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(Stock Exchange Code 2749)  
June 11, 2018

**To Shareholders with Voting Rights:**

Kazuhiro Ogita  
President and Representative Director  
JP-HOLDINGS, INC.  
3-15-31 Aoi, Higashi-ku, Nagoya City

**NOTICE OF  
THE 26TH 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 26th Annual General Meeting of Shareholders of JP-HOLDINGS, INC. (the “Company”). The meeting will be held for the purposes as described below.

The proposals submitted to this General Meeting of Shareholders include both proposals submitted by the Company (“Company Proposals”) (from Proposal 1 to Proposal 11) and proposals submitted by a shareholder (“Shareholder Proposals”) (from Proposal 12 to Proposal 17).

The contents of the proposals are described in the Reference Documents for the Annual General Meeting of Shareholders below. The Company’s Board of Directors is in opposition to the Shareholder Proposals. Please refer to Pages 13 to 16 for the views of the Company’s Board of Directors on the Shareholder Proposals.

Exercising voting rights at shareholders meetings is an important right of shareholders.

If you are unable to attend the meeting, you can exercise your voting rights, either in writing by postal mail or through the Internet. Please review the Reference Documents for the Annual General Meeting of Shareholders described below. We request that you approve the opinions of the Company’s Board of Directors. Please refer to “Precautions upon Exercising Voting Rights” on Page 3 and exercise your voting rights.

**1. Date and Time:** Thursday, June 28, 2018, at 10:00 a.m. Japan time

**2. Venue:** Sirius, 3rd Floor, Hotel Mielparque NAGOYA  
3-16-16 Aoi, Higashi-ku, Nagoya City

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 26th Fiscal Year (April 1, 2017 - March 31, 2018) and the results of audits by the Accounting Auditor and Audit and Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 26th Fiscal Year (April 1, 2017 - March 31, 2018)

**Proposals to be resolved:**

**<Company Proposals (from Proposal 1 to Proposal 11)>**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Partial Amendments to the Articles of Incorporation  
**Proposals 3 to 10** Election of Eight (8) Directors  
Proposal 3: Candidate: Kazuhiro Ogita  
Proposal 4: Candidate: Koichiro Furukawa  
Proposal 5: Candidate: Junko Matsumoto  
Proposal 6: Candidate: Atsuko Aoyagi  
Proposal 7: Candidate: Naoto Nishii  
Proposal 8: Candidate: Ichiya Nakamura  
Proposal 9: Candidate: Takashi Minagawa  
Proposal 10: Candidate: Katsuyuki Yamashita  
**Proposal 11:** Election of Three (3) Audit and Supervisory Board Members

**<Shareholder Proposals (from Proposal 12 to Proposal 17)>**

- Proposals 12 and 13** Election of Two (2) Directors  
Proposal 12: Candidate: Toru Sakai  
Proposal 13: Candidate: Akihiko Fukuoka  
**Proposals 14 and 16** Election of Three (3) Outside Directors  
Proposal 14: Candidate: Manabu Uchiyama  
Proposal 15: Candidate: Yuki Maruyama  
Proposal 16: Candidate: Masaki Miki  
**Proposal 17:** Amendments to the Articles of Incorporation

\*For the outline of the proposals and reasons for such proposals, please refer to the Reference Documents for the Annual General Meeting of Shareholders below.

\*Proposals are stated separately for each candidate in order to ask approval or disapproval of election of each candidate for Director at this Annual General Meeting of Shareholders.

#### **4. Precautions upon Exercising Voting Rights**

##### **(1) Shareholder Proposal**

Shareholder Proposals (from Proposal 12 to Proposal 17) have been submitted for this Annual General Meeting of Shareholders. The contents of these proposals are described in the Reference Documents for the Annual General Meeting of Shareholders below. The Company's Board of Directors is in opposition to these proposals (from Proposal 12 to Proposal 17).

If you approve the views of the Company's Board of Directors, please indicate "approve" for Proposals 1 to 11 and "disapprove" for Proposals 12 to 17 in exercising your voting rights.

##### **(2) Precautions**

- 1) If you indicate neither approve nor disapprove each proposal when exercising voting rights by submitting the Voting Rights Exercise Form or by proxy, your vote shall be treated as "approve" in the case of Company Proposals, and "disapprove" in the case of Shareholder Proposals.
- 2) Proposals 3 to 10 of Company Proposals and Proposals 12 to 16 of Shareholder Proposals are all proposals on election of Directors. It should be noted that the Articles of Incorporation of the Company contains a statement that the number of Directors of the Company shall not exceed eight (8).

