

June 2, 2015

Atsushi Suzuki

President and Representative Director
H₂O RETAILING CORPORATION
8-7 Kakuda-cho, Kita-ku, Osaka

Dear shareholders:

Notice of the 96th Annual General Meeting of Shareholders

You are cordially invited to attend the 96th Annual General Meeting of Shareholders the details of which are given below.

If you are unable to attend the meeting, please exercise your voting rights by mail or via the Internet. You are kindly requested to read the “Reference Document for the Shareholders Meeting” (included in this document), also check the “Information regarding Exercising Voting Rights” (pp.10–11), and exercise your voting rights by 6:00 p.m. on Tuesday, June 23, 2015.

Sincerely,

Atsushi Suzuki

Details

1. Date and time: Wednesday, June 24, 2015, 10:00 a.m.

2. Venue: Main Hall, Umeda Arts Theater* 19-1 Chayamachi, Kita-ku, Osaka

* The venue is different from that of the previous meeting.

3. Matters to be reported and resolved at the meeting

Matters to be reported 1: Reports on the Business Report, Consolidated Financial Statements, and Financial Statements for the 96th fiscal term (from April 1, 2014 to March 31, 2015)

Matters to be reported 2: Report on the audit results of the Consolidated Financial Statements by independent accounting auditors and the board of corporate auditors

Matters to be resolved **Proposal No. 1:** Partial amendments to the articles of incorporation

