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Securities identification code: 9603

January 6, 2017

To our shareholders:

Hideo Sawada
Chairman and President
H.I.S. Co., Ltd.
6-8-1 Nishishinjuku,
Shinjuku-ku, Tokyo, JAPAN

NOTICE OF THE 36TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 36th Ordinary General Meeting of Shareholders of H.I.S. Co., Ltd. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail.

Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail to reach us no later than 6:30 p.m., Wednesday, January 25, 2017 (Japan Standard Time).

Meeting Details

1. **Date and time:** Thursday, January 26, 2017 at 10:00 a.m. (Japan Standard Time)
2. **Venue:** Hilton Tokyo
Meeting room “Kiku” (“Kikuyo”/“Kikka”) on the fourth floor
6-6-2 Nishishinjuku, Shinjuku-ku, Tokyo, Japan
3. **Purposes:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 36th Term (from November 1, 2015 to October 31, 2016), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the 36th Term (from November 1, 2015 to October 31, 2016)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Partial amendments to the Articles of Incorporation
- Proposal 3:** Election of eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 4:** Determination of remuneration, etc., related to stock options for Directors (excluding Directors who are Audit and Supervisory Committee Members, Non-Executive Directors, Part-Time Directors, or Outside Directors)
- Proposal 5:** Payment of Directors’ and Audit and Supervisory Committee Members’ bonuses for the 36th Term

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

The Company proposes the appropriation of surplus as follows:

Matters related to the 36th Term year-end dividend

The Company considers return of profits to shareholders to be an important operational policy, and aims to conduct stable and continuous profit sharing according to the results, while striving to increase dividend levels, giving overall consideration to strengthening business structure and maintaining internal reserves for future business expansion.

Based on this basic policy of profit-sharing, the year-end dividend for the 36th Term shall be as follows:

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

The Company proposes to pay a dividend of 22 yen per common share of the Company.

Total amount of dividend: 1,361,822,440 yen

(3) Effective date of appropriation of surplus (Starting date of payment for the year-end dividend)

January 27, 2017

Proposal 2: Partial amendments to the Articles of Incorporation

1. Reason for amendments

In order to prepare for diversification of business activities and future business expansion throughout the Company and Group companies, additions have been made to the business purpose expressed in Article 2 (Purpose) of the current Articles of Incorporation.

2. Details of proposed amendments

The details of the changes are as follows:

(Amended parts are underlined)

| Current Articles of Incorporation | Proposed amendments |
|--|--|
| Chapter 1 General Provisions | Chapter 1 General Provisions |
| Article 1 (Omitted) | Article 1 (Unchanged) |
| Article 2 (Purpose) The purposes of the Company shall be to engage in the following businesses: 1) to 11) (Omitted) (Newly established) | Article 2 (Purpose) The purposes of the Company shall be to engage in the following businesses: 1) to 11) (Unchanged) <u>12) Support for marketing research and feasibility studies in Japan and overseas, in addition to researching, gathering and providing business information</u> |
| <u>12)</u> Publishing business; (Newly established) (Newly established) | <u>13)</u> (Unchanged) <u>14) Manufacture and sale of character goods;</u> <u>15) Planning and production of visual, music and game content, as well as the production, distribution, sale and import/export of physical media containing the said content;</u> |
| <u>13)</u> Advertising business; | <u>16)</u> (Unchanged) |
| <u>14)</u> Sales, leasing, management and intermediation of real estate; | <u>17)</u> (Unchanged) |
| <u>15)</u> Buildings transaction business; | <u>18)</u> (Unchanged) |
| <u>16)</u> <u>Car parking business;</u> | <u>19)</u> (Unchanged) |
| <u>17)</u> Air transport business; | <u>20)</u> (Unchanged) |
| <u>18)</u> Marine transportation business; | <u>21)</u> (Unchanged) |
| <u>19)</u> Motor transportation business; | <u>22)</u> (Unchanged) |
| <u>20)</u> Financing business; | <u>23)</u> (Unchanged) |
| <u>21)</u> Money exchange business; | <u>24)</u> (Unchanged) |
| <u>22)</u> Fund transfer business under the Act on Fund Settlement; | <u>25)</u> (Unchanged) |
| <u>23)</u> Sales of discount coupons; | <u>26)</u> (Unchanged) |

