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(Stock Exchange Code 4775)
June 1, 2018

To Shareholders:

Kenji Sakamoto
Representative Director, President &
Chief Executive Officer
SOGO MEDICAL CO., LTD.
2-14-8 Tenjin, Chuo-ku, Fukuoka

NOTICE OF CONVOCAION OF THE 40TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby notify you that the 40th Annual General Meeting of Shareholders of SOGO MEDICAL CO., LTD. (the "Company") will be held as described below.

If you are unable to attend the Meeting, you may exercise your voting rights either in writing or over the Internet, and we ask that you please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. (Japan time) on Thursday, June 21, 2018.

[If you wish to exercise your voting rights in writing (by postal mail)]

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form (available in Japanese only) and send it back to us so that it arrives by the aforementioned exercise deadline.

[If you wish to exercise your voting rights over the Internet]

To exercise voting rights over the internet, please see (<https://evote.tr.mufg.jp/>) (available in Japanese only) and enter your vote for or against each proposal by the aforementioned exercise deadline.

Annual General Meeting Details

- 1. Date and Time:** Friday, June 22, 2018, at 10:00 a.m. (Japan time)
(Scheduled commencement of reception is 9:00 a.m.)
- 2. Venue:** *Heian no ma*, Hotel Okura Fukuoka 4F
3-2 Shimokawabata-machi, Hakata-ku, Fukuoka City, Fukuoka, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the 40th Term (from April 1, 2017, to March 31, 2018) and report of results of audits of the Consolidated Financial Statements by the Independent External Auditors and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 40th Term (from April 1, 2017, to March 31, 2018)
 - Matters to be resolved:**
 - Proposal No. 1:** Establishment of Wholly-Owning Parent Company through Share Transfer
 - Proposal No. 2:** Election of ten (10) Directors

<Requests>

- When attending the Meeting in person, please submit the enclosed Voting Rights Exercise Form to the reception desk at the venue.
As the reception area is expected to become crowded immediately before commencement of the Meeting, please arrive at the venue early.
- For the purpose of conserving resources, please bring this “Notice of Convocation of the 40th Annual General Meeting of Shareholders” with you when attending the Meeting.

<Notices>

- Among the documents to be provided with this Notice, “5. System to ensure appropriateness of operations and status of implementation of the system” and “6. Basic policy for control of stock company” in the Business Report, and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website (<http://www.sogo-medical.co.jp/ir/>), pursuant to the provisions of laws and regulations as well as Article 15 of the Articles of Incorporation of the Company, and are thus not contained in the documents provided with this Notice. Accordingly, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements contained in the documents provided with this Notice are part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements that have been audited in preparation for the Audit Report and Independent External Audit Report by the Auditors and the Independent External Auditors, respectively. Shareholders who wish to receive the parts posted on the website by mail are advised to contact the Company’s staff in charge at the Public Information and Investor Relations Division (TEL: +81-92-713-9181).
- In the case where any revision to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements becomes necessary, the revised versions will be posted on the Company’s website (<http://www.sogo-medical.co.jp/ir/>).
- Souvenirs will be available to shareholders who attend the Meeting, however, please understand that the number of souvenirs given will be limited to one per shareholder present at the Meeting, regardless of the number of Voting Rights Exercise Forms the shareholder may bring with him/her.

Reference Documents for the General Meeting of Shareholders

Proposal No.1: Establishment of Wholly-Owning Parent Company through Share Transfer

The Company formulated a share transfer plan (hereinafter the “Share Transfer Plan”) for the establishment of SOGO MEDICAL HOLDINGS CO., LTD. (hereinafter the “Holding Company”), which will be the Company’s wholly-owning parent company, via a one-time share transfer to be effective on October 1, 2018, (hereinafter the “Share Transfer”), and passed a resolution approving the Share Transfer Plan at a meeting of the Board of Directors on May 24, 2018.

In this proposal, we seek the approval of the shareholders for the Share Transfer Plan. The reasons for the Share Transfer, the terms of the Share Transfer Plan and other matters are as described below.

1. Reasons for and objectives of the Share Transfer, etc.

(1) Reasons

In the healthcare industry in which Sogo Medical group does its business, demand for efficient and high quality medical services is ever-increasing due to a rapidly declining birthrate and aging population escalation of medical costs, enhanced specialization and coordination of medical care functions and progress in integrated community care systems including an expansion of home care systems, and the business environment for medical institutions is in drastic change.

Under the concept of “*Good Medical Practice Through Good Medical Management*”, Sogo Medical group has been supporting good medical practices and contributing to the betterment of society through building a Doctor-to-Doctor network (systems with respect to succession of a doctor’s business, medical coordination and outplacement for doctors) and creating value-added pharmacies based on consulting services for medical institutions. Also, we developed our mid-term management plan for the next three years, “Action 2020”, on March 2017, to build a foundation for a community healthcare network through “Developing Medical Malls”, “Supporting Hospital Management”, “Creation of Value-added Pharmacies”, and “Expansion of Business Domain for Long-term Corporate Vision” and to achieve “Highly-Developed Japanese Healthcare Business” to support an integrated community care system, as our 50th-term corporate vision for the next 10 years.

As the Company marks the 40th anniversary of our foundation on June 12 of this year, in order to achieve our 50th-term corporate vision as early as possible, to enhance our corporate value and to realize sustainable growth in the future, we need to seek expansion of our scale of operation and creation of new business by accelerating our move to evolve and reinforce our existing businesses, and active use of M&A and alliances. We believe that our transition to a holding company structure is the optimal strategy to achieve the above-mentioned objectives. In addition, we believe that a holding company structure in which the management/supervision function and the business operation function are separated from each other is more suitable in terms of the enhancement of corporate governance.

(2) Objectives

The objectives for conversion into a holding company structure are as follows:

1) Enhancement of group management strategy and business operation:

- To seek to maximize group synergy and the corporate value of the Sogo Medical group as a whole by having the holding company concentrate on group management, developing mid- to long-term growth strategies, and making optimal distribution of management resources;
- To seek to further accelerate the decision-making process and enhance value creation in each business by transferring substantial authority to the business company and clarifying roles and responsibilities;

2) Expansion of strategic partnership:

- To expand the scale of operation and create new business through active use of M&A and capital and business alliances to accelerate the achievement of a highly-developed Japanese healthcare business;

3) Training of management executive for the next generation:

- To seek to promote early training of management executives through business experience by promoting candidates for management executives for the next generation in the business company.

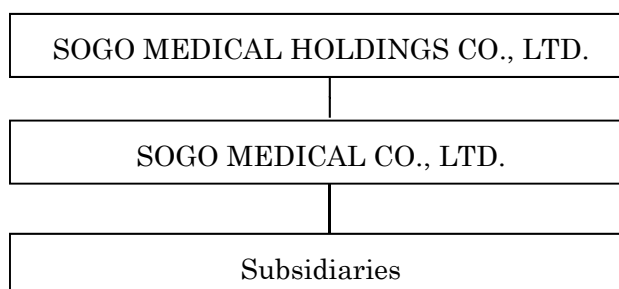
Upon the Share Transfer, the Company will become the wholly-owned subsidiary of the Holding Company, and the shares of the Company will be delisted in association with the Share Transfer, and an application for a listing of the shares in the Holding Company will be submitted to the First Section of the Tokyo Stock Exchange. Although the listing date will depend on the time needed by the Tokyo Stock Exchange to review the application, the listing date has been tentatively scheduled for October 1, 2018, which is the date planned for registering the incorporation of the Holding Company (i.e., the effective date of the Share Transfer).

(3) Steps for Transition to Holding Company Structure

The Company will take the following steps to implement the transition to a pure holding company structure:

<Step 1> Incorporation of Holding Company by Share Transfer

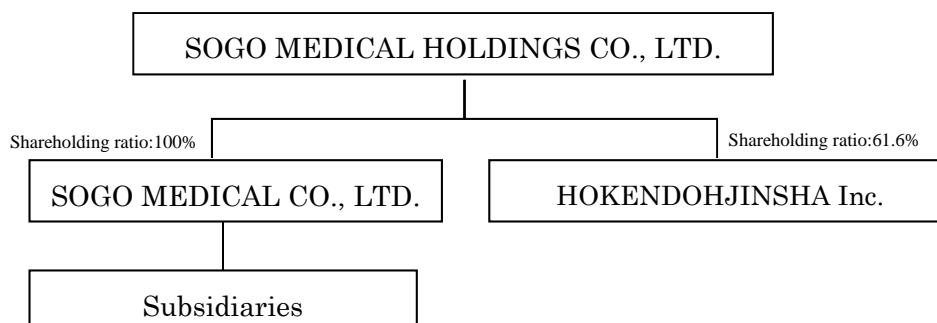
By incorporating the Holding Company through the Share Transfer on October 1, 2018, the Company will become the wholly-owned subsidiary of the Holding Company.



<Step 2> Reorganization of HOKENDOHJINSHA Inc.

