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Securities Code: 7455
July 13, 2020

To Our Shareholders:

Masahiro Sawada
President and Representative Director
PARIS MIKI HOLDINGS Inc.
Head Office: 2-4-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo
Headquarters: 1-2-3 Kaigan, Minato-ku, Tokyo

Notice of the 72nd Ordinary General Meeting of Shareholders

We are pleased to announce the 72nd Ordinary General Meeting of Shareholders of PARIS MIKI HOLDINGS Inc. (hereinafter referred to as the “Company”), which will be held on Tuesday, July 28, 2020, as described hereunder.

Instead of attending the meeting in person, you may exercise your voting rights either in writing or via the Internet. Please exercise your voting rights by 6:30 p.m. on Monday, July 27, 2020 after reviewing the attached Reference Documents for the General Meeting of Shareholders.

Details

1. Date and Time:

Tuesday, July 28, 2020 at 3:00 p.m.

(The reception of the attendees to the meeting at the reception desk shall start at 2:00 p.m.)

(The Company has postponed the announcement of financial results due to the impact of the spread of novel coronavirus disease (COVID-19) on settlement operations, etc., and the Company also has decided to postpone of this General Meeting of Shareholders. Due to this reason, the date of holding this General Meeting of Shareholders has been significantly different from the anniversary date of the last General Meeting of Shareholders.)

2. Place:

1-26-1 Hamamatsu-cho, Minato-ku, Tokyo

4A, 4th floor, Mikakuto UHA Kan TKP Hamamatsu-cho Conference Center

(Please note that the venue this year differs from last year.)

3. Objectives of the Meeting

Matters to be reported:

- a. Business Report and Consolidated Financial Statements, as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Board for Consolidated Financial Statements, for the 72nd fiscal term (from April 1, 2019 to March 31, 2020)
- b. Non-consolidated Financial Statements for the 72nd fiscal term (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

- Proposal 1:** Election of Six (6) Directors
Proposal 2: Election of Two (2) Audit & Supervisory Board Members
Proposal 3: Revision of Amount of Stock-Option-Type Remuneration to Directors and Audit & Supervisory Board Members and Details Thereof
Proposal 4: Issuance of Share Options as Stock Options to Executive Officers and Employees of the Company, and Directors, Audit & Supervisory Board Members, Executive Officers and Employees of the Company's Subsidiaries
Proposal 5: Payment of Retirement Benefits to Retiring Director and Retiring Audit & Supervisory Board Member

4. Notice Regarding Exercise of Voting Rights

- a. If you do not indicate your approval or disapproval, or abstention of each proposal on the voting form, we will assume that you have voted in favor of the proposal.
- b. If you exercise your voting rights more than once via the Internet, the last exercise shall be deemed valid.
- c. If you exercise your voting rights both by voting form and via the Internet, the vote via the Internet shall be deemed valid.
- d. If you are a shareholder who has opted to receive convocation notices by electromagnetic means but you wish to receive the voting form, please contact the Securities Agent Department of Mizuho Trust & Banking Co., Ltd.
- e. If you exercise your voting rights by proxy, you may designate one other shareholder holding voting rights of the Company to attend the meeting. Please note, however, that it is necessary to submit a document proving the authority of proxy.

Notes:

- * You are kindly requested to present the enclosed voting form to the receptionist when you attend the meeting in person. You are also requested to bring this convocation notice to the meeting.
 - * Of the documents required to be provided with this convocation notice, the following have been posted via the Internet on the Company's website pursuant to the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation.
 - i) From the Business Report:
"Share options," "System to ensure the properness of operations," and "Overview of the operational status of the system to ensure properness of operations."
 - ii) From the Consolidated Financial Statements:
"Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements"
 - iii) From the Non-consolidated Financial Statements:
"Non-consolidated Statement of Changes in Equity" and "Notes to the Non-consolidated Financial Statements"
- Note that these items were included in the Business Report, the Consolidated Financial Statements and the Financial Statements that were audited when the accounting auditor and the audit & supervisory board members prepared their audit reports.
- * If any changes have been made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, such changes will be posted via the Internet on the Company's website.
The Company's website: <https://www.paris-miki.com/>

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Election of Six (6) Directors

The term of office of all seven (7) directors will expire at the conclusion of this General Meeting of Shareholders.

