

Securities identification code: 7606

May 31, 2018

To our shareholders:

Mitsuhiro Takeda
Representative Director, President and CEO
UNITED ARROWS LTD.
3-28-1 Jingumae, Shibuya-ku, Tokyo, Japan
(Head Office: 8-1-19 Akasaka, Minato-ku, Tokyo, Japan)

NOTICE OF THE 29TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 29th Ordinary General Meeting of Shareholders of UNITED ARROWS LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or by electromagnetic means (e.g. via the Internet). Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights on the proposals no later than 5:00 p.m., Thursday, June 21, 2018 (Japan Standard Time).

Meeting Details

1. Date and time: Friday, June 22, 2018 at 6:00 p.m. (Japan Standard Time)

2. Venue: Cerulean Tower Tokyu Hotel, B2F, Ballroom,
26-1 Sakura-gaoka-cho, Shibuya-ku, Tokyo, Japan

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 29th Term (from April 1, 2017 to March 31, 2018), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
2. Non-Consolidated Financial Statements for the 29th Term (from April 1, 2017 to March 31, 2018)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Election of six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 3:** Election of three (3) Directors who are Audit and Supervisory Committee Members

- You are kindly requested to present the enclosed voting form to the receptionist when you attend the meeting in person. Reception is scheduled to start at 5:00 p.m. on the day of the meeting.
- Among the documents to be provided to this notice, the items below are posted on the Company's website (<http://www.united-arrows.co.jp>) pursuant to laws and regulations, as well as Article 15 of the Articles of Incorporation.
 - 1) Notes to Consolidated Financial Statements
 - 2) Notes to Non-consolidated Financial Statements

These items are included in the Consolidated Financial Statements and Non-consolidated Financial Statements, both of which have been audited by the Audit and Supervisory Committee to prepare an audit report and by the Accounting Auditor to prepare an accounting audit report.
- If any changes are made to items in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements, such changes will be posted on the Company's website (<http://www.united-arrows.co.jp>).
- In the event that your approval or disapproval of each proposal is not indicated on the voting form, it shall be considered as an indication of approval.
- Voting by proxy is possible only when delegated to a shareholder of the Company with voting rights pursuant to the Articles of Incorporation, and the proxy must be a single shareholder. In such cases, please submit to the Company a document proving the proxy's power of representation.

Instructions for Exercising Voting Rights, etc.

You may exercise your voting rights by one of the following three methods:

Attending the General Meeting of Shareholders

Present the enclosed voting form to the receptionist at the meeting.

Date and Time: Friday, June 22, 2018 at 6:00 p.m. (Reception is scheduled to start at 5:00 p.m.)

Venue: Cerulean Tower Tokyu Hotel, B2F, Ballroom,
26-1 Sakura-gaoka-cho, Shibuya-ku, Tokyo, Japan

Mailing the Voting Form

Complete the enclosed voting form by indicating your approval or disapproval of the proposals and return it without affixing a stamp.

Voting deadline: The voting form should be arrived by Thursday, June 21, 2018 at 5:00 p.m.

Exercising Voting Rights via the Internet

Please access the voting website (<https://evote.tr.mufg.jp/>) via PCs, smartphones, or mobile phones, enter “login ID” and “tentative password” stated on the enclosed voting form, and enter “approval” or “disapproval” in accordance with the indication on the display.

Voting website: <https://evote.tr.mufg.jp/>

Voting deadline: No later than Thursday, June 21, 2018 at 5:00 p.m.

- (1) Please note that, to prevent unauthorized access to the site by individuals other than shareholders (persons impersonating shareholders) or unauthorized alteration of votes already made by authentic shareholders, we may request shareholders to change their “tentative password” at the voting website.
- (2) Shareholders will be informed of the new “login ID” and “tentative password” every time a meeting of shareholders is called.
- (3) All costs associated with the access to the voting website (cost of internet connections, telephone tolls, etc.) need to be borne by the shareholder. Also, when voting by mobile phone, packet communication fees and other costs entailed by the use of mobile phones also need to be borne by the shareholder.

