[Reasons for nomination as candidate for Director] Mr. Tako has been engaged mainly in the operation of the Human Resources and Corporate Planning Departments since he joined the Company. He possesses rich experience and expertise with respect to corporate management strategies and various matters of corporate administration, and has been playing the role in the management of the Company, fulfilling his supervisory role in the wide range of departments mainly in the Corporate Planning Department. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.			

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
3	Toshiyuki Urai (December 17, 1957)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1980 Oct. 2001 May 2003 May 2009	Joined the Company General Manager of Finance Department Director Managing Director (current position) [Responsibility in the Company and significant concurrent positions outside the Company] In charge of Finance & Accounting and Information Technology & System, and Specified Director Outside Director of Tokyo Rakutenchi Co., Ltd. (Audit & Supervisory Committee Member)	33,380 shares
	[Reasons for nomination as candidate for Director] Mr. Urai has long been engaged in the operation of the Finance & Accounting Department since he joined the Company. He possesses rich experience and expertise with respect to corporate accounting and finance and has been playing the role in the management of the Company as a responsible person for the Finance & Accounting and Information Technology & System. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.			
4	Minami Ichikawa (July 22, 1966)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1989 Apr. 2006  May 2011 May 2017	Joined the Company General Manager of Production & Acquisitions Department, Motion Picture Group Director Managing Director (current position) [Position in the Company] In charge of Production & Acquisitions and Planning & Production, Motion Picture Group	3,900 shares
	[Reasons for nomination as candidate for Director] Mr. Ichikawa has long been engaged in the operation of various departments in the Motion Picture Group since he joined the Company. He possesses rich experience and expertise with respect to the business of motion pictures and has been playing the role in the management of the Company as a responsible person for the Production & Acquisitions and Planning & Production Departments. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.			
5	Yasushi Ishizuka (July 15, 1955)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1978 Apr. 2003  May 2008	Joined the Company General Manager of Labor Administration Department Director (current position) [Responsibility in the Company and significant concurrent positions outside the Company] In charge of Human Resources and General Affairs Director of Subaru Enterprise Co., Ltd.	8,100 shares
	[Reasons for nomination as candidate for Director] Mr. Ishizuka has long been engaged in the operation of the Human Resources Department since he joined the Company. He possesses rich experience and expertise with respect to human resource management and has been playing the role in the management of the Company as a responsible person for the Human Resources and General Affairs Departments. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.			

Candidate No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
6	Makoto Yamashita (May 4, 1956)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1979      Joined the Company Apr. 2001      General Manager of Corporate Real Estate Department May 2009      Director (current position) [Position in the Company] In charge of Corporate Real Estate	8,600 shares
	[Reasons for nomination as candidate for Director] Mr. Yamashita has long been engaged in the operation of the Corporate Real Estate Department since he joined the Company. He possesses rich experience and expertise with respect to the real estate business and has been playing the role in the management of the Company as a responsible person for the Corporate Real Estate Department. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.		
7	Kazuhiko Seta (October 25, 1959)  Reelection  Attendance to the Board of Directors meeting: 9 of 10	Apr. 1984      Joined the Company Apr. 2010      President of TOHO Eizo Bijutsu Co., Ltd. May 2012      President of TOHO Cinemas Ltd. (current position) May 2012      Director of the Company (current position) [Significant concurrent positions outside the Company] President of TOHO Cinemas Ltd.	3,800 shares
	[Reasons for nomination as candidate for Director] Mr. Seta was engaged in the operation of various departments in the Motion Picture Group since he joined the Company before assuming managerial positions of the subsidiary where he gained experience in the management. He now serves as President of TOHO Cinemas Ltd., which is the key subsidiary of the Company in the operation of motion picture exhibition business, playing the role in the management of the TOHO Group. The Company judges that, with his rich experience, achievements, and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.		
8	Atsuo Ikeda (March 10, 1960)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1982      Joined the Company Apr. 2003      General Manager of Theatrical Department May 2013      Director (current position) [Position in the Company] In charge of Theatrical	3,210 shares
	[Reasons for nomination as candidate for Director] Mr. Ikeda has long been engaged in the operation of the Theatrical Department since he joined the Company. He possesses rich experience and expertise with respect to the theatrical business and has been playing the role in the management of the Company as a responsible person for the Theatrical Department. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.		
9	Keiji Ota (September 7, 1965)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1989      Joined the Company Apr. 2010      General Manager of Products & Licensing Department, Motion Picture Group May 2013      Director (current position) [Position in the Company] In charge of Products & Licensing and Music Business, Motion Picture Group	4,300 shares
	[Reasons for nomination as candidate for Director] Mr. Ota has been engaged mainly in the operation of the Products & Licensing Department since he joined the Company. He possesses rich experience and expertise with respect to the field of the products and licensing business and has been playing the role in the management of the Company as a responsible person for the Products & Licensing Department. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.		

