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(Securities Code: 9142)

June 1, 2018

To our shareholders:

Toshihiko Aoyagi
President

Kyushu Railway Company
3-25-21, Hakata-ekimae, Hakata-ku, Fukuoka, Japan

Notice of the 31st Annual General Meeting of Shareholders

You are cordially invited to attend the 31st Annual General Meeting of Shareholders of Kyushu Railway Company (the “Company”), which will be held as indicated below.

Please exercise your voting rights using any of the following methods.

Guidance for Exercising Voting Rights

If you are able to attend the Meeting

Submission to Receptionist at the Meeting

You are kindly requested to present the enclosed voting form at the reception.

If you are unable to attend the Meeting

Exercise of voting rights by mail

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and return it so that your vote is received by 5:30 p.m. (JST) on Thursday, June 21, 2018.

Exercise of voting rights via the internet

Please access the website for exercising voting rights (<https://www.web54.net>). Use the “voting right exercise code” and “password” described in the enclosed voting form, and follow the directions on the screen to register your approval or disapproval of the proposals by 5:30 p.m. (JST) on Thursday, June 21, 2018.

To Institutional Investors

In addition to the above-mentioned method for exercising voting rights via the internet, the electronic voting platform operated by Investor Communications Japan Inc. (ICJ, Inc.) is available.

Details

- 1. Date and Time:** Friday, June 22, 2018, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)
- 2. Venue:** Banquet hall “TSUKUSHI,” Main building 3F, Hotel Nikko Fukuoka
2-18-25 Hakata-ekimae, Hakata-ku, Fukuoka, Japan

3. Purpose of the Meeting

Matters to be reported

1. Report on the Business Report and the Consolidated Financial Statements for the 31st fiscal year (from April 1, 2017 to March 31, 2018), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board
2. Report on the Non-Consolidated Financial Statements for the 31st fiscal year (from April 1, 2017 to March 31, 2018)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Nine (9) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 4:** Election of Four (4) Directors who are Audit and Supervisory Committee Members
- Proposal No. 5:** Setting of Remuneration Amount of Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 6:** Setting of Remuneration Amount of Directors Who Are Audit and Supervisory Committee Members

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company places the return of profits to shareholders as its most important management policies. As such, the Company adopts a basic policy of carrying out stable and continuous dividend payments in accordance with its business performance.

With regard to dividends from surplus, the Company aims to achieve steady returns to shareholders while taking care to maintain sufficient internal reserves of capital. To that end, with the goal of a consolidated payout ratio at a level of approximately 30% through the fiscal year ending March 31, 2019, the Company aims for a stable dividend per share.

Based on this policy, the Company aims to pay a year-end dividend for the fiscal year ended March 31, 2018, giving consideration to our performance for the year, as follows.

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and its total amount

¥44 per Company's common stock

Total: ¥7,040,000,000

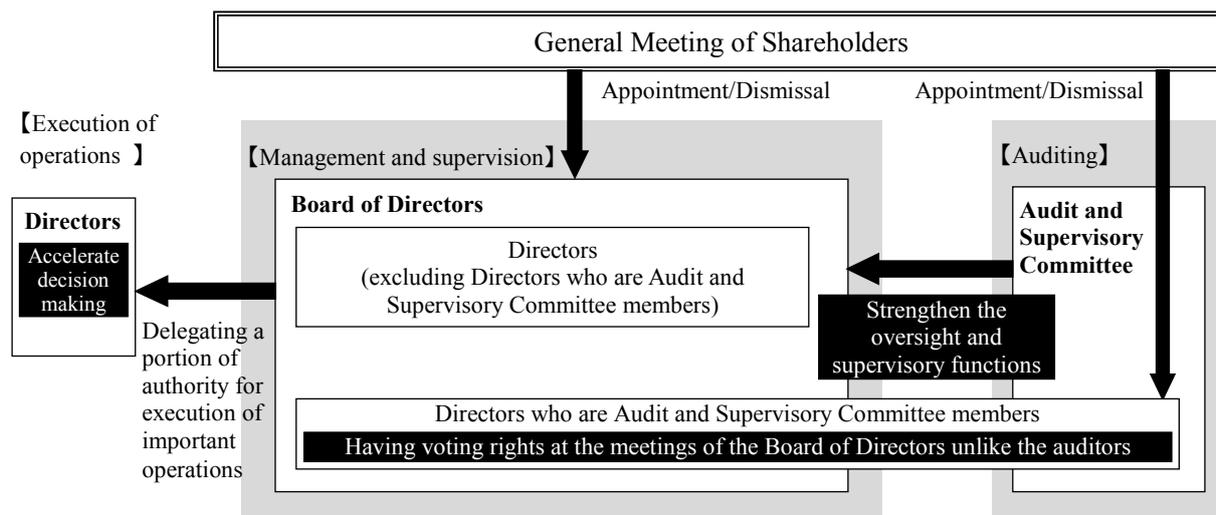
(3) Effective date of dividends from surplus

June 25, 2018

Reference information shared by Proposal No. 2 through Proposal No. 6

In order to strengthen the corporate governance and further increase corporate value, the Company would like to make the transition of its governance system to a company with audit and supervisory committee. Proposals No. 2 through Proposal No. 6 to be addressed in this General Meeting are all related to this transition. Accordingly, we would like to describe the features of an Audit and Supervisory Committee below.

