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(Stock Exchange Code 3222)
May 1, 2020

To Shareholders with Voting Rights:

Motohiro Fujita
President and Representative Director
United Super Markets Holdings Inc.
1 Kanda Aioi-cho, Chiyoda-ku, Tokyo

**NOTICE OF
THE 5TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially notified of the 5th Annual General Meeting of Shareholders of United Super Markets Holdings Inc. (the “Company”). The meeting will be held for the purposes as described below.

In lieu of attending the meeting, you can exercise your voting rights by mail or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the guidance on pages 3 to 4.

1. Date and Time: Wednesday, May 20, 2020 at 10:00 a.m. Japan time

2. Place: Banquet Room “Hisho” (4th floor)
Asakusa View Hotel
3-17-1 Nishiasakusa, Taito-ku, Tokyo, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 5th Fiscal Year (March 1, 2019 - February 29, 2020) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 5th Fiscal Year (March 1, 2019 - February 29, 2020)

Proposals to be resolved:

- Proposal 1:** Election of Nine (9) Directors
Proposal 2: Election of Two (2) Corporate Auditors
Proposal 3: Partial Revision to the Restricted Stock Compensation System for Directors

■ “Basic Policy on the Company’s Corporate Governance,” “Outline of Assessment of the Effectiveness of the Board of Directors,” “Systems to Ensure Proper Operations” and “Implementation Statuses of Systems to Ensure Proper Operations,” which are described in the Company’s Systems and Policies in the Business Report, “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Non-consolidated Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website presented below pursuant to laws and regulations and Article 16 of the Company’s Articles of Incorporation. Accordingly, they are not included in the documents attached to this notice. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by Corporate Auditors and the Accounting Auditor include the following documents in addition to the

documents attached to this notice: “Basic Policy on the Company’s Corporate Governance,” “Outline of Assessment of the Effectiveness of the Board of Directors,” “Systems to Ensure Proper Operations” and “Implementation Statuses of Systems to Ensure Proper Operations,” which are described in the Company’s Systems and Policies in the Business Report; “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements; and “Non-consolidated Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements. These documents are posted on the Company’s website presented below.

■ Should the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company’s website presented below.

The Company’s website: <https://www.usmh.co.jp/>

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- ◎ The novel coronavirus disease (COVID-19) is continuing to spread. There is a risk of mass infections at a general meeting of shareholders where many shareholders gather together. You are kindly requested to refrain from coming to the venue to avoid infections.
 - ◎ In lieu of attending the meeting, you can exercise your voting rights by mail or via the Internet using a smartphone, etc. We encourage you to exercise your voting rights in advance.
 - ◎ Notice of Resolution of the Annual General Meeting of Shareholders will be posted on the abovementioned Company’s website in lieu of mailing the notice.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly the election of nine (9) Directors, including three (3) Outside Directors, is proposed. Two (2) of the three (3) Outside Directors satisfy the requirements for Independent Director prescribed by Tokyo Stock Exchange and the Criteria for Independence of Independent Outside Directors/Corporate Auditors specified by the Company as described below. The Company has determined the following matters as a policy for nomination of candidates for Director and all the candidates for Director satisfy these requirements.

“Policy for Nomination of Candidates for Director”

Criteria set as follows. Based on the management philosophy of the Company, the person shall be capable of contributing to further development of the entire group. In addition, the person shall be capable of precisely identifying the issues of the divisions he or she is responsible for and solving the problems in cooperation with other managers and employees. In addition, the person shall have insights concerning compliance with laws and regulations and corporate ethics.

“Criteria for Independence of Independent Outside Directors/Corporate Auditors”

1. He/she does not currently serve as Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Executive Officer, or employee of the Company or the Company's subsidiaries (hereinafter the “U.S.M.H Group”) and he/she has not served as Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Executive Officer, or employee of the U.S.M.H Group in the past.
2. He/she has not served as Director, Corporate Auditor, Executive Officer, or employee of the Company's parent company (*1) in any of the past five business years.
3. He/she has not served as Director, Corporate Auditor, Executive Officer, or employee of the Company's fellow subsidiaries (*2) in any of the past five business years.
4. He/she has not served as Director, Corporate Auditor, Executive Officer, or employee of any of the Company's major shareholders (*3) or of a company of which the U.S.M.H Group has been a major shareholder in any of the past five business years.
5. He/she does not serve as Director, Corporate Auditor, Executive Officer, or employee of any of the major suppliers/customers of the U.S.M.H Group (*4).
6. He/she does not serve as Director, Corporate Auditor, Executive Officer, or employee of any of the corporations, organizations, etc. that are recipients of a large amount of donations from the U.S.M.H Group (*5).
7. He/she has not served as Representative Partner, Senior Partner, Partner, or employee of the accounting auditor of the U.S.M.H Group in any of the past five business years.
8. He/she is not an attorney-at-law, certified public accountant, consultant or other professional who receives a large amount of money (*6) or other property from the U.S.M.H Group other than remuneration for Directors/Corporate Auditors.
9. He/she is not a spouse, a relative in the second degree of kinship, a relative residing together with the person specified below, or he/she is not in the same household as the person specified below:
 - (1) Director, Corporate Auditor, Executive Officer, or important employee of the U.S.M.H Group (*7)
 - (2) Person who has served as Director, Corporate Auditor, Executive Officer, or important employee of the U.S.M.H Group in any of the past five business years.
 - (3) Person who comes under the restrictions specified in the above Items 2.-8.
10. There is no doubt about his/her independence in fulfilling his/her duties as Independent Director/Corporate Auditor.