At this juncture, the Company proposes the election of six (6) directors, including two (2) outside directors, a decrease of one (1) director to enable quicker and more flexible decision making in the Board of Directors.

Candidates for director are as follows.

Candidate No.	Name	Current position and responsibility in the Company	Attribute of candidate
1	Mikio Tane	Chairman and Representative Director	Re-election
2	Masahiro Sawada	President and Representative Director	Re-election
3	Fumihiko Nakao	Director	Re-election
4	Tetsuro Nakatsuka	Director, Manager, Finance	Re-election
5	Akiko Iwamoto	Outside Director	Re-election Outside Independent
6	Satoru Nino	Outside Director	Re-election Outside Independent

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
1	Mikio Tane (November 9, 1959) [Re-election]	<p>April 1984 Joined MIKI OPTICAL Inc.</p> <p>August 1986 Director, MIKI OPTICAL Inc.</p> <p>March 1988 Senior Executive Director, PARIS MIKI Inc.</p> <p>June 1988 President and Representative Director, PARIS MIKI Inc.</p> <p>February 1989 Representative Director, Lunettes Inc.</p> <p>May 1994 Representative Director, Executive Vice President, PARIS MIKI Inc.</p> <p>May 1997 Representative Director, Executive Vice President, Manager, Human Resources, PARIS MIKI Inc.</p> <p>February 1999 General Manager, PARIS MIKI (INTERNATIONAL) SA</p> <p>June 1999 Representative Director, Executive Vice President, Manager, Human Resources and Overseas Operations, PARIS MIKI Inc.</p> <p>December 2002 Director, Codomo Limited (current position)</p> <p>June 2003 Director, PARIS MIKI Inc.</p> <p>June 2005 Representative Director, PARIS MIKI Inc.</p> <p>June 2008 Director, PARIS MIKI Inc.</p> <p>June 2008 Senior Managing Director, Lunettes Inc.</p> <p>April 2009 Chief Director, Okuizumo Tane Museum of Natural History (Public Interest Incorporated Foundation) (current position)</p> <p>July 2009 Representative Director, PARIS MIKI Inc.</p> <p>June 2011 Director, PARIS MIKI HOLDINGS Inc.</p> <p>August 2013 President and Representative Director, Clover Asset Management Inc. (current position)</p> <p>September 2014 Director, PX Group SA (current position)</p> <p>June 2015 Representative Director, Executive Vice President, PARIS MIKI HOLDINGS Inc.</p> <p>June 2017 Director, PARIS MIKI HOLDINGS Inc.</p> <p>October 2017 President and Representative Director, Lunettes Inc. (current position)</p> <p>November 2017 Chairman and Representative Director, PARIS MIKI HOLDINGS Inc. (current position)</p> <p>March 2018 President, PARIS MIKI INTERNATIONAL GmbH (current position)</p>	3,162,650 shares
		<p>[Reasons for nomination as candidate for director]</p> <p>The Company nominates Mr. Mikio Tane for another term as a candidate for director as he conducts important decision making as Chairman and Representative Director under the customer-first corporate philosophy from a medium- to long-term perspective. He also has extensive experience and insight needed for the Group's overall management.</p>	

