

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
---

Securities Code: 4922

June 10, 2016

To Our Shareholders:

3-6-2 Nihonbashi, Chuo-ku, Tokyo  
**KOSÉ Corporation**  
Kazutoshi Kobayashi  
Representative Director and President

## **Notice of the 74th Annual General Meeting of Shareholders**

First and foremost, we at KOSÉ Corporation would like to express our deepest sympathies to all those who have been affected by the 2016 Kumamoto Earthquake. We hope that recovery will proceed quickly.

You are cordially invited to attend the 74th Annual General Meeting of Shareholders of KOSÉ Corporation (the “Company”), which will be held as indicated below.

**If you are unable to attend the Meeting in person, you may exercise your voting rights either of the following ways. Please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights no later than 5:30 p.m. on Tuesday, June 28, 2016 (JST).**

### **[Exercise of voting rights by postal mail]**

Please indicate your approval or disapproval to each proposal on the enclosed voting card, and return it so that it will be received by us no later than the above date and time.

### **[Exercise of voting rights via the Internet, etc.]**

Please read the “Instructions for Exercise of Voting Rights via the Internet, etc.” on page 7 and access the website (<http://www.it-soukai.com>) designated by the Company, follow the instructions on the screen, and indicate your approval or disapproval no later than the above date and time.

If you exercise your voting rights both by postal mail and via the Internet, only the vote placed via the Internet will be treated as valid.

If you exercised your voting rights more than once via the Internet, the last exercise shall be deemed to be valid.

## Meeting Details

**1. Date and Time:** Wednesday, June 29, 2016, at 10:00 a.m. (Reception starts at 9:00 a.m.)

**2. Venue:** Daigo, B2 floor, Sheraton Miyako Hotel Tokyo  
1-1-50 Shirokanedai, Minato-ku, Tokyo

**3. Purpose of the Meeting**

**Matters to be reported**

1. The Business Report and the Consolidated Financial Statements for the 74th fiscal year (from April 1, 2015 to March 31, 2016), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 74th fiscal year (from April 1, 2015 to March 31, 2016)

**Matters to be resolved**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Election of Five (5) Directors

**Proposal No. 3:** Election of One (1) Audit & Supervisory Board Member

- 
- For those attending the meeting, please bring this notice to the meeting and present the enclosed voting card at the reception desk on arrival at the meeting.
  - Any corrections in the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements will be posted on the Company's website on the Internet.

Company's website: <http://www.kose.co.jp/company/ja/ir/stock/meeting/> (in Japanese only)

## Reference Documents for General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

Concerning profit distribution, the Company maintains a basic policy to pay stable dividends. The Company will work on the return of profit to its shareholders while giving considerations to securing sufficient internal reserves for future business expansion, the financial position, the progress of business performance, dividend payout ratio, and other factors. In addition to an ordinary dividend based on the above policy, the Company decided to pay a commemorative dividend to celebrate KOSÉ's 70th anniversary of the foundation on March 2016 and to thank shareholders, and proposes the appropriation of surplus as follows:

#### Year-end dividends

##### (1) Type of dividend property

Cash

##### (2) Allotment of dividend property and their aggregate amount

¥57 per common stock of the Company (ordinary dividend: ¥47; commemorative dividend: ¥10)

The total dividends will be ¥3,251,524,872.

As the Company has already paid an interim dividend of ¥37 per share on December 10, 2015, the annual dividend will be ¥94 per share.

##### (3) Effective date of dividends of surplus

June 30, 2016

## Proposal No. 2: Election of Five (5) Directors

The terms of office of Directors Kazutoshi Kobayashi, Takao Kobayashi, Yusuke Kobayashi and Iwao Toigawa will expire at the conclusion of this meeting. Therefore, the Company proposes to elect five (5) Directors, increasing the number of Directors by one (1) to further enhance the management system.

