February 28, 2018

To Shareholders:

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

Announcing the Convocation of the Annual Meeting of Shareholders for the Year Ended December 31, 2017

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, 2017. 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 28, 2018**.

Via electronic means (the Internet)

After reviewing the Guide to Exercising Voting Rights via the Internet (as detailed on pages 37 to 38), you may exercise your voting rights by **6:00 p.m., Wednesday, March 28, 2018**.

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 29, 2018, 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, 2017, to December 31, 2017

Matters to be voted upon

Item 1. Election of Nine Directors

Item 2. Election of One Alternate Corporate Auditor

Item 3. Revision of Directors' Compensation

Item 4. Continuation of Countermeasures against Large-Scale Purchase of Lion's Shares (Anti-Takeover Measures)

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, 2017" (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.

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. Election of Nine Directors

The tenures of the nine 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	Current Position at Lion	FY2017 Board of Directors Attendance
1	Itsuo Hama	Representative Director, President Executive Officer	18/18 meetings (100%)
2	Masazumi Kikukawa	Director, Managing Executive Officer	18/18 meetings (100%)
3	Kenjiro Kobayashi	Director, Senior Executive Officer	18/18 meetings (100%)
4	Toshio Kakui	Director, Senior Executive Officer	18/18 meetings (100%)
5	Takeo Sakakibara	Director, Senior Executive Officer	18/18 meetings (100%)
6	New Yugo Kume	Executive Officer	—
7	External Hideo Yamada	External Director	18/18 meetings (100%)
8	External Kazunari Uchida	External Director	16/18 meetings (88.6%)
9	External Takashi Shiraishi	External Director	13/13 meetings (100%)

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) Years in office as director: 10 (as of the end of this Annual Meeting of Shareholders)	April 1977	Joined Lion Fat & Oil Co., Ltd.	36,663
		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 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	
		March 2017	Representative Director, President Executive Officer, Chairman of the Board of Directors, Chief 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 role at the head of the Company's management, leading it to achieve the targets of the medium-term management plan that ended in 2017. The Company judges that he is well qualified to lead management toward the achievement of the goals of the new medium-term management plan beginning in 2018 while helping to sustainably raise its corporate value as a director and therefore requests that he be reelected.			
2	Masazumi Kikukawa (October 26, 1959) Years in office as director: 6 (as of the end of this Annual Meeting of Shareholders)	April 1984	Joined Lion Corporation	20,409
		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	
		March 2017	Director, Managing 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	
		January 2017	Director, Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses (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. He has contributed to the qualitative growth of domestic businesses and helped improve performance. Also, he has been made responsible for the overall overseas business from 2018. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.			

3	Kenjiro Kobayashi (December 18, 1962) Years in office as director: 6 (as of the end of this Annual Meeting of Shareholders)	April 1987	Joined Lion Corporation	597,289
		January 2009	Executive Officer, Director of Planning and Coordination Department, Health Care Products Division	
		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	
		March 2017	Director, Senior 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	
		January 2018	Director, Senior Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department and Corporate Communication Center (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 Human Resources and General Affairs Headquarters and Secretary Department, he has helped to reinforce the Company's business foundation. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.			
4	Toshio Kakui (April 1, 1955) Years in office as director: 6 (as of the end of this Annual Meeting of Shareholders)	April 1979	Joined Lion Fat and Oil Co., Ltd.	17,422
		January 2008	Director of Research and Coordination Department, Research & Development Headquarters	
		January 2010	Assistant Executive General Manager of Research & Development Headquarters	
		January 2011	Executive Officer, Executive General Manager of Research & Development Headquarters	
		March 2012	Director, Executive Officer, Responsible for Chemicals Division, Executive General Manager of Research & Development Headquarters, Responsible for Intellectual Property Department	
		January 2014	Director, Executive Officer, Responsible for Research & Development Headquarters, Chemicals Division, Intellectual Property Department	
		July 2015	Director, Executive Officer,	

			Responsible for Research & Development Headquarters, Overall Chemicals Businesses and Intellectual Property Department	
		January 2016	Director, Executive Officer, Responsible for Research & Development Headquarters, Overall Chemicals Businesses, Overall International Businesses, International Division and Intellectual Property Department	
		March 2017	Director, Senior Executive Officer, Responsible for Research & Development Headquarters, Overall Chemicals Businesses, Overall International Businesses, International Division and Intellectual Property Department	
		January 2018	Director, Senior Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research & Development Headquarters, Production Headquarters, Intellectual Property Department and Safety and Disaster Prevention Promotion Department (current position)	
	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. He has advanced the quantitative growth of the overall Overseas Business and helped improve its performance. Also, he has been made responsible for the Supply Chain Management Headquarters from 2018. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.			

5	Takeo Sakakibara (November 22, 1960) Years in office as director: 2 (as of the end of this Annual Meeting of Shareholders)	April 1983 January 2008 January 2010 January 2012 January 2016 March 2016 January 2017 March 2017 January 2018	Joined Lion Corporation Director of Living Care Business Department, Household Products Division Executive Officer, Executive General Manager of Health Care Products Division Executive Officer, President of Lion Trading Co., Ltd. Executive Officer, Assistant to the President Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department Director, Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department (current position)	52,375
	Reasons for Selection as a Candidate for Director Takeo Sakakibara possesses a wealth of expert knowledge, mainly in the area of			

<table>
<tr><td></td><td colspan="3">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 its corporate value as a director and therefore requests that he be reelected.</td></tr>
<tr><td rowspan="2">6</td><td>New candidate
Yugo Kume
(October 1, 1961)</td><td>April 1984 Joined Lion Corporation
January 2008 Executive General Manager of Corporate Planning Department
January 2011 Director of Oral Care Business Department, Health Care Products Division
January 2012 Executive General Manager of the Oral Care Business Department, Health & Home Care Products Division
January 2015 Assistant Executive General Manager of Health & Home Care Products Division
January 2016 Executive Officer, Executive General Manager of Health & Home Care Products Division
January 2018 Executive Officer, Executive General Manager of Health & Home Care Products Division, Responsible for Communication Design Department, Consumer Knowledge Center and Distribution Policy Department
(Significant concurrent positions) (Note 1)
Representative, Lion Corporation (Thailand) Ltd.</td><td>10,500</td></tr>
<tr><td colspan="3">Reasons for Selection as a Candidate for Director
Yugo Kume possesses a wealth of expert knowledge, mainly in the areas of corporate planning and the oral care business. As Executive General Manager of the Health & Home Care Products Division, he has formulated marketing strategy and contributed to the growth of domestic businesses and robust brand creation. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be newly elected.</td></tr>
<tr><td>7</td><td>Candidate for External Director: Hideo Yamada
(January 23, 1952)</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</td><td>11,400</td></tr>
</table>

	Years in office as external director: 12 (as of the end of this Annual Meeting of Shareholders)	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	
	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 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.		
8	Candidate for External Director: Kazunari Uchida (October 31, 1951) Years in office as external director: 2	January 1985 Joined Boston Consulting Group June 2000 Representative for Japan, Boston Consulting Group March 2006 External Auditor, Suntory Limited (now Suntory Holdings Limited) April 2006 Professor, Faculty of Commerce, Waseda University (current position) February 2012 External Auditor, Kewpie Corporation June 2012 External Director, Lifenet	1,500

	(as of the end of this Annual Meeting of Shareholders)		Insurance Company August 2012 External Director, Japan ERI Co., Ltd. (now ERI Holdings Co., Ltd.) March 2016 External Director, Lion Corporation (current position) (Significant concurrent positions) External Director, Mitsui-Soko Holdings Co., Ltd. External Director, Kewpie Corporation	
	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.			
9	Candidate for External Director Takashi Shiraishi (February 22, 1950) <u>Years in office as external director: 1</u> <u>(as of the end of this Annual Meeting of Shareholders)</u>	June 1979 January 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	800

		Corporation March 2017 External Director, Lion Corporation (current position) April 2017 Special visiting professor, Ritsumeikan University (current position) May 2017 Professor Emeritus, National Graduate Institute for Policy Studies (current position)	
	Reasons for Selection as a Candidate for External Director Takashi Shiraishi 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 possesses broad-ranging expert knowledge in such areas as Asian politics, economics and social issues. 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.		

