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(Stock Exchange Code 9989)
June 4, 2018

To Shareholders with Voting Rights:

Kimiya Akao
President and Representative Director
SUNDRUG CO., LTD.
1-38-1 Wakamatsucho, Fuchu, Tokyo

NOTICE OF THE 55TH 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 55th Annual General Meeting of Shareholders of SUNDRUG CO., LTD. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights by means of either of the following methods, and are kindly requested to exercise your voting rights by the voting deadline set out below after examining following Reference Materials for the General Meeting of Shareholders.

[Voting by mail]

Please indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Friday, June 22, 2018, Japan time.

[Voting via the Internet]

Please refer to the attached Procedure to Exercise Voting Rights via the Internet (page 34) (Japanese only) set out below, access the Company's Voting Right Exercise Site (<https://soukai.mizuho-tb.co.jp/>). Enter the Voting Right Exercise Code and the Password noted on the enclosed Voting Rights Exercise Form, follow the instructions on the screen and indicate your vote for or against the proposal by 5:30 p.m. on Friday, June 22, 2018, Japan time.

- 1. Date and Time:** Saturday, June 23, 2018 at 10:00 a.m. Japan time
(Reception commences at 9:00 a.m.)
- 2. Place:** Conference room at the Corporate Headquarters Building 3rd floor located at
1-38-1 Wakamatsucho, Fuchu, Tokyo, Japan
(Please refer to the Guide Map to the venue of Annual General Meeting of
Shareholders at the end of this document.)
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company's 55th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 55th Fiscal Year (April 1, 2017 - March 31, 2018)
Proposals to be resolved:
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of 10 Directors

4. Procedures on the exercise of voting rights :

- Exercise of voting rights by proxy:

In case of voting by proxy, one other person holding the Company's voting rights may attend the meeting; please note however, that a written proof of the person's right of proxy shall be submitted.

- Treatment of cases without indication of approval or disapproval of the proposal:

In case of no indication of approval or disapproval of the proposal, the vote shall be deemed in favor of the proposal. In addition, upon the exercise of voting rights via the Internet, please refer to page 34 of the attachments.

5. Information on disclosure through the Internet :

Pursuant to the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation, the Company shall disclose and provide to our shareholders the following matters from the attached documents and the Reference Documents for the General Meeting of Shareholders via the Company's website (<http://www.sundrug.co.jp>).

(1) Notes to the Consolidated Financial Statements

(2) Individual Notes to the Non-consolidated Financial Statements

Accordingly, the attached documents to this Notice constitute a part of the documents audited by of the Auditors and Accounting Auditors upon preparation of the Audit Report.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
Any change in either of the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements, and Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<http://www.sundrug.co.jp>) (Japanese only).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company would like to appropriate the surplus as follows:

Matters concerning year-end dividends:

The Company proposes that year-end dividends of the 55th fiscal year as follows in view of performance of the fiscal year under review and future business development, etc.

(1) Type of dividend assets:

Cash

(2) Matters concerning the allotment of dividend assets to the shareholders and the amount thereof:

33 yen per share of common stock of the Company

Total amount will be 3,857,153,289 yen.

The total dividend for the fiscal year under review is 60 yen per share, increased by 10 yen per share over the previous year (after adjusted for the stock split), including the interim dividend of 27 yen per share.

(3) Date when dividends of surplus takes effect:

