

Securities code: 2659

May 9, 2017

To our shareholders:

Tessei Uechi  
President, Chief Executive Officer  
**SAN-A CO., LTD.**  
7-2-10, Oyama, Ginowan-City, Okinawa

## **Notice of the 47th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 47th Ordinary General Meeting of Shareholders of SAN-A 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. Please indicate your approval or disapproval for each proposal on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it to us to arrive no later than Wednesday, May 24, 2017, at 6:00 p.m. (JST).

- 1. Date and Time:** Thursday, May 25, 2017, at 10:00 a.m. (JST)  
(Doors open at 9:00 a.m.)
- 2. Venue:** Hagoromo-no-Ma, 2nd floor, Laguna Garden Hotel  
4-1-1 Mashiki, Ginowan-shi, Okinawa

**3. Purpose of the Meeting:**

**Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements for the 47th fiscal year (from March 1, 2016 to February 28, 2017), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors
2. The Non-consolidated Financial Statements for the 47th fiscal year (from March 1, 2016 to February 28, 2017)

**Matters to be resolved:**

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal No. 4:** Election of Four (4) Directors Serving on the Audit and Supervisory Committee
- Proposal No. 5:** Determination of Amounts of Remuneration for Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal No. 6:** Determination of Amounts of Remuneration for Directors Serving on the Audit and Supervisory Committee

- When you attend the Meeting, you are kindly requested to present the enclosed voting form at the reception. We would appreciate it if you could arrive at the meeting venue a little early as the reception will be extremely crowded immediately before the opening of the Meeting.

- Of the attached documents to this Notice, the “Notes to the Consolidated Financial Statements” and the “Notes to the Non-consolidated Financial Statements” are posted via the Internet on the Company’s website (<http://www.san-a.co.jp/>) pursuant to the provisions of laws and regulations and Article 14 of the Company’s Articles of Incorporation. Accordingly, they are not provided in the attached documents to this Notice.

Also, the Consolidated Financial Statements and Non-consolidated Financial Statements, which were audited by the Corporate Auditors when preparing the audit report and by the Financial Auditor when preparing the financial audit report, contain not only the information provided in the attached documents to this Notice, but also the matters that require disclosure in the “Notes to the Consolidated Financial Statements” and the “Notes to the Non-consolidated Financial Statements.”

- If any changes are made to the attached documents to this Notice (the Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements) or to the Reference Documents for the General Meeting of Shareholders, such changes will be posted on the Company’s website (<http://www.san-a.co.jp/>).

(The above-mentioned information is only available in Japanese.)

# Reference Documents for the General Meeting of Shareholders

## Proposal No. 1: Appropriation of Surplus

The Company recognizes the appropriate return of profit to shareholders as an important management priority. The Company's basic policy is to provide a stable return of profit, in accordance with the economic conditions, industry trends, progress of business performance and other factors, while taking into account the enhancement of profitability of Company's business and its financial standing over the medium- to long-term. Based on such policy, and in consideration of the future business development and other factors, the Company proposes the payment of year-end dividends and other appropriation of surplus as follows:

### 1. Matters regarding the year-end dividends

(1) Type of dividend property

To be paid in cash.

(2) Allotment of dividend property and total amount thereof

The Company proposes a dividend of ¥47 per common share of the Company.

The total amount of dividends will be ¥1,502,279,659.

(3) Effective date of dividends of surplus

May 26, 2017

### 2. Matters regarding the other appropriation of surplus

(1) Item of surplus to be decreased and amount of decrease

Retained earnings brought forward: ¥8,300,000,000

(2) Item of surplus to be increased and amount of increase

General reserve: ¥8,300,000,000

Common reference matters for Proposal No. 2 through Proposal No. 6

Each of the proposals from Proposal No. 2 to Proposal No. 6 presented on pages 5 to 15 of the Reference Documents for the General Meeting of Shareholders are related to the transition to a Company with an Audit and Supervisory Committee. In submitting the proposals to the General Meeting of Shareholders, the Company states the characteristics of a Company with an Audit and Supervisory Committee and the reasons the Company decided to make this change.

