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Securities identification code: 9603

January 5, 2018

To our shareholders:

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

NOTICE OF THE 37TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 37th 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 24, 2018 (Japan Standard Time).

Meeting Details

- 1. Date and time:** Thursday, January 25, 2018 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 37th Term (from November 1, 2016 to October 31, 2017), 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 37th Term (from November 1, 2016 to October 31, 2017)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Partial amendments to the Articles of Incorporation
- Proposal 3:** Election of seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 4:** Election of three (3) Directors who are Audit and Supervisory Committee Members
- Proposal 5:** Payment of Directors’ and Audit and Supervisory Committee Members’ bonuses for the 37th Term
- Proposal 6:** Awarding of retirement benefits to retiring Directors

Proposal 7: Final payment of retirement benefits to Directors in conjunction with abolition of Retirement Benefit Plan for Directors (including Directors who are Audit and Supervisory Committee Members)

Proposal 8: Determination of remuneration amount and terms related to grant of restricted shares for Directors (excluding Directors who are Audit and Supervisory Committee Members, Non-Executive Directors, Part-Time Directors, or Outside Directors)

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 37th 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 37th 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 29 yen per common share of the Company.

Total amount of dividend: 1,707,129,370 yen

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

Friday, January 26, 2018

Proposal 2: Partial amendments to the Articles of Incorporation

1. Reason for amendments

The Articles of Incorporation shall be partially amended as follows to continue moving forward with enhancing the efficiency of management by implementing rapid management decisions.

- (1) An adjustment shall be made to the titles for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Officers to clarify the fact that Officers are responsible for executing operations. The proposed amendments include newly establishing Article 29 (Officers) and amending Article 21 (Representative and Titled Directors) of the Current Articles of Incorporation. As a result, the only Titled Directors shall be the Chairman-Director and the President-Director.
- (2) To promote flexibility in the management of the General Meetings of Shareholders and meetings of the Board of Directors, the Person with Right to Convene General Meetings of Shareholders and meetings of the Board of Directors and the Chairman of both meetings, which are currently specified in Article 13 (Convener and Chairman) and Article 22 (Person with Right to Convene and Chairman of the Board of Directors) of the Current Articles of Incorporation, shall be changed from the President-Director to the Representative Director.

2. Date that amendments to the Articles of Incorporation will come into effect

Changes to the Articles of Incorporation under this proposal will take effect as of the conclusion of this meeting.

3. Details of proposed amendments

The details of the changes are as follows.

(Amended parts are underlined)

Current Articles of Incorporation	Proposed amendments
<p>Chapter 3 General Meeting of Shareholders</p> <p>Article 11 and Article 12 (Omitted)</p> <p>Article 13 (<u>Convener</u> and Chairman)</p> <p>The <u>President-Director</u> convenes and acts as chairman of general meetings of shareholders. <u>In case the President-Director is unable to act, one of the other Directors shall act in his place in the order of priority predetermined by resolution of the Board of Directors.</u></p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Chapter 3 General Meeting of Shareholders</p> <p>Article 11 and Article 12(Unchanged)</p> <p>Article 13 (<u>Person with Right to Convene</u> and Chairman)</p> <p>1) The <u>Representative Director</u> convenes and acts as chairman of general meetings of shareholders <u>unless otherwise provided for by laws and regulations.</u></p> <p>2) <u>If there are multiple Representative Directors, the Representative Director selected in advance by resolution of the Board of Directors shall convene and act as chairman of general meetings of shareholders.</u></p> <p>3) <u>In case the individual specified in the preceding two paragraphs is unable to act, one of the other Directors shall act in his place in the order of priority predetermined by resolution of the Board of Directors.</u></p>