Monday, June 25, 2018

Proposal 2: Election of 10 Directors

The terms of office of all of the 9 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. In order to strengthen and enrich the management structure of the Group, we would like to add 1 Director. Accordingly, the election of 10 Directors is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Tatsuro Saitsu (March 31, 1948)	April 1973 Joined the Company July 1976 Director and Manager of Sales Division April 1985 Managing Director November 1987 Senior Managing Director June 1993 Senior Managing Director and Representative Director October 1994 President and Representative Director August 2013 Chairman and Representative Director (to present) [Significant concurrent positions] • Director of DIREX CORPORATION	200,000
[Reasons to be selected as a candidate for Director] Mr. Tatsuro Saitsu has served as President and Representative Director from October 1994 and as Chairman and Representative Director from August 2013 and led the Company to become one of the leading companies in the sector exercising control and supervision with superior management skills as top management over the years. He has extensive business experience and a wide range of knowledge and overall ability in managing the Company. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Company to sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	Kimiya Akao (December 28, 1965)	March 1984 Joined the Company April 1995 Section Manager, Merchandise Division April 2000 Deputy Manager, Merchandise Division June 2001 Manager, Administrative Division June 2002 Director and Manager of Administrative Division October 2005 Director and General Manager of Administrative Division August 2013 President and Representative Director (to present) [Significant concurrent positions] • Director of DIREX CORPORATION	43,000
[Reasons to be selected as a candidate for Director] Mr. Kimiya Akao has served as Director from June 2002 and as President and Representative Director from August 2013 and exercised control and supervision with superior management skills as top management. He has a variety of business experience in the Company and a wide range of knowledge in management and supervision in general. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Company to sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	Kazuhiro Tsuruta (April 27, 1965)	March 1984 Joined the Company April 1996 Deputy Manager, Merchandise Division February 1997 Manager, Sales Division June 2000 Director and Manager of Sales Division January 2003 Director and Manager of Merchandise Division January 2004 Executive Officer in charge of expansion of FC April 2007 Executive Officer and Head of the President's office June 2008 Director and Head of the President's office August 2013 Director and General Manager of Sales Division and Head of the President's office (to present) [Significant concurrent positions] • Director of Seikodo Pharmacy Corporation	29,600
[Reasons to be selected as a candidate for Director] Mr. Kazuhiro Tsuruta has served as Director or Executive Officer from June 2000 and has been involved in business management fulfilling his role and responsibility. He has extensive business experience and a wide range of knowledge in management, sales and marketing, etc. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Company to sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
4	Hiroshi Sadakata (September 27, 1970)	March 1989 Joined the Company April 2001 Section Manager, Corporate Planning Office January 2003 Deputy Manager, the Second Sales Division April 2004 Manager, the Second Sales Division April 2005 Executive Officer and Manager of the Second Sales Division June 2008 Director and Manager of the Second Sales Division December 2009 Director (to present) [Significant concurrent positions] • President and Representative Director of DIREX CORPORATION	14,000
[Reasons to be selected as a candidate for Director] Mr. Hiroshi Sadakata has served as Director or Executive Officer from April 2005 and has been involved in business management fulfilling his role and responsibility. He has extensive business experience and a wide range of knowledge in management and sales and marketing. He has also served as President and Representative Director of DIREX CORPORATION, an important subsidiary of the Company, from December 2009 and demonstrated his ability as top management. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Company to sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
5	Yoshimitsu Sakai (December 15, 1964)	November 1983 Joined the Company April 1998 Section Manager, Sales Division April 2001 Deputy Manager, Store Development Division April 2005 Executive Officer and Manager of Store Development Division June 2010 Director and Manager of Store Development Division (to present) [Significant concurrent positions] • None	20,400
[Reasons to be selected as a candidate for Director] Mr. Yoshimitsu Sakai has served as Director or Executive Officer from April 2005 and has been involved in business management fulfilling his role and responsibility. He has extensive business experience and a wide range of knowledge in management and store development. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Company to sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
6	Takashi Tada (March 10, 1969)	April 1992 Joined Ito-Yokado Co., Ltd. October 1996 Joined the Company March 2001 Director of IRYUSHOJI CO., LTD. (Non-Executive Director to present) April 2001 Section Manager, Information Section, Merchandise Division January 2003 Section Manager, Supplier Section, Merchandise Division May 2005 Section Manager, Corporate Planning Office December 2006 Retired from the Company January 2007 Senior Managing Director of Yamaki SC Kaihatsu Co., Ltd. (currently Forest Mall Co., Ltd.) June 2009 President and Representative Director of Forest Co., Ltd. (currently Forest Mall Co., Ltd.) April 2014 Representative Director and President of C'sRetail Co., Ltd. March 2017 Retired from the position June 2017 Director of the Company (to present) [Significant concurrent positions] • Director of IRYUSHOJI CO., LTD. • Executive Vice President and Representative Director of DIREX Corporation	2,200,000
