



February 14<sup>th</sup>, 2018

To All Persons Concerned

Name of Company U-Shin Ltd.  
Name of Representative Kanae Okabe, President, Representative Director  
(Code number: 6985, The First Section of the Tokyo Stock Exchange)  
Person for Inquiry Tatsuya Inaoka, Executive Officer, Executive General Manager of Corporate  
Affairs Division  
Tel: +81 3(5401)4653

Notice of Transition to Company with Audit and Supervisory Committee and Partial Amendments to the  
Articles of Incorporation

We would like to inform that to transit to a company with Audit and Supervisory Committee subject to approval of the 116<sup>th</sup> Ordinary General Meeting of Shareholders to be held on March 28<sup>th</sup>, 2018 and placing on the agenda of “Partial Amendments to the Articles of Incorporation” as follows for above General Meeting of Shareholders, at the Board of Directors which was held on February 14<sup>th</sup>, 2018.

1. The purpose of transition to a company with Audit and Supervisory Committee

To reinforce function to audit and monitor to Board of Directors, and enhance corporate governance further, by making Audit and Supervisory Committee members, who audit etc. the execution of duties of Directors, the member of the Board of Directors, and to make decision promptly, and promote business efficiencies, by delegating its authority to Directors or Executive Officers who perform business executions, the Company has decided the transition to a company with Audit and Supervisory Committee.

2. Timing of transition to a company with Audit and Supervisory Committee

The Company plans to obtain approval for the necessary amendments to the Articles of Incorporation at the 116<sup>th</sup> Ordinary General Meeting of Shareholders to be held March 28<sup>th</sup>, 2018, and to transit to a company with Audit and Supervisory Committee. These amendments to the Articles of Incorporation shall come into effect at the conclusion of above General Meeting of Shareholders.

3. Partial Amendment to the Articles of Incorporation

(1) Purpose of amendment to the Articles of Incorporation

It is to make necessary partial amendments to the Articles of Incorporation in order to transit to a company with Audit and Supervisory Committee as stated in above 1.

(2) Contents of Amendment

The contents of the amendments are as follows.

(Underlined part indicates amendments.)

Current Articles of Incorporation	Proposed Amendments
Article 4 (Organizations)	Article 4 (Organizations)

The Company shall have the following organizations, in addition to General Meeting of Shareholders and Directors:

1. Board of Directors
2. Audit and Supervisory Board Members
3. Audit and Supervisory Board
4. Accounting Auditor

Article 9 (Additional Purchase of Shares Less Than One Unit)

Shareholders of the Company may demand for sale of shares that would constitute one unit of shares, together with the less-than-one-unit shares owned by the shareholder, governed by Share Handling Rules established by Board of Directors.

Article 12(Share Handling Rules)

The procedures for shareholders to exercise their rights and other handling and fees concerning shares of the Company shall be governed by Share Handling Rules established by the Board of Directors, in addition to laws and regulations or these Articles of Incorporation.

Article 20 (Election)

Directors shall be elected by resolutions of the General Meeting of Shareholders.

② (Omitted)

③ (Omitted)

Article 21(Number of Directors)

The Company shall have not more than twenty (20) Directors.

(New)

Article 22 (Term of Office)

The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within 1 year after their election.

②The term of office of those elected as substitute or additional Directors will end with the remaining

The Company shall have the following organizations, in addition to General Meeting of Shareholders and Directors:

1. Board of Directors
2. Audit and Supervisory Committee
- (Deleted)
3. Accounting Auditor

Article 9 (Additional Purchase of Shares Less Than One Unit)

Shareholders of the Company may demand for sale of shares that would constitute one unit of shares, together with the less-than-one-unit shares owned by the shareholder, governed by the Share Handling Rules established by Board of Directors.

Article 12 (Share Handling Rules)

The procedures for shareholders to exercise their rights and other handling and fees concerning shares of the Company shall be governed by Share Handling Rules established by the Board of Directors, in addition to laws and regulations or these Articles of Incorporation.