(*1) The “parent company” means a company that has control over the organ (General Meeting of Shareholders or the like) that decides the Company's financial, sales or business policies.

(*2) “Fellow subsidiary” means a company that has the same parent company (including a person

controlling the Company's management) as the Company.

- (*3) "Major shareholder" means a company that own 10% or more of the total voting rights.
- (*4) "Major supplier/customer" means a company whose transactions with the U.S.M.H Group (amount paid or received) are equal to 2% or more of consolidated sales of the Company or of such company (including its parent company and significant subsidiaries) in the most recent business year and in any of the preceding three business years.
- (*5) "A large amount of donations" means donations exceeding ¥10 million per year on average in the past three business years, or 2% of consolidated sales or total revenues of the donation recipient, whichever the larger.
- (*6) A large amount of money means an amount exceeding ¥10 million per year on average in the past three business years in the case of an individual and an amount exceeding ¥10 million per year on average for the past three business years or 2% of consolidated sales of an organization, whichever the larger, in the case of the said organization.
- (*7) "Important employee" means an employee whose position is department manager or higher.

■ List of candidates for Director

No.	Name	Position at the Company	Attendance at the Board of Directors
1	Motohiro Fujita Re-appointed	President and Representative Director	100.0% (12/12)
2	Daisuke Tezuka Re-appointed	Vice President and Representative Director	100.0% (12/12)
3	Ryota Furuse Re-appointed	Vice President and Representative Director	100.0% (12/12)
4	Taketoshi Kawada Re-appointed	Director	100.0% (10/10)
5	Shinichiro Yamamoto Newly appointed		
6	Motoya Okada Re-appointed	Director and Advisor	75.0% (9/12)
7	Akira Terakawa Re-appointed Outside Director	Director	90.0% (9/10)
8	Shigekazu Torikai Re-appointed Outside Director Independent Director	Director	100.0% (12/12)
9	Naoko Makino Re-appointed Outside Director Independent Director	Director	100.0% (12/12)

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
1	Motohiro Fujita (July 11, 1955) Re-appointed	<p>March 1978 Joined KASUMI CO., LTD. May 2000 Director, KASUMI CO., LTD. May 2004 Managing Director, KASUMI CO., LTD. March 2005 Senior Executive Officer; Manager, Business Services Division; Manager, Compliance Control Office, KASUMI CO., LTD. May 2006 Manager, Development Division, KASUMI CO., LTD. May 2007 Senior Managing Director, KASUMI CO., LTD. February 2009 Manager, Store Development and Service Division, KASUMI CO., LTD. September 2010 Manager, Sales Managing Division; Manager, Food Market Managing Division, KASUMI CO., LTD. September 2011 Manager, Sales Control Division; Manager, Food Market Managing Division, KASUMI CO., LTD. March 2012 President and Representative Director, KASUMI CO., LTD. March 2015 Executive Vice-President, the Company March 2017 President and Representative Director, the Company (to present) Executive Officer responsible for the Supermarket Business, AEON CO., LTD. Director, KASUMI CO., LTD. (to present) May 2017 Director, MAXVALU KANTO CO., LTD. (to present) March 2019 Vice President and Representative Executive Officer responsible for the Supermarket Business, AEON CO., LTD. March 2020 Vice President and Representative Executive Officer responsible for the Supermarket Business and Merchandise/Logistics, AEON CO., LTD. (to present)</p> <p>[Reasons to be nominated as candidate for Director] Mr. Motohiro Fujita has abundant experience and an excellent track record as a corporate manager through his service as President and Representative Director of the Company's subsidiary. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director.</p> <p>[Special interests] Mr. Motohiro Fujita concurrently serves as Vice President and Representative Executive Officer responsible for the Supermarket Business and Merchandise/Logistics of AEON CO., LTD. Transactions between the Company's subsidiary, KASUMI CO., LTD. and the AEON Group include procurement of merchandise, store leasing, contracted credit operations, and purchase of facilities. Transactions between the Company's subsidiary, The Maruetsu, Inc. and the AEON Group include procurement of merchandise. Transactions between the Company's subsidiary, MAXVALU KANTO CO., LTD. and the AEON Group include member store contracts, procurement of merchandise, and store leasing.</p>	148,400