Current Articles of Incorporation	Proposed amendments
Article 14 to Article 16 (Omitted)	Article 14 to Article 16(Unchanged)
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
Article 17 to Article 20 (Omitted)	Article 17 to Article 20(Unchanged)
Article 21 (Representative <u>and Titled Directors</u>)	Article 21 (Representative <u>Directors, etc.</u>)
<ol style="list-style-type: none"> 1) The Board of Directors will elect several Representative Directors from Directors (excluding Directors who are Audit and Supervisory Committee Members) by resolution of the board. 2) One Chairman-Director, <u>one Vice-Chairman Director, one President-Director and several Vice-President Directors, Senior Managing Directors and Managing Directors</u> may be elected from <u>Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors. 	<ol style="list-style-type: none"> 1) (Unchanged) 2) One Chairman-Director <u>and</u> one President-Director may be elected from <u>Representative Directors</u> by resolution of the Board of Directors.
Article 22 (Person with Right to Convene and Chairman of the Board of Directors)	Article 22 (Person with Right to Convene and Chairman of the Board of Directors)
<ol style="list-style-type: none"> 1) The <u>President-Director</u> convenes and acts as Chairman of a meeting of the Board of Directors unless otherwise provided for by laws and regulations. 2) If the <u>President-Director</u> is unable to act, one of the other Directors (excluding Directors who are Audit and Supervisory Committee Members) shall convene a meeting of the Board of Directors and act as Chairman, in the order of priority predetermined by the Board of Directors. 3) Irrespective of the preceding two paragraphs, Audit and Supervisory Committee Members, who are elected by the Audit and Supervisory Committee, may convene meetings of the Board of Directors. 	<ol style="list-style-type: none"> 1) The <u>Representative Director selected in advance by resolution of the Board of Directors</u> convenes and acts as Chairman of a meeting of the Board of Directors unless otherwise provided for by laws and regulations. 2) If the <u>individual specified in the preceding paragraph</u> is unable to act, one of the other Directors (excluding Directors who are Audit and Supervisory Committee Members) shall convene a meeting of the Board of Directors and act as Chairman, in the order of priority predetermined by <u>resolution of the Board of Directors.</u> 3) (Unchanged)
Article 23 to Article 28 (Omitted)	Article 23 to Article 28 (Unchanged)
(Newly established)	<u>Article 29 (Officers)</u>
	<ol style="list-style-type: none"> 1) <u>The Company may, by resolution of the Board of Directors, elect Officers, assign business responsibilities to them, and have them execute said business.</u> 2) <u>Matters concerning the Officers shall be governed by the Regulations of the Officers established by resolution of the Board of Directors.</u>
Article 29 to Supplementary Provisions (Omitted)	Article 30 to Supplementary Provisions (Unchanged)

Proposal 3: Election of seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the conclusion of this meeting, the terms of office of all nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire. Therefore, the Company proposes to elect seven (7) Directors (excluding, however, Directors who are Audit and Supervisory Committee Members).