Notes:

1. Itsuo Hama, Masazumi Kikukawa, and Yugo Kume 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.

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, Kazunari Uchida, and Takashi Shiraishi 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 all three if they are reelected as external 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 2. 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)

Item 3. Revision of Directors' Compensation

At its December 27, 2017 meeting, Lion's Board of Directors resolved to voluntarily adopt International Financial Reporting Standards (IFRS) from fiscal 2018 (January 1 to December 31, 2018) in order to improve the international comparability of Lion Group consolidated financial statements and other disclosure materials and reinforce Group business management. In light of the voluntary adoption of IFRS, the Company proposes to amend the formulas used to calculate the bonuses and performance-linked stock-based compensation of directors (excluding external directors; the same applies throughout this item) as follows.

The proposed change to the bonus formula does not include the revision of the upper limit on directors' bonuses of ¥250,000,000 per fiscal year approved at the March 30, 2017 Annual Meeting of Shareholders. The indicators used in the bonus formula approved at said meeting will change with the adoption of IFRS, and the proposed change is intended to bring the formula in line with Lion's present accounting methods. The Company therefore believes that it merits adoption. Note that if Item 1. Election of Nine Directors is passed as originally proposed, Lion will have six directors who are eligible to receive bonuses.

Bonus formula (changes are underlined)

Current:

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

However, if the above income or profit are negative (a loss), the value for that item used in the formula will be zero.

Revised:

(Core operating income* × 0.5% × 50%) + (Profit attributable to owners of parent (IFRS) × 0.75% × 50%)

However, if the above income or profit are negative (a loss), the value for that item used in the formula will be zero.

* Core operating income: An earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross revenues.

The proposed change to the directors' performance-linked stock-based compensation does not include the revision of parties to whom the Company's shares, etc., are granted, the upper limit on funds contributed by the Company, the upper limit on the number of the Company's shares that directors may receive, or the timing of the grant of the Company's shares, etc., to the directors approved at the March 30, 2017 Annual Meeting of Shareholders (as shown under "Reference," below). The indicators used in the point formula approved at said meeting will change with the adoption of IFRS, and the proposed change is intended to bring the formula in line with Lion's present accounting methods. The Company therefore believes that it merits adoption. Note that if Item 1. Election of Nine Directors is passed as originally proposed, Lion will have six directors who receive performance-linked stock-based compensation.

Point formula (changes are underlined)

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

Current:

*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.

Revised:

*The performance coefficient varies based on the degree to which targets for core operating income and profit attributable to owners of parent (IFRS) 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.

Reference

Excerpt from "Item 5. Amounts and Other Details of Directors' Performance-Linked Stock-Based Compensation" passed at the March 30, 2017 Annual Meeting of Shareholders

(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.

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	・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, etc., to be designated for grant to directors (as described in (3), below)	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

Item 4. Continuation of Countermeasures against Large-Scale Purchase of Lion's Shares (Anti-Takeover Measures)

At a meeting held on February 10, 2015, Lion Corporation's Board of Directors passed a resolution for the continuation of the Countermeasures against Large-Scale Purchase of Lion's Shares (hereinafter referred to as "the Current Plan") in accordance with Company's Basic Policy regarding Persons Who Control the Company's Decision Making on Financial Matters and Business Policies (stipulated in article 118-3 of the Enforcement Regulations of the Corporation Law; hereinafter referred to as "the Basic Policy"), and contingent on shareholder approval at the Company's regular shareholders' meeting on March 27, 2015. The Current Plan was intended as a means of preventing inappropriate parties from controlling the Company's decision making on financial matters and business policies. Its continuation was then approved at the abovementioned Shareholder's Meeting.

The effective period of the Current Plan extends through the end of this Annual Meeting of Shareholders. The purpose of the Current Plan is to ensure that shareholders have sufficient time to properly determine the necessary response, if any, to a large-scale purchase offer for the Company's shares from a Purchaser or an offer from Lion's Board of Directors. In addition, at the regular shareholders' meeting held in March 2009, approval was granted for a resolution that would change the Articles of Incorporation regarding the institution, amendment and continuation of countermeasures against the large-scale purchase of Lion's shares. Given changes in economic conditions, the Company has been carefully examining whether and in what manner the Current Plan should be continued.

As a result of said examination, at a meeting held on February 9, 2018, the Board of Directors resolved to approve the partial amendment of the Current Plan to secure the Company's corporate value and shareholders' common interest and to ensure greater objectivity and appropriateness while removing any room for the Board of Directors to make arbitrary decisions. The Board also resolved to extend the Plan's effective period through the end of the regular shareholders' meeting scheduled to be held in March 2021, contingent on approval by this Annual Meeting of Shareholders (the plan after re-approval will hereinafter be referred to as "the Plan"). This item proposes the continuation of the Plan for shareholder approval.

The major changes to the Plan are as follows.

(i) After the intent of a large-scale purchase has been made clear, the maximum period for the Purchaser to provide requested information is set at 60 days. (See section 3. (2) (iii) below.)

(ii) Some types of purchase offers that are considered to be potentially seriously damaging to the Company's corporate value and the common interests of its shareholders have been deleted. The requirements necessary to trigger the anti-takeover measures have been limited to five types of purchase offers: namely, the four types designated by the Tokyo High Court as well as high-handed two-stage acquisitions. (See section 3. (2) (v) (b) below.)

(iii) It has been made clear that Ineligible Parties are not to be issued common shares nor provided any money or economic benefit as consideration. (See section 3. (3) 8. below.)

1. Basic Policy regarding Persons Who Control Lion's Decision Making on Financial Matters and Business Policies

Lion believes that persons who control the Company's decision making on financial matters and business policies should fully understand Lion's management philosophy, sources of corporate value and the relationship of trust it has with stakeholders who support the Company in order to secure and improve corporate value and to act in the common interests of shareholders in a continuous and sustainable manner.

At the same time, Lion considers final decisions concerning any proposal of acquisition that would involve a transfer of control of the Company must ultimately be based on the collective will of its shareholders. This is not meant to imply opposition to a large-scale

acquisition of Lion's shares if such acquisition is to be to the benefit of corporate value and the common interests of shareholders.