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
2	Masahiro Sawada (February 9, 1957) [Re-election]	<p>April 1980 Joined MIKI OPTICAL Inc. January 2001 Director, PARIS MIKI AUSTRALIA PTY. LTD. April 2004 Human Resources Chief, PARIS MIKI Inc. November 2004 Executive Officer, Human Resources Chief, PARIS MIKI Inc. September 2005 Merchandising division Chief, PARIS MIKI Inc. June 2015 Director, PARIS MIKI Inc. February 2016 President and Representative Director, PARIS MIKI Inc. (current position) June 2016 Director, PARIS MIKI HOLDINGS Inc. May 2017 Executive Vice President, Lunettes Inc. June 2017 President and Representative Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	34,995 shares
[Reasons for nomination as candidate for director] The Company nominates Mr. Masahiro Sawada for another term as a candidate for director as he has shown strong leadership and is working hard to ensure customer satisfaction as President and Representative Director of the Company and the Group's major subsidiary, and because he has extensive experience and insight of business execution as the Manager of an overseas subsidiary, and as the person responsible for human resources and various business divisions such as Merchandising division.			
3	Fumihiko Nakao (March 21, 1961) [Re-election]	<p>April 1984 Joined MIKI OPTICAL Inc. November 1986 Manager, PARIS-MIKI OPTIQUE H.K. LTD. August 1991 Director, PARIS MIKI OPTICAL (THAILAND) LTD. September 1996 Director, OPTIQUE PARIS-MIKI (S) PTE. LTD. April 2004 Manager, Department Store Operations, PARIS MIKI Inc. November 2004 Executive Officer, Merchandising division Chief, PARIS MIKI Inc. June 2007 Director, PARIS MIKI Inc. January 2009 President, PARIS MIKI Inc. July 2009 President and Representative Director, PARIS MIKI Inc. February 2012 Director, PARIS MIKI HOLDINGS Inc. June 2015 Senior Managing Director, PARIS MIKI HOLDINGS Inc. June 2016 Executive Vice President, PARIS MIKI HOLDINGS Inc. May 2017 Senior Managing Director, Lunettes Inc. July 2017 President and Representative Director, Medishared Co., Ltd. (current position) June 2018 Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	30,370 shares
[Reasons for nomination as candidate for director] The Company nominates Mr. Fumihiko Nakao for another term as a candidate for director as he has experience as a President and Representative Director of the Group's major subsidiary and because he has extensive experience and insight of business execution as the Manager and Director of multiple overseas subsidiaries and as the person responsible for various business divisions such as Merchandising division.			

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
4	Tetsuro Nakatsuka (May 20, 1955) [Re-election]	<p>April 1979 Joined MIKI OPTICAL Inc.</p> <p>October 1995 Manager, Accounting, PARIS MIKI Inc.</p> <p>August 1996 Manager, Finance, PARIS MIKI Inc.</p> <p>November 2004 Executive Officer, Manager, Finance, PARIS MIKI Inc.</p> <p>May 2007 Audit & Supervisory Board Member, GREAT Inc.</p> <p>June 2007 Director, Lunettes Inc. (current position)</p> <p>April 2009 Finance Chief, PARIS MIKI HOLDINGS Inc.</p> <p>April 2009 Finance Chief, PARIS MIKI Inc.</p> <p>January 2010 Audit & Supervisory Board Member, KIMPO-DO Co. Ltd.</p> <p>January 2011 Audit & Supervisory Board Member, Create three Co., Ltd.</p> <p>June 2011 Director, Finance Chief, PARIS MIKI HOLDINGS Inc.</p> <p>June 2015 Managing Director, Manager, Finance, PARIS MIKI HOLDINGS Inc.</p> <p>June 2016 Managing Executive Officer, Manager, Finance, PARIS MIKI HOLDINGS Inc.</p> <p>June 2018 Director, GREAT Inc. (current position)</p> <p>June 2018 Director, Manager, Finance, PARIS MIKI HOLDINGS Inc. (current position)</p>	33,448 shares
		[Reasons for nomination as candidate for director] The Company nominates Mr. Tetsuro Nakatsuka for another term as a candidate for director as he has served for a long time as the person responsible for the finance and accounting departments and has a deep knowledge of the entire Group's financial strategy, in addition to extensive experience and insight.	