Cautions regarding exercising voting rights via the Internet

- (1) If you exercise your voting rights in duplicate both in writing and via the Internet, your voting via the Internet shall prevail.
- (2) If you exercise your voting rights multiple times via the Internet, only your last voting instructions will be counted as valid. Also, if you exercise your voting rights in duplicate using a PC, smartphone, or mobile phone, only your last voting instructions will be counted as valid.
- (3) All costs associated with the access to the voting website (cost of internet connections, telephone tolls, etc.) need to be borne by the shareholder. Also, when voting by mobile phone, packet communication fees and other costs entailed by the use of mobile phones also need to be borne by the shareholder.
- (4) Voting rights exercised via the Internet are accepted until Thursday, June 21, 2018 at 5:00 p.m. However, we request that you vote as early as possible.
Please contact the Help Desk (details below) with any questions.

The voting rights exercise website

- (1) The voting rights can be exercised via the Internet by PCs, smartphones or mobile phones (i-mode, EZweb, Yahoo!Keitai) (Note) only by accessing the voting website designated by the Company (<https://evote.tr.mufg.jp/>). (However, the service is suspended from 2:00 a.m. to 5:00 a.m. every day.)
 - (2) It may not be possible to exercise the voting rights via PCs or smartphones depending on the Internet environment of the shareholder in case firewalls or anti-virus software are set up on the PC, or a proxy server is used, etc.
 - (3) When you exercise your voting rights from a mobile phone, please use one of the following mobile phone services: i-mode, EZweb or Yahoo!Keitai. For security purposes, mobile phones that are not able to handle SSL encrypted communications and to transmit mobile phone information are not supported.
- (Note) “i-mode,” “EZweb” and “Yahoo!” are trademarks or registered trademarks of NTT DOCOMO, Inc., KDDI Corporation and Yahoo! Inc. in the United States, respectively.

For institutional investors

Provided that an application to use the platform has been submitted beforehand, institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc.

Inquiries about the system for exercising voting rights via the Internet and other matters

Stock Transfer Agency (Help Desk), Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027

(Available from Mondays to Fridays (excluding holidays) 9:00 a.m. to 9:00 p.m.; toll free within Japan)

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

The Company would like to propose to appropriate surplus for the term under review as described below:

Matters related to term-end dividends

The Company's basic dividend policy is to aim to enhance the return of profits to shareholders by paying stable dividends that are linked to business performance.

Based on the policy, the Company proposes the term-end dividends for the 29th Term as follows:

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
58 yen per common share of the Company
Total amount of dividends: 1,645,268,832 yen
- (3) Effective date of distribution of dividends of surplus
June 25, 2018

Proposal 2: Election of six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the conclusion of this General Meeting of Shareholders, the terms of office of all four (4) current Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal), namely Mitsuhiro Takeda, Mitsunori Fujisawa, Masami Koizumi, and Hiroyuki Higashi, will expire. Accordingly, the Company newly increases the number of Director by two (2), in order to expect our future management system to be strengthened and our business capacity to be expanded, and proposes the election of six (6) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Mitsuhiro Takeda (April 13, 1963) [Reelection] [Board of Directors Meeting Attendance] 18/18 Meetings 100%	<p>April 1986 Joined Kanematsu-Gosho, Ltd.</p> <p>April 2004 General Manager, Europe and the U.S. Import Products Department of KANEMATSU TEXTILE CORPORATION</p> <p>September 2005 Joined the Company</p> <p>July 2006 General Manager, Brand Business Division, and Department Manager, Brand Business Department of the Company</p> <p>July 2008 Senior Executive Officer and General Manager, Business Development Division of the Company</p> <p>April 2010 Senior Executive Officer and General Manager, Business Unit I, and General Manager, Brand Business Division of the Company</p> <p>June 2010 Director, Executive Managing Officer and General Manager, Business Unit I, and General Manager, Brand Business Division of the Company</p> <p>April 2011 Director, Senior Executive Vice President and General Manager, Business Unit I, and General Manager, Brand Business Division of the Company</p> <p>April 2012 Representative Director, President and CEO of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Representative Director and Chairman, FIGO CO., LTD. (current) Representative Director and Chairman, Designs & Co. (current) Executive Person, CHROME HEARTS JP, GK (current)</p>	63,282