The candidates for Director are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility in the Company	Number of the Company's Shares Owned (thousand shares)
1	Kazutoshi Kobayashi (August 8, 1962) <u>Reelection</u>	<p>Apr. 1986    Joined the Company</p> <p>Mar. 1991    Director of the Company</p> <p>Mar. 1995    Executive Director of the Company</p> <p>Jun. 2004    Representative Director and Vice President of the Company</p> <p>Jun. 2007    Representative Director and President of the Company (present)</p> <p>(Significant Concurrent Positions Outside the Company) Representative Director and President of KOSÉ SALES CO., LTD. Director of ALBION Co., Ltd.</p> <p>(Reasons for Nomination as Candidate for Director) Mr. Kazutoshi Kobayashi has been engaged in the management as a Director of the Company for many years. He has worked on the management reforms as Representative Director since 2004 and as Representative Director and President since 2007, and has played an important role in business expansion and growth in earnings throughout the group. Thus the Company recommends his reappointment as a Director.</p>	7,294
2	Takao Kobayashi (April 6, 1965) <u>Reelection</u>	<p>Apr. 1993    Joined the Company</p> <p>Jun. 1998    Director of the Company</p> <p>Jun. 2013    Executive Director of the Company</p> <p>Jun. 2014    Senior Executive Director of the Company (present)</p> <p>(Significant Concurrent Positions Outside the Company) Representative Director and President of KOSÉ COSMEPORT CORP.</p> <p>(Reasons for Nomination as Candidate for Director) Mr. Takao Kobayashi has advanced knowledge in overall aspects of the management. He has promoted business expansion as Representative Director and President of KOSÉ COSMEPORT CORP. since 2006 and currently contributes to the management throughout the group as Senior Executive Director of the Company. Thus the Company recommends his reappointment as a Director.</p>	7,240
3	Yusuke Kobayashi (December 24, 1970) <u>Reelection</u>	<p>Apr. 2000    Joined ALBION Co., Ltd.</p> <p>Sep. 2005    Executive Officer of ALBION Co., Ltd.</p> <p>Sep. 2006    Director of ALBION Co., Ltd. (present)</p> <p>Jun. 2014    Director of the Company (present)</p> <p>(Significant Concurrent Positions Outside the Company) Director, General Manager of Global Business Div. and Administrative Div. of ALBION Co., Ltd. Representative Director of ALBION Cosmetics (America), Inc.</p> <p>(Reasons for Nomination as Candidate for Director) Mr. Yusuke Kobayashi has abundant experience in the fields of international business as well as advanced knowledge in overall aspects of the corporate management. He has achieved strengthening functions of the Board of Directors by utilizing his extensive knowledge and experience for the management of the Company. Thus the Company recommends his reappointment as a Director.</p>	513

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility in the Company	Number of the Company's Shares Owned (thousand shares)
4	Iwao Toigawa (August 22, 1953) <div>Reelection</div> <div>Outside</div> <div>Independent Director</div>	<div> Apr. 1991 Registered as an attorney at law  Jul. 2001 Established Toigawa Law Office  May 2006 Established Hibiya T&amp;Y Law Office (present)  Jun. 2014 Director of the Company (present) </div> <div>(Significant Concurrent Positions Outside the Company)</div> <div> Attorney at law of Hibiya T&amp;Y Law Office  Outside Director of Toyo Sugar Refining Co., Ltd.  Outside Director of NIHON NOHYAKU CO., LTD.  Outside Audit &amp; Supervisory Board Member of Tohto Suisan Co., Ltd. </div> <div>(Reasons for Nomination as Candidate for Outside Director)</div> <div>Mr. Iwao Toigawa has advanced expertise as an attorney at law and abundant knowledge in the corporate management. He fulfills his responsibility to supervise management by providing advice and guidance regarding management of the Company from an independent and objective viewpoint. Thus the Company recommends his reappointment as an Outside Director. Although he has never been involved in the management of a company except as an Outside Director or Outside Audit &amp; Supervisory Board Member, the Company judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.</div>	—
5	Hideto Hokao (January 27, 1958) <div>New election</div>	<div> Apr. 1980 Joined the Company  Mar. 2004 General Manager of Advertising Dept. of the Company  Mar. 2007 General Manager of Planning Dept. of the Company  Mar. 2009 General Manager of Strategic Brands Div. of the Company  Mar. 2011 General Manager of Consumer Brands Div. of the Company (present)  Mar. 2013 Executive Officer of the Company (present) </div> <div>(Significant Concurrent Positions Outside the Company)</div> <div>None</div> <div>(Reasons for Nomination as Candidate for Director)</div> <div>Mr. Hideto Hokao held various posts such as advertising department and planning department related to the branding of the Company. He steadily promotes business expansion and globalization of brands, such as Sekkisei, as Executive Officer and General Manager of Consumer Brands Division currently. Thus the Company recommends his appointment as a new Director.</div>	4

[Special notes regarding candidates for Director]

- Mr. Yusuke Kobayashi, a candidate for Director, is the Representative Director of ALBION Cosmetics (America), Inc., which has a competitive relationship with the Company.
- There is no special interest between any other candidates for Director and the Company.
- Mr. Iwao Toigawa is a candidate for Outside Director and special notes regarding the candidate for Outside Director are as follows.
  - Tenure as Outside Director of the Company  
His tenure as Outside Director will have been two years at the conclusion of this meeting.
  - Limited liability agreement with the candidate for Outside Director  
Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Iwao Toigawa to limit his liability for damages under Article 423, paragraph 1 of the Companies Act. Pursuant to this agreement, the defined maximum amount of liability for damages is the minimum liability amount provided for by Article 425, paragraph 1 of the Companies Act. If the reelection of Mr. Iwao Toigawa is approved, the Company plans to renew this agreement with him.
- The Company has submitted notification to the Tokyo Stock Exchange, Inc. that Mr. Iwao Toigawa satisfies the requirements for an independent director as provided for by the aforementioned exchange. If the reelection of Mr. Iwao Toigawa is approved, the Company plans to submit notification concerning his appointment as an independent director to continue.