Proposal No. 2: Election of 12 directors

Proposal No. 3: Payment of bonuses to officers

4. Notes regarding how to exercise voting rights

Please refer to the “Information regarding Exercising Voting Rights” (pp.10–11)

~~~~~  
When attending the meeting, please present the enclosed voting form to a receptionist at the venue of the meeting. If necessity arises to amend the Reference Document for the Shareholders Meeting, the Business Report, the Consolidated Financial Statements, or the Financial Statements by the day prior to the shareholders meeting, any matters amended will be indicated on the following website <<http://www.h2o-retailing.co.jp/soukai/>>.

**Events (e.g. a party) will not be held after the shareholders meeting. We appreciate your understanding.**

# Reference Document for the Shareholders Meeting

## Proposals and reference matters

### Proposal No. 1: Partial amendments to the articles of incorporation

#### 1. Reason for the proposal

The scope of company officers who can enter into contracts for limitation of liability was changed in accordance with the Act for Partial Revision of the Companies Act (Act No. 90 of 2014) that was enforced on May 1, 2015. In line with the enforcement of the act, provisions of Articles 29 (Directors' exemption from liability) and 37 (Corporate auditors' exemption from liability) of our articles of incorporation will be partly amended. Regarding the amendment to Article 29, we have obtained consent from corporate auditors.

#### 2. Details of the amendment

Draft amendments and current provisions of the articles of incorporation are given below.

(Draft amendments are underlined.)

| Current provisions                                                                                                                                                                                                                                                                                                                                                                                                                                         | Draft amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (Directors' exemption from liability)<br>Article 29<br><br>1. (Provisions omitted)<br><br>2. In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into contracts with <u>outside</u> directors that limit the liability for damages attributed to neglecting their duties. The minimum liability amount for such contracts shall be the amount set forth in laws and regulations.                   | (Directors' exemption from liability)<br>Article 29<br><br>1. (No change from current provisions)<br><br>2. In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into contracts with directors ( <u>except for executive directors etc.</u> ) that limit the liability for damages attributed to neglecting their duties. The minimum liability amount for such contracts shall be the amount set forth in laws and regulations. |
| (Corporate auditors' exemption from liability)<br>Article 37<br><br>1. (Provisions omitted)<br><br>2. In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into contracts with <u>outside</u> corporate auditors that limit the liability for damages attributed to neglecting their duties. The minimum liability amount for such contracts shall be the amount set forth in laws and regulations. | (Corporate auditors' exemption from liability)<br>Article 37<br><br>1. (No change from current provisions)<br><br>2. In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into contracts with corporate auditors that limit the liability for damages attributed to neglecting their duties. The minimum liability amount for such contracts shall be the amount set forth in laws and regulations.                              |

## Proposal No. 2: Election of 12 directors

The terms of office of all the directors (11 in total) will expire at the conclusion of this annual shareholders meeting. It is hereby proposed that one outside director be added to enhance management and supervision functions, and that 12 directors be elected.

The candidates to be directors are given below.

|                                                      |                                                                                                             |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Candidate No.                                        | 1                                                                                                           |
| <b>Atsushi Suzuki</b> (Date of birth: April 5, 1956) |                                                                                                             |
| Subject to re-election                               | Number of company shares held by the candidate: 10,800                                                      |
| Brief history of positions and duties                |                                                                                                             |
| April 1980                                           | Joined Hankyu Department Stores, Inc.                                                                       |
| October 2000                                         | Executive Manager, SC Division, Hankyu Department Stores, Inc.                                              |
| April 2003                                           | Representative Director and Senior Managing Executive Officer, Hankyu Shopping Center Development Co., Ltd. |
| April 2006                                           | Executive Officer, Hankyu Department Stores, Inc.                                                           |
| October 2007                                         | Executive Officer, Hankyu Hanshin Department Stores, Inc.                                                   |
| April 2013                                           | Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.                             |
| March 2014                                           | Director, H <sub>2</sub> O RETAILING CORPORATION                                                            |
| April 2014                                           | President and Representative Director, H <sub>2</sub> O RETAILING CORPORATION (present position)            |

|                                                                               |                                                                                                       |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Candidate No.                                                                 | 2                                                                                                     |
| <b>Naoya Araki</b> (Date of birth: May 14, 1957)                              |                                                                                                       |
| Subject to re-election                                                        | Number of company shares held by the candidate: 8,300                                                 |
| Brief history of positions and duties                                         |                                                                                                       |
| April 1981                                                                    | Joined Hankyu Department Stores, Inc.                                                                 |
| April 2003                                                                    | General Manager, Suburban Store Development Office, Hankyu Department Stores, Inc.                    |
| April 2004                                                                    | Executive Officer, Hankyu Department Stores, Inc.                                                     |
| October 2008                                                                  | Executive Officer, Hankyu Hanshin Department Stores, Inc.                                             |
| June 2010                                                                     | Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.                                |
