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(Securities Code 6287)  
May 31, 2016

**To Shareholders with Voting Rights:**

Kazuo Matsuyama  
Representative Director  
SATO HOLDINGS CORPORATION  
7-1 Shimomeguro 1-chome,  
Meguro-ku, Tokyo, Japan  
(Point of contact: General Affairs &  
Legal Department)

**NOTICE OF  
THE 66TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 66th Annual General Meeting of Shareholders of SATO HOLDINGS CORPORATION (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 either of the methods indicated below. Please review the following “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by no later than 5:45 p.m. on Monday, June 20, 2016.**

- Exercising your voting rights by postal mail
- Exercising your voting rights via the Internet

**Regarding Disclosure on the Internet**

Of the items required to be provided at the time of this Notice of Convocation, the “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” have been posted on the Company’s website under “Investor Relations” (<http://www.sato.co.jp/ir/>), and are therefore not included in the documents attached to this Notice of Convocation, based on requirements by law and Article 16 of the Articles of Incorporation.

Accordingly, the documents attached to this Notice of Convocation are part of the documents audited by the Auditor and the Accounting Auditor when preparing the Audit Report.

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<b>1. Date and Time:</b>	Tuesday, June 21, 2016 at 10:00 a.m., Japan time
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<b>2. Place:</b>	Tokyo Midtown Hall B, B1 floor, Midtown East, Tokyo Midtown, 7-2 Akasaka 9-chome, Minato-ku, Tokyo, Japan
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<b>3. Agenda:</b>	<table border="0"> <tr> <td style="vertical-align: top;"><b>Matters to be reported:</b></td> <td> <ol style="list-style-type: none"> <li>1. The Business Report, Consolidated Financial Statements for the Company's 66th Fiscal Year (April 1, 2015 - March 31, 2016) and results of the audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors</li> <li>2. Non-Consolidated Financial Statements for the Company's 66th Fiscal Year (April 1, 2015 - March 31, 2016)</li> </ol> </td> </tr> <tr> <td style="vertical-align: top;"><b>Proposals to be resolved:</b></td> <td> <table border="0"> <tr> <td style="vertical-align: top;"><b>Proposal No. 1:</b></td> <td>Distribution of Surplus</td> </tr> <tr> <td style="vertical-align: top;"><b>Proposal No. 2:</b></td> <td>Election of Eleven Directors</td> </tr> <tr> <td style="vertical-align: top;"><b>Proposal No. 3:</b></td> <td>Election of One Auditor</td> </tr> <tr> <td style="vertical-align: top;"><b>Proposal No. 4:</b></td> <td>Determination of the Amount and Details of Performance-based Stock Compensation for Directors, etc.</td> </tr> </table> </td> </tr> </table>	<b>Matters to be reported:</b>	<ol style="list-style-type: none"> <li>1. The Business Report, Consolidated Financial Statements for the Company's 66th Fiscal Year (April 1, 2015 - March 31, 2016) and results of the audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors</li> <li>2. Non-Consolidated Financial Statements for the Company's 66th Fiscal Year (April 1, 2015 - March 31, 2016)</li> </ol>	<b>Proposals to be resolved:</b>	<table border="0"> <tr> <td style="vertical-align: top;"><b>Proposal No. 1:</b></td> <td>Distribution of Surplus</td> </tr> <tr> <td style="vertical-align: top;"><b>Proposal No. 2:</b></td> <td>Election of Eleven Directors</td> </tr> <tr> <td style="vertical-align: top;"><b>Proposal No. 3:</b></td> <td>Election of One Auditor</td> </tr> <tr> <td style="vertical-align: top;"><b>Proposal No. 4:</b></td> <td>Determination of the Amount and Details of Performance-based Stock Compensation for Directors, etc.</td> </tr> </table>	<b>Proposal No. 1:</b>	Distribution of Surplus	<b>Proposal No. 2:</b>	Election of Eleven Directors	<b>Proposal No. 3:</b>	Election of One Auditor	<b>Proposal No. 4:</b>	Determination of the Amount and Details of Performance-based Stock Compensation for Directors, etc.
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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. We also request that you bring this Notice of the Annual General Meeting of Shareholders with you as materials for the meeting.
- The Company plans to set up exhibits at the entrance of the meeting venue to foster greater understanding of its business.
- You may exercise your voting rights by proxy by having another shareholder who holds voting rights attend the General Meeting on your behalf, provided that a document certifying him or her as your proxy is submitted.
- Any updates to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements will be posted on the Company's website at the following URL:  
<http://www.sato.co.jp/ir/stockholder/shareholders/index.html>

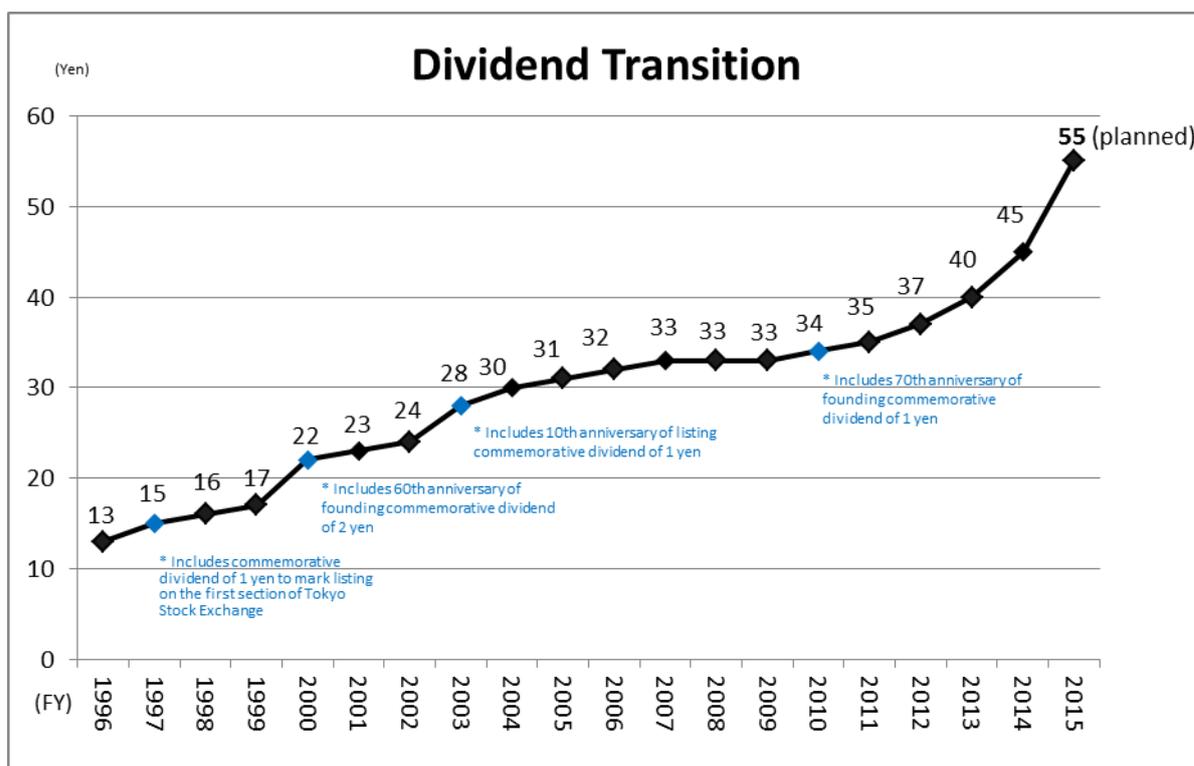
## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Distribution of Surplus

