March 1, 2017

To Shareholders:

3-7, Honjo 1-chome, Sumida-ku, Tokyo
Lion Corporation
Security Code: 4912
Itsuo Hama
Representative Director, President and Executive Officer

Announcing the Convocation of the Annual Meeting of Shareholders for the Year Ended December 31, 2016

Thank you for your continued support of Lion Corporation.
Your attendance is requested at Lion Corporation's Annual Meeting of Shareholders for the fiscal year ended December 31, 2016. The meeting will be held in accordance with the information listed below.

In the event you are unable to attend the meeting, please review the appended Reference Materials for the General Meeting of Shareholders and exercise your voting rights through one of the following means:

In writing (postal mail)
Indicate your approval or disapproval on the enclosed form for exercising voting rights, and return the form by postal mail to arrive by **6:00 p.m., Wednesday, March 29, 2017**.

Via electronic means (the Internet)
After reviewing the Guide to Exercising Voting Rights via the Internet (as detailed on pages 26 to 27), you may exercise your voting rights by **6:00 p.m., Wednesday, March 29, 2017**.

In the event that you exercise your voting rights both by postal mail and via the Internet, the exercise of voting rights via the Internet will be considered valid. If you exercise your voting rights more than once via the Internet, the last time you exercise your voting rights will be considered valid.

1. **Date & Time: Thursday, March 30, 2017, at 10:00 a.m.**
2. **Location: Kokugikan**
   3-28 Yokoami 1-chome, Sumida-ku, Tokyo
3. **Meeting Objectives**

Reporting

Reporting on the content of the business report, financial documents, consolidated financial documents, and the audit report on the consolidated financial documents for the year from January 1, 2016 to December 31, 2016

Matters to be voted upon

Item 1. Partial Amendment to the Articles of Incorporation

Item 2. Election of Nine Directors

Item 3. Election of One Alternate Corporate Auditor

Item 4. Revision of Directors' Compensation

Item 5. Amounts and Other Details of Directors' Performance-Linked Stock-Based Compensation

Item 6. Revision of Corporate Auditors' Compensation

The business report, consolidated financial documents, financial documents, and audit report are as described in the enclosed "Financial Report for the Year Ended December 31, 2016" (from page 1 to page 38). However, "VIII. Internal Control Systems" of the business report, "Consolidated notes" of consolidated financial documents, and "Individual notes" of financial documents are provided to shareholders by posting such information on the Company website at
http://www.lion.co.jp/ja/invest/shareholders/meeting/ (in Japanese) in accordance with the provisions of relevant laws and regulations and Article 14 of the Articles of Incorporation.

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Notice: When attending the meeting, it is requested that you please submit the enclosed form for exercising voting rights to the meeting reception staff.

In the event of revisions to the business report, consolidated financial documents, financial documents, and Reference Materials for the General Meeting of Shareholders, a notice will be posted on the Company website at
http://www.lion.co.jp/ja/invest/shareholders/meeting/ (in Japanese).

Reference Materials for the General Meeting of Shareholders

Item 1. Partial Amendment to the Articles of Incorporation

1. Reasons for the Amendment

(1) To facilitate the flexible creation of an ideal management structure, Lion proposes amending Article 22. The proposed amendment would allow the president and certain other positions to be selected from among not only the Company's directors but also the executive officers.

(2) Under the Act to Amend the Companies Act (Act No. 90 of 2014), in addition to external directors and external corporate auditors, the Company can now form liability limitation agreements with non-executive directors and corporate auditors other than external corporate auditors (note that corporate auditors are referred to in the Articles of Incorporation as "Company Auditors"). Accordingly, to better enable its directors and corporate auditors to perform their respective duties, Lion proposes to amend Article 29 and Article 39. The proposed amendment to Article 29 has also been approved by Lion's corporate auditors.

2. Details of the Amendment

Current	Amended
Chapter IV. Directors and Board of Directors **Article 22. (Representative Director, etc.)** The Company shall appoint Representative Directors by resolution of the Board of Directors. The Company may appoint one (1) Chairman of the Board, one (1) President and several Vice Presidents, Senior Managing Directors and Managing Directors by resolution of the Board of Directors. Any person appointed as a Director who may execute the Company's operations by resolution of the Board of Directors may execute the operations of the Company.	**Chapter IV. Directors and Board of Directors** **Article 22. (Representative Director, etc.)** The Company shall appoint Representative Directors by resolution of the Board of Directors. The Company may appoint from among the Directors or Executive Officers one (1) Chairman of the Board, one (1) President and several of each other Director position by resolution of the Board of Directors. Any person appointed as a Director who may execute the Company's operations by resolution of the Board of Directors may execute the operations of the Company.
Article 29. (Limitation of Directors' Liabilities) Under the provisions of Article 426.1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) from liability for acts of negligence committed in connection with their	**Article 29. (Limitation of Directors' Liabilities)** Under the provisions of Article 426.1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) from liability for acts of negligence committed in connection with their

