

Note: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Securities Code: 9843

April 20, 2017

To our shareholders:

Toshiyuki Shirai,
Representative Director and Chief Operating
Officer

Nitori Holdings Co., Ltd.

1-2-39 Shinkotoni 7-jo, Kita-ku, Sapporo-shi,
Hokkaido

Notice of the 45th Annual General Meeting of Shareholders

You are cordially invited to attend the 45th Annual General Meeting of Shareholders of Nitori Holdings Co., Ltd. (the "Company"), which will be held as indicated below.

If you are unable to attend the Meeting in person, you may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights following the guidance below by 6:30 p.m. on Wednesday, May 10, 2017 (JST).

1. **Date and Time:** Thursday, May 11, 2017, at 10:00 a.m. (JST)
2. **Venue:** Conference Room, 6th floor, Sapporo Head Office of the Company
1-2-39 Shinkotoni 7-jo, Kita-ku, Sapporo-shi, Hokkaido

3. Purpose of the Meeting

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 45th fiscal year (from February 21, 2016 to February 20, 2017), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee
2. The Non-consolidated Financial Statements for the 45th fiscal year (from February 21, 2016 to February 20, 2017)

Matters to be resolved

Proposal No. 1: Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Proposal No. 2: Determination of Amount and Other Details of Performance-Linked Stock Compensation Plan for Directors (Excluding Non-Executive Directors)

4. Guide to Exercising Voting Rights

(1) Voting in writing

Please indicate your approval or disapproval of the proposals on the enclosed voting form and then return it by postal mail to reach us by 6:30 p.m. on Wednesday, May 10, 2017 (JST).

(2) Voting via the internet, etc.

If you exercise your voting rights via the internet, etc., please vote by 6:30 p.m. on Wednesday, May 10, 2017 (JST).

- If you attend the Meeting in person, please present the enclosed voting form at the reception.
- Of the documents that should be provided with the original Japanese version of this notice, the "Consolidated Statement of Changes in Equity," "Notes to Consolidated Financial Statements," "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" are posted (in Japanese only) on the Company's website (<http://www.nitorihd.co.jp/ir/>) pursuant to the provisions of laws and regulations and the Article 16 of the Company's Articles of Incorporation, and are not included in the original Japanese version of this notice.
Accordingly, the original Japanese version of the attached documents constitutes one part of the documents that were audited by the Audit and Supervisory Committee in preparing the audit report and by the Financial Auditor in preparing the financial audit reports.
- Any corrections in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements will be posted (in Japanese only) on the Company's website above.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all seven Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this General Meeting. Therefore, the Company proposes the election of seven Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Akio Nitori (March 5, 1944)	<p>Mar. 1972 Founded the Company, Senior Managing Director</p> <p>May 1978 Representative Director and President of the Company</p> <p>Feb. 2003 Director of P.T. MARUMITSU INDONESIA (currently P.T. NITORI FURNITURE INDONESIA) (current position) Director of Marumitsu Co., Ltd. (currently Nitori Furniture Co., Ltd.) (current position)</p> <p>Oct. 2003 Director of MARUMITSU-VIETNAM EPE (currently NITORI FURNITURE VIETNAM EPE) (current position)</p> <p>Nov. 2009 Representative Director and Chairperson of Nitori Public Co., Ltd.</p> <p>Mar. 2010 Representative Director and President of Deco Home Co., Ltd. (current position)</p> <p>May 2010 Chairperson of DECOHOME CHINA Co., Ltd. (current position)</p> <p>Aug. 2010 Representative Director and President of Nitori Co., Ltd. Representative Director and President of Home Logistics Co., Ltd.</p> <p>Aug. 2011 Representative Director and President of Nitori Facility Co., Ltd.</p> <p>May 2012 Director and Chairperson of Nitori USA, Inc.</p> <p>June 2013 Representative Director, Chairperson and President of Nitori Public Co., Ltd.</p> <p>May 2014 Representative Director and Chairperson of Nitori Co., Ltd. (current position) Representative Director and Chairperson of Home Logistics Co., Ltd. Representative Director and Chairperson of Nitori Facility Co., Ltd. (current position)</p> <p>Mar. 2015 Representative Director and Chairperson of Nitori Public Co., Ltd.</p> <p>May 2015 Director and Senior Advisor of Home Logistics Co., Ltd. (current position)</p> <p>Feb. 2016 Representative Director and Chairperson (CEO) of the Company (current position)</p> <p>May 2016 Outside Director of KOHNAN SHOJI CO., LTD. (current position)</p> <p>June 2016 Chairperson of NITORI (CHINA) HOLDING Co., Ltd.</p> <p>Mar. 2017 Director and Senior Advisor of Nitori Public Co., Ltd. (current position)</p> <p>Reasons for nomination as candidate for Director: The candidate founded the Company in 1972 and since then, aiming to achieve the Company's <i>roman</i> (vision), "to present the whole world with abundant home decoration," and while always making the most of his excellent foresight and strong leadership, has led Nitori to grow from being one furniture store to one of Japan's top home furnishing chains. The Company proposes the election of the candidate, believing him to be qualified to continue as a Director that takes responsibility of decision making related to management policies and corporate strategy and supervisory functions regarding business execution.</p>	3,409,612 shares