| March 2012                                                                    | President and Representative Director, Hankyu Hanshin Department Stores, Inc. (present position)      |
| June 2012                                                                     | Representative Director, H <sub>2</sub> O RETAILING CORPORATION (present position)                    |
| June 2012                                                                     | In charge of the Department Store Business, H <sub>2</sub> O RETAILING CORPORATION (present position) |
| Status of concurrent important positions held                                 |                                                                                                       |
| President and Representative Director, Hankyu Hanshin Department Stores, Inc. |                                                                                                       |

|                                                          |                                                                                              |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Candidate No.                                            | 3                                                                                            |
| <b>Haruya Shijo</b> (Date of birth: August 15, 1958)     |                                                                                              |
| Subject to re-election                                   | Number of company shares held by the candidate: 7,380                                        |
| Brief history of positions and duties                    |                                                                                              |
| March 1981                                               | Joined Izumiya Co., Ltd.                                                                     |
| May 2005                                                 | Director, Izumiya Co., Ltd.                                                                  |
| February 2008                                            | Managing Director and Executive Officer, Izumiya Co., Ltd.                                   |
| February 2009                                            | Managing Director and Managing Executive Officer, Izumiya Co., Ltd.                          |
| May 2011                                                 | Senior Managing Director and Senior Managing Executive Officer, Izumiya Co., Ltd.            |
| March 2014                                               | President and Representative Director, Izumiya Co., Ltd. (present position)                  |
| June 2014                                                | Representative Director, H <sub>2</sub> O RETAILING CORPORATION (present position)           |
| June 2014                                                | In charge of the Izumiya Business, H <sub>2</sub> O RETAILING CORPORATION (present position) |
| Status of concurrent important positions held            |                                                                                              |
| President and Representative Director, Izumiya Co., Ltd. |                                                                                              |

|                                                                                                       |                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Candidate No.                                                                                         | 4                                                                                                                                                       |
| <b>Katsuhiro Hayashi</b> (Date of birth: January 20, 1958)                                            |                                                                                                                                                         |
| Subject to re-election                                                                                | Number of company shares held by the candidate: 6,900                                                                                                   |
| Brief history of positions and duties                                                                 |                                                                                                                                                         |
| April 1982                                                                                            | Joined Hankyu Department Stores, Inc.                                                                                                                   |
| April 2002                                                                                            | General Manager, Public Relations Office, Hankyu Department Stores, Inc.                                                                                |
| April 2004                                                                                            | Executive Manager, Sales Promotion Dept., Hankyu Department Stores, Inc.                                                                                |
| April 2005                                                                                            | General Manager, Compliance Office, Hankyu Department Stores, Inc.                                                                                      |
| April 2007                                                                                            | General Manager, General Affairs Office, Hankyu Department Stores, Inc.                                                                                 |
| June 2009                                                                                             | Director and Executive Officer, H <sub>2</sub> O RETAILING CORPORATION                                                                                  |
| June 2009                                                                                             | Executive Officer, Hankyu Hanshin Department Stores, Inc.                                                                                               |
| April 2012                                                                                            | Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.                                                                                  |
| April 2014                                                                                            | Director and Managing Executive Officer, H <sub>2</sub> O RETAILING CORPORATION                                                                         |
| April 2014                                                                                            | Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.                                                                         |
| April 2015                                                                                            | Representative Director and Senior Managing Executive Officer, H <sub>2</sub> O RETAILING CORPORATION (present position)                                |
| April 2015                                                                                            | In charge of the General Affairs and Human Resources Office, and the Public Relations Office, H <sub>2</sub> O RETAILING CORPORATION (present position) |
| April 2015                                                                                            | Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc. (present position)                                |
| Status of concurrent important positions held                                                         |                                                                                                                                                         |
| Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc. |                                                                                                                                                         |

