



May 11, 2017

NEWS RELEASE

Name of Listed Company	TSUMURA & CO.
Representative	Terukazu Kato President & Representative Director (Code: 4540 First Section of the Tokyo Stock Exchange)
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**Tsumura Announces Transition to Company with Audit and Supervisory Committee**

Tsumura & Co. (Headquarters: Tokyo, Japan; President & CEO: Terukazu Kato; hereinafter “Tsumura”) announces that at a meeting held on May 11, 2017, its Board of Directors passed a resolution to make a transition to a company with an audit and supervisory committee subject to the approval of shareholders at the 81st Ordinary General Shareholders’ Meeting to be held on June 29, 2017. Details are as follows.

Matters concerning amendments to the Articles of Incorporation and executive appointments in connection with this matter are disclosed separately in the “Notice Regarding Partial Amendments to the Articles of Incorporation” and the “Notice Regarding Executive Appointments after Transition to Company with Audit and Supervisory Committee” announced on May 11, 2017.

1. Purpose of transition to company with audit and supervisory committee

(1) Enhancement of management transparency

Tsumura has been seeking to enhance its corporate governance system by taking measures to strengthen the supervisory function of the Board of Directors and by establishing Executive Officers in order to clarify the functions of officers for executing duties. We will also establish the Audit and Supervisory Committee with the majority of members consisting of Outside Directors and will give the members of the Committee, who are also Directors, voting rights on the Board of Directors. Through this transition, we believe that the Board’s supervisory function will be strengthened and management soundness and transparency will be further increased.

(2) Acceleration of decision making

By further separating business execution functions from the Board of Directors and seeking to accelerate operational decision making, we will establish a structure that enables the swift and decisive decision-making required to cope with the management environment

surrounding the Company.

## 2. Timing of transition to company with audit and supervisory committee

We plan to make the transition to a company with an audit and supervisory committee after the necessary amendments to the Articles of Incorporation are approved at the 81st Ordinary General Meeting of Shareholders to be held on June 29, 2017.

## 3. Others

- (1) With the transition to a company with an audit and supervisory committee, we will also establish the Nomination/Remuneration Advisory Committee as a non-mandatory advisory body of the Board of Directors. Independent Outside Directors, as members of the Committee, will provide appropriate advice and assistance regarding the nomination and compensations of Directors, Executive Officers, etc. for the purpose of enhancing the independence and objectivity of the functions of the Board of Directors and its accountability.
  
- (2) With the transition to a company with an audit and supervisory committee, the targets of the performance-linked stock compensation plan approved at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016 will be the Directors (excluding members of the Audit and Supervisory Committee and Non-Executive Directors) as well as the Executive Directors who have concluded mandate contracts with the Company. This plan is subject to the approval of the shareholders at the 81st Ordinary General Shareholders' Meeting to be held on June 29, 2017.