After incorporation of the Holding Company, in order to enhance our healthcare service business, the

reorganization of our corporate group is planned as soon as possible through a distribution-in-kind or other method of all the shares in HOKENDOHJINSHA Inc. that the Company owns to the Holding Company.



<Step 3> Corporate Structure after Incorporation of Holding Company

After Step 2, we plan to start considering the optimal corporate structure to achieve our 50th-term corporate vision.

2. Outline of the Share Transfer Plan

Details of the Share Transfer are as stipulated in the following “Share Transfer Plan (Copy)”

Share Transfer Plan (Copy)

Concerning the share transfer (hereinafter, the “Share Transfer”) by which newly established SOGO MEDICAL HOLDINGS CO., LTD. (the “Holding Company”) becomes the wholly-owning parent company of SOGO MEDICAL CO., LTD. (the “Company”) the Company sets forth the share transfer plan (hereinafter, the “Share Transfer Plan”) as follows:

Article 1 (Purposes, Trade Name, Location of Head Office, Total Number of Authorized Shares and Other Matters to be Set Forth in the Articles of Incorporation of the Holding Company)

Purposes, Trade Name, Location of Head Office and Total Number of Authorized Shares of the Holding Company shall be as follows:

(1) Purpose

Purpose of the Holding Company shall be as specified in Article 2 of the Exhibit “Articles of Incorporation of SOGO MEDICAL HOLDINGS CO., LTD.”.

(2) Trade Name

Trade name of the Holding Company shall be “Sogo Medical Holdings Kabushiki Kaisha,” and in English “SOGO MEDICAL HOLDINGS CO., LTD.”.

(3) Location of Head Office

The head office of the Holding Company shall be located in Fukuoka-city.

(4) Total Number of Authorized Shares

The total number of authorized shares of the Holding Company shall be eighty million (80,000,000) shares.

2. In addition to the matters listed in the preceding Paragraph, the matters to be set forth in the Articles of Incorporation of the Holding Company shall be as set forth in the Exhibit “Articles of Incorporation of SOGO MEDICAL HOLDINGS CO., LTD.”.

Article 2 (Names of Directors, etc., and Name of Accounting Auditor on Incorporation of the Holding Company)

The names of the Directors on incorporation of the Holding Company shall be as follows:

Director: Kenji Sakamoto

Director: Shinya Mikita

Director: Itsuo Tashiro

Director: Masatoshi Sadahisa

External Director: Kiyotaka Watanabe

External Director: Eiichi Seki

External Director: Takashi Kamite

2. The names of the Audit & Supervisory Board Members on incorporation of the Holding Company shall be as follows:

Statutory Audit & Supervisory Board Member: Shoji Hirao

External Audit & Supervisory Board Member: Seio Yamakawa

External Audit & Supervisory Board Member: Naomasa Mitsukado

External Audit & Supervisory Board Member: Setsuko Gondo

3. Name of accounting auditor on incorporation of the Holding Company shall be as follows:

Deloitte Touche Tohmatsu LLC

Article 3 (Shares to be Delivered upon Share Transfer, and Allotment thereof)

Upon the Share Transfer, the Holding Company shall deliver to the Company's shareholders who are registered or recorded in the Company's last shareholder register (except, with respect to the shareholder who requests the purchase of its share(s) pursuant to the provision of Article 806 of the Companies Act, the Company shall be deemed to be registered or recorded in the shareholder register in lieu of such shareholder) as of the date immediately before the date of incorporation of the Holding Company (the date provided in Article 5, the same shall apply hereinafter), a common share in the Holding Company in exchange for each common share in the Company owned by each relevant shareholder.

Article 4 (Amount of Stated Capital and Reserves of the Holding Company)

The amount of stated capital and reserves of the Holding Company on its incorporation shall be as follows:

- (1) amount of stated capital: 10,000,000,000 yen
- (2) amount of reserves: 10,000,000,000 yen

Article 5 (Date of Incorporation of the Holding Company)

The date on which the incorporation of the Holding Company will be registered (hereinafter, the “Date of Incorporation”) shall be October 1, 2018; provided, however, that the date may be changed by resolution of the Board of Directors of the Company if necessary for the procedures of the Share Transfer.

Article 6 (General Meeting of Shareholders to Approve Share Transfer Plan)

The Company shall convene an Annual General Meeting of Shareholders to be held on June 22, 2018, and shall seek passage of resolution(s) to approve the Share Transfer Plan and other matters necessary for the Share Transfer.

Article 7 (Stock Exchange of Holding Company)

The Holding Company plans to list its common shares on the First Section of the Tokyo Stock Exchange on the Date of Incorporation.

Article 8 (Administrator of Shareholder Register of the Holding Company)

The administrator of the shareholder register of the Holding Company shall be Mitsubishi UFJ Trust and Banking Corporation.

Article 9 (Change or Cancellation of Share Transfer Plan)

In the case of any material change in financial status or business conditions of the Company after preparation of the Share Transfer Plan and before the Date of Incorporation of the Holding Company due to natural disaster or any other reason, the Company may change the terms and conditions of the Share Transfer or cancel the Share Transfer by a resolution of the Board of Directors of the Company.

Article 10 (Effectiveness of Share Transfer Plan)

In the case of either of the following items becoming applicable, the Share Transfer Plan shall become invalid :

- (1) approval for the Share Transfer Plan is not obtained at a General Meeting of Shareholders of the Company; or
- (2) approval or permission for the Share Transfer from relevant government agencies under laws and regulations of Japan or any foreign country is not obtained (including effectiveness of any notification submitted to relevant government agencies etc.).

May 24, 2018

Company: 14-8, Tenjin 2-chome, Chuo-ku, Fukuoka-city
SOGO MEDICAL CO., LTD.
Kenji Sakamoto,
Representative Director, President and Chief
Executive Officer

ARTICLES OF INCORPORATION
OF
SOGO MEDICAL HOLDINGS CO., LTD.

CHAPTER I
GENERAL PROVISIONS

Article 1. (Corporate Name)

The name of the Company shall be “SOGO MEDICAL HOLDINGS KABUSHIKI KAISHA”, and in English “SOGO MEDICAL HOLDINGS CO., LTD.”

Article 2. (Purposes)

The purpose for which the Company is formed shall be to undertake business management and supplemental business of companies engaged in the following businesses through ownership of the shares or equity interests of such companies or other business entities equivalent thereto:

- (1) Management consultation for medical institutions, welfare facilities, pharmacies and institutions related thereto;
- (2) Instruction and undertaking of management and administration of medical institutions, welfare facilities and pharmacies;
- (3) Instruction, mediation and arrangement of merger, affiliation and transfer of business rights/goodwill and securities of medical institutions;
- (4) Business operations related to planning, designing and managing hospitals and clinics (or medical institutions);
- (5) Food service for medical institutions and home-bound patients and patients in need of nursing care at home;
- (6) Research, planning, designing, supervising, construction, and mediation and arrangement thereof related to new construction, expansion or reconstruction of medical facilities, welfare facilities, pharmacies and facilities related thereto;
- (7) Trade, lease, management and arrangement of land and buildings;
- (8) Arrangement of money loans and lending, and provision of guaranties;
- (9) Arrangement and support of consignment of specified financial instruments business to life insurance companies and general insurance companies;
- (10) General insurance agency business and other insurance agency business under the Automobile

Liability Security Act;

- (11) Business related to solicitation of life insurance;
- (12) Management of pharmacies;
- (13) Management of drugstores;
- (14) Sales of medicinal drugs, quasi-medical drugs, toxic substances, deleterious substances, narcotic drugs, blood for transfusion and medicinal liquor;
- (15) Sales of cosmetics, sanitary goods and convenience goods;
- (16) Lease, rental and trade (including sale by installments) of medical equipment, communication equipment, broadcasting equipment, electric equipment, precision measuring equipment, disaster prevention equipment, kitchen appliances, air conditioning and computers, software, automobile, ships, advertising equipment, fixtures, furniture and interior accessories;
- (17) Fee-charging employment placement business;
- (18) General worker dispatching business and specified worker dispatching business;
- (19) Transportation of medical supplies and medicinal drugs to hospitals, pharmacies, home-bound patients and patients in need of nursing care at home;
- (20) Undertaking nursing care and assistance for hospitals, pharmacies, home-bound patients and patients in need of nursing care at home;
- (21) Visiting care-giving business;
- (22) Business operations related to sales, lease and arrangement of nursing care products;
- (23) Undertaking management of medicinal drugs, medical materials and the like of medical institutions;
- (24) Operations related to clinical examination;
- (25) Operations related to collection and transportation of non-industrial waste and industrial waste;
- (26) Publication and sale of books;
- (27) Planning, producing, and operating digital media content for web sites, mobile sites and others, and acting as an agent therefore;
- (28) Providing information, consultation, and instruction regarding health care via telephone and web and acting as an agent therefore;
- (29) Management of convenience stores; and
- (30) Any operations supplemental to the foregoing.