After taking into account the performance of the fiscal year under review and the business environment, the Company hereby proposes the following as the year-end dividend for the 66th fiscal year:

Type of dividend assets	Cash
Allocation of dividend assets and the total amount of dividends	Allocation of dividend: 28 yen per share of common stock of the Company Total amount of dividends: 938,651,840 yen
Effective date of distribution of surplus	June 22, 2016

Combined with the interim dividend (27 yen per share), the total amount of the annual dividends will be 55 yen per share, an increase of 10 yen compared with the previous fiscal year.



### Policy regarding the distribution of surplus in the form of dividends, etc.

The Company's fundamental policy regarding distribution of profits is to provide four-way returns to our stakeholders: shareholders, employees, society, and the Company. The Company decides the distribution of profits based on the basic principles of increasing enterprise value per share and ensuring stable, continuous dividends while retaining internal reserves for future business expansion, comprehensively considering business performance and climate.

**Proposal No. 2:** Election of Eleven Directors

The terms of office of all twelve Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the Company hereby proposes the election of eleven Directors, reducing the number by one, to enable strategic and agile decision-making in the Board of Directors with management structure changes.

The candidates are as follows:

No.	Name	Positions at the Company		Attendance at the Board of Directors meetings
Directors				
1	Kazuo Matsuyama	Representative Director, President and CEO	Reelected	10/10 (100%)
2	Koichi Nishida	Director	Reelected	10/10 (100%)
3	Ikuo Dobashi	Director	Reelected	10/10 (100%)
4	Tatsuo Narumi	Director	Reelected	10/10 (100%)
5	Ken Suzuki	Director	Reelected Independent Officer Candidate for External Director	10/10 (100%)
6	Yuko Tanaka	Director	Reelected Independent Officer Candidate for External Director	8/10 (80%)
7	Ryoji Itoh	Director	Reelected Independent Officer Candidate for External Director	9/10 (90%)
8	Mitsuaki Shimaguchi	Director	Reelected Independent Officer Candidate for External Director	9/10 (90%)
9	Hideo Yamada	Director	Reelected Independent Officer Candidate for External Director	8/8 (100%)
10	Ryutaro Kotaki	Executive Vice President and COO	Newly elected	-
11	Chieko Matsuda	Auditor	Newly elected Independent Officer Candidate for External Director	8/10 (80%)

Note: For Mr. Yamada, the attendance ratio takes into consideration meetings conducted after he assumed the post of Director in June 2015.

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
1	Kazuo Matsuyama (August 20, 1960)  Reelected  Years of service: 7	June 2001    Joined the Company Senior Manager of Human Resources Dept., Administration Division (Dispatched to SATO INTERNATIONAL PTE. LTD.) January 2004    Executive Officer; Senior Manager of Sales & Marketing, SATO INTERNATIONAL PTE. LTD. July 2005        Senior Executive Officer; General Manager of SATO INTERNATIONAL PTE. LTD. July 2007        Vice President; Managing Director of SATO INTERNATIONAL PTE. LTD. June 2009        Director and Vice President; Managing Director of SATO INTERNATIONAL PTE. LTD. October 2009    Director, Vice President and General Manager of International Business Division July 2010        Director, Executive Vice President, responsible for International Business and General Manager of International Business Division December 2010    Representative Director, Executive Vice President and COO, responsible for International Business October 2011    Representative Director, President and CEO (to present)	32,740
(Reasons for recommendation as Director) Mr. Matsuyama has served as the financial officer of the Company's manufacturing subsidiary in Malaysia and as the president of its overseas regional headquarters in Singapore. In 2011, he assumed office as Representative Director and President of the Company, gaining experience and producing results in management roles both in and outside Japan where he demonstrates great leadership. The Company has determined that he is qualified to oversee business activities as Director to accelerate globalization and pursue maximization of customer value, and therefore renominates him as a candidate for Director.			
(Message from the candidate to shareholders) Company value can be represented by economic value measured in market capitalization of stock, and is also an indicator of how much people care or attribute value to the company. I believe that increasing both of these simultaneously will lead directly to the improvement of SATO's company value. To that end, I will do my best to first ensure SATO achieves its performance targets steadily. At the same time, I will make continuous efforts to have this company value people and be valued by society, without forgetting SATO's fundamental management principles.			

