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(Stock Exchange Code 9989)
June 3, 2019

To Shareholders with Voting Rights:

Hiroshi Sadakata
President and Representative Director
SUNDRUG CO., LTD.
1-38-1 Wakamatsucho, Fuchu, Tokyo

NOTICE OF THE 56TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are cordially invited to attend the 56th Annual General Meeting of Shareholders of SUNDRUG CO., LTD. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. In either case, you are kindly requested to examine following Reference Documents for the General Meeting of Shareholders and exercise your voting rights so that it is received by 5:30 p.m. on Friday, June 21, 2019, Japan time.

- 1. Date and Time:** Saturday, June 22, 2019 at 10:00 a.m. Japan time
(Reception commences at 9:00 a.m.)
- 2. Place:** Conference room at the Corporate Headquarters Building 3rd floor located at
1-38-1 Wakamatsucho, Fuchu, Tokyo, Japan
(Please refer to the Guide Map to the venue of Annual General Meeting of
Shareholders at the end of this document.)
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 56th Fiscal Year (April 1, 2018 - March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 56th Fiscal Year (April 1, 2018 - March 31, 2019)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendments of the Articles of Incorporation
 - Proposal 3:** Election of 1 Corporate Auditor

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Among the documents attached to the Notice, the Notes to the Consolidated Financial Statements as part of the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements as part of the Non-consolidated Financial Statements are posted on the Company's website (<http://www.sundrug.co.jp>) (Japanese only) in accordance with laws and regulations as well as Article 14 of the Articles of Incorporation of the Company, and are therefore not included in the documents attached to this notice.

Any change in either of the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements, and Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (Japanese only).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company would like to appropriate the surplus as follows:

Matters concerning year-end dividends:

The Company proposes that year-end dividends of the 56th fiscal year as follows in view of performance of the fiscal year under review and future business development, etc.

(1) Type of dividend assets:

Cash

(2) Matters concerning the allotment of dividend assets to the shareholders and the amount thereof:

33 yen per share of common stock of the Company

Total amount will be 3,857,490,945 yen.

The total dividend for the fiscal year under review is 66 yen per share, increased by 6 yen per share over the previous year, including the interim dividend of 33 yen per share.

(3) Date when dividends of surplus takes effect:

Monday, June 24, 2019

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendment

- (1) In response to the future business diversification, it is proposed that additional business purposes be newly stated in Article 2 (Purpose) of the current Articles of Incorporation, along with some adjustments.
- (2) It is proposed that certain provisions and terms be added or deleted, and other necessary amendments be made.

2. Description of the amendment

Description of the amendment is as follows:

(Amended parts are underlined.)

Current	Proposed amendment
<p>Article 2 (Purpose) The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. <u>Management of pharmacies, and retail and wholesale of pharmaceuticals;</u> 2. <u>Sale of poisonous and toxic substances, industrial chemicals and agricultural chemicals;</u> 3. <u>Retail and wholesale of cosmetics and cosmetic preparation products;</u> 4. <u>Sale and rental of sanitary items, thermometers, length measurement instruments, scales, pressure gauges, volumenometers, medical instruments, health equipment, beauty equipment and caregiving equipment;</u> 	<p>Article 2 (Purpose) The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. <u>Business activities with regard to drug stores, pharmacies, variety stores, supermarkets, convenience stores, department stores, discount stores, home improvement retailers, various specialty merchandise stores, used goods, wholesales merchandise, mail order, import and export, agency services for domestic and international commerce, franchise management of these aforementioned business, as well as manufacturing, processing, wholesale and retail of items associated with these aforementioned businesses;</u> 2. <u>Sale of items associated with pharmaceuticals, etc. (pharmaceuticals, drugs for animals, poisonous and toxic substances, narcotics for medical use, agricultural and industrial chemicals, etc.);</u> 3. <u>Business activities with regard to the manufacturing, wholesale, retail, and rental of items associated with beauty, health, caregiving, etc. (cosmetics, cosmetic preparation products, sanitary items, thermometers, length measurement instruments, scales, pressure gauges, volumenometers, medical instruments, health equipment, beauty equipment, assistive products and technology, caregiving equipment, etc.);</u> 4. <u>Business activities with regard to the manufacturing, processing, wholesale, and retail of items associated with food and beverages, nutritional supplements, etc. (nutritional supplements, food for specified health use, functional nutritional food, food with functional claims, ingredient adjusted food such as reduced salt, low-calorie items, and linoleic acid items, dairy products, milk, drinking water, confectionaries and snacks, grains such as rice and wheat, noodles, seasonings, salt, malted rice, alcoholic beverages, agricultural and fisheries products, meats, food and beverages,</u>