◆Reason for the transition to a Company with an Audit and Supervisory Committee

The Company worked to improve the transparency of management and ensure expeditious decision-making with the enhancement of corporate governance as one of the highest priority issues in its management. By transitioning to a Company with an Audit and Supervisory Committee, the supervisory functions of the Board of Directors will be strengthened through Outside Directors serving on the Audit and Supervisory Committee holding voting rights in the Board of Directors, which the Company believes will further improve the soundness and transparency of management. Furthermore, further expediting operational decision-making, the Company will work toward establishing an expedited and resolute decision-making framework requisite for the management environment surrounding the Company.

◆Companies with an Audit and Supervisory Committee

A Company with an Audit and Supervisory Committee was created under the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014), and in place of Corporate Auditors and a Board of Corporate Auditors, establishes an Audit and Supervisory Committee comprised of at least three Directors, a majority of which are Outside Directors. Directors serving on the Audit and Supervisory Committee differ from Corporate Auditors in that they possess voting rights in the Board of Directors as Directors, and possess the authority to express opinions at general meetings of shareholders regarding the election, dismissal, and remuneration for Directors (excluding Directors serving on the Audit and Supervisory Committee). Due to the above points, a strengthening of supervisory functions is expected via the Audit and Supervisory Committee Members and the Audit and Supervisory Committee.

Furthermore, at a Company with an Audit and Supervisory Committee, a certain portion of decision-making authority may be transferred to Directors based on stipulations in the Articles of Incorporation and subject to resolution by the Board of Directors. As a result, while allowing for expedited operational decision-making, execution and supervision can be separated, and the Company believes that it will be possible to further increase the effectiveness of supervision.

**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for the proposal

- (1) According to the transition to a Company with an Audit and Supervisory Committee, the Company will make the necessary amendments including establishing new provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members and deleting the provisions concerning the Board of Corporate Auditors and Corporate Auditors.
- (2) In addition, according to the transition to a Company with an Audit and Supervisory Committee, the Company will establish Article 27 (Delegation of Decision regarding Execution of Duties to a Director), to stipulate that the Company may delegate all or part of a decision regarding execution of important duties to a Director by resolution of the Board of Directors.
- (3) In line with the new establishment, amendment and deletion of the provisions noted above, the Company will also change the number of articles and make other necessary amendments.

2. Details of the amendments

Details of the amendments are as follows:

This proposal shall take effect at the conclusion of this General Meeting of Shareholders.

(Underlined portions indicate the parts that are to be amended.)