Nevertheless, in some cases large-scale acquisitions are undertaken clearly for the purpose of undermining Lion's corporate value and the common interests of shareholders; for forcing shareholders to sell their shares; or are pushed forward without provisions of sufficient time and/or information to Lion's Board of Directors and shareholders so that they may examine suggestions regarding the acquisition proposal and alternatives. Thus, such cases can impair Lion's corporate value and the common interests of shareholders.

Lion believes that a party that pursues such a large-scale acquisition that does not benefit the Company's corporate value and the common interests of shareholders should be ineligible to control its decision making on finances and business policies. Thus, Lion is taking necessary and appropriate measures against any large-scale acquisition by such parties in order to secure its corporate value and the common interests of its shareholders.

2. Approach to Implementing the Basic Policy

(1) Lion's Corporate Philosophy

Since its founding in 1891, Lion has been contributing to society while offering quality products to ensure people's healthy, clean and comfortable lifestyles. On the product development front, Lion has introduced many of Japan's original, epoch-making technologies and products, such as a detergent exclusively for dishes and vegetables that contributes to public health, toothpaste in laminated tubes and fluoridated toothpaste, thanks to its steady pursuit of technological innovation. By doing so, Lion has consistently placed importance on customer satisfaction in each era of its operations.

Lion's environmental protection activities represent the history of its technological innovation in the detergent business. Considering taking an environment-friendly approach through its business as an important part of its mission, Lion has continuously engaged in such activities as water quality improvement for rivers, lakes and other waterfront, to this end developing Japan's first high-performance phosphorus-free detergents, while working to reduce CO_2 emissions by developing detergent containing washing components derived from plant-based materials.

Furthermore, Lion proactively contributes to society based on its company motto of "Fulfilling a spirit of love," which reflects the Company's aim to enhance the happiness and lifestyles of each and every customer. In 1900, not long after its inauguration, Lion released toothpastes accompanied by charity coupons that enabled a number of orphanages to be built thanks to the donations resulting from the toothpaste sales. During the Taisho era, Lion officially commenced Japan's first oral hygiene promotion activities. This spirit of social contribution has continued uninterrupted to this day and enhances Lion's social contribution activities in various fields.

With a pattern of consistent business activity based on the corporate philosophy, Lion's businesses encompass various the fields of household products, including toothpastes, toothbrushes, laundry detergents, and hand soaps as well as such over-the-counter (OTC) drugs as analgesics and eye drops, which are all necessary for people's daily lives. Supported by these diverse businesses, the Company's operational area has expanded into major Asian countries. Lion products enjoy an excellent reputation among customers in a variety of categories and countries, and overseas sales have become a source of corporate value.

(2) Efforts to Enhance Corporate Value

Lion has been implementing its management vision, Vision2020, under which it has executed the V-1 Plan (Vision2020 Part 1) and V-2 Plan (Vision2020 Part 2) medium-term management plans.

Reflecting medium- to long-term changes in the external environment, Lion has formulated a new management vision for 2030 aimed at accelerating future-oriented transformations: "Becoming an advanced daily healthcare company." Aiming to achieve

this management vision, we will implement a medium-term management plan, the **LI**ON **V**alue **E**volution Plan (LIVE Plan), over the three-year period of 2018 to 2020.

Under the theme of evolving into a leading advanced daily healthcare company, we will advance long-term, future-oriented growth initiatives and framework-building efforts in and outside Japan while further accelerating improvements to management efficiency to reinforce the earnings structure.

◇Strategic Framework for Realizing the Vision

1. Expand and Evolve our Business Domains through New Value Creation
   Creating new combinations of various technologies and services, we will create new business value that realizes “healthy minds and bodies for all”.
2. Accelerate Growth in Overseas Businesses through Glocalization
   Focusing on growing markets in Asia, we will integrate globalization and localization approaches to create unique competitive advantages and thereby expand the scale of our businesses and the areas in which we operate.
3. Reinforce Our Management Base through Business Structure Reform
   By improving management infrastructure and revising the business portfolio to stay ahead of changes in the environment, we will reinforce our management base to enable sustainable business growth.
4. Create Dynamism to Foster Innovative Change
   We aim to foster corporate strength that will win out over global competition by promoting diversity and openness in our human resources, organizations and corporate culture.

Lion will steadily implement the strategies of the LIVE Plan outlined above to improve corporate value.

(3) Corporate Governance

To achieve true corporate governance, Lion places the highest priority on enhancing management transparency, ensuring prompt decision making, maintaining effective supervision and securing compliance.

With the aim of further enhancing its corporate governance system, the Company hired one more external director in March 2017. The Company’s Board of Directors now has nine directors including three external directors. The Company introduced an executive officer system, separating the executive and supervisory functions. Under the new system, the Board of Directors is responsible for decision making and management supervision, while the Executive Committee is responsible for job execution. The term of office for both directors and executive officers is one year. Among its corporate auditors, Lion has appointed two standing auditors and two external corporate auditors. Corporate auditors attend the Board of Directors’ meetings and other important meetings to audit directors’ job execution status while maintaining close liaisons with persons in charge of internal audits as well as accounting auditors to facilitate the exchange of information, realize established partnerships and enhance audit effectiveness and efficiency. The Board of Directors shall consult its Nomination Advisory Committee and Compensation Advisory Committee about the policy regarding the nomination of and compensation for directors, corporate auditors and executive officers. The two committees comprise external directors and external corporate auditors to ensure objectivity and transparency, and their advice is assigned maximum value. In addition, Lion established an Advisory Committee comprising knowledgeable people from outside of the Company to evaluate its business operations from a social standpoint.

3. Content of the Plan (Approach to Prevent Inappropriate Parties from Controlling Lion's Finances and Business Policies in Accordance with the Basic Policy)

(1) Objectives of the Plan

The Plan was introduced for the purposes of clarifying rules to be followed by parties who propose large-scale acquisitions of Lion's shares and to secure necessary and sufficient information and time for shareholders and investors so that they may make appropriate decisions on such large-scale acquisitions as well as to allow for opportunities to negotiate with such parties.

The Plan shall, as described below, establish rules to be complied with by any party that proposes a large-scale acquisition of Lion's shares, and clearly state that such a party may be impaired by Lion's taking countermeasures against their offer in certain cases. By appropriately disclosing such information, Lion shall give warning to parties who propose such large-scale acquisitions of Lion's shares in a manner that does not result in a benefit to Lion's corporate value and the common interests of its shareholders.

Upon the execution of countermeasures, the Plan stipulates that Lion shall assign maximum value to the advice of its corporate governance committee (the "Corporate Governance Committee"), comprising persons selected and appointed from external directors and external auditors by the Company's Board of Directors in accordance with the Corporate Governance Committee Rules (see the included Reference Materials for details), in order to eliminate any occurrence of arbitrary judgment on the part of the Board of Directors. Together with this, the Plan clearly states that Lion shall disclose relevant information to shareholders and investors in a timely manner to secure management transparency. Members of the Corporate Governance Committee upon the continuation of the Plan will be external directors Hideo Yamada, Kazunari Uchida and Takashi Shiraishi as well as external auditors Noboru Kojima and Hideo Higashi, all of whom serve Lion as either external directors or auditors.

Lion's principal (top 10) shareholders as of December 31, 2017 are listed on page 13 of "Financial Report for the Year Ended December 31, 2017." As of February 9, 2018, Lion has not received any proposal for the large-scale acquisition of its shares.