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	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> Hideo Sawada (February 4, 1951)	December 1980 Establishment of the Company; Representative Director and President 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 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) of the Company (present position) Chairman of Sawada Holdings Co., Ltd. (present position) November 2017 Representative Director, Chairman and President of H.I.S. Hotel Holdings Co., Ltd. (present position) [Significant concurrent positions] Chairman of Sawada Holdings Co., Ltd. President and CEO of Huis Ten Bosch Co., Ltd. Representative Director, Chairman and President of H.I.S. Hotel Holdings Co., Ltd.	19,136 thousand shares
<p>Reasons for nomination as candidate for Director, 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, Huis Ten Bosch Co., Ltd. and H.I.S. Hotel Holdings Co., Ltd., of which Sawada remains President and CEO, are in a business relationship involving primarily the purchase of travel materials.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions)	Number of the Company's shares owned
2	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> 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 for Director</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
3	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">For reelection</div> Shigeru Nakatani (October 19, 1948)	July 2010 Joined the Company; Senior Officer responsible for Accounting and Finance January 2012 Director responsible for Accounting and Finance, Manager of Head Office Accounting Headquarters 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) November 2017 Director responsible for Consolidated Finance, Accounting, Legal Affairs, Internal Control, and Compliance, Manager of Corporate Funding Screening Office, Chief Financial Officer (CFO) (present position)	7 thousand shares
<p>Reasons for nomination as candidate for Director</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 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	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> Katsuhiko Sakaguchi (April 30, 1955)	December 2014 Joined the Company March 2015 Senior Officer responsible for HR strategy (domestic and overseas) January 2016 Director responsible for HR strategy (domestic and overseas) November 2016 Director responsible for Consolidated HR, CS/ES, HR and Labor Relations, General Affairs, CSR, and Chief Human Resource Officer (CHO) (present position) August 2017 Director responsible for Consolidated HR, CS/ES, HR and Labor Relations, General Affairs, CSR, Chief Human Resource Officer (CHO), and Manager of Head Office HR Headquarters (present position)	10 thousand shares
4	<p>Reasons for nomination as candidate for Director</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>		
5	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> Masayuki Oda (January 1, 1966)	June 1996 Joined the Company March 2014 Officer, Manager of Kansai Operations Headquarters January 2016 Director responsible for Kansai, Chugoku, Shikoku, Kyushu Operations and Global Product Marketing, Manager of Kansai Operations Headquarters November 2016 Director, Vice President of H.I.S. Japan (present position)	0 thousand shares
5	<p>Reasons for nomination as candidate for Director</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.</p> <p>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
6	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> Atsushi Yamanobe (March 18, 1970)	April 1993 Joined the Company March 2014 Officer, Manager of Kanto Sales Business Department, Manager of Kanto WEB Business Department, Manager of Special Office Business for Kanto Corporation and Group January 2016 Director responsible for East Japan Region Operations, Manager of Kanto Overseas Travel Operations Headquarters November 2016 Director, Vice President of H.I.S. Japan (present position)	1 thousand shares
<p>Reasons for nomination as candidate for Director</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.</p> <p>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>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions)	Number of the Company's shares owned
7	<p data-bbox="357 752 504 786"><u>New candidate</u></p> <p data-bbox="357 801 504 875">Mutsumi Gomi (June 6, 1968)</p>	<p data-bbox="571 416 676 439">April 1992</p> <p data-bbox="743 416 943 439">Joined the Company</p> <p data-bbox="571 456 676 479">May 2002</p> <p data-bbox="743 456 1230 512">Manager of Marketing Section, Kansai Operations Headquarters</p> <p data-bbox="571 524 703 546">January 2004</p> <p data-bbox="743 524 1206 602">Manager in charge of Overall Control of Procurement and Marketing, Kansai Operations Headquarters</p> <p data-bbox="571 618 676 640">April 2008</p> <p data-bbox="743 618 1182 674">Group Leader of Kanto America and Oceania Travel Business Group</p> <p data-bbox="571 685 676 707">May 2010</p> <p data-bbox="743 685 1214 707">Manager of East Japan FIT Business Department</p> <p data-bbox="571 725 727 748">September 2012</p> <p data-bbox="743 725 1230 871">Temporarily assigned to PT. HARUM INDAH SARI TOURS & TRAVEL, President and Director of PT. HARUM INDAH SARI TOURS & TRAVEL, Branch Manager in charge of Overall Control of Jakarta</p> <p data-bbox="571 882 703 904">January 2016</p> <p data-bbox="743 882 1230 1028">Officer of the Company, temporarily assigned to PT. HARUM INDAH SARI TOURS & TRAVEL, President and Director of PT. HARUM INDAH SARI TOURS & TRAVEL, Branch Manager in charge of Overall Control of Jakarta</p> <p data-bbox="571 1039 727 1061">November 2017</p> <p data-bbox="743 1039 1230 1229">Officer, temporarily assigned to PT. HARUM INDAH SARI TOURS & TRAVEL, President and Director of PT. HARUM INDAH SARI TOURS & TRAVEL, Manager of Southeast Asia General Operation Headquarters and Branch Manager in charge of Overall Control of Jakarta (present position)</p>	2 thousand shares
<p data-bbox="316 1245 823 1267">Reasons for nomination as candidate for Director</p> <p data-bbox="316 1279 1350 1447">Mutsumi Gomi has extensive business experience in marketing, sales and procurement sectors of the Company, and involving working overseas. In January 2016 he became an Officer and while serving as the supervisor for the Company's subsidiary in Indonesia he has contributed to the significant growth of business handling overseas travel departing from Indonesia. Furthermore, since November 2017, he has been drafting and executing growth strategies for Southeast Asia, a growth market, as the Manager of Southeast Asia General Operation Headquarters.</p> <p data-bbox="316 1451 1350 1556">Gomi has been newly nominated as a Candidate for Director for his experience and accomplishment, which are expected 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>			