- (1) Image of organizational design after the transition of its governance system to a company with audit and supervisory committee



- (2) Current corporate structure and the corporate structure after the transition of its governance system to a company with audit and supervisory committee

	Current structure (company with audit & supervisory board)	Structure after the transition of its governance system (company with audit and supervisory committee)
Organization	Board of Directors/Audit & Supervisory Board/Accounting Auditor	Board of Directors/Audit and Supervisory Committee/Accounting Auditor
Term of office	Director: 2 years Auditor: 4 years	Director (excluding director who is an Audit and Supervisory Committee member): 1 year Director who is an Audit and Supervisory Committee member: 2 years
Election	Election at General Meetings of Shareholders	Election at General Meetings of Shareholders, distinguishing between the Audit and Supervisory Committee members and the other Directors
Decision-making of execution of important operations	May not be delegated to Directors	May delegate all or a portion to Directors
Right of internal audit and supervisory organizations to state opinions on Directors' election, dismissal, resignation, remuneration, etc.	No	Yes

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

- (1) The Company endeavors to further enhance its corporate governance by including Audit and Supervisory Committee members with voting rights at the meetings of the Board of Directors in the members of the Board of Directors, and strengthening the oversight and supervisory functions of the Board of Directors. Furthermore, the Company endeavors to further heighten its corporate value by delegating a portion of authority for execution of important operations to directors and realizing swifter and more efficient operations. Accordingly, the Company would like to make the transition of its governance system from a company with audit and supervisory board to a company with audit and supervisory committee. Therefore, the Company is proposing amendment that entails, for instance, newly establishing provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee members, newly establishing provisions concerning delegation of authority of making decisions on execution of important operations to directors, and deleting provisions concerning Audit & Supervisory Board members and the Audit & Supervisory Board.
- (2) Other necessary changes including the numbering of the Articles of Incorporation will be made accompanying the above amendments.

2. Details of the Amendments

Details of the amendments are as follows:

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
Articles 1 – 3 (Omitted)	Articles 1 – 3 (Unchanged)
Article 4 (Organs)	Article 4 (Organs)
The Company shall have the following organs in addition to the general meeting of shareholders and directors.	(Unchanged)
(1) Board of Directors	(1) (Unchanged)
(2) <u>Audit & Supervisory Board members</u>	(2) <u>Audit and Supervisory Committee</u>
(3) <u>Audit & Supervisory Board</u>	(Deleted)
(4) Accounting auditor	(3) (Unchanged)
Article 5 (Method of Public Notice)	Article 5 (Method of Public Notice)
(Omitted)	(Unchanged)
Chapter II Shares	Chapter II Shares
Articles 6 – 12 (Omitted)	Articles 6 – 12 (Unchanged)
Chapter III General Meeting of Shareholders	Chapter III General Meeting of Shareholders
Articles 13 – 19 (Omitted)	Articles 13 – 19 (Unchanged)
Chapter IV Directors and Board of Directors	Chapter IV Directors and Board of Directors
Article 20 (Number of Directors)	Article 20 (Number of Directors)
The Company shall have not more than <u>24</u> directors.	<u>1.</u> The Company shall have not more than <u>12</u> directors, <u>(excluding directors who are Audit and Supervisory Committee members).</u>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>2. The Company shall have not more than five directors who are Audit and Supervisory Committee members.</u>
Article 21 (Method of Election of Directors)	Article 21 (Method of Election of Directors)
1. Directors shall be elected at a general meeting of shareholders.	1. Directors shall be elected at a general meeting of shareholders, <u>while distinguishing Audit and Supervisory Committee members and other directors.</u>
2. – 3. (Omitted)	2. – 3. (Unchanged)
Article 22 (Term of Office of Director)	Article 22 (Term of Office of Director)
1. The term of office of a director shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within <u>two years</u> after the election of the director.	1. The terms of office of directors <u>(excluding directors who are Audit and Supervisory Committee members)</u> shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within <u>one year</u> after the election of the director.
2. The term of office of a director <u>who is elected as a substitute or to increase the number of directors shall continue until the expiration of the terms of office of the remaining directors.</u>	2. The term of office of a director <u>who is an Audit and Supervisory Committee member shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within two years after the election of the director.</u>
(Newly established)	3. <u>The term of office of a director who is an Audit and Supervisory Committee member that is elected as a substitute for a director who is an Audit and Supervisory Committee member who resigned before the expiration of the term of office, shall continue until the expiration of the term of office of the resigned director who is an Audit and Supervisory Committee member.</u>
Articles 23 – 24 (Omitted)	Articles 23 – 24 (Unchanged)
Article 25 (Notice of Meeting of the Board of Directors)	Article 25 (Notice of Meeting of Board of Directors)
1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director <u>and each Audit & Supervisory Board member</u> at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.	1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.
2. With the consent of all directors <u>and Audit & Supervisory Board members</u> , a meeting of the Board of Directors may be held without following the convening procedures.	2. With the consent of all directors, a meeting of the Board of Directors may be held without following the convening procedures.
(Newly established)	<u>Article 26 (Delegation of decision regarding execution of important operations)</u>
	<u>Pursuant to the provisions of Article 399-13, paragraph 6 of the Companies Act, the Company may delegate all or part of a decision regarding execution of important operations (excluding matters set forth in items of Article 399-13, paragraph 5 of the Companies Act) to a director by resolution of the Board of Directors.</u>
Article <u>26</u> (Omission of Resolutions by Board of Directors)	Article <u>27</u> (Omission of Resolutions by Board of Directors)
In cases where a director submits a proposal with respect to a matter that is the purpose of a resolution of a meeting of the Board of Directors, if the directors (limited to those who are entitled to participate in a vote with respect to such matter) unanimously declare their intent to agree to the proposal either in writing or in an electronic or magnetic	In cases where a director submits a proposal with respect to a matter that is the purpose of a resolution of a meeting of the Board of Directors, if the directors (limited to those who are entitled to participate in a vote with respect to such matter) unanimously declare their intent to agree to the proposal either in writing or in an electronic or magnetic