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
	<p data-bbox="177 414 419 481">Koichi Nishida (December 10, 1958)</p> <p data-bbox="177 537 419 571">Reelected</p> <p data-bbox="177 593 419 660">Years of service: 15</p>	<p data-bbox="424 315 1297 347">March 1981    Joined the Company</p> <p data-bbox="424 347 1297 378">February 1998    Senior Manager of System Service Dept., CS Division</p> <p data-bbox="424 378 1297 409">April 1999    General Manager of CS Division</p> <p data-bbox="424 409 1297 441">June 2001    Director and General Manager of CS Division</p> <p data-bbox="424 441 1297 472">June 2002    Director, responsible for Production in Malaysia</p> <p data-bbox="424 472 1297 526">June 2003    Director and Senior Executive Officer, responsible for Production in Malaysia</p> <p data-bbox="424 526 1297 593">June 2005    Director and Vice President, responsible for Overseas Production</p> <p data-bbox="424 593 1297 660">April 2006    Director and Vice President, responsible for Overseas Production and Purchase</p> <p data-bbox="424 660 1297 692">June 2007    Representative Director, President and CEO</p> <p data-bbox="424 692 1297 723">October 2011    Representative Director and Chairman</p> <p data-bbox="424 723 1297 754">June 2012    Director (to present)</p>	<p data-bbox="1302 515 1474 548">39,085</p>
2	<p data-bbox="177 763 1474 795">(Reasons for recommendation as Director)</p> <p data-bbox="177 795 1474 1019">Mr. Nishida has headed the Company's customer service division and served as the president of its Malaysian and Vietnamese manufacturing subsidiaries, and subsequently Representative Director and President/Chairman of the Company for five years from 2007. Since 2012, he has been making efforts in shaping global governance across the company and managing the creation and protection of intellectual property to improve the company value in his role as executive for intellectual property. The Company has determined that he is qualified to oversee business activities as Director to accelerate globalization and pursue maximization of customer value, and therefore renominates him as a candidate for Director.</p>		
	<p data-bbox="177 1025 1474 1057">(Message from the candidate to shareholders)</p> <p data-bbox="177 1057 1474 1258">SATO Group seeks to be a value-creating company that is useful to society and trusted by its customers. As such, I have taken charge of intellectual production activities for improving our technical competitiveness and activities aimed at the development of the Auto-ID systems industry. And as company value becomes increasingly important, I also have been promoting the creation of new values for the sustainable development of SATO Group. I will monitor governance of the Company from within, and work in consideration of delivering returns to shareholders, employees, society, and the company under proper business management.</p>		

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
3	<p data-bbox="177 510 416 584">Ikuo Dobashi (September 21, 1955)</p> <p data-bbox="177 636 416 674">Reelected</p> <p data-bbox="177 696 416 763">Years of service: 11</p>	<p data-bbox="421 315 1299 353">October 1980    Joined the Company</p> <p data-bbox="421 353 1299 405">April 1999    Senior Manager of Printer Sales Promotion Dept., Sales Division</p> <p data-bbox="421 405 1299 443">June 2002    General Manager of CS Division</p> <p data-bbox="421 443 1299 495">June 2003    Senior Executive Officer and General Manager of Sales Division</p> <p data-bbox="421 495 1299 546">June 2005    Director, Vice President and General Manager of Sales Division</p> <p data-bbox="421 546 1299 645">June 2007    Representative Director, Executive Vice President, COO (responsible for Domestic Business), and General Manager of Sales Division</p> <p data-bbox="421 645 1299 696">October 2007   Representative Director, Executive Vice President and COO</p> <p data-bbox="421 696 1299 734">June 2011    Director and Chairman</p> <p data-bbox="421 734 1299 772">October 2011   Director and Vice Chairman</p> <p data-bbox="421 772 1299 824">April 2012    Director and Vice Chairman, responsible for Europe Business</p> <p data-bbox="421 824 1299 875">June 2012    Director, responsible for Europe Business; Director and Chairman of SATO CORPORATION</p> <p data-bbox="421 875 1299 913">October 2013   Director, responsible for Europe Business</p> <p data-bbox="421 913 1299 958">April 2014    Director (to present)</p>	26,266
<p data-bbox="177 965 1474 1003">(Reasons for recommendation as Director)</p> <p data-bbox="177 1003 1474 1227">Mr. Dobashi has headed the Company's domestic sales division where he succeeded in building a strong sales structure, and served as Representative Director and Executive Vice President of the Company for four years from 2007. From 2012, he served as Director and Chairman of the Company's sales regional headquarters in Europe for one year, making such achievements as enhancing the sales structure in Europe and reaching profitability. The Company has determined that he is qualified to oversee business activities as Director to accelerate globalization and pursue maximization of customer value, and therefore renominates him as a candidate for Director.</p>			
<p data-bbox="177 1234 1474 1272">(Message from the candidate to shareholders)</p> <p data-bbox="177 1272 1474 1460">Our vision is to become the leader in the Auto-ID solutions industry worldwide and a company with strong presence around the world. In fiscal year 2016, we will return to the basics of our business founding, leveraging the DNA of SATO we have inherited to deliver solution proposals based on information that can only be gained in customer fields and work as one toward becoming the company we envision. I will continue to embrace constant changes while promoting business expansion, advances into new fields, and globalization.</p>			

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
4	<p>Tatsuo Narumi (February 24, 1952)</p> <p>Reelected</p> <p>Years of service: 8</p>	<p>August 2000    Joined the Company Senior Manager of Secretary's Office</p> <p>April 2001    Senior Manager of Human Resources Dept., Administration Division</p> <p>May 2003      Senior Manager of Planning Dept., Corporate Planning and Administration Division</p> <p>June 2003     Executive Officer and Senior Manager of Planning Dept., Corporate Planning and Administration Division</p> <p>October 2005   Executive Officer, General Manager of Corporate Planning and Administration Division and Senior Manager of Planning Dept.</p> <p>January 2006   Senior Executive Officer and General Manager of Corporate Planning and Administration Division</p> <p>July 2007      Vice President and General Manager of Corporate Planning and Administration Division</p> <p>June 2008     Director, Vice President and General Manager of Corporate Planning and Administration Division</p> <p>July 2009      Director (to present)</p>	22,366
<p>(Reasons for recommendation as Director)</p> <p>Mr. Narumi has headed the Corporate Planning Division of the Company, during which period he also served as Executive Officer for six years. Since he became Director in 2008, he has worked to enhance our global business base from the corporate planning aspect, and to enhance our governance structure in sales group companies starting 2015. The Company has determined that he is qualified to oversee business activities as Director to accelerate globalization and pursue maximization of customer value, and therefore renominates him as a candidate for Director.</p>			
<p>(Message from the candidate to shareholders)</p> <p>As a Director not serving as executive member, I will concentrate on improving the function of the Board of Directors along with our External Directors who have a wealth of knowledge for governance enhancement and long-term company value creation. For our domestic sales companies, I am committed to making constitutional reforms so that we can contribute to improving the company value of our customers as their most trusted solution partner. I aim to realize a strong company that can continuously achieve performance targets, and will strive to meet the expectations of all our shareholders.</p>			