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
5	Akiko Iwamoto (May 27, 1968) [Re-election] [Outside] [Independent]	<p>April 1991 Joined First Chicago Corp. (now JPMorgan Chase Bank N.A.)</p> <p>April 2000 Vice President, Bank One Corp. (now JPMorgan Chase Bank N.A.)</p> <p>April 2002 Vice President, Royal Bank of Canada</p> <p>April 2004 Chief Dealer, Aozora Bank, Ltd.</p> <p>February 2009 Representative, OFFICE [W.I.S.H] (current position)</p> <p>April 2012 Visiting Professor, Faculty of Business Administration, Osaka University of Economics</p> <p>June 2015 Outside Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc.</p> <p>June 2016 Outside Director, PARIS MIKI HOLDINGS Inc. (current position)</p> <p>May 2017 Audit & Supervisory Board Member, Lunettes Inc.</p> <p>May 2018 Director, Lunettes Inc.</p>	– shares
[Reasons for nomination as candidate for outside director] The Company nominates Ms. Akiko Iwamoto for another term as a candidate for outside director as she has professional and extensive insight related to international finance and international economics. Note that although she has no experience of involvement in the management of a company in any way other than as an outside officer, the Company judges that she is able to appropriately perform her duties as an outside director due to the aforementioned reasons.			
6	Satoru Nino (November 10, 1945) [Re-election] [Outside] [Independent]	<p>April 1984 Found ESMOD Tokyo, President (current position)</p> <p>September 1996 Executive Director, ESMOD Paris</p> <p>July 2000 President, French ESMOD International (current position)</p> <p>June 2006 Outside Audit & Supervisory Board Member, PARIS MIKI Inc.</p> <p>June 2008 Outside Director, PARIS MIKI Inc.</p> <p>June 2019 Outside Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	– shares
[Reasons for nomination as candidate for outside director] The Company nominates Mr. Satoru Nino for another term as a candidate for outside director as he is highly regarded in international fashion and the education sector and has extensive experience in school management. In addition, he has past experience as an Outside Audit & Supervisory Board Member of the Company for two (2) years from 2006 and as an Outside Director of the Company for six (6) years from 2008, and has a good understanding of the corporate philosophy and principle of the Company and the business.			

- Notes: 1. Mr. Mikio Tane is President and Representative Director of Lunettes Inc. The Company has a business relationship with Lunettes Inc. regarding non-life insurance and real estate leasing, and there is a loan guarantee on borrowing from a financial institution in place between the two companies.
2. There are no special interests between the other candidates for director and the Company.
3. Ms. Akiko Iwamoto and Mr. Satoru Nino are candidates for outside director.
4. The number of the Company's shares held by each candidate presented is the number of shares held as of May 31, 2020, and it includes his/her shareholding in PARIS MIKI's Officers Shareholding Association.
5. The current lengths of Ms. Akiko Iwamoto's service and Mr. Satoru Nino's service as outside directors of the Company will be four (4) years and one (1) month and one (1) year and one (1) month, respectively at the conclusion of this General Meeting of Shareholders.
6. The Company has entered into an agreement limiting liability with Ms. Akiko Iwamoto and Mr. Satoru Nino. If their re-election is approved, the Company intends to continue the

aforesaid agreement, which limits their liability for damages to the higher of 1 million yen or the minimum amount set forth in Paragraph 1, Article 425 of the Companies Act.

7. The Company has notified both Ms. Akiko Iwamoto and Mr. Satoru Nino as independent officers to the Tokyo Stock Exchange.

Proposal 2: Election of Two (2) Audit & Supervisory Board Members

Of the three (3) audit & supervisory board members, the term of office of Mr. Hideo Koshio and Mr. Yoshiaki Nishimura will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of two (2) audit & supervisory board members.

