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(Securities Code: 8114)

January 26, 2017

To Our Shareholders:

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Extraordinary General Meeting of Shareholders of DESCENTE LTD. (the "Company") to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by mail). Please review the attached Reference Documents for the Extraordinary General Meeting of Shareholders and indicate your approval or disapproval of each proposal in the enclosed voting form, and return it to arrive at the Company by 5:30 p.m. on Tuesday, February 14, 2017.

- 1. Date and Time:** Wednesday, February 15, 2017, at 10:00 a.m.
- 2. Place:** Descente Osaka Office, Hall B1 floor, 1-11-3 Dogashiba, Tennoji-ku, Osaka
- 3. Meeting Agenda:**
 - Matters to be resolved:**
 - Proposal 1:** Approval for the Absorption-Type Company Split Agreement
 - Proposal 2:** Partial Amendments to the Articles of Incorporation

If you attend the meeting, please submit the enclosed voting form at reception.

Any revisions to the Reference Documents for the Extraordinary General Meeting of Shareholders will be published on the Company's website (<http://www.descente.co.jp/>).

Reference Documents for the Extraordinary General Meeting of Shareholders

Proposals and References

Proposal 1: Approval for the Absorption-Type Company Split Agreement

1. Reasons for conducting the absorption-type company split

Toward further development in the future, the Company has formulated and announced “VISION 2020,” showing where we want to be in FY2020, and the new medium term management plan “Compass 2018.” To achieve this vision and plan, we have concluded that we need a structure where each subsidiary conducts locally oriented business operations based on the management strategies and brand management formulated by the Company, the global headquarters of the Group, so as to maximize the corporate value of the Group as a whole. In this regard, the purposes of this proposal are to separate the function as the Group’s headquarters from Japan operations which both currently belong to the Company, and to undergo a transition to the structure where the Company possesses the function as a global headquarters while DESCENTE JAPAN LTD. focuses on Japan operations.

For the above purposes, the Company has agreed with DESCENTE JAPAN LTD., a wholly-owned subsidiary of the Company, on the succession of the rights and obligations of the Company with respect to its Japan operations and the businesses related thereto by DESCENTE JAPAN LTD. by way of an absorption-type company split (hereinafter, the “Absorption-type Company Split”) with the effective date of April 1, 2017, and concluded an absorption-type company split agreement (hereinafter, the “Absorption-type Company Split Agreement”) on December 26, 2016.

In conducting the Absorption-type Company Split, the Company seeks the approval of the shareholders for the Absorption-type Company Split Agreement pursuant to the provision of Article 795, Paragraph 1 of the Companies Act.

2. Outline of the Absorption-type Company Split Agreement

Details of the Absorption-type Company Split Agreement are as follows.

Absorption-Type Company Split Agreement (Copy)

DESCENTE LTD. (hereinafter, “DESCENTE”) and DESCENTE JAPAN LTD. (hereinafter, “DESCENTE JAPAN”) hereby execute an absorption-type company split agreement (hereinafter, this “Agreement”) regarding an absorption-type company split where a portion of the rights and obligations of DESCENTE with respect to its businesses shall be succeeded by DESCENTE JAPAN.

Article 1 (Company Split)

Pursuant to the provisions of this Agreement, DESCENTE shall make DESCENTE JAPAN succeed, and DESCENTE JAPAN shall succeed from DESCENTE, with respect to its Japan operations (hereinafter, the “Business”), the rights and obligations held by DESCENTE (hereafter, the “Company Split”) by way of an absorption-type company split.

Article 2 (Trade Names and Addresses)

The respective trade names and addresses of DESCENTE and DESCENTE JAPAN are as follows:

(1) DESCENTE: splitting company in absorption-type company split

Trade name: DESCENTE LTD.

Address: 1-11-3 Dogashiba, Tennoji-ku, Osaka

(2) DESCENTE JAPAN: succeeding company in absorption-type company split

Trade name: DESCENTE JAPAN LTD.