Article 3. (Location of Head Office)

The head office of the Company shall be located in Fukuoka-city

Article 4. (Bodies)

The Company shall have the following bodies, in addition to a General Meeting of Shareholders and Directors:

- (1) Board of Directors;
- (2) Audit & Supervisory Board Members;
- (3) Audit & Supervisory Board; and
- (4) Accounting Auditor

Article 5. (Method of Public Notices)

Public notices of the Company shall be made electronically; provided, if the Company is unable to make an electronic public notice due to an accident or other unavoidable reason, the notice shall be published in the “*Nihon Keizai Shimbun*.”

CHAPTER II SHARES

Article 6. (Aggregate Number of Shares Authorized to Be Issued)

The aggregate number of shares which the Company shall have the authority to issue shall be eighty million (80,000,000) shares.

Article 7. (Number of Shares Constituting A Minimum Unit of Shares (*tan-gen kabu*))

A minimum unit of shares (*tan-gen kabu*) shall be one hundred (100) shares.

Article 8. (Rights Concerning Shares Constituting Less than One Full Unit)

Shareholders of the Company shall not exercise any rights concerning shares constituting less than one full unit other than those prescribed below;

- (1) Rights set forth in Article 189, Paragraph 2 of the Companies Act;
- (2) Right to file a claim in accordance with the provisions of Article 166, Paragraph 1 of the Companies Act;
- (3) Right to receive allocation of shares offered or share purchase rights offered in proportion to the number of shares held; or
- (4) Right to make requests provided in the next article.

Article 9. (Accumulation of Shares Less than A Minimum Unit of Shares)

Pursuant to the Rules for Handling Shares, shareholders of the Company may request to sell shares in the number that will constitute one full unit of shares when combined with a number of shares

constituting less than one full unit of shares owned by such shareholders.

Article 10. (Transfer Agent)

1. The Company shall appoint a transfer agent.
2. Designation of the transfer agent and its business office shall be made by resolution of the Board of Directors of the Company and shall be notified by public notice.
3. Preparation and keeping of the shareholder register and the register of share purchase rights as well as other administrative affairs relating to the shareholder register and the register of share purchase rights shall be entrusted to the transfer agent and shall not be handled by the Company.

Article 11. (Rules for Handling Shares)

The handling and fees relating to the shares of the Company shall be in accordance with the share handling rules as established by the Board of Directors as well as laws and regulations or these Articles of Incorporation.

CHAPTER III MEETINGS OF SHAREHOLDERS

Article 12. (Holding of Meetings of Shareholders)

An Annual General Meeting of Shareholders of the Company shall be held in June of each year, and a Special Meeting of Shareholders of the Company shall be held whenever necessary.

Article 13. (Record Date for Annual General Meeting of Shareholders)

The record date for voting at an Annual General Meeting of Shareholders shall be March 31 each year.

Article 14. (Convenor and Chairperson of Meeting)

1. General Meetings of Shareholders of the Company shall be convened and presided over by the President.
2. In case the President is unable to act, one of the other Directors determined in accordance with the order predetermined by the Board of Directors shall convene and preside over a General Meeting of Shareholders.

Article 15. (Internet Disclosure and Deemed Provision of Referential Materials for a General Meetings of Shareholders)

Information relating to the matters to be indicated or presented in referential materials for a General Meeting of Shareholders, business reports, financial statements, and consolidated financial statements may be deemed to be provided by the Company to the shareholders by disclosing them through the Internet pursuant to the Ordinances of the Ministry of Justice.

Article 16. (Method of Resolutions)

1. Unless otherwise provided in laws and regulations or by these Articles of Incorporation, all resolutions of a General Meeting of Shareholders of the Company shall be adopted by a majority of the votes cast at the General Meeting of Shareholders by the shareholders present and in attendance who are entitled to vote at the meeting.
2. All resolutions of a General Meeting of Shareholders of the Company pursuant to Article 309, Paragraph 2 of the Companies Act shall be adopted by votes equal to or more than two thirds of the voting rights held by the shareholders present and in attendance only when such shareholders present and in attendance represent aggregate voting rights equal to or more than one third of the voting rights held by the shareholders entitled to vote at the meeting.

Article 17. (Voting by Proxy)

1. A shareholder may vote at a General Meeting of Shareholders of the Company through a proxy who is himself or herself a shareholder of the Company and has a voting right at the relevant General Meeting of Shareholders.
2. A shareholder or his or her proxy shall submit to the Company a written certificate of his or her proxy right at each relevant General Meetings of Shareholders.

CHAPTER IV

DIRECTORS AND THE BOARD OF DIRECTORS

Article 18. (Number of Directors)

The number of Directors of the Company shall be not more than ten (10).

Article 19. (Method of Appointment of Directors)

1. Directors are appointed at a General Meeting of Shareholders.
2. Directors shall be elected by votes of the majority of the voting rights held by the shareholders present and in attendance only when such shareholders present and in attendance represent aggregate voting rights equal to or more than one third of the voting rights held by the shareholders entitled to vote at the meeting.
3. Cumulative voting shall not be permitted for the election of Directors.

Article 20. (Term of Office of Directors)

The term of office of Directors of the Company shall expire at the conclusion of the Annual Meeting of Shareholders of the Company for the fiscal year which is the last ending within one (1) year after assumption of office.

Article 21. (Election of Representative Directors and Directors with Executive Positions)

1. The Board of Directors shall by resolution elect the Representative Director.
2. The Board of Directors may by resolution appoint one (1) Chairperson of the Board, one (1) President, one (1) or more Advisors of the Board, Deputy Chairpersons of the Board, Vice Presidents, Senior Managing Directors, and Managing Directors.

Article 22. (Convenor and Chairperson of Board of Directors)

1. Unless otherwise provided in laws and regulations, a meeting of the Board of Directors of the Company shall be convened and presided over by the President.
2. In case the President is unable to act, one of the other Directors determined in accordance with the order predetermined by the Board of Directors shall convene and preside over the meeting.

Article 23. (Notice of Calling of Meetings of the Board of Directors)

1. Notice of a meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the meeting; provided, however, that this period of notice may be shortened in case of emergency.
2. With consent of all Directors and Audit & Supervisory Board Members, a Board of Directors may be convened without calling procedures.

Article 24. (Omission of Resolution of Board of Directors)

If the requirements of Article 370 of the Companies Act are satisfied, the Company shall deem that a resolution of the Board of Directors has been adopted.

Article 25. (Rules of Board of Directors)

Matters related to the Board of Directors shall be in accordance with the rules of the Board of Directors as established by the Board of Directors as well as laws and regulations or these Articles of Incorporation.

Article 26. (Remuneration of Directors)

Remuneration, bonus and other property benefits from the Company received by Directors in compensation for the execution of their duties (hereinafter referred to as “Remuneration”) shall be determined by resolution of a General Meeting of Shareholders.

Article 27. (Limitation of Liabilities of Directors)

The Company may enter into an agreement with a Director (excluding Executive Directors, etc.), pursuant to Article 427, Paragraph 1 of the Companies Act, which limits their liability for damage regarding failure to perform their duties; provided, however, that the maximum amount of their liability under such agreement shall be the amount set forth in laws and regulations.

CHAPTER V
AUDIT & SUPERVISORY BOARD MEMBERS AND
THE AUDIT & SUPERVISORY BOARD

Article 28. (Number of Audit & Supervisory Board Members)

The number of Audit & Supervisory Board Members of the Company shall be not more than five (5).

Article 29. (Method of Appointment of Audit & Supervisory Board Members)

1. Audit & Supervisory Board Members are appointed at a General Meeting of Shareholders.
2. Audit & Supervisory Board Members shall be elected by votes of the majority of the voting rights held by shareholders present and in attendance only when such shareholders present and in attendance represent aggregate voting rights equal to or more than one third of the voting rights held by the shareholders entitled to vote at the meeting.

Article 30. (Term of Office of Audit & Supervisory Board Members)

1. The term of office of Audit & Supervisory Board Members of the Company shall expire at the conclusion of the Annual General Meeting of Shareholders of the Company for the fiscal year which is the last ending within four (4) years after assumption of office.
2. The term of office of an Audit & Supervisory Board Member who has been elected to fill a vacancy of another Audit & Supervisory Board Member who retired before expiration of the term of his/her office shall expire when the remaining term of office of the predecessor would have expired.

Article 31. (Full-time Audit & Supervisory Board Members)

The Audit & Supervisory Board shall by its resolution elect full-time Audit & Supervisory Board Members.

Article 32. (Notice of Calling of Audit & Supervisory Board)

1. Notice of a meeting of the Audit & Supervisory Board shall be dispatched to each Audit & Supervisory Board Member at least three (3) days prior to the meeting; provided, however, that this period of notice may be shortened in case of emergency.
2. With consent of all Audit & Supervisory Board Members, the Audit & Supervisory Board may be convened without calling procedures.

Article 33. (Rules of Audit & Supervisory Board)

Matters related to the Audit & Supervisory Board shall be in accordance with the rules of the Audit & Supervisory Board as established by the Audit & Supervisory Board as well as laws and regulations or these Articles of Incorporation.

Article 34. (Remuneration of Audit & Supervisory Board Members)

Remuneration of Audit & Supervisory Board Members shall be determined by a resolution of a General Meeting of Shareholders.