Current	Proposed amendment
<p>5. <u>Sale of nutritional supplements for the supply of nutrients such as vitamins;</u></p> <p>6. <u>Sale of ingredient adjusted food such as reduced salt, low-calorie items, and linoleic acid items;</u></p> <p>7. <u>Sale of daily commodities, decorative goods, apparel, shoes and other footwear, bags, and rain gear;</u></p> <p>8. <u>Sale of food such as dairy products, drinking water, confectionaries and snacks, rice, salt, alcoholic beverages;</u></p> <p>9. <u>Sale of bicycles, automotive supplies, stationary, office supplies and office equipment;</u></p> <p>10. <u>Sale of tobacco, smoking supplies, postal stamps, revenue stamps, printed books, telephone cards, gift certificates, etc.;</u></p> <p>11. <u>Sale of hardware, tools, building materials, paints, lumbers, household equipment,</u></p>	<p><u>etc.);</u></p> <p>5. <u>The sale of items associated with monopoly goods, etc. (tobacco, smoking supplies, postal stamps, revenue stamps, printed books, magazines and newspapers, telephone cards and gift certificates, etc.), as well as agency services for the issuance and sale of point cards and prepaid cards, and the distribution of lottery tickets based on the Lottery Ticket Act, and sports promotion lottery tickets;</u></p> <p>6. <u>The wholesale and retail of items associated with precious metals, communications equipment, etc. (jewels, precious metals, eye glasses and contact lenses, watches, cameras, communication devices such as telephone (including fax machines and mobile phones) and smartphones, optomechanical devices, equipment materials, supplies, used items, etc. associated with all the these aforementioned items), and photo developing and printing;</u></p> <p>7. <u>The manufacturing, wholesale, and retail of items associated with home appliances, furniture, crafts, etc. (home appliances and peripheral accessories, furniture, bedding, interior decorations, fine arts and crafts, etc.);</u></p> <p>8. <u>The manufacturing, wholesale, and retail of items associated with daily commodities, etc. (daily sundries, lifestyle goods, travel goods, decorative goods, apparel, shoes and other footwear, bags, rain and fair weather gear, bicycles, other vehicles and related goods and parts, baby items, stationary, office supplies and equipment, etc.);</u></p> <p>9. <u>The manufacturing, wholesale, and retail of items associated with gardening, pets, etc. (seeds and seeding, flowers, plants, trees, fertilizer, gardening goods, pets and pet goods, etc.), as well as management of pet beauty salons, pet cafes, and other facilities for dogs, cats, and other pets, and operations through franchisee participation, fabrication and sale of all types of keys;</u></p> <p>10. <u>The manufacturing, wholesale, and retail of items associated with sports, music and visual media, entertainment items, etc. (sporting goods, camping and outdoor activity-related equipment, instruments and tools, fishing gear, diving equipment, musical instruments, music tapes, video tapes, discs, Blu-ray, toys, entertainment goods, etc.);</u></p> <p>11. <u>The wholesale and retail of items associated with household-related materials, etc. (hardware,</u></p>

Current	Proposed amendment
petroleum equipment, gas equipment, and fire extinguishers;	tools, building materials, paints, lumbers, household equipment, petroleum equipment, gas equipment, fire extinguishers, <u>crime prevention equipment, disaster prevention equipment, kerosene, etc.</u>);
12. <u>Sale of home appliances, furniture, bedding, interior decorations, and fine arts and crafts;</u>	12. <u>Business activities with regard to freight shipping, warehousing and warehouse management, cleaning, agency services for cargo and packages, travel agency, and insurance agency services;</u>
13. <u>Sale of jewels, precious metals, eye glasses, watches, camera supplies, as well as photo developing and printing;</u>	13. <u>Management and operation of shopping centers, eating and drinking establishments such as cafeterias and coffee shops, laundry shops, barber shops, beauty salons, aesthetic and nail salons, nurseries, kindergartens, nursing homes, drive-ins, facilities for sports, fitness, massage, and health spas, cultural and learning centers, amusement centers, parking lots, gasoline and other fueling stations, ride-share facilities, etc.;</u>
14. <u>Sale of fertilizer, gardening goods, pets and pet goods, as well as management of beauty salons for dogs, cats, and fabrication of all types of keys;</u>	(Deleted)
15. <u>Sale of sporting goods, fishing gear, musical instruments, music tapes, video tapes, discs, toys and entertainment goods;</u>	(Deleted)
16. <u>Cleaning, agency services for cargo and packages, and travel agency;</u>	(Deleted)
17. <u>Management of eating and drinking establishments such as cafeterias and coffee shops;</u>	(Deleted)
18. <u>Management of barber shops, beauty salons, and aesthetic salons;</u> (Newly established) (Newly established)	(Deleted)
19. <u>Renting and Leasing, brokerage, and management of real estate;</u>	14. <u>Food service business, as well as food delivery services;</u>
20. <u>General leasing;</u>	15. <u>Sale of goods by installation of vending machine, as well as sale of vending machine equipment;</u>
21. <u>Worker dispatching business;</u>	16. <u>Buying and selling, renting and leasing, brokerage, and management of real estate;</u>
	17. <u>Business activities involved with financing, currency exchange, general leasing, rental and leasing, electronic money, credit cards, payment agency services for public utilities charges, etc., collection agency services, payment agency services, banking agency services, as well as deployment, installation, management and administration of automatic teller machines;</u>
	18. <u>Worker dispatching business;</u>

