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## **Pigeon Corporation**

### **Notice of the 59th Ordinary General Meeting of Shareholders**

April 5, 2016

Dear Shareholders,

Pigeon Corporation (the “Company”) cordially invites you to attend the 59th Ordinary General Meeting of Shareholders of Pigeon Corporation (the “Meeting”). The details of the Meeting are provided below.

If you are unable to attend in person, you may exercise your voting rights in writing or electronically (via the Internet or other means). After reading the Reference Documents for the General Meeting of Shareholders provided herewith, please exercise your voting rights through either of the methods described in page 3 by 5:15 p.m., Tuesday, April 26, 2016 (JST).

Sincerely yours,

Shigeru Yamashita  
President and COO  
Pigeon Corporation  
4-4, Nihonbashi-Hisamatsu-cho,  
Chuo-ku, Tokyo

## Meeting Information

### 1. Date and Time:

Wednesday, April 27, 2016, at 10:00 a.m. (JST)

### 2. Place:

Royal Park Hotel, 3F, “Royal Hall”  
1-1, Nihonbashi-Kakigara-cho 2-chome, Chuo-ku, Tokyo

\* Please note that in the event that Royal Hall becomes full, directions will be given to another room.

### 3. Purpose of the Meeting

#### Matters to Be Reported:

- a. Business Report and Consolidated Financial Statements for the 59th Fiscal Year (from February 1, 2015 to January 31, 2016), as well as the audit reports of the Independent Auditor and the Audit & Supervisory Board on Consolidated Financial Statements
- b. Non-Consolidated Financial Statements for the 59th Fiscal Year (from February 1, 2015 to January 31, 2016)

#### Matters to Be Resolved:

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of Ten (10) Directors  
**Proposal 3:** Election of Two (2) Audit & Supervisory Board Members  
**Proposal 4:** Payment of Retirement Benefits to Retiring Director

### 4. Exercise of Voting Rights

Please be informed that if voting rights are exercised both in writing and by the Internet or other means, the contents of the votes by the Internet or other means shall be deemed valid.

If voting rights are exercised multiple times via the Internet or other means, the final vote cast will be considered effective.

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#### Notes:

- \* You are kindly requested to present the enclosed Voting Form to the receptionist when you attend the Meeting.
- \* If any changes have been made to items in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-Consolidated Financial Statements, such changes will be posted on our website (<http://www.pigeon.co.jp/>).
- \* Pursuant to the provisions of laws and regulations and the Company’s Articles of Incorporation, following items are posted on the Company’s website (<http://www.pigeon.co.jp/>) and not contained in the attachments of this notice, however, those items were audited by the Audit & Supervisory Board Members and Independent Auditor in preparing the audit reports in the same manner as the attachments of this notice.
  - (1) Notes to consolidated financial statements
  - (2) Notes to non-consolidated financial statements

## **Guidance for Methods of Exercise of Voting Rights**

### **In case you attend the meeting**

Please submit the enclosed Voting Form to reception at the meeting venue.

**Date and time:** **Wednesday, April 27, 2016, at 10:00 a.m. (JST)**  
(Reception starts at 9:00 a.m.)

**Place:** **Royal Park Hotel, 3F, “Royal Hall”**

\* Please note that in the event that Royal Hall becomes full, directions will be given to another room.

### **In case you are not able to attend the meeting**

#### **Exercise of voting rights in writing**

Please indicate your approval or disapproval of the proposals on the enclosed Voting Form and return it to us by mail.

If you do not indicate your approval or disapproval for any proposal, you will be assumed to have approved the proposal.

**Exercise due date: No later than 5:15 p.m. on Tuesday, April 26, 2016**

#### **Exercise of voting rights via the Internet or other means**

Exercise of voting rights via the Internet or other means has become available from this Meeting.

Please refer to the “Guidance for the Exercise of Voting Rights via the Internet or Other Means” (page 4) and indicate your approval or disapproval for each of the proposal.

**Exercise due date: No later than 5:15 p.m. on Tuesday, April 26, 2016**

## **Guidance for the Exercise of Voting Rights via the Internet or Other Means**

### **Method of exercise of voting rights via the Internet or other means**

Please access <http://www.evotep.jp/>, log in using the Login ID and Temporary Password indicated on the enclosed Voting Form and indicate your approval or disapproval by following the instructions on the screen.

### **Due date for the exercise of voting rights via the Internet or other means**

**No later than 5:15 p.m. on Tuesday, April 26, 2016**

\* Please note that votes cannot be accepted from 2:00 a.m. to 5:00 a.m.