Current Articles of Incorporation	Proposed Amendments
Article 1. to 18. (Text omitted)	Article 1. to 18. (Unchanged)
Article 19. (Number of Directors) The number of Directors of the Company shall be <u>thirteen (13)</u> or less.  (Newly established)	Article 19. (Number of Directors) 1. The number of Directors <u>(excluding Directors serving on the Audit and Supervisory Committee)</u> of the Company shall be <u>eleven (11)</u> or less. 2. <u>The number of Directors serving on the Audit and Supervisory Committee (hereinafter called "Audit and Supervisory Committee Members") shall be four (4) or less.</u>
Article 20. (Election of Directors) 1. Directors shall be elected by a resolution of a General Meeting of Shareholders.  2. (Text omitted) 3. (Text omitted)	Article 20. (Election of Directors) 1. Directors shall be elected by a resolution of a General Meeting of Shareholders, <u>while making a distinction between Audit and Supervisory Committee Members and other Directors.</u> 2. (Unchanged) 3. (Unchanged)
Article 21. (Term of Office of Directors) 1. The term of office of a Director shall expire upon conclusion of the Ordinary General Meeting of Shareholders to be held for the last business year ending within <u>two (2)</u> years after his or her election.  (Newly established)  2. The term of office of a <u>Director</u> elected to <u>increase the number of Directors, or</u> as a substitute, shall be the same as the remaining term of office of the <u>existing Directors.</u>	Article 21. (Term of Office of Directors) 1. The term of office of a Director shall expire upon conclusion of the Ordinary General Meeting of Shareholders to be held for the last business year ending within <u>one (1)</u> year after his or her election. 2. <u>Notwithstanding the provision of the preceding paragraph, the term of office of an Audit and Supervisory Committee Member shall expire upon conclusion of the Ordinary General Meeting of Shareholders to be held for the last business year ending within two (2) years after his or her election.</u> 3. The term of office of <u>an Audit and Supervisory Committee Member</u> elected as a substitute shall be the same as the remaining term of office of the <u>retired Audit and Supervisory Committee Member.</u>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">(Newly established)</p> <p>Article 22. (Chief Executive Officers and Directors with Special Titles)</p> <p>1. The Company shall appoint Chief Executive Officers by a resolution of the Board of Directors.</p> <p>2. (Text omitted)</p> <p>3. The Board of Directors may select the President and Director by its resolution, <u>and if necessary</u>, one Chairman and Director, and a number of Vice President and Directors, Senior Managing Directors, and Executive Directors.</p> <p>4. (Text omitted)</p> <p>Article 23. (Text omitted)</p> <p>Article 24. (Notice of Convocation of Meetings of the Board of Directors)</p> <p>Notice of a meeting of the Board of Directors shall be dispatched to each Director <u>and each of Corporate Auditor</u> no later than three (3) days prior to the date of the meeting; provided, however, that in the case of an emergency, such period of notice may be shortened.</p> <p>Article 25. (Text omitted)</p> <p>Article 26. (Omission of Adoption of Resolutions of the Board of Directors)</p> <p>The Company shall deem a resolution to have been adopted by the Board of Directors in cases where all of the Directors have given their approval to a resolution either in writing or electronic or magnetic record. <u>However, this shall not apply in cases where a Corporate Auditor has stated an objection.</u></p>	<p>4. <u>The effective term of the resolution for election of a substitute Audit and Supervisory Committee Member pursuant to Article 329, Paragraph 3 of the Companies Act shall expire upon conclusion of the Ordinary General Meeting of Shareholders to be held for the last business year ending within two (2) years after his or her election.</u></p> <p>Article 22. (Chief Executive Officers and Directors with Special Titles)</p> <p>1. The Company shall appoint Chief Executive Officers by a resolution of the Board of Directors <u>from among the Directors (excluding Audit and Supervisory Committee Members).</u></p> <p>2. (Unchanged)</p> <p>3. The Board of Directors may select the President and Director, one Chairman and Director, and a number of Vice President and Directors, Senior Managing Directors, and Executive Directors <u>from among the Directors (excluding Audit and Supervisory Committee Members)</u> by its resolution.