

Securities identification code: 7606

May 31, 2017

To our shareholders:

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

NOTICE OF THE 28TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 28th 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 21, 2017 (Japan Standard Time).

Meeting Details

- 1. Date and time:** Thursday, June 22, 2017 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 28th Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
 2. Non-Consolidated Financial Statements for the 28th Term (from April 1, 2016 to March 31, 2017)
 - Items to be resolved:**
 - Proposal 1:** Appropriation of surplus
 - Proposal 2:** Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal 3:** Determination of remuneration for the Restricted-Share Remuneration Plan for Directors (excluding Directors who are Audit and Supervisory Committee Members) and other revisions of remuneration for Directors

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

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

Matters related to term-end dividends

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 28th 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: 1,642,724,778 yen
- (3) Effective date of distribution of dividends of surplus
June 23, 2017

Proposal 2: Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the conclusion of this General Meeting of Shareholders, the terms of office of all four (4) current Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal), namely Mitsuhiro Takeda, Mitsunori Fujisawa, Masami Koizumi, and Hiroyuki Higashi, will expire. Accordingly, the Company proposes the election of four (4) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Mitsuhiro Takeda (April 13, 1963) [Reelection] [Board of Directors Meeting Attendance] 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</p> <p>April 2017 Representative Director, President and CEO, responsible for Supply Chain Management Division of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Representative Director and Chairman, FIGO Co., LTD. (current) Representative Director and Chairman, Designs & Co. (current) Executive Person, CHROME HEARTS JP, GK (current)</p>	48,600

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 2017 Director, Executive Vice President, responsible for Business Support Division of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Representative Director and President, COEN CO., LTD. (current)</p>	31,700
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 Auditor of netprice, Ltd.</p> <p>June 2006 Director of the Company</p> <p>July 2007 Director and General Manager, Administration Division, and Department Manager, Finance and Accounting Department of the Company</p> <p>July 2008 Director, Executive Managing Officer and General Manager, Administration Division of the Company</p> <p>April 2012 Director, Executive Vice President and General Manager, Administration Division, responsible for Plan Management Office of the Company</p> <p>April 2015 Director, Executive Vice President, responsible for Administration Division and Investor Relations Office of the Company (current)</p>	38,700

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 Corporate Strategy Division of the Company (current)</p> <p>[Significant concurrent positions outside the Company] Chairman, UNITED ARROWS TAIWAN LTD. (current)</p>	26,500

Notes:

1. Mitsuhiro Takeda, a candidate for Director, serves concurrently as Representative Director of FIGO Co., Ltd., Representative Director of Designs & Co., and Executive Person of CHROME HEARTS JP, GK. Mitsunori Fujisawa, a candidate for Director, serves concurrently as Representative Director of COEN CO., LTD, and Hiroyuki Higashi, a candidate for Director, serves concurrently as Chairman of UNITED ARROWS TAIWAN LTD. The Company has business relationships with these companies that include sales and purchase transactions of products and consignment contracts. There is no special interest between the other candidates and the Company.
2. The reasons to elect the candidates for Director are as follows:
 - (1) Mitsuhiro Takeda, a candidate for Director, after taking office as Senior Executive Vice President of the Company in April 2011, the year after appointed as Director in June 2010, has promoted an active management as the effective top management. As a result, stable business performance has been enhanced, and therefore, he assumed the post of Representative Director, President and CEO in April 2012. Thereafter, he has been consistently playing an appropriate role such as in decision-making of utmost important matters in the management of the Company, and supervision of the execution of business. Placing all business divisions under his direct control in July 2015, he promoted organizational reforms and drew up the new medium-term business plan in the 28th Term as presented here. He will play a role of supervision in Group-wide reforms which focus on the three-year medium-term business plan starting from the 29th Term. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.
 - (2) Mitsunori Fujisawa, a candidate for Director, after years of diverse experience in the fields of products and sales after joining the Company, was responsible for the green label relaxing (GLR) business, currently one of the core businesses of the Company, from its launch. After taking office as General Manager of the GLR Division in 2005, he steadily expanded the GLR business. From such performance, he has served as Director

since June 2010. He has also served as General Manager of Business Unit II, contributing to the development of GLR Division, Small Business Units (SBU) Division, Outlet Division and others. He has been responsible for the Supply Chain Management Division and the Business Support Division since July 2015, and has been generally supporting business management of EC, logistics, marketing and others, sufficiently fulfilling his duties. In addition to promoting EC as head of the Business Support Division, he will take charge of the promotion for new business development as Representative Director of COEN Co., LTD from the 29th Term. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.