Proposal 4: Election of three (3) Directors who are Audit and Supervisory Committee Members

At the conclusion of this meeting, the terms of office of all three (3) Directors who are Audit and Supervisory Committee Members will expire. Therefore, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

Furthermore, this proposal has been agreed to by the Audit and Supervisory Committee.

Candidates for the role of Director who is an Audit and Supervisory Committee Member are as follows.

In addition, Masahiko Hirata and Tsunekazu Umeda are candidates for Outside Director.

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions)	Number of the Company's shares owned
1	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> Masahiko Hirata (February 1, 1931)	April 1954 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) February 1985 Director February 1986 Managing Director June 1987 Senior Managing Director June 1988 Executive Vice President April 1997 Visiting Professor of SANNO Graduate School July 1997 Visiting Professor of Matsushita Electric Industrial Co., Ltd (currently Panasonic Corporation) August 1997 Adviser of the Company January 1998 Outside Director June 1999 Outside Audit and Supervisory Board Member of Unicharm Corporation June 2008 Outside Director of Integrex Inc. June 2015 Director, Audit and Supervisory Committee Member of Unicharm Corporation (Outside Director) January 2016 Director, Audit and Supervisory Committee Member of the Company (Outside Director) (present position)	7 thousand shares
<p>Reasons for nomination as candidate for Director who is Audit and Supervisory Committee Member</p> <p>Masahiko Hirata has abundant experience and knowledge as a management executive, and superior knowledge concerning corporate ethics and corporate governance, such as in his role as the Executive Vice-President of Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation), and he has provided advice and suggestions concerning the management of the Company as appropriate from an independent and objective perspective.</p> <p>Hirata has been nominated as a candidate for Director who is an Audit and Supervisory Committee Member and Outside Director to perform the responsibilities of the Audit and Supervisory Committee in the expectation that he will be able to continue to oversee the Company's management from an independent and objective position, based on the experience, knowledge, and good judgment developed through his track record.</p> <p>In addition, Hirata is currently a Director who is an Audit and Supervisory Committee Member and an Outside Director of the Company, and at the conclusion of this meeting he will have served as a Director who is an Audit and Supervisory Committee Member for two (2) years and as an Outside Director for 20 years.</p> <p>Furthermore, if Hirata is reelected as a Director who is an Audit and Supervisory Committee Member and an Outside Director, it is planned to extend the limited liability agreement for damages referred to in Article 423, Paragraph 1, based on Article 427, Paragraph 1 of the Companies Act (the amount of limited liability is the amount specified in Article 425, Paragraph 1 of the Companies Act). It is also planned to designate him as an independent officer and to notify the Tokyo Stock Exchange accordingly.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions)	Number of the Company's shares owned
2	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> Tsunekazu Umeda (August 22, 1945)	<p>March 1974 Registered as Certified Public Accountant</p> <p>September 1987 Partner of Arthur Andersen & Co. and Representative Partner of Eiwa Auditing Corporation (currently KPMG AZSA LLC)</p> <p>April 1995 Head of UMEDA C.P.A. Office (present position)</p> <p>June 1995 Director and Vice President of Nihon Kaiheiki Ind. Co., Ltd. (currently NKK SWITCHES CO., LTD.)</p> <p>January 1999 Outside Audit and Supervisory Board Member of the Company</p> <p>June 2000 Outside Audit and Supervisory Board Member of HABA Laboratories, Inc.</p> <p>June 2000 Outside Audit and Supervisory Board Member of TOMY COMPANY, LTD. (present position)</p> <p>June 2007 Outside Audit and Supervisory Board Member of Sawada Holdings Co., Ltd. (present position)</p> <p>March 2010 Outside Audit and Supervisory Board Member of Huis Ten Bosch Co., Ltd.</p> <p>June 2010 Outside Director of SUZUDEN CORPORATION</p> <p>June 2015 Director, Audit and Supervisory Committee Member of HABA Laboratories, Inc. (Outside Director) (present position)</p> <p>December 2015 Audit and Supervisory Board Member of Huis Ten Bosch Co., Ltd. (present position)</p> <p>January 2016 Director, Audit and Supervisory Committee Member of the Company (Outside Director) (present position)</p> <p>(Significant concurrent positions)</p> <p>Head of UMEDA C.P.A. Office</p> <p>Outside Audit and Supervisory Board Member of TOMY COMPANY, LTD.</p> <p>Director, Audit and Supervisory Committee Member of HABA Laboratories, Inc. (Outside Director)</p> <p>Outside Audit and Supervisory Board Member of Sawada Holdings Co., Ltd.</p> <p>Audit and Supervisory Board Member of Huis Ten Bosch Co., Ltd.</p>	21 thousand shares