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p>Mitsunori Fujisawa (June 5, 1966)</p> <p>[Reelection]</p> <p>[Board of Directors Meeting Attendance] 18/18 Meetings 100%</p>	<p>March 1990 Joined the Company</p> <p>October 2005 General Manager, Green Label Relaxing Division of the Company</p> <p>July 2008 Senior Executive Officer and General Manager, Green Label Relaxing Division of the Company</p> <p>April 2010 Senior Executive Officer and General Manager, Business Unit II, and General Manager, Green Label Relaxing Division of the Company</p> <p>June 2010 Director, Executive Managing Officer and General Manager, Business Unit II, and General Manager, Green Label Relaxing Division of the Company</p> <p>April 2011 Director, Executive Vice President and General Manager, Business Unit II, responsible for Channel Development Division of the Company</p> <p>April 2018 Director, Executive Vice President, responsible for Business Infrastructure of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Representative Director and President, COEN CO., LTD. (current)</p>	42,267
3	<p>Masami Koizumi (July 20, 1961)</p> <p>[Reelection]</p> <p>[Board of Directors Meeting Attendance] 18/18 Meetings 100%</p>	<p>July 1995 Joined the Company</p> <p>April 2000 Department Manager, Finance and Accounting Department of the Company</p> <p>December 2004 Auditor of netprice, Ltd.</p> <p>June 2006 Director of the Company</p> <p>July 2007 Director and General Manager, Administration Division, and Department Manager, Finance and Accounting Department of the Company</p> <p>July 2008 Director, Executive Managing Officer and General Manager, Administration Division of the Company</p> <p>April 2012 Director, Executive Vice President and General Manager, Administration Division, responsible for Plan Management Office of the Company</p> <p>April 2018 Director, Executive Vice President, responsible for Finance, Investor Relations and Compliance of the Company (current)</p>	49,110

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p>Hiroyuki Higashi (August 28, 1965)</p> <p>[Reelection]</p> <p>[Board of Directors Meeting Attendance]</p> <p>18/18 Meetings 100%</p>	<p>April 1988 Joined World Co., Ltd.</p> <p>March 1996 Joined the Company as Section Manager, Human Resources Section, President's Office</p> <p>April 2000 Department Manager, Human Resources Department, and Department Manager, Corporate Strategy Department of the Company</p> <p>August 2004 Deputy General Manager, Business Management Division, and Group Manager, Corporate Strategy Group of the Company</p> <p>October 2005 Manager, President's Office and Section Manager, Corporate Planning Section of the Company</p> <p>July 2006 Deputy General Manager, United Arrows Division of the Company</p> <p>April 2008 General Manager, United Arrows Division of the Company</p> <p>July 2008 Senior Executive Officer and General Manager, United Arrows Division of the Company</p> <p>June 2012 Director, Executive Managing Officer and General Manager, Business Unit I of the Company</p> <p>April 2018 Director, Executive Managing Officer responsible for Corporate Strategy and Human Resources of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Chairman, UNITED ARROWS TAIWAN LTD. (current)</p>	35,504

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
*5	Yoshinori Matsuzaki (February 22, 1974) [New candidate]	<p>April 1998 Joined the Company</p> <p>October 2005 Department Manager, Sales Department, United Arrows Division of the Company</p> <p>April 2008 Deputy General Manager, Beauty & Youth Division of the Company</p> <p>April 2012 General Manager, Beauty & Youth Division, Business Unit I of the Company</p> <p>July 2012 Executive Officer and General Manager, Beauty & Youth Division, Business Unit I of the Company</p> <p>April 2014 Senior Executive Officer and General Manager, Beauty & Youth Division, Business Unit I of the Company</p> <p>April 2018 Senior Executive Officer and General Manager, Business Unit I of the Company (current)</p>	-
*6	Tatsuya Kimura (October 7, 1976) [New candidate]	<p>January 2002 Joined the Company</p> <p>April 2008 Department Manager, Sales Supervising Department, Green Label Relaxing Division of the Company</p> <p>July 2011 Deputy General Manager, Green Label Relaxing Division, Business Unit II of the Company</p> <p>April 2016 Executive Officer and General Manager, Green Label Relaxing Division of the Company</p> <p>April 2017 Senior Executive Officer and General Manager, Green Label Relaxing Division of the Company</p> <p>April 2018 Senior Executive Officer and General Manager, Business Unit II of the Company (current)</p>	-