This proposal has obtained the consent of the Audit & Supervisory Board.

Candidates for audit & supervisory board member are as follows.

Candidate No.	Name (Date of birth)	Career summary, position and important concurrent posts	Number of the Company's shares held
1	Toshiro Nagata (March 7, 1959) [New election]	<p>April 1988 Joined Great Construction Inc. (now GREAT Inc.)</p> <p>April 1997 General Manager, Great Construction Inc.</p> <p>August 1999 Director, Great Construction Inc.</p> <p>June 2000 President and Representative Director, Great Construction Inc.</p> <p>July 2002 Director, Great Construction Inc.</p> <p>July 2008 President and Representative Director, Great Construction Inc.</p>	5,179 shares
[Reasons for nomination as candidate for audit & supervisory board member] The Company nominates Mr. Toshiro Nagata as a candidate for audit & supervisory board member because he has long experience of corporate management as the president of the Company's subsidiary, and the Company judges that he, making use of such knowledge to perform proper supervision from an objective standpoint, can carry out his duties as an audit & supervisory board member.			
2	Yoshiaki Nishimura (December 29, 1966) [Re-election] [Outside] [Independent]	<p>September 1993 Joined Ota Showa Ernst & Young (now Ernst & Young Tax Co.)</p> <p>November 1996 Registered as Certified Tax Accountant (to the present)</p> <p>April 1997 Seconded to The Fuji Bank, Limited (now Mizuho Bank, Ltd.)</p> <p>April 2002 Senior Manager, KPMG Peat Marwick (now KPMG Tax Corporation)</p> <p>December 2003 Representative Director, United Partners Inc. (current position)</p> <p>December 2003 Director, Yoshiaki Nishimura Certified Public Tax Accountant Office (current position)</p> <p>July 2011 Audit & Supervisory Board Member, Lunettes Inc.</p> <p>June 2016 Outside Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc. (current position)</p>	– shares
[Reasons for nomination as candidate for outside audit & supervisory board member] The Company nominates Mr. Yoshiaki Nishimura as a candidate for outside audit & supervisory board member as he has specialist knowledge and experience as a tax accountant, and we wish for him to use this in the Company's audits.			

- Notes: 1. There are no special interests between the candidates for audit & supervisory board member and the Company.
2. Mr. Yoshiaki Nishimura is a candidate for outside audit & supervisory board member.
3. The number of the Company's shares held by each candidate presented is the number of shares held as of May 31, 2020, and it includes his shareholding in PARIS MIKI's Officers Shareholding Association.
4. Mr. Yoshiaki Nishimura is currently an outside audit & supervisory board member of the Company. The length of his service as outside audit & supervisory board member will be four (4) years and one (1) month at the conclusion of this General Meeting of Shareholders.

5. The Company has entered into an agreement limiting liability with Mr. Yoshiaki Nishimura. If his re-election is approved, the Company intends to continue the aforesaid agreement, which limits his liability for damages to the higher of 1 million yen or the minimum amount set forth in Paragraph 1, Article 425 of the Companies Act. If the election of Mr. Toshiro Nagata is approved, the Company plans to enter into the same limited liability agreement with him.
6. The Company has notified Mr. Yoshiaki Nishimura as an independent officer to the Tokyo Stock Exchange.

Proposal 3: Revision of Amount of Stock-Option-Type Remuneration to Directors and Audit & Supervisory Board Members and Details Thereof