| Current Articles of Incorporation | Proposed amendments |
|---|---|
| <u>24)</u> Gift certificate and prepaid card issuance, sales and agency business; | <u>27)</u> (Unchanged) |
| <u>25)</u> General lease business; | <u>28)</u> (Unchanged) |
| <u>26)</u> Data entry into computer systems for applications and notifications to government offices, organizations, companies, etc., and entrusted office work in connection therewith; | <u>29)</u> (Unchanged) |
| <u>27)</u> Worker dispatch business; | <u>30)</u> (Unchanged) |
| <u>28)</u> Power generation and power supply from natural energy sources, etc.; | <u>31)</u> (Unchanged) |
| <u>29)</u> Power retail business; | <u>32)</u> Power retail <u>and gas supply</u> business |
| <u>30)</u> Research, development, manufacture and sale of household and service robots; | <u>33)</u> (Unchanged) |
| <u>31)</u> Financing or investment in operation or management of horticulture, livestock farming, poultry farming, farms and ranches, and juridical persons that conduct said activities; | <u>34)</u> (Unchanged) |
| <u>32)</u> Processing and sale of commodities produced from horticulture, livestock farming, poultry farming, and farms and ranches; | <u>35)</u> Processing, sale, <u>import and export</u> of commodities produced from horticulture, livestock farming, poultry farming, and farms and ranches; |
| <u>33)</u> Maintenance or acquisition of forests, management and operation of mountains and forests, and conducting silviculture and forestry business; | <u>36)</u> (Unchanged) |
| <u>34)</u> Fishing; (Newly established) | <u>37)</u> (Unchanged) <u>38)</u> <u>Sales of antique items in accordance with the Antique Dealings Act</u> |
| <u>35)</u> Investment in and financing of any of the preceding items | <u>39)</u> (Unchanged) |
| <u>36)</u> Any business incidental to any of the preceding items (Following section omitted) | <u>40)</u> (Unchanged) (Following section omitted) |

Proposal 3: Election of eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the conclusion of this meeting, the terms of office of all ten (10) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire. Therefore, the Company proposes to elect 11 Directors (excluding, however, Directors who are Audit and Supervisory Committee Members), increasing the number of Directors by one to enhance the management system.

Note that the Audit and Supervisory Committee has deemed the contents of this proposal to be appropriate.

Candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|---|--|--|--|
| 1 | For reelection Hideo Sawada (February 4, 1951) | December 1980 Establishment of the Company; Representative Director and President of the Company March 1999 President of H.S. SECURITIES Co. Ltd. (currently Sawada Holdings Co., Ltd.) June 2004 Chairman-Director of the Company December 2009 Chairman-Representative Director of the Company March 2010 President and CEO of Huis Ten Bosch Co., Ltd. (present position) September 2012 Chairman of Public Interest Incorporated Foundation Tokyo Symphony Orchestra (present position) November 2016 Chairman and President-Representative Director, Chief Executive Officer (CEO) (present position) November 2016 Chairman of Sawada Holdings Co., Ltd. (present position) [Significant concurrent positions] Chairman of Sawada Holdings Co., Ltd. President and CEO of Huis Ten Bosch Co., Ltd. | 19,136 thousand shares |
| <p>Reasons for nomination as candidate, etc.</p> <p>Hideo Sawada served as Representative Director and President of the Company from its establishment in December 1980 until May 2004. During this period, he played a leading role in the Company's development while shaping and fostering the Company's culture, including thinking of the customer, valuing speed, and maintaining the spirit of venture capitalism. After assuming the role of Chairman-Director, Sawada was involved with education concerning development of business strategy widely throughout the Group, and he took personal responsibility in setting a good example as leader during the business restoration of Huis Ten Bosch Co., Ltd.</p> <p>In the reorganization of the management execution structure implemented in November 2016, taking into consideration a pure holding company function aimed at achieving aggressive governance, Sawada was appointed as Chief Executive Officer (CEO) concurrent with his position as Representative Director to preside over the Consolidated Group's Administrative Headquarters, which has been permanently established within the Board of Directors as a body delegated to make decisions regarding execution of important operations. In this position, Sawada has done his utmost to ensure the development of the Group in view of the Company's 40th anniversary.</p> <p>Sawada has been nominated as a Candidate for Director for his accomplishments and experience as a manager, as well as the good judgment and network of personal connections that he has developed, which continue to be valuable to the decision-making of the Board of Directors, while also being beneficial to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> <p>Furthermore, the Company and Huis Ten Bosch Co., Ltd., of which Sawada remains President and CEO, are in a business relationship involving the purchase of travel materials, etc.</p> | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|-----|--|---|--|
| 2 | For reelection Akira Hirabayashi (November 16, 1967) | September 1993 Joined the Company January 2007 Director, Manager of Kansai Operations Headquarters April 2007 Director, Manager of Information Systems Headquarters April 2008 President-Representative Director November 2016 Vice-Chairman, Director and Manager of M&A Headquarters responsible for Global Online Business, Chief Information Officer (CIO) (present position) | 2 thousand shares |
| | <p>Reasons for nomination as candidate</p> <p>Since Akira Hirabayashi assumed the role of Representative Director and President of the Company in April 2008, he has consistently promoted global expansion, raised the Company's brand image by taking the initiative to improve the quality of travel products and services, etc., and played a lead role in improving performance.</p> <p>In the reorganization of the management execution structure implemented in November 2016, Hirabayashi was appointed as Vice-Chairman-Director concurrent with his position as the Manager of the newly established M&A Headquarters, which has a mission to actively utilize M&As as a business strategy, and as Director responsible for Global Online Business that is responsible for establishing and operating a worldwide online business. Furthermore, Hirabayashi serves concurrently as Representative Director and President of H.I.S. Hotel Holdings Co., Ltd., which serves as the core of our hotel business, and he has been engaged in the management of the Company as a member of the Consolidated Group's Administrative Headquarters, which has been permanently established within the Board of Directors as a body delegated to make decisions regarding execution of important operations.</p> <p>Hirabayashi has been nominated as a Candidate for Director for his experience and accomplishments, which are expected to continue to aid the decision-making of the Board of Directors, while contributing to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|---|---|---|--|