[Reasons to be selected as a candidate for Director] Since joining the Company in October 1996, Mr. Takashi Tada has taken on a wide range of assignments including managerial roles in the Store Management Division, Information and Supplier Sections of the Merchandise Division and the Corporate Planning Office. After retiring from the Company in December 2006, he joined Yamaki SC Kaihatsu Co., Ltd., a developer of neighborhood shopping centers, serving as Senior Managing Director, and then as President and Representative Director of Forest Co., Ltd. After that, he became Representative Director and President of C'sRetail Co., Ltd., a company he founded which runs a variety store business that develops and imports goods etc., and has a wealth of experience being involved in corporate management at the top level. In addition, he is highly familiar with the Company group's business and has a wide range of knowledge in management in general. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Company group to contribute to enhancing the function of the Board of Directors and sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
7	Naoki Tada (November 13, 1962)	May 1990 Joined the Company April 1995 Section Manager, Corporate Planning Office March 2001 Retired from the Company June 2001 Director of the Company (to present) [Significant concurrent positions] • President and Representative Director of IRYUSHOJI CO., LTD. • President and Representative Director of Forest Co., Ltd.	3,112,000
[Reasons to be selected as a candidate for Director] Mr. Naoki Tada has served as Director from June 2001 and been involved in business management fulfilling his role and responsibility. He has extensive business experience with the Company and a wide range of knowledge in management in general as President and Representative Director at other companies. Accordingly, the Company proposes that he continues his position as a Director not involved in the business execution of the Company, but to sustainably enhance its corporate value and to enhance the function of the Board of Directors.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
8	Nobuhiko Sugiura (February 7, 1966)	April 1989 Joined The Hongkong and Shanghai Banking Corporation Limited August 2001 Research Officer at Financial Research Center of Policy and Legal Division, Planning and Coordination Bureau, Financial Services Agency March 2004 Completed the Doctorate Course, Civil Legislation Major at the Graduate School of Law of the Chuo University April 2006 Senior Legal Advisor at JP Morgan Securities Japan Co., Ltd. April 2008 Professor at of the Chuo Graduate School of Strategic Management (to present) June 2014 Director of the Company (current position) [Significant concurrent positions] • Member of the Council for issues on multiple debts and consumer loans , Financial Services Agency • Special Member of the Board of Japan Payment Service Association	-
[Reasons to be selected as a candidate for Outside Director] Mr. Nobuhiko Sugiura has extensive research experience in corporate strategy and compliance as a graduate school professor and Doctor of Jurisprudence. He is fulfilling his role to help the Company's business in general by giving advice and making proposals so as to enhance the decision making and supervisory function of the Board of Directors from a neutral and objective perspective. He is also expected to carry out his duties appropriately from an independent viewpoint as an independent External Director. Accordingly, the Company proposes that he continues his position as an External Director.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
9	Kenji Fujiwara (September 25, 1946)	<p>April 1969 Joined Shufu-no-mise Daiei, Inc. (present The Daiei, Inc.)</p> <p>May 1993 Director of The Daiei, Inc.</p> <p>June 1994 President and Representative Director of Daiei Convenience Systems Co., Ltd. (currently, Lawson, Inc.)</p> <p>May 2002 Chairman and Representative Director of Lawson, Inc.</p> <p>June 2003 President and Representative Director of FANCL Corporation</p> <p>March 2007 Chairman and Representative Director of FANCL CORPORATION</p> <p>July 2008 Director of SBS Corporation</p> <p>September 2008 Director of Digital Garage, Inc. (to present)</p> <p>June 2009 Director of Kakaku.com, Inc. (to present)</p> <p>June 2015 Director of the Company (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> • Director of Kakaku.com, Inc. • Director of Digital Garage, Inc. 	-
<p>[Reasons to be selected as a candidate for Outside Director]</p> <p>Mr. Kenji Fujiwara has extensive business experience and a wide range of knowledge and he is fulfilling his role to help the Company's business in general by giving advice and making proposals so as to enhance the decision making and supervisory function of the Board of Directors from a neutral and objective perspective. He is also expected to carry out his duties appropriately from an independent viewpoint as an independent External Director. Accordingly, the Company proposes that he continues his position as an External Director.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
10	*Masato Matsumoto (January 11, 1957)	<p>April 1979 Joined Nomura Securities Investment Trust Sales Co., Ltd.</p> <p>September 2002 Executive Officer of Mitsubishi Securities Co., Ltd.(currently, Mitsubishi UFJ Securities Holdings Co., Ltd.)</p> <p>May 2010 Managing Executive Officer, Manager of Osaka Branch, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>June 2012 Senior Managing Director of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>June 2013 Executive Vice President of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>June 2015 Executive Vice President of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2016 Chairman and Representative Director of MUS Business Service Co., Ltd</p> <p>July 2017 Advisor of SBS Holdings, Inc. (to present)</p> <p>[Significant concurrent positions]</p> <p>None</p>	-
<p>[Reasons to be selected as a candidate for Outside Director]</p> <p>Mr. Masato Matsumoto has utilized extensive business experience and a wide range of knowledge and he is fulfilling his role to help the Company's business in general by giving advice and making proposals so as to enhance the decision making and supervisory function of the Board of Directors from a neutral and objective perspective. He is also expected to contribute to further enhancing the Group's internal control system and group governance. Accordingly, the Company proposes that he newly assumes his position as an External Director.</p>			