Notes:

- The candidates with “*” are new candidates for Directors.
- Mitsuhiro Takeda, a candidate for Director, serves concurrently as Representative Director of FIGO CO., LTD., Representative Director of Designs & Co., and Executive Person of CHROME HEARTS JP, GK. Mitsunori Fujisawa, a candidate for Director, serves concurrently as Representative Director of COEN CO., LTD, and Hiroyuki Higashi, a candidate for Director, serves concurrently as Chairman of UNITED ARROWS TAIWAN LTD. The Company has business relationships with these companies that include sales and purchase transactions of products and consignment contracts. There is no special interest between the other candidates and the Company.
- The reasons to elect the candidates for Director are as follows:
 - (1) Mitsuhiro Takeda, a candidate for Director, joined the Company in 2005 and after taking office as Senior Executive Vice President of the Company in April 2011, the year after appointed as Director in June 2010, has promoted an active management as the effective top management. As a result, stable business performance has been enhanced, and therefore, he assumed the post of Representative Director, President and CEO in April 2012. Thereafter, he has been consistently playing an appropriate role such as in decision-making of utmost important matters in the management of the Company, and supervision of the execution of business. Placing all business divisions under his direct control in July 2015, he promoted organizational reforms and drew up the medium-term business plan in the fiscal year ended March 31, 2017. He plays a role of supervision in Group-wide reforms which focus on the three-year medium-term business plan starting from the fiscal year ended March 31, 2018. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.
 - (2) Mitsunori Fujisawa, a candidate for Director, joined the Company in 1990. He was responsible for the green label relaxing (GLR) business, currently one of the core businesses of the Company, from its launch after years of diverse experiences in the fields of products and sales. After taking office as General Manager of the GLR Division in 2005, he steadily expanded the GLR business. From such performance, he served as Director

from June 2010. He served as General Manager of Business Unit II, contributing to the development of GLR Division, Small Business Units (SBU) Division, Outlet Division and others. He was responsible for the Supply Chain Management Division and the Business Support Division from July 2015, and has been generally supporting business management of EC, logistics, marketing and others since April 2018, sufficiently fulfilling his duties. He has also been in the position of Representative Director of COEN CO., LTD. since April 2017. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.

- (3) Masami Koizumi, a candidate for Director, has long been responsible for the Finance and Accounting Department after joining the Company in 1995, and at the time of listing of the Company's stocks, led related procedures as the person in charge for the listing. Furthermore, he also served as Auditor at other companies, undertaking management and oversight of corporate governance therein. Based on these achievements, he has served as Director since June 2006. Thereafter, he has been consistently in charge of finance, IR, and compliance as CFO of the Company and major subsidiaries, sufficiently fulfilling his duties. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.
- (4) Hiroyuki Higashi, a candidate for Director, joined the Company in 1996 and, has held senior management positions in charge of departments including Human Resources, Corporate Strategy, and President's Office, contributing to development of the personnel system and establishment and dissemination of management philosophy. Since April 2008, he has served as General Manager of the United Arrows (UA) business, a core business of the Company, promoting the expansion of the business. Based on these achievements, he has served as Director since June 2012. When first appointed as Director, he contributed to the development of UA Division, BY Division, CH Division and others, as General Manager of Business Unit I. Since July 2015, he has been in charge of drawing up of the medium-term business plan, strategy and human resources, sufficiently fulfilling his duties. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.
- (5) Yoshinori Matsuzaki, a candidate for Director, joined the Company in 1998 and since then, has built his career as Store Manager, Section Manager of Sales Section, Department Manager of Sales Department, and Department Manager of Sales Strategy Department. He was appointed as Deputy General Manager of BY Division in 2008 when UA business and BY business were split. With this performance highly valued, he was appointed as General Manager of BY Division in 2012, developing the BY business into the Company's largest business and promoting the expansive growth of the BY business. Since April 2018, he has been assuming a key position of General Manager of Business Unit I, a new organization, and is responsible for all businesses of the trend-conscious market. In consideration of his career and achievements as stated above, the Company requests his election as Director.
- (6) Tatsuya Kimura, a candidate for Director, joined the Company in 2002 and since then, has built his career as Store Manager, Section Manager of Sales Section, Section Manager of Operation Section, Section Manager of SP Section, Department Manager of Sales Supervising Department in the GLR business. With his performance highly valued, he was appointed as Deputy General Manager of GLR Division in 2011, and as General Manager of GLR Division in 2016. He has been consistently contributing to the expansive growth of the GLR business and has been the driving force behind the development of the Company's core business. Since April 2018, he has been assuming a key position of General Manager of Business Unit II, a new organization, and is responsible for all business of the basic trend-conscious market. In consideration of his career and achievements as stated above, the Company requests his election as Director.