| 3 | For reelection Narimoto Kusuhara (June 3, 1957) | <p>December 1982 Joined the Company</p> <p>January 2005 Director, Manager of General Operations Headquarters</p> <p>April 2008 Managing Director responsible for Overall Control of Administration Division, Manager of Overseas Business Headquarters</p> <p>April 2010 Managing Director responsible for Overall Control of Administration Division, Manager of Overseas Operations Headquarters and Manager of Domestic Travel Business Headquarters</p> <p>December 2010 Managing Director responsible for Overall Control of Administration Division, in charge of the Domestic Travel Business Headquarters and the Inbound Business Department, Manager of Overseas Operations Headquarters and Manager of Domestic Travel Business Headquarters</p> <p>March 2011 Managing Director responsible for Overall Control of Administration Division, Manager of Overseas Operations Headquarters and Manager of Domestic Travel Business Headquarters</p> <p>March 2014 Senior Managing Director responsible for Overall Control of Human Resources, Domestic Travel Business, Inbound Business, East Japan Region Retail Store Operations</p> <p>April 2014 Senior Managing Director responsible for Overall Control of Human Resources, Domestic Travel Business, Inbound Business, East Japan Region Retail Store Operations, Manager of Kanto Domestic Travel Operations Headquarters</p> <p>November 2014 Senior Managing Director responsible for Overall Control of Head Office Administration Division, Domestic Travel Business, Inbound Business, East Japan Region Retail Store Operations, Manager of Kanto Domestic Travel Operations Headquarters</p> <p>November 2016 Senior Managing Director responsible for the H.I.S. Inbound business (present position)</p> | 510 thousand shares |
| <p>Reasons for nomination as candidate</p> <p>In addition to contributing to the global expansion of the Company's operations by overseeing the Company's Administration Division up until October 2016, Narimoto Kusuhara has also worked to improve performance by taking charge of the domestic travel and inbound businesses, which the Company has been focused on.</p> <p>In the reorganization of the management execution structure implemented in November 2016, Kusuhara was appointed as the Director responsible for the H.I.S. Inbound business, and he has been engaged in the management of the Company as a member of the Consolidated Group's Administrative Headquarters, which has been permanently established within the Board of Directors as a body delegated to make decisions regarding execution of important operations.</p> <p>Kusuhara has been nominated as a Candidate for Director for his experience and accomplishments, which are expected to continue to aid the decision-making of the Board of Directors, while contributing to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|--|--|---|--|
| 4 | For reelection Tatsuya Nakamori (August 4, 1967) | November 1986 Joined the Company January 2010 Director responsible for Overall Control of West Japan Region Operations, Manager of Kansai Operations Headquarters February 2014 Director responsible for Overall Control of West Japan Region Operations March 2014 Managing Director responsible for Airline Ticket Purchasing and Arrangement, and Online Travel Business April 2014 Managing Director responsible for Airline Ticket Purchasing and Arrangement, and Online Travel Business Control, Manager of Head Office Purchasing Headquarters November 2016 Managing Director, President of H.I.S. Japan (present position) | 13 thousand shares |
| <p>Reasons for nomination as candidate</p> <p>Tatsuya Nakamori has extensive business experience in the Company's marketing and sales sectors, and has leveraged his track record in the procurement and planning sectors to participate in the management of the Company.</p> <p>In the reorganization of the management execution structure implemented in November 2016, Nakamori was appointed as President of H.I.S. Japan, a quasi-in-house company, and serves as the overall supervisor for the business departments handling overseas travel departing from Japan and domestic travel within Japan, and he has been engaged in the management of the Company as a member of the Consolidated Group's Administrative Headquarters, which has been permanently established within the Board of Directors as a body delegated to make decisions regarding execution of important operations.</p> <p>Nakamori has been nominated as a Candidate for Director for his experience and accomplishments, which are expected to continue to aid the decision-making of the Board of Directors, while contributing to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|-----|---|---|--|
| 5 | For reelection Shigeru Nakatani (October 19, 1948) | <p>July 2010 Joined the Company; Senior Officer responsible for Accounting and Finance</p> <p>January 2012 Director responsible for Accounting and Finance, Manager of Head Office Accounting Headquarters</p> <p>November 2016 Director responsible for Consolidated Finance, Accounting, Legal Affairs, Internal Control, and Compliance, Manager of Head Office Accounting Headquarters / Corporate Funding Screening Office, Chief Financial Officer (CFO) (present position)</p> | 7 thousand shares |
| | <p>Reasons for nomination as candidate</p> <p>Since entering Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation), Shigeru Nakatani has held positions of authority within the group. He was appointed as a Senior Executive Officer upon entering the Company in July 2010, and has leveraged his extensive experience in accounting and finance and his accomplishments as a management executive to contribute to the global expansion of the Company's businesses.</p> <p>Nakatani has participated in the management of the Company since January 2012 as a Director, and in the reorganization of the management execution structure implemented in November 2016, Nakatani was appointed as the Chief Financial Officer (CFO) responsible for consolidated finance and accounting, accounting, legal affairs, internal control, and compliance. He has also been engaged in the management of the Company as a member of the Consolidated Group's Administrative Headquarters, which has been permanently established within the Board of Directors.</p> <p>Nakatani has been nominated as a Candidate for Director based on his abundant experience and knowledge up until now, which are expected to continue to contribute to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value</p> | | |