Therefore, from among all candidates (13 candidates) in Proposals 3 to 10 of Company Proposals and Proposals 12 to 16 of Shareholder Proposals, the maximum number of Directors to be elected is eight (8).

Thus, when exercising your voting rights for proposals on election of Directors, please indicate "approve" for the maximum of eight (8) candidates for Director in total from among candidates in Company Proposals and candidates in Shareholder Proposals.

##### **(3) Deadline for the exercise of voting rights**

Votes exercised in writing (by submitting the Voting Rights Exercise Form) or via the Internet that arrive (are received) no later than 6:00 p.m. Japan time on Wednesday, June 27, 2018 shall be accepted.

If you intend to exercise your voting rights in writing (by submitting the Voting Rights Exercise Form), you are requested to post the Voting Rights Exercise Form as early as possible since mail delivery may take longer than usual depending on the postal circumstances.

If you intend to attend the meeting, you are not required to follow any procedures in advance. When attending the meeting, please bring your Voting Rights Exercise Form with you.

#### **5. Other Matters Decided upon Convocation**

- 1) If you exercise your voting rights by submitting more than one Voting Rights Exercise Form, the Voting Rights Exercise Form that arrives at the Company last shall be deemed as the valid exercise of voting rights.
- 2) If you exercise your voting rights more than once via the Internet, the last exercise of voting rights shall be deemed as the valid exercise of voting rights.
- 3) If you exercise your voting rights both via the Internet and in writing (by submitting the Voting Rights Exercise Form), the exercise via the Internet shall be deemed as the valid exercise of voting rights.
- 4) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing of your intention of making a diverse exercise of your voting rights and the reasons therefor at least three days prior to the date of the Annual General Meeting of Shareholders.
- 5) In the case that the results of the resolutions are not clear as a result of the exercise of voting rights by submission of Voting Rights Exercise Forms and via the Internet, votes on proposals shall be taken by means of a floor vote. In this case, exercise of voting rights by means of a floor vote shall be treated in the same manner as "4. (2) Precautions" on Page 3.
- 6) For individual shareholders to exercise voting rights by proxy, in principle, it is necessary to submit the following documents 1) to 3).
  - 1) Voting Rights Exercise Form of the proxy
  - 2) Document evidencing authority of the proxy (letter of attorney with the signature of the shareholder who assigns the power of attorney to the proxy or with the name of the shareholder who assigns the power of attorney to the proxy and the seal affixed)
  - 3) Voting Rights Exercise Form of the shareholder who assigns the power of attorney to the proxy or the seal registration certificate corresponding to the seal affixed to the letter of attorney, or a copy of an official document for identification of the shareholder who assigns the power of attorney to the proxy, including but not limited to a passport, a driver's license, and a health insurance card
- 7) For corporate shareholders to exercise voting rights by proxy, in principle, it is necessary to submit

the following documents 1) and 2).

- 1) Document evidencing authority of the proxy (letter of attorney or notice of representation with the signature of the representative of the corporation or with the name of the representative of the corporation and the seal affixed)
- 2) Voting Rights Exercise Form of the shareholder who assigns the power of attorney to the proxy or the seal registration certificate corresponding to the seal affixed to the letter of attorney or the notice of representation
- 8) The number of proxies shall be one and the proxy shall be a shareholder with voting rights at this Annual General Meeting of Shareholders, pursuant to Article 15, Paragraph 1 of the Company's Articles of Incorporation.

\* Any revisions to the Reference Documents for the Annual General Meeting of Shareholders and the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements will be posted on the Company's Internet website at <http://www.jp-holdings.co.jp>

## Reference Documents for the Annual General Meeting of Shareholders

For this Annual General Meeting of Shareholders, Shareholder Proposals were submitted by PAGEONE Co., Ltd. (hereinafter referred to as the “Proposer”), which is a shareholder of the Company. Proposals 1 to 11 are Company Proposals and Proposals 12 to 17 are Shareholder Proposals.

The Company’s Board of Directors is in opposition to all the Shareholder Proposals (Proposals 12 to 17).

Please refer to the descriptions below, and vote “approve” for Proposals 1 to 11 and “disapprove” for Proposals 12 to 17.

### <Company Proposals (from Proposal 1 to Proposal 11)>

#### **Proposal 1: Appropriation of Surplus**

With respect to the year-end dividends for the 26th fiscal year, we propose the appropriation of surplus as follows, comprehensively taking into account the performance of the fiscal year under review, the internal reserves necessary for future business expansion, as well as the enhancement of financial soundness, among other factors.