(2) Processes in the Plan

(i) Large-Scale Acquisitions Subject to the Plan

The Plan shall cover any large-scale acquisition of Lion's shares corresponding to (a) or (b) below or any actions similar to said acquisition (excluding those approved by Lion's Board of Directors; hereinafter referred to as the "Purchase"). Parties who offer or intend to propose such Purchase ("Purchaser") shall comply with procedures stipulated in the Plan.

(a) A purchase of shares[1] issued by Lion that results in the holders'[2] shareholding ratio[3] exceeding 20%

(b) A public tender offer[4] of shares[5] issued by Lion that results in the total

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[1] As defined in Article 27-23, Paragraph 1 of the Financial Products Exchange Law. This definition shall be applied throughout this document unless otherwise specified. In case of the changes in laws and regulations quoted in the Plan (including changes in the name of laws and regulations as well as the establishment of new laws and regulations that take over contents of old laws and regulations), each Article of laws and regulations quoted in the Plan shall be replaced to the revised contents that practically succeed the contents of old laws and regulations unless otherwise defined by the Company's Board of Directors.

[2] As defined in Article 27-23, Paragraph 1 of the Financial Products Exchange Law including parties corresponding hereto in accordance with the Paragraph 3 of the said Article.

[3] As defined in Article 27-23, Paragraph 4 of the Financial Products Exchange Law. This definition shall be applied throughout this document.

[4] As defined in Article 27-2, Paragraph 6 of the Financial Products Exchange Law. This definition shall be applied throughout this document.

shareholding ratio[6] of the purchasers of such public tender offer and specially related parties[7] exceeding 20%

(ii) Prior Submission of Request to Lion

Prior to the offer of purchase, the Purchaser shall submit their pledge to comply with procedures stipulated in the Plan to Lion's Board of Directors in a written form ("Request") according to the format set by the Company.

The following items shall be covered in this document:

(a) Basic information about the purchaser
   a. Name of person or company and address
   b. Name and status of the representative
   c. Objectives of business and principal activities
   d. Major shareholders or large-scale investors (top 10 parties based on number of shares held or shareholding ratio)
   e. Contact information in Japan
   f. Laws under which the Purchaser's business was established

(b) Current number of shares owned by the Purchaser and the Purchaser's share trading status in the last 60 days before the submission of the request

(c) Overview of the purchase offer by the Purchaser Type and number of the Company's shares planned to be acquired by the Purchaser through the Purchase and the purpose of the Purchase (In instances where the Purchaser's purposes include: the acquisition of control over the Company's business operations or of rights to management participation; net investment or politically motivated investment; the transfer of the Company's shares to a third party(ies) after the Purchase; or such other purpose as gaining influence over[8] the Company, the Purchaser must write down details of such purposes. If the Purchaser has more than one motivation for the Purchase, all purposes must be mentioned in the form).

(iii) Provision of Information

After submitting the Request as described the above (ii), the Purchaser shall follow the procedure below to provide necessary and sufficient information (the "Information") to Lion for the appropriate judgment of the Company's shareholders and investors.

First, Lion will send a request for information list (the "List") to the Purchaser's address as provided in the abovementioned (ii) (a) e within 10 working days[9] (excluding the date the Request was received) by post. The Purchaser shall provide sufficient information to the Company in accordance with the List.

In instances where the information provided by the Purchaser is in accordance with the List but upon rational examination is considered insufficient by Lion's Board of Directors with regard to the details and conditions of the Purchase,

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[5] As defined in Article 27-2, Paragraph 1 of the Financial Products Exchange Law. This definition shall be applied to the following (ii).

[6] As defined in Article 27-2, Paragraph 8 of the Financial Products Exchange Law. This definition shall be applied throughout this document.

[7] As defined in 27-2, Paragraph 7 of the Financial Products Exchange Law. Parties as stipulated in Article 3, Paragraph 2 of the Cabinet Office Ordinance concerning the disclosure of public tender offer by parties other then the issuer of shares shall be excluded from parties mentioned in the Item 1 of the said Paragraph.

[8] As defined in Article 27-26, Paragraph 1 of the Financial Products Exchange Law, Article 14-8-2, Paragraph 1 of Financial Products Exchange Law Enforcement Order as well as Article 16 of the Cabinet Office Ordinance concerning the disclosure of the status of substantial shareholding

[9] "Working days" are days excluding those defined in Article 1, Paragraph 1 of the Law Concerning Holidays of Administrative Agency.

the Purchaser shall provide additional information upon the request of the Company's Board of Directors for the judgment of shareholders and investors as well as for the evaluation and deliberation of the Company's Board of Directors.

In an effort to swiftly and appropriately implement the Plan, the Board of Directors has set a maximum limit of 60 days (the "Information Provision Period") for the Purchaser to respond, beginning from the day after the List is sent. In the event that not all the information required has been provided by the time the Information Provision Period has lapsed, all interactions with the Purchaser related to information provision will be halted. Using the information provided, the Board of Directors will then conduct an evaluation and deliberations (see section (iv) below).

No matter what the details and conditions of a given Purchase are, information stipulated in the following items shall be included in the List in principle:

(a) Details of the Purchaser and/or group to which the Purchaser belongs (including co-holders,[10] specially related parties, and partners and members in cases where the Purchaser is a fund), such as its corporate history, name of group (if any), capital composition, principal businesses, financial condition and the names and career histories of its directors

(b) Purposes (details pertaining to purposes listed in the submitted Request), method and details (the Purchaser's intentions regarding participation in the Company's management; type and amount of consideration to be paid for the Purchase; the timing of the Purchase and how related transactions are to be executed; the number of shares to be purchased and the intended shareholding ratio after the purchase; and the legality of the purchasing method) of the Purchase

(c) Calculation basis for the Purchase's consideration (facts and assumptions for calculation; calculation method; numerical information and expected synergies emerging from the series of transactions involved in the Purchase; the names of third parties in the event such parties are asked to consult on such calculation; the details of such opinions and the process of calculating the purchase amount based on such consultation)

(d) Supporting documents explaining the source of funds for the Purchase (names of financial supporters (including actual providers of such funds), fund procurement method and details of related transactions)

(e) Possibility of contact with third parties with regard to the Purchase or details of communications and information regarding such third parties

(f) Type of purchase contract, counterparties of such contract, and detailed information about such contract, including the number of shares designated as hypothecated in case the Purchaser already holds a lease contract, hypothecated assets, and the possession of sell-back, sales reservation or other contracts with regard to Lion shares held by the Purchaser (the "Hypothecated holdings")

(g) Type of agreement, counterparts of such agreement, the number of shares to be transferred in accordance with such agreement and other detailed information regarding such agreement in case the Purchaser plans to use Lion's shares for hypothecation or other contracts with third parties subsequent to the Purchase

(h) Lion and its Group companies' management policies, business plans, capitalization policy and dividend policy after the Purchase

(i) Correspondence with and handling of the Company's employees, labor union, suppliers, customers, local community and other relevant parties after the

[10] As defined in Article 27-23, Paragraph 5 of the Financial Products Exchange Law including those who were regarded as co-holders by the Company's Board of Directors in accordance with the Paragraph 6 of the said Article. This definition shall be applied throughout this document.