duties to the extent of the amount set by applicable laws and ordinances. Under the provisions of Article 427.1 of the Companies Act, the Company may enter into an agreement with an External Director to limit the liability of said External Director with respect to acts of negligence committed in connection with said External Director's duties. However, the amount of liability under such agreement shall be limited to the greater of (i) a predetermined amount that is no less than ten (10) million yen or (ii) the amount set by applicable laws and ordinances.	duties to the extent of the amount set by applicable laws and ordinances. Under the provisions of Article 427.1 of the Companies Act, the Company may enter into an agreement with a Director (other than a Director who also executes business operations) to limit the liability of said Director with respect to acts of negligence committed in connection with said Director's duties. However, the amount of liability under such agreement shall be limited to the greater of (i) a predetermined amount that is no less than ten (10) million yen or (ii) the amount set by applicable laws and ordinances.
Chapter V. Company Auditors and the Board of Company Auditors **Article 39. (Limitation of Company Auditors' Liabilities)** Under the provisions of Article 426.1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Company Auditors (including former Company Auditors) from liability for acts of negligence committed in connection with their duties to the extent of the amount set by applicable laws and ordinances. Under the provisions of Article 427.1 of the Companies Act, the Company may enter into an agreement with an External Company Auditor to limit the liability of said External Company Auditor with respect to acts of negligence committed in connection with said External Company Auditor's duties. However, the amount of liability under such an agreement shall be limited to the greater of (i) a predetermined amount that is no less than ten (10) million yen or (ii) the amount set by applicable laws and ordinances.	**Chapter V. Company Auditors and the Board of Company Auditors** **Article 39. (Limitation of Company Auditors' Liabilities)** Under the provisions of Article 426.1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Company Auditors (including former Company Auditors) from liability for acts of negligence committed in connection with their duties to the extent of the amount set by applicable laws and ordinances. Under the provisions of Article 427.1 of the Companies Act, the Company may enter into an agreement with a Company Auditor to limit the liability of said Company Auditor with respect to acts of negligence committed in connection with said Company Auditor's duties. However, the amount of liability under such an agreement shall be limited to the greater of (i) a predetermined amount that is no less than ten (10) million yen or (ii) the amount set by applicable laws and ordinances.

Item 2. Election of Nine Directors

The tenures of the eight directors whose services are currently retained will end as of the close of this General Meeting of Shareholders. Accordingly, the Company requests the approval of nine directors.

The director candidates have been selected by the Board of Directors after consultation with the Nomination Advisory Committee.

The candidates are as follows:

Candidate No.	Name (Date of Birth)	Brief History and Positions and Responsibilities at Lion Corporation (Significant Concurrent Positions)	No. of Lion Corp. Shares Owned
1	Itsuo Hama (March 14, 1954) FY2016 Board of Directors attendance: 16/17 meetings (94%) Years in office as director: 9 (as of the end of this Annual Meeting of Shareholders)	April 1977 Joined Lion Fat & Oil Co., Ltd. March 2007 Director of Fabric Care Products Division, Household Products Division January 2008 Executive Officer, Executive General Manager of Household Products Division March 2008 Director, Executive General Manager of Household Products Division January 2009 Director, Executive General Manager of Household Products Division, Responsible for Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department January 2010 Director, Responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department March 2010 Executive Director, Responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development	34,363

		Department January 2012 Representative Director, President, Executive Officer, Chief Operating Officer, Responsible for Risk Management January 2014 Representative Director, President and CEO, Executive Officer March 2016 Representative Director, President and CEO, Chairman of the Board of Directors, Executive Officer (current position) (Significant concurrent positions) (Note 1) Representative, Lion Corporation (Thailand) Ltd.	
	Reasons for Selection as a Candidate for Director Itsuo Hama took office as president of Lion Corporation in January 2012. Since then, he has produced results in his roles directing the Company's growth strategy based on the Vision2020 management vision and leading the Company's management in pursuit of the goals of its medium-term management plans. The Company judges that he is well qualified to help sustainably raise the Company's corporate value as a director, and requests that he be reelected.		
2	Yuji Watari (August 15, 1951) FY2016 Board of Directors attendance: 17/17 meetings (100%) Years in office as director: 6 (as of the end of this Annual Meeting of Shareholders)	April 1978 Joined Lion Fat & Oil Co., Ltd. March 2007 Executive Officer, Director of Planning and Coordination Department, Household Products Division March 2008 Executive Officer, Executive General Manager of Purchasing Headquarters January 2010 Senior Executive Officer, Executive General Manager of Purchasing Headquarters January 2011 Senior Executive Officer, Responsible for Production Headquarters and Purchasing Headquarters, Logistics Planning and Development Department and Business Coordination Center March 2011 Director, Responsible for	67,981