Address: 1-11-3 Dogashiba, Tennoji-ku, Osaka

Article 3 (Matters regarding the Rights and Obligations to be Succeeded through the Company Split)

1. The rights and obligations including assets, liabilities and employment agreements to be succeeded by DESCENTE JAPAN from DESCENTE through the Company Split shall be as set forth in the Appendix "Specification of Rights and Obligations to be Succeeded."
2. The succession of liabilities by DESCENTE JAPAN from DESCENTE following the Company Split shall be thoroughly undertaken under the concomitant assumption method. However, if DESCENTE fulfills or bears such liabilities to be succeeded, DESCENTE may demand the full payment for the amount of the burden to DESCENTE JAPAN.

Article 4 (Money, etc. to be Delivered upon the Company Split)

As DESCENTE holds all of the issued shares of DESCENTE JAPAN, upon the Company Split, DESCENTE JAPAN will not conduct a delivery of money, etc. to DESCENTE for the rights and obligations to be succeeded through the Company Split.

Article 5 (Matters regarding the Amount of Capital Stock, etc. of DESCENTE JAPAN)

DESCENTE JAPAN shall not increase its capital stock and legal capital surplus as a result of the Company Split. In addition, the amount of other capital surplus and other retained earnings shall be the amount stipulated in Article 38, Paragraph 2 of the Ordinance on Accounting of Companies.

Article 6 (Effective Date of the Company Split)

The date on which the Company Split takes effect (hereafter, the "Effective Date") shall be April 1, 2017. However, as necessary in the course of proceedings of the Company Split, DESCENTE and DESCENTE JAPAN may change the date upon mutual consultation on a separate agreement.

Article 7 (General Meeting of Shareholders of DESCENTE)

DESCENTE shall hold a General Meeting of Shareholders by February 15, 2017 and seek approval for this Agreement and other necessary matters concerning the Company Split. However, the date of the General Meeting of Shareholders may be changed where necessary in the course of proceedings of the Company Split and for other reasons.

Article 8 (Non-Compete Obligation)

DESCENTE shall, even after the Effective Date, whether or not legally required, not have any obligations to avoid competition for the Business to be succeeded by DESCENTE JAPAN.

Article 9 (Changes to Terms and Conditions of the Company Split and Cancellation of this Agreement)

During the period from the conclusion of this Agreement until the Effective Date, in the event of material changes in the financial positions or operating results either of DESCENTE or DESCENTE JAPAN due to natural disasters and other reasons, or in the case of a situation where significant difficulty in the execution of the Company Split arises, DESCENTE and DESCENTE JAPAN may change the terms and conditions of the Company Split or cancel this Agreement upon swift consultation and agreement.

Article 10 (Effect of this Agreement)

This Agreement shall cease to be effective in the event that approval for this Agreement based on a resolution of the General Meeting of Shareholders of DESCENTE, or the approval of relevant government authorities necessary for conducting the Company Split pursuant to laws and regulations is not obtained by the day before the Effective Date.

Article 11 (Matters Not Specified in this Agreement)

Matters not specified in this Agreement and any matters necessary in connection with the Company Split shall be determined pursuant to the purpose of this Agreement upon consultation between DESCENTE and DESCENTE JAPAN.

IN WITNESS WHEREOF, DESCENTE and DESCENTE JAPAN shall prepare the originals hereof in duplicate by affixing their respective signatures and seals thereto, and shall each retain one (1) copy of the originals.

December 26, 2016

DESCENTE
1-11-3 Dogashiba, Tennoji-ku, Osaka
DESCENTE LTD.
Masatoshi Ishimoto, President and Representative Director (seal)

DESCENTE JAPAN
1-11-3 Dogashiba, Tennoji-ku, Osaka
DESCENTE JAPAN LTD.
Hisashi Mitsui, President and Representative Director (seal)

(Appendix)

Specification of Rights and Obligations to be Succeeded

DESCENTE JAPAN shall succeed from DESCENTE through the Company Split the following assets, liabilities and employment agreements, etc. and other rights and obligations, etc. that belong to the Business of DESCENTE as of the Effective Date of the Company Split. In addition, of the rights and obligations, etc. to be succeeded, assets and liabilities shall be determined based on the balance sheet and other figures as of March 31, 2016 along with any additions or deductions that occur by the day before the Effective Date of the Company Split.

