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(Stock Exchange Code 4516)  
June 2018

**To Shareholders with Voting Rights:**

Shigenobu Maekawa  
President  
Nippon Shinyaku Co., Ltd.  
14, Nishinosho-Monguchi-cho,  
Kisshoin, Minami-ku, Kyoto, Japan

**NOTICE OF  
THE 155TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 155th Annual General Meeting of Shareholders of Nippon Shinyaku Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights either by mail or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it by 5:30 p.m. on Wednesday, June 27, 2018, Japan time, or access the website for exercising voting rights (<https://evote.tr.evot.jp/>) and input your vote for or against the proposal.

**1. Date and Time:** Thursday, June 28, 2018 at 10:00 a.m. Japan time

**2. Place:** Head office of Nippon Shinyaku Co., Ltd. located at  
14, Nishinosho-Monguchi-cho, Kisshoin, Minami-ku, Kyoto, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 155th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 155th Fiscal Year (April 1, 2017 - March 31, 2018)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of 10 Directors

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Should the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<http://www.nippon-shinyaku.co.jp/>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

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

Our policy on reasonable returning profits to shareholders is to issue dividends linked to earnings and maintain a consolidated payout ratio of around 30%. Also, by increasing EPS (basic earnings per share), we aim to increase dividend per share.

Under our basic policy to maximize corporate value, the Company strives to further strengthen its business foundations by bolstering R&D to expand the pipeline for product development, while taking balance between retaining earnings to enable it to make investments necessary to maintain a corporate position to withstand increasingly competitive conditions and returning profits.

Based on the above policy, the year-end dividend for the fiscal year is proposed as follows:

- (1) Type of Dividend:  
Cash
- (2) Items relating to the allocation of dividend assets to shareholders and its total amount:  
¥26 per share of common stock of the Company  
Total amount: ¥1,751,226,152  
Together with the interim dividend of ¥26 per share, the annual dividend will be ¥52 per share.
- (3) Effective Date of Distribution of Retained Earnings:  
Friday, June 29, 2018

**Proposal 2:** Election of 10 Directors

The terms of office of all 10 Directors, including 3 External Directors, will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 10 Directors, including 3 External Directors, is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held  Attendance at Board of Directors' meetings
1	Shigenobu Maekawa (January 18, 1953)	<p>April 1976      Joined the Company</p> <p>March 1992      Transfer to The Japan Federation of Economic Organizations</p> <p>April 2002      Department Manager, Corporate Planning Department, Corporate Strategy Office</p> <p>April 2004      Corporate Officer</p> <p>June 2005      Director, Corporate Planning, Accounting &amp; Financing, and Information systems, and Department Manager, Corporate Planning Department</p> <p>June 2006      Managing Director</p> <p>April 2007      Managing Director, Corporate Planning, Accounting &amp; Financing, and Information systems</p> <p>June 2007      President (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1976, Mr. Shigenobu Maekawa assumed positions including Department Manager, Corporate Planning Department from 2002, Director in charge of corporate planning, accounting &amp; financing, and information systems from 2005, Managing Director from 2006, and President (current position) from 2007. The Company nominates him for Director as he has a wealth of experience and broad insight as a business manager and he has been fully demonstrating leadership as a member of the management team of the Company.</p>	<p>51,400</p> <p>13/13 meetings 100%</p>
2	Akira Matsuura (March 1, 1953)	<p>April 1988      Joined the Company</p> <p>April 2004      Department Manager, Chemical Research Department, Discovery Research Labs., Research &amp; Development Division</p> <p>April 2007      Department Manager, Discovery Research Labs., Medicine Development Center, Research &amp; Development Division</p> <p>April 2008      Corporate Officer; General Manager, Discovery Research Labs., Research &amp; Development Division</p> <p>June 2010      Director, Research and Development; Head of Research &amp; Development Division (current position)</p> <p>June 2016      Managing Director (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1988, Dr. Akira Matsuura assumed positions including Department Manager, Chemical Research Department, Discovery Research Laboratories from 2004, Department Manager, Discovery Research Labs., Medicine Development Center from 2007, General Manager, Discovery Research Labs., Research &amp; Development Division from 2008, Director in charge of research and development (current position) from 2010, and Managing Director (current position) from 2016. The Company nominates him for Director as he has a wealth of business experience in research and development and broad insight into such field.</p>	<p>12,500</p> <p>13/13 meetings 100%</p>