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
10	Hiroyasu Matsuoka (April 18, 1966)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Jan. 1994 Apr. 1998 Apr. 2001  Apr. 2008  May 2014 May 2015  [Position in the Company] In charge of Distribution, International Business, Motion Picture Group, and West Japan Distribution	Joined TOHO-TOWA Company, Limited Director of TOHO-TOWA Company, Limited Managing Director of TOHO-TOWA Company, Limited COO, President of TOHO-TOWA Company, Limited Director of the Company (current position) CEO, Chairperson of TOHO-TOWA Company, Limited (current position)	10,000 shares
	<p>[Reasons for nomination as candidate for Director] Mr. Matsuoka has long been engaged in the operation of distributing foreign motion pictures since he joined the TOHO Group company, TOHO-TOWA Company, Limited. He has served as Representative Director of TOHO-TOWA Company, Limited since 2008. Since 2014, he has also served as Director of the Company as a responsible person leading the Distribution and International Business Departments and possesses global business experience and expertise in the business of motion pictures. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.</p>			
11	Takayuki Ikeda (April 2, 1963)  Reelection  Attendance to the Board of Directors meeting: 10 of 10	Apr. 1987 Apr. 2012  May 2015  [Position in the Company] In charge of Marketing, Motion Picture Group	Joined the Company General Manager of Distribution Department, Motion Picture Group Director (current position)	2,100 shares
	<p>[Reasons for nomination as candidate for Director] Mr. Ikeda has long been engaged in the operation of various departments in the Motion Picture Group since he joined the Company. He possesses rich experience and expertise with respect to the business of motion pictures and has been playing the role in the management of the Company as a responsible person for the Marketing Department. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.</p>			
12	Hiroshi Biro (December 1, 1965)  Reelection  Attendance to the Board of Directors meeting: 8 of 8	Apr. 1989 Apr. 2011  May 2017  [Position in the Company] Assistant to Human Resources, and General Manager of Human Resources Department	Joined the Company General Manager of Human Resources Department (current position) Director (current position)	2,000 shares
	<p>[Reasons for nomination as candidate for Director] Mr. Biro has long been engaged in the operation of the Human Resources Department since he joined the Company. He possesses rich experience and expertise with respect to human resource management and has been playing the role in the management of the Company as a responsible person for the Human Resources Department. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his reelection as Director of the Company.</p>			



Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
13	Kazuo Sumi (April 19, 1949)  New election Outside  Attendance to the Board of Directors meeting: 9 of 10  Attendance to the Audit & Supervisory Committee meeting: 10 of 11	June 2000 June 2002 June 2003  Apr. 2005 May 2009 Mar. 2014 May 2016 June 2017  [Significant concurrent positions outside the Company] Chairman and Representative Director, Group CEO of Hankyu Hanshin Holdings, Inc. Director of H <sub>2</sub> O Retailing Corporation Outside Director of Tokyo Rakutenchi Co., Ltd. Outside Director of ASICS Corporation	Director of Hankyu Corporation Managing Director of Hankyu Corporation President and Representative Director of Hankyu Corporation (The trade name of Hankyu Corporation was changed to Hankyu Holdings, Inc. in April 2005 and then to Hankyu Hanshin Holdings, Inc. in October 2006.) President and Representative Director of Hankyu Corporation (new company) Director of the Company Chairman and Representative Director of Hankyu Corporation (current position) Director (Audit & Supervisory Committee Member) of the Company (current position) Chairman and Representative Director, Group CEO of Hankyu Hanshin Holdings, Inc. (current position)	12,800 shares
	[Reasons for nomination as candidate for outside Director] Mr. Sumi is a management expert who has long been engaged in corporate management, and can be expected to give valuable advice and guidance for overall management and check from an objective viewpoint, based on his rich experience and excellent insight. Therefore, the Company judges that he is well suited for outside Director and it proposes his election.			
14	Harunori Kato (August 26, 1960)  New election	Apr. 1984 Apr. 2004 May 2014 Apr. 2018	Joined the Company General Manager of Finance Department President of TOHO STAGE CRAFT Co. Ltd. Supervisor of Finance & Accounting of the Company (current position)	5,000 shares
	[Reasons for nomination as candidate for Director] Mr. Kato was engaged mainly in the operation of Finance & Accounting Department since he joined the Company, and subsequently had served as President of TOHO STAGE CRAFT Co. Ltd. until April in 2018. The Company judges that, with his rich experience, achievements, and discernment earned throughout his career, he is well suited for Director of the Company. Therefore, the Company proposes his election as Director of the Company.			

- (Notes)
1. There is no special interest between any of the candidates and the Company.
  2. All the candidates have agreed to assume the position of Director on the condition that this proposal is approved.
  3. The number of attendance to the Board of Directors meeting of Hiroshi Biro is shown based on the number of meetings held since his assumption of office on May 25, 2017.
  4. Kazuo Sumi is a candidate for outside Director, and at the conclusion of this meeting, his tenure will have been nine years.
  5. The numbers of attendance to the Board of Directors meeting and attendance to the Audit & Supervisory Committee meeting of Kazuo Sumi are the records as Director (Audit & Supervisory Committee Member).
  6. The Company has entered into an agreement with Kazuo Sumi to limit his liability for damages under Article 423, paragraph 1 of the Companies Act, in which his liability amount is specified to be the sum total of the amount calculated by multiplying the amount calculated by the method prescribed by Article 113 of the Ordinance for Enforcement of the Companies Act (which is the amount of property benefits that he receives from the Company as remuneration for performance of duties during his tenure of office) by 2 and the amount calculated by the method prescribed by Article 114 of the Ordinance for Enforcement of the Companies Act (which is the amount equivalent to the amount of the property benefits regarding share acquisition rights of the Company, in cases where such share acquisition rights are received under especially favorable conditions). If his election is approved, the Company plans to renew the aforementioned limited liability agreement with him.

7. In December 2013, Hankyu Hanshin Hotels Company, Limited, for which Kazuo Sumi serves as Director, received an administrative order from the Consumer Affairs Agency due to some of the labeling of the menus served to the guests at the hotels or other facilities managed by the same company violated the provisions of the Act against Unjustifiable Premiums and Misleading Representations (misleading representations). Please note that he has performed his duties appropriately as Director of the same company regarding this issue, including deliberation of countermeasures for preventing recurrence and giving his opinions proactively in the Board of Directors, seeing the issue from the customer-first point of view and considering the enhancement of compliance framework, etc.

**Proposal No. 3**      Election of Three Directors Who Are Audit & Supervisory Committee Members

The term of office of all five Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of three Directors who are Audit & Supervisory Committee Members. Please note that the consent of the Audit & Supervisory Committee has been obtained for this proposal.