Article 20 (Election)

Directors shall be appointed by resolutions of General Meeting of Shareholders, while making distinction between Directors who are Audit and Supervisory Committee Members and other Directors.

②(Unchanged)

③(Unchanged)

Article 21(Number of Directors)

The Company shall have no more than fifteen (15) Directors. (excluding Directors who are Audit and Supervisory Committee Members).

②Directors of the Company who are Audit and Supervisory Committee Members shall be not more than five (5).

Article 22 (Term of Office)

The term of office of a Director (excluding Directors who are Audit and Supervisory Committee Members) shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within 1 year after their election.

②The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the

<p><u>term of current Directors.</u></p> <p>(New)</p> <p>(New)</p> <p>Article 23 (Remuneration, etc.) The remuneration, bonuses and other financial benefits received from the Company as consideration for the execution of the duties (hereinafter referred to as “Remunerations, etc.”) of Directors shall be determined by resolution of the General Meeting of Shareholders.</p> <p>Article 25 (Notice of Convocation of Board of Directors Meetings) A notice of convocation of the meeting of the Board of Directors shall be forwarded to each Director <u>and each Audit and Supervisory Board Members</u> at least two (2) days prior to the date of the meeting, however, this period may be shortened in the event of an emergency. ② In the event that the consent of all of the Directors <u>and Audit and Supervisory Board Members</u> has been obtained, a meeting of the Board of Directors can be held without following the convocation procedures.</p> <p>Article 26 <u>Rules</u> of Board of Directors Items relating to the Board of Directors shall be governed by Board of Directors <u>Rules</u> established by the Board of Directors, in addition to the provisions of laws and regulations or these Articles of Incorporation.</p>	<p><u>conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within two (2) years after their election.</u></p> <p>③ <u>The term of office of a Director who is Audit and Supervisory Committee Member elected as a substitute Directors who is Audit and Supervisory Committee Member retired before the expiration of his/her term of office shall expire on the expiration of the term of office of the said retired Director.</u></p> <p>④ <u>The effective term of the resolution to elect Substitute Audit and Supervisory Committee Member will be the beginning of the Ordinary General Meeting of Shareholders for the last business year that ends within 2 years after such resolution.</u></p> <p>Article 23 (Remuneration, etc.) The remuneration, bonuses and other financial benefits received from the Company as consideration for the execution of the duties (hereinafter referred to as “Remunerations, etc.”) of Directors shall be determined by resolution of the General Meeting of Shareholders, <u>while making distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>Article 25 (Notice of Convocation of the Board of Directors Meetings) A notice of convocation of the meeting of the Board of Directors shall be forwarded to each Director at least two (2) days prior to the date of the meeting, however, this period may be shortened in the event of an emergency. ② In the event that the consent of all of the Directors has been obtained, a meeting of the Board of Directors can be held without following the convocation procedures.</p> <p>Article 26 <u>Rules of Board of Directors</u> The matters concerning the Board of Directors shall be governed by <u>Rules</u> of Board of Directors established by the Board of Directors, in addition to the provisions of laws and regulations or these Articles of Incorporation.</p>
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Article28 (Omission of Resolutions of Board of Directors)

In the event that all Directors consent for agendas of the Board of Directors in writing or by means of electromagnetic record, the Company shall deem that approval resolutions of the Board of Directors have been made for those agendas; however, that this shall not apply to cases where Audit and Supervisory Board Member states his/her objection.

(New)

Article29 (Representative Directors and Directors with Executive Power)

The Company shall elect Representative Directors by resolution of the Board of Directors.

② (Omitted)

③ The Board of Directors may elect one (1) President/Director, and one (1) Chairman/Director, several Vice-chairmans/Directors, Vice Presidents/Directors, Senior Managing Directors as well as Managing Directors, respectively, by resolution.

