

This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

Securities identification code: 7606

June 1, 2016

To our shareholders:

Mitsuhiro Takeda
Representative Director, President and CEO
UNITED ARROWS LTD.
2-31-12 Jingumae, Shibuya-ku, Tokyo, Japan
(Head Office: 8-1-19 Akasaka, Minato-ku, Tokyo, Japan)

NOTICE OF THE 27TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We express our heartfelt condolences to all those affected by the recent earthquake in Kumamoto and pray for a fast reconstruction.

You are cordially invited to attend the 27th 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 by postal mail.

Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail to reach us no later than 5:00 p.m., Wednesday, June 22, 2016 (Japan Standard Time).

Meeting Details

- 1. Date and time:** Thursday, June 23, 2016 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 27th Term (from April 1, 2015 to March 31, 2016), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
 2. Non-Consolidated Financial Statements for the 27th Term (from April 1, 2015 to March 31, 2016)
 - Items to be resolved:**
 - Proposal 1:** Appropriation of surplus
 - Proposal 2:** Partial amendments to the Articles of Incorporation
 - Proposal 3:** Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal 4:** Election of three (3) Directors who are Audit and Supervisory Committee Members
 - Proposal 5:** Determination of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal 6:** Determination of remuneration for Directors who are Audit and Supervisory Committee Members

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 year-end dividends

Considering the business performance for the term under review and future business deployment, among other things, the Company proposes the term-end dividends for the 27th 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: 1,752,388,974 yen
- (3) Effective date of distribution of dividends of surplus
June 24, 2016

Proposal 2: Partial amendments to the Articles of Incorporation

1. Reasons for proposal

Due to the promulgation of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) on May 1, 2015, a new organizational design, a Company with Audit and Supervisory Committee, was established. As a result of deliberation on the establishment of a corporate governance structure that contributes to the improvement of corporate value over the medium-to-long term, the Company determined to make the transition to a Company with Audit and Supervisory Committee, with the aim to strengthen the monitoring function of the Board of Directors and expedite decision-making by way of the utilization of non-executive Outside Directors and appropriate transfer of authorities. Accordingly, the Company plans to make partial amendments to the Articles of Incorporation to make the aforementioned transition.

In addition, according to the revision of the Companies Act, those who can enter into a limited liability agreement, pursuant to Article 427 of the said Act, have been extended to non-executive directors. The Company plans to make necessary amendments to the Articles of Incorporation for those directors to be able to conclude such limited liability agreements. Each Audit & Supervisory Board Member has already given his/her consent to the amendments to the Articles of Incorporation related to the limited liability agreements.

The amendments to the Articles of Incorporation related to this proposal take effect at the conclusion of this General Meeting of Shareholders.

2. Details of the amendments

The details of the changes are as follows:

(Amended parts are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 1 General Provisions Article 1 to Article 3 (Article text omitted)</p> <p>(Organizations) Article 4: The Company shall establish the following organizations. 1. Board of Directors 2. <u>Audit and Supervisory Board Members</u> 3. <u>Audit and Supervisory Board</u> 4. <u>Accounting Auditor</u></p> <p>Article 5 to Article 17 (Article text omitted)</p> <p>Chapter 4: Directors and Board of Directors</p> <p>(Number of Directors) Article 18: The Company shall have <u>ten (10)</u> or fewer Directors.</p> <p>(Newly established)</p> <p>(Method of Electing Directors) Article 19: (1) Directors shall be elected by a resolution of the General Meeting of Shareholders.</p> <p>(2) (Article text omitted) (3) (Article text omitted)</p> <p>(Term of Office of Directors) Article 20: (1) The term of office of Directors shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within <u>two (2) years</u> after election.</p> <p>(Newly established)</p>	<p>Chapter 1 General Provisions Article 1 to Article 3 (Unchanged)</p> <p>(Organizations) Article 4: The Company shall establish the following organizations. 1. Board of Directors 2. <u>Audit and Supervisory Committee</u> (Delete) 3. <u>Accounting Auditor</u></p> <p>Article 5 to Article 17 (Unchanged)</p> <p>Chapter 4: Directors and Board of Directors</p> <p>(Number of Directors) Article 18: (1) The Company shall have <u>eight (8)</u> or fewer Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>). <u>(2) The Company shall have six (6) Directors or fewer who are Audit and Supervisory Committee Members (hereinafter "Audit and Supervisory Committee Members").</u></p> <p>(Method of Electing Directors) Article 19: (1) Directors shall be elected by a resolution of the General Meeting of Shareholders, <u>with a distinction made between Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members.</u></p> <p>(2) (Unchanged) (3) (Unchanged)</p> <p>(Term of Office of Directors) Article 20: (1) The term of office of Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>) shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within <u>one (1) year</u> after election. <u>(2) The term of office of Audit and Supervisory Committee Members shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within two (2) years after election.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p><u>(2) The term of office of Director(s) elected due to an increase of members, or as a substitute, shall be the time of expiration of other current Directors.</u></p> <p>(Representative Director) Article 21: <u>The Company shall select a Representative Director</u> according to the resolution of the Board of Directors.</p> <p>(2) (Article text omitted)</p> <p>(The Chairman and Convenor of the Board of Directors) Article 22: (Article text omitted)</p> <p>(Notice of Convocation of the Board of Directors) Article 23: The notice of convocation of the Board of Directors shall be sent out no later than three (3) days prior to the meeting date to each of the Directors <u>and Audit and Supervisory Board Members.</u> However, when there is an emergency, this can be shortened. (Newly established)</p> <p>(Method of Resolution of the Board of Directors) Article 24: (Article text omitted)</p> <p>(Omission of Resolution of the Board of Directors) Article 25: When all Directors agree, either by writing or by electromagnetic means, to matters to be resolved by the Board of Directors, the Company shall consider the concerned matter to be approved. <u>However, if there is any dissent voiced by the Audit and Supervisory Board Member(s), this does not apply.</u></p>	<p><u>(3) The term of office of Audit and Supervisory Committee Members elected as substitutes for members of the Committee shall be the time of expiration of the outgoing Audit and Supervisory Committee Members.</u> (Delete)</p> <p>(Representative Director) Article 21: <u>The Representative Director shall be selected</u> according to the resolution of the Board of Directors <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members).</u></p> <p>(2) (Unchanged)</p> <p>(The Chairman and Convenor of the Board of Directors) Article 22: (Unchanged)</p> <p>(Notice of Convocation of the Board of Directors) Article 23: (1) The notice of convocation of the Board of Directors shall be sent out no later than three (3) days prior to the meeting date to each of the Directors. However, when there is an emergency, this can be shortened. <u>(2) When all the Directors agree, it is possible to hold a meeting of the Board of Directors without going through the process of notification.</u></p> <p>(Method of Resolution of the Board of Directors) Article 24: (Unchanged)</p> <p>(Omission of Resolution of the Board of Directors) Article 25: When all Directors agree, either by writing or by electromagnetic means, to matters to be resolved by the Board of Directors, the Company shall consider the concerned matter to be approved.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>(Delegation to Director(s) of Decision of Execution of Operations)</u> <u>Article 26: According to the provision of Article 399-13, Paragraph 6 of the Companies Act, by resolution of the Board of Directors, the decision to carry out an important duty (excluding the items given in each of the numbers of Paragraph 5 of the same Article) can be delegated to a Director(s).</u></p>
<p>(Rules of the Board of Directors) Article <u>26</u>: (Article text omitted)</p>	<p>(Rules of the Board of Directors) Article <u>27</u>: (Unchanged)</p>
<p>(Remuneration, etc.) Article <u>27</u>: Director remuneration, bonus and other profit of a proprietary nature (hereinafter “remuneration”) received from the Company as compensation for execution of duties shall be determined by resolution of the General Meeting of Shareholders.</p>	<p>(Remuneration, etc.) Article <u>28</u>: Director remuneration, bonus and other profit of a proprietary nature (hereinafter “remuneration”) received from the Company as compensation for execution of duties shall be determined by resolution of the General Meeting of Shareholders, <u>with a distinction made between Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members.</u></p>
<p>(Exempting Directors from Liability) Article <u>28</u>: (1) (Article text omitted) (2) The Company may conclude limited liability agreements with <u>Outside</u> Directors as specified in Article 423, Paragraph 1 of the Companies Act for matters specified by laws and regulations. However, the maximum amount of the liability for damages based on said contracts shall be the minimum amount prescribed by laws and regulations.</p>	<p>(Exempting Directors from Liability) Article <u>29</u>: (1) (Unchanged) (2) The Company may conclude limited liability agreements with Directors (<u>excluding those that are Executive Directors, etc.</u>) as specified in Article 423, Paragraph 1 of the Companies Act for matters specified by laws and regulations. However, the maximum amount of the liability for damages based on said contracts shall be the minimum amount prescribed by laws and regulations.</p>