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Toshiyuki Shirai (December 21, 1955)	<p>Apr. 1979 Joined the Company</p> <p>May 2001 Director of the Company</p> <p>May 2004 Managing Director of the Company</p> <p>May 2008 Senior Managing Director of the Company</p> <p>May 2010 Director and Senior Managing Executive Officer of the Company</p> <p>Aug. 2010 Director of Nitori Co., Ltd. Director of Home Logistics Co., Ltd.</p> <p>Dec. 2010 Director and General Manager of Merchandising Division of Nitori Co., Ltd.</p> <p>May 2012 Director of Nitori USA, Inc.</p> <p>May 2014 Representative Director and Executive Vice President of the Company Representative Director and President of Nitori Co., Ltd. (current position) Representative Director and President of Home Logistics Co., Ltd. Representative Director and President of Nitori Facility Co., Ltd. (current position)</p> <p>Mar. 2015 Representative Director and President of Nitori Public Co., Ltd.</p> <p>May 2015 Representative Director and Chairperson of Home Logistics Co., Ltd. (current position)</p> <p>Feb. 2016 Representative Director and Chief Operating Officer (COO) of the Company (current position)</p> <p>Mar. 2017 Representative Director and Chairperson of Nitori Public Co., Ltd. (current position) Chairperson of NITORI (CHINA) HOLDING Co., Ltd. (current position)</p> <p>Reasons for nomination as candidate for Director: The candidate has had a broad range of business experience since joining the Company such as being involved in store operations, personnel, product development, logistics, and overseas business, and has abundant experience and knowledge related to management gained from serving positions such as Representative Director and President of Nitori Co., Ltd. from May 2014, and Representative Director and Chief Operating Officer (COO) of the Company from February 2016. The Company proposes the election of the candidate, believing that he can continue to make use of his abilities and experience in the supervision and direction of business execution.</p>	41,652 shares

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Masanori Ikeda (February 22, 1957)	<p>Apr. 1979 Joined the Company</p> <p>May 2001 Director of the Company</p> <p>May 2004 Managing Director of the Company</p> <p>May 2010 Managing Executive Officer of the Company</p> <p>Aug. 2010 General Manager of Store Operations Division of Nitori Co., Ltd.</p> <p>May 2014 Senior Managing Director of the Company (current position) Senior Managing Director and General Manager of Merchandising Division of Nitori Co., Ltd.</p> <p>Oct. 2015 Senior Managing Director and Officer in Charge of China Sales Operations of the Company (current position)</p> <p>June 2016 President of NITORI (CHINA) HOLDING Co., Ltd.(current position)</p> <p>Reasons for nomination as candidate for Director: The candidate has had a broad range of business experience since joining the Company such as being involved in product development, sales planning, management planning, and store operations, and has abundant experience and knowledge related to management gained from currently serving positions such as Senior Managing Director at the Company and at Nitori Co., Ltd. Accordingly, the Company proposes the election of the candidate.</p>	37,106 shares
4	Fumihiro Sudo (May 5, 1956)	<p>Mar. 1979 Joined SHIMACHU CO., LTD.</p> <p>Sept. 2000 Representative Director of KANSAI SHIMACHU CO., LTD.</p> <p>Apr. 2001 Joined the Company</p> <p>May 2005 Executive Officer of the Company</p> <p>May 2008 Managing Director of the Company</p> <p>May 2010 Managing Executive Officer and General Manager of Store Development Division of the Company</p> <p>May 2014 Senior Managing Director and General Manager of Store Development Division of the Company (current position)</p> <p>Reasons for nomination as candidate for Director: The candidate has abundant experience at the Company focused on store development operations, and has abundant experience and knowledge related to management gained from currently serving positions such as Senior Managing Director. Accordingly, the Company proposes the election of the candidate.</p>	12,826 shares
5	*Masanori Takeda (January 10, 1966)	<p>Mar. 2004 Joined the Company</p> <p>Feb. 2008 Manager of Recruitment Division of the Company</p> <p>Oct. 2012 Merchandising Manager of Soft Goods Department of Merchandising Division of Nitori Co., Ltd.</p> <p>Sept. 2013 Merchandising Manager of Furniture Department of Merchandising Division of Nitori Co., Ltd.</p> <p>May 2014 Executive Officer of the Company Merchandising Manager of Furniture Department of Merchandising Division of Nitori Co., Ltd.</p> <p>Oct. 2015 Executive Officer of the Company General Manager of Merchandising Division of Nitori Co., Ltd.</p> <p>May 2016 Senior Executive Officer of the Company General Manager of Merchandising Division of Nitori Co., Ltd. (current position)</p> <p>Reasons for nomination as candidate for Director: The candidate has abundant business experience and keen business insight owing to his broad experience in major operations of the Store Operations Division, Recruitment Division, and Merchandising Division, etc. and his currently serving positions such as Senior Executive Officer of the Company and General Manager of Merchandising Division of Nitori Co., Ltd. Accordingly, the Company proposes the election of the candidate.</p>	7,836 shares