Purchase

(j) Specific measures to avoid conflicts of interest with other shareholders of the Company

The Company's Board of Directors will disclose such information as the fact that the Purchaser made a Purchase offer, an overview of the Purchase offer, an overview of the Information and other information provided in a timely and appropriate manner when it deems it necessary to be submitted to the shareholders and investors' judgment.

When the Board of Directors considers that the Purchaser's provision of Information is sufficient, it will send a notification to the Purchaser (the "Notification concerning the Completion of Information Provision"), while disclosing said fact in a timely manner.

The Information Provision Period will end on the day that the Notification concerning the Completion of Information Provision is sent or on the day that the maximum limit for the Information Provision Period is reached, whichever occurs sooner.

(iv) Setup of the Board of Directors' Deliberation Period

On the day after the Information Provision Period has ended, the Company's Board of Directors shall set up a deliberation period, as stipulated either in (i) or (ii) (excluding the date the Notification concerning the Completion of Information Provision is issued) as follows (the "Board of Directors' Deliberation Period") to evaluate the offer, negotiate with the Purchaser, exchange opinions among themselves and draft substitute plans. Such period is determined based on the level of difficulty in the deliberation of the Purchase.

(a) Up to 60 days in cases where the Purchase will be made via a public tender offer of all Lion shares and the consideration to be paid only in cash (Japanese yen)
(b) Up to 90 days in other cases

However, both (i) and (ii) can be extended when the Company's Board of Directors considers it necessary. In such cases, the Company will notify the Purchaser of the extended period of deliberation and reason, while disclosing such information to shareholders and investors. The extended period of deliberation shall be up to 30 days.

While receiving advices from external specialists upon necessity, the Company's Board of Directors shall sufficiently evaluate the Information provided by the Purchaser within the Board of Directors' Deliberation Period, and screen the details of the Purchase offered by the Purchaser from a perspective of securing and enhancing Lion's corporate value and the common interests of its shareholders. In the course of their evaluation, members of the Board of Directors shall carefully weigh opinions regarding the Purchase and notify the Purchaser of the results of such evaluation while disclosing relevant information to shareholders and investors in a timely and appropriate manner. In addition, the Board of Directors shall negotiate with the Purchaser with regard to the conditions and methods of the Purchase as necessary. Furthermore, the Board of Directors may suggest substitute plans to shareholders and investors.

(v) Corporate Governance Committee's Recommendations regarding the Exercise of Countermeasures

Upon the introduction of the Plan, the Company established the Corporate Governance Committee. This move was made to eliminate any possibility of the Board of Directors' making an arbitrary decision regarding the exercise of

countermeasures against the Purchase as well as to secure objectivity and reasonability with regard to judgments and responses on the part of the Board of Directors.

The Corporate Governance Committee shall advise Lion's Board of Directors of the pros and cons of the exercise of countermeasures. In this regard, the Corporate Governance Committee may, at Lion's expense, solicit the advice of outside specialists (investment banks, securities companies, lawyers and other specialists) who are independent from Lion's top management and who are involved in the Company's business operations in order to secure such specialists' judgment as to whether the proposed purchase will contribute to the securement and improvement of corporate value and the common interests of shareholders. If the Corporate Governance Committee provides the Company's Board of Directors with a recommendation whose contents are as described in the following (a) through (c), the Board of Directors will promptly disclose information regarding the receipt of the recommendation, an overview of such recommendation and other items that the Board of Directors deems appropriate for disclosure.

(a) When the Purchaser does not follow the procedure stipulated in the Plan
Should the Purchaser fail to follow the procedure stipulated in the Plan, the Corporate Governance Committee shall basically recommend that the Company's Board of Directors exercise countermeasures against the Purchase.

(b) When the Purchase to be carried out by the Purchaser is considered to be potentially seriously damaging to the Company's corporate value and the common interests of its shareholders
Even if the Purchaser follows the procedure stipulated in the Plan, the Corporate Governance Committee may recommend that the Board of Directors exercise countermeasures against the Purchase during the Deliberation Period should such Purchase by the Purchaser be determined to be one of the below-listed types of purchase. Such purchases are potentially damaging to Lion's corporate value and the common interests of shareholders.

In such a case, the Board of Directors shall adhere to procedures described in the following section (vi) to confirm shareholders' willingness regarding pros and cons of the countermeasures' details and exercise of it.

When such offer of the Purchase is considered to fail in any category stipulated as follows, such Purchase shall be deemed to be potentially seriously damaging to Lion's corporate value and the common interests of shareholders.

Types of Purchase Deemed to Pose Danger of Causing Substantial Damage to Lion's Corporate Value and the Common Interests of Shareholders

1. In cases where the Purchaser is regarded as a "greenmailer," a party that acquires or intends to acquire a Company's shares not with the intention of participating in the Company's management, but for the purpose of raising share prices and then requiring the Company or parties related to the Company to buy such shares back at an inflated price.

2. In cases where the Purchaser acquires the Company's shares for the purpose of temporarily gaining control of Lion's business management in order to transfer the assets of the Company and its Group companies—such as intellectual property rights, management know-how, confidential information, and major suppliers and customers, all of which are necessary for the Company and Group companies' continued business

operations—to the Purchaser itself or its group companies.

3. In cases where the Purchaser is seen as acquiring the Company's shares for the purpose of diverting the assets of the Company and its Group companies toward use as security for or sources for the reimbursement of the debts of Purchaser or its group companies once control over Lion's business management is gained.

4. In cases where the Purchaser acquires the Company's shares for the purpose of forcing the Company to sell valuable assets—including real estate not currently used by the Company or its Group companies as well as marketable securities—by temporarily gaining control of the Company's business management. Such a move temporarily raises dividends (by bringing in disposal profit), and the Purchaser seeks to benefit either through the reaping of high dividends or by selling the stock at the highest possible price.

5. In cases where the purchase method proposed by the Purchaser is a so-called high-handed two-stage acquisition (a type of share acquisition conducted by public tender offer in which the seller does not offer to purchase all the shares of a Company at the first stage and subsequently brings disadvantage to the Company to drive down the price for the second stage of the purchase or does not clarify the terms and conditions of the second stage of the purchase) that places limitations on shareholders' ability to judge the situation, and thus may force shareholders to sell their shares.

(c) When the Purchase to be carried out by the Purchaser is not considered to be potentially seriously damaging to the Company's corporate value and the common interests of shareholders

With the exceptions of the situations stipulated in (a) and (b) above, the Corporate Governance Committee shall recommend that the Board of Directors not exercise countermeasures against the Purchase.

(vi) Confirmation of Shareholders' Willingness

Should the Corporate Governance Committee recommend the exercise of countermeasures against the Purchase in accordance with the above (v) (b), the Board of Directors shall hold a shareholders' meeting to confirm shareholders' willingness regarding the exercise of such countermeasures.

In this instance, the Board of Directors shall hold a shareholders' meeting as promptly as possible so that it may submit a report delineating the pros and cons of the exercise of countermeasures.

Furthermore, the Board of Directors shall promptly disclose information, including an overview of the resolution reached by the shareholders' meeting regarding the pros and cons of the exercise of countermeasures and other items that the Board of Directors deems appropriate to disclose.