- (3) Masami Koizumi, a candidate for Director, has long been responsible for the Finance and Accounting Department after joining the Company, and at the time of listing of the Company's stocks, led related procedures as the person in charge for the listing. Furthermore, he also served as Auditor at other companies, undertaking management and oversight of corporate governance therein. Based on these achievements, he has served as Director since June 2006. Thereafter, he has been consistently in charge of finance, IR, and internal control as CFO of the Company and major subsidiaries, sufficiently fulfilling his duties. He will continue to be in charge of finance, IR, and internal control in the 29th Term, and will manage and oversee the business as CFO. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.
- (4) Hiroyuki Higashi, a candidate for Director, has held senior management positions in charge of departments including Human Resources, Corporate Strategy, and President's Office, contributing to development of the personnel system and establishment and dissemination of management philosophy since joining the Company. Since April 2008, he has served as General Manager of the United Arrows (UA) business, a core business of the Company, promoting the expansion of the business. Based on these achievements, he has served as Director since June 2012. When first appointed as Director, he contributed to the development of UA Division, BY Division, CH Division and others, as General Manager of Business Unit I. He has been responsible for the Corporate Strategy Division since July 2015, and in charge of drawing up of the new medium-term business plan and others. He has been also in charge of corporate strategy, human resources, store development, and overseas business, sufficiently fulfilling his duties. He will continue to be in charge of promoting reforms in accordance with the medium-term business plan in the 29th Term. In consideration of his career and achievements as stated above, the Company continues to request his election as Director.

Proposal 3: Determination of remuneration for the Restricted-Share Remuneration Plan for Directors (excluding Directors who are Audit and Supervisory Committee Members) and other revisions of remuneration for Directors

Regarding the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members, hereinafter the “eligible Directors”), the annual amount of up to 500 million yen (which, however, does not include the employee salaries of Directors who serve concurrently as employees) was approved by resolution of the 27th Ordinary General Meeting of Shareholders held on June 23, 2016.

Now, to further promote shared value between the eligible Directors and shareholders and to develop a remuneration system which contributes to corporate value over the medium-to-long term, the Company proposes to introduce a new restricted-share remuneration plan (hereinafter the “Plan”) as described below.

To newly provide monetary remuneration receivables for the grant of restricted shares, the Company seeks to set the amount of remuneration for the eligible Directors under the Plan at up to 300 million yen annually, apart from the current amount of remuneration. However, in principle, the Company intends to provide remuneration in a lump sum in the first fiscal year of the three-fiscal-year period covering the Medium-Term Business Plan as an amount corresponding to remuneration for the performance of duties over the three fiscal years. Moreover, the Company intends to provide remuneration in a lump sum for the eligible Directors who have assumed the position during the three-fiscal-year period covering the Medium-Term Business Plan, in an amount corresponding to remuneration for the performance of duties over the period from the time the position was assumed to the last fiscal year end of the three-fiscal-year period covering the Medium-Term Business Plan.

In association with this, the Company will also reduce the previously approved annual remuneration amount of up to 500 million yen by 100 million yen to make the amount of remuneration under the current system up to 400 million yen annually.

However, as in the previous years, the Company requests that the amount of remuneration for the eligible Directors not include the employee salaries of Directors who serve concurrently as employees.

Furthermore, the specific allocation and timing of payment of the above-mentioned remuneration to each eligible Director shall be deliberated by the Nomination and Compensation Committee before being decided by the Board of Directors, while respecting the opinions of the aforementioned committee.

Moreover, the persons eligible for the Plan are Directors who are not Audit and Supervisory Committee Members. The Company currently has four (4) Directors who are not Audit and Supervisory Committee Members (including zero (0) Outside Directors), and if Proposal 2 is approved as proposed, the number of Directors who are not Audit and Supervisory Committee Members shall remain four (4) (including zero (0) Outside Directors).