Current Articles of Incorporation	Proposed Amendments
<p><u>record and auditors raise no objection with respect to the proposal</u>, it shall be deemed that the resolution to approve such proposal at a meeting of the Board of Directors has been made.</p>	<p>record, it shall be deemed that the resolution to approve such proposal at a meeting of the Board of Directors has been made.</p>
<p>Article <u>27</u> (Omitted)</p>	<p>Article <u>28</u> (Unchanged)</p>
<p>Article <u>28</u> (Remuneration, etc. of Directors)</p> <p>Remuneration, bonuses and other economic benefits that directors receive from the Company as consideration for the execution of their duties shall be determined by resolution of a general meeting of shareholders.</p>	<p>Article <u>29</u> (Remuneration, etc. of Directors)</p> <p>Remuneration, bonuses and other economic benefits that directors receive from the Company as consideration for the execution of their duties shall be determined by resolution of a general meeting of shareholders, <u>while distinguishing Audit and Supervisory Committee members and other directors.</u></p>
<p>Articles <u>29 – 30</u> (Omitted)</p>	<p>Articles <u>30 – 31</u> (Unchanged)</p>
<p>(Newly established)</p>	<p><u>Chapter V</u></p>
<p>(Newly established)</p>	<p><u>Audit and Supervisory Committee</u></p>
<p>(Newly established)</p>	<p><u>Article 32 (Full-time Audit and Supervisory Committee Members)</u></p>
<p>(Newly established)</p>	<p><u>The Audit and Supervisory Committee shall appoint full-time Audit and Supervisory Committee member(s) by its resolution.</u></p>
<p>(Newly established)</p>	<p><u>Article 33 (Notice of Meeting of the Audit and Supervisory Committee)</u></p>
<p>(Newly established)</p>	<p><u>1. When convening a meeting of the Audit and Supervisory Committee, a notice shall be dispatched to each Audit and Supervisory Committee member at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u></p>
<p>(Newly established)</p>	<p><u>2. With the consent of all Audit and Supervisory Committee members, a meeting of the Audit and Supervisory Committee may be held without following the convening procedures.</u></p>
<p>(Newly established)</p>	<p><u>Article 34 (Rules of Audit and Supervisory Committee)</u></p>
<p>(Newly established)</p>	<p><u>Matters regarding the Audit and Supervisory Committee shall be governed by applicable laws and regulations, these Articles of Incorporation, and also the rules of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u></p>
<p><u>Chapter V</u></p>	<p>(Deleted)</p>
<p><u>Audit & Supervisory Board Members and Audit & Supervisory Board</u></p>	<p>(Deleted)</p>
<p><u>Article 31 (Number of Audit & Supervisory Board Members)</u></p>	<p>(Deleted)</p>
<p><u>The Company shall have not more than five Audit & Supervisory Board members.</u></p>	<p>(Deleted)</p>
<p><u>Article 32 (Method of Election of Audit & Supervisory Board Members)</u></p>	<p>(Deleted)</p>
<p><u>1. Audit & Supervisory Board members shall be elected at a general meeting of shareholders.</u></p>	<p>(Deleted)</p>
<p><u>2. Resolutions on the election of Audit & Supervisory Board members shall be made by a majority of the</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>votes of the shareholders present at such meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to vote at such meeting are present.</u></p>	
<p><u>Article 33 (Term of Office of Audit & Supervisory Board Member)</u></p>	(Deleted)
<p><u>1. The term of office of an Audit & Supervisory Board member shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within four years after the election of the Audit & Supervisory Board member.</u></p>	
<p><u>2. The term of office of an Audit & Supervisory Board member who is elected as a substitute for an Audit & Supervisory Board member who resigned before the expiration of the term of office, shall continue until the expiration of the term of office of the resigned Audit & Supervisory Board member.</u></p>	
<p><u>Article 34 (Full-time Audit & Supervisory Board member)</u></p>	(Deleted)
<p><u>The Audit & Supervisory Board shall appoint full-time Audit & Supervisory Board member(s) by its resolution.</u></p>	
<p><u>Article 35 (Notice of Meeting of the Audit & Supervisory Board)</u></p>	(Deleted)
<p><u>1. When convening a meeting of the Audit & Supervisory Board, a notice shall be dispatched to each Audit & Supervisory Board member at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u></p>	
<p><u>2. With the consent of all Audit & Supervisory Board members, a meeting of the Audit & Supervisory Board may be held without following the convening procedures.</u></p>	
<p><u>Article 36 (Rules of Audit & Supervisory Board)</u></p>	(Deleted)
<p><u>Matters regarding the Audit & Supervisory Board shall be governed by applicable laws and regulations, these Articles of Incorporation, and also the rules of the Audit & Supervisory Board established by the Audit & Supervisory Board.</u></p>	
<p><u>Article 37 (Remuneration, etc. of Audit & Supervisory Board Members)</u></p>	(Deleted)
<p><u>Remuneration, bonuses and other economic benefits that Audit & Supervisory Board members receive from the Company as consideration for the execution of their duties shall be determined by resolution of a general meeting of shareholders.</u></p>	
<p><u>Article 38 (Limited Liability Agreements with Outside Audit & Supervisory Board Members)</u></p>	(Deleted)
<p><u>Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with an Audit & Supervisory Board Member limiting his/her liability under Article 423, paragraph 1 of the Companies Act; provided, however, that the maximum liability under such agreement shall be the amount provided for in laws and regulations.</u></p>	

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter VI Accounting Auditor</p> <p>Articles <u>39</u> – <u>40</u> (Omitted)</p>	<p style="text-align: center;">Chapter VI Accounting Auditor</p> <p>Articles <u>35</u> – <u>36</u> (Unchanged)</p>
<p style="text-align: center;">Chapter VII Accounts</p> <p>Articles <u>41</u> – <u>44</u> (Omitted)</p>	<p style="text-align: center;">Chapter VII Accounts</p> <p>Articles <u>37</u> – <u>40</u> (Unchanged)</p>

Proposal No. 3: Election of Nine (9) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will become a company with audit and supervisory committee and consequently all nineteen (19) directors will resign upon expiration of their terms of office when the amendments to the Articles of Incorporation take effect. Accordingly, the Company proposes that nine (9) directors after transition of its governance system to a company with Audit and Supervisory Committee (excluding directors who are Audit and Supervisory Committee members; The same shall apply hereinafter in this proposal) to be elected.