The candidates for Director who are Audit & Supervisory Committee Members are as follows.

Candidate No.	Attributes of the candidates	Name	Responsibility in the Company and significant concurrent positions outside the Company	Attendance / Number of Audit & Supervisory Committee meetings held
1	Reelection	Tomoyasu Okimoto	Chairperson of the Audit & Supervisory Committee and Specified Audit & Supervisory Committee Member	11 of 11
2	Reelection Outside Independent	Takashi Kobayashi	Representative Director and Chairman of Palace Hotel Co., Ltd.	10 of 11
3	Reelection Outside Independent	Satoshi Ando	Attorney at law	11 of 11

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
1	Tomoyasu Okimoto (December 16, 1956)	Apr. 1981	Joined the Company	8,200 shares
	Reelection	Apr. 2003	General Manager of General Affairs Department, Kansai Office	
Attendance to the Board of Directors meeting: 10 of 10	May 2009	General Manager of Corporate Real Estate Department, Kansai Office		
Attendance to the Audit & Supervisory Committee meeting: 11 of 11	May 2009	Head of Kansai Office		
	May 2011	Full-time Audit & Supervisory Board Member		
	May 2016	Director (Full-time Audit & Supervisory Committee Member) (current position)		
		[Position in the Company] Chairperson of the Audit & Supervisory Committee and Specified Audit & Supervisory Committee Member		
[Reasons for nomination as candidate for Director] Mr. Okimoto has been engaged mainly in the operation of administrative departments since he joined the Company. He possesses rich experience and expertise with respect to overall administration and has been currently serving as Chairperson of the Audit & Supervisory Committee, and Specified Audit & Supervisory Committee Member. The Company judges that, with his achievements and discernment earned throughout his career, he is well suited for Director who is Audit & Supervisory Committee Member. Therefore, the Company proposes his reelection as Director of the Company.				
2	Takashi Kobayashi (August 24, 1945)	June 1990	Counselor of International Business Division of the Industrial Bank of Japan, Limited	0 shares
	Reelection Outside Independent	Mar. 1991	Director and General Manager of Accounting Department of Palace Hotel Co., Ltd.	
Attendance to the Board of Directors meeting: 9 of 10	Mar. 1993	Managing Director of Palace Hotel Co., Ltd.		
Attendance to the Audit & Supervisory Committee meeting: 10 of 11	Mar. 1995	Senior Managing Director of Palace Hotel Co., Ltd.		
	Mar. 2001	President of Palace Hotel Co., Ltd.		
	May 2011	Audit & Supervisory Board Member of the Company		
	Mar. 2014	Representative Director and Chairman of Palace Hotel Co., Ltd. (current position)		
	May 2016	Director (Audit & Supervisory Committee Member) of the Company (current position)		
		[Significant concurrent positions outside the Company] Representative Director and Chairman of Palace Hotel Co., Ltd.		
[Reasons for nomination as candidate for outside Director] Mr. Kobayashi is a management expert who has long been engaged in corporate management, and possesses a respectable degree of knowledge of finance and accounting based on his experience, etc. in banking business. Therefore, the Company judges that he is well suited for outside Director who is an Audit & Supervisory Committee Member and proposes his reelection.				

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
3	Satoshi Ando (April 27, 1974)	Oct. 2001	Registered as an attorney at law (Dai-Ichi Tokyo Bar Association) (current position)	0 shares
	Reelection Outside Independent	Oct. 2001 May 2016	Joined Onishi Shoichiro Law Office (current position) Director (Audit & Supervisory Committee Member) of the Company (current position)	
	Attendance to the Board of Directors meeting: 10 of 10			
	Attendance to the Audit & Supervisory Committee meeting: 11 of 11			
	<p>[Reasons for nomination as candidate for outside Director]</p> <p>Mr. Ando is knowledgeable about the industry that the TOHO Group belongs to and can be expected to give opinions from an independent and fair stance, based on his specialized knowledge as an attorney at law. Therefore, the Company judges that he is well suited for outside Director who is Audit &amp; Supervisory Committee Member and it proposes his reelection. He has never in the past been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons.</p>			