- \* The costs incurred when accessing the Internet voting website (including Internet access fees and communication expenses) will be borne by the shareholder.
- \* The Internet voting website may not be available in certain Internet settings. A website for mobile phone is not available.
- \* For details, please contact the Help Desk provided below.

### **Login ID and Password**

Please note that in order to prevent improper access (“spoofing”) or vote altering by non-shareholders, you will be asked to change your Temporary Password on the voting website. You will be notified of your new Login ID and Temporary Password every time an Ordinary General Meeting of Shareholders is convened.

### **If you exercise your voting rights more than once**

#### **If you exercise your voting rights both in writing and via the Internet or other means**

Only the voting rights you exercise via the Internet or other means will be counted.

#### **If you exercise your voting rights more than once via the Internet or other means**

Only the voting rights you exercise last will be counted. (However, this is restricted to the votes cast before the deadline for the exercise of voting rights).

### **Inquiries related to systems etc.**

**Mitsubishi UFJ Trust and Banking Corporation  
Stock Transfer Agency Division (Help Desk)**

Phone: 0120-173-027 (toll-free, within Japan only)

Hours: 9:00 a.m. to 9:00 p.m.

## Reference Documents for the General Meeting of Shareholders

### **Proposal 1: Appropriation of Surplus**

The Company hereby makes the following proposal on the appropriation of surplus:

#### Year-end dividends

The Company views the return of profits to shareholders as an important management priority. Our basic policy is to proactively return profits to shareholders through distribution of dividends from surplus and/or other means, while reinforcing our financial position by taking into consideration the medium-term changes in business conditions and the Pigeon Group's business strategies. With respect to specific goal on the shareholder return, pursuant to our Fifth Medium-Term Business Plan [from the 58th Fiscal Year (the year ended January 31, 2015) through the 60th Fiscal Year (the year ending January 31, 2017)] announced in March 2014, we are targeting year-on-year increases in cash dividends in each fiscal period and a total shareholder return ratio of 45–50% on a consolidated basis. In order to achieve this goal, we are aiming to further strengthen and upgrade the measures on returning profits to the shareholders. Based on this policy, we propose the appropriation of surplus for the current fiscal year as described below.

#### **1. Type of dividend property:**

Cash

#### **2. Dividend property allotment and total amount thereof**

Dividend per common share of the Company: ¥22

Total amount of dividends: ¥2,634,761,998

#### **3. Effective date of distribution of dividends from surplus:**

April 28, 2016

<Reference>

Record date	Dividend per share		
	Interim dividend	Year-end dividend	Annual dividend
January 31, 2015	¥45.00 (¥15.00)	¥60.00 (¥20.00)	¥105.00 (¥35.00)
January 31, 2016	¥20.00	¥22.00	¥42.00

\* Effective May 1, 2015, the Company has executed a 3-for-1 split of common shares. In the figures for dividend per share in the table above, the figures in parentheses are a reference value calculated on the basis of the number of shares after the stock split.

The annual dividend per share for the year ended January 31, 2016 is ¥42, an increase of ¥7 compared to the previous year, calculated on the basis of the number of shares after the stock split.

## Proposal 2: Election of Ten (10) Directors

The terms of office of all nine (9) existing Directors will expire as of the conclusion of the Meeting. In order to further enhance corporate governance and improve corporate value, the Company has decided to increase the number of Outside Directors by one (1), and hereby proposes the election of ten (10) Directors.

The candidates for Directors are as follows:

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company	Number of the Company's Common Shares Held												
1	<u>Reappointment</u> Yoichi Nakata (May 11, 1942)	<table border="1"> <tr> <td>April 1967</td> <td>Joined Mizuguchi Shoji Co., Ltd.</td> </tr> <tr> <td>March 1969</td> <td>Joined the Company, Vice President and Director</td> </tr> <tr> <td>May 1977</td> <td>Vice President and Representative Director</td> </tr> <tr> <td>May 1983</td> <td>President and COO</td> </tr> <tr> <td>April 2000</td> <td>Chairman and CEO</td> </tr> <tr> <td>April 2007</td> <td>Executive Advisor and Member of the Board (current position)</td> </tr> </table> <p><b>Notable Concurrent Positions</b> None.</p> <p><b>Reasons for Nominating Him as a Candidate for Director</b> Mr. Yoichi Nakata has led operations as a Director or representative director for more than 30 years from 1969 until April 2007. His accomplishments include formulating the Company's Corporate Philosophy, establishing the Joso Research Center (now Central Research Center) which acts as an R&amp;D center for Pigeon Group, and establishing overseas manufacturing centers. He was also instrumental in making the Company public and making its transition from a private entity. These experience and knowledge in corporate management, as well as his advice in terms of leading the Company in the right direction, are needed by the Company in order to pursue initiatives that involve achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and other future business activities. Therefore, the Company has nominated him as a candidate to continue serving as Director.</p>	April 1967	Joined Mizuguchi Shoji Co., Ltd.	March 1969	Joined the Company, Vice President and Director	May 1977	Vice President and Representative Director	May 1983	President and COO	April 2000	Chairman and CEO	April 2007	Executive Advisor and Member of the Board (current position)	4,838,804
April 1967	Joined Mizuguchi Shoji Co., Ltd.														
March 1969	Joined the Company, Vice President and Director														
May 1977	Vice President and Representative Director														
May 1983	President and COO														
April 2000	Chairman and CEO														
April 2007	Executive Advisor and Member of the Board (current position)														