Proposal 3: Election of three (3) Directors who are Audit and Supervisory Committee Members

At the conclusion of this General Meeting of Shareholders, the terms of office of all three (3) current Directors who are Audit and Supervisory Committee Members, namely Yukari Sakai, Gaku Ishiwata and Hidehiko Nishikawa, will expire. Accordingly, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

The Audit and Supervisory Committee has already given its consent to this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p>Yukari Sakai (June 23, 1968)</p> <p>[Reelection] [Outside] * [Independent]</p> <p>(Tenure as Outside Director) 2 years</p> <p>[Board of Directors Meeting Attendance] 18/18 Meetings 100%</p> <p>[Audit and Supervisory Committee Meeting Attendance] 14/14 Meetings 100%</p>	<p>April 1991 Joined Nomura Securities Co., Ltd. (Resigned in September 1997)</p> <p>September 1999 Participated in the establishment of Capital.com Co., Ltd. (currently e-Research JAPAN Inc.)</p> <p>May 2001 Participated in the establishment of Corporate Tune Co., Ltd.</p> <p>January 2005 Director of Corporate Tune Co., Ltd.</p> <p>June 2005 Standing Outside Audit & Supervisory Board Member of the Company</p> <p>September 2013 Outside Audit & Supervisory Board Member of Beauty Kadan Co., Ltd. (current)</p> <p>June 2016 Outside Director (Standing Audit and Supervisory Committee Member) of the Company</p> <p>October 2017 Outside Director (Audit and Supervisory Committee Member) of Tea Life Co., Ltd. (current)</p> <p>[Significant concurrent positions outside the Company] Outside Audit & Supervisory Board Member, Beauty Kadan Co., Ltd. (current) Outside Director (Director who is Audit and Supervisory Committee Member), Tea Life Co., Ltd. (current)</p>	-

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)		Number of the Company's shares owned
2	<p>Gaku Ishiwata (November 16, 1970)</p> <p>[Reelection] [Outside] * [Independent]</p> <p>(Tenure as Outside Director) 5 years</p> <p>[Board of Directors Meeting Attendance]</p> <p>18/18 Meetings 100%</p> <p>[Audit and Supervisory Committee Meeting Attendance]</p> <p>14/14 Meetings 100%</p>	<p>April 1997</p> <p>April 1997</p> <p>January 2005</p> <p>April 2007</p> <p>June 2008</p> <p>June 2013</p> <p>June 2016</p> <p>[Significant concurrent positions outside the Company]</p>	<p>Registered with the Daini Tokyo Bar Association as an attorney-at-law</p> <p>Joined Mori Sogo Law Offices (currently, Mori Hamada & Matsumoto)</p> <p>Partner at Mori Hamada & Matsumoto (current)</p> <p>Part-time Lecturer of Kyoto University Law School</p> <p>Outside Director of XEBIO CO., LTD. (currently XEBIO HOLDINGS CO., LTD) (current)</p> <p>Outside Director of the Company</p> <p>Outside Director (Audit and Supervisory Committee Member) of the Company (current)</p> <p>Partner, Mori Hamada & Matsumoto (current)</p> <p>Outside Director, XEBIO HOLDINGS CO., LTD. (current)</p>	-