			Production Headquarters and Purchasing Headquarters, Logistics Planning and Development Department and Business Coordination Center	
		January 2012	Director, Executive Officer, Responsible for Production Headquarters and Purchasing Headquarters, Logistics Planning and Development Department, System, Quality Assurance and Business Coordination Center	
		July 2012	Director, Executive Officer, Responsible for Purchasing Headquarters, Production Headquarters, Logistics Planning and Development Department, System, Quality Assurance, Business Coordination Center and Production Engineering Research Center	
		January 2014	Executive Director, Executive Officer, Responsible for Purchasing Headquarters, Responsible for Production Headquarters, Logistics Planning and Development Department, System, Business Coordination Center and Production Engineering Research Center	
		January 2016	Executive Director, Executive Officer, Responsible for Purchasing Headquarters, Production Headquarters, Logistics Planning and Development Department, Business Coordination Center and Production Engineering Research Center	
		March 2016	Representative Director, Senior Executive Director, Executive Officer, Responsible for Corporate Ethics, Purchasing Headquarters, Production	

			Headquarters, Logistics Planning and Development Department, Business Coordination Center and Production Engineering Research Center	
		January 2017	Representative Director, Senior Executive Director, Executive Officer, Responsible for Corporate Ethics, Supply Chain Management Headquarters, Purchasing Headquarters, Production Headquarters and Production Engineering Research Center (current position)	
	Reasons for Selection as a Candidate for Director Yuji Watari possesses a wealth of expert knowledge and experience, mainly in the areas of production, purchasing and logistics operations. He took office as a representative director in March 2016. Since then, he has suitably performed executive and supervisory functions for the Company's overall management. The Company judges that he is well qualified to help sustainably raise the Company's corporate value as a director, and requests that he be reelected.			
3	Masazumi Kikukawa (October 26, 1959) <u>FY2016 Board of Directors attendance:</u> 17/17 meetings (100%) <u>Years in office as director:</u> 5 (as of the end of this Annual Meeting of Shareholders)	April 1984	Joined Lion Corporation	20,009
		January 2008	Director of Fabric Care Business Department, Household Products Division	
		January 2010	Executive Officer, Executive General Manager of Household Products Division	
		January 2012	Executive Officer, Executive General Manager of Health & Home Care Products Division	
		March 2012	Director, Executive Officer, Responsible for Health & Home Care Products Business, Gift and Channel-Specific Products Division, Executive General Manager of Health & Home Care Products Division, Responsible for Advertising Department, Behavioral Science Research Institute	

		and Distribution Policy Department January 2016 Director, Executive Officer, Responsible for Health & Home Care Products Division, Health & Home Care Products Sales Division, Gift and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department March 2016 Executive Director, Executive Officer, Responsible for Health & Home Care Products Division, Health & Home Care Products Sales Division, Gift and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department (current position) (Significant concurrent positions) (Note 1) Representative, Lion Corporation (Thailand) Ltd.	
	Reasons for Selection as a Candidate for Director Masazumi Kikukawa possesses a wealth of expert knowledge and experience, mainly in the areas of research and development and the Health & Home Care Products Division. As director of the overall Consumer Products business, he has advanced Lion's target of "Qualitative Growth of Domestic Businesses" and contributed to improving business performance. The Company judges that he is well qualified to help sustainably raise the Company's corporate value as a director, and requests that he be reelected.		
4	Kenjiro Kobayashi (December 18, 1962)	April 1987 Joined Lion Corporation January 2009 Executive Officer, Director of Planning and Coordination Department, Health Care Products Division	597,289

	FY2016 Board of Directors attendance: 17/17 meetings (100%) Years in office as director: 5 (as of the end of this Annual Meeting of Shareholders)	January 2010 Senior Executive Officer, Executive General Manager of International Division January 2012 Executive Officer, Executive General Manager of International Division March 2012 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division January 2014 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division and Business Development Department I January 2015 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division and Director of Oleochemical Business Development Office, International Division January 2016 Director, Executive Officer, Responsible for Secretary Department, Corporate Brand Promotion Office, System Department, General Affairs Department, Corporate Communication Center and CSR Promotion Department January 2017 Director, Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, Corporate Brand Promotion Office, System Department, Corporate Communication Center and CSR Promotion Department (current position)	
	Reasons for Selection as a Candidate for Director Kenjiro Kobayashi possesses a wealth of expert knowledge and experience, mainly in the areas of the Overseas Business and the Health & Home Care Products Division. As director of such managerial divisions as the Secretary		

	Department and Corporate Brand Promotion Office, he has helped to reinforce the Company's business foundation. The Company judges that he is well qualified to help sustainably raise the Company's corporate value as a director, and requests that he be reelected.			
5	Toshio Kakui (April 1, 1955) FY2016 Board of Directors attendance: 15/17 meetings (88%) Years in office as director: 5 (as of the end of this Annual Meeting of Shareholders)	April 1979 March 2006 January 2008 January 2010 January 2011 March 2012 January 2014 July 2015 January 2016 (Significant concurrent positions) (Note 1)	Joined Lion Fat and Oil Co., Ltd. Director of Planning and Coordination Department, Chemicals Division Director of Research and Coordination Department, Research & Development Headquarters Assistant Executive General Manager of Research & Development Headquarters Executive Officer, Executive General Manager of Research & Development Headquarters Director, Executive Officer, Responsible for Chemicals Division, Executive General Manager of Research & Development Headquarters, Responsible for Intellectual Property Department Director, Executive Officer, Responsible for Research & Development Headquarters, Chemicals Division, Intellectual Property Department Director, Executive Officer, Responsible for Research & Development Headquarters, Overall Chemicals Businesses and Intellectual Property Department Director, Executive Officer, Responsible for Research & Development Headquarters, Overall Chemicals Businesses, Overall International Businesses, International Division and Intellectual Property Department (current position)	17,422