(vii) Board of Directors' Resolution

Lion's Board of Directors shall assign maximum value to the recommendations of the Corporate Governance Committee described in (v) above. When a shareholders' meeting is held in accordance with (vi) above, the Board of Directors shall promptly exercise countermeasures or resolve not to exercise countermeasures based on the decision made at the said shareholders' meeting for the purpose of securing and improving corporate value and the common

interests of shareholders.

Should the Board of Directors issue the abovementioned resolution, it will promptly disclose information regarding the overview of the shareholders' meeting's resolution and other items that the Board of Directors deems appropriate to disclose.

(viii) Cancellation or Cessation of the Exercise of Countermeasures

When the Board of Directors resolves to exercise countermeasures or subsequent to exercising countermeasures in accordance with the procedure in the above (vii), the Board of Directors shall cancel or cease the exercise of countermeasures regardless of the Corporate Governance Committee's recommendation if (a) the Purchaser has cancelled its Purchase or (b) the Board of Directors faces a situation in which the facts underlying the assessment of the pros and cons of the exercise of countermeasures have changed and thus the Board of Directors considers the exercise of countermeasures to be inappropriate in light of the need to secure and improve Lion's corporate value and the common interests of shareholders.

Should the Board of Directors decide upon the abovementioned resolution, it shall immediately disclose information regarding the overview of the resolution and other items that the Board of Directors deems appropriate to disclose.

(ix) Commencement of Purchase

The Purchaser shall comply with the procedure stipulated in the Plan, and cannot move forward with the Purchase unless the Board of Directors reaches resolution on whether countermeasures should be exercised or not.

(3) Details of Countermeasures in the Plan

Among the countermeasures that may be exercised in accordance with the Board of Directors' resolutions stipulated in the above (2) (vii), is the gratis issue of subscription rights (the "Subscription Rights").

The overview of the gratis issue of Subscription Rights shall be described in the following "Overview of the Gratis Issue of Subscription Rights."

The Board of Directors may cancel or cease the exercise of countermeasures as described in the above (2) (viii) even if they have already resolved or commenced the exercise of said countermeasures. For example, the Company may cease the exercise of countermeasures should the Purchaser cancel the Purchase and the Board of Directors responds by passing a resolution as stipulated in the above (2) (viii) by (a) cancelling the gratis issue of Subscription Rights up to the day before the date set for cancellation of rights in connection with the scheduled gratis issue of Subscription Rights; or (b) having Lion itself receive such Subscription Rights in gratis from the effective date of the gratis issue of Subscription Rights to the date before the commencement of the exercise of such Subscription Rights.

Overview of the Gratis Issue of Subscription Rights

1. Total Number of Subscription Rights to Be Allocated

The total number of Subscription Rights to be allocated shall be up to twice the final number of the Company's shares issued and outstanding (not including the number of shares held by the Company itself) as of the date specified by the Board of Directors ("Date of Allotment") at the Board of Directors' meeting regarding the gratis issue of Subscription Rights ("Resolution for Gratis Issue of Subscription Rights").

2. Shareholders Eligible for the Allocation

The Company shall issue Subscription Rights to shareholders listed on the final

shareholders' register as of the Date of Allotment in the proportion determined by the Board of Directors' Resolution for Gratis Issue of Subscription Rights of up to two Subscription Rights per common share (not including those held by the Company itself).

3. Effective Date of the Gratis Issue of Subscription Rights
The date shall be specified in the Resolution for the Gratis Issue of Subscription Rights.

4. Type and Number of Shares Entitled to Subscription Rights
The type of shares entitled to Subscription Rights shall be the Company's common shares, and the number of shares per Subscription Right ("Applicable Share Number") shall be no more than one and determined by the Resolution for the Gratis Issue of Subscription Rights. If the Company splits up or splits down its shares, however, such number shall be adjusted accordingly.

5. Type and Amount of Assets Invested upon the Exercise of Subscription Rights
The object of investment in the exercise of Subscription Rights shall be monetary, and the amount of assets invested in the exercise of Subscription Rights per each of Lion's common shares shall be more than one yen and determined by the Resolution for Gratis Issue of Subscription Rights.

6. Transfer Restrictions on Subscription Rights
The Transfer of Subscription Rights shall require an approval from the Company's Board of Directors.

7. Conditions Applicable to the Exercise of Subscription Rights
The following parties ("Ineligible Parties") shall not be able to exercise Subscription Rights: (1) specified large shareholders,[11] (2) co-holders of the specified large shareholders, (3) specified large purchasers,[12] (4) specially related parties of specified large purchasers, (5) parties who received or had Subscription Rights transferred to them by parties corresponding to the above (1) to (4) without the approval of the Company's Board of Directors, or (6) relevant parties[13] related to the

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[11] Parties who own shares issued by the Company and are acknowledged by the Company's Board of Directors as having shareholding ratios of more than 20% of the corresponding shares, as well as parties the Company's Board of Directors deems to correspond thereto. However, this shall not be applied to such parties for whom the Company's Board of Directors deems the acquisition or holding of the Company's shares does not run counter to the Company's corporate value and the common interests of its shareholders and who are otherwise so specified by the Company's Board of Directors in the Resolution for the Gratis Issue of Subscription Rights.

[12] Parties who make a public announcement to the effect that they will purchase (as defined in Article 27-2, Paragraph 1 of the Financial Products Exchange Law; this definition shall be applied to the following) shares (as defined in Article 27-2, Paragraph 1 of the Financial Products Exchange Law; this definition shall be applied to the following) issued by the Company through public tender offer, where the possession (including cases specified in Article 7, Paragraph 1 of the Financial Products Exchange Law Enforcement Order pursuant to this) of such shares by said party following such purchase would, combined with the shareholding of specially related parties, total to a shareholding ratio of over 20%, as well as parties the Company's Board of Directors deems to correspond thereto. However, this shall not be applied to such parties for whom the Company's Board of Directors deems the acquisition or holding of the Company's shares does not run counter to the Company's corporate value and the common interests of its shareholders, and who are otherwise so specified by the Company's Board of Directors in the Resolution for the Gratis Issue of Subscription Rights.

[13] Related parties are those who exert practical control over a given party, who are controlled by said party, who are together with said party controlled by another (including parties the Company's Board of Directors deems

above (1) to (5). Details of conditions applicable to the exercise of Subscription Rights shall be defined in the Resolution for the Gratis Issue of Subscription Rights.

8. Subscription Rights Acquisition by the Company
The Company can acquire Subscription Rights on a date separately set up by the Company's Board of Directors, and issue the Applicable Share Number of common shares per Subscription Right in exchange. However, Ineligible Parties are not to be issued common shares nor provided any money or economic benefit as consideration. Details of conditions for the acquisition of Subscription Rights shall be separately determined by the Resolution for Gratis Issue of Subscription Rights.

9. Gratis Issue of Subscription Rights with Regard to the Exercise of Countermeasures
In cases where the Company's Board of Directors ceases the exercise of countermeasures and other instances determined by the Resolution for the Gratis Issue of Subscription Rights, the Company can acquire all of the Subscription Rights in gratis.

10. Exercise Period of Subscription Rights and Other Matters
The exercise period and other necessary matters pertaining to Subscription Rights shall be determined separately by the Company's Board of Directors' Resolution for the Gratis Issue of Subscription Rights.