<p><u>Chapter 5: Audit and Supervisory Board Members and the Audit and Supervisory Board</u></p>	<p><u>Chapter 5: Audit and Supervisory Committee</u></p>
<p><u>(Number of Audit and Supervisory Board Members)</u> Article 29: The Company shall have a <u>maximum of six (6) Audit and Supervisory Board Members.</u></p>	<p>(Delete)</p>
<p><u>(Method of Election of Audit and Supervisory Board Members)</u> Article 30: (1) <u>Audit and Supervisory Board Members shall be elected by resolution of the General Meeting of Shareholders.</u></p>	<p>(Delete)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(2) Resolutions for the election of members of the Audit and Supervisory Board shall be made when shareholders with at least one-third (1/3) of exercisable shareholder voting rights are present and approve of the resolution by majority decision.</u></p>	(Delete)
<p><u>(Term of Office of the Audit and Supervisory Board Members)</u></p>	
<p><u>Article 31: (1) The term of office of the Audit and Supervisory Board Members shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last business year within four (4) years after election.</u></p>	(Delete)
<p><u>(2) The term of office of an Audit and Supervisory Board Member(s) elected as a substitute shall be to the time of expiration of the outgoing member(s).</u></p>	(Delete)
<p><u>(Standing Audit and Supervisory Board Member(s))</u></p>	
<p><u>Article 32: The Audit and Supervisory Board shall select the Standing Audit and Supervisory Board Member(s).</u></p>	(Delete)
<p><u>(Convenor and Chairman of the Audit and Supervisory Board)</u></p>	
<p><u>Article 33: Unless otherwise specified by laws and regulations, the Standing Audit and Supervisory Board Member(s) shall convene the Audit and Supervisory Board and shall be the Chairman. When there are two (2) or more Standing Audit and Supervisory Board Members, the senior member shall be the Chairman. However, this does not prevent other members from convening the Audit and Supervisory Board or being Chairman.</u></p>	(Delete)
<p><u>(Notice of Convocation of the Audit and Supervisory Board)</u></p>	<p><u>(Notice of Convocation of the Audit and Supervisory Committee)</u></p>
<p><u>Article 34: The notice of convocation of the Audit and Supervisory Board shall be sent out no later than three (3) days prior to the meeting date to each of the Audit and Supervisory Board Members. However, when there is an emergency, this can be shortened.</u></p>	<p><u>Article 30: (1) The notice of convocation of the Audit and Supervisory Committee shall be sent out no later than three (3) days prior to the meeting date to each of the members. However, when there is an emergency, this can be shortened.</u></p>
<p>(Newly established)</p>	<p><u>(2) When all Audit and Supervisory Committee Members agree, it is possible to hold a meeting of the Audit and Supervisory Committee without going through the process of notification.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Method of Resolution of the Audit and Supervisory Board)</u> <u>Article 35: Unless otherwise specified by laws and regulations, resolutions by the Audit and Supervisory Board shall be made by majority.</u></p>	<p><u>(Method of Resolution of the Audit and Supervisory Committee)</u> <u>Article 31: Resolutions by the Audit and Supervisory Committee shall be made by a majority of Audit and Supervisory Committee Members present when a majority of the members are present.</u></p>
<p><u>(Rules of Audit and Supervisory Board)</u> <u>Article 36: Operation and agenda items of the Audit and Supervisory Board, shall be according to laws and regulations or these Articles of Incorporation and by Rules of Audit and Supervisory Board determined by the Audit and Supervisory Board.</u></p>	<p><u>(Rules of Audit and Supervisory Committee)</u> <u>Article 32: Matters concerning the Company's Audit and Supervisory Committee shall be according to prescriptions by laws and regulations or these Articles of Incorporation and by Rules of Audit and Supervisory Committee determined by the Audit and Supervisory Committee.</u></p>
<p><u>(Audit and Supervisory Board Member Remuneration)</u> <u>Article 37: Audit and Supervisory Board Member remuneration shall be determined by resolution of the General Meeting of Shareholders.</u></p>	<p>(Delete)</p>
<p><u>(Exempting Audit and Supervisory Board Members from Liability)</u> <u>Article 38: (1) Through a resolution by the Board of Directors, regarding the indemnity liability of Audit and Supervisory Board Members (including former members) as specified in Article 423, Paragraph 1 of the Companies Act for matters prescribed by laws and regulations, the Company may subtract the minimum amount for liability specified by laws and regulations and exempt an amount up to the remainder.</u></p>	<p>(Delete)</p>
<p><u>(2) Regarding liability as specified in Article 423, Paragraph 1 of the Companies Act, for matters specified by laws and regulations, the Company may conclude contracts with Outside Audit and Supervisory Board Members limiting the indemnity liability. However, the maximum liability amount according to this contract shall be the minimum amount for liability specified by laws and regulations.</u></p>	<p>(Delete)</p>
<p>Chapter 6: Calculations</p>	<p>Chapter 6: Calculations</p>
<p>Article <u>39</u> to Article <u>42</u> (Article text omitted)</p>	<p>Article <u>33</u> to Article <u>36</u> (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Supplement</u> <u>(Interim Measures Regarding Exempting Audit and Supervisory Board Members from Liability)</u></p> <p>1. Through a resolution by the Board of Directors, the Company may limit indemnity liability of the Audit and Supervisory Board Members (including former members) as specified in Article 423, Paragraph 1 of the Companies Act, arising from actions before the end of the 27th Ordinary General Meeting of Shareholders, to legally prescribed liability.</p>
(Newly established)	<p>2. Regarding actions by Outside Audit and Supervisory Board Members (including former Outside members) before the end of the 27th Ordinary General Meeting of Shareholders, contracts limiting their liability as specified in Article 423, Paragraph 1 of the Companies Act shall be governed by Article 38, Paragraph 2 of the Company's Articles of Incorporation as they were before the changes enacted by resolutions at the 27th Ordinary General Meeting of Shareholders.</p>