(i) Type of dividend assets

Cash

(ii) Matters concerning the allocation of dividend assets to shareholders and the total amount thereof

3.50 yen per share of the Company’s ordinary shares

Total amount: 307,466,929 yen

(iii) Effective date of dividend of surplus

June 29, 2018

## Proposal 2: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the Proposal

It is proposed to decrease the terms of office of Directors be shortened from two (2) years to one (1) year in order to make Directors' management responsibilities clearer and to establish a management system capable of swiftly responding to changes in the business environment.

### 2. Details of the Amendments

The details of the amendments are as follows.

(Underlined portions are amended.)

Current Articles of Incorporation	Proposed Amendments
(Term of Office) Article 19. 1. The term of office of a Director shall expire at the closing of the Annual General Meeting of Shareholders held with respect to the latest business year ending within <u>two (2) years</u> after his or her election. 2. The term of office of a Director who has been elected to increase the number of Directors or to fill a vacancy shall expire when the terms of office of the incumbent Directors expire.	(Term of Office) Article 19. 1. The term of office of a Director shall expire at the closing of the Annual General Meeting of Shareholders held with respect to the latest business year ending within <u>one (1) year</u> after his or her election. 2. The term of office of a Director who has been elected to increase the number of Directors or to fill a vacancy shall expire when the terms of office of the incumbent Directors expire.

### Proposals 3 to 10: Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the close of this Annual General Meeting of Shareholders. We propose that eight (8) Directors be elected.

Proposals are stated separately for each candidate in order to ask approval or disapproval of election of each candidate for Director at this Annual General Meeting of Shareholders.

- Proposal 3:** Candidate: Kazuhiro Ogita  
**Proposal 4:** Candidate: Koichiro Furukawa  
**Proposal 5:** Candidate: Junko Matsumoto  
**Proposal 6:** Candidate: Atsuko Aoyagi  
**Proposal 7:** Candidate: Naoto Nishii  
**Proposal 8:** Candidate: Ichiya Nakamura  
**Proposal 9:** Candidate: Takashi Minagawa  
**Proposal 10:** Candidate: Katsuyuki Yamashita

Career summary etc. of each candidate for Director is as described on Pages 7 to 10.

Proposal No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	Kazuhiro Ogita (June 12, 1965)	<p>April 1989      Joined Daiwa Securities Co., Ltd.</p> <p>April 1999      Joined the Company, General Manager, Shizuoka Sales Office</p> <p>August 2000    General Manager, Osaka Branch Office, the Company</p> <p>June 2001      Director, the Company</p> <p>January 2002    Head of Kinki/Tokai Block, the Company</p> <p>October 2004   Director, J Kitchen Inc. Director, J Planning Sale Inc.</p> <p>April 2005      General Manager, Administration Dept., the Company</p> <p>January 2006    Director, J Cast Inc.</p> <p>June 2007      Managing Director, the Company</p> <p>June 2010      President and Representative Director, J Kitchen Inc. (to present) President and Representative Director, J Planning Sale Inc. (to present) President and Representative Director, J Cast Inc. (to present)</p> <p>March 2013     Director, Japan Nursery Institute for General Research Inc.</p> <p>February 2015   President and Representative Director, the Company (to present) President and Representative Director, Japan Nursery Service Inc. President and Representative Director, Shikoku Nursery Service Inc. President and Representative Director, Japan Nursery Institute for General Research Inc. (to present)</p> <p>September 2016 Director, Amenity Life Inc. (to present)</p> <p>March 2017     Director, Social Welfare Corporation Konpeki-no-kai Representative Director, Japan Childcare Association (to present)</p> <p>April 2018      Director, Japan Nursery Service Inc. (to present)</p>	956,900
<p>[Reasons for nomination as a candidate for Director]</p> <p>Since his assumption of office as Representative Director, Mr. Kazuhiro Ogita has addressed and resolved various issues that had previously not been sufficiently dealt with, including deployment of an organizational structure, strengthening of the safety management structure, realization of a good working environment, improvement of profitability of each facility, and curbing of resignations of nursery staff, with a view to sustainable growth of the Group over the medium- to long-term. He has also striven to expand a new revenue base and has achieved results. The Company believes that he is qualified to promote the Group's management and renominated him as a candidate for Director.</p>			