| 6 | For reelection Katsuhiko Sakaguchi (April 30, 1955) | <p>December 2014 Joined the Company</p> <p>March 2015 Senior Officer responsible for HR strategy (domestic and overseas)</p> <p>January 2016 Director responsible for HR strategy (domestic and overseas)</p> <p>November 2016 Director responsible for Consolidated HR, CS/ES, HR and Labor Relations, General Affairs, CSR, and Chief Human Resource Officer (CHO) (present position)</p> | 10 thousand shares |
| | <p>Reasons for nomination as candidate</p> <p>After entering Unicharm Corporation, Katsuhiko Sakaguchi held positions of authority, developing extensive knowledge in the planning, human resources, and general affairs sectors. He also served at that company in the roles of Director and Senior Executive Officer, and has experience as a management executive.</p> <p>After entering the Company as a Senior Executive Officer, Sakaguchi was appointed as the Director responsible for HR strategy (domestic and overseas) in January 2016, and in the reorganization of the management execution structure implemented in November 2016, Sakaguchi was appointed as the Director responsible for consolidated HR, CS/ES, HR and Labor Relations, General Affairs, CSR, and the Chief Human Resource Officer (CHO) of the Company. He has also been engaged in the management of the Company as a member of the Consolidated Group's Administrative Headquarters, which has been permanently established within the Board of Directors as a body delegated to make decisions regarding execution of important operations.</p> <p>Sakaguchi has been nominated as a Candidate for Director for his experience and accomplishments, which are expected to continue to contribute to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | | Number of the Company's shares owned |
|---|--|---|---|--|
| 7 | For reelection Atsushi Yamanobe (March 18, 1970) | April 1993 March 2014 January 2016 November 2016 | Joined the Company Officer, Manager of Kanto Sales Business Department, Manager of Kanto WEB Business Department, Manager of Special Office Business for Kanto Corporation and Group Director responsible for East Japan Region Operations, Manager of Kanto Overseas Travel Operations Headquarters Director, Vice President of H.I.S. Japan (present position) | 1 thousand shares |
| <p>Reasons for nomination as candidate</p> <p>Atsushi Yamanobe has extensive business experience in marketing and sales sectors of the Company, and has participated in the management of the Company since January 2016 as a Director. In the reorganization of the management execution structure implemented in November 2016, Yamanobe was appointed as Vice President of H.I.S. Japan, a quasi-in-house company, and serves as the supervisor in the west Japan area for H.I.S. Japan West, which handles overseas travel departing from Japan and domestic travel within Japan.</p> <p>Yamanobe has been nominated as a Candidate for Director for his experience and accomplishments, which are expected to continue to aid the decision-making of the Board of Directors, while contributing to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | | | |
| 8 | For reelection Masayuki Oda (January 1, 1966) | June 1996 March 2014 January 2016 November 2016 | Joined the Company Officer, Manager of Kansai Operations Headquarters Director responsible for Kansai, Chugoku, Shikoku, Kyushu Operations and Global Product Marketing, Manager of Kansai Operations Headquarters Director, Vice President of H.I.S. Japan (present position) | – thousand shares |
| <p>Reasons for nomination as candidate</p> <p>Masayuki Oda has extensive business experience in marketing and sales sectors of the Company, and has participated in the management of the Company since January 2016 as a Director. In the reorganization of the management execution structure implemented in November 2016, Oda was appointed as Vice President of H.I.S. Japan, a quasi-in-house company, and serves as the supervisor of domestic travel section for H.I.S. Japan, which handles overseas travel departing from Japan and domestic travel within Japan.</p> <p>Oda has been nominated as a Candidate for Director for his experience and accomplishments, which are expected to continue to aid the decision-making of the Board of Directors, while contributing to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|--|---|---|--|