1. Assets to be Succeeded

(1) Current Assets

Any and all current assets including cash and deposits, trade notes and receivable and merchandise that belong to the Business.

(2) Non-current Assets

Any and all non-current assets including property, plant and equipment, intangible assets and investments (including the shares of MITAKA SOKO Co., Ltd., OSU Health Support Academy Inc. and BEN-GENERAL CORPORATION, which are affiliated companies of DESCENTE, that are owned by DESCENTE) that belong to the Business, excluding, however, each of the following items:

- 1) Land (premises), buildings and assets in the buildings of Osaka Office (Osaka city, Osaka) and Tokyo Office (Toshima-ku, Tokyo) of DESCENTE
- 2) Land (premises), buildings and assets in the buildings of the plants and R&D Center (to be constructed) of DESCENTE
- 3) Land (premises), buildings and assets in the buildings of the dormitories of DESCENTE
- 4) Investment securities
- 5) Intellectual property rights including patent rights, trademark rights and copyrights, etc. (including those under application) of DESCENTE
- 6) Software in progress related to the businesses (including the Business) of DESCENTE
- 7) Long-term prepaid expenses related to the businesses (including the Business) of DESCENTE

2. Liabilities to be Succeeded

(1) Current Liabilities

Any and all current liabilities that belong to the Business, excluding, however, each of the following liabilities to be borne by DESCENTE as of the Effective Date:

- 1) Accounts payable – other
- 2) Accounts payable – trade

(2) Non-current Liabilities

Any and all non-current liabilities that belong to the Business.

3. Contractual Status to be Succeeded

Contractual status under sale and purchase agreements, basic sale and purchase agreements, basic manufacturing consignment agreements, service entrustment agreements, outsourcing agreements, rental agreements, lease agreements and any other agreements executed in connection with the Business, and any and all rights and obligations associated with the above agreements, excluding, however, the following rights and obligations:

- Contractual status, rights and obligations based on the agreements pertaining to the assets that fall under any of the items 1) through 7) in “1. Assets to be Succeeded (2) Non-current Assets” above, and those that are not to be succeeded by DESCENTE JAPAN

4. Employment Agreements to be Succeeded

Transferable status pursuant to laws and regulations, under employment agreements and any and all rights and obligations incurred under the relevant agreements pertaining to the employees that are enrolled at DESCENTE as of the Effective Date.

5. Permits and Approvals, etc.

Of the licenses, permits, approvals, authorizations, registries and notifications, etc. pertaining to the Business, those that are transferable pursuant to laws and regulations.

3. Content of the matters listed in Article 183 of the Ordinance for Enforcement of the Companies Act
- (1) Matters concerning the reasonableness for the matters listed in Article 758, Item 4 of the Companies Act (reasonableness of consideration for the Company Split)
 As the Company holds all of the issued shares of DESCENTE JAPAN LTD., the succeeding company in the Absorption-type Company Split, DESCENTE JAPAN LTD. will not deliver shares or money, etc. as consideration for the Company Split. In addition, the amount of capital stock and legal capital surplus will not change at DESCENTE JAPAN LTD. as a result of the Absorption-type Company Split.
- (2) Matters listed in Article 758, Item 8 or Article 760, Item 7 of the Companies Act
 Not applicable.
- (3) Matters concerning the reasonableness for the matters listed in Article 758, Item 5 and Item 6 of the Companies Act (delivery and allotment of share options)
 Not applicable.
- (4) Content of the balance sheet as of the date of establishment of DESCENTE JAPAN LTD.

DESCENTE JAPAN LTD.