Note: There is no special interest between the candidate and the Company.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company		Number of the Company's Common Shares Held
2	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div> Akio Okoshi (October 14, 1950)	March 1969 September 1989 August 1998 August 2001 December 2001 April 2004 April 2006 April 2007 April 2013	Joined the Company Vice President of Lite Corporation General Manager of Sales Dept., Industrial Material Div. of Plus Kogyo (currently known as J-Film Corp.) Deputy Division Manager of Administration Div. of the Company Managing Officer Director Managing Director President and COO Chairman of the Board and CEO (current position)	139,900
		<b>Notable Concurrent Positions</b> None.	<b>Reasons for Nominating Him as a Candidate for Director</b> Mr. Akio Okoshi has abundant experience and accomplishments in reforming personnel systems and other aspects of human resources strategy. Acting as a Director with representative authority since 2007, he has spearheaded efforts that have involved formulating and executing the Third Medium-Term Business Plan and the Fourth-Medium Term Business Plan and has furthermore helped to increase the Company's corporate value by hastening growth of Company operations through overseas business expansion and other initiatives. As Chairman of the Board as a non-executive Director, he appropriately manages the meetings of the Board of Directors and also provides suitable management oversight in order to achieve the long-term vision of the Company. These experience and knowledge in corporate management as well as qualities he has developed as Chairman of the Board are needed by the Company in order to pursue initiatives that involve achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the managerial talent necessary to spearhead efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.	

Note: There is no special interest between the candidate and the Company.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company		Number of the Company's Common Shares Held
3	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div> Shigeru Yamashita (February 14, 1958)	March 1981 February 1997 July 2004 April 2007 April 2009 April 2011 April 2012 April 2013	Joined the Company President of Pigeon Industries (Thailand) Co., Ltd. President of Lansinoh Laboratories, Inc. Managing Officer Director Managing Director Director and Managing Executive Officer President and COO (current position)	76,636
		<p><b>Notable Concurrent Positions</b> None.</p> <p><b>Reasons for Nominating Him as a Candidate for Director</b>            Mr. Shigeru Yamashita has abundant experience and accomplishments in building the growth platforms of manufacturing centers and sales companies overseas. Since taking up the position of President and COO in April 2013, he is enhancing the unifying power within the entire Pigeon Group by striving to achieve “world class business excellence,” by establishing “Pigeon Way” and by actively talking about this concept so that this concept permeates in Pigeon Group. He has also further increased the Company’s corporate value through the use of Pigeon Value Added (PVA) management benchmarks, which is a unique management benchmark to help improve the quality of management. These experience and knowledge in corporate management are needed by the Company in order to pursue initiatives that involve achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the managerial talent necessary to act as the COO to spearhead efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.</p>		

Note: There is no special interest between the candidate and the Company.