|                                                                                                                          |                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Candidate No.                                                                                                            | 5                                                                                                |
| Shunichi Sugioka (Date of birth: April 1, 1940)                                                                          |                                                                                                  |
| Subject to re-election                                                                                                   | Number of company shares held by the candidate: 49,455                                           |
| Brief history of positions and duties                                                                                    |                                                                                                  |
| April 1964                                                                                                               | Joined Hankyu Department Stores, Inc.                                                            |
| September 1985                                                                                                           | Manager, Merchandising Promotion Dept., Hankyu Department Stores, Inc.                           |
| September 1988                                                                                                           | Manager, Sales Div., Hankyu Department Stores, Inc.                                              |
| June 1994                                                                                                                | Director, Hankyu Department Stores, Inc.                                                         |
| June 1999                                                                                                                | Managing Director, Hankyu Department Stores, Inc.                                                |
| June 2000                                                                                                                | President and Representative Director, Hankyu Department Stores, Inc.                            |
| April 2005                                                                                                               | Representative Director and Chairman, Hankyu Department Stores, Inc.                             |
| October 2007                                                                                                             | Representative Director and Chairman, CEO, H <sub>2</sub> O RETAILING CORPORATION                |
| October 2008                                                                                                             | Representative Director and Chairman, Hankyu Hanshin Department Stores, Inc.                     |
| April 2015                                                                                                               | Director and Senior Corporate Advisor, H <sub>2</sub> O RETAILING CORPORATION (present position) |
| April 2015                                                                                                               | Director and Senior Corporate Advisor, Hankyu Hanshin Department Stores, Inc. (present position) |
| Status of concurrent important positions held                                                                            |                                                                                                  |
| Director and Senior Corporate Advisor, Hankyu Hanshin Department Stores, Inc.<br>Director, Hankyu Hanshin Holdings, Inc. |                                                                                                  |

|                                                                                                                                  |                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Candidate No.                                                                                                                    | 6                                                                            |
| Kazuo Sumi (Date of birth: April 19, 1949)                                                                                       |                                                                              |
| Subject to re-election                                                                                                           | Number of company shares held by the candidate: 15,900                       |
| Brief history of positions and duties                                                                                            |                                                                              |
| April 1973                                                                                                                       | Joined Hankyu Corporation (currently Hankyu Hanshin Holdings, Inc.)          |
| June 2000                                                                                                                        | Director, Hankyu Corporation                                                 |
| June 2002                                                                                                                        | Managing Director, Hankyu Corporation                                        |
| June 2003                                                                                                                        | President and Representative Director, Hankyu Corporation (present position) |
| October 2007                                                                                                                     | Director, H <sub>2</sub> O RETAILING CORPORATION (present position)          |
| Status of concurrent important positions held                                                                                    |                                                                              |
| President and Representative Director, Hankyu Hanshin Holdings, Inc.<br>Representative Director and Chairman, Hankyu Corporation |                                                                              |

|                                                          |                                                                                                  |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Candidate No.                                            | 7                                                                                                |
| <b>Kazutoshi Senno</b> (Date of birth: October 4, 1948)  |                                                                                                  |
| Subject to re-election                                   | Number of company shares held by the candidate: 28,700                                           |
| Brief history of positions and duties                    |                                                                                                  |
| April 1972                                               | Joined Hankyu Department Stores, Inc.                                                            |
| October 1995                                             | Deputy General Manager, Management Policy Office, Hankyu Department Stores, Inc.                 |
| June 1999                                                | Director, Hankyu Department Stores, Inc.                                                         |
| April 2001                                               | President and Representative Director, Hankyu Oasis Co., Ltd.                                    |
| June 2002                                                | Advisor, Hankyu Department Stores, Inc.                                                          |
| April 2004                                               | Managing Executive Officer, Hankyu Department Stores, Inc.                                       |