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Hidehiko Nishikawa (August 27, 1962) [Reelection] [Outside] * [Independent] (Tenure as Outside Director) 3 years [Board of Directors Meeting Attendance] 18/18 Meetings 100% [Audit and Supervisory Committee Meeting Attendance] 14/14 Meetings 100%	<p>April 1985 Joined World Co., Ltd.</p> <p>July 2000 Manager, Business and Operation divisions of MUJI.net Co., Ltd.</p> <p>April 2001 Director of MUJI.net Co., Ltd.</p> <p>April 2005 Assistant Professor, College of Business Administration of Ritsumeikan University</p> <p>April 2007 Associate Professor, College of Business Administration of Ritsumeikan University</p> <p>April 2008 Professor, College of Business Administration of Ritsumeikan University</p> <p>April 2010 Professor, Faculty of Business Administration and Graduate School of Business Administration of Hosei University (current)</p> <p>August 2012 Vice President of Japan Marketing Academy</p> <p>April 2015 Director, Graduate School of Business Administration of Hosei University</p> <p>June 2015 Outside Director of the Company</p> <p>October 2015 Representative Director of Sekigakusha Co., Ltd. (current)</p> <p>June 2016 Outside Director (Audit and Supervisory Committee Member) of the Company (current)</p> <p>April 2017 Vice Chairman of Japan Marketing Academy (current)</p> <p>[Significant concurrent positions outside the Company] Professor, Faculty of Business Administration and Graduate School of Business Administration, Hosei University (current) Representative Director, Sekigakusha Co., Ltd. (current) Vice Chairman, Japan Marketing Academy (current)</p>	-

Notes:

- Yukari Sakai, Gaku Ishiwata and Hidehiko Nishikawa satisfy the qualification for the Independent Officers stipulated by Tokyo Stock Exchange, Inc. as well as the "Independence Determination Standards for Independent Officers" of the Company as stated below, and "*" in the above chart indicates it. Although the Company registered Yukari Sakai and Hidehiko Nishikawa as Independent Officers in the Tokyo Stock Exchange, Gaku Ishiwata has not been registered as such due to the internal regulation of the law firm which he belongs to.
- The reasons to elect the candidates for Directors who are Audit and Supervisory Committee Members are as follows.
 - Yukari Sakai, a candidate for Director who is an Audit and Supervisory Committee Member, is a candidate for Outside Director. The Company requests her election as an Outside Director in the belief that she will be able to execute her duties for an Outside Director (Standing Audit and Supervisory Committee Member) as such appropriately by leveraging her broad knowledge of financing and accounting matters and also diverse views from the viewpoint of diversity as well as extensive experience as a Director and an Audit & Supervisory Board Member at other companies. Moreover, although she has worked at Nomura Securities Co., Ltd., the Company's lead managing securities company, a period of 20 years has passed since she resigned from that company and there are no transactions or any other sort of relationship between her and that company. Also that company is neither a major trading partner of the Company, nor is the Company a major trading partner of that company. Because of this, there is no effect by that company on the above career summary and the Company has decided that there is no problem with the candidate's independence. She has served for eleven (11) years as Standing Outside Audit & Supervisory Board Member and subsequently for two (2) years as Outside Director and Chairperson of the Audit and Supervisory Committee and the Nomination and Compensation Committee, assuming a leading role to enhance corporate governance structure of the Company. Particularly for the fiscal year under review, from

the standpoint of the Chairperson of the Nomination and Compensation Committee, she has made every effort to introduce the Performance-linked Restricted-Share Remuneration Plan for Directors (excluding Directors who are Audit and Supervisory Committee Members) as a plan designed to contribute to the enhancement of corporate value over the medium to long term. In addition to her achievements as stated above, in consideration of the balance of years of office with other Outside Directors of the Company and her contribution relating to the implementation of audit activities, the Company continues to request her election as Outside Director (Standing Audit and Supervisory Committee Member). As stated above, the term of office of Yukari Sakai as Outside Director (Audit and Supervisory Committee Member) of the Company will be two (2) years at the conclusion of this General Meeting of Shareholders.