Proposal No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held	
4	Koichiro Furukawa (February 9, 1962)	April 1985 February 2000 June 2000 January 2002 October 2004 January 2006 March 2013 March 2017	Joined Daiwa Securities Co., Ltd. Joined the Company, General Manager, Hiroshima Sales Office Director, the Company (to present) Head of Kanto Block, the Company Director, J Kitchen Inc. (to present) Director, J Planning Sale Inc. (to present) Director, J Cast Inc. (to present) Director, Japan Nursery Institute for General Research Inc. (to present) Director, Social Welfare Corporation Konpeki-no-kai (to present) Director, Japan Childcare Association (to present)	108,400
		<p>[Reasons for nomination as a candidate for Director] Mr. Koichiro Furukawa has a wealth of experience and a track record in development of new nursery schools, negotiations between municipalities and nursery schools, and in the consulting business for expansion of the revenue base. Thus, the Company renominated him as a candidate for Director.</p>		
5	Junko Matsumoto (June 3, 1956)	April 1977 June 2003 October 2004 January 2008 June 2012 June 2016 September 2016	Incorporated Educational Institution Minerva Joined the Company, Headmistress Transferred to Japan Nursery Service Inc. as a result of company split of the Company Director, Japan Nursery Service Inc. (to present) Director, the Company (to present) Director, Japan Nursery Institute for General Research Inc. (to present) President and Representative Director, Amenity Life Inc. (to present)	92,700
		<p>[Reasons for nomination as a candidate for Director] As the head of the Nursery Division responsible for the childcare support business, Ms. Junko Matsumoto has been striving to establish organizational operation systems and a safety management structure at individual facilities and has contributed to enhancement of the quality of childcare. In view of her track record, the Company renominated her as a candidate for Director.</p>		
6	Atsuko Aoyagi (February 18, 1961)	April 1981 October 2004 December 2004 January 2008 June 2012 September 2016 February 2017	Municipal nursery school of Ota Ward, Tokyo Joined Japan Nursery Service Inc. Headmistress, Japan Nursery Service Inc. Director, Japan Nursery Service Inc. (to present) Director, the Company (to present) Director, Amenity Life Inc. (to present) Director, KODOMOLOGY CO., LTD.	37,600
		<p>[Reasons for nomination as a candidate for Director] As the person responsible for recruitment of nursery school teachers, which is the most important issue of the Group, Ms. Atsuko Aoyagi has realized an increase in the number of nursery staff recruited by the Company every year and has contributed to enhancement of the Group's corporate value. In view of her track record, the Company renominated her as a candidate for Director.</p>		



Proposal No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
7	Naoto Nishii (May 5, 1971)	<p>June 1998      Joined Jaguar Sports Co., Ltd.</p> <p>January 2005    Joined Near Field Co., Ltd.</p> <p>April 2008      Joined Japan Nursery Service Inc.</p> <p>June 2012      Director, Japan Nursery Service Inc. (to present)</p> <p>                         Director, Shikoku Nursery Service Inc.</p> <p>June 2013      Director, the Company (to present)</p> <p>September 2016 Director, Amenity Life Inc. (to present)</p> <p>February 2017 Director, KODOMOLOGY CO., LTD.</p> <p>April 2017      President and Representative Director, COHAS VIETNAM CO., LTD (to present)</p>	29,700
<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Naoto Nishii has been engaged in development of new nursery schools and start-up of new businesses to expand the revenue base. In view of his track record, including the opening of kindergartens in Vietnam in fiscal 2017, the Company renominated him as a candidate for Director.</p>			
8	<p>Outside Director</p> <p>Ichiya Nakamura (March 19, 1961)</p>	<p>April 1984      Ministry of Posts and Telecommunications</p> <p>August 2002    Vice President, NPO CANVAS (to present)</p> <p>September 2006 Professor, Keio University Research Institute for Digital Media and Content</p> <p>April 2008      Professor, Keio University Graduate School of Media Design (to present)</p> <p>June 2008      Outside Director, SPACE SHOWER NETWORKS INC. (to present)</p> <p>                         Outside Director, the Company (to present)</p> <p>February 2012 President, General Incorporated Association Newmedia Risk Association (to present)</p> <p>April 2015      President, General Incorporated Association Digital Signage Consortium (to present)</p> <p>                         President, General Incorporated Association CiP Association (to present)</p> <p>June 2015      President, Superhuman Sports Society (currently General Incorporated Association Superhuman Sports Society) (to present)</p> <p>May 2016      President, General Incorporated Association Next Generation Contents Distribution Forum (to present)</p> <p>June 2016      Outside Director, YOSHIMOTO KOGYO CO., LTD. (to present)</p> <p>December 2016 Vice Chairman and Senior Director, General Incorporated Association, Association of Digital Textbook &amp; Teaching (to present)</p>	-
<p>[Reasons for nomination as a candidate for Outside Director]</p> <p>As an Outside Director of the Company since 2008, Mr. Ichiya Nakamura has been stating appropriate opinions from a professional viewpoint and from a fair and objective standpoint in decision-making at meetings of the Board of Directors. Thus, the Company renominated him as a candidate for Outside Director.</p>			