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	*Muneto Tamagami (June 15, 1966)	<p>Aug. 2007 Joined the Company</p> <p>Aug. 2010 Manager of Recruitment Division of the Company</p> <p>July 2014 General Manager of General Planning Office and Manager of Public Relations Division of the Company</p> <p>May 2015 Executive Officer and General Manager of General Planning Office and Manager of Public Relations Division of the Company</p> <p>May 2016 Senior Executive Officer and General Manager of General Planning Office and Manager of Public Relations Division of the Company (current position)</p> <p>Reasons for nomination as candidate for Director: The candidate has abundant business experience and keen business insight owing to his broad experience in the Company's principal business areas of the Store Operations Division, Recruitment Division, Merchandising Division and General Planning Office, and his currently serving positions such as Senior Executive Officer and General Manager of General Planning Office. Accordingly, the Company proposes the election of the candidate.</p>	2,534 shares
7	Takaharu Ando (August 31, 1949)	<p>Apr. 1972 Joined National Police Agency</p> <p>Sept. 1994 Chief of Gunma Prefectural Police Headquarters</p> <p>Aug. 1999 Director of Public Security Department of Metropolitan Police Department</p> <p>Aug. 2004 Director General of Commissioner-General's Secretariat of National Police Agency</p> <p>Aug. 2007 Deputy Commissioner General of National Police Agency</p> <p>June 2009 Commissioner General of National Police Agency</p> <p>Oct. 2011 Retired from National Police Agency</p> <p>May 2013 Outside Director of the Company (current position)</p> <p>June 2014 Outside Director of Toyoko Inn Co., Ltd. (current position)</p> <p>June 2016 External Director of AMUSE INC. (current position)</p> <p>Reasons for nomination as candidate for Outside Director: The candidate has abundant experience and broad insight gained from serving important positions such as the Commissioner General of the National Police Agency and, based on this specialist experience and insight, he provides appropriate supervision and advice for the Company's overall management as an Outside Director of the Company. Although the candidate has not directly taken part in corporate management, based on his experience and insight, the Company judges that he will continue to appropriately fulfill his duties as Outside Director. Accordingly, the Company proposes the election of the candidate. Tenure as Outside Director: 4 years (at the conclusion of this meeting)</p>	- shares

- Notes:
1. New candidates are indicated by an asterisk (*).
 2. There is no special interest between any of the candidates and the Company.
 3. Takaharu Ando is a candidate for Outside Director. He meets the "Independence Criteria for Outside Directors" established by the Company. Please refer to page 6 for the "Independence Criteria for Outside Directors." Furthermore, during the period from May 2012 to May 2013, before he assumed office as Outside Director of the Company, Takaharu Ando served as a Special Advisor (part-time) of the Company. The primary purpose for assigning him this role was to receive his opinions and suggestions concerning overall corporate management based on his abundant experience and insight, while increasing his knowledge in regard to the state of affairs of the furniture retail industry and the business models of the Company. His remuneration for this role was less than ¥10 million annually, and therefore is considered to be an immaterial amount.
 4. The Company reported Takaharu Ando as an independent officer pursuant to the regulations of the Tokyo Stock Exchange and the Sapporo Securities Exchange. If the election of Takaharu Ando in this proposal is approved, the Company plans for his designation as an independent officer to continue.
 5. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Takaharu Ando to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to the minimum liability amount provided for by Article 425, paragraph 1 of the same Act. If his reelection is approved, the Company plans to renew the limited liability agreement with him.

For reference

Independence Criteria for Outside Directors

The Company designates Outside Directors who do not fall under any of the following items as independent Directors.

- 1) A person who is currently or was in the past ten years an executive director, executive officer, manager, or any other employee (hereinafter collectively referred to as “Executive”) of the Company or a subsidiary of the Company.
- 2) A person or the Executive of a corporation who holds either directly or indirectly 10% or more of the total number of the voting rights of the Company.
- 3) A person or the Executive of a corporation for whom the Company or a subsidiary of the Company is a major business partner (Note 1), and a person or the Executive of a corporation who is a major business partner (Note 2) of the Company or a subsidiary of the Company.
- 4) The financial auditor or one of their employees, etc., for the Company or for a subsidiary of the Company.
- 5) A consultant, attorney at law, certified public accountant, certified public tax accountant, etc., who received from the Company or a subsidiary of the Company monetary payment or other property benefits exceeding ¥10 million annually other than director/corporate auditor remuneration (referring to the person belonging to the organization if the one who received the relevant property is an organization such as a corporation or partnership).
- 6) A person or the Executive of a corporation who received donations or aid funds exceeding ¥10 million annually from the Company or a subsidiary of the Company.
- 7) A person who has fallen under any of 2) through 6) in the past three years.
- 8) A person whose spouse or relative who is within the second degree of kinship falls under any of 1) through 7). However, in the event that the person who falls under 1) through 7) is the Executive, this is limited to the important Executive (Note 3).
- 9) Any other person, even if they do not fall under 1) through 8), for whom there is potential for constant conflict of interests with general shareholders as a whole.