- (Notes)
1. There is no special interest between any of the candidates and the Company.
  2. All the candidates have agreed to assume the position of Director on the condition that this proposal is approved.
  3. Takashi Kobayashi and Satoshi Ando are candidates for outside Director, and at the conclusion of this meeting, their tenure as outside Directors who are Audit & Supervisory Committee will have been two years.
  4. The Company has submitted notification to Tokyo Stock Exchange and Fukuoka Stock Exchange that both Takashi Kobayashi and Satoshi Ando have been appointed as independent officers as provided for by the aforementioned exchanges. If this proposal is approved, the Company plans for their appointment as independent officers to continue. As for the independence criteria for outside Directors of the Company, please refer to page 15.
  5. The Company has entered into agreements with Tomoyasu Okimoto, Takashi Kobayashi, and Satoshi Ando to limit their liability for damages under Article 423, paragraph 1 of the Companies Act, in which their liability amount is specified to be the sum total of the amount calculated by multiplying the amount calculated by the method prescribed by Article 113 of the Ordinance for Enforcement of the Companies Act (which is the amount of property benefits that each of them receives from the Company as remuneration for performance of duties during their tenure of office) by 2 and the amount calculated by the method prescribed by Article 114 of the Ordinance for Enforcement of the Companies Act (which is the amount equivalent to the amount of the property benefits regarding share acquisition rights of the Company, in cases where such share acquisition rights are received under especially favorable conditions). If their election is approved, the Company plans to renew the aforementioned limited liability agreements with them.

**Proposal No. 4** Election of One Substitute Director Who Is an Audit & Supervisory Committee Member

The Company proposes the election of one substitute Director who is an Audit & Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit & Supervisory Committee Members fall below the number required by laws and regulations.

As for the validity of the election of substitute Director who is an Audit & Supervisory Committee Member, the election can be nullified by resolution of the Board of Directors; provided, however, that it is only in a time before assuming office. In addition, the consent of the Audit & Supervisory Committee has been obtained for this proposal. The candidate for substitute Director who is an Audit & Supervisory Committee Member is as follows.

The candidate for substitute Director who is an Audit & Supervisory Committee Member is as follows.		
Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Taizo Ota (February 15, 1973)	Apr. 1999 Registered as an attorney at law (Daini Tokyo Bar Association) (current position)	0 shares
	Apr. 1999 Joined Marunouchi Sogo Law Office (current position)	
[Reasons for nomination as candidate for substitute outside Director] Mr. Ota can be expected to give opinions from a fair stance, based on his specialized knowledge and experience as an attorney at law. Therefore, the Company judges that he is well suited for outside Director who is an Audit & Supervisory Committee Member and it proposes his election as substitute Director who is an Audit & Supervisory Committee Member. He has never in the past been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons.		

- (Notes)
1. There is no special interest between Taizo Ota and the Company.
  2. Mr. Ota has agreed to assume the position of substitute Director who is an Audit & Supervisory Committee Member on the condition that this proposal is approved.
  3. He is a candidate for substitute outside Director.
  4. If he assumes the office of outside Director, the Company plans to submit notification to Tokyo Stock Exchange and Fukuoka Stock Exchange concerning his appointment as an independent officer as provided for by the aforementioned exchanges. As for the independence criteria for outside Directors of the Company, please refer to page 15.
  5. If he assumes the office of outside Director, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the Companies Act, in which his liability amount is specified to be the sum total of the amount calculated by multiplying the amount calculated by the method prescribed by Article 113 of the Ordinance for Enforcement of the Companies Act (which is the amount of property benefits that each of them receives from the Company as remuneration for performance of duties during his tenure of office) by 2 and the amount calculated by the method prescribed by Article 114 of the Ordinance for Enforcement of the Companies Act (which is the amount equivalent to the amount of the property benefits regarding share acquisition rights of the Company, in cases where such share acquisition rights are received under especially favorable conditions).