Proposal No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
9	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Director</div>  Takashi Minagawa (June 16, 1952)	April 1976 Ministry of Health and Welfare January 2001 Manager, General Affairs Division, Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare August 2003 Secretary, Secretariat of the Ministry of Health, Labour and Welfare October 2011 Managing Director, CIO, Pension Fund Association April 2013 Executive Director, Nippon Pharmacy Association (to present) Acting Chairman, Nippon Pharmacy Association Politics Federation (to present) June 2016 Outside Director, the Company (to present)	-
<p>[Reasons for nomination as a candidate for Outside Director]            As an Outside Director of the Company since 2016, Mr. Takashi Minagawa has been vigorously providing suggestions based on his experience gained through his service in key positions at the Ministry of Health and Welfare (currently Ministry of Health, Labour and Welfare) in decision-making at meetings of the Board of Directors. Thus, the Company renominated him as a candidate for Outside Director.</p>			
10	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New Candidate</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Director</div>  Katsuyuki Yamashita (September 7, 1962)	April 1986 Joined The Seiyu, Ltd. March 2000 Joined TOYOTA FINANCE CORPORATION May 2001 Joined Daido Life Insurance Company April 2003 Joined NIHON FUKUSHI UNIVERSITY April 2009 Joined OTEMON GAKUIN UNIVERSITY April 2015 Professor, Faculty of Business Administration, OTEMON GAKUIN UNIVERSITY (to present) Professor, Graduate School of Business Administration, OTEMON GAKUIN UNIVERSITY April 2018 Professor, Graduate School of Business Administration and Economics, OTEMON GAKUIN UNIVERSITY (to present)	50,000
<p>[Reasons for nomination as a candidate for Outside Director]            Although Mr. Katsuyuki Yamashita has never been directly involved in corporate management, he was engaged in finance and accounting at companies and is serving as a professor of a graduate school of business administration and economics, and consequently has professional knowledge and experience about management. Thus, the Company nominated him as a new candidate for Outside Director.</p>			

- (Notes) 1. Mr. Ichiya Nakamura, Mr. Takashi Minagawa, and Mr. Katsuyuki Yamashita are candidates for Outside Director. The Company has designated Mr. Ichiya Nakamura and Mr. Takashi Minagawa as Independent Directors as defined by Tokyo Stock Exchange, Inc. and submitted notifications. Mr. Katsuyuki Yamashita is also a candidate for Independent Director.
2. Mr. Ichiya Nakamura currently serves as an Outside Director of the Company. He will have served as an Outside Director of the Company for ten (10) years at the close of this Annual General Meeting of Shareholders.  
 Mr. Takashi Minagawa currently serves as an Outside Director of the Company. He will have served as an Outside Director of the Company for two (2) years at the close of this Annual General Meeting of Shareholders.
3. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into contracts with Mr. Ichiya Nakamura and Mr. Takashi Minagawa that limit their liabilities for damages stipulated in Article 423, Paragraph 1 of the Companies Act, under which the amount of their liabilities for damages is limited to six (6) million yen or to the amount stipulated by laws and regulations, whichever is higher. If their reelection is approved, the Company intends to continue the said liability limitation contracts with them.

If election of Mr. Katsuyuki Yamashita is approved, the Company intends to enter into a contract of the same content with him that limits his liability for damages.

4. No special interest exists between each candidate and the Company.

### Proposals 11: Election of Three (3) Audit and Advisory Board Members

The terms of office of Audit and Supervisory Board Members Mr. Manabu Uchiyama, Mr. Yamato Takeuchi, and Mr. Hideaki Sashiwa will expire at the close of this Annual General Meeting of Shareholders. We propose that three (3) Audit and Supervisory Board Members be elected.

The consent of the Audit and Supervisory Board has been obtained in advance for this proposal. The candidates for Audit and Supervisory Board Member are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
1	<u>New Candidate</u>  Masakazu Sakamoto (August 10, 1957)	<p>April 1976      Joined CSK CORPORATION</p> <p>April 2004      Joined In-dex Co., Ltd., Executive Officer responsible for human resources</p> <p>August 2005    President and Representative Director, Net Index E.S. Corporation</p> <p>April 2006      Joined SHONAN TECHNOLOGY CENTER Co., Ltd., General Manager, Human Resources and General Affairs Department</p> <p>July 2007        Joined Broadleaf Co., Ltd., Human Resources Director</p> <p>November 2008 General Manager, Internal Audit Office, Broadleaf Co., Ltd.</p> <p>August 2016    Joined CLIMB Co., Ltd., General Manager, Human Resources and General Affairs Department</p>	-
	<p>[Reasons for nomination as a candidate for Audit and Supervisory Board Member] Mr. Masakazu Sakamoto is well versed in internal auditing and the Company believes that he can contribute to strengthening of the Company's internal control and corporate governance systems, and nominated him as a new candidate for full-time Audit and Supervisory Board Member.</p>		
2	<u>New Candidate</u> <u>Outside</u>  Atsushi Kanzawa (February 23, 1972)	<p>September 2000 Joined AGS Consulting Co., Ltd.</p> <p>March 2008      Director, AGS Consulting Co., Ltd.</p> <p>March 2014      Managing Director, AGS Consulting Co., Ltd.</p> <p>March 2016      Executive Director, AGS Consulting Co., Ltd. (to present)</p>	-
	<p>[Reasons for nomination as a candidate for Audit and Supervisory Board Member] Mr. Atsushi Kanzawa has a wealth of experience in consulting centering on tax affairs and accounting in Japan and abroad. The Company believes that he can utilize his professional knowledge and experience for the benefit of the Company's auditing systems and nominated him as a new candidate for Outside Audit and Supervisory Board Member.</p>		