Details of the Plan

(1) Overview

Under the Plan, to grant restricted shares to eligible Directors, in principle, monetary remuneration receivables for specific use are provided to the eligible Directors in the first fiscal year of the period covering the Medium-Term Business Plan, and the eligible Directors are allowed to make an investment in kind in the Company using the monetary remuneration receivables as the invested assets. In this way, the Company issues or disposes of (hereinafter “delivers”) its common shares (hereinafter the “Company shares”) to the eligible Directors and allows them to hold the shares. However, the Company shall make an agreement on allotment of restricted shares as detailed in (4) below with the eligible Directors (hereinafter the “allotment agreement”), under which the eligible Directors shall not be able to freely transfer, etc. (defined in (4) i) below) the allotted shares (defined in (4) i) below) for a certain period stipulated in the allotment agreement (the transfer restriction period of (4) i) below). If they achieve a certain financial result during the transfer restriction period, then the transfer restrictions (defined in (4) i) below) of the allotted shares shall be lifted depending on the degree of achievement, with the allotted shares for which the transfer restrictions were not lifted being returned (transferred) to the Company for free. Thus, the Plan provides an incentive for the eligible Directors to work towards achieving certain results. The transfer restriction period, the results achievement conditions of (4) ii) below, and other matters regarding the overall management of the Plan shall be deliberated by the Nomination and Remuneration Committee before being decided by the Board of Directors, while respecting the opinions of the aforementioned committee.

(2) Upper limit of remuneration amount of monetary remuneration receivables and the number of shares granted under the Plan

The maximum limit of the remuneration amount of the monetary remuneration receivables to be provided to eligible Directors shall be up to 300 million yen annually, and the total number of the Company shares to be delivered to the eligible Directors shall be up to 120,000 shares annually. In the event, however, a share split or a consolidation of shares involving the Company shares occurs or in any other events where adjustment is necessary for the total number of restricted shares allotted similarly to these cases after the conclusion of the Ordinary General Meeting of Shareholders, the total number of allotted shares shall be reasonably adjusted.

(3) Payment amount per share

Payment amount per share shall be determined by the Board of Directors to the extent not particularly favorable to the eligible Directors subscribing the Company shares through the Plan, such as the closing price of the Company shares on the Tokyo Stock Exchange on the business day preceding each date of the resolution of the Board of Directors (if no trades are made on this day, the closing price on the most recent day of trading before that).

(4) Overview of content to be stipulated in the allotment agreement

i) Transfer restriction period

During a predetermined period within three years set by the Company's Board of Directors (hereinafter the “transfer restriction period”), the eligible Directors may not transfer, create security rights over, or otherwise dispose of (hereinafter the “transfer, etc.”) the Company shares received as an allotment under the allotment agreement (hereinafter “the allotted shares”) (hereinafter the “transfer restrictions”).

ii) Lifting of the transfer restrictions by achievement of results

Depending on the degree of achievement criteria established in advance by the Company's Board of Directors including the degree of the Company's consolidated ordinary profit and

consolidated return on equity (ROE) or other target results set for each medium-term business plan during the transfer restriction period (hereinafter conditions for lifting the transfer restrictions based on the degree of achievement of related results shall be referred to as “results achievement conditions”), the allotted shares shall have the transfer restrictions lifted at the expiration of the transfer restriction period, enabling the eligible Directors to freely transfer, etc., the allotted shares that have their transfer restriction lifted. Certain proportion of the allotted shares, however, shall in principle have the transfer restrictions lifted at the expiration of the transfer restriction period regardless of the degree of results achievement for the purpose of promoting shareholdings of the eligible Directors. Furthermore, such transfer restrictions shall be lifted, in principle, on the condition that the eligible Directors continuously maintain the position of Director of the Company during the transfer restriction period.

Furthermore, the eligible Directors shall return (transfer) to the Company for free the allotted shares that do not have their transfer restrictions lifted at the expiration of the transfer restriction period pursuant to the above provision.

iii) Treatment on retirement from office

Eligible Directors who have retired from office as Director of the Company before the expiration of the transfer restriction period shall return (transfer) the allotted shares to the Company for free except in cases where the Company’s Board of Directors acknowledges the reason as being justified. If the reason is justified, the Company shall rationally adjust the number of the allotted shares to have their transfer restrictions lifted and the timing of lifting the transfer restrictions as needed.

iv) Treatment during reorganization, etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or some other reorganization are approved at the Company’s General Meeting of Shareholders (or, in the case where the approval at the Company’s General Meeting of Shareholders is not required in relation to the reorganization, etc. in question, a meeting of the Company’s Board of Directors), the Company shall rationally adjust the number of the allotted shares to have their transfer restrictions lifted and the timing of lifting the transfer restrictions as needed, by resolution of the Company’s Board of Directors.

v) Other matters to be determined by the Board of Directors

The method for expressing intentions and giving notification in the allotment agreement, the method for amending the allotment agreement, and other matters to be determined by the Board of Directors shall be laid out in the allotment agreement.

End

(Reference) Independence Determination Standards for Independent Officers

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

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

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

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

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

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

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

End