</p> <p>4. (Unchanged)</p> <p>Article 23. (Unchanged)</p> <p>Article 24. (Notice of Convocation of Meetings of the Board of Directors)</p> <p>Notice of a meeting of the Board of Directors shall be dispatched to each Director no later than three (3) days prior to the date of the meeting; provided, however, that in the case of an emergency, such period of notice may be shortened.</p> <p>Article 25. (Unchanged)</p> <p>Article 26. (Omission of Adoption of Resolutions of the Board of Directors)</p> <p>The Company shall deem a resolution to have been adopted by the Board of Directors in cases where all of the Directors have given their approval to a resolution either in writing or electronic or magnetic record.</p>
<p style="text-align: center;">(Newly established)</p> <p>Article <u>27</u>. (Minutes of the Board of Directors Meetings)</p> <p>A summary of the proceedings of the Board of Directors meetings and their results, along with other matters specified by laws and regulations shall be listed or recorded in the meeting minutes. The attending Directors <u>and Corporate Auditors</u> shall affix their seal or their digital signature to the minutes.</p>	<p><u>Article 27. (Delegation of Decision regarding Execution of Duties to a Director)</u></p> <p><u>The company may, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of a decision regarding execution of important duties (excluding matters set forth in each item of Article 399-13, Paragraph 5 of the Companies Act) to a Director by resolution of the Board of Directors.</u></p> <p>Article <u>28</u>. (Minutes of the Board of Directors Meetings)</p> <p>A summary of the proceedings of the Board of Directors meetings and their results, along with other matters specified by laws and regulations shall be listed or recorded in the meeting minutes. The attending Directors shall affix their seal or their digital signature to the minutes.</p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>Article 29. (Regulations for the Board of Directors)</u>
Article 28. (Remuneration, etc. for Directors) Remuneration, etc. for Directors shall be determined by a resolution of the General Meeting of Shareholders.	Particulars relating to the Board of Directors, except the matters specified by laws and regulations or the Articles of Incorporation, shall be governed by the Regulations for the Board of Directors adopted by the Board of Directors.
Article 29. (Text omitted)	Article 30. (Remuneration, etc. for Directors) Remuneration, etc. for Directors shall be determined by a resolution of the General Meeting of Shareholders, <u>while making a distinction between Audit and Supervisory Committee Members and other Directors.</u>
CHAPTER 5. <u>CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u>	CHAPTER 5. <u>AUDIT AND SUPERVISORY COMMITTEE</u>
Article 30. (Establishment of <u>Corporate Auditors and Board of Corporate Auditors</u> ) The Company shall have <u>Corporate Auditors and Board of Corporate Auditors.</u>	Article 32. (Establishment of <u>Audit and Supervisory Committee</u> ) The Company shall have an <u>Audit and Supervisory Committee.</u>
<u>Article 31. (Number of Corporate Auditors)</u> <u>The number of Corporate Auditors of the Company shall be four (4) or less.</u>	(Deleted)
<u>Article 32. (Election of Corporate Auditors)</u> <u>1. Corporate Auditors shall be elected by a resolution of a General Meeting of Shareholders.</u> <u>2. A resolution for the election of Corporate Auditors shall be adopted by a majority of the votes of shareholders present at the General Meeting of Shareholders where the shareholders holding one-third (1/3) or more of the voting rights of shareholders entitled to exercise their voting rights are present.</u>	(Deleted)
<u>Article 33. (Term of Office of Corporate Auditors)</u> <u>1. The term of office of a Corporate Auditor shall expire upon conclusion of the Ordinary General Meeting of Shareholders to be held for the last business year ending within four (4) years after his or her election.</u> <u>2. The term of office for a Corporate Auditor appointed to replace a Corporate Auditor who retires before the conclusion of his or her term of office shall be until the end of the term of office of the retired Corporate Auditor.</u>	(Deleted)
Article 34. (Senior Corporate Auditor) <u>The Board of Corporate Auditors shall appoint Senior Corporate Auditors among Corporate Auditors.</u>	<u>Article 33. (Senior Audit and Supervisory Committee Member)</u> <u>The Audit and Supervisory Committee shall appoint Senior Audit and Supervisory Committee Members among Audit and Supervisory Committee Members.</u>