No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company		Number of the Company's Common Shares Held
4	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div> Norimasa Kitazawa (January 20, 1956)	April 1979	Joined Aster Corporation	17,800
		September 1983	Joined the Company	
		April 1998	President of Pigeon Singapore Pte. Ltd.	
		May 2002	President of Pigeon (Shanghai) Co., Ltd.	
		January 2008	Managing Officer and Deputy Division Manager of Overseas Business Div. of the Company and President of Pigeon (Shanghai) Co., Ltd.	
		March 2011	Senior Managing Officer and Division Manager of China Business Div. of the Company and President of Pigeon (Shanghai) Co., Ltd.	
		April 2012	Director, Junior Managing Executive Officer and Division Manager of China Business Div. of the Company and President of Pigeon (Shanghai) Co., Ltd.	
		April 2013	Director, Managing Executive Officer, Division Manager of China Business Div. and Supervision of Overseas Business Div.	
		April 2014	Director, Senior Managing Executive Officer, Division Manager of China Business Div. and Supervision of Overseas Business Div.	
		March 2016	Vice President and Director, Division Manager of Overseas Business Div. and Division Manager of China Business Div. of the Company and Representative Director of Pigeon (Shanghai) Co., Ltd. (current position)	
<b>Notable Concurrent Positions</b>		Representative Director of Pigeon (Shanghai) Co., Ltd.		
<b>Reasons for Nominating Him as a Candidate for Director</b>		<p>Mr. Norimasa Kitazawa has long played a leadership role in the management by acting as the representative director of overseas companies of Pigeon Group. He has promoted strategic market development of the Company in foreign countries, in which the Company is a new entrant, and particularly in China, he has successfully established business models to establish a sales company and two manufacturing companies. These experience and knowledge in corporate management are needed by the Company in order to pursue initiatives that involve achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the talent necessary to spearhead efforts that enable the Company to maximize its corporate value with a focus on China and other overseas markets. Therefore, the Company has nominated him as a candidate to continue serving as Director.</p>		

Note: There is no special interest between the candidate and the Company.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company		Number of the Company's Common Shares Held
5	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div> Eiji Akamatsu (October 3, 1958)	March 1982	Joined the Company	48,900
		May 2002	President of Pigeon Will Co., Ltd.	
		August 2006	General Manager of Child Care Service Business Div. of the Company and President of Pigeon Hearts Co., Ltd.	
		March 2007	Managing Officer and Division Manager of Child Care Service Business Div. of the Company and President of Pigeon Hearts Co., Ltd.	
		April 2011	Director, Division Manager of Child Care Service Business Div. and Supervision of Accounting & Finance Div.	
		April 2012	Director, Junior Managing Executive Officer, Division Manager of Human Resources & General Affairs Div. and Supervision of Accounting & Finance Div. and Child Care Service Business Div.	
		April 2013	Director, Managing Executive Officer and Supervision of Corporate Administration Div., Accounting & Finance Div. and Human Resources & General Affairs Div.	
		April 2014	Director, Senior Managing Executive Officer and Supervision of Corporate Administration Div., Accounting & Finance Div., Human Resources & General Affairs Div. and Audit Department (current position)	
		<b>Notable Concurrent Positions</b> None.		
		<b>Reasons for Nominating Him as a Candidate for Director</b> Mr. Eiji Akamatsu has acted as the representative director of two Pigeon Group companies in Japan, and has played a leadership role in promoting corporate governance and upgrading the Company's internal control systems since assuming the position of Senior Managing Executive Officer in 2014. He has also implemented risk management practices and realized the introduction of new accounting systems and the development of global human resources strategy for facilitating the management of Pigeon Group, among other things. These experience and knowledge in corporate management are needed by the Company in order to pursue initiatives that involve achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and other future business activities, and building business platforms. Moreover, the Company deems that he has the talent necessary to spearhead efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.		

Note: There is no special interest between the candidate and the Company.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company		Number of the Company's Common Shares Held
6	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div> Yasunori Kurachi (December 25, 1959)	March 1982	Joined the Company	12,200
		October 2004	Block Manager of North Japan Block, Domestic Sales Div.	
		January 2006	Managing Officer and Division Manager of Marketing Div.	
		January 2008	Managing Officer and Deputy Division Manager of Domestic Baby & Mother Care Business Div.	
		April 2011	Managing Officer and Division Manager of Domestic Baby & Mother Care Business Div.	
		April 2013	Director, Junior Managing Executive Officer and Supervision of Domestic Baby & Mother Care Business Div. and Child Care Service Business Div.	
		April 2014	Director, Junior Managing Executive Officer and Supervision of Domestic Baby & Mother Care Business Div., Health & Elder Care Business Div. and Child Care Service Business Div.	
		January 2016	Director, Junior Managing Executive Officer and Division Manager of Health & Elder Care Business Div. of the Company and President of Pigeon Tahira Co., Ltd. and Supervision of Domestic Baby & Mother Care Business Div. and Child Care Service Business Div. of the Company (current position)	
		<b>Notable Concurrent Positions</b> President of Pigeon Tahira Co., Ltd.		
		<b>Reasons for Nominating Him as a Candidate for Director</b> Mr. Yasunori Kurachi has abundant experience in the realm of sales and marketing in the domestic childcare product business. He has also played a leadership role in brand development and has achieved results, including strengthening the Company's marketing capabilities and consolidating business operations. He has also been promoting renewed structural reforms in the Health & Elder Care Business since April 2014. These experience and knowledge in corporate management are needed by the Company in order to pursue initiatives that involve achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the talent necessary to contribute to efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.		

