This document is an unofficial English translation of a part of the Japanese original text of the Notice of the 98th Annual General Meeting of Shareholders of H_2O RETAILING CORPORATION. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this English translation and the Japanese original, the latter shall prevail.

(Securities Code 8242)
May 30, 2017

Atsushi Suzuki
President and Representative Director
H_2O RETAILING CORPORATION
8-7 Kakuda-cho, Kita-ku, Osaka

Dear shareholders:

Notice of the 98th Annual General Meeting of Shareholders

You are cordially invited to attend the 98th 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 "Information regarding Exercising Voting Rights" (pp.3-4), and exercise your voting rights by 6:00 p.m. on Tuesday, June 20, 2017.

Basic Philosophy of the H_2O Retailing Group	To remain indispensable to the local communities through our activities of providing a model of lifestyle to local residents

Details

1. Date and Time: Wednesday, June 21, 2017, 10:00 a.m.

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

3. Agenda of the Meeting:

Matters to be Reported

1. Reports on the Business Report, Consolidated Financial Statements, and Financial Statements for the 98th fiscal term (from April 1, 2016 to March 31, 2017)
2. Report on the audit results of the Consolidated Financial Statements by the accounting auditor and the audit and supervisory committee

Matters to be Resolved

Proposal No.1: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No.2: Payment of Bonuses to Directors

4. Notes regarding how to exercise voting rights:
Please refer to the “Information regarding Exercising Voting Rights” (pp.3-4).

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Information regarding Exercising Voting Rights

You can exercise your voting rights by any of the following means.

▶ **Exercising voting rights by attending the Annual General Meeting of Shareholders** Please submit the enclosed Voting Card at a receptionist at the venue of the Meeting. Please bring this convocation notice with you.	
▶ **Exercising voting rights by mail** Please return the enclosed Voting Card (with approval or disapproval indicated for each proposal) to reach us before the exercise time limit. Any vote without approval or disapproval indicated for a particular proposal will be counted as a vote for approval of the pertinent proposal.	**Exercise time limit** 6:00 p.m. on Tuesday, June 20, 2017
▶ **Exercising voting rights via the Internet** Please access the website for exercising voting rights which is designated by the Company (http://www.evote.jp/) and exercise your voting rights before the exercise time limit. If you have any questions, etc., please contact the Help Desk.	**Exercise time limit** 6:00 p.m. on Tuesday, June 20, 2017

●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.evote.jp/> using a personal computer, smartphone, or mobile phone (Please note that the website is unavailable between 2:00 a.m. and 5:00 a.m. every day).

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 ensure security in exercising voting rights using a mobile phone, 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 20, 2017. 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.evote.jp/>, enter the login ID and temporary password indicated on the Voting Card, 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.

●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.

●Information regarding the Electronic Voting Platform

For nominee shareholders (including their 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 Card 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.)

Reference Document for the Shareholders Meeting

Proposals and reference matters

Matters common to Proposals No.1 and No.2

With the aim of ensuring fairness and transparency in nominating the Company's directors and deciding their compensation, the Company has established, as a voluntary advisory committee for the board of directors, the nominating and compensation advisory committee which consist of the President and several independent outside directors including audit and supervisory committee members. Proposals concerning the nomination of director candidates and the compensation for directors, etc. are examined and recommended to the board of directors by the committee and then decided by the board, in view of the basic principles stipulated by the Company. Proposals concerning the directors who are audit and supervisory committee members are decided after the audit and supervisory committee consents to the recommended proposals.

The audit and supervisory committee confirmed the administration method, etc. of the nominating and compensation advisory committee for each proposal, and found nothing to point out in particular.

In accordance with the basic principles, "concept of diversity and balance of the board of directors" and the "standards of independence of outside directors," which are the nomination standards for director candidates, have been established as mentioned below. The basic policy for compensation, etc. for directors is prescribed as described in "Business Report 4. Matters concerning Company Officers (2) Compensation, etc. for Directors (including Directors who are Audit and Supervisory Committee Members) and Company Auditors (i) Overview of the officer compensation system."