Current	Proposed amendment
<u>22. Management consultancy;</u>	<u>19. Management consultancy, as well as printing and publishing businesses;</u>
<u>23. Franchise management of drug stores;</u>	(Deleted)
<u>24. Logistics and warehousing services;</u> (Newly established)	(Deleted)
<u>25. Planning and consulting services associated with development of stores;</u>	<u>20. Establishment and operation of facilities, and services and welfare services therein based on the Long-Term Care Insurance Act, Public Assistance Act, Act on Social Welfare for the Elderly, and Act on Comprehensive Support for Social and Daily Living of Persons with Disabilities, as well as establishment and operation of Special Meal Service Facility based on the Health Promotion Act, and paid transfer and transportation business based on the Road Transportation Act;</u>
<u>26. Planning, consulting and operation of various training and seminars;</u>	<u>21. Businesses with regard to planning and consulting associated with the effective use of land and buildings and the development of stores;</u>
<u>27. Business activities for payroll calculation, accounting, hiring and HR management, file management, and agency services associated with purchasing;</u>	<u>22. Planning, consulting and operation of various trainings, seminars, events, and market research, consul, and business activities with regard to certification testing preparation for pharmacists, registered sellers, etc.;</u>
<u>28. Development, sale, maintenance, and leasing of computer systems and computer software;</u>	<u>23. Business activities for payroll calculation, accounting, hiring and HR management, file management, and agency services associated with purchasing;</u>
<u>29. Planning and agency services associated with advertising;</u>	<u>24. The development, manufacturing, sale, maintenance, and leasing of computers and peripheral devices, computer systems, and computer software;</u>
<u>30. Mail order service;</u>	<u>25. Planning and agency services associated with advertising, promotion and agency services for movies, dramas, and other works, as well as the planning, production, and sale of movies, records, video tapes, video discs, compact discs, etc.;</u>
<u>31. Deployment and installation of automatic teller machines, and associated clerical consignment tasks;</u> (Newly established)	(Deleted)
(Newly established)	(Deleted)
<u>32. Import and export business associated with the preceding items 1 to 15;</u> (Newly established)	<u>26. Management and operation of power generation business, and business associated with selling and buying of electricity;</u>
	<u>27. Businesses associated with cleaning, security service, and other general maintenance services for buildings, stores, offices, and general housing;</u>
	<u>28. Import and export business associated with the preceding items from 1 to 11;</u>
	<u>29. Franchise management and operations through</u>

Current	Proposed amendment
<p><u>33.</u> Any businesses incidental to every preceding item in this Article.</p>	<p><u>franchisee participation associated with the preceding items from 1 to 28; and</u> <u>30.</u> Businesses <u>associated with</u> any business incidental to every preceding item in this Article.</p>

Proposal 3: Election of 1 Corporate Auditor

The terms of office of Mr. Masao Okamoto, a Corporate Auditor, will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 1 Corporate Auditor is proposed.

This Proposal has been approved by the Audit & Supervisory Board.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
Kazutoshi Yamashita (June 7, 1959) (New Appointment) (External Corporate Auditor) (Independent Officer)	April 1983 Joined KOKUSAI Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	0
	April 1997 General Manager, Hachioji Branch	
	September 2002 General Manager, Hiroshima Branch, Mitsubishi Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	
	October 2005 Deputy General Manager, Institutional Marketing Second Division, Nagoya Branch, Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	
	April 2010 General Manager, Kochi Branch, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	
	June 2014 Director and General Manager, Kobe Branch June 2017 Full-time Corporate Auditor, MUS Business Service Co., Ltd. (to retire from the position in June 2019)	

[Reasons to be selected as a candidate for External Corporate Auditor]

Mr. Kazutoshi Yamashita has taken various responsibilities at financial institutions and has considerable knowledge on and a deep insight into finance and accounting. In addition, he has served as a full-time corporate auditor and is well versed in corporate governance and audit duties. He is expected to perform his function as an independent, objective, and unbiased auditor at the Company as well. The Company thus proposes that he assume his position as an External Corporate Auditor.

(Notes)

1. There are no special interests between the candidate for Corporate Auditor and the Company.
2. Mr. Kazutoshi Yamashita is a candidate for new External Corporate Auditor.
3. If the appointment of Mr. Kazutoshi Yamashita as External Corporate Auditor is approved, the Company plans to enter into an agreement with him to limit his liability as provided in Article 427, Paragraph 1 of the Companies Act, pursuant to the Articles of Incorporation of the Company. The limit of liability in the said agreement under Article 423, Paragraph 1 of the same Act is equal to the minimum liability limit stipulated by laws and regulations.
4. If the appointment of Mr. Kazutoshi Yamashita as External Corporate Auditors is approved, he will be an Independent Officer under the provisions of Tokyo Stock Exchange.