Current Articles of Incorporation	Proposed Amendments
<p>Article 35. (Notice of Convocation of <u>Meetings of Board of Corporate Auditors</u>)  Notice of a <u>meeting of the Board of Corporate Auditors</u> shall be dispatched to each <u>Corporate Auditor</u> no later than three (3) days prior to the date of the meeting; provided, however, that in the case of an emergency, such period of notice may be shortened.</p> <p>Article 36. (Method of Adopting Resolutions of the <u>Board of Corporate Auditors</u>)  Resolutions of the <u>Board of Corporate Auditors</u> shall be adopted by majority vote of the <u>Corporate Auditors, except where otherwise provided by law and regulations.</u></p> <p>Article 37. (Minutes of the <u>Board of Corporate Auditors Meetings</u>)  A summary of the proceedings of the <u>Board of Corporate Auditors meetings</u> and their results, along with other matters specified by laws and regulations shall be listed or recorded in the meeting minutes. The attending <u>Corporate Auditors</u> shall affix their seal or their digital signature to the minutes.</p> <p style="text-align: center;">(Newly established)</p>	<p>Article 34. (Notice of Convocation of <u>Meetings of Audit and Supervisory Committee</u>)  Notice of a <u>meeting of the Audit and Supervisory Committee</u> shall be dispatched to each <u>Audit and Supervisory Committee Member</u> no later than three (3) days prior to the date of the meeting; provided, however, that in the case of an emergency, such period of notice may be shortened.</p> <p>Article 35. (Method of Adopting Resolutions of the <u>Audit and Supervisory Committee</u>)  Resolutions of the <u>Audit and Supervisory Committee</u> shall be adopted by majority vote of the attending <u>Audit and Supervisory Committee Members where a majority of the Audit and Supervisory Committee Members is in attendance.</u></p> <p>Article 36. (Minutes of the <u>Audit and Supervisory Committee Meetings</u>)  A summary of the proceedings of the <u>Audit and Supervisory Committee meetings</u> and their results, along with other matters specified by laws and regulations shall be listed or recorded in the meeting minutes. The attending <u>Audit and Supervisory Committee Members</u> shall affix their seal or their digital signature to the minutes.</p> <p>Article 37. (Regulations for the <u>Audit and Supervisory Committee</u>)  <u>Particulars relating to the Audit and Supervisory Committee, except the matters specified by laws and regulations or the Articles of Incorporation, shall be governed by the Regulations for the Audit and Supervisory Committee adopted by the Audit and Supervisory Committee.</u></p>
<p>Article 38. (Remuneration, etc. for Corporate Auditors)  <u>Remuneration, etc. for Corporate Auditors shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	<p style="text-align: center;">(Deleted)</p>
<p>Article 39. (Exemption from Liability of Corporate Auditors)  <u>The Company may conclude agreements with the Corporate Auditors limiting their liability for damages in cases that meet the criteria specified by laws and regulations regarding liability for damages provided in Article 423, Paragraph 1 of the Companies Act. However, the limit of the amount of liability for damages under these agreements shall be the minimum amount of liability specified in laws and regulations.</u></p>	<p style="text-align: center;">(Deleted)</p>
<p style="text-align: center;">CHAPTER 6. FINANCIAL AUDITOR</p> <p>Article 40. to 42. (Text omitted)</p>	<p style="text-align: center;">CHAPTER 6. FINANCIAL AUDITOR</p> <p>Article 38. to 40. (Unchanged)</p>
<p>Article 43. (Remuneration, etc. for a Financial Auditor)  Remuneration, etc. for a Financial Auditor shall be determined by the Chief Executive Officers upon obtaining agreement from the <u>Board of Corporate Auditors.</u></p>	<p>Article 41. (Remuneration, etc. for a Financial Auditor)  Remuneration, etc. for a Financial Auditor shall be determined by the Chief Executive Officers upon obtaining agreement from the <u>Audit and Supervisory Committee.</u></p>