Article30 (Omitted)

Chapter 5 Audit and Supervisory Board Members and Audit and Supervisory Board

Article 31 (Election)

Audit and Supervisory Board Members shall be elected by resolutions of Ordinary General Meeting of Shareholders.

②Resolutions for the election of Audit and Supervisory Board Members shall be adopted by a majority of the voting rights held by shareholders present at the meeting who represent not less than one-third of the voting rights of

Article28 (Omission of Resolutions of Board of Directors)

In the event that all Directors consent for agendas of the Board of Directors in writing or by means of electromagnetic record, the Company shall deem that approval resolutions of the Board of Directors have been made for those agendas.

Article29 (Delegation of Decisions of Execution of Operations to Directors)

Under the provisions of Article 399-13, paragraph 6 of the Companies Act, the Company may delegate all or part of decisions of execution of important operations (excluding matters listed in the items of paragraph 5 of Article 399-13) to Directors by the resolution of the Board of Directors.

Article30 (Representative Director and Directors with Executive Power)

The Company shall elect Representative Director from among Directors (excluding Directors who are Audit and Supervisory Committee Members) by resolution of the Board of Directors.

②(Unchanged)

③ The Board of Directors may elect one (1) President/Director and one(1) Chairman/Director, several Vice-chairmans/Directors, Vice Presidents/Directors, Senior Managing Directors as well as Managing Directors, respectively, from among Directors (excluding Directors who are Audit and Supervisory Committee Members), by resolution.

Article31 (Unchanged)

Chapter 5 Audit and Supervisory Committee

(Deleted)

<p><u>the shareholders entitled to vote.</u></p> <p><u>③Under the provisions of Article 329, paragraph 3 of the Companies Act, the Company may elect Substitute Audit and Supervisory Board Member, in preparation for a contingency in which the Company does not have the number of Audit and Supervisory Board Members required by law.</u></p> <p><u>④The effective term of the resolution of the resolution to elect Substitute Auditor and Supervisory Board Member will be the beginning of the Ordinary General Meeting of Shareholders for the last business year that ends within 4 years after such resolution, unless it is shortened by the resolution of General Meeting of Shareholders, unless shortened by the resolution of the General Meeting of Shareholders.</u></p>	
<p><u>Article 32 (Number of Audit and Supervisory Board Members)</u></p> <p><u>The Company shall have not more than 5 Audit and Supervisory Board Members.</u></p>	(Deleted)
<p><u>Article 33 (Term of Office)</u></p> <p><u>The term of office of Audit and Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within 4 years after their election.</u></p> <p><u>②The term of office of Audit and Supervisory Board Member appointed to fill a vacancy of an Audit and Supervisory Board Member who has retired prior to the expiration of the term of office shall be the remainder of said term; provided, however, in the event that Substitute Audit and Supervisory Board Member elected pursuant to Article 31, Paragraph 3 assumed his/her office as Audit and Supervisory Board Member, it shall not exceed the conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within four 4 years after his/her election.</u></p>	(Deleted)
<p><u>Article 34 (Remuneration, etc.)</u></p> <p><u>The Remuneration, etc. of Audit and Supervisory Board Members shall be determined by resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>Article 35 (Full-time Audit and Supervisory Board Member)</u></p> <p><u>The Audit and Supervisory Board shall select</u></p>	(Deleted)

full-time Audit and Supervisory Board Members from among Audit and Supervisory Board Members.

Article 36 (Notice of Convocation of Meeting of Audit and Supervisory Board)

A notice of convocation of the meeting of Audit and Supervisory Board shall be forwarded to each Audit and Supervisory Board Member at least five (5) days prior to the date of each meeting; provided, however, this period may be shortened in the event of an emergency.

Article 37 (Audit and Supervisory Board Rules)

Unless otherwise provided for by law or these Articles of Incorporation, items relating to Audit and Supervisory Board shall be governed by Audit and Supervisory Board Rules established by Audit and Supervisory Board.