Candidate No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
3	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New Candidate</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> Hitoshi Akazawa (November 29, 1973)	October 1996    Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) May 2000        Registered as certified public accountant July 2002        Joined Kawakita Hiroshi CPA Office January 2004    Joined Privee Turnaround Group Co., Ltd. July 2009        Representative, Akazawa Hitoshi CPA Office (to present) August 2009    Registered as certified tax accountant April 2010      Representative Partner, Precious Accounting Office (to present) October 2012    Audit and Supervisory Board Member, Hazuki Company KK (to present)	-
[Reasons for nomination as a candidate for Audit and Supervisory Board Member] Mr. Hitoshi Akazawa has a wealth of experience and wide-ranging knowledge cultivated through his service as a certified public accountant. The Company believes that he can reflect his professional expertise about tax affairs and accounting in auditing of the Company and nominated him as a new candidate for Outside Audit and Supervisory Board Member.			

- (Notes) 1. Mr. Atsushi Kanzawa and Mr. Hitoshi Akazawa are candidates for Independent Auditor as defined by Tokyo Stock Exchange, Inc.
2. If election of Mr. Atsushi Kanzawa and Mr. Hitoshi Akazawa is approved, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into contracts with them that limit their liabilities for damages stipulated in Article 423, Paragraph 1 of the Companies Act. Under the said contracts, the amount of their liabilities for damages will be limited to the predetermined amount that is two (2) million yen or more or to the amount stipulated by laws and regulations, whichever is higher.
3. No special interest exists between each candidate and the Company.

## <Shareholder Proposals (from Proposal 12 to Proposal 17)>

(Note) The Company's Board of Directors is "in opposition" to all the Shareholder Proposals.  
It is unknown whether the proposer has obtained the approval of each candidate about his/her intention of assumption of office.

### <Election of Two (2) Directors>

#### 1. Outline of Reasons for the Proposal Made by the Proposer

The Company's management team has been failing to reasonably capture the demand from people engaged in child-rearing, resulting in little growth of the Company's business. Moreover, under the current system of Directors, decision-making and execution of business are not being carried out appropriately.

#### 2. Outline of the Proposal

It is proposed that two (2) Directors be elected.

Names etc. of candidates for Director notified by the proposer to the Company are as follows:

#### <Proposal 12>

[Name and date of birth]	Toru Sakai September 26, 1973
[Career summary and significant concurrent positions]	
1996	Graduated from University of Hawai'i
2000	Graduated from Waseda University Graduate School
1996	Joined a business corporation in the U.S. Assumed office as Director of that company
2001	Joined ATRIUM Co., Ltd. Subsequently, assumed office as Executive Officer and General Manager of Strategic Investment Division of ATRIUM Co., Ltd., responsible for fund business and PE investment business
2011	Founded an investment company in Japan and the U.S.
2017	Founded Mirai Capital Co., Ltd. and Mother Care Japan Co., Ltd. and assumed office as Representative Director of Mirai Capital Co., Ltd. and Mother Care Japan Co., Ltd. (to present)
[Number of shares of the Company held]	0

#### <Proposal 13>

[Name and date of birth]	Akihiko Fukuoka May 7, 1965
[Career summary and significant concurrent positions]	
1989	Graduated from Waseda University
1989	Joined Credit Saison Co., Ltd.
1998	Transferred to ATRIUM Co., Ltd. Subsequently, assumed office as Director of ATRIUM Co., Ltd. Had key positions at Human Resources and General Affairs Department, Finance and Accounting Department, etc. at ATRIUM Co., Ltd. and its affiliated companies Director, Atrium Servicing Co., Ltd. Director, A.M. Fund Management Co., Ltd. President and Representative Director, AIC Co., Ltd.
2018	Joined Mirai Capital Co., Ltd.
[Number of shares of the Company held]	0

\*The proposer also proposes the candidates in Proposal 4 and Proposal 7 as candidates for Director.