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
5	Ken Suzuki (June 11, 1948)	February 1974    Joined Suzuhiko Co., Ltd. (VITAL-NET, Inc. at present)	5,256
	Reelected	April 1983    Managing Director of SUN-S Inc. (VITAL-NET, Inc. at present)	
	Independent Officer	April 1994    Representative Director and President of SUN-S Inc.	
		June 2002    Director of the Company (to present)	
	Candidate for External Director	June 2005    Representative Director, President and CEO of VITAL-NET Inc.	
		September 2006    Outside Director of HOKUYAKU TAKEYAMA Holdings, Inc. (to present)	
	Years of service: 14	October 2008    Outside Director of Forest Holdings Inc. (to present)	
		April 2009    Representative Director and President of VITAL KSK HOLDINGS, INC.	
		May 2013    Chairman of The Federation of Japan Pharmaceutical Wholesalers Association (to present)	
		June 2015    Chairman of VITAL-NET, Inc. (to present)	
	June 2015    Chairman of VITAL KSK HOLDINGS, INC. (to present)		
(Reasons for recommendation as Director) Mr. Suzuki possesses extensive experience and broad insights in managing business operations, tapping into them actively to offer wide-ranging opinions and recommendations during deliberations of business-critical matters at the Board of Directors' meetings. The Company has determined that he is qualified to drive sustainable business management globally as Director, and therefore renominates him as a candidate for External Director.			
(Message from the candidate to shareholders) SATO Group is expanding its global business activities based on its corporate philosophy "to contribute towards a better and more sustainable world." Moving forward, I hope to make use of my experience and insights as corporate executive to help the SATO business grow even more stably and improve its company value to benefit society, employees, and shareholders. Furthermore, I will do my best, as External Director, to make sure that the corporate governance function of SATO Group works effectively.			

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held	
6	Yuko Tanaka (January 30, 1952)  Reelected  Independent Officer  Candidate for External Director  Years of service: 12	April 1980 Full-time Lecturer at 1st Faculty of Liberal Arts of Hosei University April 1983 Assistant Professor at 1st Faculty of Liberal Arts of Hosei University April 1986 Exchange research worker at Beijing University April 1991 Professor at 1st Faculty of Liberal Arts of Hosei University April 1993 Overseas research worker of the University of Oxford April 2003 Professor at the Department of Media and Communication Studies, Faculty of Social Sciences, Hosei University (to present)	2,870	
		June 2004 Director of the Company (to present) April 2007 Professor at International Japan-Studies Institute (graduate school), Hosei University (to present)		
		April 2010 President of International Japan-Studies Institute (graduate school), Hosei University April 2012 Dean, Faculty of Social Sciences, Hosei University April 2014 President of Hosei University (to present)		
		(Reasons for recommendation as Director)		
		Ms. Tanaka possesses extensive experience and broad insights as university professor and president, tapping into them actively to make statements during deliberations at the Board of Directors' meetings and offer opinions and suggestions on diversity management. The Company has determined that she is qualified to drive sustainable business management globally as Director, and therefore renominates her as a candidate for External Director.		
		(Message from the candidate to shareholders)		
		SATO HOLDINGS has established itself as a fair and trustworthy company, having won the Japan's Most Cherished Companies award this year. It is my wish that SATO can be recognized equally at the global level in future. Recently many students are reviewing potential employers with an international perspective, while talented non-Japanese students in Japan are also hoping to find employment locally. In order to secure our share in the global market, I will further promote gender and cultural diversity, and strive to increase the Company's enterprise quality.		

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
7	Ryoji Itoh (January 14, 1952)  Reelected  Independent Officer  Candidate for External Director  Years of service: 2	<p>July 1979      Joined McKinsey &amp; Company</p> <p>January 1984    Partner of McKinsey &amp; Company</p> <p>June 1988      Director, responsible for Product Development of UCC UESHIMA COFFEE CO., LTD.</p> <p>September 1990 Representative Director of Schroder Ventures K.K.</p> <p>May 2000      Project Professor at the Graduate School of Media and Governance, Keio University (to present)</p> <p>January 2001    President of Bain &amp; Company Japan, Inc.</p> <p>April 2006      Representative Director of PLANET PLAN. CO., LTD (to present)</p> <p>June 2008      Director of the Company</p> <p>May 2012      External Director of RENOWN INCORPORATED</p> <p>January 2013    Representative Director of El Sol Business Advisor Corporation</p> <p>June 2014      Director of the Company (to present)</p> <p>June 2014      Outside Director of Miraca Holdings Inc. (to present)</p>	972
<p>(Reasons for recommendation as Director)</p> <p>Mr. Itoh possesses extensive experience and broad insights as corporate executive and graduate school professor, tapping into them actively to offer opinions and recommendations on business-critical matters during deliberations at the Board of Directors' meetings with the awareness of enhancing SATO's governance structure. The Company has determined that he is qualified to drive sustainable business management globally as Director, and therefore renominates him as a candidate for External Director.</p>			
<p>(Message from the candidate to shareholders)</p> <p>As the IoT society progresses at the global level, I believe the SATO Group's social mission to fill in "The Last Inch" will grow increasingly important. I will work to spread this corporate identity worldwide to contribute to industry developments, ensuring that that it will translate to increased shareholder value by maintaining and strengthening a fair governance structure from an independent standpoint to achieve further growth for SATO.</p>			

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
8	Mitsuaki Shimaguchi (March 31, 1942)  Reelected  Independent Officer  Candidate for External Director  Years of service: 2	<p>April 1987 Professor at Graduate School of Business Administration, Keio University</p> <p>June 1998 Outside Corporate Auditor of Ishii Food Corporation</p> <p>June 2002 Outside Director of Eisai Co., Ltd.</p> <p>March 2006 External Director of Lion Corporation</p> <p>May 2006 External Director of BELLSYSTEM24, Inc.</p> <p>April 2007 Professor Emeritus of Keio University (to present)</p> <p>April 2007 Professor at Hosei Business School of Innovation Management, Hosei University</p> <p>September 2007 President of Japan Marketing Association (to present)</p> <p>February 2009 Outside Corporate Auditor of Suntory Holdings Limited</p> <p>April 2012 Professor at Graduate School of Business Innovation, Kaetsu University (to present)</p> <p>June 2014 Director of the Company (to present)</p> <p>June 2014 Outside Director of Sanrio Company, Ltd. (to present)</p>	735
<p>(Reasons for recommendation as Director)</p> <p>Mr. Shimaguchi possesses extensive knowledge and experience in the marketing field and deep insights as a university professor, tapping into them actively to offer opinions and recommendations on business-critical matters during deliberations at the Board of Directors' meetings from the perspective of improving the company value of SATO Group as a whole. The Company has determined that he is qualified to drive sustainable business management globally as Director, and therefore renominates him as a candidate for External Director.</p>			
<p>(Message from the candidate to shareholders)</p> <p>It is said that the overall value of good-standing companies is judged from the outside by high customer satisfaction and social reputation, and judged from the inside by high employee satisfaction and economic achievements. If SATO Group improves such ratings from its outside and inside to become even more innovative and outstanding, it will be able to also increase its shareholder value further. As External Director, I hope to speak from a unbiased, critical yet receptive viewpoint to contribute toward improving the overall company value of SATO Group.</p>			