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held  Attendance at Board of Directors' meetings
3	Hitoshi Saito (August 25, 1955)	<p>April 1978      Joined the Company</p> <p>July 2005      Department Manager, Sourcing and Purchasing Department, Manufacturing Management and Material Procurement Center</p> <p>April 2008      Department Manager, R&amp;D Planning Department, R&amp;D Administration Division, Research &amp; Development Division</p> <p>April 2010      Corporate Officer; General Manager, R&amp;D Administration Division, Research &amp; Development Division</p> <p>June 2014      Director, Resource Procurement, production and Assurance (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1978, Mr. Hitoshi Saito assumed positions including Department Manager, Sourcing and Purchasing Department, Manufacturing Management and Material Procurement Center from 2005, Department Manager, R&amp;D Planning Department from 2008, and Director in charge of resource procurement, production and assurance (current position) from 2014. The Company nominates him for Director as he has a wealth of business experience in supply chain and reliability assurance and broad insight into such field.</p>	<p>5,100</p> <p>13/13 meetings 100%</p>
4	Kenro Kobayashi (May 26, 1958)	<p>April 1982      Joined the Company</p> <p>April 2007      General Manager, Kyoto Branch Office, Sales and Marketing Division</p> <p>April 2010      Corporate Officer; General Manager, Nagoya Branch Office, Sales Promotion Administration Division, Sales and Marketing Division</p> <p>April 2013      Corporate Officer; General Manager, Kinki and Tokai Regional Administration Division, Sales and Marketing Division</p> <p>April 2015      Corporate Officer; Deputy Head of Functional Food Division</p> <p>June 2015      Director, Functional Food; Head of Functional Food Division (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1982, Mr. Kenro Kobayashi assumed positions including General Manager of Kyoto Branch Office from 2007, General Manager of Nagoya Branch Office from 2010, General Manager of Kinki and Tokai Regional Administration Division from 2013, and Director in charge of functional food (current position) from 2015. The Company nominates him for Director as he is effectively utilizing his wealth of business experience in sales division of medical products and broad insight into functional food division.</p>	<p>4,800</p> <p>13/13 meetings 100%</p>

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held  Attendance at Board of Directors' meetings
5	Shouzou Sano (July 14, 1960)	<p>April 1984      Joined the Company</p> <p>April 2008      General Manager, Saitama Branch Office, Sales and Marketing Division</p> <p>April 2010      Corporate Officer; General Manager, Osaka Branch Office, Sales and Marketing Division</p> <p>April 2013      Corporate Officer; General Manager, Tokyo Area Administration Division, Sales and Marketing Division</p> <p>April 2015      Corporate Officer; Head of Sales and Marketing Division</p> <p>June 2015      Director, Sales and Marketing; Head of Sales and Marketing Division (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1984, Mr. Shouzou Sano assumed positions including General Manager of Saitama Branch Office from 2008, General Manager of Osaka Branch Office from 2010, General Manager of Tokyo Area Administration Division from 2013, Director in charge of sales and marketing (current position) from 2015. The Company nominates him for Director as he has a wealth of business experience in sales division of medical products and broad insight into such field.</p>	<p>5,800</p> <p>13/13 meetings 100%</p>
6	<p><b>New candidate</b></p> <p>Takashi Takaya (November 13, 1960)</p>	<p>April 1984      Joined the Company</p> <p>April 2005      Department Manager, Marketing Department, Sales and Marketing Division</p> <p>April 2009      Department Manager, Marketing Department, Sales and Marketing Planning Division, Sales and Marketing Division</p> <p>April 2010      Department Manager, Marketing and Planning Department, Sales and Marketing Planning Division, Sales and Marketing Division</p> <p>April 2011      General Manager, Sales and Marketing Planning Division, Sales and Marketing Division</p> <p>April 2012      Corporate Officer; General Manager, Sales and Marketing Planning Division, Sales and Marketing Division (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1984, Mr. Takashi Takaya assumed positions including Manager, Business Planning Section, Management Information Department, Tokyo Branch Office from 1999, Manager, Corporate Strategy Department from 2001, Manager, Planning Section, Marketing and Planning Department from 2003, Department Manager, Marketing Department from 2005, Department Manager, Marketing and Planning Department from 2010 and General Manager, Sales and Marketing Planning Division from 2011. The Company nominates him for Director as he has a wealth of business experience and broad insight into such field.</p>	<p>3,900</p>

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held  Attendance at Board of Directors' meetings
7	New candidate	April 1989      Joined the Company August 2011      Department Manager, Corporate Planning Department April 2013      Corporate Officer; Department Manager, Corporate Planning Department (current position)	3,300
	Takanori Edamitsu (August 8, 1963)	[Reasons for the nomination for Director] After joining the Company in 1989, Mr. Takanori Edamitsu assumed positions including Manager, Corporate Planning Section, Corporate Planning Department from 2005 and Department Manager, Corporate Planning Department from 2011. The Company nominates him for Director as he has a wealth of experience in corporate planning and broad insight into such field.	
8	Candidate for External Director	January 1988      Professor, Institute for Chemical Research, Kyoto University March 1998      Guest professor of Pharmaceutical Department, The University of Manchester	1,400  13/13 meetings 100%
	Candidate for Independent Director	April 1998      Director, Institute for Chemical Research, Kyoto University April 2005      Emeritus professor, Kyoto University (current position) April 2005      President, The Pharmaceutical Society of Japan April 2007      Specially appointed professor, Faculty of Pharmaceutical Sciences, Doshisha Women's College of Liberal Arts June 2013      External Director (current position)	
	Yukio Sugiura (February 3, 1942)	[Service period as External Director of the Company] He will have served as External Director for five years at the conclusion of this General Meeting of Shareholders.	
		[Significant concurrent position] None  [Reasons for the nomination for External Director] The Company nominates Dr. Yukio Sugiura for External Director as he is offering advice to the management of the Company from a practical perspective based on his expertise and insight from an independent standpoint as a pharmacologist.	

