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(Stock Exchange Code 9010)
June 1, 2018

To Shareholders with Voting Rights:

Koichiro Horiuchi
President and Representative Director
FUJI KYUKO CO., LTD.
2-1, Shin-nishihara 5-chome,
Fujiyoshida-shi, Yamanashi

**NOTICE OF
THE 117TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 117th Annual General Meeting of Shareholders of FUJI KYUKO CO., LTD. (the “Company”). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or by electromagnetic means, such as the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it to us or cast your vote on the voting website designated by the Company after reading “Guidance for the Exercise of Voting Rights via the Internet” on pages 2–4. Either way, your vote must be received by 6 p.m. on Thursday, June 21, 2018, Japan time.

- 1. Date and Time:** Friday, June 22, 2018, at 10 a.m. Japan time
- 2. Place:** Highland Resort Hotel & Spa “Grand Banquet Fuji”
6-1, Shin-nishihara 5-chome, Fujiyoshida-shi, Yamanashi
(By train, get off at the Fuji-Q Highland Station on the Fujikyuko Line)
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 117th Fiscal Year (April 1, 2017–March 31, 2018) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 117th Fiscal Year (April 1, 2017–March 31, 2018)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendments to the Articles of Incorporation
 - Proposal 3:** Election of Seven (7) Directors
 - Proposal 4:** Election of One (1) Corporate Auditor
 - Proposal 5:** Introduction of a Stock-based Incentive Plan for Directors
- 4. Matters concerning the exercise of voting rights:**
 - (1) If you have exercised your voting rights both by sending the Voting Rights Exercise Form and via the Internet, the vote cast through the Internet shall be deemed valid.
 - (2) If you have exercised your voting rights via the Internet more than once, the latest vote shall be deemed valid.
 - (3) In accordance with laws and regulations and Article 18 of the Company’s Articles of Incorporation,

the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are not attached to this notice of annual general meeting of shareholders and instead are provided on the Company's website (<https://www.fujikyu.co.jp/soumu/investors/meeting.html>). As part of the Consolidated Financial Statements and the Non-consolidated Financial Statements, said notes have been audited by the Accounting Auditor and the Corporate Auditors of the Company.

- (4) Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website shown in (3) above.
- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - After the shareholders' meeting, we will have an informal gathering for shareholders as usual.

Guidance for the Exercise of Voting Rights via the Internet

Exercise of voting rights via the Internet should be done by accessing the voting website designated by the Company and casting your vote upon understanding of the following matters.

Any inquiries about the use of the voting website should be directed to the Help Desk shown below.

If you attend the shareholders' meeting in person, voting via the Voting Rights Exercise Form or the Internet is unnecessary.

1. Voting website

The voting website on the Internet: https:// evote.tr.mufg.jp/
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<QR code> If you use a smartphone or a mobile phone to exercise your voting rights, you can access the voting website by reading the QR code on the left.

“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

- (1) Exercise of voting rights via the Internet is only possible by accessing the above voting website through a computer, a smartphone or a mobile phone (i-mode, EZweb or Yahoo! Keitai).* (However, this voting service is not available from 2 a.m. to 5 a.m. each day.)
- (2) The exercise of voting rights through a computer or a smartphone might not be possible, depending on your system environment for using the Internet, in such cases that an antivirus software is in operation, the proxy server is in use and/or TLS-encrypted communication is not available.
- (3) For the exercise of voting rights via a mobile phone, please use any of the services of i-mode, EZweb or Yahoo! Keitai. For security reasons, the voting system is available only through models that allow TLS-encrypted communication and transmission of information on mobile phones.
- (4) You will be able to exercise your voting rights via the Internet up to 6 p.m. on Thursday, June 21, 2018. However, we would be grateful if you would exercise your voting rights as early as possible.

Note: “i-mode,” “EZweb” and “Yahoo!” are trademarks or registered trademarks of NTT DOCOMO INC., KDDI CORPORATION and Yahoo! Inc., respectively.

2. Exercise of voting rights via the Internet

- (1) Please enter the “Login ID” and “Temporary Password,” which are shown on the enclosed Voting Rights Exercise Form, and vote for or against each proposal in accordance with the on-screen instructions.
- (2) To prevent unauthorized access by third parties other than the Company's shareholders and the alteration of votes, the voting site will request a user to change his/her “Temporary Password.”
- (3) Shareholders will be notified of a new “Login ID” and “Temporary Password” each time a shareholders' meeting is convened.

3. Handling of multiple votes

- (1) If you have exercised your voting rights both by sending the Form for Exercising Voting Rights and via the Internet, those exercised via the Internet will be taken as valid.
- (2) If you have exercised your voting rights multiple times on the Internet, the final vote will be deemed valid. If you have cast multiple votes by using two or more of a computer, a smartphone or a mobile phone, the final vote will be deemed valid.