(Notes)

1. Mr. Takashi Tada, a candidate for Director, serves as a Non-executive Director of IRYUSHOJI CO., LTD., and Mr. Naoki Tada, a candidate for Director, serves as President and Representative Director of IRYUSHOJI CO., LTD and its subsidiary Forest Mall Co., Ltd. IRYUSHOJI CO., LTD. is the largest shareholder of the Company, which has dealings of real estate leasing with Forest Mall Co., Ltd. and also has dealings of real estate leasing and commodities with its subsidiary C's One Co., Ltd. Mr. Naoki Tada and Mr. Takashi Tada are siblings.
2. There are no special interests between each candidate for Director and the Company.
3. Mr. Nobuhiko Sugiura and Mr. Kenji Fujiwara are candidates for External Directors.
4. Mr. Masato Matsumoto marked with * is a candidate for new External Director.
5. The terms of office of candidates for External Directors
 - Mr. Nobuhiko Sugiura, a current External Director of the Company, will have been in office for 4 years at the close of this annual meeting of shareholders.
 - Mr. Kenji Fujiwara, a current External Director of the Company, will have been in office for 3 years at the close of this annual meeting of shareholders.
6. If the appointment of Mr. Nobuhiko Sugiura, Mr. Kenji Fujiwara and Mr. Masato Matsumoto as External Directors are approved, the Company plans to continue the agreement with each of Mr. Nobuyuki Sugiura and Mr. Kenji Fujiwara to limit their liabilities as provided in Article 427, Paragraph 1 of the Companies Act and to enter into the same agreement with Mr. Masato Matsumoto, pursuant to the Articles of Incorporation of the Company. The limit of liability in the said agreement under Article 423, Paragraph 1 of the same Act is equal to the minimum liability limit stipulated by laws and regulations.
7. If the appointment of Mr. Nobuhiko Sugiura, Mr. Kenji Fujiwara and Mr. Masato Matsumoto as External Directors is approved, Mr. Nobuhiko Sugiura, Mr. Kenji Fujiwara will continue to be filed with Tokyo Stock Exchange as independent officers and Mr. Masato Matsumoto will be filed with the same Exchange as an independent officer to take office as independent officer.