<p align="center"><b>&lt;Opinions of the Company's Board of Directors on Proposals 12 and 13&gt;</b> <b><u>The Company's Board of Directors is "in opposition" to these proposals for the reasons stated below.</u></b></p>
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**The candidates do not have sufficient experience to serve as the Company's Director.**

Unless a person has sufficient experience and knowledge of the nursery business, it is impossible for such person to promote the Company's business as Director responsible for execution of business of the Company. The candidates for Director in the Company's proposals (Proposals 3 to 7) satisfy the requirements from such a viewpoint.

On the other hand, it is deemed that the candidates for Director in Proposal 12 and Proposal 13 do not have sufficient experience and knowledge of the nursery business and do not have outstanding careers compensating for such insufficiency. It is also a concern that if a person who does not appear to have sufficient experience and knowledge of the nursery business executes business of the Company, business development may be delayed and promotion of operations may stall, causing confusion in the nursery field.

**The analysis of the proposer includes misinterpretation.**

The proposer seems to have concluded from his analysis that the Company's performance became lackluster because the current Directors of the Company have been failing to reasonably capture the demand from people engaged in child-rearing.

However, since February 2015, in light of the sustainable growth of the Group over the medium- to long-term, the Company has addressed various issues that had not been sufficiently addressed previously, such as improvement of the working environment and strengthening of the safety management structure, and is working to expand a new revenue base. The recent decline in operating income is due to a temporary impact of expenses necessarily associated with such measures.

Therefore, the analysis by the proposer does not accurately capture the Company's actual situation. For details of specific measures of the Company, please refer to the "Comments on Reports Issued by Proxy Advisory Firms Glass Lewis and ISS" posted on the Company's website on November 16, 2017.

**The reasons for the proposal by the proposer are groundless.**

The proposer claims that under the current system of Directors, decision-making and execution of business are not being carried out appropriately, but specific reasons for this claim are not provided and thus the proposer's claim is groundless.

**Neutral management by the candidates cannot be expected.**

Mr. Toru Sakai, a candidate for Director proposed by the proposer, is the current Representative Director of Mother Care Japan Co., Ltd., which is the leading shareholder of the Company (voting rights ownership ratio of 27.41%). Mr. Akihiko Fukuoka is an employee of Mirai Capital Co., Ltd., which is the wholly owning parent of Mother Care Japan Co., Ltd.

Taking into consideration that the actual situation and the intention of Mother Care Japan Co., Ltd. are unclear, as described below, it is unclear whether the two candidates are capable of executing appropriate management, from a truly neutral stance, independent of the interest of the said leading shareholder, considering the interest of minority shareholders of the Company.

**Actual situations of the corporations to which the candidates belong are unclear.**

Mr. Toru Sakai, a candidate for Director proposed by the proposer, is the current Representative Director of Mother Care Japan Co., Ltd., which is the leading shareholder of the Company (voting rights ownership ratio of 27.41%). Mr. Akihiko Fukuoka is an employee of Mirai Capital Co., Ltd., which is the wholly owning parent of Mother Care Japan Co., Ltd.

As Mother Care Japan Co., Ltd. is the leading shareholder of the Company and Mirai Capital Co., Ltd. is the parent of Mother Care Japan Co., Ltd., the Company is required to disclose certain information about these companies in accordance with the regulations of Tokyo Stock Exchange, Inc. Accordingly, the Company has requested the said companies to provide necessary information several times but they have never responded to the Company's requests.

Moreover, the said companies have made the Company a proposal about the Company's capital policy etc. The Company has been requesting the said companies to provide the minimum necessary information in order for the Company to review such proposal, but they have never responded to the Company's requests, either.

Thus, the actual situations and intentions of Mother Care Japan Co., Ltd. and Mirai Capital Co., Ltd. are totally unclear.

## Relationship between the proposer and the corporations to which the candidates belong

It is deemed that the proposer and Mother Care Japan Co., Ltd. are jointly exercising shareholders' rights to make proposals. Thus, the proposer and Mother Care Japan Co., Ltd., as a joint holder, are supposed to submit a statement of large-volume holdings. However, such statutory documentation was not submitted as of the date of preparation of these Reference Documents and there is a material compliance issue.

### <Election of Three (3) Outside Directors>

#### 1. Outline of Reasons for the Proposal Made by the Proposer

To renew the management system and strengthen compliance

#### 2. Outline of the Proposal

It is proposed that three (3) Outside Directors be elected.