Balance sheet (as of September 12, 2016)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	—
Current assets	90	Net assets	
Cash and deposits	90	Capital stock	90
Total assets	90	Total liabilities and net assets	90

- (5) Disposition of important assets, assumption of important liabilities and detail of other events that could significantly affect company assets after the date of establishment of DESCENTE JAPAN LTD.
 Not applicable.
- (6) Disposition of important assets, assumption of important liabilities and other events that could significantly affect company assets after the end of the last business year of the Company
 Not applicable.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

In line with reorganization of the Group, corporate management, etc. as a holding company will be added to the business objectives, and a delegated Executive Officer System will be established. In addition, these amendments to the Articles of Incorporation shall come into effect on the Effective Date (scheduled to be April 1, 2017) of the Absorption-type Company Split, subject to the absorption-type company split taking effect.

2. Details of the amendments

The details of the amendments are as follows:

(Underlined sections indicate changes).

Current Articles of Incorporation	Proposed Amendments
<p>(Objectives) Article 2 The purpose of the Company shall be to engage in the following businesses.</p> <p>1. Manufacture, processing, sale, and import and export of textile products, leather products, cosmetic accessories, paper products, artistic handicrafts, general miscellaneous goods, chemical products, other sporting goods and items related thereto. (Omitted below)</p>	<p>(Objectives) Article 2 The purpose of the Company shall be to engage in the businesses <u>listed in the following items, as well as to control or manage the business activities of the companies engaged in the businesses listed in the following items and foreign companies engaged in the businesses equivalent thereto, through holding the shares or equity of such companies.</u></p> <p>1. Manufacture, processing, sale, and import and export of textile products, leather products, cosmetic accessories, paper products, artistic handicrafts, general miscellaneous goods, chemical products, other sporting goods and items related thereto (Same as current)</p>
<p>(Chairperson) Article 15 The General Meeting of Shareholders shall be convened by the President and Director, who shall act as Chairman at the meeting. In case the President and Director is unable to act, another Director shall, in the order previously determined by the Board of Directors, convene the General Meeting of Shareholders and act as Chairman at the meeting.</p>	<p>(Chairperson) Article 15 The General Meeting of Shareholders shall be convened by the President and Director, who shall act as Chairman at the meeting. In case <u>the post of the President and Director is vacant or</u> the President and Director is unable to act, another Director shall, in the order previously determined by the Board of Directors, convene the General Meeting of Shareholders and act as Chairman at the meeting.</p>
<p>(Representative Director and Directors with special titles) Article 23 The Company shall select the Representative Director by a resolution of the Board of Directors. The Representative Director shall represent the company and execute the business of the company. The Board of Directors may, by its resolution, select a President and Director, a Chairman and Director, a Vice Chairman and Director and a certain number of Vice President and Directors, Senior Managing Directors and Managing Directors.</p>	<p>(Representative Director and Directors with special titles) Article 23 The Company shall select the Representative Director by a resolution of the Board of Directors. The Representative Director shall represent the company and execute the business of the company. The Board of Directors may, by its resolution, select a President and Director, a Chairman and Director, a Vice Chairman and Director, and a Vice President and Director.</p>

Current Articles of Incorporation	Proposed Amendments
<u>(Newly established)</u>	<p>(Executive Officers) Article 29 <u>The Company may, by a resolution of the Board of Directors, appoint Executive Officers and have them share the execution of business of the Company.</u> <u>The Company may, by a resolution of the Board of Directors, appoint Senior Executive Officers, Managing Executive Officers and other Executive Officers with special titles. Matters related to Executive Officers shall be in accordance with these Articles of Incorporation and the Executive Officers Regulations determined by the Board of Directors.</u></p>
Article 29 – Article 43 (Omitted)	<p>(Adjustment of Article numbers) Article 30 – Article 44 (Same as current)</p>
<u>(Newly established)</u>	<p>Supplementary Provision 1 <u>Amendments in Article 2, Article 15 and Article 23, establishment of Article 29 and adjustment of Article numbers as a result of such establishment shall take effect on April 1, 2017. In addition, this supplementary provision shall be automatically deleted as of the effectuation of such amendments.</u></p>

Masatoshi Ishimoto

President

DESCENTE LTD.

1-11-3 Dogashiba, Tennoji-ku, Osaka 543-8921 Japan