Article 35. (Limitation of Liability of Audit & Supervisory Board Members)

The Company may enter into an agreement with Audit & Supervisory Board Members, pursuant to Article 427, Paragraph 1 of the Companies Act, which limits their liability for damages regarding failure to perform their duties; provided, however, that the maximum amount of their liability under such agreement shall be the amount set forth in laws and regulations.

CHAPTER VI ACCOUNTING

Article 36. (Fiscal Year)

The fiscal year of the Company shall be from April 1 of each year to March 31 of the next succeeding year.

Article 37. (Record Date for Dividend from Surplus)

1. The record date for year-end dividends of the Company shall be March 31 of each year.
2. In addition to dividends under the preceding Paragraph, the Company may make distribution of

dividends from the surplus on any designated record date.

Article 38. (Decision-Making Body for Dividend from Surplus, Etc.)

The Company may make distribution of interim dividends by setting a record date as of September 30 of each year, by a resolution of the Board of Directors.

Article 39. (Period for Discharge of Dividends)

In case dividends distributed in cash are not received by the person entitled thereto within three (3) years from the day of commencement of payment thereof, the Company shall be discharged from any liability for payment thereof.

SUPPLEMENTARY PROVISIONS

Article 1. (First Fiscal Year)

Notwithstanding the provisions of Article 36, the first fiscal year of the Company shall be from the date of foundation of the Company to March 31, 2019.

Article 2. (Initial Remuneration to Officers)

1. Notwithstanding the provisions of Article 26, the amount of remuneration of Directors (excluding the salary of a Director who is concurrently an employee) for the period from the date of foundation of the Company to the closure of the Company's first Annual Meeting of Shareholders shall be a fixed amount not exceeding two hundred million (200,000,000) yen plus an incentive equivalent to an amount not exceeding 2% of current profit attributable to shareholders of the parent for the previous consolidated fiscal year.
2. Notwithstanding the provisions of Article 34, the amount of remuneration of Audit & Supervisory Board Members for the period from the date of foundation of the Company to the closure of the Company's first Annual Meeting of Shareholders shall be an amount not exceeding fifty million (50,000,000)yen.

Article 3. (Deletion of Supplementary Provisions)

These Supplementary Provisions shall be deleted upon the closure of the Company's first Annual Meeting of Shareholders.

3. Outline of matters prescribed in Article 206 of the Ordinance for Enforcement of the Companies Act

(1) Matters relating to fairness of certain matters prescribed in Article 773, Paragraph (1), Items 5 and 6 of the Companies Act

1) Matter relating to fairness in number and allotment of shares

The Share Transfer is to establish one (1) Holding Company to be the wholly-owning parent company through the independent action of the Company. All the shares in the Holding Company will be allotted only to the shareholders of the Company immediately prior to the Share Transfer. The Company makes it its priority to ensure that no shareholder will experience any adverse effect as a result of the Share Transfer. In this connection, the Company has decided to issue 1 common share in the Holding Company for every 1 common share held in the Company so that the shareholding ratio of all shareholders in the Company immediately before the Share Transfer will correspond to their shareholding in the Holding Company immediately after the establishment thereof. For the reasons stated above, the number and allotment of shares has not been calculated by an independent appraiser.

Accordingly, the planned number of new shares to be granted by the Holding Company will be 30,680,312 common shares. However, if the total number of outstanding shares in the Company should change before the Share Transfer takes effect, the abovementioned number of new shares granted by the Holding Company will correspondingly be changed. The Company will be allotted the same number of common shares in the Holding Company for the number of treasury shares held by the Company when the Share Transfer takes effect. Thereafter, the shares held by the Company in the Holding Company will be disposed. The Company will make an announcement when it confirms the details of such disposition.

2) Matters relating to fairness of stated capital and reserve amounts

The amount of the Holding Company's stated capital has been determined in accordance with applicable laws and regulations, and has been judged to be fair given the purpose, scale, and capital policy of the Holding Company. The amount of the Holding Company's reserve will be determined by the Company in accordance with applicable laws and regulations.

(2) Matters concerning the wholly-owned subsidiary as a result of the Share Transfer

Since the last day of the Company's Most Recent Business Year, there has been no disposal of significant assets, assumption of significant debt, or any other events having a material impact on the status of the Company's Assets.

4. Matters concerning the Directors of the Holding Company

The Directors of the Holding Company shall be as follows:

Kenji Sakamoto	(Born October 9, 1958)	(1) Number of shares in the Company held:	(1) 69,200 shares
		(2) Number of shares in the Holding Company to be allocated:	(2) 69,200 shares



■ Current position and responsibilities at the Company

Representative Director, President and Chief Executive Officer (In charge of Audit Department and Office of the President)

■ Career summary, important concurrent positions, etc.

February 1983	Joined the Company
April 2007	Executive Managing Officer and Regional Operating Officer, West-Japan Regional Headquarters of the Company
April 2008	Executive Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
June 2008	Director, Executive Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
April 2010	Executive Managing Director of the Company
April 2011	Senior Managing Director of the Company
April 2012	Representative Director, Vice President of the Company
April 2015	Representative Director, Executive Vice President of the Company
April 2016	Representative Director, President and Chief Executive Officer of the Company (to present)

Reason for being nominated as a candidate for Director

Kenji Sakamoto has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, is well-versed in the Group's businesses in general and has a wealth of managerial experience. After assuming the position of Representative Director, President and Chief Executive Officer, he has properly managed matters to be resolved and matters to be reported at the meetings of the Board of Directors, in addition to making decisions on important management matters and supervising the execution of operations in an appropriate manner. Since April 2017, he has been executing his duties toward the fulfillment of the Medium-Term Management Plan, “Action 2020”. The Company proposes that Mr. Sakamoto be elected to Director, having determined that he is best suited to take charge of the management of the Holding Company and realize the sustainable enhancement of corporate value of the Holding Company.

Shinya Mikita

(Born March 2, 1952)

(1) Number of shares in the Company held: (1) 5,000 shares
 (2) Number of shares in the Holding Company to be allocated: (2) 5,000 shares



■ **Current position and responsibilities at the Company**

Representative Director, Executive Vice President (In charge of East-Japan Regional Headquarters and Business Development Division)

■ **Career summary, important concurrent positions, etc.**

August 2007 Joined the Company; Advisor
 October 2007 Executive Managing Officer of the Company
 April 2009 Executive Managing Officer, General Manager, Tokyo Division and Deputy General Manager, Sales Administrative Division of the Company
 June 2009 Director, Executive Managing Officer, General Manager, Tokyo Division and Deputy General Manager, Sales Administrative Division of the Company
 April 2010 Executive Managing Director of the Company
 April 2011 Senior Managing Director of the Company
 April 2012 Senior Managing Director and General Manager, Business Development Division of the Company
 April 2014 Director, Senior Executive Managing Officer and General Manager, Business Development Division of the Company
 April 2015 Director, Senior Executive Managing Officer and General Manager, Business Promotion Division of the Company
 April 2016 Representative Director, Executive Vice President of the Company (to present)

Reason for being nominated as a candidate for Director

Shinya Mikita has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly made decisions on important management matters and supervised the execution of operations primarily from a strategic perspective since he assumed the position of Representative Director, Executive Vice President. The Company proposes that Mr. Mikita be elected to Director, having determined that he is well-suited to realize the sustainable enhancement of corporate value of the Holding Company in consideration of his superior management skills.

Itsuo Tashiro

(Born May 20, 1948)

(1) Number of shares in the Company held: (1) 92,040 shares
 (2) Number of shares in the Holding Company to be allocated: (2) 92,040 shares



■ **Current position and responsibilities at the Company**

Chairman, Director

■ **Career summary, important concurrent positions, etc.**

September 1984 Joined the Company
 June 1999 Managing Officer of the Company
 April 2005 Managing Officer and Regional Operating Officer, Kyushu Regional Headquarters of the Company
 June 2010 Executive Managing Director and General Manager, Sales Administrative Division of the Company
 April 2011 Senior Managing Director and General Manager, Sales Administrative Division of the Company
 April 2012 Representative Director, President of the Company
 April 2015 Representative Director, President and Chief Executive Officer of the Company
 April 2016 Vice Chairman, Director of the Company
 April 2018 Chairman, Director of the Company (to present)

Reason for being nominated as a candidate for Director

Itsuo Tashiro has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has been striving toward the sustainable enhancement of corporate value. As a Director not engaged in the execution of operations, he has been properly supervising management and has expressed appropriate opinions on important management matters at the Board of Directors meetings, thereby augmenting the supervisory function of the Board of Directors. On these grounds, the Company proposes that Mr. Tashiro be elected to Director, as he is expected to enhance the effectiveness of supervisory functions of the Board of Directors of the Holding Company.