Article 38 (Limitation of Liability of Audit and Supervisory Board Members)

In accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit and Supervisory Board Members (including a person who was an Audit and Supervisory Board Member) from liability for damages, within the statutory limits.

②In accordance with Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an Audit and Supervisory Board Members limiting liability for failure to perform their duties; provided, however, the maximum liability pursuant to said agreement shall be the minimum amount as prescribed by laws or regulations.

Article 39 (Method of Resolution)

Unless otherwise provided for by laws or regulations, resolutions of Audit and Supervisory Board shall be adopted by a majority of Audit and Supervisory Board Members.

Article 40 – 41 (Omitted)

Article 42 (Remunerations, etc.)

The Remunerations, etc. of Accounting Auditor shall be determined by the Representative Director with

Article 32 (Notice of Convocation of Meeting of Audit and Supervisory Committee)

A notice of convocation of the meeting of Audit and Supervisory Committee shall be forwarded to each Audit and Supervisory Committee Member at least five (5) days prior to the date of each meeting; provided, however, this period may be shortened in the event of an emergency.

Article 33 (Rules of Audit and Supervisory Committee)

Unless otherwise provided for by law or these Articles of Incorporation, items relating to Audit and Supervisory Committee shall be governed by Audit and Supervisory Committee Rules established by Audit and Supervisory Committee.

(Deleted)

Article 34 (Method of Resolutions)

Majority of Audit and Supervisory Committee Members shall attend the meeting, and resolutions of Audit and Supervisory Committee shall be adopted by a majority of said attendees.

Article 35 – 36 (Unchanged)

Article 37 (Remunerations, etc.)

The Remunerations, etc. of Accounting Auditor shall be determined by the Representative Director with

<p>a consent of <u>Audit and Supervisory Board.</u></p> <p>Article <u>43 – 46</u> (Omitted)</p> <p>Supplementary Provisions Article 1 <u>Amended provisions of Article 13 shall come into effect from April 1<sup>st</sup>, 2017.</u></p> <p>Article 2 <u>Notwithstanding the provisions of Article 43, the 116<sup>th</sup> fiscal year which started from December 1<sup>st</sup>, 2016 shall continue until December 31<sup>th</sup>, 2017, for a 13-months period.</u></p> <p><u>Article 3</u> <u>Notwithstanding the provisions of Article 45, Paragraph, date of right allotment of interim dividend for the 116<sup>th</sup> fiscal year shall be May 31<sup>st</sup>, 2017.</u></p> <p><u>Article 4</u> <u>These supplementary provisions shall be deleted after the conclusion the Ordinary General Meeting of Shareholders of the 116<sup>th</sup> fiscal year.</u></p>	<p>a consent of <u>Audit and Supervisory Committee.</u></p> <p>Article <u>43 – 46</u> (Unchanged)</p> <p>Supplementary Provisions Article 1 <u>The Company may, pursuant to a resolution of the Board of Directors and that within the statutory limits, exempt from liability for damages of an Audit and Supervisory Board Members (including a person who was an Audit and Supervisory Board Member) as prescribed under Article 426, Paragraph 1 of the Companies Act, pertaining to acts prior to the conclusion of the 116<sup>th</sup> Ordinary General Meeting of Shareholders.</u></p> <p>Article 2 <u>With respect to the Agreement limiting liability for damages as prescribed under Article 434, Paragraph 1 of the Companies Act, pertaining to acts of Audit and Supervisory Board Members prior to the conclusion of the 116<sup>th</sup> Ordinary General Meeting of Shareholders shall be governed by Article 38, Paragraph 2 of the Articles of Incorporation before amendment by the resolution of this Ordinary General Meeting of Shareholders.</u></p> <p>(Deleted)</p> <p>(Deleted)</p>
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4. Schedule

Ordinary General Meeting of Shareholders to Amend the Articles of Incorporation	March 28th, 2018 (Wednesday)
The Effective Date of Amendments to the Articles of Incorporation	March 28th, 2018 (Wednesday)