It was resolved at the 71st Ordinary General Meeting of Shareholders held on June 25, 2019 that an annual remuneration amount for directors shall be 300 million yen or less (including 30 million yen or less for outside directors; excluding, however, the employee salary portion of directors who concurrently serve as employees), and outside the framework of this, it was resolved at the 66th Ordinary General Meeting of Shareholders held on June 24, 2014 that share options shall be issued to directors and audit & supervisory board members as stock options worth of an annual amount of 50 million yen or less (including 5 million yen for outside directors) and an annual amount of 10 million yen or less (including 5 million yen for outside audit & supervisor board members), respectively, which has stood up until now. However, the Company proposes amending the annual remuneration amount as stock options for directors to 100 million yen or less (including 10 million yen for outside directors) and the annual remuneration amount as stock options for audit & supervisory board members to 20 million yen or less (including 10 million yen for outside audit & supervisory board members), respectively, considering changes in the economic condition to date and an increase in the remuneration linked to business performance and share prices. The amount of remuneration as stock options shall be an amount obtained by multiplying the fair value for one share option by the total number of share options to allocate.

At present there are seven (7) directors (including three (3) outside directors) and three (3) audit & supervisory board members, but if Proposal 1 and Proposal 2 are approved as originally proposed, there will be six (6) directors (including two (2) outside directors) and three (3) audit & supervisory board members.

1. Reason to Issue Share Options to Directors and Audit & Supervisory Board Members

The reason for issuing share options as stock options to directors and audit & supervisory board members is to provide compensation for the execution of duties as incentive to increase the corporate value and raise a management consciousness that seriously considers shareholder interests.

2. Details of Share Options

(1) Type and number of shares to be delivered upon exercise of share options

The Company will set 2,000,000 shares of the Company's common stock as the maximum number of shares that can be delivered upon exercise of the share options to be issued on days within one year from the day of the Ordinary General Meeting of Shareholders for each fiscal year.

In case the Company conducts a share split (including gratis allotment of shares) or share consolidation of the Company's common stock, the subject number of shares shall be adjusted by applying the following formula; provided however, that the applied adjustment is performed on the number of shares underlying the share options that are not exercised in the aforementioned period and fractions of less than one share resulting from the adjustment are disregarded.

Number of shares after adjustment = Number of shares before adjustment x Ratio of share split or share consolidation

Furthermore, in events separate to the above that may occur after the day of resolution, including a merger between the Company and another company, the Company undergoing a company split, the Company reducing its capital, or other event where it is necessary to adjust the number of shares, the Company shall make the necessary adjustment to the extent reasonable.

(2) Number of share options

The maximum total number of share options to be issued within one year from the day of the Ordinary General Meeting of Shareholders for each fiscal year shall be set at 20,000. The number of shares for each share options (hereinafter referred to as the "Number of Granted Shares") shall be 100 shares; provided, however, if a share number adjustment set forth in "(1) Type and number of shares to be delivered upon exercise of share options" above is conducted, similar adjustment shall be applied to the Number of Granted Shares.

(3) Payment amount for share options

Payment of money for share options shall not be required.

(4) Amount to be paid when share options are exercised

Amount to be paid when share options are exercised shall be the paid amount per share that can be delivered by exercising the share options (hereinafter referred to as the “Exercise Amount”), multiplied by the Number of Granted Shares concerning the relevant share options.

The Exercise Amount will be the average value of closing price in regular trading of the Company’s common stock on the Tokyo Stock Exchange (hereinafter referred to as the “Closing Price”) on each day of the previous month of the date when the share options are allocated (hereinafter referred to as the “Allotment Date”), multiplied by 1.05. Note that the date when the trade was not effective is not included. Fractions of less than 1 yen will be rounded up. However, in the case the amount is lower than the Closing Price of the Allotment Date (when no Closing Price is published on that day, Closing Price of the nearest previous date shall be applied; the same shall apply hereinafter), it will be the Closing Price on the Allotment Date.

After the Allotment Date, in an event of a share split or share consolidation of the Company’s common stock, or other event where it is necessary to adjust the Exercise Amount, it will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{1}{\text{Ratio of share split/share consolidation}}$$

In addition, after the Allotment Date of the share options, in an event where the Company issues new shares of common stock or disposes of treasury shares of common stock at a price lower than market price, the Exercise Amount will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the “number of shares outstanding” is the number of the Company’s outstanding shares of common stock, deducted by the number of shares of common stock in its treasury stock. In the case the treasury stock is disposed, the “number of shares to be issued” shall be treated as the “number of shares to be disposed.”