This proposal may only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

No.	Name	Current positions and responsibilities in the Company	Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2018
1	Koji Karaike Reelection	Representative Director and Chairman	12/12 (100%)
2	Toshihiko Aoyagi Reelection	Representative Director and President	12/12 (100%)
3	Hayato Maeda Reelection	Senior Managing Director Director General of Corporate Planning Headquarters In charge of Public Relations Department and Tokyo Regional Office	12/12 (100%)
4	Ryuji Tanaka Reelection	Senior Managing Director Director General of Business Development Headquarters In charge of Shanghai Branch Office	12/12 (100%)
5	Yoji Furumiya Reelection	Managing Director Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office	12/12 (100%)
6	Masaya Hirokawa Reelection	Managing Director General Manager of Administration Department In charge of JR Kyushu Hospital and Human Resources Department	12/12 (100%)
7	Koji Toshima Reelection Outside Independent	Director	12/12 (100%)
8	Masayoshi Nuki Reelection Outside Independent	Director	9/12 (75%)
9	Izumi Kuwano Reelection Outside Independent	Director	12/12 (100%)

Candidate No. 1	Reelection Koji Karaike Date of Birth: April 2, 1953 Number of the Company's shares owned: 2,056 shares
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1977 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>Mar. 1995 General Manager of Restaurant Business of Distribution Operations Headquarters, Kyushu Railway Company</p> <p>Apr. 1996 President, JR Kyushu Food Service Inc.</p> <p>June 1997 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2000 Representative Director and President, JR Kyushu Food Service Inc.</p> <p>June 2003 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2005 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Customer Service Department of Railway Operations Headquarters, General Manager of Marketing & Sales Department of Railway Operations Headquarters and Director General of Travel Services Headquarters, Kyushu Railway Company</p> <p>June 2006 Managing Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2008 Managing Director and Deputy Director General, Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2008 Senior Managing Director and Representative Director, General Manager of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2009 Representative Director and President, Kyushu Railway Company</p> <p>June 2014 Representative Director and Chairman, Kyushu Railway Company (current)</p>
<p>Reasons for nomination as candidate for director</p> <p>Mr. Koji Karaike has a wealth of knowledge and expertise on the business management as he has taken part in business management of the Company for 15 years since appointed as Director in 2003. He has also been responsible for business management of the Company in the capacities as President from June 2009, and as Chairman from June 2014. He has also served as Chairman of the Board of the Directors since June 2014, supervising overall business management of the Company. The Company has nominated him as a candidate for director in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight.</p>	
<p>Special interests in the Company: There is no special interest between Mr. Koji Karaike and the Company.</p>	

Candidate No. 2	Reelection Toshihiko Aoyagi Date of Birth: August 19, 1953 Number of the Company's shares owned: 3,155 shares
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1977 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>June 1998 General Manager of Transportation Department of Technology and Operations Headquarters, Kyushu Railway Company</p> <p>Apr. 2001 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2004 General Manager of Kagoshima Regional Office, Kyushu Railway Company</p> <p>June 2005 Director, General Manager of Kagoshima Regional Office, Kyushu Railway Company</p> <p>May 2006 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Transportation Safety Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2008 Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2008 Managing Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2010 Managing Director, General Manager of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>Aug. 2010 Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2012 Senior Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2013 Senior Managing Director and Representative Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2014 Representative Director and President, Kyushu Railway Company (current)</p>

Reasons for nomination as candidate for director

Mr. Toshihiko Aoyagi has a wealth of knowledge and expertise on the business management as he has taken part in business management of the Company for 13 years since appointed as Director in 2005. He has also been responsible for overall administration of business management of the Company in the capacities as Senior Managing Director from June 2013 and Representative Director and President from June 2014. The Company has nominated him as a candidate for director in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight.

Special interests in the Company: There is no special interest between Mr. Toshihiko Aoyagi and the Company.

Candidate No. 3	Reelection Hayato Maeda Date of Birth: December 14, 1958 Number of the Company's shares owned: 1,361 shares
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1982 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>June 2003 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2006 General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2008 General Manager of Finance & Accounting Department, Kyushu Railway Company</p> <p>June 2008 Director, General Manager of Finance & Accounting Department, Kyushu Railway Company</p> <p>June 2012 Director, Kyushu Railway Company, President, JR Kyushu Huis Ten Bosch Hotel Co., Ltd.</p> <p>June 2014 Managing Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2015 Managing Director, Deputy Director General of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2016 Senior Managing Director, Director General of Corporate Planning Headquarters, Kyushu Railway Company (current)</p>
	<p><Current responsibility in the Company> Director General of Corporate Planning Headquarters In charge of Public Relations Department and Tokyo Regional Office</p>
<p>Reasons for nomination as candidate for director</p> <p>Mr. Hayato Maeda has a wealth of experience and a broad expertise as he has been engaged in principally finance and corporate planning operations, and has currently served as Senior Managing Director and Director General of Corporate Planning Headquarters. Since June 2008, he has taken part in the business management as Director, helping to increase the corporate value of the Group. The Company has nominated him as a candidate for director in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight.</p>	
<p>Special interests in the Company: There is no special interest between Mr. Hayato Maeda and the Company.</p>	

Candidate No. 4	<p>Reelection</p> <p>Ryuji Tanaka</p> <p>Date of Birth: August 11, 1954 Number of the Company's shares owned: 1,630 shares</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1977 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>Mar. 2004 General Manager of Urban Development Business Department, Kyushu Railway Company</p> <p>May 2006 General Manager of Nagasaki Regional Office, Kyushu Railway Company</p> <p>May 2007 President, JR Kyushu Huis Ten Bosch Hotel Co., Ltd.</p> <p>June 2010 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2011 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2014 Managing Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>Apr. 2017 Managing Director, Deputy Director General of Business Development Headquarters, General Manager of Planning & Development Department of Business Development Headquarters and General Manager of Hotel Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2017 Senior Managing Director, Director General of Business Development Headquarters, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Director General of Business Development Headquarters In charge of Shanghai Branch Office</p>
<p>Reasons for nomination as candidate for director</p> <p>Mr. Ryuji Tanaka has a wealth of experience and a board expertise as he was primarily engaged in the operation of business development, and currently has assumed the post of Senior Managing Director and Director General of Business Development Headquarters. Since June 2010, he has taken part in the management of the Company as Director, helping to increase the corporate value of the Group. The Company has nominated him as a candidate for director in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight.</p>	
<p>Special interests in the Company: There is no special interest between Mr. Ryuji Tanaka and the Company.</p>	