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held  Attendance at Board of Directors' meetings
9	Candidate for External Director	April 1985 Registered with Kyoto Bar Association	
		December 1989 Joined Inoue Sakata Law Office	
	Candidate for Independent Director	July 1995 Partner, Oike Law Office (current position)	
		April 1998 Deputy Chairman, Kyoto Bar Association	
		February 2010 Guest researcher of Faculty of Law, University of Cambridge	
		April 2011 Professor of Doshisha Law School, Graduate School of Doshisha University	
		June 2013 External Director (current position)	
		June 2016 Outside Audit & Supervisory Board Member of KYOCERA Corporation (current position)	
	Hitoshi Sakata (January 22, 1953)	<p>[Service period as External Director of the Company] He will have served as External Director for five years at the conclusion of this General Meeting of Shareholders.</p> <p>[Significant concurrent positions] Partner, Oike Law Office Outside Audit &amp; Supervisory Board Member of KYOCERA Corporation</p> <p>[Reasons for the nomination for External Director] The Company nominates Mr. Hitoshi Sakata for External Director as he is offering advice to the management of the Company from a practical perspective based on his expertise and insight from an independent standpoint as a lawyer.</p>	<p>1,400</p> <p>13/13 meetings 100%</p>
10	Candidate for External Director	April 1992 Completed training program at Legal Training and Research Institute	
		April 1992 Registered with Osaka Bar Association	
	Candidate for Independent Director	April 1992 Joined Nishimura Law and Accounting Office	
		May 2003 Partner, Hanamizuki Law Office (current position)	
		March 2015 Auditor, Nissay Life Foundation (current position)	
		April 2016 Auditor, Osaka University (current position)	
		June 2017 External Director (current position)	
	Miyuki Sakurai (December 15, 1964)	<p>[Service period as External Director of the Company] She will have served as External Director for one year at the conclusion of this General Meeting of Shareholders.</p> <p>[Significant concurrent positions] Partner, Hanamizuki Law Office</p> <p>[Reasons for the nomination for External Director] The Company nominates Ms. Miyuki Sakurai for External Director, as she is offering advice to the management of the Company from a practical perspective based on her expertise and insight from an independent standpoint as a lawyer.</p>	<p>0</p> <p>10/11 meetings 90.9%</p>

(Notes)

- There are no special interests between each candidate and the Company.
- The Company stipulates Criteria of Independence\* for Independent Outside Officers. (The Company's website "Basic policies on corporate governance" ([http://www.nippon-shinyaku.co.jp/company\\_profile/pdf/governance\\_policy1512.pdf](http://www.nippon-shinyaku.co.jp/company_profile/pdf/governance_policy1512.pdf))). All candidates for External Director in this proposal meet the criteria. Other matters concerning the candidates for External Director are as follows:
  - Concerning the liability prescribed in the Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Dr. Yukio Sugiura, Mr. Hitoshi Sakata and Ms. Miyuki Sakurai to limit maximum amount of their liability to be the amount set forth as minimum liability in Article 425, Paragraph 1 of the same Act.
  - The Company has designated Dr. Yukio Sugiura, Mr. Hitoshi Sakata and Ms. Miyuki Sakurai as independent directors stipulated by Tokyo Stock Exchange and reported such designation to the Exchange. If the reelection of all of these candidates is approved and resolved, they will continue to serve as independent directors.



\* Criteria for judgment of independence

Outside executives (External Directors and External Audit & Supervisory Board Members) and other candidates that do not come under any of the following categories shall be considered by the Company to have an adequate degree of independence.

- (1) Current or past executive officers of the Company (including subsidiaries; likewise hereafter)
- (2) Major trading partners of the Company, or their executive officers
- (3) Parties for which the Company is a major transaction partner, or their executive officers
- (4) Consultants, accountancy specialists or legal experts (in the case of corporations, associations and other groups, those who belong to such groups) who receive large sums of money or other assets from the Company in forms other than executive compensation
- (5) Major shareholders of the Company or their executive officers
- (6) Parties who receive significant monetary donations from the Company (in the case of corporations, associations and other groups, executive officers of such groups)
- (7) Any close relative(s) of those specified in (1) to (6) who is a significant party

\* Notes

- (1) - (6) “Executive officers” above refers to executive directors, executive corporate officers or any other individuals or employees with equivalent status
- (2) “Major trading partners of the Company” refers to any trading partner who has accounted for more than 2% of consolidated sales of the Company by transaction amount over the most recent business year
- (3) “Parties for which the Company is a major transaction partner” refers to any trading partner for which the Company is deemed important; that is, the Company has accounted for more than 2% of its consolidated sales by transaction amount over the most recent business year
- (4) and (6) “Large sums” refers to sums in excess of ¥10 million or exceeding 2% of consolidated sales or total revenues of the party in question
- (5) “Major shareholders of the Company” means shareholders holding at least 10% of the total voting rights
- (7) “Significant party” means executive officers of general manager grade or higher, and “close relatives” refers to spouse or family members in second degree