(4) Effective Period, Abolishment and Revision of the Plan

The effective period of the Plan shall extend through the end of the regular shareholders' meeting planned to be held in March 2021 should the Regular Shareholder Meeting grant approval of the matter.

If it is resolved to revise or abolish the Plan at the Company's shareholders' meeting prior to the expiration of such effective period, however, the Plan shall be revised or abolished at that point in accordance with the relevant resolution. In addition, if the Company's Board of Directors appointed by a shareholders' meeting resolves to abolish the Plan, the Plan shall be abolished at that point (see Supplementary Explanation 1 (6)).

Furthermore, with the Corporate Governance Committee's approval, the Board of Directors may revise the Plan within the scope deemed rationally necessary due to possible revisions in the Corporation Law, Financial Products Exchange Law, other laws and regulations and/or stock market rules, changes in the interpretation and application of those laws and rules, and/or changes in taxation systems and judicial rulings.

With regard to the abolishment or revision of the Plan (if any), the Company will disclose information regarding relevant facts pertaining to the abolishment or revision (not including such minor revisions as word changes due to the amendment of laws), details of such revision and other items that the Board of Directors deems appropriate to disclose.

<u>Supplementary Explanation 1</u>

Reasonability of the Plan

(1) Fulfillment of the Requirements set out in the Guidelines regarding the Anti-Takeover Measures

The Plan fulfills the three principles (namely, ensuring and/or increasing corporate value and stakeholder profits; practicing prior disclosure and seeking stakeholders consent; and ensuring necessity and suitability) of the "Ensuring and/or Increasing Corporate

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to correspond thereto), or who the Company's Board of Directors deems to effectively act in concert with said party. "Control" means "control of decisions related to the financial and business policies" of another company (defined in Article 3, Paragraph 3 of the Financial Products Exchange Law Enforcement Order).

Value and Stakeholder Profits: Takeover Defense Guidelines" jointly announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The Plan is also based on the "Takeover Defense Measures in Light of Recent Environmental Changes" announced on June 30, 2008, by the Corporate Value Study Group.

(2) Being Introduced with the Purpose of Securing and Improving Corporate Value and the Common Interests of Shareholders

As described in 3. (1) of Item 4, above, the Plan shall be introduced for the purpose of securing and improving corporate value and the common interests of shareholders. This shall be carried out in a manner that enables the Company to negotiate with the Purchaser on behalf of shareholders by ensuring that the necessary information is provided and an adequate amount of time allowed for shareholders to come to a decision about whether the Company should accept or reject the Purchase or for the Board of Directors to offer a substitute plan for such Purchase to the Purchaser.

(3) Respecting Shareholders' Wishes

The Plan requires direct confirmation of the shareholders' position for or against the exercise of countermeasures against the Purchase except in cases where the Purchaser conducts the Purchase without following the procedures stipulated in the Plan and the Corporate Governance Committee has recommended the exercise or nonexercise of countermeasures.

The Company resolved at its Board of Directors' meeting that decisions regarding the Plan must also be approved at the Regular Shareholders' Meeting. As mentioned in 3. (4) of Item 4, above, should any resolution be passed regarding the revision or abolishment of the Plan by the Company's shareholders' meeting even after the approval at the Regular Shareholders' Meeting, the Plan shall be revised or abolished accordingly. In this light, shareholders' wishes will be fully reflected with regard to the introduction and abolishment of the Plan.

(4) Respecting Decisions of the Independent Committee and Information Disclosure

Upon the introduction of the Plan, the Company established the Corporate Governance Committee. This move was made to eliminate any possibility of the Board of Directors' making an arbitrary decision regarding the exercise of countermeasures against the Purchase as well as to secure objectivity and reasonability with regard to judgments and responses on the part of the Board of Directors.

Appointed by the Company's Board of Directors, the Corporate Governance Committee shall consist of members chosen from among the Company's external corporate directors and external corporate auditors, who are independent from the Company's top management.

In addition, the Company shall disclose information as required to shareholders and investors regarding the overview of the Corporate Governance Committee's judgment. By doing so, the Company will ensure operational transparency with regard to the application of the Plan to the benefit of Lion's corporate value and the common interests of shareholders.

(5) Ensuring the Rational and Objective Execution of the Plan

As described in 3. (2) of Item 4, above, the Plan ensures the prevention of the Company's Board of Directors arbitrarily exercising the Plan and thus will not be exercised unless rational and objective conditions have been met.

(6) No Dead-Hand or Slow-Hand Features among the Anti-Takeover Measures

As described in 3. (4) of Item 4, above, the Plan may be abolished at any time by the Board of Directors whose members were appointed by the Company's shareholders' meeting. Therefore, the Plan is not a measure against takeover where the triggering of the anti-takeover measures cannot be stopped even if the majority of the Board of Directors is replaced.

In addition, the term of office for directors is currently one year. Thus, the Plan is not a slow-hand measure against takeover (where it takes time to stop the triggering of anti-takeover measures and the Board of Directors' members cannot be replaced during that time).

Supplementary Explanation 1

Impact on Shareholders and Investors

(1) Impact on Shareholders and Investors upon the Continuation of the Plan

Subscription Rights will not be issued upon the continuation of the Plan. Therefore, the Plan will not exert a directly specific impact on the legal rights and economic benefits related to the Company's shares held by shareholders when continued.

As described in 3. (2) of Item 4, above, the Company's response to the relevant Purchase may vary depending on whether or not the Purchaser complies with the Plan's stipulations. Accordingly, the Company would like shareholders and investors to closely monitor any potential Purchaser's actions. If the Company sees the Purchaser taking any action that would impact shareholders and investors, the Company shall immediately disclose such information.

(2) Impact on Shareholders and Investors upon the Gratis Issue of Subscription Rights

If the Board of Directors decides to exercise countermeasures and implements a gratis issue of Subscription Rights, shareholders who are listed on the Company's shareholders' register as of the allocation date separately set up, shall receive up to two Subscription Rights per share held in gratis. The Company does not assume that legal rights and economic benefits related to the Company's shares held by shareholders will not be impacted in case of the gratis issue of Subscription Rights; given the system's characteristics, the entire economic value of the Company's shares will be diluted despite the per-share economic value of the Company's shares owned by shareholders.

Nevertheless, the Purchaser's legal rights or economic benefits may be impacted by the exercise of such countermeasures.

If the Board of Directors decides to cancel countermeasures or cease the exercise of countermeasures in accordance with 3. (2) (viii) of Item 4, above even after its decision to issue Subscription Rights in gratis, the Company's share prices might be affected. For instance, if the Company ceases the exercise of countermeasures and does not issue new shares through Subscription Rights in gratis after confirming which shareholders will receive gratis Subscription Rights, the per-share economic value of the Company's shares owned by shareholders will not be diluted. Therefore, please note that shareholders and investors who sell and purchase on the assumption of the possible occurrence of dilution in per-share economic value may be impacted by stock price fluctuations.

Furthermore, the Purchaser's legal rights and economic benefits may be impacted upon the exercise or acquisition of Subscription Rights when conditions change. Even in such cases, the Company does not assume that legal rights and economic benefits related to shares held by shareholders other than the Purchaser will be directly impacted.