		(1) Number of shares in the Company held:	(1) 39,600 shares
		(2) Number of shares in the Holding Company to be allocated:	(2) 39,600 shares
Masatoshi Sadahisa	(Born October 1, 1964)		



■ **Current position and responsibilities at the Company**

Director, Senior Executive Managing Officer (In charge of Administration Division, Human Resources Division and Corporate Planning Division)

■ **Career summary, important concurrent positions, etc.**

March 1987	Joined the Company
April 2004	Managing Officer and Regional Operating Officer, Kyushu Regional Headquarters of the Company
April 2010	Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
June 2012	Director and Regional Operating Officer, East-Japan Regional Headquarters of the Company
April 2014	Director, Senior Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
April 2015	Director, Executive Managing Officer and General Manager, Human Resources Division of the Company
April 2016	Director, Senior Executive Managing Officer of the Company (to present)

Reason for being nominated as a candidate for Director

Masatoshi Sadahisa has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly made decisions on important management matters and supervised the execution of operations primarily from a strategic perspective. The Company proposes that Mr. Sadahisa be elected to Director, having determined that he is well-versed in all businesses of the Group based on his wealth of experience gained in the sales, human resources and administration divisions, and is well-suited to realize the sustainable enhancement of corporate value of the Holding Company in consideration of his superior management skills.

		(1) Number of shares in the Company held:	(1) 1,800 shares
		(2) Number of shares in the Holding Company to be allocated:	(2) 1,800 shares
Kiyotaka Watanabe	(Born May 31, 1948)		



Candidate for
External Director

■ **Current position and responsibilities at the Company**


Director


■ **Career summary, important concurrent positions, etc.**

April 1971	Joined Mitsui & Co., Ltd.
July 1997	General Manager, Flat Steel Products Division I, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
April 2001	General Manager, Flat Steel Products Division, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
March 2002	President & CEO, Mitsui & Co. (Canada) Ltd.
April 2005	Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
April 2007	Executive Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
April 2008	Executive Managing Officer and General Manager, Kyushu Office, Mitsui & Co., Ltd.
April 2010	Advisor of Kyushu Electric Power Co., Inc.
June 2013	Auditor of the Company
April 2014	Chairman of Mizoe Kensetsu Corporation (to present)
June 2015	Director of the Company (to present)

Reason for being nominated as a candidate for External Director

Kiyotaka Watanabe has been making use of his wealth of experience and broad insight that he has gained to date including his experience as Executive Managing Officer of Mitsui & Co., Ltd., in the management of the Company and has been helping enhance corporate governance of the Company by providing advice on management in general. Accordingly, the Company proposes that Mr. Watanabe be elected to External Director, having determined that he would continue performing his duties at the Holding Company in an appropriate manner into the future.

		(1) 1,600 shares
		(2) 1,600 shares
Eiichi Seki	(Born August 13, 1947)	
 Candidate for External Director	■ Current position and responsibilities at the Company	
	Director	
	■ Career summary, important concurrent positions, etc.	
	April 1971	Joined The Industrial Bank of Japan, Ltd.
	September 2000	Executive Officer of The Industrial Bank of Japan, Ltd. and General Manager of Fukuoka Branch
	April 2002	Managing Executive Officer of Mizuho Bank, Ltd.
	June 2005	Representative Director and President of Kokunai Shinpan Co., Ltd.
	June 2008	Representative Director and Chairman of Rakuten KC Co., Ltd.
	May 2011	Special Advisor of Polaris Capital Group Co., Ltd. (to present)
	July 2011	Advisor of the Company
	March 2013	Auditor of Innova, Inc. (to present)
	June 2016	Director of the Company (to present)
	April 2017	Director and Chairman, Yodogawa Transformer Co., Ltd. (to present)
Reason for being nominated as a candidate for External Director Eiichi Seki has been making use of his wealth of experience and broad insight in finance that he has gained to date including his experience as Managing Executive Officer of Mizuho Bank, Ltd., in the management of the Company and has been helping enhance corporate governance of the Company by providing advice on management in general. Accordingly, the Company proposes that Mr. Seki be elected to External Director, having determined that he would continue performing his duties at the Holding Company in an appropriate manner into the future.		

		(1) 0 shares
		(2) 0 shares
Takashi Kamite	(Born January 21, 1958)	
 Candidate for External Director	■ Current position and responsibilities at the Company	
	Director	
	■ Career summary, important concurrent positions, etc.	
	April 1976	Joined The Dai-Ichi Kangyo Bank, Ltd.
	October 2006	General Manager, Akabane Branch of Mizuho Bank, Ltd.
	April 2009	Executive Officer of Tokyo Auto Leasing Co., Ltd.
	April 2010	General Manager, Metro Tokyo Business Unit of Century Tokyo Leasing Corporation
	June 2011	Executive Officer, Deputy President, Metro Tokyo Business Unit, Deputy President, East Japan Business Unit and Deputy President, West Japan Business Unit of Century Tokyo Leasing Corporation
	April 2014	Executive Officer, Assistant to Director in charge of Metro Tokyo Business Unit, Assistant to Director in charge of Regional Business Unit, Deputy President, Business Promotion and Support Unit, and General Manager of Solution Support Division of Century Tokyo Leasing Corporation
	April 2015	Managing Executive Officer, President, Metro Tokyo Business Unit of Century Tokyo Leasing Corporation
	April 2017	Managing Executive Officer, President, Metro Tokyo Business Unit, and Deputy President, Regional Business Unit of Tokyo Century Corporation
	June 2017	Director of the Company (to present)
	April 2018	Managing Executive Officer, President, Metro Tokyo Business Unit, President, Regional Business Unit, and Deputy President, Equipment Leasing Business Development Unit of Tokyo Century Corporation (to present)
Reason for being nominated as a candidate for External Director Takashi Kamite serves as Managing Executive Officer of Tokyo Century Corporation. The Company proposes that Mr. Kamite be elected to External Director, having determined that as an External Director of the Holding Company, he will express his opinions on decision-making of the Board of Directors and the execution of duties of Directors from an objective viewpoint, based on the broad insight as a business executive that he has gained to date.		

Notes:

1. There are lease transactions between Tokyo Century Corporation of which Takashi Kamite serves as a Managing

Executive Officer, and the Company.

No such interest exists with respect to other candidates.

2. Kiyotaka Watanabe, Eiichi Seki and Takashi Kamite are candidates for External Directors.

The Holding Company will declare Kiyotaka Watanabe and Eiichi Seki as Independent Directors, pursuant to the rules of the Tokyo Stock Exchange, Inc.

3. The terms of office of the respective External Directors in the Company are as follows:

- (1) Kiyotaka Watanabe will have served as External Director for three years at the conclusion of this General Meeting of Shareholders;
- (2) Eiichi Seki will have served as External Director for two years at the conclusion of this General Meeting of Shareholders; and
- (3) Takashi Kamite will have served as External Director for one year at the conclusion of this General Meeting of Shareholders.

4. Kiyotaka Watanabe was formerly an External Auditor of the Company.

5. Article 27 of the Articles of Incorporation of the Holding Company prescribes that the Holding Company may conclude an agreement with Directors (excluding directors with executive authority, etc.) to limit liability for damages to the Holding Company to within a certain scope. Pursuant to that Article, the Holding Company will enter into liability limitation agreements under Article 427, Paragraph 1, of the Companies Act with Itsuo Tashiro, Kiyotaka Watanabe, Eiichi Seki and Takashi Kamite, when this proposal is approved.

An outline of the agreement is as follows.

- (1) In the case where a Director (excluding directors with executive functions, etc.) is liable for damages with respect to the Holding Company due to his/her failure to perform duties, he/she shall be liable up to the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.
 - (2) The aforementioned liability limit is applicable only where the Director acted in good faith and was not grossly negligent in the performance of his/her duties that gave rise to such liabilities.
6. As of April 1, 2018, the Company has instituted a 2-for-1 common stock split. The “Number of shares of the Company held” as described above is the number of shares after such stock split.

5. Matters concerning the Audit & Supervisory Board Members of the Holding Company

The Audit & Supervisory Board Members of the Holding Company shall be as follows:

		(1) Number of shares in the Company held:	(1) 1,100 shares
		(2) Number of shares in the Holding Company to be allocated:	(2) 1,100 shares

Shoji Hirao

(Born December 16, 1951)



■ Current position and responsibilities at the Company

Auditor

■ Career summary, important concurrent positions, etc.

March 1975	Joined the Japan Air Self-Defense Force
April 2001	13th Aircraft Control and Warning Group Commander of the Japan Air Self-Defense Force
April 2003	Base Affairs Manager, 4th Technical School of the Japan Air Self-Defense Force
December 2006	Joined the Company, Assistant General Manager, Audit Department
April 2010	General Manager, Audit Department of the Company
June 2012	Auditor of the Company (to present)

Reason for being nominated as a candidate for Auditor

Shoji Hirao has a wealth of experience and broad insight, which he has gained through conducting audits of the Company for many years, and has expressed his opinions from a fair and objective standpoint as an Auditor of the Company. Accordingly, the Company proposes that Mr. Hirao be elected to Auditor, having determined that he would continue performing his duties at the Holding Company in an appropriate manner into the future.

		(1) Number of shares in the Company held:	(1) 0 shares
		(2) Number of shares in the Holding Company to be allocated:	(2) 0 shares

Seio Yamakawa

(Born February 20, 1956)



Candidate for
External Auditor

■ Current position and responsibilities at the Company

Auditor

■ Career summary, important concurrent positions, etc.