- Notes:
1. A business partner for whom 2% or more of its annual consolidated net sales in the most recent fiscal year was paid by the Company or a subsidiary of the Company.
 2. A business partner who paid 2% or more of the annual consolidated net sales of the Company to the Company or a subsidiary of the Company in the most recent fiscal year, or a business partner who loaned money that makes up 2% or more of the consolidated total assets of the Company to the Company or a subsidiary of the Company at the end of the most recent fiscal year.
 3. A person, among the Executives, who executes important business such as a director (excluding an outside director), executive officer, manager or a person in charge of a department.

Proposal No. 2: Determination of Amount and Other Details of Performance-Linked Stock Compensation Plan for Directors (Excluding Non-Executive Directors)

The compensation for Company's Directors (excluding non-executive Directors) currently consists of the base compensation, bonuses, and stock options. The Company proposes to establish a new structure of non-base compensation for Directors (excluding non-executive Directors), under which the Company will pay bonuses as a short-term incentive and introduce a performance-linked stock compensation plan (hereinafter referred to as the "Plan") as an incentive linked to medium- to long-term performance in place of stock options.

Specifically, the maximum amount of compensation for the Company's Directors (including non-executive Directors but excluding Directors who are Audit and Supervisory Committee Members) was set at ¥600 million per year (including that for Outside Directors of ¥100 million per year), which was approved at the 44th Annual General Meeting of Shareholders held on May 13, 2016, and has remained at that amount to the present. Separately from the above-mentioned maximum amount for compensation, the Company proposes to introduce a stock compensation plan under which it presets numerical targets for corporate performance, etc. and pays stock compensation according to achievement ratios, etc. of said numerical targets during the plan period covering two fiscal years (hereinafter referred to as the "Plan Period"; the initial Plan Period shall be from the fiscal year ending February 20, 2018 to the fiscal year ending February 20, 2019, and the Company plans to renew the Plan every two fiscal years after the end of the initial Plan Period), to Directors who are eligible for the Plan (excluding non-executive Directors such as Directors who are Audit and Supervisory Committee Members; hereinafter referred to as "Eligible Directors"), up to a limit of ¥300 million per year in place of the upper limit of stock option compensation for Directors of ¥180 million per year (including the upper limit of compensation for Outside Directors of ¥20 million per year), which was approved at the 42nd Annual General Meeting of Shareholders held on May 9, 2014.

The number of Eligible Directors, if Proposal No. 1 "Election of Seven Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) is approved as originally proposed, will be six excluding one Outside Director at the time of introduction of the Plan. Note, however, that the number of Eligible Directors may change due to the new appointment or retirement of Directors during the Plan Period.

1. Reason for the proposal and the reason such compensation is considered appropriate

The Company, as part of its efforts to revise the directors' compensation plan, will introduce the Plan with the aim of providing Directors who execute the operations of the Company with incentives for promoting sustainable improvement of corporate value of the Company and further aligning their interests with interests of the shareholders. The Company considers it desirable to introduce the Plan in order to make clearer the link between the compensation for Eligible Directors on the one hand and the Company's performance, etc. and the Company's shareholder interests on the other, and in order to further enhance Directors' awareness about contributing to sustainable growth of the corporate value and common interests of shareholders by improving the Company's medium- to long-term performance.

In introducing the Plan, the Company has submitted this proposal for approval after taking into consideration the result of deliberation on this matter by the Nomination and Compensation Committee, which is an optional advisory body of the Board of Directors.

2. Amount and other details of the compensation, etc., of the Plan

(1) Outline of the Plan

The Plan shall be a performance-linked stock compensation plan by which each Eligible Director will be delivered the Company's common shares according to achievement ratios, etc. of preset numerical targets for corporate performance, etc., during the Plan Period. Accordingly, the actual delivery of the Company's common shares will be made to Eligible Directors after the Plan Period has terminated. Given the nature of the Plan where actual delivery or lack thereof of the Company's common shares is according to achievement ratios, etc. of the above-mentioned numerical targets, etc., the Company is unable to determine at the time of introduction of the Plan whether actual delivery of its shares will take place or the names of the Eligible Directors who will receive its shares, and the number of deliverable shares, if any, to each recipient.

* Eligible Directors (including those who retire after delivery of the shares based on the Plan) will hold the shares that are delivered to them based on the Plan for a certain period of time in accordance with the shareholding guidelines set forth by the Board of Directors of the Company from the viewpoint of further aligning their interests with interests of the shareholders on a medium- to long-term basis. With regard to shares to be delivered pertaining to the initial Plan Period based on the Plan, the shareholding guidelines will have a provision that restricts the transfer of such shares for three years after the delivery.

(2) Maximum amount of compensation, etc.