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
2	Daisuke Tezuka (September 19, 1975) Re-appointed	<p>September 2002 Joined AEON CREDIT SERVICE Co., Ltd. June 2006 AEON Financial Project Co., Ltd. November 2007 General Manager, Planning Division, AEON Bank, Ltd. July 2011 Strategic Division, AEON CO., LTD. March 2014 General Manager, Strategic Division, AEON CO., LTD. April 2016 Advisor, the Company May 2016 Representative Director, the Company Director, The Maruetsu, Inc. (to present) Director, MAXVALU KANTO CO., LTD. March 2017 President and Representative Director, MAXVALU KANTO CO., LTD. (to present) March 2018 Representative Director; Supervising Corporate Planning Division; Supervising Management Administration Division; Supervising ICT Division, the Company March 2019 Vice President and Representative Director; Supervising Management Administration Division, the Company March 2020 Vice President and Representative Director, the Company (to present)</p> <p>[Reasons to be nominated as candidate for Director] Mr. Daisuke Tezuka is the President and Representative Director of a subsidiary of the Company and has abundant experience and an excellent track record as a corporate manager. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director.</p> <p>[Special interests] There are no special interests between Mr. Daisuke Tezuka and the Company.</p>	2,000
3	Ryota Furuse (January 3, 1957) Re-appointed	<p>March 1980 Joined The Maruetsu, Inc. May 2006 Director and Executive Officer, The Maruetsu, Inc. May 2008 Managing Executive Officer, The Maruetsu, Inc. May 2011 Senior Managing Executive Officer, The Maruetsu, Inc. April 2013 General Manager, Corporate Planning Division; Supervising Finance and Accounting, The Maruetsu, Inc. May 2013 Vice President, Executive Officer, The Maruetsu, Inc. March 2014 General Manager, Corporate Planning Division; Supervising Finance and Accounting; Supervising Development, The Maruetsu, Inc. March 2015 Director, the Company April 2015 General Manager, Corporate Planning Division; Supervising Development, The Maruetsu, Inc. March 2017 Vice President and Representative Director responsible for administration, The Maruetsu, Inc. March 2019 Vice President and Representative Director; Supervising Corporate Planning Division, the Company March 2019 President and Representative Director, The Maruetsu, Inc. (to present) March 2020 Vice President and Representative Director, the Company (to present)</p> <p>[Reasons to be nominated as candidate for Director] Mr. Ryota Furuse is the President and Representative Director of a subsidiary of the Company and has abundant experience and an excellent track record as a corporate manager. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director.</p> <p>[Special interests] There are no special interests between Mr. Ryota Furuse and the Company.</p>	39,280

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
4	Taketoshi Kawada (October 12, 1959) Re-appointed	<p>April 1983 Joined The Maruetsu, Inc. May 2012 Executive Officer, The Maruetsu, Inc. April 2013 General Manager, Store Operation Division, The Maruetsu, Inc. May 2013 Director, The Maruetsu, Inc. (to present) May 2015 Managing Executive Officer, The Maruetsu, Inc. March 2019 General Manager, Low-cost Operation Promotion Division, The Maruetsu, Inc. May 2019 Director, the Company (to present) May 2019 Senior Managing Executive Officer; General Manager, Low-cost Operation Promotion Division, The Maruetsu, Inc. March 2020 Senior Managing Executive Officer; General Manager, Development Division, The Maruetsu, Inc. (to present)</p> <p>[Reasons to be nominated as candidate for Director] Mr. Taketoshi Kawada has abundant experience and an excellent track record as a corporate manager through his current service as Director and Senior Managing Executive Officer of the Company's subsidiary. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director.</p> <p>[Special interests] There are no special interests between Mr. Taketoshi Kawada and the Company.</p>	19,190
5	Shinichiro Yamamoto (July 24, 1959) Newly appointed	<p>March 2013 Joined KASUMI CO., LTD. as Advisor May 2014 Managing Director, Senior Executive Officer; Manager, Logistics Division, KASUMI CO., LTD. March 2017 Senior Managing Director and Senior Executive Officer, KASUMI CO., LTD. March 2018 General Manager, ICT Division, the Company March 2019 Senior Managing Director and Senior Executive Officer; Manager, Business Reform Office; Manager, Business Remodeling, KASUMI CO., LTD. March 2020 President and Representative Director, KASUMI CO., LTD. (to present) General Manager, Digital Division, the Company (to present)</p> <p>[Reasons to be nominated as candidate for Director] Mr. Shinichiro Yamamoto has abundant experience and an excellent track record through his service as Senior Managing Director and Senior Executive Officer of the Company's subsidiary, as well as General Manager, ICT Division of the Company. As of March 1, 2020, he serves as President and Representative Director of the Company's subsidiary, and General Manager, Digital Division of the Company. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director.</p> <p>[Special interests] There are no special interests between Mr. Shinichiro Yamamoto and the Company.</p>	24,100