Note: There is no special interest between the candidate and the Company.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company		Number of the Company's Common Shares Held
7	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div> Tadashi Itakura (January 5, 1964)	April 1987 January 2008 January 2009 April 2012 January 2014 April 2014 January 2015	Joined the Company General Manager of Human Resources & General Affairs Dept., Administration Div. Managing Officer and Division Manager of Human Resources & General Affairs Div. Managing Officer of the Company and President of Thai Pigeon Co., Ltd. Managing Officer and Division Manager of Research & Development Div. Director, Junior Managing Executive Officer and Division Manager of Research & Development Div. Director, Junior Managing Executive Officer and Supervision of Research & Development Div., Quality Control Div. and Customer Service Center (current position)	3,320
		<b>Notable Concurrent Positions</b> None.	<b>Reasons for Nominating Him as a Candidate for Director</b> Mr. Tadashi Itakura has experience in the fields of accounting, human resources, and general affairs, and has also played a leadership role in managing overseas manufacturing companies by acting as the representative director. Since assuming the position of Division Manager of Research & Development Division in April 2014, he has been promoting initiatives to strengthen development and brand strengths which constitute the Company's core competencies. These experience and knowledge in corporate management are needed by the Company in order to pursue initiatives that involve achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the talent necessary to contribute to efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.	

Note: There is no special interest between the candidate and the Company.

No.	Name (Date of Birth)	Career Summary		Number of the Company's Common Shares Held
8	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div> Kevin Vyse- Peacock (May 25, 1967)	September 1989 July 1993 April 1996 April 2001 February 2010	Joined Croda UK Ltd Earned an MBA from Leeds University Sales and marketing director healthcare of Croda UK Ltd Established Lansinoh Laboratories, Inc.-UK branch President of the UK branch of Lansinoh Laboratories, Inc. President and CEO of Lansinoh Laboratories, Inc. (current position)	0
		<p><b>Notable Concurrent Positions</b>            President and CEO of Lansinoh Laboratories, Inc.</p> <p><b>Reasons for Nominating Him as a Candidate for Director</b>            Mr. Kevin Vyse-Peacock joined Lansinoh Laboratories, Inc. in 2001 and has led business management as President of the UK branch of Lansinoh Laboratories, Inc. as well as President and CEO of Lansinoh Laboratories, Inc. He has realized expansion into global markets through various efforts including expanding the Lansinoh brand in Europe and the U.S.A., commencement of deployment of nursing bottles and nursing bottle nipples, which are two of Pigeon's mainstay products, in Europe and the U.S.A., as well as establishing sales companies in various countries. These experience and knowledge in corporate management will be needed in the ongoing globalization of the Company, as well as in achieving the targets of the Fifth Medium-Term Business Plan, formulating the Sixth Medium-Term Business Plan and in other future business activities. Therefore, the Company has nominated him as a candidate for Director.</p>		

Note: There is no special interest between the candidate and the Company.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company		Number of the Company's Common Shares Held
9	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Independent</div> Takayuki Nitta (November 8, 1970)	April 1995 March 1999 June 2005 February 2009 October 2013 April 2015	Participated in Japan Overseas Cooperation Volunteers of Japan International Cooperation Agency (JICA) (later changed from a special public institution to an independence administrative institution under the same English name) Joined Corporate Directions, Inc. Joined Asuka Corporate Advisory Co., Ltd. Executive Director of Asuka Corporate Advisory Co., Ltd. Established Misaki Consulting (currently known as Misaki Capital Inc.) Partner of Misaki Capital Inc. (current position) Director of the Company (current position)	0
		<b>Notable Concurrent Positions</b> Partner of Misaki Capital Inc.		
		<b>Reasons for Nominating Him as a Candidate for Outside Director</b> Mr. Takayuki Nitta is a candidate for Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. He has a wealth of knowledge in corporate management nurtured through extensive experience at a management consulting company and investment management companies, has been providing advice on management strategy focused on shareholders by keeping in mind the capital efficiency, and has been appropriately executing his duties as an Outside Director to enhance the objectivity of decision-making of Board of Directors and corporate governance. Therefore, the Company has nominated him as a candidate who will continue to serve as an Outside Director.		