Candidate No. 5	Reelection Yoji Furumiya Date of Birth: November 26, 1962 Number of the Company's shares owned: 1,883 shares
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1985 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>May 2005 General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>May 2006 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2010 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2011 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2012 General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2012 Director and General Manager of Administration Department, Kyushu Railway Company</p> <p>Sept. 2012 Director, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2013 Director, General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2016 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company (current)</p>
	<p><Current responsibility in the Company> Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office</p>
<p>Reasons for nomination as candidate for director</p> <p>Mr. Yoji Furumiya has a wealth of experience and a broad expertise as he was primarily engaged in railway business operation and has currently assumed the post of Managing Director and Director General of Railway Operations Headquarters. Since June 2012, he has taken part in the management of the Company as Director, helping to increase the corporate value of the Group. The Company has nominated him as a candidate for director in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight.</p>	
<p>Special interests in the Company: There is no special interest between Mr. Yoji Furumiya and the Company.</p>	

Candidate No. 6	Reelection Masaya Hirokawa Date of Birth: April 3, 1962 Number of the Company's shares owned: 972 shares
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1985 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>Mar. 2005 General Manager of IT Strategic Planning Division of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2008 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2011 General Manager of Planning Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2012 General Manager of Finance & Accounting Department, Kyushu Railway Company</p> <p>June 2013 General Manager of Kumamoto Regional Office, Kyushu Railway Company</p> <p>June 2013 Director, General Manager of Kumamoto Regional Office, Kyushu Railway Company</p> <p>June 2015 Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2016 Director, General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2017 Managing Director, General Manager of Administration Department, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> General Manager of Administration Department In charge of JR Kyushu Hospital and Human Resources Department</p>
<p>Reasons for nomination as candidate for director</p> <p>Mr. Masaya Hirokawa has a wealth of experience and a board expertise as he was primarily engaged in administration and human resources operation and has currently assumed the post of Managing Director and General Manager of Administration Department. Since June 2013, he has taken part in the management of the Company as Director, helping to increase the corporate value of the Group. The Company has nominated him as a candidate for director in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight.</p>	
<p>Special interests in the Company: There is no special interest between Mr. Masaya Hirokawa and the Company.</p>	

Candidate No. 7	Koji Toshima	Reelection Outside Independent Date of Birth: June 11, 1941 Number of the Company's shares owned: 855 shares Tenure as outside director of the Company: 6 years
	Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Mar. 1964 Joined YASKAWA Electric Manufacturing Co., Ltd. (current YASKAWA Electric Corporation) Mar. 1986 General Manager of System Engineering and Planning Department, YASKAWA Electric Manufacturing Co., Ltd. Mar. 1990 General Manager of Yukuhashi Plant of System Business Headquarters, YASKAWA Electric Manufacturing Co., Ltd. Sept. 1992 Executive Officer, General Manager of Yukuhashi Plant of Industrial Electronics Business, YASKAWA Electric Corporation Mar. 1994 Executive Officer, Deputy General Manager of Robot Business Division, YASKAWA Electric Corporation June 1995 Director, Deputy General Manager of Robot Business Division and General Manager of Robot Factory, YASKAWA Electric Corporation June 1996 Director, General Manager of Robot Business Division, YASKAWA Electric Corporation June 2000 Managing Director, General Manager of Robot Business Division, YASKAWA Electric Corporation Sept. 2001 Managing Director, General Manager of Robot Automation Business Unit, YASKAWA Electric Corporation June 2002 Senior Managing Director, General Manager of Robot Automation Business Unit, YASKAWA Electric Corporation Mar. 2003 Senior Managing Director, General Manager of Robot Automation Business Unit and General Manager of Business Transformation Steering Headquarters, YASKAWA Electric Corporation Aug. 2003 Senior Managing Director, Supervisory Manager of Robot Business Division and General Manager of Business Transformation Steering Headquarters, YASKAWA Electric Corporation Mar. 2004 Representative Director and President, YASKAWA Electric Corporation Mar. 2007 Representative Director and President in charge of human resources development, YASKAWA Electric Corporation Mar. 2009 Representative Director and President, General Manager of Sales Administration Headquarters for Human Resources Development, YASKAWA Electric Corporation Mar. 2010 Representative Director and Chairman, YASKAWA Electric Corporation June 2012 Director, Kyushu Railway Company (current) Mar. 2013 Director, YASKAWA Electric Corporation June 2013 Special Advisor, YASKAWA Electric Corporation (current)	
<Important information on concurrent posts> Special Advisor, YASKAWA Electric Corporation President, Kitakyushu Chamber of Commerce and Industries		

Reasons for nomination as candidate for outside director

Mr. Koji Toshima has a wealth of experience and a board expertise as he has been long engaged in business management of YASKAWA Electric Corporation, Kyushu regional enterprise and at the same time global company. Since June 2012, he has provided the Company with valuable advice from an independent position as outside director. The Company has nominated him as a candidate for outside director as the Company expects him to supervise the business management and perform checking function over it based on his perspective with those experiences and insights as a professional of business management.

Special interests in the Company: There is no special interest between Mr. Koji Toshima and the Company.