4. Charges for accessing the voting site

Please be aware that you shall incur the fees and charges for accessing the voting site (Internet access fees, phone charges and others). If you access said website by mobile phone, you shall also incur the packet communication fees and other charges related to the use of the mobile phone.

For any inquiries about the use of the voting website, contact:

Toll-free number: 0120-173-027 (9 a.m.–9 p.m.) Stock Transfer Agency Department (Help Desk) Mitsubishi UFJ Trust and Banking Corporation
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To Institutional Investors:

The Company subscribes to the “ICJ Platform,” an electronic voting platform operated by ICJ, Inc.

End

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company proposes to pay a year-end dividend of ¥15.50 per share for the fiscal year ended March 31, 2018, while conforming to the basic policy of maintaining stable dividends and taking into account the business results for the fiscal year under review and other factors.

- 1) Type of property for dividends
Cash
- 2) Allotment of property for dividends and total amount thereof
¥15.50 per share of the Company's common stock
Total amount: ¥827,244,936
- 3) Effective date of distribution of surplus
June 25, 2018

As of October 1, 2017, the Company conducted a reverse stock split by consolidating two shares of its common stock into one share. If this proposal is approved as originally proposed, the year-end dividend for the fiscal year ended March 31, 2018, will have increased by ¥0.50 per share compared with the previous year's result of ¥15 per share reflecting the reverse stock split.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

(1) Adding a new item to the line of businesses of the Company

Fuji Q Kids Garden, a child-care center run by the Company, was opened on September 1, 2017, accepting children from neighboring communities as well as children of the employees of the Fujikyū Group. Accordingly, to clarify the line of businesses offered by the Company, it is proposed to add “child-care service business” to its line of businesses in Article 3 (Purpose).

(2) Changing the term of office of Directors

To further clarify the management responsibility of Directors and construct a management system that enables flexible responses to a changing business environment, it is proposed to change the term of office of Directors as prescribed in Article 21 (Term of Office of Directors) of the current Articles of Incorporation from two (2) years to one (1) year and to delete the provision allowing the adjustment of the term of office. It is also proposed to establish a supplementary rule that prescribes the term of the Directors currently in office.

(3) Other amendments

It is proposed to make partial changes to the wording.

2. Details of the amendments

Details of the amendments are as follows.

(Amended portions are underlined.)

Current Articles CHAPTER I GENERAL PROVISIONS	Amended Articles CHAPTER I GENERAL PROVISIONS
Article 1 through Article 2 (Text Omitted)	Article 1 through Article 2 (Unchanged)
(Purpose) Article 3 The Company <u>makes it a purpose</u> to operate the following businesses. (1) through (13) (text omitted) (New item) <u>(14) Any incidental business that would become necessary to expand each of the abovementioned businesses</u> The Company may hold shares in other companies whenever that is regarded as necessary or effective to operate any of the businesses listed above.	(Purpose) Article 3 The Company’s <u>purpose is</u> to operate the following businesses. (1) through (13) (text omitted) <u>(14) Child-care service business</u> <u>(15) Any incidental business that is necessary to expand each of the abovementioned businesses</u> (Unchanged)
Article 4 through Article 18 (Text Omitted)	Article 4 through Article 18 (Unchanged)
CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS	CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS
Article 19 through 20 (Text Omitted)	Article 19 through 20 (Unchanged)
(Term of Office of Directors) Article 21 The term of office of Directors shall be until the conclusion of the annual general meeting of shareholders for the latest year of the fiscal years ending within <u>two (2)</u> years following their appointment. <u>Provided, however, that the term of a Director who is elected as a substitute for any Director retiring before the expiration of his/her term shall be until</u>	(Term of Office of Directors) Article 21 The term of office of Directors shall be until the conclusion of the annual general meeting of shareholders for the latest year of the fiscal years ending within <u>one (1)</u> year following their appointment.

the term of the retiring Director expires.

Article 22 through Article 44 (Text Omitted)

(New Provision)

Article 22 through Article 44 (Unchanged)

Supplementary Provision

Article 1

Notwithstanding the provision of Article 21, the term of office of Directors who were appointed at the annual general meeting of shareholders held on June 22, 2017, shall be until the conclusion of the annual general meeting of shareholders to be held in 2019. This supplementary provision shall be deleted upon said conclusion.