Names etc. of candidates for Outside Director notified by the proposer to the Company are as follows:

#### <Proposal 14>

[Name and date of birth]	Manabu Uchiyama January 23, 1951
[Career summary and significant concurrent positions]	
April 1974	Joined The Tokai Bank, Ltd.
February 2007	Joined Ufit Co., Ltd.
September 2011	Joined JP-HOLDINGS, INC., Internal Audit Office
June 2014	Full-time Audit and Supervisory Board Member, JP-HOLDINGS, INC.
[Number of shares of the Company held]	6,200 shares

#### <Proposal 15>

[Name and date of birth]	Yuki Maruyama October 23, 1968
[Career summary and significant concurrent positions]	
1993	Graduated from Tokyo University of Foreign Studies Worked at a publisher etc.
2006	Passed the national bar examination
2008	Registered as attorney-at-law Joined ALT Law Firm
2018	Legal counsel, Mother Care Japan Co., Ltd.
[Number of shares of the Company held]	0

#### <Proposal 16>

[Name and date of birth]	Masaki Miki June 1, 1944
[Career summary and significant concurrent positions]	
1967	Graduated from The University of Tokyo
1967	Joined Mitsubishi Petrochemical Co., Ltd. (currently Mitsubishi Chemical Corporation)
1982	Passed the national bar examination
1985	Registered as attorney-at-law
1995	Established Hikari Sogoh Law Offices
[Number of shares of the Company held]	0

\*The proposer also proposes the candidate in Proposal 9 as a candidate for Outside Director.

<p style="text-align: center;"><b>&lt;Opinions of the Company's Board of Directors on Proposals 14 to 16&gt;</b> <b><u>The Company's Board of Directors is "in opposition" to these proposals for the reasons stated below.</u></b></p>
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### **There are no reasons for election.**

As stated in the “Notice Regarding Our Company’s Response Based on an Investigative Report of a Third Party Committee” posted on the Company’s website on December 22, 2017, the Company has formulated various measures for strengthening the compliance structure and is implementing specific measures. The Company believes that maintaining implementation of such measures is important and the candidates for Outside Director in the Company’s proposals (Proposals 8 to 10) have the advanced, professional expertise necessary for that purpose and the Company’s nomination is sufficient.

### **Regarding Mr. Manabu Uchiyama**

Mr. Manabu Uchiyama, a candidate proposed by the proposer, had been an employee of the Company from 2011 to 2014, as is apparent from his career summary notified by the proposer to the Company, and therefore he does not satisfy the requirements for an Outside Director.

### **Regarding Ms. Yuki Maruyama**

Ms. Yuki Maruyama, a candidate proposed by the proposer, is a legal counsel of Mother Care Japan Co., Ltd., which is the leading shareholder of the Company (voting rights ownership ratio of 27.41%). Taking into consideration that the actual situation and the intention of Mother Care Japan Co., Ltd. are unclear, as described above, it is not clear whether Ms. Maruyama is capable of fulfilling functions for oversight of the Company’s management from a truly neutral stance, independent of the interest of the said leading shareholder.

While proposing Mr. Toru Sakai, who is the Representative Director of Mother Care Japan Co., Ltd., as a candidate for Internal Director, the proposer is proposing the legal counsel of Mother Care Japan Co., Ltd. as a candidate for Outside Director. It is apparent that the proposer has no intention of establishing a structure for effective governance over the Company’s management.

## **Proposal 17: Partial Amendments to the Articles of Incorporation**

### **1. Outline of Reasons for the Proposal Made by the Proposer**

To enhance agility of the Company and reflect shareholders’ intentions

### **2. Outline of the Proposal**

It is proposed that the following amendment be made to Article 28 (Method of Terminating Directors) of the Articles of Incorporation: “two-thirds or more” should be amended as “majority.”

**<Opinions of the Company’s Board of Directors on Proposal 17>**  
**The Company’s Board of Directors is “in opposition” to this proposal for the reason stated below.**

According to the statement of large-volume holdings submitted by Mother Care Japan Co., Ltd. on January 19, 2018, which is deemed to have submitted this proposal jointly with the proposer, Mother Care Japan Co., Ltd.’s ownership ratio of share certificates etc. is 27.40%. Taking such situation into consideration and the actual rate of attendance at the Company’s Shareholders Meetings, if this proposal is approved and the requirements for terminating the appointment of a Director is to become a majority of voting rights, Mother Care Japan Co., Ltd. will have an extremely powerful influence on termination of the appointment of Directors.

The Company believes that such situation where a particular shareholder has an extremely powerful influence on termination of the appointment of Directors at its sole discretion is inappropriate for corporate governance of a listed company in which views of diverse shareholders should be reflected.