### Independence Criteria for Outside Directors of the Company

The Company judges that an outside Director who falls under any of the following items 1. to 6. is not independent of the Company.

1. An entity where the TOHO Group is a major business partner (Note 1) or a business executive thereof
2. A major business partner with the TOHO Group (Note 2) or a business executive thereof
3. A consultant, accounting expert, or legal expert who receives a considerable amount of cash or other assets from the TOHO Group (Note 3) other than compensation received from the Company as an officer (or a person who belongs to an incorporated entity or other organization that receives such assets)
4. A person who is a major shareholder of the Company (Note 4) (or a business executive of an incorporated entity that is such a shareholder)
5. A person who fell under any of the above items 1. to 4. in the most recent three fiscal years
6. A person who is a relative within the second degree of kinship to a person who falls under any of the above items 1. to 5. or a business executive of the TOHO Group

(Note 1) “An entity where the TOHO Group is a major business partner” refers to an entity that has a business relationship with the TOHO Group and receives payment from the TOHO Group that exceeds 2% of consolidated sales of the entity per year based on such relationship.

(Note 2) “A major business partner with the TOHO Group” refers to an entity that has a business relationship with the TOHO Group and whose annual payment to the TOHO Group based on such relationship exceeds 2% of consolidated sales of the Company.

(Note 3) “Considerable amount of cash or other assets” refers to the case in which regular remuneration exceeds ¥10,000,000 per year.

(Note 4) “A major shareholder” refers to an entity who owns at least 10% of the total of voting rights of the Company directly or indirectly.

## Policy and Procedure for Determining Remuneration Amount for Directors

As for the remuneration amount for inside Director (excluding Directors who are Audit & Supervisory Committee Members), the Officers' Rules stipulate that the Company shall determine such remuneration amount by considering the business performance of the TOHO Group, duties and achievements of the relevant officer, and the balance with public's level and with the employee salaries. The procedure thereof is that the President shall prepare a draft, explain the institutional framework and concept of Directors' remuneration to Audit & Supervisory Committee Members who are outside Directors, and then, considering the opinions collected from them, the Board of Directors shall determine a remuneration amount that does not exceed the amount resolved in a general meeting of shareholders.

As for the remuneration amount for Directors who are Audit & Supervisory Committee Members including outside Directors, it shall be determined by the resolution of the Audit & Supervisory Committee and shall not exceed the remuneration amount resolved in a general meeting of shareholders.

## Policy and Procedure for Nominating Candidates for Directors

The Officers' Rules provide the criteria for nominating Director candidates (excluding outside Directors) who are recommended in a general meeting of shareholders as follows:

1. The candidate must have expert knowledge on the business and services of the TOHO Group.
2. The candidate must have an excellent management sense that can meet the demands of the times.
3. The candidate must have excellent managerial judgment ability with a company-wide perspective and ability to execute duties.
4. The candidate must have character, discernment, and high ethical standards appropriate as Director.

The procedure thereof is that the President shall prepare a draft list of candidates, explain the reason of nomination, appropriateness, etc., to Audit & Supervisory Committee Members who are outside Directors, and then, considering the opinions collected from them, the Board of Directors shall determine the candidates.

Please note that the consent of the Audit & Supervisory Committee is required for nominating a Director who is an Audit & Supervisory Committee Member. As for outside Directors among Directors who are Audit & Supervisory Committee Members, the President shall prepare a draft of appropriate candidates based on the experience, discernment, expertise, and other aspects of each candidate in terms of "corporate management," "finance and accounting" and "law and corporate ethics," respectively.