		Representative, Lion Corporation (Thailand) Ltd.	
	Reasons for Selection as a Candidate for Director Toshio Kakui possesses a wealth of expert knowledge and experience, mainly in the areas of the research and development and the Chemicals Business. As director of the overall Overseas Business, he has advanced Lion's target of "Quantitative Expansion of Overseas Businesses" and contributed to improving business performance. The Company judges that he is well qualified to help sustainably raise the Company's corporate value as a director, and requests that he be reelected.		
6	Takeo Sakakibara (November 22, 1960) FY2016 Board of Directors attendance: 13/13 meetings (100%) Years in office as director: 1 (as of the end of this Annual Meeting of Shareholders)	April 1983 Joined Lion Corporation March 2006 Director of Corporate Planning Department January 2008 Director of Living Care Business Department, Household Products Division January 2010 Executive Officer, Executive General Manager of Health Care Products Division January 2012 Executive Officer, President of Lion Trading Co., Ltd. January 2016 Executive Officer, Assistant to the President March 2016 Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department January 2017 Director, Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department (current position)	51,475
	Reasons for Selection as a Candidate for Director Takeo Sakakibara possesses a wealth of expert knowledge, mainly in the		

<table>
<tr><td></td><td colspan="3">area of corporate planning, including experience as the president of a Lion subsidiary. As director of such managerial divisions as the Corporate Planning Department and Finance Department and as director of overall risk management, he has contributed to the Company's crisis management. The Company judges that he is well qualified to help sustainably raise the Company's corporate value as a director, and requests that he be reelected.</td></tr>
<tr><td rowspan="2">7</td><td>Candidate for External Director:
Hideo Yamada
(January 23, 1952)

<u>FY2016 Board of Directors attendance:</u>
17/17 meetings (100%)
<u>Years in office as external director:</u>
11
(as of the end of this Annual Meeting of Shareholders)</td><td>April 1984 Registered as a lawyer at Daini Tokyo Bar Association
April 1992 Established Yamada Hideo Law Firm (currently Yamada/Ozaki Law Firm) (current position)
April 2001 Vice Chairman, Daini Tokyo Bar Association
June 2004 External Director, SATO CORPORATION (now SATO HOLDINGS CORPORATION
March 2006 External Director, Lion Corporation (current position)
June 2007 External Auditor, MIKUNI CORPORATION
External Auditor, IshiiFood Corporation
March 2011 External Auditor, Seibu Lions Co., Ltd.
April 2014 Chairman, Daini Tokyo Bar Association
Vice President, Japan Federation of Bar Associations
(Significant concurrent positions)
Representative Trustee, Akiko Tachibana Memorial Foundation
External Auditor, Taiyo Chemical Industry Co., Ltd.
External Director, Hulic Co., Ltd.
External Director, SATO HOLDINGS CORPORATION
External Director, Mikuni Corporation</td><td>11,000</td></tr>
<tr><td colspan="3">Reasons for Selection as a Candidate for External Director
Hideo Yamada possesses a wealth of expert knowledge and experience as a lawyer and also has experience at other companies both as an external director and an external corporate auditor. He has actively participated in</td></tr>
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<table>
<tr><td></td><td colspan="3">meetings of the Board of Directors, and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that his sophisticated insight into such issues as compliance is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors, and therefore requests that he be reelected as an external director.</td></tr>
<tr><td rowspan="2">8</td><td>Candidate for External Director:
Kazunari Uchida
(October 31, 1951)

<u>FY2016 Board of Directors attendance:</u>
12/13 meetings (92%)
<u>Years in office as external director:</u>
1
(as of the end of this Annual Meeting of Shareholders)</td><td>January 1985 Joined Boston Consulting Group
June 2000 Representative for Japan, Boston Consulting Group
April 2006 Professor, Faculty of Commerce, Waseda University (current position)
April 2006 External Auditor, Suntory Limited (now Suntory Holdings Limited)
February 2012 External Auditor, Kewpie Corporation
June 2012 External Director, Lifenet Insurance Company
March 2016 External Director, Lion Corporation (current position)
(Significant concurrent positions)
External Director, ERI Holdings Co., Ltd.
External Director, Mitsui-Soko Holdings Co., Ltd.
External Director, Kewpie Corporation</td><td>0</td></tr>
<tr><td colspan="3">Reasons for Selection as a Candidate for External Director
Kazunari Uchida possesses experience as the Japan representative of an international management consulting group and also has experience at other companies both as an external director and an external corporate auditor. He has actively participated in meetings of the Board of Directors, and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that his sophisticated understanding of management decision-making is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors, and therefore requests that he be reelected as an external director.</td></tr>
</table>