Proposal 3: Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Company plans to make the transition to a Company with Audit and Supervisory Committee once Proposal 2 “Partial amendments to the Articles of Incorporation” is approved. At the conclusion of this General Meeting of Shareholders, the terms of office of all six (6) current Directors, namely Mitsuhiro Takeda, Mitsunori Fujisawa, Masami Koizumi, Hiroyuki Higashi, Gaku Ishiwata, and Hidehiko Nishikawa, will expire. Accordingly, the Company proposes the election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members).

The candidates for Directors (excluding 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	Mitsuhiro Takeda (April 13,1963) [Reelection] [Board of Directors Meeting Attendance] 17/17 Meetings 100%	<p>April 1986 Joined Kanematsu -Gosho, Ltd.</p> <p>April 2004 General Manager, Europe and the U.S. Import Products Department, 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)</p>	48,400

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] 17/17 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 2016 Director, Executive Vice President, responsible for the Supply Chain Management Division and the Business Support Division of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Representative Director and Chairman, COEN CO., LTD. (current)</p>	30,800
3	<p>Masami Koizumi (July 20, 1961)</p> <p>[Reelection]</p> <p>[Board of Directors Meeting Attendance] 17/17 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 Audit & Supervisory Board Member of netprice, June 2006 Ltd.</p> <p>July 2007 Director of the Company 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 2015 Director, Executive Vice President, responsible for the Administration Division and the Investor Relations Office of the Company (current)</p>	37,600

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Hiroyuki Higashi (August 28, 1965) [Reelection] [Board of Directors Meeting Attendance] 17/17 Meetings 100%	<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>July 2015 Director, Executive Managing Officer, responsible for the Corporate Strategy Division of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Chairman, UNITED ARROWS TAIWAN LTD. (current)</p>	25,700

Notes:

1. Mitsuhiro Takeda, a candidate for Director, serves concurrently as a Representative Director of FIGO Co., Ltd and the Representative Director of Designs & Co., Mitsunori Fujisawa, a candidate for Director, serves concurrently as a Representative Director of COEN CO., LTD, and Hiroyuki Higashi, a candidate for Director, serves concurrently as the 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.
2. The reasons to elect the candidates for Director are as follows.
 - (1) Mitsuhiro Takeda, a candidate for Director, has extensive knowledge of global fashion brands and luxury brands, among others, nurtured through his experience at a general trading company. Since joining the Company in 2005, he has served as the head of various business divisions, promoting growth and expansion of the businesses of which he has been in charge. Based on these achievements, he was elected Director in June 2010. After taking office as Senior Executive Vice President of the Company in April 2011, his strong leadership as the effective top management led to the stable improvement of business performance of the Company, and therefore he assumed the post of Representative Director, President and CEO of the Company in April 2012. In consideration of his career and achievements as stated above, the Company requests his election as a Director.
 - (2) Mitsunori Fujisawa, a candidate for Director, joined the Company in 1990, the year after the Company was established. After years of diverse experience in the fields of products and sales, he was responsible for the green label relaxing (GLR) business from its launch, which is currently one of the core businesses of the Company. Taking office as General Manager of the GLR Division in 2005, his continuous efforts to expand the GLR business resulted in the steady growth of the business, and therefore he was appointed Director in June 2010. In consideration of his career as stated above, the Company requests his election as a 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 Audit & Supervisory Board Member at other companies, undertaking management and oversight of corporate governance therein. Based on these achievements, he was appointed Director in June 2006. In consideration of his career as stated above, the Company requests his election as a Director.
- (4) Hiroyuki Higashi, a candidate for Director, has held senior management positions in charge of departments including Human Resources, Corporate Strategy, President's Office, contributing to development of the personnel system and establishment and dissemination of management philosophy since joining the Company in 1996. From April 2008, he served as General Manager of the United Arrows business, a core business of the Company, promoting the expansion of the business. Based on these achievements, he was appointed Director in June 2012. In consideration of his career as stated above, the Company requests his election as a Director.

Proposal 4: Election of three (3) Directors who are Audit and Supervisory Committee Members

The Company plans to make the transition to a Company with Audit and Supervisory Committee once Proposal 2 “Partial amendments to the Articles of Incorporation” is approved. Accordingly, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

The Audit & Supervisory Board 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 and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yukari Sakai (June 23, 1968) [New candidate] [Outside] [Board of Directors Meeting Attendance] 17/17 Meetings 100% [Audit and Supervisory Board Meeting Attendance] 13/13 Meetings 100%	<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 (current)</p> <p>June 2008 Outside Audit & Supervisory Board Member of ReproCELL Inc.</p> <p>September 2013 (current) Outside Audit & Supervisory Board Member of Beauty Kadan Co., Ltd. (current)</p> <p>[Significant concurrent positions outside the Company] Outside Audit & Supervisory Board Member, ReproCELL Inc. (current) Outside Audit & Supervisory Board Member, Beauty Kadan Co., Ltd. (current)</p>	-
2	Gaku Ishiwata (November 16, 1970) [New candidate] [Outside] [Board of Directors Meeting Attendance] 16/17 Meetings 94.1%	<p>April 1997 Registered with the Daini Tokyo Bar Association as an attorney-at-law</p> <p>April 1997 Joined Mori Sogo Law Offices (currently, Mori Hamada & Matsumoto)</p> <p>January 2005 Partner at Mori Hamada & Matsumoto (current)</p> <p>April 2007 Part-time lecturer at Kyoto University Law School (current)</p> <p>June 2008 External Board Member of XEBIO CO., LTD. (currently XEBIO HOLDINGS CO., LTD) (current)</p> <p>June 2013 Outside Director of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Partner, Mori Hamada & Matsumoto (current) Part-time lecturer, Kyoto University Law School (current) External Board Member, XEBIO HOLDINGS CO., LTD. (current)</p>	-