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
6	Motoya Okada (June 17, 1951) Re-appointed	<p>March 1979 Joined JUSCO Co., Ltd. (currently AEON CO., LTD.)</p> <p>May 1990 Director, JUSCO Co., Ltd.</p> <p>February 1992 Managing Director, JUSCO Co., Ltd.</p> <p>May 1995 Senior Managing Director, JUSCO Co., Ltd.</p> <p>June 1997 President and Representative Director, JUSCO Co., Ltd.</p> <p>May 2002 Director and Advisor, AEON Mall Co., Ltd. (to present)</p> <p>May 2003 Director, President and Representative Executive Officer, AEON CO., LTD.</p> <p>May 2004 Director and Advisor, KASUMI CO., LTD. (to present)</p> <p>November 2005 Outside Director and Advisor, TSURUHA HOLDINGS Inc. (to present)</p> <p>March 2012 Director, President and Representative Executive Officer, and Group CEO, AEON CO., LTD.</p> <p>August 2014 Outside Director, KUSURI NO AOKI HOLDINGS CO., LTD. (to present)</p> <p>November 2014 Director, WELCIA HOLDINGS CO., LTD. (to present)</p> <p>March 2015 Director and Advisor, the Company (to present)</p> <p>March 2020 Director, Chairman and Representative Executive Officer, AEON CO., LTD. (to present)</p> <p>[Reasons to be nominated as candidate for Director] Mr. Motoya Okada is Director, Chairman and Representative Executive Officer of AEON CO., LTD. and has abundant experience and an excellent track record as a corporate manager. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director.</p> <p>[Special interests] Mr. Motoya Okada is Director, Chairman and Representative Executive Officer of AEON CO., LTD. Transactions between the Company's subsidiary, KASUMI CO., LTD. and the AEON Group include procurement of merchandise, store leasing, contracted credit operations, and purchase of facilities. Transactions between the Company's subsidiary, The Maruetsu, Inc. and the AEON Group include procurement of merchandise. Transactions between the Company's subsidiary, MAXVALU KANTO CO., LTD. and the AEON Group include member store contracts, procurement of merchandise, and store leasing.</p>	0

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
7	Akira Terakawa (February 8, 1958) [Outside Director] Re-appointed	<p>April 1981 Joined Marubeni Corporation</p> <p>April 2010 Executive Officer; General Manager, Corporate Planning & Strategy Dept., Marubeni Corporation</p> <p>April 2012 Executive Officer; Chief Operating Officer, Chemicals Division, Marubeni Corporation</p> <p>April 2013 Managing Executive Officer; Chief Operating Officer, Chemicals Division, Marubeni Corporation</p> <p>April 2014 Managing Executive Officer; Chief Operating Officer, Corporate Planning & Strategy Dept.; Chairman of Internal Control Committee; Vice Chairman of Investment and Credit Committee, Marubeni Corporation</p> <p>June 2014 Managing Executive Officer; Member of the Board.; Chief Operating Officer, Corporate Planning & Strategy Dept.; Chairman of Internal Control Committee; Vice Chairman of Investment and Credit Committee, Marubeni Corporation</p> <p>April 2015 Managing Executive Officer; Representative Director and CSO; Senior Operating Officer, Executive Secretariat; Regional CEO for East Asia; Chairman of Officers Treatment Committee; Vice Chairman of Investment and Credit Committee, Marubeni Corporation</p> <p>April 2016 Managing Executive Officer; Member of the Board, Chief Executive Officer, Chemical & Forest Products Group, Marubeni Corporation</p> <p>June 2016 Managing Executive Officer; Chief Executive Officer, Chemical & Forest Products Group, Marubeni Corporation</p> <p>April 2018 Senior Managing Executive Officer; Chief Executive Officer, Food Group; Regional CEO for East Asia; Vice Chairman of Investment and Credit Committee, Marubeni Corporation</p> <p>April 2019 Senior Managing Executive Officer; Chief Executive Officer, Food, Agriculture & Chemicals Group; Vice Chairman of Investment and Credit Committee, Marubeni Corporation</p> <p>May 2019 Director, the Company (to present)</p> <p>April 2020 Senior Executive Vice President; Chief Executive Officer, Food, Agriculture & Chemicals Group; Chief Operating Officer, Food Div., Marubeni Corporation (to present)</p> <p>[Reasons to be nominated as candidate for Outside Director] Mr. Akira Terakawa has abundant experience at a trading company and deep insight cultivated through his experience as a corporate manager. Thus, in view of the importance of strategic and appropriate corporate operation, the Company considers him suitable for the position.</p> <p>[Special interests] Mr. Akira Terakawa is Senior Executive Vice President of Marubeni Corporation. Transactions between the U.S.M.H Group and the Marubeni Group include procurement of merchandise. The amount of transactions during this fiscal year was less than 3% of net sales of the U.S.M.H Group and negligible.</p> <p>[Years of service as Outside Director] Mr. Akira Terakawa will have served as Outside Director for one year at the conclusion of this General Meeting of Shareholders.</p>	0