(For your reference)

"Concept of diversity and balance of the board of directors"

Internal director candidates will be nominated among the persons in the Company's group who have appropriate capabilities, experience and knowledge concerning planning and execution of the group's management strategies, financing and compliance matters and the persons who are representatives of main subsidiaries, while outside director candidates will be nominated among persons experienced in the corporate management in any industry, attorneys at law, and persons who have expertise useful for the Company Group's business, etc., so that the board of directors will maintain an appropriate size to keep its diversity and balance as well as to enable rapid decision-making. At least one director who is audit and supervisory committee member will be nominated among persons who have profound experience and knowledge concerning accounting and financing.

"Standards of independence of outside directors"

The Company's outside directors will be determined to be independent, unless they fall under any of the following items:

1. Any person who conducts transactions with the Company and its subsidiaries (hereinafter the "Company Group") as main clients (see Note 1), its executive director, executive officer or equivalent, manager or other employee (hereinafter the "Executive Person");
2. Any person who is a main client of the Company Group (see Note 2) or its Executive Person;

3. Professionals, including attorney at law, certified public accountant, tax accountant or consultant, who receives money or other property benefits in excess of certain amount (see Note 3), in addition to the remuneration as director or corporate auditor given by the Company Group;
4. Any person who belongs to the audit corporation which is an accounting auditor of the Company Group and actually performs the audit work;
5. The Company's main shareholder (the person holding 10% or more of the voting rights, including indirect holding) or its Executive Person;
6. Any Executive Person of a company of which the Company Group is a main shareholder;
7. In the case where the Company Group's executive director, director who is a full-time audit and supervisory committee member or full-time corporate auditor concurrently works as outside director or outside corporate auditor of other company, any Executive Person of the company;
8. Any Executive Person of the Hankyu Hanshin Toho Group (including the Company Group);
9. Any person who is granted donation by the Company Group in excess of certain amount (see Note 4), or in the case where any organization, including corporation and association, is granted such donation, its Executive Person;
10. Any person who has fallen under any of above items 1 through 9 during the past five years (in the case of the Company Group's Executive Person in above item 8, during the past 10 years);
11. Any person whose spouse or relative within the second degree falls under any of above items 1 through 10 (excluding items 3 and 4, limited to the Important Person (see Note 5)); and
12. Any person for whom it is found that there are specific reasons to cause a conflict of interest between the person and the Company.

Note 1: "Any person who conducts transactions with the Company Group as main clients" means the Company Group's client who provides products or services to the Company Group and the amount of the client's transactions with the Company Group in the latest business year exceeds 100 million yen or 2% of the client's consolidated annual sales, whichever is larger.

Note 2: "Any person as main client of the Company Group" means: (1) a client to whom the Company Group provides products or services and the amount of the Company Group's transactions with the client in the latest business year exceeds 2% of the Company's consolidated annual sales; or (2) a client to whom the Company Group owes debts and who loans more than 2% of the Company Group's consolidated total assets to the Company Group as of the end of the latest business year.

Note 3: "Certain amount" means: (1) in the case where an individual personally provides the Company Group with professional services and receives consideration (excluding remuneration as director or corporate auditor) from the Company Group in the latest business year, 10 million yen a year; or (2) in the case where the individual belongs to the organization, including corporation and association, which provides the Company Group with services and receives consideration from the Company Group in the latest business year, 2% of the organization's annual total revenues.

Note 4: "Certain amount" means 10 million yen a year in the latest business year.

Note 5: The "Important Person" means an executive person who is a director, executive officer of a company with nominating committee, executive officer or general manager or higher ranking position, or an executive person who has the authority equivalent to that of the foregoing persons.

Proposal No.1: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all eight (8) directors (excluding directors who are audit and supervisory committee members; hereinafter the same in this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. It is hereby proposed that seven (7) directors will be elected.
The director candidates are given below.