Proposal 3: Election of Seven (7) Directors

The terms of office of six (6) Directors—Koichiro Horiuchi, Tetsuo Horiuchi, Ikuo Uno, Kazunari Wada, Hisao Takabe and Kaoru Suzuki—will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of seven (7) Directors is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions
1	<p data-bbox="280 613 499 674">Koichiro Horiuchi (September 17, 1960)</p> <p data-bbox="280 707 499 741">To be reappointed</p> <p data-bbox="280 775 499 857">Number of the Company's shares held: 471,346</p>	<p data-bbox="515 443 1372 504">April 1983 Joined the Long-Term Credit Bank Ltd. (currently Shinsei Bank Ltd.)</p> <p data-bbox="515 504 1372 533">March 1988 General Manager, Corporate Planning Div. of the Company</p> <p data-bbox="515 533 1372 562">June 1988 Managing Director of the Company</p> <p data-bbox="515 562 1372 591">February 1989 Senior Managing Director of the Company</p> <p data-bbox="515 591 1372 651">June 1989 Representative Director; Senior Managing Director of the Company</p> <p data-bbox="515 651 1372 712">September 1989 President and Representative Director of the Company (to present)</p> <p data-bbox="515 712 1372 741">[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li data-bbox="515 741 1372 770">• Representative Director, FJ Co., Ltd. <li data-bbox="515 770 1372 799">• Representative Director, Highland Resort Hotel & Spa Co., Ltd. <li data-bbox="515 799 1372 828">• Representative Director, Minobusan Ropeway Co., Ltd. <li data-bbox="515 828 1372 857">• Chairman and Representative Director, Television Yamanashi Co., Ltd. <li data-bbox="515 857 1372 887">• President, Public Interest Incorporated Foundation Horiuchi Koankai <li data-bbox="515 887 1372 947">• Outside Director, MARUI GROUP Co., Ltd. (to retire from this position in June 2018) <li data-bbox="515 947 1372 976">• Outside Auditor, The Yamanashi Chuo Bank, Ltd. <li data-bbox="515 976 1372 1005">• Chairman and Representative Director, FUJI mineral water Co., Ltd.
<p data-bbox="280 1066 1372 1095">Reasons for selecting the candidate for Director</p> <p data-bbox="280 1095 1372 1245">As President of the Company, Koichiro Horiuchi has long engaged in the overall management of the Company, thereby acquiring significant experience. In addition, he has a broad network of personal contacts and deep insight through his experience of taking important posts, including Chairman of the Nihon Bus Association. For these reasons, he is judged as qualified to be nominated again for Director.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions
2	<p>Tetsuo Horiuchi (February 12, 1948)</p> <p>To be reappointed</p> <p>Number of the Company's shares held: 6,900</p>	<p>June 1996 Director-General, Niigata District Transport Bureau, Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>June 1998 Director, Information Management Div., Transport Policy Bureau, Ministry of Transport</p> <p>June 2000 Resigned from the Ministry of Transport</p> <p>July 2000 Auditor, Honshu-Shikoku Bridge Authority</p> <p>April 2004 Advisor of the Company</p> <p>June 2004 Director of the Company</p> <p>June 2005 Managing Director of the Company</p> <p>December 2005 General Manager, Transportation Business Div. of the Company</p> <p>July 2006 In charge of Transportation Business Div. of the Company</p> <p>June 2008 Senior Managing Director of the Company</p> <p>April 2010 General Manager, Transportation Business Div. of the Company</p> <p>June 2012 Senior Executive Officer of the Company</p> <p>June 2014 Vice-president and Representative Director of the Company (to present)</p> <p>June 2015 General Manager, Transportation Business Div., and in charge of Audit Section, General Affairs Div., Purchasing Div. and Compliance Div. (to present)</p> <p>April 2018 Chief Officer supervising Operations Div. and in charge of Audit Section and Compliance Div. (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> • Chairman and Representative Director, Fujikyu Shonan Bus Co., Ltd. • President and Representative Director, Fujigokokisen Co., Ltd. • President and Representative Director, Fujikisen Co., Ltd. • Chairman and Representative Director, Fujikyu Yamanashi Bus Co., Ltd.
		<p>Reasons for selecting the candidate for Director</p> <p>Tetsuo Horiuchi has considerable experience and expertise accumulated through his long years of service at the Ministry of Transport. Since joining the Company, he has taken charge of the transportation business and engaged in the overall management of the Company as Vice-president and Representative Director. These achievements make him judged as qualified to be nominated again for Director.</p>