Candidate No. 8	Reelection Outside Independent Masayoshi Nuki Date of Birth: January 27, 1945 Number of the Company's shares owned: 1,134 shares Tenure as outside director of the Company: 5 years
	Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Apr. 1968 Joined Kyushu Electric Power Company, Incorporated June 2000 General Manager of Public Relations Department, Kyushu Electric Power Company, Incorporated July 2001 Administration Officer, General Manager of Public Relations Department, Kyushu Electric Power Company, Incorporated June 2003 Administration Officer, General Manager of Kagoshima Branch Office, Kyushu Electric Power Company, Incorporated July 2003 Executive Officer, General Manager of Kagoshima Branch Office, Kyushu Electric Power Company, Incorporated June 2007 Director and Managing Executive Officer, General Manager of Business Development Division and General Manager of Information Communication Division, Kyushu Electric Power Company, Incorporated June 2009 Representative Director and Vice President, General Manager of Customer Services Division, Kyushu Electric Power Company, Incorporated June 2010 Representative Director and Vice President, Kyushu Electric Power Company, Incorporated Apr. 2012 Representative Director and Chairman, Kyushu Electric Power Company, Incorporated (scheduled to retire on June 27, 2018 and to assume the position of Senior Executive Adviser) June 2013 Director, Kyushu Railway Company (current) <Important information on concurrent posts> Representative Director and Chairman, Kyushu Electric Power Company, Incorporated, Chair of Fukuoka Association of Corporate Executives
Reasons for nomination as candidate for outside director	
<p>Mr. Masayoshi Nuki has a wealth of experience and a board expertise as he has been long engaged in business management of Kyushu Electric Power Company, Incorporated, and also played an active role in the business circles in Kyushu area. Since June 2013, he has provided the Company with valuable opinions from an independent position as outside director. The Company has nominated him as a candidate for outside director as the Company expects him to supervise the business management and perform checking function over it based on his perspective with those experience and insights as a professional of business management.</p>	
<p>Special interests in the Company: Although the Company has a business relationship with Kyushu Electric Power Company, Incorporated including payment of electric power rates, over the last three fiscal years the monetary value of the transactions from Kyushu Electric has amounted to less than 1% of the Company's annual consolidated net sales, and the monetary value of the transactions from the Company has amounted to less than 1% of Kyushu Electric's annual consolidated net sales. Accordingly, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.</p>	

Candidate No. 9	Izumi Kuwano	Reelection Outside Independent Date of Birth: August 1, 1964 Number of the Company's shares owned: 397 shares Tenure as outside director of the Company: 4 years
	Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Apr. 1993 Joined Kabushiki Kaisha Tamanoyu Apr. 1995 Director and Senior Managing Officer, Kabushiki Kaisha Tamanoyu Oct. 2003 Representative Director and President, Kabushiki Kaisha Tamanoyu (current) June 2014 Director, Kyushu Railway Company (current)	
	<Important information on concurrent posts> Representative Director and President, Kabushiki Kaisha Tamanoyu, President of Yufuin Onsen Tourism Foundation	
Reasons for nomination as candidate for outside director Ms. Izumi Kuwano has a wealth of experience and a broad expertise as she has been long engaged in business management of Kabushiki Kaisha Tamanoyu and has played an active role in the tourism field. Since June 2014, she has provided the Company with valuable advice from an independent position as outside director. The Company has nominated her as a candidate for outside director as the Company expects her to supervise the business management and perform checking function over it based on her perspective with those experiences and insights as a professional of business management.		
Special interests in the Company: Although the Company has a business relationship with Kabushiki Kaisha Tamanoyu including payment of hotel accommodation fees, over the last three fiscal years the monetary value of the transactions from Tamanoyu has amounted to less than 1% of the Company's annual consolidated net sales, and the monetary value of the transactions from the Company has amounted to less than 2% of Tamanoyu's annual consolidated net sales. Moreover, although the Company has a business relationship with Oita Bank, Ltd., which includes borrowing of funds, the monetary value of the transactions has amounted to less than 1% of the total annual consolidated assets of the Company over the last three fiscal years. Accordingly, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.		

(Notes)

1. Candidates Messrs. Koji Toshima and Masayoshi Nuki and Ms. Izumi Kuwano are candidates for outside director.
2. The Company has entered into limited liability agreements with Messrs. Koji Toshima and Masayoshi Nuki and Ms. Izumi Kuwano to limit their liability under Article 423, paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations. If their reelection is approved, the Company will continue the said agreement with them.
3. Candidates Messrs. Koji Toshima and Masayoshi Nuki and Ms. Izumi Kuwano satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange and Fukuoka Stock Exchange, and satisfies the Company's Independence Evaluation Criteria for Outside Officers (on page 27), and the Company has submitted notification concerning their designation as independent officer to each exchange. If their reelection is approved, the Company plans to maintain their positions as independent officers.

Proposal No. 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will become a company with audit and supervisory committee. Accordingly, the Company proposes to elect four (4) directors who are Audit and Supervisory Committee members.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

This proposal may only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

The candidates for directors who are Audit and Supervisory Committee members are as follows:

No.	Name	Current positions and responsibilities in the Company	Attendance at meetings of the Audit & Supervisory Board during the fiscal year ended March 31, 2018
1	Eiichi Kuga New candidate Outside Independent	Full-time Audit & Supervisory Board member	12/12 (100%)
2	Yasuko Goto New candidate	Managing Director In charge of Finance & Accounting Department	— (—%)
3	Kazuhide Ide New candidate Outside Independent	Audit & Supervisory Board member	12/12 (100%)
4	Yasunori Eto New candidate Outside Independent	—	— (—%)

Candidate No. 1	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Eiichi Kuga</p> </div> <div style="width: 50%;"> <p>New candidate Outside Independent</p> <p>Date of Birth: September 1, 1956</p> <p>Number of the Company's shares owned: 557 shares</p> <p>Tenure as outside audit & supervisory board member of the Company: 2 years</p> </div> </div>
	<p>Career summary, position and responsibility in the Company</p> <p>Apr. 1981 Joined National Police Agency</p> <p>Apr. 2006 Director-General of Kagoshima Prefectural Police</p> <p>Sept. 2007 Director-General of Tokyo Metropolitan Government Office for Youth Affairs and Public Safety</p> <p>Sept. 2009 Director-General of Security Dept. of Tokyo Metropolitan Police Department</p> <p>Feb. 2011 Director-General of Kanagawa Prefectural Police</p> <p>Apr. 2013 Director-General of Imperial Guard Headquarters</p> <p>Dec. 2015 Advisor, Nippon Life Insurance Company</p> <p>June 2016 Full-time Audit & Supervisory Board member, Kyushu Railway Company (current)</p>
<p>Reasons for nomination as candidate for outside director who is an Audit and Supervisory Committee member</p> <p>Mr. Eiichi Kuga has a wealth of experience and a board insight as he has been long engaged in police administration. Since June 2016, he has performed auditing as Full-time Audit & Supervisory Board member of the Company from various angles based on his experience and insight, working to ensure healthy and appropriate business management. The Company has nominated him as a candidate for outside director who is an Audit and Supervisory Committee member as the Company expects to continue leveraging his experience and track records in the auditing of the Company. Although he does not have experience of being involved in corporate management, the Company determined that he will be able to carry out the duties of an outside director who is an Audit and Supervisory Committee member appropriately for the aforementioned reason.</p> <hr/> <p>Special interests in the Company: There is no special interest between Mr. Eiichi Kuga and the Company.</p>	