April 1978	Joined THE BANK OF FUKUOKA, LTD.
June 2006	Managing Officer and General Manager, Human Resource Department of THE BANK OF FUKUOKA, LTD.
April 2007	Managing Officer and General Manager, Main Branch Business Department of THE BANK OF FUKUOKA, LTD.
April 2009	Director, Executive Managing Officer of THE BANK OF FUKUOKA, LTD.
April 2011	Director, Executive Managing Officer, General Manager, Kyushu Business Division and General Manager, Fukuoka Regional Headquarters of THE BANK OF FUKUOKA, LTD.
April 2012	Director, Executive Managing Officer and General Manager, Fukuoka Regional Headquarters of THE BANK OF FUKUOKA, LTD.
April 2013	Representative Director of Fukuoka Capital Partners Co., Ltd. Director of Fukuoka Servicing Co., Ltd. Director of FFG Business Consulting Co., Ltd.
April 2016	Representative Director of Fukuoka Computer Service Co., Ltd.
April 2017	Advisor of Fukuoka Computer Service Co., Ltd. (to present)
June 2017	Auditor of the Company (to present)

Reason for being nominated as a candidate for External Auditor

The Company proposes that Seio Yamakawa be elected to External Auditor, having determined that he has abundant insight in overseeing corporate management, which he has gained through serving as a corporate manager of a financial institution, and that he would perform his duties at the Holding Company appropriately as an External Auditor of the Holding Company.

		(1) 1,400 shares
	(1) Number of shares in the Company held:	
	(2) Number of shares in the Holding Company to be allocated:	(2) 1,400 shares
Naomasa Mitsukado	(Born March 9, 1956)	



Candidate for
External Auditor

■ **Current position and responsibilities at the Company**

Auditor

■ **Career summary, important concurrent positions, etc.**

April 1980	Joined Matsumoto Law Office
April 1988	Legal Research and Training Institute, Supreme Court of Japan
April 1990	Registered as attorney-at-law at Fukuoka Bar Association Joined Mori Law Office
April 1995	Established Mitsukado Law Office Head of Mitsukado Law Office (to present)
April 2004	Lecturer, Institute for Legal Practice Fukuoka University
April 2010	Guest Professor, Fukuoka University Hospital [Medical Safety] (to present)
June 2014	Auditor of the Company (to present)

Reason for being nominated as a candidate for External Auditor

Naomasa Mitsukado has a highly-specialized knowledge of corporate law and abundant practical experience gained as an attorney-at-law, and has expressed his opinions from a fair and objective standpoint as an External Auditor of the Company. Accordingly, the Company proposes that Mr. Mitsukado be elected to External Auditor, having determined that he would continue performing his duties at the Holding Company in an appropriate manner into the future.

		(1) 1,400 shares
	(1) Number of shares in the Company held:	
	(2) Number of shares in the Holding Company to be allocated:	(2) 1,400 shares
Setsuko Gondo	(Born September 18, 1951)	



Candidate for
External Auditor

■ **Current position and responsibilities at the Company**

Auditor

■ **Career summary, important concurrent positions, etc.**

March 1983	Joined the Shigefumi Gondou Tax Accountant Office
June 1987	Established Setsuko Gondou Tax Accountant Office
April 1989	Registered Training Instructor, Nogata SME University
April 1998	Specialized Staff, Business Management Special Consultation Office, Fukuoka Chamber of Commerce and Industry
February 2000	Advisor, Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (to present)
July 2002	Representative Partner, Gondou Tax Management (to present)
January 2007	Representative Audit Committee Member, Maebaru City Audit Office
April 2013	Auditor of GLOW Social Welfare Corporation (to present)
June 2015	Auditor of the Company (to present)

Reason for being nominated as a candidate for External Auditor

Setsuko Gondo has a highly-specialized knowledge of corporate accounting and taxation and abundant practical experience gained as a tax accountant, and has expressed her opinions from a fair and objective standpoint as an External Auditor of the Company. Accordingly, the Company proposes that Ms. Gondo be elected to External Auditor, having determined that she would continue performing her duties at the Holding Company in an appropriate manner into the future.

Notes:

- There are no special interests between each candidate and the Company.
- Seio Yamakawa, Naomasa Mitsukado and Setsuko Gondo are candidates for External Auditors. The Holding Company will declare Naomasa Mitsukado and Setsuko Gondo as Independent Officers, pursuant to the rules of the Tokyo Stock Exchange, Inc.
- The terms of office of the respective External Auditors in the Company are as follows:
 - Seio Yamakawa will have served as External Auditor for one year at the conclusion of this General Meeting of Shareholders;
 - Naomasa Mitsukado will have served as External Auditor for four years at the conclusion of this General Meeting of Shareholders; and

- (3) Setsuko Gondo will have served as External Auditor for three years at the conclusion of this General Meeting of Shareholders.
4. Article 35 of the Articles of Incorporation of the Holding Company prescribes that the Holding Company may conclude an agreement with Auditors to limit liability for damages to the Holding Company to within a certain scope. Pursuant to that Article, the Holding Company will enter into liability limitation agreements under Article 427, Paragraph 1, of the Companies Act with Shoji Hirao, Seio Yamakawa, Naomasa Mitsukado and Setsuko Gondo, when this proposal is approved.
- An outline of the agreement is as follows.
- (1) In a case where an Auditor is liable for damages with respect to the Holding Company due to his/her failure to perform duties, he/she shall be liable up to the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- (2) The aforementioned liability limit is applicable only where the Auditor acted in good faith and was not grossly negligent in the performance of his/her duties that gave rise to such liability.
5. As of April 1, 2018, the Company has instituted a 2-for-1 common stock split. The “Number of shares of the Company held” as described above is the number of shares after such stock split.

6. Matters concerning the Accounting Auditor of the Holding Company

The Accounting Auditor of the Holding Company shall be as follows:

Name	Deloitte Touche Tohmatsu LLC		
Location of main office	Shinagawa Intercity, 2-15-3, Konan, Minato-ku, Tokyo, Japan		
Profile (As of February 28, 2018)	Contributed capital	968 million yen	
	Headcount		
		Partners (Certified Public Accountants)	530
		Specified partners	51
		Professional staff (Certified Public Accountants)	2,829
		Successful applicants of the CPA examination, including junior Certified Public Accountants	1,188
		Other professional staff	1,791
		Administrative staff	293
	Total		6,682
History	May 1968	Tohmatsu Aoki & Co. established	
	May 1975	Joined Touche Ross International (“TRI”) alliance (Currently known as Deloitte Touche Tohmatsu Limited, “DTTL”)	
	February 1990	Change the company name to Tohmatsu & Co.	
	July 2009	Converted to a limited liability company and changed company name to Deloitte Touche Tohmatsu LLC	

Proposal No. 2: Election of ten (10) Directors

The terms of office of all ten (10) Directors will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the Company proposes the election of ten (10) Directors.

The candidates for Directors are as follows:

Candidate No.	Name		Current position and responsibilities at the Company	Attendance at Board of Directors meetings
1	Kenji Sakamoto	<u>Reappointment</u>	Representative Director, President and Chief Executive Officer (In charge of Audit Department and Office of the President)	13/13 (100%)
2	Shinya Mikita	<u>Reappointment</u>	Representative Director, Executive Vice President (In charge of East-Japan Regional Headquarters and Business Development Division)	13/13 (100%)
3	Makoto Kuroda	<u>Reappointment</u>	Director, Senior Executive Managing Officer (In charge of West-Japan Regional Headquarters)	13/13 (100%)
4	Masatoshi Sadahisa	<u>Reappointment</u>	Director, Senior Executive Managing Officer (In charge of Administration Division, Human Resources Division and Corporate Planning Division)	12/13 (92%)
5	Moritaka Nakashima	<u>Reappointment</u>	Director and Senior Executive Managing Officer (In charge of Pharmacy Business Division)	13/13 (100%)
6	Takao Nakashima	<u>Reappointment</u>	Director, Senior Executive Managing Officer and General Manager, DtoD Strategy Division (In charge of Kyushu Regional Headquarters, DtoD Strategy Division, Consulting Division and Sales Promotion Division)	13/13 (100%)
7	Itsuo Tashiro	<u>Reappointment</u>	Chairman, Director	13/13 (100%)
8	Kiyotaka Watanabe	<u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	Director	13/13 (100%)
9	Eiichi Seki	<u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	Director	13/13 (100%)
10	Takashi Kamite	<u>Reappointment</u> <u>External Director</u>	Director	11/11 (100%)

Kenji Sakamoto

(Born October 9, 1958)

Number of shares in the Company held: 69,200 shares



Reappointment

■ **Current position and responsibilities at the Company**

Representative Director, President and Chief Executive Officer (In charge of Audit Department and Office of the President)

■ **Career summary, important concurrent positions, etc.**

February 1983 Joined the Company
 April 2007 Executive Managing Officer and Regional Operating Officer, West-Japan Regional Headquarters of the Company
 April 2008 Executive Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
 June 2008 Director, Executive Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
 April 2010 Executive Managing Director of the Company
 April 2011 Senior Managing Director of the Company
 April 2012 Representative Director, Vice President of the Company
 April 2015 Representative Director, Executive Vice President of the Company
 April 2016 Representative Director, President and Chief Executive Officer of the Company (to present)

Reason for being nominated as a candidate for Director

Kenji Sakamoto has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, is well-versed in the Group's businesses in general and has a wealth of managerial experience. After assuming the position of Representative Director, President and Chief Executive Officer, he has properly managed matters to be resolved and matters to be reported at the meetings of the Board of Directors, in addition to making decisions on important management matters and supervising the execution of operations in an appropriate manner. Since April 2017, he has been executing his duties toward the fulfillment of the Medium-Term Management Plan, “Action 2020”. The Company proposes that Mr. Sakamoto be elected to Director, having determined that he is best suited to take charge of management and realize the sustainable enhancement of corporate value.