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	
3	<p data-bbox="296 353 483 421">Ikuo Uno (January 4, 1935)</p> <p data-bbox="296 450 483 472">To be reappointed</p> <p data-bbox="296 501 483 591">Number of the Company's shares held: 0</p>	<p data-bbox="520 248 635 271">July 1986</p> <p data-bbox="520 277 635 300">March 1989</p> <p data-bbox="520 306 635 329">March 1992</p> <p data-bbox="520 336 635 358">March 1994</p> <p data-bbox="520 365 635 387">April 1997</p> <p data-bbox="520 394 635 416">June 1998</p> <p data-bbox="520 423 635 445">April 2005</p> <p data-bbox="520 452 635 474">April 2011</p> <p data-bbox="520 481 635 504">July 2015</p>	<p data-bbox="727 248 1153 271">Director, Nippon Life Insurance Company</p> <p data-bbox="727 277 1265 300">Managing Director, Nippon Life Insurance Company</p> <p data-bbox="727 306 1337 329">Senior Managing Director, Nippon Life Insurance Company</p> <p data-bbox="727 336 1313 358">Executive Vice President, Nippon Life Insurance Company</p> <p data-bbox="727 365 1161 387">President, Nippon Life Insurance Company</p> <p data-bbox="727 394 1098 416">Director of the Company (to present)</p> <p data-bbox="727 423 1169 445">Chairman, Nippon Life Insurance Company</p> <p data-bbox="727 452 1382 474">Executive Advisor to the Board, Nippon Life Insurance Company</p> <p data-bbox="727 481 1382 504">Executive Advisor, Nippon Life Insurance Company (to present)</p> <p data-bbox="520 517 863 539">[Significant concurrent positions]</p> <ul data-bbox="520 546 1342 674" style="list-style-type: none"> <li data-bbox="520 546 1066 568">• Honorary Advisor, Nippon Life Insurance Company <li data-bbox="520 575 1066 598">• Outside Auditor, Odakyu Electric Railway Co., Ltd. <li data-bbox="520 604 1342 627">• External Audit & Supervisory Board member, Tohoku Electric Power Co., Inc. <li data-bbox="520 633 1249 656">• Outside Member of the Board of Directors, Toyota Motor Corporation <p data-bbox="520 663 874 685">(scheduled to retire in June 2018)</p>
	<p data-bbox="304 732 879 754">Reasons for selecting the candidate for Outside Director</p> <p data-bbox="320 761 1358 972">Ikuo Uno has considerable experience in corporate management as is seen by the fact that he is currently assigned as an Honorary Advisor of Nippon Life Insurance Company. We believe his highly professional experience in corporate management will enable him to provide appropriate advice on the overall matters of corporate management from an objective standpoint independent from the Company's officers responsible for business execution, thereby further reinforcing the Company's management structure. For these reasons, he is judged as qualified to be nominated again for Outside Director.</p>		
4	<p data-bbox="280 1099 499 1167">Kaoru Suzuki (September 13, 1958)</p> <p data-bbox="296 1196 483 1218">To be reappointed</p> <p data-bbox="296 1247 483 1337">Number of the Company's shares held: 5,000</p>	<p data-bbox="520 1010 675 1032">February 1984</p> <p data-bbox="520 1039 675 1061">January 1999</p> <p data-bbox="520 1068 675 1090">August 2008</p> <p data-bbox="520 1120 675 1142">February 2010</p> <p data-bbox="520 1171 675 1193">June 2012</p> <p data-bbox="520 1200 675 1223">June 2014</p> <p data-bbox="520 1229 675 1252">June 2014</p> <p data-bbox="520 1281 675 1303">December 2014</p> <p data-bbox="520 1332 675 1355">June 2015</p>	<p data-bbox="727 1010 1246 1032">Joined Fujikyu Corporation (currently FJ Co., Ltd.)</p> <p data-bbox="727 1039 927 1061">Joined the Company</p> <p data-bbox="727 1068 1358 1135">Manager, General Affairs Div.; Manager, Planning Div. of the Company</p> <p data-bbox="727 1142 1382 1209">Chief of the Sales Promotion Section; Manager, Planning Div. of the Company</p> <p data-bbox="727 1216 1198 1238">Executive Officer of the Company (to present)</p> <p data-bbox="727 1245 1098 1267">Director of the Company (to present)</p> <p data-bbox="727 1274 1382 1341">Chief of the Sales Promotion Section; General Manager, Planning Div. of the Company</p> <p data-bbox="727 1348 1350 1415">General Manager, Publicity Div.; General Manager, Planning Div. of the Company</p> <p data-bbox="727 1422 1366 1444">General Manager, Publicity Div.; In charge of Planning Div. of the Company (to present)</p>
	<p data-bbox="304 1464 794 1487">Reasons for selecting the candidate for Director</p> <p data-bbox="320 1494 1358 1615">Kaoru Suzuki has accumulated considerable experience by having long engaged in the planning and publicity divisions of the Company. As a Director, he has taken an active role in the discussions at meetings of the Board of Directors. These achievements make him judged as qualified to be nominated again for Director.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	
5	Kenji Omata (January 23, 1959) To be newly appointed Number of the Company's shares held: 4,500	March 1981 October 2009 June 2012 November 2013 June 2016 February 2018 April 2018	Joined the Company General Manager status of the Company Executive Officer of the Company (to present) Manager, Group Business Div. of the Company Senior Managing Director and Representative Director, Fujikyu Highland Co., Ltd. General Manager, Purchasing Div. of the Company Manager, Group Business Div. of the Company President and Representative Director, Fujikyu Kensetsu Co., Ltd. Manager, Group Business Div., Manager, Transportation Business Div., and Manager, Real Estate Business Div. of the Company Manager, Operations Div. of the Company (to present)
	Reasons for selecting the candidate for Director Kenji Omata has accumulated considerable experience by having long engaged in the planning, development and engineering divisions of the Company and taken an active role as an Executive Officer of the Company in the discussions at meetings of the Board of Executive Officers. These achievements make him judged as qualified to be newly nominated for Director.		
6	Masanori Hirose (March 7, 1958) To be newly appointed Number of the Company's shares held: 3,820	March 1981 August 2010 June 2012 June 2013 June 2014 June 2015	Joined the Company General Manager status of the Company Executive Officer of the Company Manager, Transportation Business Div. of the Company President and Representative Director, Fujikyu Sales Co., Ltd. President and Representative Director, Fuji Express Co., Executive Officer of the Company (to present) General Manager, Audit Section and General Manager, General Affairs Div. of the Company (to present)
	Reasons for selecting the candidate for Director Masanori Hirose has accumulated considerable experience by having long engaged in the general affairs division and management of the group companies and taken an active role as an Executive Officer of the Company in the discussions at meetings of the Board of Executive Officers. These achievements make him judged as qualified to be newly nominated for Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	
7	Tsuyoshi Furuya (April 29, 1959) To be newly appointed Number of the Company's shares held: 2,200	March 1983 June 2014 June 2015 June 2016 February 2018 April 2018	Joined the Company General Manager status of the Company President and Representative Director, Fujikyu City Bus Inc. President and Representative Director, Fujinomiya Fujikyu Hotel Co., Ltd. (currently Hotel Fujikyu Co., Ltd.) President and Representative Director, Shizuhoka Holding, Co., Ltd. Manager, Transportation Business Div. of the Company Executive Officer of the Company (to present) President and Representative Director, Fujikyu Yamanashi Bus Co., Ltd. President and Representative Director, Fujikyu Auto Service Co., Ltd. Manager, Transportation Business Div., Manager, Group Business Div., and Manager, Real Estate Business Div. of the Company General Manager, Operations Div. of the Company (to present)
	Reasons for selecting the candidate for Director Tsuyoshi Furuya has accumulated considerable experience by having long engaged in the transportation, leisure and service divisions and management of the group companies and taken an active role as an Executive Officer of the Company in the discussions at meetings of the Board of Executive Officers. These achievements make him judged as qualified to be newly nominated for Director.		