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
8	Shigekazu Torikai (March 12, 1947) [Outside Director] [Independent Director] Re-appointed	April 1975 Joined a tax accountant office April 1990 Registered as Attorney April 1994 Representative, Torikai Management and Law Office (currently Torikai Law Office) (to present) March 2015 Director, the Company (to present) June 2017 External Member of the Audit & Supervisory Board, Kurita Water Industries Ltd. (to present) June 2018 Outside Director, RISO KAGAKU CORPORATION (to present)	0
		[Reasons to be nominated as candidate for Outside Director] Mr. Shigekazu Torikai has abundant experience of corporate legal affairs as an attorney-at-law and extensive knowledge of legal affairs and accounting. Although he has not been involved in corporate management other than of the Company, the Company considers that he will be capable of fulfilling his duties as Outside Director by utilizing his experience and knowledge for the benefit of the Company.	
		[Special interests] There are no special interests between Mr. Shigekazu Torikai and the Company.	
		[Years of service as Outside Director] Mr. Shigekazu Torikai will have served as Outside Director for five years and two months at the conclusion of this General Meeting of Shareholders.	
9	Naoko Makino (January 28, 1968) [Outside Director] [Independent Director] Re-appointed	April 1990 Joined Asako Aramaki Office Co., Ltd. (currently Diet Communications Co., Ltd.) December Resigned from Asako Aramaki Office Co., Ltd. (currently 1995 Diet Communications Co., Ltd.) January 1996 Freelance (Member of Association of Freelance Dieticians in Nakano Ward) March 2004 Representative Director, Studio Ku Ltd. (to present) May 2007 Council and Member of Editorial Committee, Japan Society of Food Science Education April 2013 Councilor, General Incorporated Association Japan Society of Food Science Education (to present); Member of Editorial Committee, General Incorporated Association Japan Society of Food Science Education (to present) January 2016 Member of Planning Committee, General Incorporated Association Japan Society of Food Science Education (to present) May 2016 Director, the Company (to present)	0
		[Reasons to be nominated as candidate for Outside Director] Ms. Naoko Makino started her career as a managerial dietician and currently is a member of the Japan Society for the Study of Obesity and serves as a lecturer for the lifelong education program of Kagawa Nutrition University and as a lecturer of Kagawa Nutrition University. She has abundant experience of food as a culinary expert and extensive knowledge about nutrition and cookery. The Company considers that she will be capable of fulfilling her duties as Outside Director by utilizing her experience and knowledge for the benefit of the Company.	
		[Special interests] There are no special interests between Ms. Naoko Makino and the Company.	
		[Years of service as Outside Director] Ms. Naoko Makino will have served as Outside Director for four years at the conclusion of this General Meeting of Shareholders.	

(Notes)

1. The Company has entered into agreements with Messrs. Akira Terakawa, Shigekazu Torikai, and Ms. Naoko Makino to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum amount stipulated in Article 425 of the said Act. Subject to approval of their reelection, the

- Company intends to continue the said agreements with them.
2. Of the candidates for Director, Messrs. Akira Terakawa, Shigekazu Torikai, and Ms. Naoko Makino are candidates for Outside Director.
 3. Mr. Shigekazu Torikai and Ms. Naoko Makino satisfy the requirements for Independent Director prescribed by Tokyo Stock Exchange and the Company designated Mr. Shigekazu Torikai and Ms. Naoko Makino as Independent Directors prescribed by Tokyo Stock Exchange on which the Company's shares are listed and submitted a notification of the designation to the said Exchange. The Company considers that they satisfy the Criteria for Independence of Independent Outside Directors/Corporate Auditors specified by the Company.
 4. The number of shares of the Company held is the number of shares of the Company held as of February 29, 2020. It does not include the number of shares of the Company held through the Executives' Shareholding Association.