Shinya Mikita

(Born March 2, 1952)

Number of shares in the Company held: 5,000 shares



Reappointment

■ **Current position and responsibilities at the Company**

Representative Director, Executive Vice President (In charge of East-Japan Regional Headquarters and Business Development Division)

■ **Career summary, important concurrent positions, etc.**

August 2007 Joined the Company; Advisor
 October 2007 Executive Managing Officer of the Company
 April 2009 Executive Managing Officer, General Manager, Tokyo Division and Deputy General Manager, Sales Administrative Division of the Company
 June 2009 Director, Executive Managing Officer, General Manager, Tokyo Division and Deputy General Manager, Sales Administrative Division of the Company
 April 2010 Executive Managing Director of the Company
 April 2011 Senior Managing Director of the Company
 April 2012 Senior Managing Director and General Manager, Business Development Division of the Company
 April 2014 Director, Senior Executive Managing Officer and General Manager, Business Development Division of the Company
 April 2015 Director, Senior Executive Managing Officer and General Manager, Business Promotion Division of the Company
 April 2016 Representative Director, Executive Vice President of the Company (to present)

Reason for being nominated as a candidate for Director

Shinya Mikita has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly made decisions on important management matters and supervised the execution of operations primarily from a strategic perspective since he assumed the position of Representative Director, Executive Vice President. The Company proposes that Mr. Mikita be elected to Director, having determined that he is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills.

No.

3

Makoto Kuroda

(Born January 28, 1954)

Number of shares in the Company held: 5,000 shares



Reappointment

■ **Current position and responsibilities at the Company**

Director, Senior Executive Managing Officer (In charge of West-Japan Regional Headquarters)

■ **Career summary, important concurrent positions, etc.**

April 1977 Joined Mitsui & Co., Ltd.
 August 1995 General Manager of Petrochemical Dept., Chemical Division of Mitsui & Co. (U.S.A.), Inc.
 June 2005 General Manager of Life Science Division, First Chemical Business Unit of Mitsui & Co., Ltd.
 January 2008 General Manager of Medical Healthcare Division, First Consumer Service Business Unit of Mitsui & Co., Ltd.
 April 2012 Joined the Company; Managing Officer; General Manager, Corporate Planning Division and General Manager, Corporate Planning Department
 June 2012 Executive Managing Director, General Manager, Corporate Planning Division and General Manager, Corporate Planning Department of the Company
 April 2014 Director, Executive Managing Officer and General Manager, Administration Division of the Company
 April 2015 Director, Senior Executive Managing Officer and General Manager, Corporate Planning Division of the Company
 April 2017 Director and Senior Executive Managing Officer of the Company (to present)

Reason for being nominated as a candidate for Director

Makoto Kuroda has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly made decisions on important management matters and supervised the execution of operations primarily from a strategic perspective. The Company proposes that Mr. Kuroda be elected to Director, having determined that he is well-versed in all businesses of the Group based on his wealth of experience gained in the field of corporate planning, human resources, administration and sales divisions, and is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills.

No.

4

Masatoshi Sadahisa

(Born October 1, 1964)

Number of shares in the Company held: 39,600 shares



Reappointment

■ **Current position and responsibilities at the Company**

Director, Senior Executive Managing Officer (In charge of Administration Division, Human Resources Division and Corporate Planning Division)

■ **Career summary, important concurrent positions, etc.**

March 1987 Joined the Company
 April 2004 Managing Officer and Regional Operating Officer, Kyushu Regional Headquarters of the Company
 April 2010 Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
 June 2012 Director and Regional Operating Officer, East-Japan Regional Headquarters of the Company
 April 2014 Director, Senior Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company
 April 2015 Director, Executive Managing Officer and General Manager, Human Resources Division of the Company
 April 2016 Director, Senior Executive Managing Officer of the Company (to present)

Reason for being nominated as a candidate for Director

Masatoshi Sadahisa has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly made decisions on important management matters and supervised the execution of operations primarily from a strategic perspective. The Company proposes that Mr. Sadahisa be elected to Director, having determined that he is well-versed in all businesses of the Group based on his wealth of experience gained in the sales, human resources and administration divisions, and is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills.



Reappointment

■ **Current position and responsibilities at the Company**

Director and Senior Executive Managing Officer (In charge of Pharmacy Business Division)

■ **Career summary, important concurrent positions, etc.**

September 1993	Joined the Company
June 2002	Managing Officer of the Company
April 2005	Executive Managing Officer and General Manager, Pharmacy Business Administrative Department of Sales Administrative Division of the Company
June 2006	Director, Executive Managing Officer and General Manager, Pharmacy Business Administrative Department of the Company
April 2009	Executive Managing Officer and General Manager, Pharmacy Business Division of the Company
June 2013	Director and Deputy General Manager, Pharmacy Support Division of the Company
April 2014	Director, Senior Managing Officer and Deputy General Manager, Business Support Division of the Company
April 2015	Director, Executive Managing Officer of the Company
April 2016	Director, Executive Managing Officer and General Manager, Pharmacy Business Division of the Company
	Chairman, Representative Director of S.M.E Co., Ltd.
April 2017	Director, Senior Executive Managing Officer of the Company (to present)

Reason for being nominated as a candidate for Director

Moritaka Nakashima has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly made decisions on important management matters and supervised the execution of operations primarily from a strategic perspective. The Company proposes that Mr. Nakashima be elected to Director, having determined that he has a wealth of experience and achievements, particularly in the pharmacy business divisions, and is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills.



Reappointment

■ **Current position and responsibilities at the Company**

Director, Senior Executive Managing Officer and General Manager, DtoD Strategy Division (In charge of Kyushu Regional Headquarters, DtoD Strategy Division, Consulting Division and Sales Promotion Division)

■ **Career summary, important concurrent positions, etc.**

November 1991	Joined the Company
June 2002	Managing Officer of the Company
April 2008	Senior Managing Officer and Deputy General Manager, Pharmacy Business Division of the Company
June 2010	Director and General Manager, Pharmacy Business Department of the Company
April 2012	Executive Managing Director and General Manager, Pharmacy Division of the Company
April 2013	Executive Managing Director and General Manager, Pharmacy Support Division of the Company
April 2014	Director, Executive Managing Officer and Regional Operating Officer, West-Japan Regional Headquarters of the Company
April 2016	Executive Managing Officer and General Manager, DtoD Strategy Division of the Company
June 2016	Director, Executive Managing Officer and General Manager, DtoD Strategy Division of the Company
April 2017	Director, Senior Executive Managing Officer and General Manager, DtoD Strategy Division of the Company (to present)

Reason for being nominated as a candidate for Director

Takao Nakashima has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly made decisions on important management matters and supervised the execution of operations primarily from a strategic perspective. He is well-versed in all businesses of the Group based on his wealth of experience gained in the pharmacy, sales and DtoD strategy divisions. The Company proposes that Mr. Nakashima be elected to Director, having determined that he is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills.



Reappointment

■ **Current position and responsibilities at the Company**

Chairman, Director

■ **Career summary, important concurrent positions, etc.**

September 1984 Joined the Company
 June 1999 Managing Officer of the Company
 April 2005 Managing Officer and Regional Operating Officer, Kyushu Regional Headquarters of the Company
 June 2010 Executive Managing Director and General Manager, Sales Administrative Division of the Company
 April 2011 Senior Managing Director and General Manager, Sales Administrative Division of the Company
 April 2012 Representative Director, President of the Company
 April 2015 Representative Director, President and Chief Executive Officer of the Company
 April 2016 Vice Chairman, Director of the Company
 April 2018 Chairman, Director of the Company (to present)

Reason for being nominated as a candidate for Director

Itsuo Tashiro has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has been striving toward the sustainable enhancement of corporate value. As a Director not engaged in the execution of operations, he has been properly supervising management and has expressed appropriate opinions on important management matters at the Board of Directors meetings, thereby augmenting the supervisory function of the Board of Directors. On these grounds, the Company proposes that Mr. Tashiro be elected to Director, as he is expected to enhance the effectiveness of supervisory functions of the Board of Directors.