Notes:

1. The Company has business relationships with FJ Co., Ltd., and Public Interest Incorporated Foundation Horiuchi Koankai relating to real estate rental and the outsourcing of business.
FJ Co., Ltd., engages in the golf course and real estate businesses, which fall under the same categories of businesses operated by the Company.
2. Minobusan Ropeway Co., Ltd., operates the cableway business, which falls under the same category of a business operated by the Company.
3. The Company has a business relationship with FUJI mineral water Co., Ltd., relating to the purchase of articles, real estate rental and lending of funds.
4. The Company has a business relationship with Fujigokokisen Co., Ltd., relating to real estate rental lending and the borrowing of funds through the cash management system (CMS).
5. Mr. Ikuo Uno is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.
6. Matters concerning the candidate for Outside Director:
Mr. Ikuo Uno has been notified with the Tokyo Stock Exchange as an independent director as set forth by the regulations of said Exchange, and will have served as Director of the Company for 20 years as of June 2018.
While he was serving as Outside Director of Panasonic Corporation ("Panasonic"), Panasonic received an order from the European Commission in December 2012 to pay a penalty for violation of an antitrust law on the Braun tube business. Although Panasonic appealed to the European Court of Justice, the appeal was rejected in July 2016, finalizing the penalty. In addition, regarding an act of violating a competition law as to the automobile parts business for certain customers, Panasonic reached agreements with the U.S. Department of Justice in July 2013 and the Competition Bureau of Canada in February 2014 to pay penalties to the respective bodies. Although Mr. Uno had not been able to recognize the fact of such violation until it was revealed, from the perspective of legal compliance he was making constant efforts to prevent the occurrence of business execution that would violate laws by carrying out his duties on the Company's Board of Directors. Since the fact was revealed, he has monitored the measures taken by Panasonic to prevent the recurrence of such a problem.
7. An agreement of limitation of liability with the candidate for Outside Director
Pursuant to Article 427, Paragraph 1, of the Companies Act, Mr. Ikuo Uno and the Company have an agreement to limit the liability for damages prescribed in Article 423, Paragraph 1, of said Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by law.
If the reelection of Mr. Uno is approved, the Company will continue said agreement with him.