Proposal 2: Election of Two (2) Corporate Auditors

Corporate Auditor Mr. Tatsuo Mizuhashi will resign and the term of office of Outside Corporate Auditor Mr. Shinobu Okamoto will expire at the conclusion of this year’s Annual General Meeting of Shareholders. Accordingly the election of two (2) Corporate Auditors, including one (1) Outside Corporate Auditor, is proposed. Since Mr. Masami Sakamoto is nominated as a substitute for Mr. Tatsuo Mizuhashi, his term of office shall be the remainder of the term of office of Mr. Tatsuo Mizuhashi who is resigning, as stipulated in the Company’s Articles of Incorporation.

The Company has specified the following matters as a policy for nomination of candidates for Corporate Auditor and the candidates for Corporate Auditor satisfy these requirements. The Audit & Supervisory Board has previously given its approval to this proposal.

“Policy for Nomination of Candidates for Corporate Auditor”

Based on the management philosophy of the Company, the person shall audit execution of duties of Directors and prevent violation of laws and regulations or the Articles of Incorporation and also be capable of contributing to maintenance and improvement of sound management and social credibility of the Company. The person shall be capable of contributing to securing soundness of management by conducting audits from a neutral and objective perspective.

No.	Name (Date of birth)	Career summary, positions in the Company and significant concurrent positions	Number of shares of the Company held
1	Masami Sakamoto (February 25, 1958) Newly appointed	<p>March 1980 Joined The Maruetsu, Inc.</p> <p>March 2008 Manager, Corporate Planning Department, Corporate Planning Division, The Maruetsu, Inc.</p> <p>March 2010 General Manager, Finance and Accounting Division, The Maruetsu, Inc.</p> <p>May 2010 Executive Officer; General Manager, Finance and Accounting Division, The Maruetsu, Inc.</p> <p>May 2012 Executive Officer; General Manager, Human Performance Reform Division, The Maruetsu, Inc.</p> <p>April 2013 Executive Officer, The Maruetsu, Inc.; President, Marno Co., Ltd.; President, Marno Center Support Co., Ltd.</p> <p>May 2013 Advisor, The Maruetsu, Inc.; President, Marno Co., Ltd.; President, Marno Center Support Co., Ltd.</p> <p>May 2014 President, Marno Co., Ltd.; President, Marno Center Support Co., Ltd.</p> <p>March 2015 President, Marno Co., Ltd.</p> <p>March 2017 President, Asubiz Support Co., Ltd.</p> <p>March 2018 Advisor to President, The Maruetsu, Inc.</p> <p>May 2018 Full-time Corporate Auditor, The Maruetsu, Inc. (to present)</p>	19,397
		[Reasons to be nominated as candidate for Corporate Auditor] Mr. Masami Sakamoto has abundant experience and deep insight through his service as Executive Officer and Corporate Auditor at The Maruetsu, Inc. The Company considers that his experience and insight make him suitable for the position.	
		[Special interests] There are no special interests between Mr. Masami Sakamoto and the Company.	

No.	Name (Date of birth)	Career summary, positions in the Company and significant concurrent positions	Number of shares of the Company held
2	Shinobu Okamoto (June 18, 1954) [Outside Corporate Auditor] [Independent Auditor] Re-appointed	<p>April 1977 Co-ordination Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>July 2005 Special Officer (Planning and Co-ordination), First Taxation Department, Tokyo Regional Taxation Bureau</p> <p>July 2006 District Director, Kawashima Tax Office, Takamatsu Regional Taxation Bureau (Tokushima Prefecture)</p> <p>July 2007 Chief Examiner, Third Large Enterprise Examination Department, Tokyo Regional Taxation Bureau</p> <p>July 2008 Director, Planning Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>July 2009 Director, First Personnel Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>July 2012 Chief Internal Inspector, Commissioner's Secretariat, National Tax Agency</p> <p>June 2013 Assistant Regional Commissioner (Management and Co-ordination), Nagoya Regional Taxation Bureau</p> <p>July 2014 Regional Commissioner, Kumamoto Regional Taxation Bureau</p> <p>October 2015 Representative, Shinobu Okamoto Tax Accountant Office (to present)</p> <p>May 2016 Corporate Auditor, the Company (to present)</p> <p>June 2019 Outside Audit & Supervisory Board Member, Yamaichi Electronics Co., Ltd. (to present)</p> <p>[Reasons to be nominated as candidate for Outside Corporate Auditor] Mr. Shinobu Okamoto has abundant experience in business accounting as a certified tax accountant and extensive knowledge about tax affairs and accounting. Although he has not been involved in corporate management, the Company considers that he will be capable of fulfilling his duties as Outside Corporate Auditor by utilizing his experience and knowledge in management of the Company for the reasons stated above.</p> <p>[Special interests] There are no special interests between Mr. Shinobu Okamoto and the Company.</p> <p>[Years of service as Outside Corporate Auditor] Mr. Shinobu Okamoto will have served as Outside Corporate Auditor for four years at the conclusion of this General Meeting of Shareholders.</p>	0

