



April 12, 2019

Company Name: Warabeya Nichiyo Holdings Co., Ltd.
Representative: Hiroyuki Otomo, Representative Director, President
(Securities code: 2918, Tokyo Stock Exchange First Section)
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Notice of Transition to a Company with Audit and Supervisory Committee and Partial Amendments to the Articles of Incorporation

Warabeya Nichiyo Holdings Co., Ltd. (the "Company") decided to transition to a company with an Audit and Supervisory Committee, subject to approval at the 55th Annual General Meeting of Shareholders to be held on May 23, 2019. In line with this decision, the Company has decided to submit a "Partial Amendment to the Articles of Incorporation" to the Meeting of Shareholders. Details, as detailed below.

Meanwhile, the appointment of directors after the transition to a company with Audit and Supervisory Committee is disclosed separately today in the "Notice of Director Personnel after the Transition to a Company with an Audit and Supervisory Committee and Changes in Directors and Audit and Supervisory Board Members of the Company's Subsidiaries".

Note

1. Transition to a Company with an Audit and Supervisory Committee

(1) Purpose of the transition

In order to strengthen the supervisory functions of the Board of Directors by establishing the Audit and Supervisory Committee, which consists of a majority of outside directors, and to further enhance corporate governance, the Company has transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee.

(2) Time of the transition

At the 55th Annual General Meeting of Shareholders to be held on May 23, 2019, the Company plans to have the approval to transition to a company with Audit and Supervisory Committee together with the approval of amendments to the Articles of Incorporation necessary for the transition.

2. Partial Amendments to the Articles of Incorporation

(1) Purpose of the amendments

- ① In order to adopt the Company with an Audit and Supervisory Committee, necessary amendments are to be made, such as the establishment of new regulations relating to the Audit and Supervisory Committee and the Audit and Supervisory Committee members, and the deletion of the regulations relating to the Board of Auditors and the Corporate Auditors.
- ② In addition, in accordance with the above amendments, further amendments will be necessary to be made to the numbers of the articles.

(2) Amendments to the Articles of Incorporation

The details of the amendments are shown in the “Attachment”.

3. Schedule

Date of the 55th Annual General Meeting of Shareholders for amendment of the Articles of

Incorporation: May 23, 2019 (planned)

Effective date of amendments to the Articles of Incorporation: May 23, 2019 (planned)

Attachment

(Underlined portions indicates changes.)

Current Articles of Incorporation	Proposed Amendments
<p>(Institution) Article 4 The Company shall have the following bodies in addition to the General Meeting of Shareholders and Directors. (1) Board of Directors (2) <u>Corporate Auditor</u> (3) <u>Board of Corporate Auditors</u> (4) Accounting Auditors</p>	<p>(Institution) Article 4 The Company shall have the following bodies in addition to the General Meeting of Shareholders and Directors. (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) <u>Accounting Auditors</u></p>
<p>Chapter 4 Directors and Board of Directors</p>	<p>Chapter 4 Directors, Board of Directors <u>and</u> <u>Audit and Supervisory Committee</u></p>
<p>(Number of Directors) Article 18 The number of Directors of the Company shall not exceed <u>15</u>. (Newly established)</p>	<p>(Number of Directors) Article 18 The number of Directors of the Company (<u>excluding those who are Audit and Supervisory Committee members</u>) shall not exceed 10. <u>2 The number of Directors who are Audit and Supervisory Committee members of the Company shall not exceed five.</u></p>
<p>(Method of Appointment) Article 19 Directors shall be appointed at a General Meeting of Shareholders.</p>	<p>(Method of Appointment) Article 19 Directors shall be appointed at the General Meeting of Shareholders <u>by distinguishing between Directors who are Audit and Supervisory Committee Members and those who are non-Audit and Supervisory Committee Members.</u></p>