- Notes: 1. There is no special interest between the candidate and the Company.
2. Although the candidate is a partner of Misaki Capital Inc., it has been confirmed that the said company (including the funds it manages) has not made any investment in the Company and will not do so until the end of the candidate's term as an Outside Director of the Company. Therefore, it has been concluded that there is no risk of conflict of interest between the candidate and our general shareholders.
3. The candidate has been designated as an independent director/auditor as specified in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (TSE) and the Company notified the TSE to that effect.
4. The candidate is currently an Outside Director of the Company. The period for which he has held the position of Outside Director will be one (1) year as of the conclusion of the Meeting.
5. In order to appoint appropriate personnel with high independence as Outside Director, current Articles of Incorporation of the Company provide that the Company may enter into a limited liability contract with Outside Director which limits the Outside Director's liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. Pursuant to such provision, the Company has entered into the limited liability contract with the candidate. In addition, upon the approval of reappointment of the candidate, the Company plans to continue the limited liability contract. The limit of liability for damages pursuant to the limited liability contract is the aggregate sum of the amounts prescribed in each item in Article 425, Paragraph 1 of the Companies Act.

No.	Name (Date of Birth)	Career Summary	Number of the Company's Common Shares Held																											
10	<div style="border: 1px solid black; padding: 2px; width: fit-content;">New appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Outside</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent</div> Rehito Hatoyama (January 12, 1974)	<table border="0"> <tr> <td style="padding-right: 10px;">April</td> <td style="padding-right: 10px;">1997</td> <td>Joined Mitsubishi Corporation</td> </tr> <tr> <td>May</td> <td>2008</td> <td>Joined Sanrio Company, Ltd.</td> </tr> <tr> <td>June</td> <td>2008</td> <td>Earned an MBA from Harvard Business School</td> </tr> <tr> <td>June</td> <td>2010</td> <td>Director of Sanrio Company, Ltd.</td> </tr> <tr> <td>April</td> <td>2013</td> <td>Managing Director of Sanrio Company, Ltd.</td> </tr> <tr> <td>June</td> <td>2013</td> <td>Outside Director of DeNA Co., Ltd. (current position)</td> </tr> <tr> <td>June</td> <td>2015</td> <td>CEO of Sanrio Media &amp; Pictures Entertainment, Inc. (current position)</td> </tr> <tr> <td>March</td> <td>2016</td> <td>Outside Director of LINE Corporation (current position)</td> </tr> <tr> <td>April</td> <td>2016</td> <td>Director of Sanrio Company, Ltd. (current position)</td> </tr> </table> <b>Notable Concurrent Positions</b> Director of Sanrio Company, Ltd. Outside Director of DeNA Co., Ltd. CEO of Sanrio Media & Pictures Entertainment, Inc. Outside Director of LINE Corporation <b>Reasons for Nominating Him as a Candidate for Outside Director</b> Mr. Rehito Hatoyama is a candidate for Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. He has abundant experience and a wealth of knowledge regarding management in terms of international business strategy and execution of such strategy in operating companies. Moreover, the Company deems him capable of providing advice on its management strategy, improving objectivity of decision-making by the Board of Directors, and enhancing corporate governance. Therefore, the Company has nominated him as a candidate to serve as a newly appointed Outside Director.	April	1997	Joined Mitsubishi Corporation	May	2008	Joined Sanrio Company, Ltd.	June	2008	Earned an MBA from Harvard Business School	June	2010	Director of Sanrio Company, Ltd.	April	2013	Managing Director of Sanrio Company, Ltd.	June	2013	Outside Director of DeNA Co., Ltd. (current position)	June	2015	CEO of Sanrio Media & Pictures Entertainment, Inc. (current position)	March	2016	Outside Director of LINE Corporation (current position)	April	2016	Director of Sanrio Company, Ltd. (current position)	200
April	1997	Joined Mitsubishi Corporation																												
May	2008	Joined Sanrio Company, Ltd.																												
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March	2016	Outside Director of LINE Corporation (current position)																												
April	2016	Director of Sanrio Company, Ltd. (current position)																												

- Notes: 1. There is no special interest between the candidate and the Company.
2. If this proposal is approved, and the candidate takes office as Outside Director, he will be designated as independent director/auditor as specified in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (TSE), and the Company plans to notify the TSE to that effect.
3. In order to appoint appropriate personnel with high independence as Outside Director, current Articles of Incorporation of the Company provide that the Company may enter into a limited liability contract with Outside Director which limits the Outside Director's liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. Pursuant to such provision, if this proposal is approved, and the candidate takes office as Outside Director, the Company plans to enter into the limited liability contract with him. The limit of liability for damages pursuant to the limited liability contract is the aggregate sum of the amounts prescribed in each item in Article 425, Paragraph 1 of the Companies Act.