(Notes)

1. The candidate for Corporate Auditor Mr. Shinobu Okamoto is a candidate for Outside Corporate Auditor.
2. Mr. Shinobu Okamoto satisfies the requirements for Independent Auditor prescribed by Tokyo Stock Exchange and the Company designated Mr. Shinobu Okamoto as an Independent Auditor prescribed by Tokyo Stock Exchange on which the Company's shares are listed and submitted a notification of the designation to the said Exchange. The Company considers that he satisfies the Criteria for Independence of Independent Outside Directors/Corporate Auditors specified by the Company.
3. The number of shares of the Company held is the number of shares of the Company held as of February 29, 2020. It does not include the number of shares of the Company held through the Executives' Shareholding Association.
4. The Company has entered into an agreement with Mr. Shinobu Okamoto to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum amount stipulated in Article 425 of the said Act. Subject to approval of his reelection, the Company intends to continue the said agreement with him.

Proposal 3: Partial Revision to the Restricted Stock Compensation System for Directors

This is to propose a partial revision in the restricted stock compensation system for the Company's Directors (excluding Outside Directors and Part-time Directors; hereinafter referred to as the "Eligible Directors"), which was approved at the 2nd Annual General Meeting of Shareholders held on May 19, 2017.

The amount of remuneration for the Company's Directors is a maximum of ¥150 million per year (including a maximum of ¥35 million per year for Outside Directors, not including any employee salaries payable to Directors who are also employees), as approved by the 1st Annual General Meeting of Shareholders held on May 19, 2016. The 2nd Annual General Meeting of Shareholders held on May 19, 2017 gave approval to provide the Eligible Directors with monetary compensation receivables for the purpose of granting restricted stock (hereinafter referred to as "Monetary Compensation Receivables") not exceeding ¥150 million per year under the restricted stock compensation system separately from the limit of remuneration for Directors stated above.

Under the current restricted stock compensation system, regarding the total amount of Monetary Compensation Receivables, it is assumed that the amount corresponding to execution of duties for three fiscal years is provided, in principle, at a single time in the first year of the three fiscal years covered by a medium-term management plan, and thus, in practice, it is equivalent to provision of a maximum of ¥50 million per year.

In order to adjust the system so that it reflects performance results in the amount of compensation annually and makes the responsibilities of the Eligible Directors more clear, this is a proposal to convert the restricted stock compensation system to fixed compensation notified in advance, in which shares with a single-year transfer restriction period will be granted in each of the first, the second, and the third years of the medium-term management plan, and if the performance achievement points for the previous fiscal year score 100% or more, the transfer restriction for all the shares will be removed, and if less than 100%, all the shares will be forfeited. There will be no change to the current maximum of ¥150 million per year for the amount of Monetary Compensation Receivables. However, while Monetary Compensation Receivables for the three fiscal years covered by a medium-term management plan have been provided at a single time under the current system, Monetary Compensation Receivables will be provided annually for each fiscal year under the proposed system, and thus, in practice, the maximum total amount provided will be ¥50 million per year.

Since the maximum total amount under the current system is also equivalent to provision of a maximum of ¥50 million per year, in practice, we believe that this proposal follows the current system.

The current number of Directors is nine (9) (including four (4) Outside Directors and Part-time Directors). If Proposal 1 "Election of Nine (9) Directors" is approved and resolved as originally proposed, the number of Directors will continue to be nine (9) (including four (4) Outside Directors and Part-time Directors).