| 9 | For reelection Kiyoshi Takagi (May 4, 1963) | <p>June 1986 Joined the Company</p> <p>January 2008 Director, Manager of Kansai Operations Headquarters</p> <p>April 2008 Director responsible for overall control of West Japan Region, Manager of Kansai Operations Headquarters</p> <p>November 2009 Director responsible for overall control of East Japan Region Operations</p> <p>November 2010 Director responsible for overall control of East Japan Region Operations, Manager of East Japan Sales Business Department</p> <p>March 2011 Director responsible for overall control of East Japan Region Operations in charge of the Inbound Business Department, Manager of Kanto Sales Business Department</p> <p>November 2011 Director responsible for overall control of East Japan Region Operations, in charge of the Head Office Human Resource Headquarters and Inbound Business Department, Manager of Kanto Sales Business Department</p> <p>January 2012 Managing Director responsible for overall control of East Japan Region Operations, in charge of the Head Office Human Resource Headquarters and Inbound Business Department, Manager of Kanto Sales Business Department</p> <p>January 2013 Managing Director responsible for overall control of East Japan Region Operations, in charge of the Head Office Human Resource Headquarters and Inbound Business Department</p> <p>March 2014 Director (present position) Senior Managing Director of Huis Ten Bosch Co., Ltd. (present position)</p> | 11 thousand shares |
| <p>Reasons for nomination as candidate</p> <p>Based on his extensive business experience, etc., at the Company in the marketing and sales sectors, Kiyoshi Takagi has participated in the management of the Company and is currently serving as a Senior Managing Director at Huis Ten Bosch Co., Ltd., contributing to improvement in the group's corporate value by playing a role in the management of that company.</p> <p>Takagi has been nominated as a Candidate for Director for his experience and accomplishments, which are expected to contribute to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|---|--|---|--|
| 10 | For reelection Kazumasa Namekata (May 4, 1953) | <p>June 1985 Joined the Company</p> <p>September 1985 Director, Manager of Accounting Department</p> <p>February 1993 Director, Manager of General Affairs Department</p> <p>November 1997 Managing Director, Manager of Kansai Control Headquarters</p> <p>November 1999 Managing Director, Manager of Administration Headquarters</p> <p>October 2000 Managing Director, Manager of General Affairs Department and Manager of Systems Development Section</p> <p>June 2004 Representative Director, Managing Director in charge of the Human Resource Department, Accounting Department and Affiliate Company Management Department, Manager of General Affairs Department</p> <p>January 2005 Representative Director, Senior Managing Director</p> <p>April 2008 Director, Senior adviser</p> <p>May 2010 Director, Senior adviser in charge of the Social Contribution-Related Business Section</p> <p>September 2011 Director, Senior adviser in charge of CSR Promotion</p> <p>November 2016 Director, Senior adviser responsible for Domestic Travel Subsidiaries Business (present position)</p> | 1,021 thousand shares |
| <p>Reasons for nomination as candidate</p> <p>Kazumasa Namekata has contributed to improvement in corporate value based on the extensive experience, etc., that he has fostered by playing a pivotal role in the Company's management since the establishment of the Company, including being in charge of CSR promotion at the Company. In the reorganization of the management execution structure implemented in November 2016, Namekata was appointed as Director in charge of the domestic travel subsidiaries business. Namekata has been nominated as a Candidate for Director for his abundant experience and knowledge, which are expected to continue to aid the decision-making of the Board of Directors, while contributing to the Group's augmentation of its business domains and global expansion, as well as sustainable growth and improvement in corporate value.</p> | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions) | Number of the Company's shares owned |
|--|---|---|--|
| 11 | New candidate Naomi Tomita (March 25, 1948) | <p>June 2010 President and CEO of Parallels International GmbH</p> <p>April 2013 Honorary Chairman, Parallels International GmbH (current position)</p> <p>March 2013 Board member of Social Development Research Center (present position)</p> <p>June 2013 Adviser of Japan Research Institute (present position)</p> <p>October 2013 GITOMER CERTIFIED ADVISOR (present position)</p> <p>September 2014 Visiting Professor of School of Management and Information Sciences at Tama University (present position)</p> <p>October 2014 Business Adviser and CTO of Huis Ten Bosch Co., Ltd.</p> <p>December 2014 Director and CTO of Huis Ten Bosch Co., Ltd. (present position)</p> <p>July 2016 Director of hapi-robo st Co., Ltd. (present position)</p> | – thousand shares |
| <p>Reasons for nomination as candidate</p> <p>Naomi Tomita has extensive business experience and knowledge regarding matters such as IT, security, and compliance, and he has provided valuable advice and proposals on the business activities of Huis Ten Bosch Co., Ltd., since being appointed as its Business Adviser and CTO in October 2014.</p> <p>Tomita has been newly nominated as a Candidate for Director as it has been deemed that his accomplishments could be expected to contribute to the Group's sustainable growth and improvement in corporate value if his experiences were leveraged through his participation in the Company's important management decisions as the Company expands its business domains from the travel business and expands its operations on a global level.</p> | | | |