- (2) Gaku Ishiwata, a candidate for Director who is an Audit and Supervisory Committee Member, is a candidate for Outside Director. He does not have experience in corporate management other than as an outside officer. He is a qualified attorney and serving five (5) years as Outside Director and two (2) years as a member of the Audit and Supervisory Committee and the Nomination and Compensation Committee up to date, he has provided comments toward the development and enhancement of corporate governance and compliance structures of the Company from the view point of his experience and knowledge as an attorney. The Company continues to request his election as Outside Director (Audit and Supervisory Committee Member) in the belief that his knowledge will continuously leverage in the future. The term of office of Gaku Ishiwata as Outside Director of the Company will be five (5) years at the conclusion of this General Meeting of Shareholders. His term of office as Director who is Audit and Supervisory Committee Member will be two (2) years at the conclusion of this General Meeting of Shareholders.
 - (3) Hidehiko Nishikawa, a candidate for Director who is an Audit and Supervisory Committee Member, is a candidate for Outside Director. He has extensive experience in the fashion and retail industries as well as broad knowledge cultivated to date as a university professor specialized in Business Administration, such as marketing. He has served three (3) years as Outside Director and two (2) years as a member of the Audit and Supervisory Committee and the Nomination and Compensation Committee, contributing his experience and knowledge to promote sound and efficient management of the Company. The Company continues to request his election as Outside Director (Audit and Supervisory Committee Member) in the belief that his knowledge will continuously leverage in the future. The term of office of Hidehiko Nishikawa will be three (3) years at the conclusion of this General Meeting of Shareholders. His term of office as Director who is Audit and Supervisory Committee Member will be two (2) years at the conclusion of this General Meeting of Shareholders.
3. There is no special interest between each candidate and the Company.
 4. The Company has concluded limited liability agreements with each candidate under the provision of Article 427, Paragraph 1 of the Companies Act as provided for Article 423, Paragraph 1 of the Act. In the event that the reappointment of the candidates is approved, the Company intends to continue these agreements. Limits on liability for damages under these agreements are set at the amounts provided for by laws and regulations.

End

(Reference) Independence Determination Standards for Independent Officers

The Company established “Independence Determination Standards for Independent Officers” as follows and deems that any Independent Officers who do not fall under any of the following items possess adequate independence from the Company.

- (1) A major shareholder of the Company (Note 1) or person who performs executive roles therein;
- (2) A party for whom the Company is a major business partner (Note 2) or person who performs executive roles therein;
- (3) A major business partner of the Company (Note 3) or person who performs executive roles therein;
- (4) A major lender to the Company (Note 4) or person who performs executive roles therein;
- (5) A consultant, accounting advisor or legal advisor, who receives a large amount of money or other property (Note 5) except for officers’ remuneration from the Company or its subsidiaries (or if the entity receiving such property is an organization, such as a corporation and association, a person belonging to such entity);
- (6) A person who received donations totaling more than 10 million yen from the Company or its subsidiaries in the latest business year (or if the entity receiving such donations is an organization, such as a corporation and association, a person belonging to such entity);
- (7) In the case where a person who performs executive roles in the Company or its subsidiaries and currently serves as an Outside Director/Audit & Supervisory Board Member of any other company, a person who performs executive roles in such other company, its parent company or its subsidiaries;
- (8) A person who would have fallen under any of items (1) through (7) in the past three (3) years; or
- (9) A close relative (the spouse and a relative of up to the second degree of kinship) of those who fall under any of items i) through iii) below, except for persons who are deemed to be unimportant for the purpose hereof:
 - i) A person to whom any of items (1) through (8) apply;
 - ii) A person who performs executive roles in the Company’s subsidiaries, or
 - iii) A person who would have fallen under ii) or person who performed executive roles in the Company in the past three (3) years.

Note 1 “A major shareholder” refers to an entity that directly or indirectly owns 10% or more of the voting rights of the Company.

Note 2 “A party for whom the Company is a major business partner” refers to a business partner of the Company who received payments from the Company or its subsidiaries in excess of the higher of 100 million yen or 2% of its group’s consolidated sales in terms of the transaction amounts in its latest business year.

Note 3 “A major business partner of the Company” refers to a business partner of the Company who made payments to the Company or its subsidiaries equivalent to more than 2% of the Group’s consolidated sales in terms of the transaction amounts in the latest business year.

Note 4 “A major lender to the Company” refers to lenders to the Company from which total borrowings of the Company or its subsidiaries at the end of the latest business year exceeds 2% of the Group’s consolidated total assets.

Note 5 “Large amount of money or other property” refers to money or other property in excess of 10 million yen in total amounts annually on average for the latest three (3) business years.

End