| June 2004                                                | Director and Managing Executive Officer, Hankyu Department Stores, Inc.                          |
| April 2006                                               | Director, Hankyu Department Stores, Inc.                                                         |
| September 2006                                           | President and Representative Director, Hanshoku Co., Ltd.                                        |
| October 2007                                             | Director, H <sub>2</sub> O RETAILING CORPORATION (present position)                              |
| October 2007                                             | In charge of the Supermarket Business, H <sub>2</sub> O RETAILING CORPORATION (present position) |
| April 2014                                               | Representative Director and Chairman, Hanshoku Co., Ltd. (present position)                      |
| Status of concurrent important positions held            |                                                                                                  |
| Representative Director and Chairman, Hanshoku Co., Ltd. |                                                                                                  |

|                                                                                                       |                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Candidate No.                                                                                         | 8                                                                                                                                                             |
| <b>Keiji Uchiyama</b> (Date of birth: August 2, 1950)                                                 |                                                                                                                                                               |
| Subject to re-election                                                                                | Number of company shares held by the candidate: 19,000                                                                                                        |
| Brief history of positions and duties                                                                 |                                                                                                                                                               |
| April 1973                                                                                            | Joined Hankyu Department Stores, Inc.                                                                                                                         |
| October 1995                                                                                          | General Manager, Sales Promotion Dept., Hankyu Department Stores, Inc.                                                                                        |
| October 2000                                                                                          | Leader, Customer Policy and Planning Group, Umeda Main Store Business Administration Dept. and Manager, Customer Policy Dept., Hankyu Department Stores, Inc. |
| April 2001                                                                                            | Kawanishi Store Manager, Hankyu Department Stores, Inc.                                                                                                       |
| April 2002                                                                                            | Executive Officer, Hankyu Department Stores, Inc.                                                                                                             |
| May 2007                                                                                              | Managing Executive Officer, Hankyu Department Stores, Inc.                                                                                                    |
| October 2007                                                                                          | Director and Managing Executive Officer, Hankyu Department Stores, Inc.                                                                                       |
| October 2008                                                                                          | Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.                                                                               |
| April 2009                                                                                            | Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc. (present position)                                      |
| June 2009                                                                                             | Director, H <sub>2</sub> O RETAILING CORPORATION (present position)                                                                                           |
| Status of concurrent important positions held                                                         |                                                                                                                                                               |
| Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc. |                                                                                                                                                               |

|                                                            |                                                                               |
|------------------------------------------------------------|-------------------------------------------------------------------------------|
| Candidate No.                                              | 9                                                                             |
| Yutaka Wada (Date of birth: August 30, 1960)               |                                                                               |
| Subject to re-election                                     | Number of company shares held by the candidate: 455,930                       |
| Brief history of positions and duties                      |                                                                               |
| April 1984                                                 | Joined Izumiya Co., Ltd.                                                      |
| February 2008                                              | Executive Officer, Izumiya Co., Ltd.                                          |
| May 2011                                                   | Director and Senior Executive Officer, Izumiya Co., Ltd.                      |
| March 2014                                                 | Managing Director and Managing Executive Officer, Izumiya Co., Ltd.           |
| May 2014                                                   | Director and Managing Executive Officer, Izumiya Co., Ltd. (present position) |
| June 2014                                                  | Director, H <sub>2</sub> O RETAILING CORPORATION (present position)           |
| Status of concurrent important positions held              |                                                                               |
| Director and Managing Executive Officer, Izumiya Co., Ltd. |                                                                               |

|                                                                                                    |                                                                                                                                             |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Candidate No.                                                                                      | 10                                                                                                                                          |
| Tadatsugu Mori (Date of birth: September 22, 1963)                                                 |                                                                                                                                             |