No.	Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Hidehiko Nishikawa (August 27, 1962) [New candidate] [Outside] [Board of Directors Meeting Attendance] 13/13 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, Ritsumeikan University</p> <p>April 2007 Associate Professor, College of Business Administration, Ritsumeikan University</p> <p>April 2008 Professor, College of Business Administration, Ritsumeikan University</p> <p>April 2010 Professor, Faculty of Business Administration and Graduate School of Business Administration, Hosei University (current)</p> <p>August 2012 Vice President of Japan Marketing Academy (current)</p> <p>April 2015 Director, Graduate School of Business Administration, Hosei University</p> <p>June 2015 Outside Director of the Company (current)</p> <p>October 2015 Representative Director, Sekigakusha Co., Ltd. (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 President, Japan Marketing Academy (current)</p>	-

Notes:

1. Yukari Sakai, Gaku Ishiwata and Hidehiko Nishikawa are new candidates to be Directors who are Audit and Supervisory Committee Members.
2. 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. 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.
3. The reasons to elect the candidates for Directors who are Audit and Supervisory Committee Members are as follows.
 - (1) Yukari Sakai, a candidate to be a Director who is an Audit and Supervisory Committee Member, is a candidate to be an Outside Director. The Company requests her election as an Outside Director in the belief that she will be able to execute her duties 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 eighteen (18) 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. Also, at the conclusion of this General Meeting of Shareholders, Yukari Sakai's term in office as a Standing Outside Audit & Supervisory Board Member of the Company will be eleven (11) years.

- (2) Gaku Ishiwata, a candidate to be a Director who is an Audit and Supervisory Committee Member, is a candidate to be an Outside Director. While he does not have experience in corporate management other than as an outside officer, he is a qualified attorney and the Company requests his election as an Outside Director in the belief that his experience and knowledge will contribute to reinforcing corporate governance and compliance of the Company. Gaku Ishiwata is currently an Outside Director of the Company and his term of office will be three (3) years at the conclusion of this General Meeting of Shareholders.
 - (3) Hidehiko Nishikawa, a candidate to be a Director who is an Audit and Supervisory Committee Member, is a candidate to be an Outside Director. He has extensive experience in the fashion and retail industries as well as broad knowledge cultivated to date as a university professor. Therefore, the Company requests his election as an Outside Director in the belief that his experience and knowledge will contribute to promoting sound and efficient management of the Company. Hidehiko Nishikawa is currently an Outside Director of the Company and his term of office will be one (1) year at the conclusion of this General Meeting of Shareholders.
4. The total number of meetings of the Board of Directors as described in Board of Directors Meeting Attendance for Hidehiko Nishikawa, a candidate to be Director who is an Audit and Supervisory Committee Member, differs from those for Yukari Sakai and Gaku Ishiwata, candidates to be Directors who are Audit and Supervisory Committee Members, as Hidehiko Nishikawa was elected at the 26th Ordinary General Meeting of Shareholders held on June 23, 2015.
5. There is no special interest between each candidate and the Company.
6. 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.

(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 officer’s 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

Proposal 5: Determination of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

Remuneration paid to the Company's Directors in the amount of no more than 500 million yen annually was approved by the 18th Ordinary General Meeting of Shareholders held on June 25, 2007 and has remained at that amount to the present. However, the Company plans to make the transition to a Company with Audit and Supervisory Committee once Proposal 2 "Partial amendments to the Articles of Incorporation" is approved. Accordingly, conditioned on approval of Proposal 2 "Partial amendments to the Articles of Incorporation," Proposal 3 "Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)" and Proposal 4 "Election of three (3) Directors who are Audit and Supervisory Committee Members" as proposed, the Company proposes that the current amount of remuneration for Directors be revoked, and that remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) be set at no more than 500 million yen annually after the aforementioned transition, in consideration of economic conditions and other factors. The amount of remuneration shall not include the employee salaries of employee-Directors. The Company currently has six (6) Directors (including two (2) Outside Directors). If Proposal 3 "Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)" is approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be four (4) (including no Outside Director).

Proposal 6: Determination of remuneration for Directors who are Audit and Supervisory Committee Members

The Company plans to make the transition to a Company with Audit and Supervisory Committee once Proposal 2 "Partial amendments to the Articles of Incorporation" is approved. Accordingly, the Company proposes that remuneration for Directors who are Audit and Supervisory Committee Members be set at no more than 200 million yen annually, in consideration of responsibilities and duties as the said Directors. If Proposal 4 "Election of three (3) Directors who are Audit and Supervisory Committee Members" is approved as proposed, the number of Directors who are Audit and Supervisory Committee Members will be three (3).