Candidate No. 2	New candidate Yasuko Goto Date of Birth: February 19, 1958 Number of the Company's shares owned: 1,025 shares
	<p>Career summary, position and responsibility in the Company</p> <p>Apr. 1980 Joined the Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>Jan. 1997 General Manager of Planning Department of Kyushu District Transport Bureau, the Ministry of Transport</p> <p>July 1998 Director of Planning and Research Office of Tourism Department of Transport Policy Bureau, the Ministry of Transport</p> <p>July 2001 Director of International Affairs and Crisis Management Division, Japan Coast Guard</p> <p>July 2003 General Manager of Transport Consumer Policy Division of Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>June 2004 Director of Tourism Promotion Bureau at New York of Tourist Bureau of Japan, MLIT</p> <p>Oct. 2005 Deputy Governor, Yamagata Prefecture</p> <p>July 2008 Director of Regional Transport Bureau of Hokuriku and Shinetsu Regions, MLIT</p> <p>Aug. 2010 Assistant Minister, MLIT</p> <p>Oct. 2011 Director, Japan Railway Construction Transport and Technology Agency</p> <p>July 2013 Director General, Policy Research Institute for Land, Infrastructure, Transport and Tourism, MLIT</p> <p>Oct. 2014 Advisor, Kyushu Railway Company</p> <p>June 2015 Deputy Director General of Railway Operations Headquarters and Director General of Travel Services Headquarters, Kyushu Railway Company</p> <p>June 2015 Managing Director, Deputy General Manager of Railway Operations Headquarter and General Manager of Tourism Business Headquarter, Kyushu Railway Company</p> <p>June 2017 Managing Director, Kyushu Railway Company (current)</p>
	<p><Current responsibility in the Company> In charge of Finance & Accounting Department</p>
<p>Reasons for nomination as candidate for director who is an Audit and Supervisory Committee member</p> <p>Ms. Yasuko Goto has a wealth of experience and a board insight as she has been long engaged in administration of land, infrastructure and transport. Since June 2015, she has taken part in business management of the Company as Managing Director, and is well-versed with finance and accounting of the Company as Director in charge of Finance & Accounting Department. The Company has nominated her as a candidate for director who is an Audit and Supervisory Board member as the Company expects her to supervise the business management and perform checking function over it based on perspective with those experiences and insights as a professional of business management.</p>	
<p>Special interests in the Company: There is no special interest between Ms. Yasuko Goto and the Company.</p>	

Candidate No. 3	<p style="text-align: right;">New candidate Outside Independent</p> <p>Kazuhide Ide</p> <p>Date of Birth: January 3, 1942 Number of the Company's shares owned: 557 shares Tenure as outside audit & supervisory board member of the Company: 3 years</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1964 Joined The Kangyo Bank Ltd. (currently Mizuho Financial Group, Inc.)</p> <p>Apr. 1989 Manager of Related Business Department of Planning Division, The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.)</p> <p>June 1990 Manager of Lottery Department, The Dai-Ichi Kangyo Bank, Ltd.</p> <p>June 1992 Director, Manager of Personnel and Planning Dept., The Dai-Ichi Kangyo Bank, Ltd.</p> <p>May 1994 Director, Manager of Personnel Dept., The Dai-Ichi Kangyo Bank, Ltd.</p> <p>Apr. 1995 Director and Managing Officer, The Dai-Ichi Kangyo Bank, Ltd.</p> <p>Apr. 1997 Advisor, The Chikuho Bank, Ltd.</p> <p>June 1997 Representative Director and Vice President, The Chikuho Bank, Ltd.</p> <p>Apr. 1999 Representative Director and President, The Chikuho Bank, Ltd.</p> <p>Apr. 2006 Representative Director and Chairman, The Chikuho Bank, Ltd.</p> <p>June 2012 Director and Chairman, The Chikuho Bank, Ltd.</p> <p>June 2015 Outside Audit & Supervisory Board member, Kyushu Railway Company (current)</p> <p>June 2016 Chairman, The Chikuho Bank, Ltd. (current)</p> <p><Important information on concurrent posts> Chairman, The Chikuho Bank, Ltd.</p>
<p>Reasons for nomination as candidate for outside director who is an Audit and Supervisory Committee member</p> <p>Mr. Kazuhide Ide has a wealth of experience and a board insight as corporate business manager as he has been long engaged in business management of The Chikuho Bank, Ltd. Since June 2015, he has performed auditing as Outside Audit & Supervisory Board member of the Company from various angles based on his experience and insight, working to ensure healthy and appropriate business management. The Company has nominated him as a candidate for outside director who is an Audit and Supervisory Committee member as the Company expects to continue leveraging his experience and track records in the auditing of the Company.</p> <p>Special interests in the Company: Although the Company has a business relationship with The Chikuho Bank, Ltd., which includes borrowing of funds, the monetary value of the transactions has amounted to less than 1% of the total annual consolidated assets of the Company over the last three fiscal years. Accordingly, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.</p>	