(3) Procedure for the Gratis Allocation of Subscription Rights to Shareholders

Shareholders who are listed on the latest shareholders' register as of the date of gratis allocation of Subscription Rights are not required to go through any procedure to apply for Subscription Rights as they will be automatically eligible for such Subscription Rights on

the effective date of the gratis allocation of relevant Subscription Rights.

When shareholders other than the Purchaser go through procedures in accordance with conditions that the Company has applied for the acquisition of Subscription Rights, they are not required to pay the exercise costs for Subscription Rights as they shall receive Company shares in compensation for the Company's acquisition of subscription rights.

Other details, including procedural methods for the allocation and exercise of Subscription Rights as well as for the acquisition of Subscription Rights by the Company, shall be disclosed by Lion in an appropriate and timely manner once a resolution is passed at the board of Directors' meeting regarding the gratis issue of Subscription Rights. Please note the relevant disclosure or announcement that will be released in accordance with relevant laws as well as stock market rules.

Reference Materials

Overview of the Corporate Governance Committee Rules

1. The Corporate Governance Committee shall be established by a resolution of Lion's Board of Directors for the purpose of eliminating the ability of Board of Directors' for arbitrary decision making regarding the exercise of countermeasures against large-scale acquisitions of the Company's shares while ensuring the objectivity and reasonability of the Board of Directors' decisions and responses.

2. The Corporate Governance Committee shall comprise more than three members selected and appointed from among the Company's external corporate directors and external corporate auditors based on a resolution passed by the Board of Directors.

3. The Corporate Governance Committee members' term of office shall be equal to that of relevant directors and corporate auditors.

4. A Corporate Governance Committee meeting shall be convened by the Chair of the Board of Directors in accordance with a resolution passed by the Board of Directors. The Chair of the Corporate Governance Committee shall be appointed through mutual voting among Corporate Governance Committee members.

5. Resolutions made at Corporate Governance Committee meetings shall be passed by majority votes involving the majority of members.

6. Corporate Governance Committee shall pass resolutions on the following items after deliberation and furnish recommendations backed by reasoned details of such resolutions to the Board of Directors.

   (1) Pros and cons of the exercise of countermeasures related to the Plan
   (2) Cancellation of countermeasures related to the Plan or cessation of the exercise of countermeasures
   (3) Revisions to the Plan
   (4) Other matters regarding the Plan upon which the Board of Directors requests the Corporate Governance Committee to provide advice

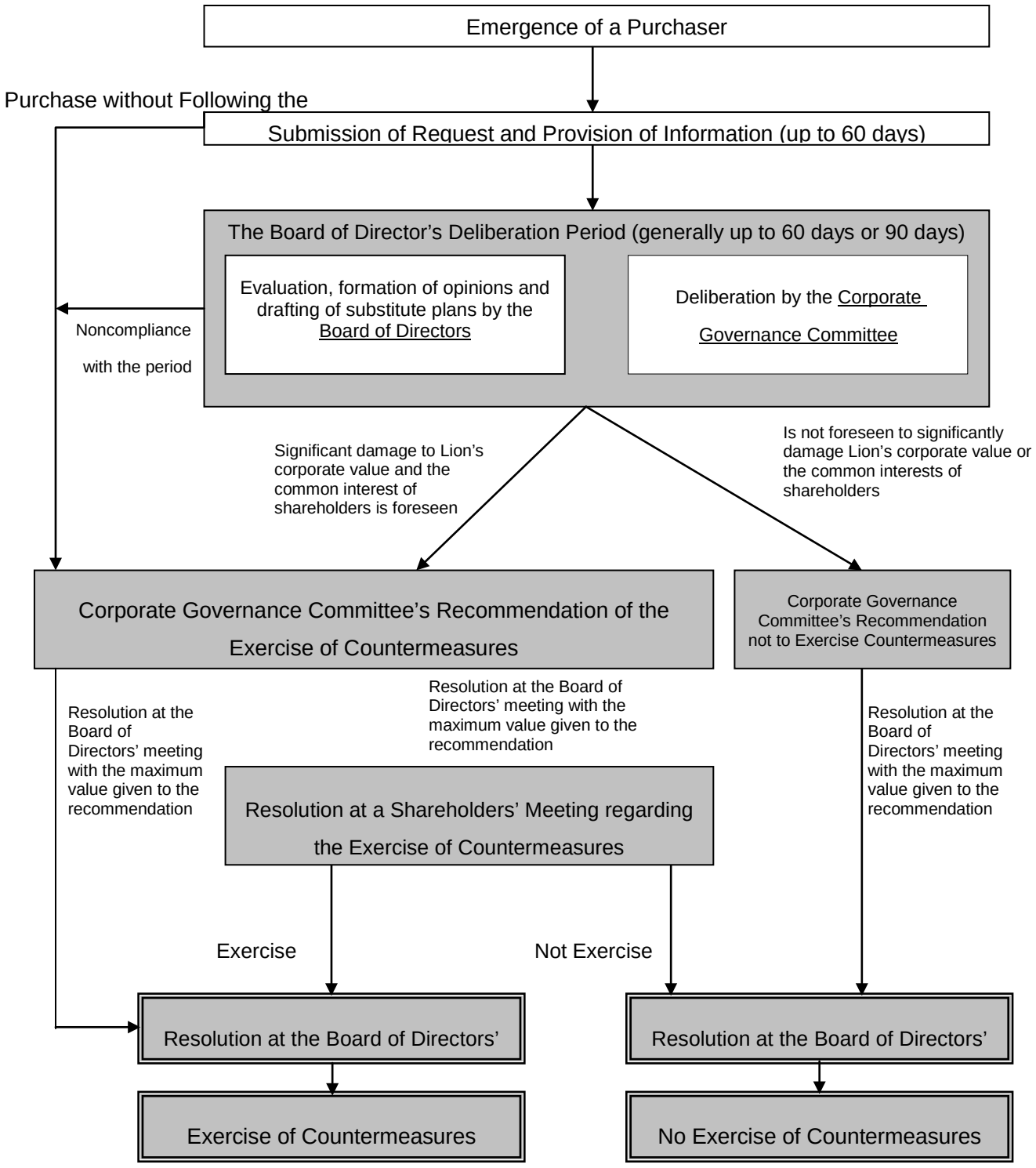
   With regard to its deliberations and resolutions on each item above, the Corporate Governance Committee shall carefully collect information and documents about the Purchaser and details of the purchase offer and cautiously examine the matter from a neutral and fair viewpoint.

7. With regard to the collection of information and documents about the Purchaser and details of purchase offer, the Corporate Governance Committee can request the Company president to collect the information and documents required and to forward them to the Corporate Governance Committee. The Company president shall make every effort to cooperate with the Corporate Governance Committee for the collection of information and documents.

8. The Corporate Governance Committee may consult with investment banks, securities companies, lawyers and other outside specialists at the Company's expenses.

Reference

Flow of Procedures for the Plan



* This chart is intended to provide an easy-to-understand overview of the Plan. Please refer to the main text for details.

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 website designated by the Company (https://evote.tr.mufg.jp/) 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 28, 2018, please vote as early as possible, and contact the Help Desk (see page 38 with any questions.

2. How to Exercise Voting Rights via the Internet

(1) At the website for exercising voting rights (https://evote.tr.mufg.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.