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
9	<p>Hideo Yamada (January 23, 1952)</p> <p>Reelected</p> <p>Independent Officer</p> <p>Candidate for External Director</p> <p>Years of service: 1</p>	<p>March 1984 Graduated from the Legal Training and Research Institute</p> <p>April 1984 Registered as an attorney (Daini Tokyo Bar Association)</p> <p>October 1992 President of Yamada Hideo Law Office (Yamada &amp; Ozaki Law Office at present) (to present)</p> <p>May 1998 Outside Corporate Auditor of Taiyo Chemical Industry Co., Ltd. (to present)</p> <p>June 2004 Director of the Company</p> <p>March 2006 Outside Director of Lion Corporation (to present)</p> <p>June 2007 Outside Corporate Auditor of Ishii Food Co., Ltd.</p> <p>June 2007 Outside Corporate Auditor of MIKUNI CORPORATION</p> <p>March 2009 Outside Director of Hulic Co., Ltd. (to present)</p> <p>April 2010 Executive Governor of Japan Federation of Bar Associations</p> <p>April 2014 Vice president of Japan Federation of Bar Associations</p> <p>April 2014 President of Daini Tokyo Bar Association</p> <p>June 2015 President of Akiko Tachibana Memorial Foundation (to present)</p> <p>June 2015 Director of the Company (to present)</p>	577
<p>(Reasons for recommendation as Director)</p> <p>Mr. Yamada possesses extensive experience and broad insights as a lawyer, tapping into them actively to offer opinions and recommendations on business-critical matters during deliberations at the Board of Directors' meetings from the perspective of meeting stakeholders' expectations. The Company has determined that he is qualified to drive sustainable business management globally as Director, and therefore renominates him as a candidate for External Director.</p>			
<p>(Message from the candidate to shareholders)</p> <p>I have been with SATO Group for over 10 years, and in recent years, the range of its business activities has grown very extensive and diverse. With the increasing trend of globalization, I feel that External Directors have heavier responsibilities than ever before. Especially from my profession as a lawyer, I aim to speak out actively in the Board of Directors' meetings from the perspective of legal compliance and risk management as a "better safe than sorry" approach to prevent corporate scandals for the growing SATO Group. Additionally, from the perspective of diversity, I hope to make proposals regarding the active recruitment of female or veteran employees.</p>			

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
	<p>Ryutaro Kotaki (July 16, 1964)</p> <p>Newly elected</p>	<p>February 1988    Joined the Company</p> <p>July 2007        Executive Officer and Senior Manager of Printer Sales Promotion Dept., Sales Division</p> <p>October 2011    Executive Officer; Director and General Manager of Domestic Sales Dept., SATO CORPORATION</p> <p>April 2012        Executive Officer; President of SATO TECHNO LAB CO., LTD.</p> <p>April 2013        Senior Executive Officer; President of SATO TECHNOLOGY CO., LTD.</p> <p>July 2014         Vice President; President of SATO TECHNOLOGY CO., LTD.</p> <p>April 2016        Executive Vice President and COO; President of SATO CORPORATION (to present)</p>	<p>12,510</p>
10	<p>(Reasons for recommendation as Director)</p> <p>Mr. Kotaki has held key positions in the Company's Japanese sales company and the president role of its R&amp;D business company, during which period he also served as Executive Officer for nine years expanding sales in Japan and improving product development processes. In April 2016, he took office as the Company's Vice President and Chief Operating Officer and as the president of SATO CORPORATION, its Japanese sales company, he will be driving domestic businesses to also support the global expansion of customers. The Company has determined that he is qualified to oversee business activities as Director to accelerate globalization and pursue maximization of customer value, and therefore nominates him as a new candidate for Director.</p>		
	<p>(Message from the candidate to shareholders)</p> <p>I sincerely appreciate our shareholders' support for SATO Group. In my new dual roles, I will manage our business to put customer value first so that we can continue to be the most trusted company for customers, while also working towards the establishment of a sustainable revenue base for our Japanese business, the cornerstone of SATO Group.</p>		

No.	Name (Date of birth)	Career summaries, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
11	<p>Chieko Matsuda (November 18, 1964)</p> <p>Newly elected Independent Officer</p> <p>Candidate for External Director</p> <p>Years of service (as Auditor): 4</p>	<p>April 1987      Joined Long-Term Credit Bank of Japan, Limited</p> <p>October 1998    Joined Moody's Japan K.K.</p> <p>September 2001 Partner of Corporate Directions, Inc.</p> <p>November 2002 Senior Researcher of Japan Association for Chief Financial Officers (to present)</p> <p>May 2006       Representative Director of Matrix, Inc.</p> <p>October 2006    Vice President (Partner) of Booz &amp; Company Inc.</p> <p>April 2011      Professor at Graduate School of Social Sciences, Tokyo Metropolitan University (to present)</p> <p>April 2011      Professor at Faculty of Urban Liberal Arts, Tokyo Metropolitan University (to present)</p> <p>June 2012       Auditor of the Company (to present) Outside Director of S.T. CORPORATION</p> <p>June 2013       Outside Director of Hitachi Chemical Company, Ltd. (to present)</p> <p>June 2014       Outside Director of AEON Financial Service Co., Ltd.</p> <p>June 2015       Outside Director of Foster Electric Company, Limited (to present)</p> <p>March 2016     Outside Audit &amp; Supervisory Board Member of Kirin Holdings Company, Limited (to present)</p>	0
<p>(Reasons for recommendation as Director)</p> <p>Ms. Matsuda possesses global experience and achievements in foreign-affiliated companies, as well as expert knowledge and deep insights as a serving graduate school professor, tapping into them actively to offer opinions and recommendations on business-critical matters during the Board of Auditors' meetings and deliberations at the Board of Directors' meetings in her role as External Auditor. The Company has determined that she is qualified to strengthen its global governance structure and drive sustainable business management as Director while making use of her distinctive strengths, and therefore nominates her as a new candidate for External Director.</p>			
<p>(Message from the candidate to shareholders)</p> <p>It is the wish of shareholders and other stakeholders that the SATO Group is able to grow its company base globally for realizing its corporate motto of "Ceaseless Creativity and to improve its company value in a sustainable manner. From an external perspective, I will place importance on fairness and transparency while contributing to securing and enriching sound business management toward achieving such a future for SATO.</p>			

Notes:

1. No material conflicts of interest exist between the Company and any of the above candidates for Directors.
2. Mr. Ken Suzuki, Ms. Yuko Tanaka, Mr. Ryoji Itoh, Mr. Mitsuaki Shimaguchi, Mr. Hideo Yamada and Ms. Chieko Matsuda are candidates to become External Directors. The Company has appointed them as independent officers under the provisions of the Tokyo Stock Exchange and has filed a notification to that effect with the Exchange.
3. The Company's current Articles of Incorporation set forth that the Company may enter into agreements with External Directors in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum extent permitted by law. If the election of the above candidates for External Director is approved, the Company plans to continue or enter into limited liability agreements of the content described above with each of them.
4. Years of service of each candidate is as of the conclusion of this General Meeting.
5. Ms. Chieko Matsuda currently serves as Outside Director of Hitachi Chemical Company, Ltd. ("Hitachi Chemical"), whose group member company was found to be in violation of laws both in Japan and in the United States. A summary of incidents and responses by Ms. Matsuda thereto are as follows.

(1) Summary of incidents

In March 2016, Hitachi AIC Inc., a subsidiary of Hitachi Chemical was identified by the Japan Fair Trade Commission as violating the Antimonopoly Act in past transactions involving its aluminum electrolytic capacitors. The violation was said to have taken place during the period from March 2010 to November 2011, and was disclosed publicly by Hitachi Chemical on March 29, 2016. Furthermore, Hitachi Chemical was under investigation by the United States Department of Justice for violation of the U.S. antitrust laws in relation to its aluminum and tantalum electrolytic capacitors business, and has entered a plea agreement containing terms such as the payment of fines with the U.S. Department of Justice in April 2016. The violation was ruled to have taken place during the period from August 2002 to March 2010, and the filing of the plea agreement was disclosed publicly by Hitachi Chemical on April 28, 2016.

(2) Summary of responses to incidents

Ms. Chieko Matsuda, as the Outside Director of Hitachi Chemical, has expressed her opinions on the importance of enforcing legal compliance at the Board of Directors' meetings and other meetings from time to time. Ms. Matsuda was elected as the group's Outside Director in June 2013 (to present), which goes to say that the above violations took place before her appointment. Nevertheless, since the discovery of these incidents, Ms. Matsuda has been providing advice on strengthening compliance measures to prevent the recurrence of such violations, in addition to her ongoing efforts to share opinions on legal compliance and the development of internal control systems at meetings for the Board of Directors or the Audit Committee.

**Proposal No. 3: Election of One Auditor**

The term of office of Ms. Chieko Matsuda, an Auditor for the Company, will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the Company hereby proposes the election of one Auditor.

The Board of Auditors has given its approval in advance.

The candidate is as follows:

Name (Date of birth)	Career summaries and positions at the Company (significant concurrent positions)	Number of shares of the Company held
Noriko Yao (August 27, 1967)  Newly elected Independent Officer Candidate for External Auditor	March 1995 Graduated from the Legal Training and Research Institute April 1995 Registered as an attorney (Fukuoka Bar Association) September 2001 Joined Paul, Hastings, Janofsky & Walker LLP October 2002 Registered as an attorney (Daini Tokyo Bar Association) October 2002 Admitted as an attorney (New York State Bar Association) January 2008 Partner of TMI Associates (to present) October 2014 Auditor of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (to present) November 2015 Outside Director, MEIKO NETWORK JAPAN CO., LTD. (to present)	0
<p>(Reasons for recommendation as Auditor) Ms. Yao possesses professional knowledge and deep insights as a lawyer with extensive international experience. The Company has determined that she is qualified to audit the execution of duties by Directors from a fair and objective position as the Company pursues sustainable business management globally, and therefore nominates her as a candidate for External Auditor.</p>		
<p>(Message from the candidate to shareholders) In recent years, social sensitivity and legal systems toward/for corporate governance are changing dramatically. With a good understanding of SATO Group's corporate values, I will make use of my professional knowledge and experience as a lawyer to duly fulfill my auditing duties from an external perspective, and strive to contribute to the sustained, sound growth of the group and the improvement of its company value to benefit shareholders, employees, and society.</p>		

Notes:

1. No material conflict of interest exists between the Company and the above candidate for Auditor.
2. The above person is a candidate to become External Auditor. The Company has appointed the candidate as an independent officer under the provisions of the Tokyo Stock Exchange and has filed a notification to that effect with the Exchange.
3. The Company's current Articles of Incorporation set forth that the Company may enter into agreements with External Auditors in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum extent permitted by law. If the election of the above candidate is approved, the Company plans to enter into a limited liability agreement of the content described above with her.
4. The candidate's name stated above is used in her profession as lawyer. Her name in the family register is Noriko Seto.

**Proposal No. 4:** Determination of the Amount and Details of Performance-based Stock Compensation for Directors, etc.

1. Grounds for proposal

Compensation for the Company's Directors is composed of basic compensation and stock option compensation; however, the Company proposes the introduction of a new performance-based stock compensation plan (hereinafter the "Plan") in which the Company's Directors (excluding External Directors and Directors who do not reside within Japan (hereinafter the "Non-residents"; the same applies hereinafter, limited to the Company's Directors who concurrently serve as Executive Officers.) and Executive Officers (excluding Non-residents; the same applies hereinafter) (hereinafter Directors and Executive Officers collectively referred to as the "Directors, etc.") are issued or delivered (hereinafter collectively referred to as "Delivery, etc.") shares of the Company's stock and converted equivalent cash amounts (hereinafter collectively referred to as "Company Shares, etc.") based on the degree of achievement of performance goals.

This agenda item proposes the provision of stock compensation to Directors, etc. separate from and in addition to the maximum amount of compensation to Directors (400 million yen or less per year, not including employee wages.) that was approved at the 47th Annual General Meeting of Shareholders held on June 27, 1997, while, on the condition that this proposal is approved, we would discontinue stock compensation-type stock options that were approved to Directors at the 63rd Annual General Meeting of Shareholders held on June 21, 2013, and no longer issue new stock acquisition rights as stock options going forward.

In addition, the introduction of this Plan is intended to further clarify the relationship between compensation for Directors, etc. and the Company's stock value, and to increase both the sense and motivation for contributing to the improvement of medium- to long-term performance and corporate value, and the introduction of this Plan is thus deemed both reasonable and proper.

2. Number of Directors to whom this Plan shall apply

The number of Directors to whom this Plan shall apply will be two, if Proposal No. 2 is approved as originally proposed.