[Reference] Outline of the Company's restricted stock compensation system subject to the approval of this proposal

Under the restricted stock compensation system, which offers fixed compensation notified in advance, the Company will provide the Eligible Directors with restricted shares with a single-year transfer restriction period in each of the first, the second, and the third year of the period covered by the medium-term management plan, and if the performance achievement points for the previous fiscal year score 100% or more, the transfer restriction for all the shares will be removed, and if less than 100%, all the shares will be forfeited. The Company will provide the Eligible Directors with Monetary Compensation Receivables for the purpose of granting restricted stock to them, have them make in-kind contribution using the Monetary Compensation Receivables, and, in return, issue or dispose of the Company's common stock to them. The Company will also conclude a restricted stock allotment agreement including the contents described in (4) below (hereinafter referred to as the "Allotment Agreement") with the Eligible Directors, and the Eligible Directors shall not freely transfer, etc. the shares of the Company's common stock allotted under the Allotment Agreement (hereinafter referred to as the "Allotted Shares") during a certain time period set out in the Allotment Agreement. If the performance targets preliminarily set out by the Company are achieved within the transfer restriction period, the Company shall remove the restriction on transfer of the Allotted Shares. The Company shall acquire free of charge the Allotted Shares for which the transfer restriction has not been removed. In this way, the Company provides an incentive for the Eligible Directors to achieve the performance targets.

(1) Total amount of Monetary Compensation Receivables

The maximum amount of Monetary Compensation Receivables to be provided to Eligible Directors shall be the same as the amount under the previous system, which is a maximum of ¥150 million per year for three fiscal years in total. Therefore, regarding Monetary Compensation Receivables based on the restricted stock compensation system, it is assumed that shares of the Company's common stock with a single-year transfer restriction period will be granted to the Eligible Directors in each of the first, the second, and the third years of the three fiscal years covered by the medium-term management plan, and thus, in practice, the amount of Monetary Compensation Receivables will be a maximum of ¥50 million per fiscal year.

(2) Allotment of and payment for the restricted stock

The amount to be paid in per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

(3) Transfer restriction period

The Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Allotted Shares under the Allotment Agreement during a time period set out preliminarily by the Company's Board of Directors (hereinafter referred to as the "Transfer Restriction Period"), which shall be between one year and five years from the date of such allotment according to the Allotment Agreement. (This restriction shall be hereinafter referred to as the "Transfer Restriction.")

(4) Removal of the Transfer Restriction according to achievement of the performance targets

The Company shall remove the Transfer Restriction with respect to all the Allotted Shares at the expiry of the Transfer Restriction Period, if performance targets for the Company's consolidated ordinary income and consolidated operating revenue, etc., preliminarily set out by the Company's Board of Directors are achieved, during the Transfer Restriction Period. After that, Eligible Directors may freely transfer, etc. the Allotted Shares for which the Transfer Restriction has been removed. In addition, the Company shall naturally acquire free of charge the Allotted Shares for which the Transfer Restriction has not been removed in accordance with the provisions above at the expiry of the Transfer Restriction Period.

(5) Treatment upon retirement

If the Eligible Director retires from his or her position as Director of the Company or of a wholly owned subsidiary of the Company prior to the expiry of the Transfer Restriction Period, the Company shall naturally acquire free of charge the Allotted Shares, unless such retirement is due to expiry of the term of office, death or other reasons deemed justifiable by the Company's Board of Directors.

However, in the event that an Eligible Director leaves the position specified above before the expiry of the Transfer Restriction Period for reasons deemed justifiable by the Company's Board of Directors specified above, the number of the Allotted Shares subject to removal of the Transfer Restriction and the timing of such removal of the Transfer Restriction shall be reasonably adjusted by the Company's Board of Directors.

(6) Treatment in the event of organizational restructuring, etc.

If a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement

whereby the Company will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company will become a wholly owned subsidiary of another party, is approved by the Company's General Meeting of Shareholders (or by the Company's Board of Directors if such organizational restructuring, etc. does not require the approval of the Company's General Meeting of Shareholders) during the Transfer Restriction Period, the Company shall remove, based on the resolution of the Board of Directors of the Company, the Transfer Restriction of the Allotted Shares from the starting date of the Transfer Restriction Period to the approval date of such organizational restructuring, etc. prior to the effective date of such organizational restructuring, etc. The number of such Allotted Shares subject to removal of the Transfer Restriction shall be reasonably adjusted by the Company's Board of Directors in light of the degree of achievement of the performance targets specified in (4) above. In the case specified above, as of the time immediately after the removal of the Transfer Restriction, the Company shall naturally acquire free of charge the Allotted Shares for which the Transfer Restriction has not been removed from Eligible Directors.

(7) Other matters to be determined by the Board of Directors

Besides the above-mentioned matters, the Allotment Agreement shall prescribe matters to be determined by the Company's Board of Directors, including the methods of indicating intention and sending notification under the Allotment Agreement and procedures for revising the Allotment Agreement.