<p>2 A resolution for the appointment of Directors shall be adopted by a majority of the votes of the shareholders at a Meeting of Shareholders where shareholders holding one-third or more of the voting rights are present.</p> <p>3 A resolution for the appointment of Directors shall not be made by cumulative voting.</p>	<p>2 A resolution for the appointment of Directors shall be adopted by a majority of the votes of the shareholders at a Meeting of Shareholders where shareholders holding one-third or more of the voting rights are present.</p> <p>3 A resolution for the appointment of Directors shall not be made by cumulative voting.</p>
<p>(Term)</p> <p>Article 20 The term of Directors shall expire at the conclusion of the General Meeting of Shareholders for the last fiscal year ending within one year from the time of their elections.</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Term)</p> <p>Article 20 The term of Directors <u>(excluding those who are Audit and Supervisory Committee members)</u> shall expire at the conclusion of the General Meeting of Shareholders for the last fiscal year ending within one year from the time of their elections.</p> <p><u>2 The term of Directors who are Audit and Supervisory Committee members shall expire at the conclusion of the General Meeting of Shareholders for the last fiscal year ending within two years from the time of their elections.</u></p> <p><u>3 The term of a Director who is the Audit and Supervisory Committee member appointed as a substitute for a Director who was the Audit and Supervisory Committee member who retired prior to the expiration of his/her term shall be until the expiration of the term of the retired Director.</u></p>

<p>(Newly established)</p>	<p><u>4 The effect of the appointment of a substitute Audit and Supervisory Committee member shall be until the commencement of the General Meeting of Shareholders two years after the General Meeting of Shareholders at which such election was made.</u></p>
<p>(Notice of Convocation of Meetings of the Board of Directors)</p> <p>Article 23 The convening of meetings of the Board of Directors shall be notified to each Director and <u>each Corporate Auditor</u> three days prior to the date of the meeting. However, in case of an emergency, the period may be shortened.</p> <p>2 A meeting of the Board of Directors may be held without the convocation procedure if the consent of all Directors <u>and Corporate Auditors</u> is obtained.</p>	<p>(Notice of Convocation of Meetings of the Board of Director)</p> <p>Article 23 The convocation of a meeting of the Board of Directors shall be sent to each Director three days prior to the date of the meeting. However, in case of an emergency, the period may be shortened.</p> <p>2 If the consent of all Directors is obtained, a meeting of the Board of Directors may be held without the procedures for convening the meeting.</p>
<p>(Newly established)</p>	<p><u>(Notice of Convocation of the Audit and Supervisory Committee)</u></p> <p><u>Article 24 The convocation of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee member three days prior to the date of the meeting. However, in case of an emergency, the period may be shortened.</u></p>

(Newly established)	<u>2 If the consent of all Audit and Supervisory Committee members is obtained, the Audit and Supervisory Committee may be held without the convening procedure.</u>
Articles <u>24</u> to <u>25</u> (Omitted)	Articles <u>25</u> to <u>26</u> (As at present)
(Newly established)	<u>(Delegation of Authorities to Directors)</u> <u>Article 27 Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate decision authorities on important business execution (excluding the matters listed in the items of Paragraph 5 of the same article) to Directors by resolution of the Board of Directors.</u>
Article <u>26</u> (Omitted)	Article 28 (As at present)
(Newly established)	<u>(Rules of the Audit and Supervisory Committee)</u> <u>Article 29 Matters relating to the Audit and Supervisory Committee shall be governed by laws and regulations, these Articles of Incorporation, and the Audit and Supervisory Committee Rules as determined by the Audit and Supervisory Committee.</u>

<p>(Remuneration, etc.)</p> <p>Article <u>27</u> The remuneration, bonuses, and other property benefits received from the Company as consideration for the execution of duties by the Directors <u>(hereinafter referred to as "remuneration, etc.")</u> shall be determined by a resolution of a General Meeting of Shareholders.</p>	<p>(Remuneration, etc.)</p> <p>Article <u>30</u> Property benefits received from the Company in consideration of Directors' remuneration, bonuses and other execution of duties shall be determined by a resolution of a General Meeting of Shareholders, <u>distinguishing between Directors who are Audit and Supervisory Committee members and those who are not Directors.</u></p>
<p>Articles <u>28</u> to <u>29</u> (Omitted)</p>	<p>Articles <u>31</u> to <u>32</u> (As at present)</p>
<p><u>Chapter 5 Corporate Auditors and Board of Corporate Auditors</u></p>	<p>(Deleted)</p>
<p><u>(Number of Board of Corporate Auditors Members)</u></p> <p>Article <u>30</u> The number of Corporate Auditors of the Company shall not exceed five.</p>	<p>(Deleted)</p>
<p><u>(Method of Appointment)</u></p> <p>Article <u>31</u> Corporate Auditors shall be appointed at a General Meeting of Shareholders.</p> <p><u>2 Resolutions for the appointment of Auditors shall be made by a majority of the votes of the shareholders at a Meeting of Shareholders where shareholders holding one-third or more of the voting rights are present.</u></p> <p><u>3 In the event of a shortfall in the number of Corporate Auditors prescribed by laws and regulations, a substitute Corporate Auditor may be appointed at a Meeting of Shareholders.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

