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Notice Regarding Revision of Medium-Term Business Plan

In light of its recent business performance, the Pigeon Group has made revisions to its Third Medium-Term Business Plan, covering the period from February 1, 2008 to January 31, 2011. (The plan was first announced on March 6, 2008, and partly revised on March 6, 2009.)

1. Revised Performance Indicator (Consolidated)

【Main targets for fiscal year to January 2011】

(¥ 100 millions)

	Net sales	Gross profit	Operating income	Ordinary income	Net income	ROE
Previous target (A)	640	247	58	56	38	12.0%
Revised target (B)	607	247	55	54	35	13.0%
Amount changes (B-A)	(33)	—	(3)	(2)	(3)	—

【Sales forecasts, by business segment】

(¥100 millions)

	Previous target	Revised target	Amount changes
Net sales	640	607	(33)
Baby-care products (Japan)	224	220	(4)
Baby-care products (Overseas)	220	209	(10)
Child-rearing support	56	54	(2)
Nursing care products	77	71	(6)
Nursing care support services	7	7	—
Women's care	38	29	(9)
Other	15	14	—
Overseas business	234	215	(18)

2. Reason for Revision

Since formulating its Third Medium-Term Business Plan, the Pigeon Group has pursued various initiatives aimed at achieving the plan's objectives while adhering to its basic principles. In light of its performance in the year to January 2010 (the second year of the plan), however, the Group decided to reassess its performance targets for the final year of the plan.

With respect to net sales, we have made a downward revision compared with our initial plan. The main reason for the revision is to incorporate a currency exchange rate divergence from our initial hypothesis, arising from the yen's sharp appreciation. In addition, we envisage that our business will continue to be affected by the declining rate of childbirths in Japan, as well as weakening consumer consumption amid economic recession sparked by the financial crisis in the United States. We have also made downward revisions to our initial profit plans. This is due to the negative impact of the revenue decline on earnings, as well as the effect of changing taxation systems in Japan and overseas.

For the reasons described above, the Group has decided to revise its plans for the year ending January 2011—the final year of its Third Medium-Term Business Plan.

Note: The above-mentioned forecasts are based on information available at the time of this news release. Actual results may differ from such forecasts due to various future circumstances.