Furthermore, in the case the Company is merged with another company, executes a company split, the Company reducing its capital, or other event where it is necessary to adjust the Exercise Amount after the Allotment Date, the Exercise Amount shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

(5) Exercise period of share options

The exercise period shall be determined at the same meeting of the Board of Directors that determines the subscription requirements of the share options and shall be within a range beginning from the day two years after the day of the aforesaid meeting of the Board of Directors and ending on the day ten years after the day of the aforesaid meeting.

(6) Limits of acquisition of share options by assignment

Acquisition of share options by assignment shall require approval of the Board of Directors.

(7) Fair value of share options

The Black-Scholes model, etc. shall be used to calculate the fair value of the share options based on various conditions including the share price of the Company’s shares and the Exercise Amount on the Allotment Date.

(8) Exercise conditions of share options

Holders of the share options are required to satisfy the condition of serving as a director, audit & supervisory board member or employee of the Company or its affiliated companies, even at the time of exercising the share options; providing that this requirement does not apply in the case of retirement of a director or audit & supervisory board member of the Company or its affiliated companies due to the expiry of term of office, or in the case of retirement at mandatory retirement age or other justifiable grounds.

(9) Other subscription requirements concerning share options may be decided by resolution at separately held meetings of the Board of Directors.

Proposal 4: Issuance of Share Options as Stock Options to Executive Officers and Employees of the Company, and Directors, Audit & Supervisory Board Members, Executive Officers and Employees of the Company's Subsidiaries

Pursuant to the provisions of Article 236, Article 238 and Article 239 of the Companies Act, the Company proposes your approval for delegating to the Board of Directors of the Company the authority to determine the terms of invitation to share options to be issued as stock options to the executive officers and employees of the Company, and the directors, audit & supervisory board members, executive officers and employees of the Company's subsidiaries so as to contribute to the improvement of the entire Group's corporate value by raising the motivation and morale to encourage them to improve business results and by attracting excellent human resources.

1. Reasons for the need to solicit subscribers for share options on particularly favorable terms

The Company intends to issue share options to the executive officers and employees of the Company, and the directors, audit & supervisory board members, executive officers and employees of the Company's subsidiaries so as to contribute to the improvement of the entire Group's corporate value by raising the motivation and morale to encourage them to improve business results and by attracting excellent human resources.

2. Persons to whom share options are to be allocated

Share options shall be allocated to the executive officers and employees of the Company, and the directors, audit & supervisory board members, executive officers and employees of the Company's subsidiaries.

3. Details and the maximum number of share options whose subscription requirements may be determined by the Company based on the decision made by this General Meeting of Shareholders

(1) Type and number of shares to be delivered upon exercise of share options

Up to 2,500,000 shares of common stock

In case the Company conducts a share split (including gratis allotment of shares) or share consolidation of the Company's common stock, the subject number of shares shall be adjusted by applying the following formula; provided however, that the applied adjustment is performed on the number of shares underlying the share options that are not exercised in the aforementioned period and fractions of less than one share resulting from the adjustment are disregarded.

Number of shares after adjustment = Number of shares before adjustment x Ratio of share split or share consolidation

Furthermore, in events separate to the above that may occur after the day of resolution, including a merger between the Company and another company, the Company undergoing a company split, the Company reducing its capital, or other event where it is necessary to adjust the number of shares, the Company shall make the necessary adjustment to the extent reasonable.

(2) Number of share options

The maximum total number of share options to be issued within one year from the day of this General Meeting of Shareholders shall be set at 25,000. The number of shares for each share options (hereinafter referred to as the "Number of Granted Shares") shall be 100 shares; provided, however, if a share number adjustment set forth in "(1) Type and number of shares to be delivered upon exercise of share options" above is conducted, similar adjustment shall be applied to the Number of Granted Shares.