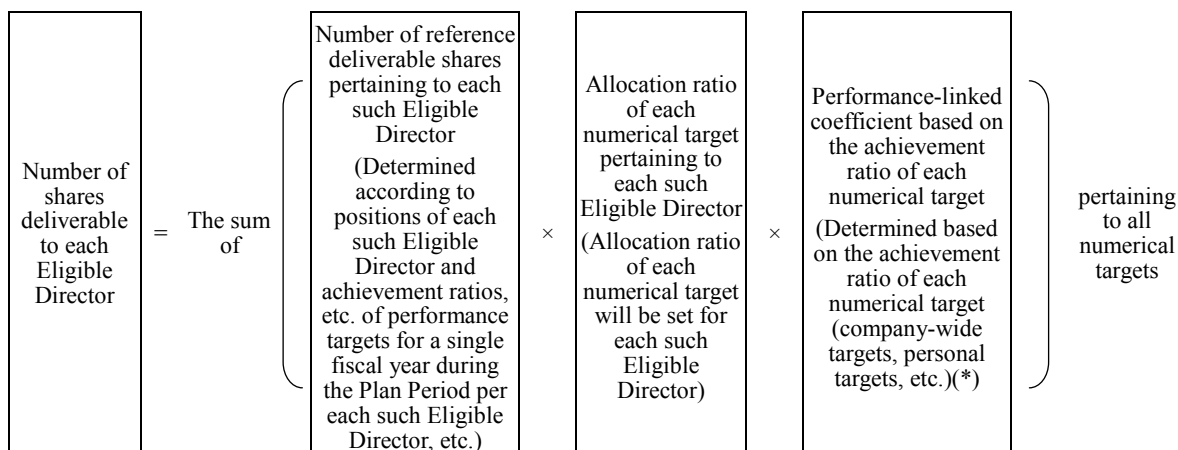
The Company will give or contribute to Eligible Directors monetary compensation claims for use as in-kind contribution and money equivalent to the amount of tax payable by Eligible Directors as a result of receipt of the Company's common shares based on the Plan, on the basis of the number of deliverable shares that is determined according to achievement ratios, etc., of numerical targets for corporate performance, etc., during the Plan Period as prescribed in (3) and (4) below. Eligible Directors will receive the Company's common shares, the number of which will be determined as prescribed in (3) and (4) below, by making an in-kind contribution of the monetary compensation claims for use as such in-kind contribution at the time of the Company's issuance of shares or disposal of treasury shares. The amount of the monetary compensation claims for use as in-kind contribution will be determined by the Board of Directors to the extent that it is not unduly favorable to Eligible Directors who subscribe for the Company's common shares. In addition, the Company will set the maximum total amount of the monetary compensation claims for use as in-kind contribution granted to Eligible Directors based on the Plan and the amount of money equivalent to the above-mentioned amount of tax payable at ¥300 million per year, an amount deemed to be appropriate in light of the purposes of the Plan, separately from the maximum amount of compensation for Directors (including non-executive Directors but excluding Directors who are Audit and Supervisory Committee Members) of ¥600 million per year (including that for Outside Directors of ¥100 million per year), which was approved at the 44th Annual General Meeting of Shareholders held on May 13, 2016, in place of the maximum amount of stock option compensation of ¥180 million per year (including that for Outside Directors of ¥20 million per year), which was approved at the 42nd Annual General Meeting of Shareholders held on May 9, 2014.

(3) Calculation method of the number of the Company's shares which Directors receive

The Company calculates the number of shares deliverable to each Eligible Director by totaling the number of shares pertaining to each numerical target obtained by multiplying (x) the number of reference deliverable shares (determined according to positions of each such Eligible Director and their achievement ratios, etc. of performance targets for a single fiscal year during the Plan Period, etc.) by (y) (i) the allocation ratio of each numerical target set for each such Eligible Director (to be selected from among company-wide targets (consolidated operating income, consolidated net sales, etc.), personal targets (performance, etc., of division in charge), etc.) and (ii) each performance-linked coefficient determined based on the achievement ratio of each such numerical target.

Note that if any fractional shares are contained in the number of deliverable shares thus calculated, those fractional shares will be rounded down.

[Calculation formula for the number of deliverable shares]



- * Performance-linked coefficient based on the achievement ratios of company-wide targets (consolidated operating income, consolidated net sales, etc.) will be set, within the range of 0% to 200%, according to the achievement ratios of company-wide targets (consolidated operating income, consolidated net sales, etc.) during the Plan Period, which are determined by the Nomination and Compensation Committee based on the average past growth rate and other factors.
- * Performance-linked coefficient based on the achievement ratios of personal targets (performance, etc., of division of which the Eligible Director is in charge) will be set, within the range of 0% to 200%, according to the achievement ratios of performance targets for divisional profit, etc. during the Plan Period, which are determined by the Nomination and Compensation Committee.

The maximum number of the total of the Company's common shares to be delivered to Eligible Directors shall be the number equivalent to 30,000 shares during the Plan Period; provided, however, that, if the total number of issued shares of the Company increases or decreases as a result of share consolidations, share splits, allotments of shares without contribution, etc., such maximum number and the number of shares deliverable to Eligible Directors shall be reasonably adjusted according to the ratio of such share consolidation, share split, or share allotment, etc..