<p><u>4 The period during which the resolution for the appointment of a substitute Auditor set forth in the preceding paragraph shall be effective shall expire at the commencement of the General Meeting of Shareholders for the last business year ending within four years from the time of such appointment.</u></p>	<p>(Deleted)</p>
<p><u>(Term)</u> <u>Article 32 Corporate Auditors' terms shall continue until the conclusion of the General Meeting of Shareholders for the last business year which ends within four years from the time of their election.</u></p>	<p>(Deleted)</p>
<p><u>2 The term of a Corporate Auditor appointed as a substitute for a Corporate Auditor who retired prior to the expiration of his/her term shall be until the expiration of the term of the predecessor Auditor. However, in cases where a substitute Corporate Auditor appointed pursuant to Paragraph 3 of the preceding article has assumed the Corporate Auditor, such appointment shall not exceed the conclusion of the General Meeting of Shareholders for the last fiscal year ending within four years after the appointment of a substitute Corporate Auditor.</u></p>	<p>(Deleted)</p>

<p><u>(Full-time Corporate Auditors)</u> <u>Article 33 The Board of Corporate Auditors shall appoint full-time Corporate Auditors by resolution of the Board of Corporate Auditors.</u></p>	<p>(Deleted)</p>
<p><u>(Notice of Convocation of Board of Corporate Auditors)</u> <u>Article 34 The convocation of a Board of Corporate Auditors meeting shall be sent to each Corporate Auditor three days prior to the date of the meeting. However, in case of an emergency, the period may be shortened.</u></p> <p><u>2 If the consent of all Corporate Auditors is obtained, a Board of Corporate Auditors meeting may be held without the procedures for convocation.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p>
<p><u>(RulesRegulations of the Board of Corporate Auditors)</u> <u>Article 35 Matters relating to the Board of Corporate Auditors shall be governed by laws and regulations, these Articles of Incorporation, and by the rules of the Board of Corporate Auditors set forth by the Board of Corporate Auditors.</u></p>	<p>(Deleted)</p>
<p><u>(RemunerationCompensation, etc.)</u> <u>Article 36 Remuneration for Corporate Auditors shall be determined by a resolution of a General Meeting of Shareholders.</u></p>	<p>(Deleted)</p>

<p><u>(Liability Exemption from Liability of Corporate Auditors)</u></p> <p><u>Article 37 The Company may enter into a contract with the Corporate Auditors to limit liability for damages as set forth in Article 423, Paragraph 1 of the Companies Act if such liability meets the requirements set forth by laws and regulations, provided. Provided, however, that the maximum amount of liability under such contract shall be the amount prescribed by laws and regulations.</u></p>	<p>(Deleted)</p>
<p>Chapter <u>6</u></p> <p>Calculations</p>	<p>Chapter <u>5</u></p> <p>Calculations</p>
<p>Articles <u>38</u> to <u>40</u> (Omitted)</p>	<p>Articles <u>33</u> to <u>35</u> (As at present)</p>
<p>(Newly established) < NEW ></p>	<p><u>Supplementary Provisions</u> <u>(Transitional Measures Concerning Liability Exemption Exemption from Liability of Corporate Auditors)</u> <u>Contracts to limit the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act relating to the conduct of Corporate Auditors (including those who were Corporate Auditors) prior to the conclusion of the 55th Annual Ordinary General Meeting of Shareholders shall be in accordance with the provisions of Article 37 of the Articles of Incorporation prior to the amendment by resolution of the same Annual Ordinary General Meeting of Shareholders.</u></p>