| Subject to re-election                                                                             | Number of company shares held by the candidate: 4,800                                                                                       |
| Brief history of positions and duties                                                              |                                                                                                                                             |
| April 1987                                                                                         | Joined Hankyu Department Stores, Inc.                                                                                                       |
| April 2004                                                                                         | General Manager, Management Policy Office, Hankyu Department Stores, Inc.                                                                   |
| April 2006                                                                                         | Executive Officer, Hankyu Department Stores, Inc.                                                                                           |
| June 2006                                                                                          | Director and Executive Officer, Hankyu Department Stores, Inc.                                                                              |
| October 2007                                                                                       | Director, Hankyu Department Stores, Inc.                                                                                                    |
| October 2007                                                                                       | Director and Executive Officer, H <sub>2</sub> O RETAILING CORPORATION                                                                      |
| October 2007                                                                                       | General Manager, Management Planning Office, in charge of System Planning Office, H <sub>2</sub> O RETAILING CORPORATION (present position) |
| March 2012                                                                                         | Director and Managing Executive Officer, H <sub>2</sub> O RETAILING CORPORATION (present position)                                          |
| June 2013                                                                                          | Executive Officer, Hankyu Hanshin Department Stores, Inc. (present position)                                                                |
| April 2014                                                                                         | In charge of Finance Office (present position), H <sub>2</sub> O RETAILING CORPORATION                                                      |
| Status of concurrent important positions held                                                      |                                                                                                                                             |
| Executive Officer, Hankyu Hanshin Department Stores, Inc.<br>Outside Director, Umenohana Co., Ltd. |                                                                                                                                             |

|                                                            |                                                                               |                                     |                     |
|------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------|---------------------|
| Candidate No.                                              | 11                                                                            | Outside Director                    | Independent Officer |
| Naoshi Ban                                                 |                                                                               | (Date of birth: September 30, 1946) |                     |
| New candidate                                              | Number of company shares held by the candidate:                               | 0                                   |                     |
| Brief history of positions and duties                      |                                                                               |                                     |                     |
| April 1969                                                 | Joined Mitsubishi Logistics Corporation                                       |                                     |                     |
| June 2000                                                  | Director, Mitsubishi Logistics Corporation                                    |                                     |                     |
| June 2001                                                  | Managing Director, Mitsubishi Logistics Corporation                           |                                     |                     |
| June 2003                                                  | President and Representative Director, Mitsubishi Logistics Corporation       |                                     |                     |
| June 2008                                                  | Representative Director and Chairman, Mitsubishi Logistics Corporation        |                                     |                     |
| June 2010                                                  | Chairman of the Board, Mitsubishi Logistics Corporation                       |                                     |                     |
| April 2013                                                 | Director and Senior Corporate Advisor, Mitsubishi Logistics Corporation       |                                     |                     |
| June 2013                                                  | Senior Corporate Advisor, Mitsubishi Logistics Corporation (present position) |                                     |                     |
| Status of concurrent important positions held              |                                                                               |                                     |                     |
| Senior Corporate Advisor, Mitsubishi Logistics Corporation |                                                                               |                                     |                     |

|                                                                                |                                                                                                   |                                   |                     |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------|---------------------|
| Candidate No.                                                                  | 12                                                                                                | Outside Director                  | Independent Officer |
| Makoto Yagi                                                                    |                                                                                                   | (Date of birth: October 13, 1949) |                     |
| New candidate                                                                  | Number of company shares held by the candidate:                                                   | 0                                 |                     |
| Brief history of positions and duties                                          |                                                                                                   |                                   |                     |
| April 1972                                                                     | Joined The Kansai Electric Power Company, Inc.                                                    |                                   |                     |