9	New candidate Candidate for External Director Takashi Shiraishi (February 22, 1950)	June 1979 June 1996 July 1996 April 2005 May 2007 January 2009 April 2011 January 2013	Assistant Professor, International Relations, Department of Humanities and Social Science, College of Arts and Sciences, University of Tokyo Professor, Department of Asian Studies and Department of History, College of Arts and Sciences, Cornell University Professor, Center for Southeast Asian Studies, Kyoto University Professor and Vice President, National Graduate Institute for Policy Studies President, Institute of Developing Economies, Japan External Trade Organization (current position) Councilor, Council for Science, Technology and Innovation, Cabinet Office President, National Graduate Institute for Policy Studies (scheduled to retire in March 2017) (Note 2) Member, Management Evaluation Committee (now the Advisory Committee), Lion Corporation (scheduled to retire in March 2017)	0
	Reasons for Selection as a Candidate for External Director Takashi Shiraishi has never been involved in corporate management either as a director or corporate auditor. However, he has managerial experience as the president of a national university, has served as the president of the Japan External Trade Organization's Institute of Developing Economies and possess broad-ranging expert knowledge in such areas as Asian politics, economics and social issues. The Company judges that his sophisticated understanding of management decision-making is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors, and therefore requests that he be elected as an external director.			

Notes:

1. Itsuo Hama, Masazumi Kikukawa and Toshio Kakui are also representatives of Lion Corporation (Thailand) Ltd. The Company engages in transactions involving the sale of finished products and the procurement of merchandise with Lion Corporation (Thailand)

Ltd. and receives royalties for the use of its technologies and trademarks from that company.

2. Takashi Shiraishi is scheduled to take office as a special visiting professor at Ritsumeikan University on April 1, 2017.

Notes: Matters concerning candidates for external director

(1) Contents of limited liability agreement
Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, the Company has concluded agreements with Hideo Yamada and Kazunari Uchida that limit liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher. The Company plans to conclude similar limited liability agreements with both Hideo Yamada and Kazunari Uchida if they are reelected as directors.

Furthermore, The Company plans to conclude a similar limited liability agreement to that described above with Kazunari Uchida if he is elected director.

(2) Hideo Yamada, Kazunari Uchida and Takashi Shiraishi meet the requirements set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors"* and are deemed sufficiently independent from management. All three also meet the requirements for independent directors set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to their appointment as independent directors who have no potential conflict of interest with general shareholders.

*Posted at the following URL on the Lion website:
http://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3)

Item 3. Election of One Alternate Corporate Auditor

To ensure preparedness in the event of a shortfall in the number of external corporate auditors required by law, the Company requests the advance election of one alternate external corporate auditor.

The alternate corporate auditor candidate has been selected by the Board of Directors after consultation with the Nomination Advisory Committee. The Board of Corporate Auditors has agreed to the submission of this Item to the General Meeting of Shareholders.

The candidate for the post of alternate corporate auditor is as follows:

Name (Date of Birth)	Brief History (Significant Concurrent Positions)	No. of Lion Corp. Shares Owned
Takao Yamaguchi (September 13 1954)	October 1981 Joined Chuo Accounting Office Auditing Corporation February 1985 Acquired Japanese CPA certification September 1987 Entered Yamaguchi Accounting Office December 1987 Acquired Japanese tax accountant certification January 1996 Director, Yamaguchi Accounting Office (current position) (Significant concurrent positions) External Auditor, SATO HOLDINGS CORPORATION External Auditor, KYORIN Holdings, Inc. External Auditor, Tokyo Tatemono Co., Ltd.	0

Notes concerning candidate for alternate external corporate auditor:

(1) Reasons for the selection of the candidate for external corporate auditor
Takao Yamaguchi is not involved in corporate management either as a director or corporate auditor. However, he has cultivated a knowledge of taxes and accounting over his many years as a tax accountant and certified public accountant, and has experience working as an external corporate auditor at another company. In order to make use of his knowledge and experience in the Company's audit system should he be appointed corporate auditor, the Company requests that Takao Yamaguchi be elected as alternate external corporate auditor.

(2) Limited liability agreement with the alternate external corporate auditor

Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, the Company plans to conclude a limited liability agreement with the candidate above that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher, if he is appointed corporate auditor.

(3) Takao Yamaguchi meets the requirements for an external corporate auditor as set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors."* Also, Takao Yamaguchi meets the requirements for independent auditors set forth by the Tokyo Stock Exchange, and, accordingly, is deemed sufficiently independent from management, having no potential conflict of interest with general shareholders.

*Posted at the following URL on the Lion website:
http://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3)

Reference: Basic Approach to Revising Director and Corporate Auditor Compensation (for Items 4, 5 and 6)

Based on a resolution reached at the March 29, 2007, Annual Meeting of Shareholders, the compensation for directors and corporate auditors is currently as follows. For directors, fixed monthly compensation is limited to ¥330,000,000 per fiscal year. For directors (excluding external directors), bonuses are limited to ¥200,000,000 per fiscal year (calculated based on consolidated ordinary income and profit attributable to owners of parent for the fiscal year), and stock option grants are limited to ¥70,000,000 per fiscal year. Corporate auditors receive only fixed monthly compensation, with an upper limit of ¥90,000,000 per fiscal year.