Proposal 4: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Masayuki Kobayashi will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of one (1) Corporate Auditor is proposed. The Board of Corporate Auditors has previously given its approval to this proposal. The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions
<p>Masayuki Kobayashi (November 1, 1951)</p> <p>To be reappointed</p> <p>Number of the Company's shares held: 6,900</p>	<p>March 1975 Joined the Company</p>
	<p>April 2002 Manager, Second Administration Div. of the Company</p>
	<p>October 2002 Manager, Planning Div. of the Company</p>
	<p>August 2003 General Manager, Second Administration Div. of the Company</p>
	<p>December 2005 Manager, Transportation Business Div.</p>
	<p>June 2006 Director of the Company</p>
	<p>July 2006 General Manager, Transportation Business Div.</p>
	<p>April 2010 President and Representative Director, Fuji Kyuko Kanko Co., Ltd., President and Representative Director, Fuji Express Co., Ltd., and President and Representative Director, Fujikyū Shonan Bus Co., Ltd.</p>
	<p>April 2011 General Manager, Human Resources Div. of the Company</p>
	<p>June 2012 Executive Officer of the Company</p>
<p>June 2014 Full-time Corporate Auditor of the Company (to present)</p>	
<p>Reasons for selecting the candidate for Corporate Auditor</p> <p>Masayuki Kobayashi has served as a full-time Corporate Auditor of the Company for four years, capitalizing on his considerable knowledge as to the transportation business and experience in the human resources division of the Company. Based on such experience and his expertise acquired through service as the full-time Corporate Auditor, Masayuki Kobayashi is expected to help conduct better audits of the Company. These reasons make him judged as qualified to be nominated again for Corporate Auditor.</p>	

Proposal 5: Introduction of a New Stock-based Incentive Plan for Directors

1. Reasons for the proposal

The Company operates businesses of a highly public nature, centering on transportation via railway and other vehicles, and seeks to ensure a stable business foundation over the long term. To help achieve that, the Company has addressed the issue of incentives for Directors in line with the principle given in Japan's Corporate Governance Code: "the proportion linked to mid- to long-term results and the balance of cash and stock should be set appropriately."

This proposal is submitted to request the approval of shareholders for introducing a new stock-based incentive plan, "Board Benefit Trust (BBT)" (hereinafter called "the Plan"), for the Company's Directors (excluding Outside Directors; hereinafter the same applies unless otherwise noted).

By further clarifying a link between the remuneration for Directors and the stock value of the Company so that Directors can share not only in the advantages of higher stock prices but also in the risks of falling stock prices with shareholders, this proposal intends to raise the motivation of Directors to contribute to enhancing business performance and corporate value of the Company over the mid- to long-term.

Accordingly, the remuneration for the Company's Directors will consist of "basic remuneration," a "bonus" and a "share-based incentive" linked to the business performance of the Company. As stated in 2. (1) below, Directors will receive the share-based incentive at the time of their retirement from office as a general rule.

The Plan involves an additional amount of remuneration for Directors, separately from the amount of remuneration for Directors (up to ¥270 million per year, which does not include the amount of salaries for service as employee) that was approved at the 105th Annual General Meeting of Shareholders held on June 27, 2006. Therefore, we hereby request the approval of shareholders as to the additional amount of share-based remuneration for Directors. It is also proposed that details of the Plan be left to the discretion of the Board of Directors within the range of those described in 2. below.

The number of Directors eligible for the Plan is currently six (6) but will be seven (7) if Proposal 3 is approved as originally planned.

2. Amount of remuneration, etc., relating to the Plan and reference information

(1) Overview of the Plan

The Plan is a stock-based incentive system in which the Company's shares are acquired through a trust (hereinafter, a trust established under the Plan is called "the Trust") by using funds contributed by the Company; and the Company's shares and the cash equivalent to the market price of the Company's shares (hereinafter collectively called "the Company Shares, etc.") are granted to Directors through the Trust in accordance with the Share Grant Regulations for Directors set forth by the Company. The timing for Directors to receive the Company Shares, etc., will be when they retire from office as Director as a general rule.

(2) Persons eligible for the Plan

Directors (Outside Directors and Corporate Auditors are not eligible for the Plan.)