**Proposal No. 3: Election of One (1) Audit & Supervisory Board Member**

The term of office of Audit & Supervisory Board Member Mr. Masanori Odakura will expire at the conclusion of this meeting. Therefore, the Company proposes to elect one (1) Audit & Supervisory Board Member. The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of Birth)	Career Summary and Position in the Company	Number of the Company's Shares Owned (thousand shares)
Nobuo Iwafuchi (February 28, 1953)  <div>New election</div> <div>Outside</div> <div>Independent Auditor</div>	Aug. 1981 Registered as a certified public accountant Jul. 1997 Representative Partner of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Jul. 2014 Established Certified Public Accountant Nobuo Iwafuchi Office (present)	—
	(Significant Concurrent Positions Outside the Company) Certified public accountant of Certified Public Accountant Nobuo Iwafuchi Office Full-time Outside Audit & Supervisory Board Member of Business Brain Showa-Ota Inc. Outside Audit & Supervisory Board Member of Willplus Holdings Co., Ltd.	
	(Reasons for Nomination as Candidate for Outside Audit & Supervisory Board Member) Mr. Nobuo Iwafuchi has abundant experience in audit accumulated over many years as a certified public accountant and professional knowledge concerning finance and accounting. Thus the Company would like him to carry out the audit based on his experience and knowledge, and recommends his appointment as Outside Audit & Supervisory Board Member. Although he has never been involved in the management of a company except as an Outside Director or Outside Audit & Supervisory Board Member, the Company judges he will appropriately fulfill his duties as an Outside Audit & Supervisory Board Member based on the above reasons.	

[Special notes regarding candidates for Audit & Supervisory Board Member]

1. There is no special interest between the candidate for Audit & Supervisory Board Member and the Company.
2. Limited liability agreement with the candidate for Outside Audit & Supervisory Board Member  
 Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with Mr. Nobuo Iwafuchi to limit his liability for damages under Article 423, paragraph 1 of the Companies Act. Pursuant to this agreement, the defined maximum amount of liability for damages is the minimum liability amount provided for by Article 425, paragraph 1 of the Companies Act.
3. Mr. Nobuo Iwafuchi satisfies the requirements for an independent auditor as provided for by Tokyo Stock Exchange, Inc., and the Company plans to submit notification to the aforementioned exchange concerning his appointment as an independent auditor if his election is approved.

## **Instructions for Exercise of Voting Rights via the Internet, etc.**

### **1. Exercise of voting rights via the Internet**

- (1) Instead of exercising your voting rights in writing, you may exercise your voting rights by accessing the “Exercise of Voting Rights Website” (refer to the URL below) designated by the Company from your computer. To use this website, you need to log in with the “Code for Exercising Voting Rights” and the “Password” printed on the right-hand side of the enclosed voting card and enter information in accordance with the instructions on the screen. For security reasons, it is necessary for you to change your password when you log in for the first time.

<a href="http://www.it-soukai.com">http://www.it-soukai.com</a> (in Japanese only)
--

- (2) The voting deadline is 5:30 p.m. on Tuesday, June 28, 2016 (JST).
- (3) If you exercise your voting rights both in writing and via the Internet, only the vote placed via the Internet will be treated as valid. If you exercise your voting rights via the Internet more than once, the last exercise shall be deemed to be valid.
- (4) Your password (including the password after you have changed it) shall be effective only for this meeting.
- (5) You shall bear your own expenses for connection to the Internet.

#### **(Notes)**

- Using the password is a method to identify each person as a qualified shareholder. Please note that the Company does not make any inquiries regarding your password.
- If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the instruction on the screen.
- Please note that you cannot exercise your voting rights via the Internet by a mobile phone.
- You may have some problems exercising your voting rights with smart phones as they are not guaranteed to operate normally.
- Although operational checks have been carried out for the Exercise of Voting Rights Website for common Internet connection equipment, there is a possibility that you may be unable to use the site due to the equipment you are using.

### **2. For your inquiries**

If you have any inquiries, please contact the Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd., which is the Company’s shareholder registry administrator, as shown below.

- (1) Inquiries regarding operation of the Exercise of Voting Rights Website, etc.:  
Toll free: 0120-768-524 (9 a.m. to 9 p.m. on weekdays, only in Japan)
- (2) Inquiries regarding share procedures other than the above:  
Toll free: 0120-288-324 (9 a.m. to 5 p.m. on weekdays, only in Japan)

### **3. Platform for exercising voting rights**

Institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc., provided that an application to use the platform has been submitted beforehand.