In addition, as set forth above, this Plan shall also apply to Executive Officers (at present there are 11 Executive Officers to whom this Plan shall apply who do not also serve concurrently as Directors), and the compensation in accordance with this Plan shall also include compensation for Executive Officers.

Therefore, this agenda item proposes the amount and details of compensation for Directors, etc. considering the possibility of applicable Executive Officers to newly assume positions as Directors during the period of application of this Plan.

3. Amount and details of compensation in the Plan

(1) Overview of the Plan

The Plan is a stock compensation system in which the shares of the Company are acquired through a trust with the compensation for Directors, etc. that is contributed by the Company established as the fund, and where the Delivery, etc. of Company Shares, etc. to Directors, etc. is carried out through the relevant trust in amounts equivalent to points which are assigned based on the relevant employment position and the degree of achievement of performance goals, etc.

- (i) Individuals subject to Delivery, etc. of Company Shares, etc. (Plan Subjects)  
Directors, etc.
- (ii) Effect that the shares of the Company to be delivered would have on the aggregate number of issued shares of the Company
  - i) Maximum amount of money contributed by the company
    - A total of 600 million yen for five fiscal years
  - ii) Maximum number of Company Shares, etc. to be acquired by Plan Subjects and method of acquisition of the shares of the Company
    - The maximum number of points which can be allocated to Plan Subjects shall be 60,000 points per year.
    - The number of shares equivalent to the maximum point shall be 60,000 shares per year or a total of

- 300,000 shares over five years.
  - Ratio to the total number of shares issued (as of March 31, 2016) is approximately 0.85%.  
\*Ratio of the number of shares per year to the total number of issued shares is approximately 0.17%.
  - The Company's shares are acquired from the stock market or from the Company (disposition of treasury shares).
- (iii) Method of calculating the number of Company Shares, etc. acquired by Plan Subjects (Plan index)
- Varies based on the employment position and the degree of achievement of performance goals (consolidated operating profit, etc.) for each fiscal year set forth in the Medium-term Management Plan, etc.
- (iv) Timing of Delivery, etc. of Company Shares, etc. to Plan Subjects
- After the completion of the trust period (every five fiscal years)
  - At the time of resignation in the event that Plan Subjects should resign from their posts during the course of the trust period (or at the point when both status as Director and Executive Officer are lost in cases where the Plan Subject is a Director concurrently serving as an Executive Officer or resigns his/her post as an Executive Officer and is appointed as a Director)
  - At the point where a Plan Subject becomes a non-resident in cases where Plan Subjects become non-residents during the trust period

(2) Maximum amount of money contributed by the company

The Plan applies to a period of five consecutive fiscal years for the Company (The initial period shall be the five fiscal years from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2021, with the period renewing for another period of five fiscal years thereafter each time the trust period is extended as defined in Item 2, Paragraph 3 of this document) (hereinafter referred to as the "Applicable Term").

For each Applicable Term, the Company shall contribute up to amount of 600 million yen as compensation for officers, to establish a trust whose trust period is five years with Directors, etc. who fulfill beneficiary requirements as beneficiaries of the trust (hereinafter referred to as the "Trust"). (The trust establishment shall include the below-noted extensions of the trust period; the same applies hereafter.) In accordance with the instructions of the trust administrator, the Trust shall acquire the Company shares from the stock market or from the Company (disposition of treasury shares) by using funds entrusted. During the trust period, the Company shall assign points to Directors, etc. (refer to (3) below for details) and carry out Delivery, etc. of Company Shares, etc. based upon the number of assigned points.

Upon the expiration of term for the trust period of the Trust, the Trust may be extended and maintained by amending the Trust Agreement and adding trust funds in place of establishing new trust, with the trust period for the relevant trust in such cases being extended for a period equal to the original trust period with the Applicable Term being five fiscal years from the extension of trust period.

The company shall contribute additional amounts within a total of 600 million yen for the extended trust period, and during the extended trust period, shall continue to assign points to Directors, etc., and continue to carry out the Delivery, etc. of Company Shares, etc. However, when making additional contributions, if there are any remaining Company shares (excluding shares for which Delivery, etc. of the company stock has not yet been completed for points that have already been assigned to the Directors, etc.) or money (hereinafter collectively referred to as "Remaining Shares, etc.") in the relevant trust assets on the final day of the trust period before extension, the total amount of the Remaining Shares, etc. and the additional trust contributions shall not exceed 600 million yen.

(3) Calculation method of and maximum number of Company Shares, etc. to be acquired by beneficiaries of the Trust

(i) Method of calculating the number of Company Shares, etc.

Directors, etc. will be assigned points on June 1 (or the following business day if June 1 does not fall on a business day; hereinafter referred to as the "Date of Record") of the year during the trust period based on the relevant employment position during the fiscal year ending on March 31 of the same year (hereinafter referred to as the "Year of Assessment") and the degree of achievement of performance goals for the fiscal year set in the Medium-term Management Plan, with Delivery, etc. being carried out to the beneficiary of one ordinary share of Company Shares, etc. for one point accumulated after calculation of the total value of points held when the beneficiary requirements are fulfilled (hereinafter the "Accumulated Points").

In the event the company's shares belonging to the Trust increase or decrease as a result of division of shares, delivery of shares without contribution, consolidation of shares, or other reasons, the company shall

adjust the number of shares for which Delivery, etc. is carried out for one point based on the ratio of the relevant increase or decrease.

(ii) Maximum number of Company Shares, etc.

The maximum number of Company Shares etc. that are acquired and delivered by the Trust for each five-year Applicable Term is 300,000. In addition, the maximum number of points which can be assigned to Directors, etc. shall be 60,000 points per year. The maximum number of shares and points are set taking into consideration the latest stock prices based on the maximum amount of entrusted funds from (2) above.

(4) Timing of Delivery, etc. of Company Shares, etc.

Directors, etc. who fulfill the beneficiary requirements shall, around July immediately following the final day of the final fiscal year of the Applicable Term (July of 2021 for the first Applicable Term), receive Delivery, etc. of Company Shares, etc. equivalent to the Accumulated Points.

When this Delivery, etc. is carried out, the Company shares equivalent to 50% of the Accumulated Points (with fractions of shares rounded down) will be allocated, and for the remaining shares, cash amount equivalent to the remaining shares when converted into cash shall be paid after conversion within the Trust.