Current Articles of Incorporation	Proposed Amendments
<p>Article <u>44.</u> to <u>47.</u> (Text omitted)</p> <p>(Newly established)</p>	<p>Article <u>42.</u> to <u>45.</u> (Unchanged)</p> <p><u>Supplementary Provision</u>  <u>(Transitional Measures concerning Exemption from Liability of Corporate Auditor)</u>  <u>Article 39 of the Articles of Incorporation, as in effect before the amendments effective by the resolution of the 47th Ordinary General Meeting of Shareholders, is still in effect only as regards the exemption of Corporate Auditor (including former Corporate Auditors) from liability for conducts falling under Article 423, Paragraph 1 of the Companies Act which carried out before the conclusion of said Ordinary General Meeting of Shareholders.</u></p>

**Proposal No. 3:** Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The Company will make a transition to a Company with an Audit and Supervisory Committee on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved. At the conclusion of this meeting, the terms of office of all eight (8) Directors will expire. Therefore, the Company proposes the election of six (6) Directors (excluding Directors serving on the Audit and Supervisory Committee).

This proposal can only take effect once Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

The candidates for Directors (excluding Directors serving on the Audit and Supervisory Committee) 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	Joji Orita (Oct. 14, 1948)	<p>June 1983      Joined the Company</p> <p>Jan. 1984      Director, Manager of President Office</p> <p>Feb. 1987      Senior Managing Director</p> <p>Aug. 1994      Vice President and Director</p> <p>Feb. 1995      Chairman, Chief Executive Officer (current position)</p> <p>(Significant Concurrent Positions Outside the Company) Vice President, Nihon Ryutsu Sangyo Co., Ltd.</p>	2,033,240 shares
2	Tessei Uechi (Dec. 30, 1949)	<p>Dec. 1970      Joined the Company</p> <p>June 1977      General Manager in charge of Clothing Dept</p> <p>Apr. 1978      Director, General Manager of Clothing Dept</p> <p>May 1984      Director, General Manager of Foodstuffs &amp; Groceries Dept</p> <p>Feb. 1987      Executive Director</p> <p>May 1992      Senior Managing Director</p> <p>May 1994      Vice President and Director</p> <p>Feb. 1995      President, Chief Executive Officer (current position)</p> <p>(Significant Concurrent Positions Outside the Company) President, Chief Executive Officer, SAN-A Urasoe West Coast Development Co., Ltd.</p>	227,004 shares
3	Atsushi Nakanishi (Dec. 14, 1960)	<p>Mar. 1989      Joined the Company</p> <p>Oct. 1992      General Manager of Restaurant Dept</p> <p>May 1993      Executive Director</p> <p>Feb. 1995      Senior Managing Director</p> <p>Aug. 2004      Senior Managing Director (in charge of marketing)</p> <p>May 2013      Senior Managing Director (in charge of Clothing Dept, Foodstuffs &amp; Groceries Dept, Restaurant Dept, Drugs Dept, Development Dept, Food Processing Center and Quality Control Office)</p> <p>Feb. 2014      Senior Managing Director (in charge of Foodstuffs &amp; Groceries Dept, Restaurant Dept, Development Dept, Food Processing Center and Quality Control Office) (current position)</p>	74,628 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
4	Yasuhiro Imanaka (May 4, 1964)	<p>Apr. 1989      Joined the Company</p> <p>June 1993      General Manager of Human Resource Dept</p> <p>Feb. 1995      Director, General Manager of Human Resource Dept</p> <p>Sept. 1997      Director, General Manager of Human Resource Dept and General Affair Dept</p> <p>Apr. 1999      Director, General Manager of Human Resource Dept</p> <p>Mar. 2004      Director</p> <p>Mar. 2009      Director, General Manager of General Affair Dept</p> <p>May 2009      Director, General Manager of General Affair Dept (in charge of risk management)</p> <p>May 2013      Executive Director (in charge of management, compliance and risk management) (current position)</p>	76,434 shares
5	Kentaro Arashiro (Nov. 15, 1968)	<p>Apr. 1992      Joined the Company</p> <p>Dec. 1995      General Manager of Electrical Appliance Dept</p> <p>May 2007      Director, General Manager of Electrical Appliance Dept</p> <p>Sept. 2012      Director, General Manager of Electrical Appliance Dept and General Manager of Sales Promotion Planning Dept</p> <p>May 2013      Executive Director (in charge of electrical appliance and sales promotion planning)</p> <p>Feb. 2014      Executive Director (in charge of Clothing Dept, Drugs Dept, Electrical Appliance Dept, Market Planning Dept and Internet Sales Dept) (current position)</p>	11,600 shares
6	Masahito Tasaki (Mar. 7, 1963)	<p>Apr. 1989      Joined the Company</p> <p>Aug. 2007      General Manager of Foodstuffs &amp; Groceries Dept</p> <p>May 2011      Director, General Manager of Foodstuffs &amp; Groceries Dept (current position)</p>	20,900 shares

(Note) There is no special interest between each candidate and the Company.

**Proposal No. 4:** Election of Four (4) Directors Serving on the Audit and Supervisory Committee

The Company will make a transition to a Company with an Audit and Supervisory Committee on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved. Therefore, the Company proposes the election of four (4) Directors serving on the Audit and Supervisory Committee.

In addition, prior consent of the Board of Corporate Auditors has been obtained for this proposal.

This proposal can only take effect once Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

The candidates for Directors serving on the Audit and Supervisory Committee are as follows:

Candidate No.	Name (Date of Birth)	Career Summary and Position in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
1	Akiyoshi Moromi* (Oct. 3, 1961)	Apr. 1983    Joined the Company Apr. 1992    General Manager of Accounting Dept May 1993    Senior Managing Director Mar. 2004    Senior Managing Director (in charge of management) Feb. 2007    Senior Managing Director (in charge of management and risk) May 2008    Senior Managing Director (in charge of management and compliance) May 2013    Senior General Manager of Management Div May 2016    Senior Corporate Auditor (current position)	125,648 shares
2	Keiwa Miyazato* (Sept. 27, 1946)	Apr. 1977    Registered as an attorney at Tokyo Bar Association July 1978    Transfer of registration to Okinawa Bar Association Mar. 2006    Audit & Supervisory Board Member of Okinawa Gas Co., Ltd. May 2009    Outside Corporate Auditor of the Company (current position)	– shares
3	Seiko Nozaki* (Feb. 25, 1974)	Oct. 2002    Registered at Daini Tokyo Bar Association Oct. 2002    Joined Mori Hamada & Matsumoto Aug. 2006    Registered at Okinawa Bar Association Sept. 2006    Joined Miyazaki Law Office (current NAHA SOGO Legal Professional Corporation) Jan. 2013    Established Umuyasu Law Office (current Umuyasu Law and Accounting Office) Representative Partner (current position) May 2015    Outside Director of the Company (current position)	– shares
4	Tomotsune Onaga* (Feb. 25, 1967)	Oct. 1996    Joined Miyakuni CPA Office June 1998    Joined Naha Office of Tohmatsu & Co. Apr. 2003    Registered as a certified public accountant at the Japanese Institute of Certified Public Accountants July 2003    Joined Shiroma CPA Office July 2004    Registered as a certified tax accountant at Okinawa Certified Public Tax Accountants Association Jan. 2006    Established ONAGA KAIKEI OFFICE Representative Partner (current position)	– shares

- (Notes)
1. There is no special interest between each candidate and the Company.
  2. The person marked with an asterisk (\*) is a new candidate for Director.
  3. Keiwa Miyazato, Seiko Nozaki and Tomotsune Onaga are candidates for Outside Directors serving on the Audit and Supervisory Committee.
  4. The Company has reported Seiko Nozaki's designation as independent officer to the Tokyo Stock Exchange. In addition, the Company intends to report Tomotsune Onaga's designation as independent officer to the exchange.