Furthermore, if there arises the likelihood that delivery of the number of the Company's common shares specified above is not to be made within the maximum amount of compensation specified in (2) above or the above-mentioned maximum number of the total of deliverable shares, the number of shares deliverable to each Eligible Director will be reasonably reduced respectively within the extent capped by such maximum amount or number, such as on a prorated basis, etc.

(4) Conditions for delivering the Company's shares to Directors

Under the Plan, after the termination of the Plan Period and on condition that the requirements described below are satisfied, the Company shall deliver its common shares to Eligible Directors. Delivering of the Company's common shares, if any, shall be made by way of issuance of shares or disposal of treasury shares by the Company, and specific Eligible Directors to whom the Company's common shares are delivered and the number of deliverable shares will be determined at a meeting of the Board of Directors to be held after the expiry of the Plan Period.

- 1) The person was in office as a Director during the Plan Period.
 - 2) The person has not engaged in any of the certain types of improper conduct specified by the Board of Directors.
 - 3) The person meets other conditions set by the Board of Directors that are deemed necessary to achieve the purposes of the Plan.
- * Eligible Directors who retire from office during the Plan Period will receive the number of the Company's common shares reasonably prorated, by the Board of Directors, to the period they have held office up to the time of retirement during the Plan Period. In addition, Eligible Directors who are newly appointed during the Plan Period will receive the number of the Company's common shares prorated to the period in office.

(For reference) Q&A on the performance-linked stock compensation plan

* This Q&A is attached for your reference to provide a clear explanation of our performance-linked stock compensation plan and not as the Reference Document for the General Meeting of Shareholders. For accurate and thorough details, please see the information from the Company's press release dated April 12, 2017, "Notice Regarding Introduction of Performance-Linked Stock Compensation Plan" (in Japanese only).

Q.1 What are the purposes of introducing a performance-linked stock compensation plan by the Company?

A. The performance-linked stock compensation plan (hereinafter referred to as the "Plan") that is linked to medium- to long-term performance for Directors (excluding non-executive Directors), which the Company seeks to obtain shareholder approval for under Proposal No. 2, is designed to make clearer the link between the compensation for Directors who are eligible for the Plan (excluding non-executive Directors such as Directors who are Audit and Supervisory Committee Members; hereinafter referred to as "Eligible Directors") on the one hand and the Company's performance, etc. and the Company's shareholder interests on the other, and to further enhance Directors' awareness about contributing to sustainable growth of the corporate value and common interests of shareholders by improving the Company's medium- to long-term performance. The Company, as part of its efforts to revise the directors' compensation plan, will introduce the Plan with the aim of providing Directors who execute the operations of the Company with incentives for promoting sustainable improvement of corporate value of the Company and further aligning their interests with interests of the shareholders.

The introduction of the Plan has undergone deliberation by the Nomination and Compensation Committee, which is an optional advisory body of the Board of Directors and the majority members of which are independent Outside directors.

Q.2 What is the outline of the Plan?

A. The Plan is a performance-linked stock compensation plan under which the Company presets numerical targets for corporate performance, etc., during the plan period covering two fiscal years (hereinafter referred to as the "Plan Period") and delivers its common shares to each Eligible Director according to the achievement ratios, etc., of numerical targets of corporate performance, etc. during the Plan Period. The details of the structure of the Plan are as follows:

- 1) If Proposal No. 2 is approved, the Company will determine, at the Nomination and Compensation Committee, indices, such as numerical targets (to be selected from among company-wide targets (consolidated operating income, consolidated net sales, etc.) and personal targets (performance, etc., of divisions of which the directors are in charge), etc.) and performance-linked coefficient, which will be necessary for calculating the number of deliverable shares.
- 2) The Company, after the expiration of the Plan Period, determines the number of shares deliverable to each Eligible Director according to the achievement ratios, etc., of numerical targets for corporate performance, etc. during the Plan Period.
- 3) The Company will give each Eligible Director monetary compensation claims for use as in-kind contribution on the basis of the number of shares deliverable to each Eligible Director determined in 2) above. The amount of such monetary compensation claims will be determined by the Board of Directors to the extent that it is not unduly favorable to each Eligible Director who subscribes for the Company's common shares.
- 4) Each Eligible Director will incur tax payable due to receipt of the Company's common shares based on the Plan. Accordingly, the Company, in addition to the above-mentioned monetary compensation claims, will contribute money equivalent to the amount of tax payable by each Eligible Director resulting from receipt of the Company's common shares based on the Plan.

- 5) Each Eligible Director will receive the Company's common shares by making an in-kind contribution of the monetary compensation claims for use as in-kind contribution at the time of the Company's issuance of shares or disposal of treasury shares.

The initial Plan Period after introduction of the Plan shall be from the fiscal year ending February 20, 2018 to the fiscal year ending February 20, 2019, and the Company plans to renew the Plan every two fiscal years after the end of the initial Plan Period.

Q.3 How will the structure of Directors' compensation change after the introduction of the Plan?