## **Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members**

The Company stipulates the standards for the independence of its Outside Directors and Outside Audit & Supervisory Board Members (“outside officers”), as follows.

1. Relationships with the Company and its subsidiaries (hereinafter collectively referred to as “Pigeon Group”)  
An outside officer shall not be currently acting and shall not have acted in the past ten (10) years as a director, auditor or employee of Pigeon Group.
2. Relationships with business partners  
An outside officer shall not be currently acting and shall not have acted in the past three (3) years as either of the following:
  - (1) A major business partner of Pigeon Group (or in cases where the major business partner is a corporation, a director, auditor or employee thereof)
  - (2) A business partner who has major transactions with Pigeon Group (or in cases where the party is a corporation, a director, auditor or employee thereof)
3. Relationships with shareholders  
An outside officer shall not currently be or shall not have been in the past three (3) years a major shareholder of the Company (or in cases where the major shareholder is a corporation, a director, auditor or employee thereof).
4. Relationships with advisors and consultants  
An outside officer shall not be currently acting and shall not have acted in the past three (3) years as either of the following:
  - (1) A proper employee, partner or employee of Pigeon Group’s Independent Auditor or a proper employee, partner or employee of a certified public accountant or an audit firm that provides advice to Pigeon Group on accounting matters
  - (2) A person who does not fall under any of the above, but is a certified public accountant, tax accountant, attorney or other consultant (or in cases where the person is a corporation, association or other entity, a proper employee, partner or employee thereof) and who gains from Pigeon Group a substantial amount of cash or other assets other than remuneration for Directors and Audit & Supervisory Board Members
5. Relationships with donation recipients  
An outside officer shall not be currently acting and shall not have acted in the past three (3) years as director, auditor or employee of a corporation or other entity that receives substantial donations from Pigeon Group.
6. Relationships involving close relatives  
An outside officer shall not be a close relative of any person mentioned in 1 to 5 above (excluding immaterial person).

- Notes:
1. A “major business partner of Pigeon Group” refers to a business partner with respect to which the Pigeon Group’s business transactions with such business partner in the most recent fiscal year amount to 2% or more of annual consolidated net sales of Pigeon Group.
  2. A “business partner who has major transactions with Pigeon Group” refers to a business partner with respect to which such business partner’s business transactions with Pigeon Group in the most recent fiscal year amount to 2% or more of annual consolidated net sales of the business partner.
  3. A “major shareholder” refers to a shareholder who holds 10% or more of the voting rights in the Company (including indirect shareholdings).
  4. A “substantial amount of cash” refers to an amount of cash over the past three (3) years averaging ¥10 million or more per year in the case of an individual, or averaging 2% or more of consolidated net sales or total revenues in the case of an entity.
  5. “Substantial donations” refers to average donations over the past three (3) years of ¥10 million or more annually, or exceeding 2% of an entity’s consolidated net sales or its total revenues, whichever is higher.
  6. A “close relative” refers to a spouse or a relative who is within the second degree of kinship.



### Proposal 3: Election of Two (2) Audit & Supervisory Board Members

Audit & Supervisory Board Members Messrs. Yasushi Takashima and Hiroki Yuda will resign as of the conclusion of the Meeting. Accordingly, the Company hereby proposes the election of two (2) Audit & Supervisory Board Members as their substitutes.

With respect to this proposal, the Company has obtained the consent of the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name (Date of Birth)	Career Summary and Position in the Company		Number of the Company's Common Shares Held
1	<p><u>New appointment</u></p> <p>Kazuhisa Amari (November 11, 1959)</p>	<p>March 1983</p> <p>January 2004</p> <p>January 2006</p> <p>April 2009</p> <p>January 2010</p> <p>April 2012</p> <p>January 2013</p> <p>April 2013</p> <p>January 2015</p> <p>January 2016</p>	<p>Joined the Company</p> <p>General Manager of Product Strategy Dept., Marketing Div.</p> <p>Managing Officer and Division Manager of Research &amp; Development Div.</p> <p>Director, Division Manager of Research &amp; Development Div. and Supervision of Logistics Div.</p> <p>Director and Supervision of Research &amp; Development Div. and Customer Service Center</p> <p>Director, Junior Managing Executive Officer and Supervision of Research &amp; Development Div. and Customer Service Center</p> <p>Director, Junior Managing Executive Officer, Division Manager of Logistics Div. and Supervision of Research &amp; Development Div., Quality Control Div. and Customer Service Center</p> <p>Director, Junior Managing Executive Officer, Division Manager of Logistics Div. and Supervision of Quality Control Div. and Customer Service Center</p> <p>Director, Junior Managing Executive Officer and Division Manager of Logistics Div.</p> <p>Director, Junior Managing Executive Officer and Supervision of Logistics Div. (current position)</p> <p><b>Notable Concurrent Positions</b> None.</p> <p><b>Reasons for Nominating Him as a Candidate for Audit &amp; Supervisory Board Member</b> Mr. Kazuhisa Amari has long been engaged in the realms of product strategy, development, customer support and logistics, and has wide-ranging management experience extending from manufacturing to supply chain management. He is very familiar with management overall. With respect to the field of logistics, he has successfully streamlined the operations by reforming logistics operations in Japan, and has also extensively engaged in the Company's key processes on business strategy by playing a leading role in promoting global supply chain management strategy, among others. In light of such experience, the Company deems that he has adequate talent to perform the role of Audit &amp; Supervisory Board Member.</p>	42,000