Reasons for nomination as candidate for Director who is Audit and Supervisory Committee Member, etc.

Tsunekazu Umeda has extensive experience and knowledge in relation to financial affairs and accounting as a Certified Public Accountant, such as in his role as a Partner of Arthur Andersen & Co. and a Representative Partner of Eiwa Audit Corporation (currently KPMG AZSA LLC.) before going on to establish UMEDA C.P.A. Office. He has been nominated as Candidate for Director who is an Audit and Supervisory Committee Member and as Candidate for Outside Director in the expectation that his participation in business operations, as well as his experience, knowledge, accomplishments, and the track record he has developed as an Outside Audit and Supervisory Board Member and as an Outside Director who is an Audit and Supervisory Committee Member of the Company will contribute to the performance of the responsibilities of the Audit and Supervisory Committee.

In addition, Umeda is currently a Director who is an Audit and Supervisory Committee Member and an Outside Director of the Company, and at the conclusion of this meeting he will have served as a Director who is an Audit and Supervisory Committee Member and an Outside Director for 2 years.

Furthermore, if Umeda is reelected as a Director who is an Audit and Supervisory Committee Member and an Outside Director, it is planned to extend the limited liability agreement for damages referred to in Article 423, Paragraph 1, based on Article 427, Paragraph 1 of the Companies Act (the amount of limited liability is the amount specified in Article 425, Paragraph 1 of the Companies Act). It is also planned to designate him as an independent officer and to notify the Tokyo Stock Exchange accordingly.

Furthermore, the Company and Huis Ten Bosch Co., Ltd., of which Umeda remains Audit and Supervisory Board Member, are in a business relationship involving primarily the purchase of travel materials.