(3) Payment amount for share options

Payment of money for share options shall not be required.

(4) Amount to be paid when share options are exercised

Amount to be paid when share options are exercised shall be the paid amount per share that can be delivered by exercising the share options (hereinafter referred to as the "Exercise Amount"), multiplied by the Number of Granted Shares concerning the relevant share options.

The Exercise Amount will be the average value of closing price in regular trading of the Company's common stock on the Tokyo Stock Exchange (hereinafter referred to as the "Closing Price") on each day of the previous month of the date when the share options are allocated (hereinafter referred to as the "Allotment Date"), multiplied by 1.05. Note that the date when the trade was not effective is not included. Fractions of less than 1 yen will be rounded up. However, in the case the amount is lower than the Closing Price of the Allotment Date (when no Closing Price is published on that day, Closing Price of the nearest previous date shall be applied; the same shall apply hereinafter), it will be the Closing Price on the Allotment Date.

After the Allotment Date, in an event of a share split or share consolidation of the Company's common stock, or other event where it is necessary to adjust the Exercise Amount, it will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{1}{\text{Ratio of share split/share consolidation}}$$

In addition, after the Allotment Date of the share options, in an event where the Company issues new shares of common stock or disposes of treasury shares of common stock at a price lower than market price, the Exercise Amount will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the "number of shares outstanding" is the number of the Company's outstanding shares of common stock, deducted by the number of shares of common stock in its treasury stock. In the case the treasury stock is disposed, the "number of shares to be issued" shall be treated as the "number of shares to be disposed."

Furthermore, in the case the Company is merged with another company, executes a company split, the Company reducing its capital, or other event where it is necessary to adjust the Exercise Amount after the Allotment Date, the Exercise Amount shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

(5) Exercise period of share options

The exercise period shall be determined at the same meeting of the Board of Directors that determines the subscription requirements of the share options and shall be within a range beginning from the day two years after the day of the aforesaid meeting of the Board of Directors and ending on the day five years after the day of the aforesaid meeting.

(6) Limits of acquisition of share options by assignment

Acquisition of share options by assignment shall require approval of the Board of Directors.

(7) Fair value of share options

The Black-Scholes model, etc. shall be used to calculate the fair value of the share options based on various conditions including the share price of the Company's shares and the Exercise Amount on the Allotment Date.

(8) Exercise conditions of share options

Holders of the share options are required to satisfy the condition of serving as a director, audit & supervisory board member, executive officer or employee of the Company or its affiliated companies, even at the time of exercising the share options; providing that this requirement does not apply in cases where the Board of Directors finds a justifiable reason after taking various circumstances into account.

(9) Other subscription requirements concerning share options may be decided by resolution at separately held meetings of the Board of Directors.

Proposal 5: Payment of Retirement Benefits to Retiring Director and Retiring Audit & Supervisory Board Member

It is proposed that retirement benefits be granted to Mr. Pierre-Olivier Chave and Mr. Hideo Koshio, who will retire from the positions of director and audit & supervisory board member, respectively at the conclusion of this General Meeting of Shareholders due to the expiration of their terms of office, in appreciation of their services during their terms of office, for an amount of not more than 6 million yen to the retiring director, and for an amount of not more than 5 million yen to the retiring audit & supervisory board member, respectively, based upon certain standards stipulated by the Company.

It is also proposed that such matters as the actual amounts, the timing and method be determined by the Board of Directors for the retiring director and by the deliberation of the audit & supervisory board members for the retiring audit & supervisory board member.

Career summaries for retiring director and retiring audit & supervisory board member are as follows.

Name	Career Summary	
Pierre-Olivier Chave	June 2014	Outside Director, PARIS MIKI HOLDINGS Inc. (current position)
Hideo Koshio	June 2012	Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc. (current position)