(3) Trust period

From August 2018 (planned) until the conclusion of the Trust. (Any specific ending date of the Trust is not determined. The Trust will continue as long as the Plan continues. The Plan will end with the delisting of the Company's stock, abolition of the Share Grant Regulations for Directors or other reasons.)

(4) Amount of money entrusted (amount of remuneration, etc., relating to the Plan)

Subject to approval of this proposal at this annual general meeting of shareholders, the Company will introduce the Plan for a period of five (5) fiscal years beginning with the fiscal year ending March 31, 2019, and ending with the fiscal year ending March 31, 2023 (hereinafter "the Initial Trust Period", and for any additional period in increments of five fiscal years following the Initial Trust Period. Any such additional period and the Initial Trust Period are hereinafter collectively called "the Trust Periods") and contribute the following amount of money as funds necessary for the Trust to acquire shares of the Company to grant the Company Shares, etc., to eligible Directors.

Initially, the Company will contribute an amount not exceeding ¥60 million as necessary funds for the Initial Trust Period at the time of planned establishment of the Trust in August

2018.

After the elapse of the Initial Trust Period, the Company will additionally contribute an amount not exceeding ¥60 million for each of the Trust Periods as a general rule until the Plan is concluded. In the case of making such additional contribution, however, if there remain in the trust assets any Company shares (Those assets which are equivalent to the number of points given to Directors relating to each of the Trust Periods until immediately before the additional contribution and do not include shares not yet granted to Directors) and money (hereinafter called the “Residual Shares, etc.”), the total sum of the amount of the Residual Shares, etc. (the amount of any Company shares included shall be calculated at the market price at the closing date of the Trust Period immediately before the additional contribution) and an amount additionally contributed by the Company shall not exceed ¥60 million.

In addition, the Company may contribute funds to the Trust in several installments during the Trust Periods including the Initial Trust Period, within the range that the accumulated amount of contributions reaches the abovementioned maximum amount for each of the Trust Periods.

Whenever the Company decides to make such additional contribution, it will be disclosed in a timely and appropriate manner.

(5) The method of acquiring the Company shares and the number of shares to be acquired

Acquisition of the Company shares by the Trust shall be conducted by purchasing them through the stock market or subscribing to the treasury shares to be disposed of by the Company, using the funds contributed as described in (4) above. There shall be no issuance of new shares by the Company.

For the Initial Trust Period, up to 15,000 shares of the Company shall be acquired without delay after the Trust is established.

Details of each acquisition of the Company shares by the Trust will be disclosed in a timely and appropriate manner.

(6) The method of determining the number of the Company Shares, etc., to be awarded to Directors

Each Director will be awarded the number of points that is determined for each fiscal year in consideration of his/her position, etc., in accordance with the Share Grant Regulations for Directors. The total number of points to be awarded to Directors for a single fiscal year shall not exceed 3,000 points. This number was determined by considering the current level of remuneration for Directors and Corporate Auditors, the current and estimated future number of Directors and other factors, and we judge that as reasonable.

The points awarded to Directors will be converted into shares of the Company’s common stock on the basis of one share per point at the time of granting the Company Shares, etc., as described in (7) below. (Provided, however, if a stock split, gratis allotment of shares or share consolidation, etc., occurs subsequent to the approval of this proposal, reasonable adjustments may be made to the maximum number of points and the number of points already awarded or the ratio of conversion, according to the related ratios applied to such events.)

The number of points referred to when the Company Shares, etc., are granted to a Director as described in (7) below shall be, as a general rule, the accumulated number of points that have been awarded to said Director until he or she retires from the office of Director (hereinafter such number of points is called “the Finalized Number of Points”).

(7) Granting of the Company Shares, etc.

If a Director retires from office and satisfies the requisites to be a beneficiary set forth in the Share Grant Regulations for Directors, said Director will receive from the Trust after retirement shares of the Company based on the Finalized Number of Points that is determined as described in (6) above, as a general rule, upon completion of the required procedures to be designated as a beneficiary. Provided, however, that Directors may receive an amount of cash equivalent to a portion of the shares of the Company to be granted, being quoted at their market price, instead of receiving that in the form of Company shares, if they satisfy the relevant requirements prescribed in the Share Grant Regulations for Directors. To enable the granting of such money, the Trust may sell shares of the Company.

(8) Exercise of voting rights

The voting rights associated with the shares of the Company in the Trust account shall not be exercised without exception as per instructions from the trust administrator. That way we intend

to ensure neutrality toward the management of the Company with respect to the exercise of voting rights associated with the shares of the Company in the Trust account.