Proposal 4: Determination of remuneration, etc., related to stock options for Directors (excluding Directors who are Audit and Supervisory Committee Members, Non-Executive Directors, Part-Time Directors, or Outside Directors)

At the 35th Ordinary General Meeting of Shareholders held on January 27, 2016, remuneration for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members or Outside Directors) of up to an annual amount of 500 million yen was approved (note that this includes Directors' bonuses but does not include the employee salary for those who act as both Directors and employees). However, with the purpose of increasing the incentives to further enhance corporate value, the Company proposes that, within a framework separate from that of said remuneration, stock acquisition rights be allotted as stock options to Directors (excluding Directors who are Audit and Supervisory Committee Members, Non-Executive Directors, Part-Time Directors, or Outside Directors) up to an annual value of 100 million yen.

With regard to the granting of stock options, Directors to whom stock acquisition rights are allotted are granted remuneration equal to the paid-in amount, and acquire stock acquisition rights by offsetting their claims on said remuneration against the amounts to be paid for said stock acquisition rights. The remuneration amount, etc., for stock options shall be calculated by multiplying the fair value for one stock acquisition right on the date at which the stock acquisition rights are allotted by the total number of stock acquisition rights allotted.

Note that the Audit and Supervisory Committee has deemed the contents of this proposal to be reasonable.

Furthermore, there are currently ten (10) people serving as Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members or Outside Directors), but if Proposal 3 "Election of eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)" is approved as proposed, the number of Directors eligible thereto will be ten (10).

Details of stock acquisition rights allotted as stock options are as follows.

(1) Class and number of shares that are the object of the stock acquisition rights

The shares that are the object of stock acquisition rights shall be the common stock of the Company, and 100 shares of the Company shall be granted for one stock acquisition right (hereafter “number of shares granted”).

However, if after the date on which the stock acquisition rights are allotted (hereafter “the allotment date”), the Company carries out a stock split (including an allotment of the common stock for which no payment is received; hereinafter the same shall apply to stock splits listed) or a reverse stock split, for those stock acquisition rights not exercised as of the time of said stock split or reverse stock split, the number of shares granted shall be adjusted according to the following calculation.

$$\text{Number of shares granted post-adjustment} = \text{Number of shares granted pre-adjustment} \times \text{Split or reverse split ratio}$$

In addition to the above, if a situation arises in which an adjustment of the number of shares granted is unavoidable, an adjustment of the number of shares approved as necessary by the Board of Directors shall be permitted.

Moreover, fractions of less than one share resulting from the above adjustment shall be rounded down to the nearest whole number.

(2) Total number of stock acquisition rights allotted

The number of stock acquisition rights available for allocation within one year of the date of the Ordinary General Meeting of Shareholders for each fiscal year, shall be 700 units or less.