Candidate No.	1

Atsushi Suzuki	(Date of birth: April 5, 1956)
Subject to re-election	Number of company shares held by the candidate: 15,000

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_2O RETAILING CORPORATION
April 2014	President and Representative Director, H_2O RETAILING CORPORATION (present position)

Reason that he is nominated as director candidate

Mr. Atsushi Suzuki has profound experience and broad knowledge as management executive. At present, he as president plays a leading role in implementing the Company's group management strategy, and we have determined that he was appropriate for the sustainable improvement of the Group's corporate value. Therefore, he continues to be nominated as director candidate.

Candidate No.	2

Naoya Araki	(Date of birth: May 14, 1957)
Subject to re-election	Number of company shares held by the candidate: 9,600

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_2O RETAILING CORPORATION (present position)
June 2012	In charge of the Department Store Business, H_2O RETAILING CORPORATION (present position)

Status of concurrent important positions held

President and Representative Director, Hankyu Hanshin Department Stores, Inc.

Reason that he is nominated as director candidate

Mr. Naoya Araki is currently president and Representative Director, Hankyu Hanshin Department Stores, Inc. as core company of the Company Group, and we have determined that he was appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, track record, and insight. Therefore, he continues to be nominated as director candidate.

Candidate No.	3

Katsuhiro Hayashi

(Date of birth: January 20, 1958)

Subject to re-election	Number of company shares held by the candidate:	8,700

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_2O 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_2O RETAILING CORPORATION
April 2014	Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.
April 2015	Representative Director and Senior Managing Executive Officer, H_2O RETAILING CORPORATION
April 2015	In charge of the General Affairs and Human Resources Office, and the Public Relations Office, H_2O RETAILING CORPORATION (present position)
April 2015	Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc. (present position)
April 2017	Representative Director and Executive Vice President, H_2O RETAILING CORPORATION (present position)

Status of concurrent important positions held

Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.

Reason that he is nominated as director candidate

Mr. Katsuhiro Hayashi has achieved excellent results in business administration and has good capabilities and knowledge concerning planning and implementation of compliance matters, and we have determined that he was appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, track record, and insight. Therefore, he continues to be nominated as director candidate.

Candidate No.	4	Outside Director	Independent Officer

Makoto Yagi

(Date of birth: October 13, 1949)

Subject to re-election	Number of company shares held by the candidate:	1,000

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.
June 2015	Director, H_2O RETAILING CORPORATION (present position)
June 2016	Chairman and Representative Director, The Kansai Electric Power Company, Inc. (present position)

Status of concurrent important positions held

Chairman and Representative Director, The Kansai Electric Power Company, Inc.
Outside Auditor, Hitachi Zosen Corporation

Reason that he is nominated as outside director candidate

Mr. Makoto Yagi actively delivers opinions, recommendations, etc. at the board of directors, etc. from the viewpoint of the Company's outside director based on his profound experience and broad-based knowledge concerning business administration as chairman of The Kansai Electric Power Company, Inc. Therefore, he is nominated as director (outside director) candidate so that his experience, etc. will be utilized in the supervision of the Company Group's management. The Company regards him as independent officer because he satisfies the requirements specified in the "the standards of independence of outside directors."

Candidate No.	5

Kazuo Sumi	(Date of birth: April 19, 1949)
Subject to re-election	Number of company shares held by the candidate: 19,000

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_2O RETAILING CORPORATION (present position)

Status of concurrent important positions held

President and Representative Director, Hankyu Hanshin Holdings, Inc. Representative Director and Chairman, Hankyu Corporation

Reason that he is nominated as director candidate

Mr. Kazuo Sumi has profound experience as president of Hankyu Hanshin Holdings, Inc. and currently delivers various opinions, recommendations, etc. from the viewpoint of management strategy of the Hankyu Hanshin Toho Group. Therefore, he continues to be nominated as director (non-executive director) so that his capabilities, experience, etc. will be utilized in the management of the Company Group.