(9) Handling of dividends

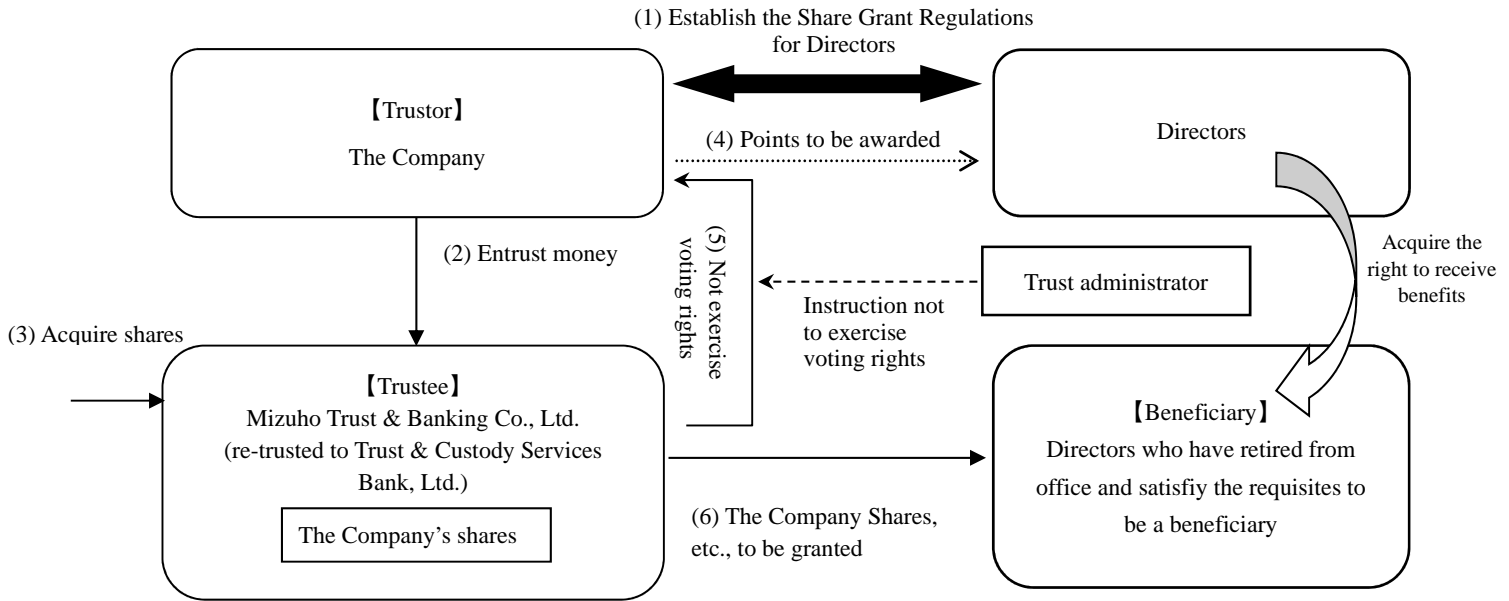
Dividends relating to the shares of the Company in the Trust account shall be received by the Trust to be used to acquire shares of the Company and for trust fees to be paid to the trustee with respect to the Trust. Any dividends, etc., remaining in the Trust at the conclusion of the Trust will be allocated to the Directors then in office according to the number of points they hold, as prescribed by the Share Grant Regulations for Directors.

(10) Handling of assets remaining at the end of the trust period

The Trust will be concluded in the event of any relevant reasons, including delisting of the Company shares and abolition of the Share Grant Regulations for Directors.

Of the assets remaining in the Trust at the conclusion of the Trust, all shares of the Company are to be acquired by the Company without consideration and then cancelled by resolution of the Board of Directors, whereas any remaining cash, less the amount of money to be granted to Directors as described in (9) above, is to be granted to the Company.

<Reference: Structure of the Plan>



- (1) The Company establishes the Share Grant Regulations for Directors within the framework approved in relation to this proposal.
- (2) The Company entrusts money within a range approved in relation to this proposal.
- (3) The Trust acquires shares of the Company using the money entrusted (2) through the stock market or by subscribing to the treasury shares to be disposed of by the Company.
- (4) The Company awards points to Directors in accordance with the Share Grant Regulations for Directors.
- (5) Following the instructions from the trust administrator, the Trust shall not exercise the voting rights associated with the shares of the Company in the Trust account.
- (6) To a Director who retires from office and satisfies the requisites to be a beneficiary (hereinafter “the Beneficiary”), the Trust grants the shares of the Company according to the accumulated number of points awarded to the Beneficiary. If a Director satisfies the relevant requirements set forth in the Share Grant Regulations for Directors, such Director may receive cash instead of Company shares as to a certain portion of the points awarded.

End