To help improve the Lion Group's corporate value, on June 30, 2016, Lion established the Basic Corporate Governance Policy, which lays out the following policy regarding the compensation of directors and corporate auditors.

> Director and corporate auditor compensation is decided by the Board of Directors based on the results of consultation with the Compensation Advisory Committee. Compensation is set within the limits decided by resolution of the Shareholders Meeting.
>
> Compensation for directors (excluding external directors) consists of fixed monthly compensation and performance-linked compensation (bonuses and stock-based compensation). Compensation levels are determined for each director and corporate auditor based on individual roles and responsibilities using survey data from specialized external institutions as an objective benchmark. The ratio of performance-linked compensation and stock-based compensation for directors is revised as necessary to maintain sound, appropriate incentives to increase corporate value over the medium and long term.

Based on this policy, Lion is now revising its compensation for directors and corporate auditors in order to deepen the link between the Company's performance and the compensation of directors (excluding external directors) and thereby better provide incentive to increase corporate value over the medium and long term. Lion aims to provide director compensation such that it comprises approximately 50% basic, fixed compensation and 50% performance-linked compensation (30% bonus and 20% stock-based compensation).

(1) Directors' Compensation

> Compensation for directors (excluding external directors) will, as before, comprise fixed monthly compensation and performance-linked compensation. With consideration given to the portions of director compensation accounted for by each type of compensation, Lion is revising directors' fixed monthly compensation and, to deepen the link to performance under the medium-term management plan, revising their bonuses. In place of the existing stock-option plan, Lion will adopt a new

stock-based compensation system designed to provide better incentive to increase corporate value over the medium and long term.

Note that, as before, compensation for external directors will comprise fixed monthly compensation only.

(2) Corporate Auditors' Compensation

As before, corporate auditors' compensation will comprise fixed monthly compensation only. However, in light of changes in economic conditions and other factors, the upper limit on this compensation will be revised.

In line with the above, Lion proposes Item 4. Revision of Directors' Compensation; Item 5. Amounts and Other Details of Directors' Performance-Linked Stock-Based Compensation; and Item 6. Revision of Corporate Auditors' Compensation. These items follow.

Item 4. Revision of Directors' Compensation

In line with the Basic Approach to Revising Director and Corporate Auditor Compensation on pages 19 to 20, the Company proposes to amend the limit on fixed monthly compensation for directors to ¥300,000,000 per fiscal year.

Furthermore, with regard to bonuses for directors (excluding external directors), the Company proposes to distribute to such directors an amount calculated using the formula below (truncated to the nearest ¥10,000) and to amend the upper limit on such bonuses to ¥250,000,000.

Bonus formula

(Consolidated ordinary income × 0.5% × 50%) + (Profit attributable to owners of parent × 0.75% × 50%)

However, if consolidated ordinary income or profit attributable to owners of parent are negative (a loss), the value for that item used in the formula will be zero.

Note that if Item 2. Election of Nine Directors is passed as originally proposed, Lion will have nine directors, of whom three will be external directors.

Item 5. Amounts and Other Details of Directors' Performance-Linked Stock-Based Compensation

1. Reasons for the Proposal and the Proposed Compensation

The compensation for Lion's directors (excluding external directors; the same applies throughout Item 5) currently comprises fixed compensation, bonuses and stock option grants. This proposal seeks to replace the aforementioned stock option grants with a new stock-based compensation system for directors ("the System").

The adoption of the System is intended to more clearly link directors' compensation with

the Company's performance and shareholder value and to provide directors with incentive to contribute to the Company's performance and increase corporate value over the medium- to long-term. The Company therefore believes the system merits adoption.

This proposal seeks approval to provide stock-based compensation to directors. This compensation would be separate from the fixed monthly compensation and bonuses for which the Company is seeking approval to amend the upper limits (to ¥300,000,000 and ¥250,000,000 per fiscal year, respectively) in Item 4.

Note that if Item 2. Election of Nine Directors is passed as originally proposed, Lion will have six directors to whom the System applies.

2. Amounts and Details of Compensation under the System

(1) Outline of the System

The System is a stock-based compensation system. Under the System, shares of the Company will be acquired through a trust using funds contributed by the Company for the compensation of directors, and a portion of said shares along with the converted cash value of the remainder (collectively, "the Company's shares, etc.") will be granted to directors. (Details follow in (2) and subsequent sections.)

