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Securities Code: 8218

June 2, 2017

To our shareholders:

Yuichiro Sasage
President, CEO and COO
KOMERI CO., LTD.
4501-1, Shimizu, Minami-ku, Niigata-shi

NOTICE OF THE 56TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 56th Ordinary General Meeting of Shareholders of KOMERI CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail. Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail to reach us no later than Thursday, June 22, 2017 at 6:00 p.m. (Japan Standard Time).

- 1. Date and Time:** Friday, June 23, 2017 at 10:00 a.m. (Japan Standard Time)
(Reception to begin at 9:00 a.m.)
- 2. Venue:** Large Conference Room (4th Floor), Head Office of the Company
4501-1, Shimizu, Minami-ku, Niigata-shi

3. Purposes:

Items to be reported:

- 1. Business Report and Consolidated Financial Statements for the 56th Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board
- 2. Non-Consolidated Financial Statements for the 56th Term (from April 1, 2016 to March 31, 2017)

Items to be resolved:

- Proposal No. 1** Partial Amendments to the Articles of Incorporation
- Proposal No. 2** Election of Eight (8) Directors

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) The Company's business purposes will be revised and supplemented so that the Group can respond to the diversification of business in the future.
- (2) The "Countermeasures Against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)" will not be continued following expiration of its effective term, and accordingly, related provisions will be deleted.

2. Details of the amendments

The details of the amendments are as follows.

(The underlined sections indicate amendments.)

Current Articles of Incorporation	Proposed Amendment
<p>Article 2.</p> <p>The purpose of the Company shall be to engage in the following business activities:</p> <p>1. to 9. (Omitted)</p> <p>10. Sales of office supplies, office equipment, stationary supplies, books, magazines, and <u>cassette tapes, videotapes, and mini-disks</u>, etc.</p> <p>11. to 12. (Omitted)</p> <p>13. Sales of rice, foodstuffs, soft drinks, salt, alcoholic beverages, tobacco, stamps, post cards, revenue stamps, <u>phone cards, bus coupons</u>, lottery tickets, gift cards, and prepaid cards, etc.</p> <p>14. to 15. (Omitted)</p> <p>16. Import and export operations related to the products specified in the preceding items and related products.</p> <p>17. to 39. (Omitted)</p> <p>40. Production of agricultural products and technical guidance related to the production of agricultural products.</p> <p>41. to 53. (Omitted)</p> <p style="padding-left: 40px;">(Newly established)</p> <p style="padding-left: 40px;">(Newly established)</p> <p style="padding-left: 40px;">(Newly established)</p> <p><u>54.</u> All operations that are incidental to those mentioned in the preceding items.</p>	<p>Article 2.</p> <p>(Unchanged)</p> <p>1. to 9. (Unchanged)</p> <p>10. Sales of office supplies, office equipment, stationary supplies, books, magazines, and <u>recording media</u>, etc.</p> <p>11. to 12. (Unchanged)</p> <p>13. Sales of rice, foodstuffs, soft drinks, salt, alcoholic beverages, tobacco, stamps, post cards, revenue stamps, lottery tickets, gift cards, and prepaid cards, etc.</p> <p>14. to 15. (Unchanged)</p> <p>16. <u>Planning, design, manufacture, processing, repair, delivery, and</u> import and export operations related to the products specified in the preceding items and related products.</p> <p>17. to 39. (Unchanged)</p> <p>40. Production, <u>sale, and import and export</u> of agricultural products and technical guidance related to the production of agricultural products.</p> <p>41. to 53. (Unchanged)</p> <p><u>54. Performing contracted services, outsourced services, and contracted clerical services.</u></p> <p><u>55. Planning, producing, operating, and managing events, lectures, seminars, etc.</u></p> <p><u>56. In-home long-term care service business, preventive long-term care service business, home modification for in-home long-term care business, preventive long-term care home modification business pursuant to the Long-Term Care Insurance Act and other businesses pursuant to the same Act.</u></p> <p><u>57.</u> All operations that are incidental to those mentioned in the preceding items.</p>

Current Articles of Incorporation	Proposed Amendment
<p>(Method for Passing Resolutions)</p> <p>Article 16.</p> <ol style="list-style-type: none"> 1. Unless otherwise provided for by laws and regulations, and these Articles of Incorporation, resolutions of a general meeting of shareholders shall be passed by a majority of the votes of the shareholders who are present at the meeting and entitled to exercise their votes at such meetings. 2. Notwithstanding the provisions of the preceding paragraph, resolutions of a general meeting of shareholders as prescribed in Article 309, paragraph 2 of the Companies Act shall be passed by at least two-thirds of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the shareholders entitled to exercise their votes at such meetings are present. 3. <u>In cases where the Board of Directors requests approval from the general meeting of shareholders regarding a resolution matter of the Board of Directors, the general meeting of shareholders can pass a resolution of the matter.</u> 	<p>(Method for Passing Resolutions)</p> <p>Article 16.</p> <ol style="list-style-type: none"> 1. (Unchanged) 2. (Unchanged) <p>(Deleted)</p>

Proposal No. 2 Election of Eight (8) Directors

All nine (9) current Directors will conclude their terms of office at the conclusion of this meeting. Accordingly, the Company proposes that eight (8) Directors be elected.