5. Keiwa Miyazato has been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee as he has specialized knowledge and experience, etc., regarding laws and regulations as an attorney, and the Company believes that he can contribute to securing the soundness and appropriateness of management, as well as improving transparency. Although Keiwa Miyazato has no experience in participating in the corporate management directly, the Company judged that he would be able to execute the duties of Outside Director serving on the Audit and Supervisory Committee because of the reasons above.
6. Seiko Nozaki has been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee as she has specialized knowledge and experience, etc., regarding laws and regulations as an attorney, and the Company believes that she can contribute to securing the soundness and appropriateness of management, as well as improving transparency. Although Seiko Nozaki has no experience in participating in the corporate management directly, the Company judged that she would be able to execute the duties of Outside Director serving on the Audit and Supervisory Committee because of the reasons above. The term of office of Seiko Nozaki as Outside Director will have been 2 years at the conclusion of this Meeting.
7. Tomotsune Onaga has been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee as he has specialized knowledge and experience, etc., regarding finance and accounting as a certified public accountant and tax accountant, and the Company believes that he can contribute to securing the soundness and appropriateness of management, as well as improving transparency. Although Tomotsune Onaga has no experience in participating in the corporate management directly, the Company judged that he would be able to execute the duties of Outside Director serving on the Audit and Supervisory Committee because of the reasons above.
8. The Company has concluded an agreement with Keiwa Miyazato and Seiko Nozaki limiting their liability for damages to an amount specified by laws and regulations in accordance with the Articles of Incorporation of the Company. If the election of Keiwa Miyazato and Seiko Nozaki is approved, the Company intends to conclude an agreement with content similar to said agreement with both of them. In addition, if the election of Tomotsune Onaga is approved, the Company intends to conclude an agreement with him limiting his liability for damages to an amount specified by laws and regulations in accordance with the Articles of Incorporation of the Company.

**Proposal No. 5:** Determination of Amounts of Remuneration for Directors (excluding Directors Serving on the Audit and Supervisory Committee)

Remuneration paid to the Company's Directors in the amount of no more than ¥300 million annually was approved by the 26th Ordinary General Meeting of Shareholders held on May 18, 1996 and has remained at that amount to the present. However, the Company will make a transition to a Company with an Audit and Supervisory Committee on the condition that Proposal No. 2 "Partial Amendments to the Articles of Incorporation" is approved. Accordingly, the Company proposes that the current provision related to the amount of remuneration for Directors be revoked, and that remuneration for Directors (excluding Directors serving on the Audit and Supervisory Committee) be set at no more than ¥300 million annually taking into consideration economic conditions and other factors.

The amount of remuneration for Directors (excluding Directors serving on the Audit and Supervisory Committee) does not include the portion for salaries paid to those Directors who also serve as employees. If Proposal No. 2 "Partial Amendments to the Articles of Incorporation" and Proposal No. 3 "Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)" are approved as proposed, the number of Directors (excluding Directors serving on the Audit and Supervisory Committee) will be six (6).

This proposal can only take effect once Proposal No. 2 "Partial Amendments to the Articles of Incorporation" becomes effective.

**Proposal No. 6:** Determination of Amounts of Remuneration for Directors Serving on the Audit and Supervisory Committee

The Company will make a transition to a Company with an Audit and Supervisory Committee on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved. Accordingly, the Company proposes that remuneration for Directors serving on the Audit and Supervisory Committee be set at no more than ¥50 million annually taking into consideration the duties and responsibilities of Directors serving on the Audit and Supervisory Committee. If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 4 “Election of Four (4) Directors Serving on the Audit and Supervisory Committee” are approved as proposed, the number of Directors serving on the Audit and Supervisory Committee will be four (4).

This proposal can only take effect once Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.