Reappointment

Candidate for
External Director

■ **Current position and responsibilities at the Company**

Director

■ **Career summary, important concurrent positions, etc.**

April 1971 Joined Mitsui & Co., Ltd.
 July 1997 General Manager, Flat Steel Products Division I, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
 April 2001 General Manager, Flat Steel Products Division, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
 March 2002 President & CEO, Mitsui & Co. (Canada) Ltd.
 April 2005 Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
 April 2007 Executive Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd.
 April 2008 Executive Managing Officer and General Manager, Kyushu Office, Mitsui & Co., Ltd.
 April 2010 Advisor of Kyushu Electric Power Co., Inc.
 June 2013 Auditor of the Company
 April 2014 Chairman of Mizoe Kensetsu Corporation (to present)
 June 2015 Director of the Company (to present)

Reason for being nominated as a candidate for External Director

Kiyotaka Watanabe has been making use of his wealth of experience and broad insight that he has gained to date including his experience as Executive Managing Officer of Mitsui & Co., Ltd., in the management of the Company and has been helping enhance corporate governance of the Company by providing advice on management in general. Accordingly, the Company proposes that Mr. Watanabe be elected to External Director, having determined that he would continue performing his duties in an appropriate manner into the future.

Eiichi Seki

(Born August 13, 1947)

Number of shares in the Company held: 1,600 shares



Reappointment

Candidate for
External Director■ **Current position and responsibilities at the Company**

Director

■ **Career summary, important concurrent positions, etc.**

April 1971	Joined The Industrial Bank of Japan, Ltd.
September 2000	Executive Officer of The Industrial Bank of Japan, Ltd. and General Manager of Fukuoka Branch
April 2002	Managing Executive Officer of Mizuho Bank, Ltd.
June 2005	Representative Director and President of Kokunai Shinpan Co., Ltd.
June 2008	Representative Director and Chairman of Rakuten KC Co., Ltd.
May 2011	Special Advisor of Polaris Capital Group Co., Ltd. (to present)
July 2011	Advisor of the Company
March 2013	Auditor of Innova, Inc. (to present)
June 2016	Director of the Company (to present)
April 2017	Director and Chairman, Yodogawa Transformer Co., Ltd. (to present)

Reason for being nominated as a candidate for External Director

Eiichi Seki has been making use of his wealth of experience and broad insight in finance that he has gained to date including his experience as Managing Executive Officer of Mizuho Bank, Ltd., in the management of the Company and has been helping enhance corporate governance of the Company by providing advice on management in general. Accordingly, the Company proposes that Mr. Seki be elected to External Director, having determined that he would continue performing his duties in an appropriate manner into the future.

Takashi Kamite

(Born January 21, 1958)

Number of shares in the Company held: 0 shares



Reappointment

Candidate for
External Director■ **Current position and responsibilities at the Company**

Director

■ **Career summary, important concurrent positions, etc.**

April 1976	Joined The Dai-Ichi Kangyo Bank, Ltd.
October 2006	General Manager, Akabane Branch of Mizuho Bank, Ltd.
April 2009	Executive Officer of Tokyo Auto Leasing Co., Ltd.
April 2010	General Manager, Metro Tokyo Business Unit of Century Tokyo Leasing Corporation
June 2011	Executive Officer, Deputy President, Metro Tokyo Business Unit, Deputy President, East Japan Business Unit and Deputy President, West Japan Business Unit of Century Tokyo Leasing Corporation
April 2014	Executive Officer, Assistant to Director in charge of Metro Tokyo Business Unit, Assistant to Director in charge of Regional Business Unit, Deputy President, Business Promotion and Support Unit, and General Manager of Solution Support Division of Century Tokyo Leasing Corporation
April 2015	Managing Executive Officer, President, Metro Tokyo Business Unit of Century Tokyo Leasing Corporation
April 2017	Managing Executive Officer, President, Metro Tokyo Business Unit, and Deputy President, Regional Business Unit of Tokyo Century Corporation
June 2017	Director of the Company (to present)
April 2018	Managing Executive Officer, President, Metro Tokyo Business Unit, President, Regional Business Unit, and Deputy President, Equipment Leasing Business Development Unit of Tokyo Century Corporation (to present)

Reason for being nominated as a candidate for External Director

Takashi Kamite serves as Managing Executive Officer of Tokyo Century Corporation. The Company proposes that Mr. Kamite be elected to External Director, having determined that as an External Director of the Company, he will express his opinions on decision-making of the Board of Directors and the execution of duties of Directors from an objective viewpoint, based on the broad insight as a business executive that he has gained to date.

Notes:

1. There are lease transactions between Tokyo Century Corporation of which Takashi Kamite serves as a Managing Executive Officer, and the Company.

No such interest exists with respect to other candidates.

2. Kiyotaka Watanabe, Eiichi Seki and Takashi Kamite are candidates for External Directors.

The Company has declared Kiyotaka Watanabe and Eiichi Seki as Independent Directors, pursuant to the provisions of the Tokyo Stock Exchange, Inc.

3. The terms of office of the respective External Directors in the Company are as follows:

- (1) Kiyotaka Watanabe will have served as External Director for three years at the conclusion of this General Meeting of Shareholders;
- (2) Eiichi Seki will have served as External Director for two years at the conclusion of this General Meeting of Shareholders; and
- (3) Takashi Kamite will have served as External Director for one year at the conclusion of this General Meeting of Shareholders.

4. Kiyotaka Watanabe was formerly an External Auditor of the Company.

5. Article 28 of the Articles of Incorporation of the Company prescribes that the Company may conclude an agreement with Directors (excluding directors with executive authority, etc.) to limit liability for damages to the Company to within a certain scope. Pursuant to that Article, the Company has entered liability limitation agreements under Article 427, Paragraph 1, of the Companies Act with Itsuo Tashiro, Kiyotaka Watanabe, Eiichi Seki and Takashi Kamite.

The Company plans to continue the agreement with Itsuo Tashiro, Kiyotaka Watanabe, Eiichi Seki and Takashi Kamite if their appointments are approved.

An outline of the agreement is as follows.

- (1) In a case where a Director (excluding directors with executive functions, etc.) is liable for damages with respect to the Company due to his/her failure to perform duties, he/she shall be liable up to the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.
 - (2) The aforementioned liability limit is applicable only where the Director acted in good faith and was not grossly negligent in the performance of his/her duties that gave rise to such liability.
6. As of April 1, 2018, the Company has instituted a 2-for-1 common stock split. The “Number of shares of the Company held” as described above is the number of shares after such stock split.

End

[Reference] Criteria for Judging Independence of External Officers (External Directors and External Auditors)

The Company has established the following criteria for judging independence of External Officers (External Directors and External Auditors) to enhance its corporate governance functions based on the independence requirements established by the Tokyo Stock Exchange, Inc.

An external officer shall not be:

1. a person who currently serves, or formerly served, as an executive (Note 1) of the Group;
2. a person who is, or formerly was, a person for whom the Group is a major client (Note 2) or its executive in the current fiscal year or in the past five (5) fiscal years;
3. a person who is, or formerly was, a major client of the Group or its executive in the current fiscal year or in the past five (5) fiscal years;
4. a consultant, accounting professional including a certified public accountant or legal professional including a lawyer who receives, or formerly received, a large amount of money or other property (Note 3) from the Group in addition to the remuneration for officers in the current fiscal year or in the past five (5) fiscal years;
5. a person who is a relative (in the second degree of kinship) of the following; provided, however, that items (3) and (5) of this paragraph shall apply only in the case of judging independence of an external auditor;
 - (1) an important person among the executives stated in paragraphs 2 and 3 above (Note 4);
 - (2) an important person among those stated in paragraph 4;
 - (3) a representative partner or partner of an accounting auditor of the Group;
 - (4) an important person among the executives of the Group; or
 - (5) a Director of the Group who is not an executive;
6. a person who is, or formerly was, an executive of a major shareholder of the Company (Note 5) in the current fiscal year or in the past five (5) fiscal years;
7. a person who is, or formerly was, an executive of a company of which the Group is a major shareholder in the current fiscal year or in the past five (5) fiscal years;
8. an accounting auditor of the Company including, if such accounting auditor is an organization such as a legal entity or partnership, a person who belongs to such organization;
9. a person with whom the Group dispatches or accepts a Director, Auditor or Executive Officer mutually; or
10. a person who receives a large amount of money or other property (Note 3) as a donation from the Group.

(Note)

1. An “executive” shall mean a Director with executive authority, Executive Officer or employee.
2. A “major client” shall mean a company that the amount paid to or received from reaches 2% or more of consolidated net sales of the Group or of such client’s group in transactions with the Group during the aforementioned period.
3. “A large amount of money or other property” shall mean, in the case of an individual, 10 million yen or more annually or, in the case of an organization, an amount exceeding 2% of consolidated net sales of such organization on average during the aforementioned period.
4. An “important person” shall mean a Director, Auditor, Executive Officer or important employee.
5. A “major shareholder” shall mean a person who directly or indirectly holds voting rights representing 10% or more of all voting rights.