The candidates for Director are listed below.

If this item is approved as proposed, four (4) out of eleven (11) attending members of the Board of Directors will be Independent Outside Officers.

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yuichiro Sasage (May 20, 1956)	<p>Apr. 1988 Joined the Company. June 1992 Director of the Company Mar. 1996 Managing Director of the Company June 1997 Executive Director of the Company June 2002 Executive Vice-President of the Company June 2003 President and COO of the Company June 2014 President, CEO and COO of the Company (present positions)</p> <p>[Significant concurrent positions outside the Company] President, HOKUSEI SANGYO Co., Ltd. President, LIFE KOMERI Inc. President, MOVIE TIME Co., Ltd. President, Bit-A Co., Ltd. President, KOMERI CAPITAL Co., Ltd. President, KOMERI CREATE Co., Ltd. President, KOMERI SUPPORT Co., Ltd. Chairman, KOMERI midori-ikuseizaidan Chairman, Komeri Disaster Response Center NPO</p>	702,430
<p>[Reasons for nomination as a candidate for Director] Yuichiro Sasage has contributed to the growth of the Company's Home Center business in his role as President and to the growth of the Group in his capacity as the effective leader of the Group's businesses since 2014. With his extensive business knowledge and experience, he has facilitated sufficient and appropriate deliberations by the Board of Directors as its Chair, particularly on significant management matters, and has enhanced the functions of the Board as a decision-making body. He was nominated to continue in the position of Director as he is deemed qualified to help drive the sustained growth of the Company's corporate value.</p>			
2	Noboru Ishizawa (January 5, 1958)	<p>Mar. 1980 Joined the Company. June 2003 Executive Officer of the Company June 2007 Director and Executive Officer of the Company June 2015 Managing Director, Managing Executive Officer, and General Manager of Human Resources Department of the Company (present positions)</p> <p>[Significant concurrent positions outside the Company] President, KOMERI CREATE Co., Ltd. President, KOMERI SUPPORT Co., Ltd.</p>	10,732
<p>[Reasons for nomination as a candidate for Director] Noboru Ishizawa has years of experience in the fields of recruiting and development of human resources as well as the improvement of the Company's labor share in his role as the Director responsible for the human resources department. He has proactively shared his opinions at Board of Directors' meetings. He was nominated to continue in the position of Director as he is deemed qualified to help drive the sustained growth of the Company's corporate value.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)		Number of the Company's shares owned
3	Shuichi Matsuda (October 1, 1943)	Apr. 1986	Associate Professor of Waseda University System Research Institute	4,700
		Apr. 1991	Professor of Waseda University System Research Institute	
Apr. 1997		Professor of MBA Program, Waseda University Graduate School of Asia-Pacific Studies		
June 2000		Outside Director of the Company (present position)		
Apr. 2007		Professor of Technology Management, Waseda University Graduate School of Commerce		
Apr. 2012		Emeritus Professor of Waseda University (present position)		
<p>[Reasons for nomination as a candidate for Outside Director] Shuichi Matsuda has no direct experience in corporate management other than having served as an Outside Director; however, the Company proposes his continuous election as an Outside Director since his academic knowledge as a long-standing university professor as well as his broad perspectives and experiences as the Outside Director of other companies are deemed sufficient to perform the role of overseeing the Company's management. He will have served as an Outside Director for seventeen years at the conclusion of this meeting.</p> <p>[Matters related to independence of the candidate] Since there is no transactional relationship between Shuichi Matsuda and the Company that might affect the Company's decision-making, the Company has determined that there is no risk of conflict of interest with general shareholders. He has been designated an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc., and registered as such at the Exchange. If his reappointment is approved, he will continue to be registered as an Independent Officer.</p>				
4	Masao Kiuchi (July 25, 1944)	Apr. 1968	Joined Seiyu Stores Ltd. (currently Seiyu GK)	—
		Mar. 1993	Representative Director of Ryohin Keikaku Co., Ltd.	
Aug. 1997		Director and Chairman of Ryohin Keikaku Co., Ltd. (retired in May 2005) Representative Director and Vice-President of Seiyu Co., Ltd.		
Feb. 2001		President and CEO of Seiyu Co., Ltd.		
May 2003		Director, Representative Executive Officer, and CEO of Seiyu Co., Ltd. (retired from the position of Director of Seiyu Co., Ltd., in December 2005)		
July 2007		CEO of U.P.n.P. Co., Ltd. (present position)		
June 2011		Outside Audit and Supervisory Board Member of the Company		
June 2015		Outside Director of the Company (present position)		
[Significant concurrent positions outside the Company] CEO, U.P.n.P. Co., Ltd.				
<p>[Reasons for nomination as a candidate for Outside Director] The Company proposes that Masao Kiuchi be continuously elected as an Outside Director since he is deemed capable of contributing to the management of the Company based on his broad perspectives and expertise as a business executive. He will have served as an Outside Director for two years at the conclusion of this meeting.</p> <p>[Matters related to independence of the candidate] Since there is no transactional relationship between Masao Kiuchi and the Company that might affect the Company's decision-making, the Company has determined that there is no risk of conflict of interest with general shareholders. He has been designated an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc., and registered as such at the Exchange. If his reappointment is approved, he will continue to be registered as an Independent Officer.</p>				