a. Persons eligible for grant of the Company's shares, etc. under this proposal	・The directors (excluding external directors) of Lion Corporation

b. Impact of the Company's shares covered by this proposal on the total number of shares issued by the Company	
Upper limit on funds to be contributed by the Company for the acquisition of the Company's shares for grant to directors (as described in (2), below)	・¥450,000,000 for the three-fiscal-year periods covered by the System ・However, because the first period covered by the system (beginning in fiscal 2017) will be four fiscal years, the upper limit for this period will be ¥600,000,000
Method of acquisition of the Company's shares (as described in (2), below) and upper limits on the total number of the Company's shares, etc., to be designated for grant to directors (as described in (3), below)	・The upper limit on the total number of the Company's shares, etc., to be designated for grant to directors per fiscal year will be 90,000 shares. Accordingly, the upper limit on total number of the Company's shares, etc., to be designated

	for grant to directors over a three-fiscal-year period covered by the System will be 270,000 shares (however, because the first period covered by the system will be four fiscal years, the upper limit for this period will be 360,000 shares) ・The upper limit on the number of the Company's shares, etc., to be designated for grant to directors per fiscal year (90,000 shares) is equivalent to 0.03% of the Company's total issued shares (as of December 31, 2016, after the deduction of treasury stock) ・The trust will acquire shares of the Company from the Company (constituting a disposal of treasury stock on the part of the Company) or from the stock market

c. Performance achievement conditions (as detailed in (3), below)	・Linked to consolidated ordinary income and profit attributable to owners of parent for each fiscal year

d. Timing of grant of the Company's shares, etc., to directors (as detailed in (4), below)	・Upon the director's retirement

(2) Upper Limit on Funds to Be Contributed by the Company

The System covers periods of three fiscal years ("the Covered Periods") that correspond to the periods of the Company's medium-term management plans.

However, the initial Covered Period of the System, beginning in fiscal 2017 ("the Initial Covered Period"), will comprise a total of four fiscal years, consisting of the remainder of the period of the current medium-term management plan (the fiscal year ending December 31, 2017) and the period of the next medium-term management plan (from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2020).

For each Covered Period, the Company will establish a trust ("the Trust") with

directors who meet the beneficiary requirements as its beneficiary and a trust period of three years (four years for the Initial Covered Period). In each Covered Period, the Company will contribute to the Trust, as directors' compensation, up to ¥450,000,000 (up to ¥600,000,000 in the Initial Covered Period) for the acquisition of the Company's shares to be granted to directors.

Following the instructions of the trust administrator, the Trust will acquire the Company's shares either from the Company (constituting a disposal of treasury stock on the part of the Company) or the stock market using the entrusted funds.

At the expiry of the period of the Trust, the Company may continue the Trust by amending the trust agreement and making additional contributions to the Trust. In such cases, the trust period will be extended three years, covering the Company's three fiscal years after such extension. For each such extension of the trust period, the Company will make additional contributions to the Trust, with an upper limit of ¥450,000,000 during the period of each extension (including the initial additional contribution made upon extension). During such extensions of the trust period, the Company will continue to award points (as described in (3), below) to directors, and the Trust will continue to grant the Company's shares, etc.

However, if shares of the Company (excluding those that have not yet been granted but correspond to points already awarded) or money (collectively, "residual shares, etc.") remain as residual assets in the Trust at the end of the trust period before such extension, then the sum of the value of such residual shares, etc., and additional contributions to the Trust made by the Company must not surpass ¥450,000,000.

(3) Method of Calculation of and Limit on the Number of Shares to Be Acquired by Directors

At a specified time after the end of each fiscal year during the trust period (beginning with the year ending December 31, 2017), the Company will award a number of points calculated using the formula below to directors who were in office as of the last day of said fiscal year. These points are cumulative. Upon retirement, directors will be granted the Company's shares, etc., in proportion to their respective accumulated points.

The number of points awarded to each director is calculated by adding a fixed portion, equivalent to half their rank-specific stock-based compensation base amount ("fixed base amount"), to a performance-linked portion, equivalent to the remaining half their rank-specific stock-based compensation base amount ("performance-linked base amount") multiplied by the performance coefficient,* and then dividing this sum by the average per-share acquisition cost of the shares of the Company acquired by the Trust ("average per-share acquisition cost").

Point formula

(Fixed base amount + Performance-linked base amount × Performance coefficient*) ÷ Average per-share acquisition cost

*The performance coefficient varies based on the degree to which targets for consolidated ordinary income and profit attributable to owners of parent have been achieved each fiscal year. If these targets are met 100% or more, the performance coefficient is set at between 1.00 and 2.00, depending on the degree of achievement (the value of the coefficient is truncated after the second decimal place); if the targets are less than 100% met, the performance-linked coefficient is 0.

One point is equivalent to one share of the Company; fractional points will be truncated when awarded each year. If, however, during the trust period, the Company's stock is subject to a share split or share consolidation, or other events arise that justify adjustments in the value of points, the Company will adjust the number of the Company's shares delivered for each point in accordance with the ratio of such split, consolidation or other such factor.

The upper limit on the total number of the Company's shares, etc., to be designated for grant to directors during the period of the Trust is 90,000 shares per fiscal year. Accordingly, the upper limit on the total number of the Company's shares, etc., to be designated for grant to directors over a Covered Period will be 270,000 shares (however, because the Initial Covered Period will be four fiscal years, the upper limit for this period will be 360,000 shares). These upper limits on the total number of the Company's shares, etc., to be designated for grant to directors have been determined with reference to the upper limit on funds to be contributed by the Company described above in (2), historical stock prices and other factors.