(3) Paid-in amount for stock acquisition rights

The paid-in amount for each stock acquisition right shall be determined by the Board of Directors based on the fair value of the stock acquisition rights based on fair calculation methods such as the Black-Scholes model, etc., at the time of the allotment of the stock acquisition rights.

Moreover, a person in receipt of an allotment of stock acquisition rights (hereafter, “stock acquisition rights holder”) shall offset their claim on remuneration against the Company, instead of paying said paid-in value, and shall not be required to make any monetary payment.

(4) Amount to be contributed upon exercise of stock acquisition rights

The amount to be contributed upon the exercise of stock acquisition rights shall be the paid-in amount for one share receivable upon the exercise of a stock acquisition right (hereafter “exercise price”), multiplied by the number of shares granted.

The exercise price shall be the higher of the price determined by the Board of Directors and the closing price on the allotment date (if there is no closing price on the allotment date, the closing price of the most recent day).

Furthermore, if any of the following situations occur after the allotment date of the stock acquisition rights, the exercise prices shall be adjusted.

- 1) If the Company implements a stock split or a reverse stock split of common stock, the exercise price shall be adjusted using the following calculation, with resulting fractions of less than 1 yen being rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Split / reverse split ratio}}$$

- 2) If the Company issues new common shares at a price below the market price or disposes of treasury stock (excluding cases in which treasury stock is disposed of or new shares are

issued due to the exercise of stock acquisition rights, or in which treasury stock is transferred due to a stock swap), the exercise price shall be adjusted using the following calculation, with resulting fractions of less than 1 yen being rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

In the above calculation, “Number of shares already issued” shall mean the total number of shares issued by the Company less the number of treasury shares held by the Company and, when disposing of treasury stock, “Number of newly issued shares” shall be read as “Number of shares disposed of” and “Paid-in amount per share” shall be read as “Disposal amount per share”.

- 3) If the Company merges or splits into separate companies, or in other applicable cases when an adjustment to the exercise price is deemed necessary, the exercise price shall be adjusted only to the extent necessary and to a reasonable extent.
- (5) Period during which stock acquisition rights may be exercised

Period during which stock acquisition rights may be exercised shall be determined by the Board of Directors within 10 years from the day following the allotment date of the stock acquisition rights.

- (6) Conditions for the exercise of stock acquisition rights

The stock acquisition rights holder shall be, when also exercising the right to acquire stock, a Director or employee of the Company or of a subsidiary of the Company. However, this shall not apply when a Director has retired due to the expiration of their term or based on other reasonable grounds recognized by the Board of Directors.

In addition, other conditions for the exercise of stock acquisition rights shall be determined by the Board of Directors when the subscription requirements for the stock acquisition rights are decided.

- (7) Restrictions on the acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer shall require the approval of the Board of Directors of the Company.

- (8) Other details regarding stock acquisition rights

Other details related to the stock acquisition rights shall be determined by the Board of Directors when the subscription requirements for the stock acquisition rights are decided.

(Reference)

After the conclusion of this Ordinary General Meeting of Shareholders, based on a resolution of the Board of Directors, the Company intends to issue stock acquisition rights identical to those described above, to Directors of subsidiaries of the Company.

Proposal 5: Payment of Directors' and Audit and Supervisory Committee Members' bonuses for the 36th Term

In consideration of the performance level achieved in the 36th term, the ten (10) Directors as of the end of the period (excluding Directors who are Audit and Supervisory Committee Members) should receive payment of bonuses totaling 63,160,000 yen. The three (3) Directors who are Audit and Supervisory Committee Members (including two (2) Outside Directors) should receive bonuses totaling 1,620,000 yen (including the Outside Directors' Portion of 840,000 yen).

The amount allocated to each of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members is a matter to be determined by the Board of Directors with regard to Directors (excluding Directors who are Audit and Supervisory Committee Members), and by Directors who are Audit and Supervisory Committee Members with regard to Directors who are Audit and Supervisory Committee Members.

Note that the Audit and Supervisory Committee has deemed the contents of this proposal to be reasonable.