In the event Directors, etc. should resign from their posts during the course of the Applicable Term (excluding cases where a Director who is concurrently serving as an Executive Officer resigns from his/her position as an Executive Officer and maintains only his/her status as Director; also excludes cases where Directors, etc. resign for personal circumstances or are dismissed), the Company shares (with fractions of shares rounded down) equivalent to 50% of the Accumulated Points up until the relevant resignation will be allocated at the point when their status(es) as Director and/or Executive Officer is/are lost and for the remaining Company shares, a cash amount equivalent shall be paid after conversion within the Trust.

In cases where Directors, etc. become non-residents during the Applicable Term, cash amount equivalent to shares based on Accumulated Points at the point when the Directors, etc. become non-residents shall be paid after conversion within the Trust.

In cases where Directors, etc. pass away during their term of office, cash amount equivalent to shares based on Accumulated Points at the point when the Directors, etc. pass away shall be paid to the relevant heirs after conversion within the Trust.

(5) Voting rights related to the Company shares in the Trust

As for the Company shares in the Trust, voting rights shall not be exercised during the trust period in order to maintain neutrality in management.

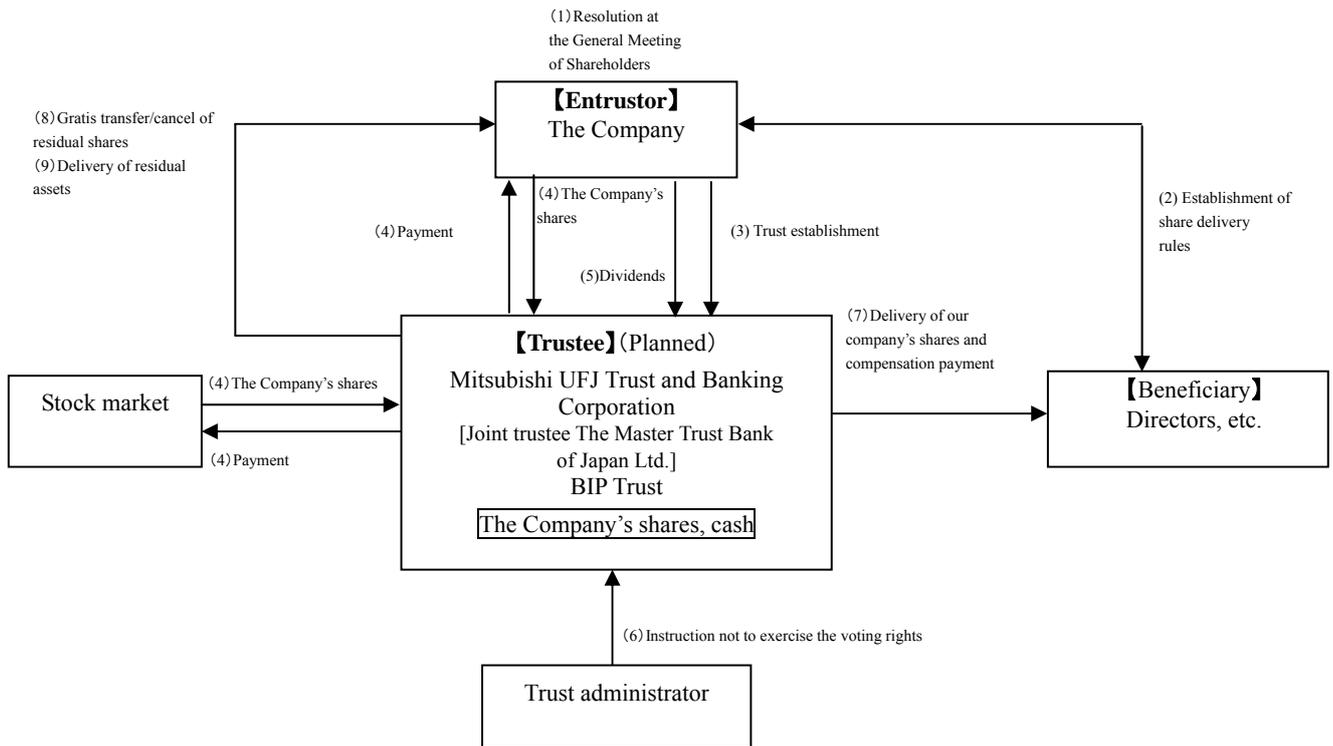
(6) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors on a case-by-case basis upon the establishment of the Trust, amendments to Trust Agreement, and additional contributions to the Trust.

(Reference)

For details of the Plan, please refer to the “Notice of the Introduction of a Performance-based Stock Compensation Plan for Directors, etc.” (Timely disclosure materials dated May 20, 2016)

### Overview of the Plan



#### Outline of this Plan

- (i) The Company, in introducing the plan, shall obtain a resolution of approval regarding officer compensation at the General Meeting of Shareholders.
- (ii) The Company, in introducing the Plan, shall establish share issuance rules for officer compensation in the Board of Directors.
- (iii) The Company shall entrust funds within the limits approved at the General Meeting of Shareholders mentioned in item (i), and establish a trust of which the beneficiaries shall be Directors, etc. who fulfill the beneficiary requirements (hereinafter the "Trust").
- (iv) In accordance with the instructions of the trust administrator, the Trust shall acquire the Company shares from the stock market or from the Company (disposition of treasury shares) by using funds entrusted in item (iii). The number of shares acquired by the Trust shall be within the limits approved by a resolution in the General Meeting of Shareholders mentioned in item (i).
- (v) Dividends shall be paid for the Company shares within the Trust in the same manner as for other company shares.
- (vi) Voting rights may not be exercised on the Company shares in the Trust throughout the trust period.
- (vii) A specified number of points shall be assigned to the Directors, etc. during the trust period based on the relevant employment position and the degree in which performance goals are achieved each fiscal year. Directors, etc. who fulfill certain beneficiary requirements shall be issued a number of the Company shares equivalent to a specified ratio of the number of assigned points, and in accordance with Trust Agreements, cash amounts equivalent to shares corresponding to the remaining points shall be paid after conversion within the Trust.
- (viii) In the event any shares remain at the completion of the Trust period, the relevant trust may continue to be used as an incentive plan of similar type as the Plan by extending the Trust Agreement and with additional trust funds, or the relevant remaining shares may be transferred gratis from the Trust to the company, and the company, after accepting the gratis transfer of the relevant shares, shall seek cancellation of said shares through resolution of the Board of Directors.
- (ix) When liquidating the Trust, any assets remaining after distribution to beneficiaries shall revert to the company within the scope of the trust expense reserves consisting of the trust money minus the share acquisition funds. In addition, amounts exceeding the trust expense reserves shall be contributed to organizations in which neither the company nor the Directors, etc. have a vested interest.