- A. As shown in "Current system" in Figure 1, the compensation for the Company's Directors (excluding non-executive Directors) currently consists of (i) base compensation, (ii) bonuses, and (iii) stock options, while that of the Company's non-executive Directors (including Outside Directors but excluding Directors who are Audit and Supervisory Committee Members) comprises (i) base compensation and (ii) stock options. The Company will establish a new structure of non-base compensation for Directors (excluding non-executive Directors), under which the Company will pay bonuses as a short-term incentive and introduce the Plan in place of stock options. Following introduction of the Plan, stock options currently granted to the Company's non-executive Directors will be abolished.

If Proposal No. 2 is approved, the structure of compensation for Directors (excluding non-executive Directors such as Directors who are Audit and Supervisory Committee Members) will be changed as shown under "New system" in Figure 1. Under the new system, performance-linked compensation for executive Directors will account for a greater portion of the total compensation.

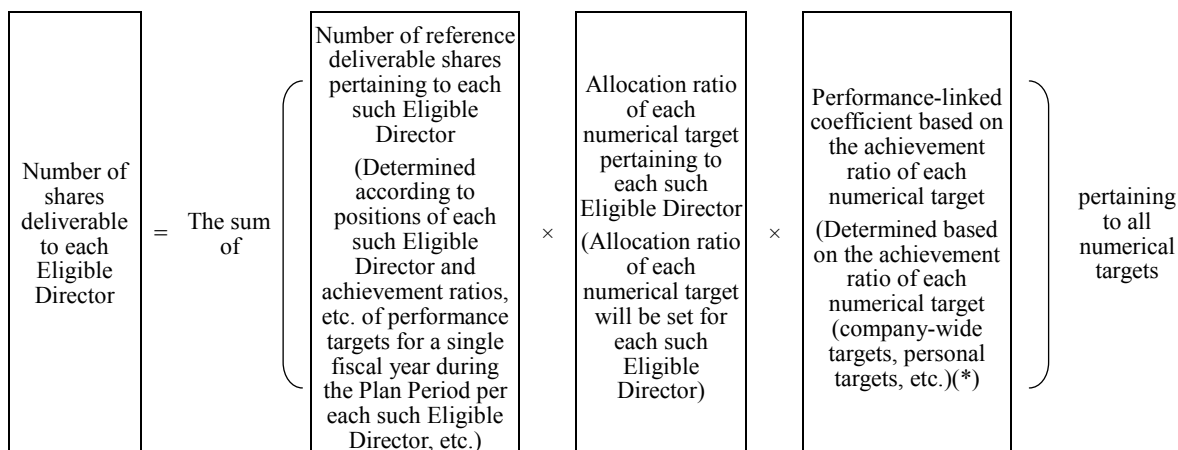
[Figure 1]

	<<Current system>>	<<New system>>
Base compensation	¥600 million or less per year	¥600 million or less per year
Bonuses	<ul style="list-style-type: none"> • Base compensation • Bonuses * Excluding Outside Directors 	<ul style="list-style-type: none"> • Base compensation • Bonuses [performance-linked] * Excluding Outside Directors
Stock options	¥180 million or less per year	
Performance-linked stock compensation		¥300 million or less per year * Excluding Outside Directors
Total	¥780 million or less per year	¥900 million or less per year

Q.4 How does the Company calculate the number of shares to be delivered to Eligible Directors based on the Plan?

- A. The Company calculates the number of shares deliverable to each Eligible Director by totaling the number of shares pertaining to each numerical target obtained by multiplying (x) the number of reference deliverable shares (determined according to positions of each such Eligible Director and their achievement ratios, etc. of performance targets for a single fiscal year during the Plan Period, etc.) by (y) (i) the allocation ratio of each numerical target set for each such Eligible Director (to be selected from among company-wide targets (consolidated operating income, consolidated net sales, etc.) and personal targets (performance, etc., of division of which the Eligible Director is in charge), etc.) and (ii) each performance-linked coefficient determined based on the achievement ratio of each such numerical target (cf. Figure 2). (Any fractional shares contained in the number of deliverable shares thus calculated will be rounded down.) Accordingly, the number of reference deliverable shares, details of personal targets, allocation ratios of each numerical target, used for calculation of the number of shares deliverable to Eligible Directors, may be different for each Eligible Director.