| June 2005                                                                      | Director, The Kansai Electric Power Company, Inc.                                                 |                                   |                     |
| June 2006                                                                      | Managing Director, The Kansai Electric Power Company, Inc.                                        |                                   |                     |
| June 2009                                                                      | Vice President and Representative Director, The Kansai Electric Power Company, Inc.               |                                   |                     |
| June 2010                                                                      | President and Representative Director, The Kansai Electric Power Company, Inc. (present position) |                                   |                     |
| Status of concurrent important positions held                                  |                                                                                                   |                                   |                     |
| President and Representative Director, The Kansai Electric Power Company, Inc. |                                                                                                   |                                   |                     |



Notes:

1. Kazuo Sumi (a candidate to be a director) holds a concurrent position as the Representative Director and Chairman of Hankyu Corporation. H<sub>2</sub>O RETAILING CORPORATION has a real estate lease contract with Hankyu Corporation.

2. H<sub>2</sub>O RETAILING CORPORATION has no special interest with other candidates.

3. Matters related to candidates to be outside directors:

(1) Candidates to be directors

Naoshi Ban and Makoto Yagi are candidates to be outside directors. H<sub>2</sub>O RETAILING CORPORATION submitted a notice of independent officers to the Tokyo Stock Exchange to notify that they will become independent officers on condition that this proposal is approved.

(2) Reasons why they were chosen as candidates to be outside directors

Both Naoshi Ban and Makoto Yagi have worked in corporate management for many years. They have been chosen as candidates to be outside directors in the hope that they will offer opinions and supervise management based on their profound experience and broad perspectives.

(3) Overview of contracts for limitation of liability

H<sub>2</sub>O RETAILING CORPORATION will enter into contracts with Naoshi Ban and Makoto Yagi to limit the liability set out in Article 423 (1) of the Companies Act to the extent of the amount specified in laws and regulations, if they are elected based on approval of this proposal.

4. On October 1, 2007, our trade name changed from Hankyu Department Stores, Inc. to H<sub>2</sub>O RETAILING CORPORATION in line with the transition to a holding company structure (based on the management integration with The Hanshin Department Store, Ltd.). At the same time, a company split was conducted to have the Department Store Business succeeded to a newly established company (Hankyu Department Stores, Inc.).

On October 1, 2008, Hankyu Department Stores, Inc. acquired The Hanshin Department Store, Ltd. through an absorption-type merger, and the trade name changed to Hankyu Hanshin Department Stores, Inc.

### **Proposal No. 3: Payment of bonuses to officers**

We wish to pay 51.5 million yen in total (as bonuses to officers) to eight directors at the end of the current period (Shunichi Sugioka, Atsushi Suzuki, Naoya Araki, Kazutoshi Senno, Keiji Uchiyama, Tadatsugu Mori, Katsuhiro Hayashi, and Hiroyasu Kuromatsu) by taking into consideration the business performance for the current period, conventional bonuses to officers, and other circumstances. The amount paid to each director is left to the discretion of the board of directors. We appreciate your understanding.

## **Information regarding Exercising Voting Rights**

### **1. Exercising voting rights by mail**

If you choose to exercise your voting rights by mail, please return the enclosed Voting Rights Exercise Form (with approval or disapproval indicated for each proposal) to **reach us by 6:00 p.m. on Tuesday, June 23, 2015.**

Any vote without approval or disapproval indicated for a particular proposal will be counted as a vote for approval of the pertinent proposal.

### **2. Exercising voting rights via the Internet**

If you choose to exercise voting rights via the Internet, please take note of the following:

#### **(1) Website for exercising voting rights**

1. Exercising voting rights via the Internet is only possible by accessing the website dedicated for enabling shareholders to exercise their voting rights <<http://www.evot.jp/>> using a personal computer, smartphone, or mobile phone (with i-mode, EZweb, or Yahoo! Keitai, mobile data capabilities.)\* (Please note that the website is unavailable between 2:00 a.m. and 5:00 a.m. every day).

\* i-mode, EZweb, and Yahoo! are trademarks or registered trademarks of NTT DOCOMO, INC., KDDI CORPORATION, and Yahoo! Inc. (U.S.), respectively.

2. Shareholders using a personal computer or smartphone may not be able to exercise their voting rights via the voting website, depending on their Internet access environment (e.g. when using a firewall to connect to the Internet, antivirus software, or proxy servers).
3. To exercise voting rights using a mobile phone, the terminal must have i-mode, EZweb, or Yahoo! Keitai, mobile data capabilities. To ensure security, the voting website is designed only for terminals capable of handling encrypted messages (SSL communication) and sending mobile phone data.
4. **Votes cast via the Internet will be accepted until 6:00 p.m. on Tuesday, June 23, 2015.** However, you are cordially requested to exercise your voting rights earlier, and contact the Help Desk if you have any questions etc.

#### **(2) How to exercise voting rights**

1. When you access the voting website <<http://www.evot.jp/>>, enter the login ID and temporary password indicated on the Voting Rights Exercise Form, then follow the instructions on the screen to enter your vote for the proposals.
2. To prevent individuals other than shareholders from gaining unauthorized access (online impersonation) and altering the content of your votes, you are requested to change your temporary password on the voting website.
3. A new login ID and temporary password will be issued each time an annual general meeting of shareholders is convened.

(3) Costs arising from accessing the voting website

Costs arising from accessing the voting website (e.g. Internet connection fees, packet charges) will be borne by shareholders who access the website.

### **3. Handling of multiple votes cast by the same shareholder**

(1) If a voting right is exercised both by mail and via the Internet, the vote cast via the Internet will be considered to be the valid vote.

(2) If a voting right is exercised via the Internet twice or more, the last vote cast will be considered to be the valid vote. If a voting right is exercised via personal computer, smartphone, and/or mobile phone, the last vote cast will be considered to be the valid vote.

### **4. Information regarding the Electronic Voting Platform**

For nominee shareholders (including standing proxies), such as trust banks or custodian banks, the Electronic Voting Platform is also available if they sign up in advance. The platform is operated by ICJ, Inc., a joint venture company established by Tokyo Stock Exchange, Inc. and other companies.

◎ **If you are able to attend the annual general meeting of shareholders, it is not necessary to follow the procedures to exercise voting rights by mail or via the Internet.**

◎ **If you choose to exercise your voting rights by proxy, the proxy will be requested to submit a letter of proxy and a Voting Rights Exercise Form to a receptionist at the venue of the meeting. Only a shareholder who has voting rights at the meeting can serve as a proxy.**

For inquiries about the system etc., please contact:

Securities Business Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation

Tel. (toll-free): 0120-173-027 (available from 9:00 a.m. to 9:00 p.m.)