Candidate No.	6

Haruya Shijo	(Date of birth: August 15, 1958)
Subject to re-election	Number of company shares held by the candidate: 9,880

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.
June 2014	Representative Director, H_2O RETAILING CORPORATION
June 2016	Director, H_2O RETAILING CORPORATION (present position)
July 2016	President and Representative Director, Izumiya Co., Ltd. (newly established company) (present position)

Status of concurrent important positions held

President and Representative Director, Izumiya Co., Ltd.

Reason that he is nominated as director candidate

Mr. Haruya Shijo is currently president and representative director, Izumiya Co., Ltd. as core company of the Company Group, and we have determined that he was appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, track record, and insight. Therefore, he continues to be nominated as director candidate.

Candidate No.	7

Tadatsugu Mori	(Date of birth: September 22, 1963)	
Subject to re-election	Number of company shares held by the candidate:	5,600

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_2O RETAILING CORPORATION
October 2007	General Manager, Management Planning Office, in charge of System Planning Office, H_2O RETAILING CORPORATION (present position)
March 2012	Director and Managing Executive Officer, H_2O 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_2O RETAILING CORPORATION (present position)

Status of concurrent important positions held

Executive Officer, Hankyu Hanshin Department Stores, Inc.
Outside Director (Audit and Supervisory Committee Member), Umenohana Co., Ltd.

Reason that he is nominated as director candidate

Mr. Tadatsugu Mori has achieved excellent results in management planning division, etc., has good capabilities and knowledge concerning group management strategy, and has experience of management as the Company's director, and we have determined that he was appropriate for the sustainable improvement of the Group's corporate value. Therefore, he continues to be nominated as director.

Notes:

1. Kazuo Sumi (a candidate to be a director) holds a concurrent position as the Representative Director and Chairman of Hankyu Corporation. The Company has real estate lease contracts with Hankyu Corporation.

2. The Company has no special interest with other candidates.

3. Matters related to candidates to be outside directors:

   (1) The number of years of service after having assumed the position of the Company's outside director

   The number of years of service after Mr. Makoto Yagi assumed the position of outside director until the conclusion of this Annual General Meeting of Shareholders is two years.

   (2) Outline of the liability limiting agreement

   The Company has concluded with Mr. Makoto Yagi an agreement which limits his liabilities as specified in paragraph 1 of Article 423 of the Companies Act to the amount specified in laws and regulations. If this Proposal No.2 is approved and he is reelected, the agreement will be renewed.

4. On October 1, 2007, our trade name changed from Hankyu Department Stores, Inc. to H_2O 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.

5. On July 1, 2016, Izumiya Co., Ltd. conducted a company split to have the retailing business succeeded to the newly established “Izumiya Co., Ltd.” and at the same time changed the trade name to H_2O Asset Management Co., Ltd.
6. On December 21, 2016, during Mr. Makoto Yagi’s tenure as the Company’s outside director, Izumiya Co., Ltd., a subsidiary of the Company, received an Administrative Order from the Consumer Affairs Agency on grounds that an advertisement on a flyer issued by Izumiya Co., Ltd. corresponded to bait-and-switch advertising under the Act against Unjustifiable Premiums and Misleading Presentations. Regarding this matter, Mr. Yagi received reports on measures to prevent recurrences and the implementation thereof, and fulfilled his duties by making the necessary responses as an outside director.

Proposal No.2: Payment of Bonuses to Directors

It is hereby proposed that in consideration of the business performance for the current period, conventional bonuses to directors and other circumstances, a bonus in the total amount of 43.5 million yen will be paid to six directors at the end of the current period (Atsushi Suzuki, Naoya Araki, Katshuhiro Hayashi, Shunichi Sugioka, Haruya Shijo, and Tadatsugu Mori), and that the amount paid to each director will be left to the discretion of the board of directors.

We appreciate your understanding.