- Notes: 1. There is no special interest between the candidate and the Company.  
2. The term of office of an Audit & Supervisory Board Member elected as a substitute shall be until the expiration of the scheduled term of office of retiring Audit & Supervisory Board Member as stipulated in the Company's Articles of Incorporation.

No.	Name (Date of Birth)	Career Summary and Position in the Company		Number of the Company's Common Shares Held
2	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">New appointment</div> Shinobu Iwamoto (March 18, 1957)	April 1980 December 1991 April 2002 January 2008 January 2013	Joined Line Gold Co., Ltd. Joined the Company President of Thai Pigeon Co., Ltd. Managing Officer and Division Manager of Logistics Div. Managing Officer and Division Manager of Quality Control Div. (current position)	15,000
		<b>Notable Concurrent Positions</b> None.  <b>Reasons for Nominating Him as a Candidate for Audit &amp; Supervisory Board Member</b> Mr. Shinobu Iwamoto has long been engaged in the realm of quality control and working on site at overseas manufacturing companies, and has abundant experience in the core field of manufacturing. He has also spearheaded the implementation of Pigeon Quality Standard, which defines the product quality standards of Pigeon Group, and the cost cutting in the field of logistics. He has also played a leadership role acting as President of an overseas manufacturing company, and is very familiar with overall management. In light of such experience, the Company deems that he has adequate talent to perform the role of Audit & Supervisory Board Member.		

Notes: 1. There is no special interest between the candidate and the Company.

2. The term of office of an Audit & Supervisory Board Member elected as a substitute shall be until the expiration of the scheduled term of office of retiring Audit & Supervisory Board Member as stipulated in the Company's Articles of Incorporation.

#### **Proposal 4: Payment of Retirement Benefits to Retiring Director**

The Company hereby proposes the payment of retirement benefits to Mr. Kazuhisa Amari, who will retire as Director as of the conclusion of the Meeting, in order to reward him for his service while in office, in accordance with the Company's "Rules on Retirement Benefits for Directors."

Mr. Amari worked hard as Director at the Research & Development Division, the Logistics Division, the Customer Service Center, and the Quality Control Division.

The Company also proposes the decision on the details of payment such as timing and method of payment to be delegated to the Board of Directors.

The specific amount of payment and career summary of the retiring Director are as follows:

Name	Amount (¥ thousand)	Career Summary	
Kazuhisa Amari	23,543	April 2009	Director of the Company
		April 2012	Director and Junior Managing Executive Officer (current position)

<Reference>

The Company's policy for determining remuneration for Directors and Audit & Supervisory Board Members

The Company's remuneration for Directors and Audit & Supervisory Board Members is determined based on the policy set forth below within the maximum amount resolved at the General Meeting of Shareholders.

Remuneration for Directors is comprised of basic remuneration linked to business performance and retirement benefits. The amount of basic remuneration is determined on the basis of the consolidated business performance (consolidated net sales and consolidated operating income) achieved by Pigeon Group in each fiscal year. Retirement benefits to Directors are calculated in accordance with the Company's "Rules on Retirement Benefits for Directors," and proposals shall be submitted for resolution by separately indicating each amount of retirement benefits to be paid. Due to the fact that the calculation method is in accordance with the standards prescribed in the said rules, there is no room for discretion in the calculations. The remuneration for Outside Directors is limited to a fixed amount and there is no retirement benefits system for Outside Directors.

Retirement benefits system for Audit & Supervisory Board Members has been abolished and remuneration for Audit & Supervisory Board Members has become limited to a fixed amount after the conclusion of the 56th Ordinary General Meeting of Shareholders held on April 25, 2013, in order to further safeguard their independence from the management of the Company. There is no retirement benefits system for Outside Audit & Supervisory Board Members.