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions)	Number of the Company's shares owned
3	<div style="border: 1px solid black; display: inline-block; padding: 2px;">For reelection</div> Sonoko Sekita (July 23, 1965)	February 1988 Joined the Company May 2000 Manager of Accounting Section, Kanto Operations Headquarters April 2008 Group Leader of Accounting Section, Head Office Accounting Headquarters December 2012 Temporarily assigned to H.I.S. MANAGEMENT SERVICES SDN. BHD., Director and Manager of Accounting Department January 2015 Full-time Audit and Supervisory Board Member of the Company January 2016 Director, Full-Time Audit and Supervisory Committee Member (present position)	25 thousand shares
<p>Reasons for nomination as candidate for Director who is Audit and Supervisory Committee Member</p> <p>Sonoko Sekita has been nominated as a Candidate for Director who is an Audit and Supervisory Committee Member in the expectation that the business experience and accomplishments that she has accumulated over many years in the Accounting Division at Overall Control Companies overseas, as well as the experience, accomplishments, and good judgment she has developed as a Full-Time Audit and Supervisory Board Member and Director who is Audit and Supervisory Committee Member will contribute to the performance of the responsibilities of the Audit and Supervisory Committee.</p> <p>In addition, Sekita is currently a Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting she will have served as a Director who is an Audit and Supervisory Committee Member for two (2) years.</p> <p>Furthermore, if Sekita is reelected as a Director who is an Audit and Supervisory Committee Member, it is planned to extend the limited liability agreement for damages referred to in Article 423, Paragraph 1, based on Article 427, Paragraph 1 of the Companies Act (the amount of limited liability is the amount specified in Article 425, Paragraph 1 of the Companies Act).</p>			

Proposal 5: Payment of Directors' and Audit and Supervisory Committee Members' bonuses for the 37th Term

In consideration of the performance level achieved in the 37th term, the eleven (11) Directors as of the end of the period (excluding Directors who are Audit and Supervisory Committee Members) should receive payment of bonuses totaling 81,900,000 yen. The three (3) Directors who are Audit and Supervisory Committee Members as of the end of the period (including two (2) Outside Directors) should receive bonuses totaling 2,500,000 yen (including the Outside Directors' Portion of 1,200,000 yen).

The amount allocated to each of Directors (excluding Directors who are Audit and Supervisory Committee Members) and each of 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 discussions among 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.

Proposal 6: Awarding of retirement benefits to retiring Directors

Akira Hirabayashi and Kiyoshi Takagi retired as Directors at the end of the day on October 31, 2017, and Narimoto Kusuhara, Kazumasa Namekata, and Naomi Tomita will retire following the expiration of their terms of office at the conclusion of this meeting. In recognition of the distinguished service of each of these people, the following amount should be awarded as retirement benefits to them in accordance with the standards of the Company.

The total retirement benefits paid to the five (5) retiring Directors will be up to 245 million yen.

The specific sum, the timing of the award, and the method, etc. are matters to be determined by the Board of Directors.

Their career summaries are as follows.

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

Name	Career summary	
Akira Hirabayashi	January 2007	Director of the Company
	April 2008	President-Representative Director
	November 2016	Vice-Chairman-Director
	October 2017	Retired
Kiyoshi Takagi	January 2008	Director of the Company
	January 2012	Managing Director
	March 2014	Director
	October 2017	Retired
Narimoto Kusuhara	January 2005	Director of the Company
	April 2008	Managing Director
	March 2014	Senior Managing Director
	January 2017	Managing Director
	August 2017	Director (present position)
Kazumasa Namekata	September 1985	Director of the Company
	November 1997	Managing Director
	June 2004	Representative Director, Managing Director
	January 2005	Representative Director, Senior Managing Director
	April 2008	Director (present position)
Naomi Tomita	January 2017	Director of the Company (present position)

Proposal 7: Final payment of retirement benefits to Directors in conjunction with abolition of Retirement Benefit Plan for Directors (including Directors who are Audit and Supervisory Committee Members)

The Company decided via a resolution made at the meeting of the Board of Directors held on December 8, 2017, to abolish, as part of the review of the Officer Remuneration Plan, the Retirement Benefit Plan for Officers at the conclusion of this meeting.

Accordingly, in recognition of their distinguished service up to the conclusion of this meeting, the nine (9) Directors to be reelected if Proposal 3 and Proposal 4 are approved as proposed should receive a final payment totaling up to 353 million yen, in accordance with the regulations established by the Company for the Retirement Benefit Plan for Directors.

The timing of payment should be after each Director's retirement, and the specific sum, timing of payment, method, etc., are matters to be determined by the Board of Directors with regard to Directors (excluding Audit and Supervisory Committee Members), and by discussions among Directors who are Audit and Supervisory Committee Members with regard to Directors who are Audit and Supervisory Committee Members.