Candidate No. 4	Yasunori Eto	New candidate Outside Independent Date of Birth: December 21, 1967 Number of the Company's shares owned: –
	Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Apr. 1995 Appointed as a public prosecutor Apr. 2009 Deputy Chief Prosecutor, Kagoshima District Public Prosecutors Office Apr. 2011 Public prosecutor, Osaka District Public Prosecutors Office Sept. 2011 Retired as Public prosecutor Oct. 2011 Registered as an attorney at law Bengoshi Hojin Hino Sogo Law Office (current)	
	<Important information on concurrent posts> Attorney at law	
Reasons for nomination as candidate for outside director who is an Audit and Supervisory Committee member Mr. Yasunori Eto has a wealth of experience and a board insight as public prosecutor and attorney at law, and the Company has nominated him as a candidate for outside director who is an Audit and Supervisory Committee member as the Company expects to leverage them in the auditing of the Company. Although he does not have experience of being involved in corporate management, the Company determined that he will be able to carry out the duties of an outside director who is an Audit and Supervisory Committee member appropriately for the aforementioned reason.		
Special interests in the Company: There is no special of interest between Mr. Yasunori Eto and the Company.		

(Notes)

1. Candidates Messrs. Eiichi Kuga, Kazuhide Ide and Yasunori Eto are candidates for outside director.
2. The Company has entered into limited liability agreements with Messrs. Eiichi Kuga and Kazuhide Ide to limit their liability under Article 423, paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations. If their reelection is approved, the Company will continue the said agreements with them. In addition, if the election of Mr. Yasunori Eto is approved, the Company will enter into the same agreement with him.
3. Messrs. Eiichi Kuga and Kazuhide Ide satisfy the requirements for an independent officer as provided for by the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and satisfy the Company's Independence Standard for Outside Officers (on page 27), and the Company has submitted notification concerning their designation as independent officer to each exchange. If their reelection is approved, the Company plans to maintain their positions as independent officer.
4. Mr. Yasunori Eto satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and satisfies the Company's Independence Standard for Outside Officers (on page 27). If his election is approved, the Company plans to designate him as independent officer.

Independence Standard for Outside Officers

Outside officers (directors and other officers, if any) of the Company shall be deemed to be independent if they do not fall under any of the following items:

1. a current executive (a person who executes operations, such as executive director, executive officer, corporate officer, or employee; hereinafter, the same) of the Company or any of its subsidiaries (hereinafter, "Group companies"), or someone who has served in such a position in any of the past 10 fiscal years
2. a spouse or relative by blood or marriage within the second degree of a current executive of a Group company (to the extent such an executive is at a level equivalent to important employee or upper), or of someone who has served in such a position in any of the past three fiscal years.
3. an entity of whom the Company is a major business partner (that is, a recipient of payment from the Company in excess of 2% of said recipient's average consolidated sales over the period of the preceding three fiscal years), or, in the event such an entity is a corporation, an executive of said corporation
4. a major business partner of the Company (that is, an entity that makes payments to the Company that account for over 2% of the Company's average consolidated sales over the period of the preceding three fiscal years), or, in the event such a business partner is a corporation, an executive of said corporation
5. a major lender to the Company (that is, an entity that provides loans to the Company in excess of 2% of the Company's average consolidated assets among the preceding three fiscal year-ends), or, in the event such a lender is a corporation, an executive of said corporation
6. a legal expert, etc., whose remuneration received from the Company, other than officers' remuneration, exceeds ¥10 million in the current fiscal year or on average per annum over the period of the preceding three fiscal years, or, if such an expert belongs to a corporation, such a person who receives payments from the Company exceeding 2% of the consolidated sales of said corporation over the same period
7. a director or executive of an organization that receives donations in excess of ¥10 million in the current fiscal year or on average per annum from the Company over the period of the preceding three fiscal years
8. a major shareholder of the Company (that is, a shareholder who holds 10% or more of the total number of voting rights of the Company), or, in the event such a shareholder is a corporation, an executive of said corporation
9. a spouse or relative by blood or marriage within the second degree of a person who falls under any of items 3. through 8. above (to the extent such an executive is at a level equivalent to important employee or upper)
10. in addition to the preceding items 1. through 9., a person who is unable to independently perform duties as an independent outside officer due to a conflict of interest with the Company or to other exceptional circumstances

Proposal No. 5: Setting of Remuneration Amount of Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At its General Meeting of Shareholders held on June 21, 2016, the Company gained approval with respect to remuneration, etc. (“remunerations”) of directors for an annual amount of not more than ¥540 million (of which, remunerations of outside directors shall be not more than ¥36 million; provided, however, that this does not include employee salaries). Meanwhile, if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will make the transition of its governance system to a company with audit and supervisory committee. Accordingly, taking into consideration recent economic developments and various other circumstances, the Company proposes setting an amount of remunerations of directors (excluding directors who are Audit and Supervisory Committee members; the same shall apply hereinafter in this proposal) at not more than ¥420 million annually (of which, remunerations of outside directors shall be not more than ¥36 million) subsequent to the transition to a company with audit and supervisory committee, and also proposes that decisions on matters such as specific amounts and the timing of payments for respective directors be made by means of resolution by the Board of Directors.

These remunerations shall not include the portions of employee salaries of directors concurrently serving as employees.

Whereas there are currently 19 directors, there will be nine directors (of which, three will be outside directors) if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Nine (9) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as originally proposed.

This proposal may only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

Proposal No. 6: Setting of Remuneration Amount of Directors Who Are Audit and Supervisory Committee Members

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will make the transition of its governance system to a company with audit and supervisory committee. Accordingly, taking into consideration recent economic developments and various other circumstances, the Company proposes setting an amount of remunerations of directors who are Audit and Supervisory Committee members at not more than ¥120 million annually subsequent to the transition to a company with audit and supervisory committee, and also proposes that decisions on matters such as specific amounts and the timing of payments for respective directors who are Audit and Supervisory Committee members be made upon consultation among the directors who are Audit and Supervisory Committee members.

There will be four directors who are Audit and Supervisory Committee members if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 4 “Election of Four (4) Directors Who Are Audit and Supervisory Committee Members” are approved as originally proposed.

This proposal may only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.