(4) Timing and Method of Grant of the Company's Shares, etc., to Directors

When a director who meets the beneficiary requirements retires, said director will be granted the Company's shares, etc., in proportion to said director's cumulative points as described above in (3). Specifically, the retired director will be granted a number of the Company's shares corresponding to 70% of said director's cumulative points (fractional units will be truncated). The number of shares corresponding to the remaining 30% of the points will be converted to cash within the Trust, and said cash will be paid to the director.

However, in the event of the death of a director who meets the beneficiary requirements and has not yet retired, a number of the Company's shares corresponding

to 100% of the director's cumulative points as described above in (3) will be converted to cash within the Trust, and the resulting amount of cash will be paid to said director's heirs.

(5) Exercise of Voting Rights for the Company's Shares
To ensure neutrality toward management, no voting rights shall be exercised for the Company's shares held in the Trust during the trust period.

(6) Other Details of the System
Other details of System, including those concerning the establishment of the Trust, changes to the trust agreement and additional contributions to the Trust, will be decided by the Board of Directors.

For further details of the System, please refer to Lion's February 10, 2017 news release titled "Notice Concerning the Adoption of a New Performance-Linked Stock-Based Compensation System."

Reference
The Company plans to adopt a separate system similar to that described above for its executive officers.

During the initial covered period, the upper limit on funds to be contributed to the Trust for the acquisition of the Company's shares for grant to executive officers will be ¥480,000,000, and the upper limit on the Company's shares, etc., to be granted to executive officers will be 288,000 shares. The shares of the Company acquired for this purpose will be accounted for separately from the shares acquired for grant to directors.

The Company will also make additional contributions for the compensation of executive directors during extensions of the trust period. Note that directors who concurrently serve as executive officers will not be awarded points as executive officers.

Item 6. Revision of Corporate Auditors' Compensation

As mentioned in the Basic Approach to Revising Director and Corporate Auditor Compensation on pages 19 to 20, compensation for corporate auditors comprises fixed monthly compensation only. However, in light of changes in economic conditions and other factors, the Company proposes to revise the upper limit on this compensation to ¥110,000,000. Note that Lion currently has four corporate auditors, of whom two are external corporate auditors.

Guide to Exercising Voting Rights via the Internet

In the event that you exercise your voting rights via the Internet, please read the following in advance.

Shareholders who attend the Annual Meeting of Shareholders will not be able to exercise their voting rights via the Internet or by postal mail (using the form for exercising voting rights).

1. Website for Exercising Voting Rights

(1) The exercise of voting rights via the Internet is possible only by accessing the following website designated by the Company on a personal computer, smartphone or other mobile phone (i-mode, EZWeb or Yahoo! Keitai service is required for the use of mobile phones other than smartphones*). Please note that the website is inaccessible from 2 a.m. to 5 a.m. every day.

*"i-mode," "EZWeb" and "Yahoo!" are brands or registered trademarks of NTT DOCOMO, INC., KDDI CORPORATION, and Yahoo! Inc., respectively.

(2) When using a personal computer or smartphone to exercise your voting rights, certain factors related to your internet connection and settings, etc., may cause problems and prevent you from exercising your rights. Possible factors include the use of firewall or antivirus software, the use of proxy servers, or failure to enable the use of TLS encryption.

(3) When using a mobile phone other than a smartphone, please use either i-mode, EZWeb, or Yahoo! Keitai service. Also note that, for security reasons, phones that cannot send TLS encrypted data or that cannot send data about the phone itself cannot be used with the online voting platform.

(4) Although we will accept the exercise of voting rights via the Internet until 6:00 p.m., Wednesday, March 29, 2017, please vote as early as possible, and contact the Help Desk (see page 27) with any questions.

2. How to Exercise Voting Rights via the Internet

(1) At the website for exercising voting rights (http://www.evote.jp/), please use the login ID and temporary password shown on the form for exercising voting rights and exercise your voting rights in accordance with the on-screen instructions.

(2) Please note that shareholders using the website will be asked to change their password from the temporary password provided. This is to prevent improper access (identity theft) and manipulation of voting data by parties other than the shareholder.

(3) You will be sent a new login ID and temporary password each time a general meeting of shareholders is announced.

3. Treatment of Multiple Exercises of Voting Rights

(1) If the same voting rights are exercised via postal mail and via the Internet, the contents submitted via the Internet will be considered valid.

(2) If the same voting rights are exercised multiple times via the internet, only the content of the final submission will be counted. Even in cases where the same voting rights are exercised multiple times via different devices, whether personal computer, smartphone or other mobile phone, only the content of the final submission will be considered valid.

4. Fees Incurred When Accessing the Website to Exercise Voting Rights

Any fees incurred when accessing the website to exercise voting rights (for example, Internet service provider connection fees) shall be borne by the shareholder. Note that certain fees, including data packet transmission or service fees, may apply when using a mobile phone; such fees shall also be borne by the shareholder.

Help Desk (For inquiries concerning the online system, etc.)
Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Telephone: +81-0120-173-027 (toll free)
Reception hours: 9:00–21:00

For Institutional Investors:
Institutional investors can exercise their voting rights via the TSE's Electronic Voting Platform.