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)		Number of the Company's shares owned
5	Tadashi Tanabe (September 1, 1958)	Mar. 1981	Joined the Company.	6,218
		June 2009	Executive Officer of the Company	
		June 2012	Director and Executive Officer of the Company	
		Apr. 2017	Director and Executive Officer Responsible for Operation, General Manager Responsible for "Athena" Format Merchandising and Responsible for Compliance of the Company (present positions)	
[Reasons for nomination as a candidate for Director] Tadashi Tanabe has years of experience in the purchasing/procurement and product development departments and in operations at various store formats of "Power," "Home Center," "Hard & Green" and "Athena." He also has diverse job-related experience in the home construction and remodeling, construction, and other departments. He was nominated to continue in the position of Director as he is deemed qualified to help drive the sustained growth of the Company's corporate value as an overall controller making use of his broad experiences.				
6	Hiroshi Hayakawa (August 22, 1963)	Aug. 1985	Joined the Company.	8,032
		Jan. 2011	Executive Officer of the Company	
		June 2012	Director and Executive Officer of the Company	
		June 2015	Director, Executive Officer, General Manager of Strategic Planning Office, General Manager of Affiliate Company Administration Office, and Responsible for Public Relations of the Company (present positions)	
[Significant concurrent positions outside the Company] Managing Director, LIFE KOMERI Inc. Managing Director, MOVIE TIME Co., Ltd.				
[Reasons for nomination as a candidate for Director] Hiroshi Hayakawa has proactively shared his opinions at Board of Directors' meetings as the Director responsible for the corporate planning department. In addition, as the Director responsible for management of affiliated companies, he has enhanced the synergy of Group businesses and helped boost the Group's corporate value. He was nominated to continue in the position of Director as he is deemed qualified to help drive the sustained growth of the Company's corporate value.				
7	Katsushi Suzuki (June 23, 1964)	Mar. 1988	Joined the Company.	1,800
		June 2012	Executive Officer of the Company	
		June 2014	Director and Executive Officer of the Company	
		Apr. 2015	Director, Executive Officer, General Manager of New Business Promotion Office, General Manager of Dot-com Business Division, and Responsible for Chain Store Operation System Innovation and Promotion Office of the Company (present positions)	
[Reasons for nomination as a candidate for Director] Katsushi Suzuki has helped boost the Group's corporate value as the Director in charge of new business development including Internet (Dot-com) business. He also has years of experience in business reorganization aimed at enhancing the efficiency of the Group's operations, and has proactively shared his opinions at Board of Directors' meetings. He was nominated to continue in the position of Director as he is deemed qualified to help drive the sustained growth of the Company's corporate value.				
8	Naoshi Hosaka (February 28, 1969)	Mar. 1994	Joined the Company.	2,500
		June 2012	Executive Officer of the Company	
		June 2014	Director, Executive Officer, and General Manager of Store Planning Department of the Company (present positions)	
[Reasons for nomination as a candidate for Director] Naoshi Hosaka has been engaged in promoting the Company's format-based sales booster program, which includes store zoning and appearance improvements, for many years. He has also proactively shared his opinions at Board of Directors' meetings. He was nominated to continue in the position of Director as he is deemed qualified to help drive the sustained growth of the Company's corporate value.				

Notes: 1. None of the candidates has a special interest in the Company.

2. Shuichi Matsuda and Masao Kiuchi are candidates for Outside Director.
3. If the reelection of Shuichi Matsuda and Masao Kiuchi is approved, the Company will continue its limited liability agreement with them. A summary of the content of the limited liability agreement is given below.
[Summary of the content of the limited liability agreement]
With respect to the liability set forth in Article 423, paragraph 1 of the Companies Act, when a Director (excluding Directors who are Executive Directors) meets the criteria prescribed in laws and regulations, such as when he/she acts in good faith and is not grossly negligent in conducting an Outside Director's duties, he/she shall assume liability for damages limited to the minimum liability amount prescribed in Article 425, paragraph 1 of the Companies Act.
4. Career summaries and other information for each of the above candidates are as of May 16, 2017.