For the career summaries of Directors who should receive a final payment, please refer to the career summaries for the Directors who are proposed to be reelected in Proposal 3 and Proposal 4.

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

Proposal 8: Determination of remuneration amount and terms related to grant of restricted shares 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 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). Also, at the 36th Ordinary General Meeting of Shareholders held on January 26, 2017, it was approved that, within a framework separate from that of said remuneration framework, stock acquisition rights be allotted as stock options to Directors of the Company (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, and this has remained in effect to this day. The Company proposes that, within a framework separate from that of the two aforementioned remuneration frameworks, additional remuneration be paid to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members, Non-Executive Directors, Part-Time Directors, or Outside Directors, hereafter "Target Directors") for the purpose of granting restricted shares. In doing so the Company intends to provide incentives for Target Directors to strive for the sustainable enhancement of the Company's corporate value and encourage Target Directors to further share value with shareholders.

Based on this proposal, remuneration to be paid to Target Directors for the purpose of granting restricted shares will be in the form of monetary claims and the total amount, deemed suitable in light of the aforementioned objectives, will be up to an annual value of 100 million yen. The specific timing of payment and allotment for each Target Director is to be determined by the Board of Directors.

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

Furthermore, there are currently nine (9) people serving as Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members or Outside Directors), but if Proposal 3 is approved, the number of Directors that this proposal applies to will be seven (7).

Target Directors will provide all of the monetary remuneration claims to be paid based on a resolution of the Board of Directors of the Company as property contributed in kind, and receive an issuance or disposal of the Company's common stock. The total number of common shares issued or disposed of thereby will be up to 100,000 shares per year. (However, if the Company implements a stock split (including an allotment of common stock for which no payment is received) or a reverse stock split with an effective date after the day that this proposal is approved, said total will be adjusted, after said effective date, to a rational extent as needed based primarily on the split ratio or reverse split ratio.) The amount to be paid in per share shall be determined based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price of the closest preceding trading day). For the issuance or disposal of the common shares of the Company, a restricted shares allotment agreement (hereafter, the "Allotment Agreement") that includes the provisions summarized below shall be entered into between the Company and each Target Director. (The Company's common shares that are allotted in accordance with the Allotment Agreement will hereafter be referred to as the "Shares").

(1) Restricted Period

Target Directors shall not transfer, create a security interest on, or otherwise dispose of the Shares for a period of 30 years from the payment or disposal date of the Shares (hereafter the "Restricted Period").

(2) Conditions for Transfer Restrictions to be Lifted

The Company shall lift the transfer restrictions upon expiration of the Restricted Period, on the condition that the Target Director has remained in the position of Director. However, when a Director has retired from the position of Director due to death, the expiration of their term, or having reached retirement age, or has retired based on other reasonable grounds recognized by the Board of Directors of the Company, the Company shall rationally adjust the number of the Shares on which the transfer restrictions are to be lifted and the timing of lifting the transfer restrictions as needed.

(3) Grounds for Acquisition of Shares Without Contribution

- 1) Excluding any situation where the Board of Directors of the Company has recognized that there were reasonable grounds for retirement such as death, the expiration of their term, or having reached retirement age, if a Target Director retires from the position of Director of the Company before the end of the Restricted Period, the Company shall acquire all of the Shares allotted to said Target Director without contribution.
- 2) Other grounds for acquisition of shares without contribution shall be based on a resolution of the Board of Directors and be in accordance with provisions in the Allotment Agreement.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions in (1) above, if, during the Restricted Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), prior to the date on which the reorganization, etc. becomes effective, the Company shall lift the transfer restrictions on the Shares with the number of shares that is reasonably determined considering the period from the beginning of the Restricted Period to the date of approval of the reorganization, etc. by resolution of the Board of Directors. In cases provided for above, the Company shall automatically acquire without contribution the Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(5) Other matters

Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Company.