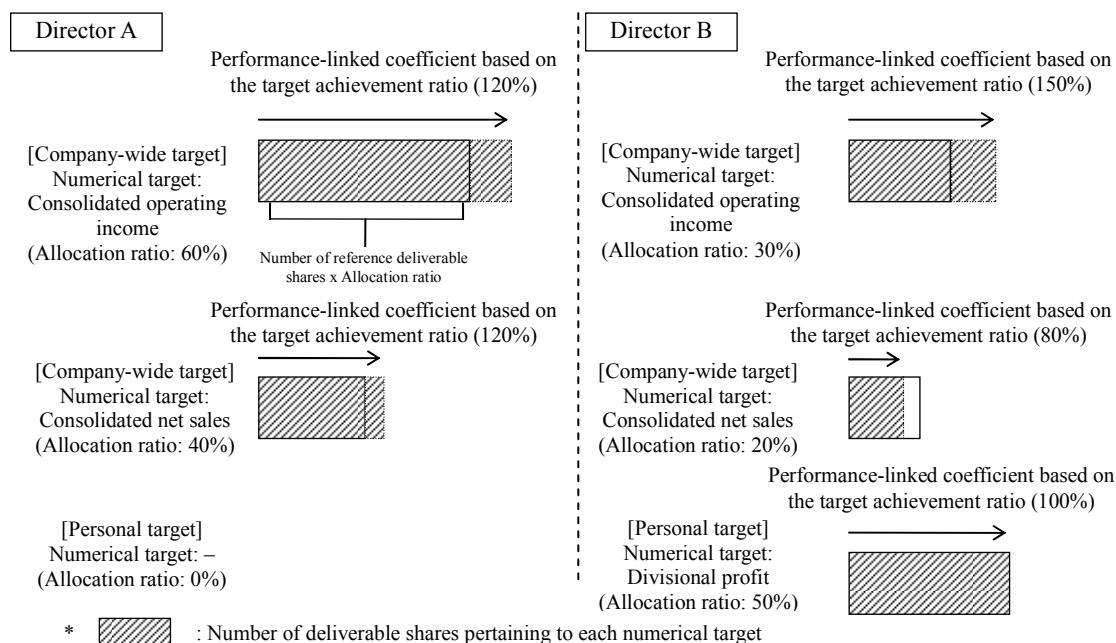
[Figure 2]



- * Performance-linked coefficient based on the achievement ratios of company-wide targets (consolidated operating income, consolidated net sales, etc.) will be set, within the range of 0% to 200%, according to the achievement ratios of company-wide targets (consolidated operating income, consolidated net sales, etc.) during the Plan Period, which are determined by the Nomination and Compensation Committee based on the average past growth rate and other factors.
- * Performance-linked coefficient based on the achievement ratios of personal targets (performance, etc., of division of which the Eligible Director is in charge) will be set, within the range of 0% to 200%, according to the achievement ratios of performance targets for divisional profit, etc. during the Plan Period, which are determined by the Nomination and Compensation Committee.

Examples of the number of deliverable shares calculated by the number of reference deliverable shares, numerical targets, allocation ratios, and performance-linked coefficient based on the achievement ratios of numerical targets are as shown in Figure 3 (Illustration) below.

[Figure 3] (Illustration)



- * In the case of Director A: The target achievement ratios are 120% respectively, in which (i) the allocation ratio of consolidated operating income as a company-wide target is set at 60% and (ii) the allocation ratio of consolidated net sales as a company-wide target is set at 40% (with no personal target set).
- * In the case of Director B: The target achievement ratios are 150%, 80%, and 100%, respectively, in which (i) the allocation ratio of consolidated operating income as a company-wide target is set

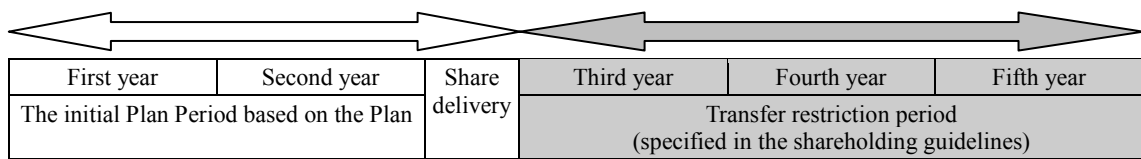
at 30%, (ii) the allocation ratio of consolidated net sales as a company-wide target is set at 20%, and (iii) the allocation ratio of divisional profit as a personal target is set at 50%.

Q.5 Will Eligible Directors who are delivered shares based on the Plan be allowed to freely transfer or dispose of such shares afterward?

A Eligible Directors (including those who retire after delivery of the shares based on the Plan) will hold the shares that are delivered to them based on the Plan for a certain period of time in accordance with the shareholding guidelines set forth by the Board of Directors of the Company from the viewpoint of further aligning their interests with interests of the shareholders on a medium-to long-term basis. Accordingly, Eligible Directors who are delivered shares based on the Plan will be subject to restrictions on free transfer of such shares for a certain period of time after delivery.

With regard to shares to be delivered pertaining to the initial Plan Period based on the Plan, the shareholding guidelines will have a provision that restricts the transfer of such shares for three years after the delivery as shown in Figure 4 below.

[Figure 4]



Q.6 Will the introduction of the Plan result in dilution of voting rights of shareholders?

A The Company, after the expiration of the Plan Period, will deliver to each Eligible Director the number of deliverable shares calculated by the calculation formula for the number of deliverable shares described in Q.4 above, up to the number equivalent to 30,000 shares during the Plan Period, by way of issuance of shares or disposal of treasury shares by the Company. Accordingly, there is a likelihood that the voting rights per share of the Company held by shareholders will be diluted. Even so, the total number of the Company's common shares to be delivered to Eligible Directors by the Company based on the Plan will be limited to the maximum number equivalent to 30,000 shares during the Plan Period, and therefore the dilution ratio of voting rights per share of the Company held by shareholders will be capped by such maximum number.