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(Securities Code 4521)  
June 7, 2016

**To Our Shareholders:**

Tetsuo Onuma  
President and Representative Director  
KAKEN PHARMACEUTICAL CO., LTD.  
28-8, Honkomagome 2-chome, Bunkyo-ku,  
Tokyo, Japan

## **NOTICE OF CONVOCATION**

### **THE 96<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 96<sup>th</sup> Ordinary General Meeting of Shareholders of KAKEN PHARMACEUTICAL CO., LTD. (the “Company”) (the “Meeting”). 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 in writing by submitting the Voting Right Exercise Form by mail. Please review the Reference Documents for the Meeting (described hereinafter), and cast your vote by 5:30 p.m. on Tuesday, June 28, 2016 Japan time.

- 1. Date and Time:** Wednesday, June 29, 2016 at 10:00 a.m. Japan time
- 2. Place:** Conference room, 19th Floor, Bunkyo Green Court, Center Office,  
28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company’s 96<sup>th</sup> Fiscal Year (April 1, 2015 - March 31, 2016) and Reports by the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
    2. Non-Consolidated Financial Statements for the Company’s 96<sup>th</sup> Fiscal Year (April 1, 2015 - March 31, 2016)
  - Proposals to be resolved:**
    - Proposal No. 1:** Appropriation of Surplus
    - Proposal No. 2:** Election of Eight Directors
    - Proposal No. 3:** Payment of Bonuses to Directors

**4. Other matters with regard to convocation of the Meeting:**

- (1) Of the documents to be provided in connection with this Notice, “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” have been provided to shareholders on the Company’s website (<http://www.kaken.co.jp/>) over the Internet, based on the provisions of the relevant laws and Article 20 of the Company’s Articles of Incorporation, hence no disclosure in this Notice.

- (2) If you cannot attend the Meeting, you can delegate the exercise of your voting rights to one other shareholder of the Company, as a proxy, who also owns voting rights. In this case, you are requested to submit a written power of attorney to the Company.

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Notes: 1. If you will attend the Meeting, please present your Voting Rights Exercise Form at the front desk when you arrive at the venue.  
2. Subsequent amendments to the Reference Documents for the Meeting and the attached documents (if any) will be listed on the Company's website. (<http://www.kaken.co.jp/>).

## **Reference Documents for the Meeting**

### **Proposals and References**

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

Considering the financial results and future business development and others, the Company proposes to pay the following as the year-end dividend for the fiscal year 2015:

(1) Type of dividend assets

Cash

(2) Appropriation of dividend property to shareholders and total amount

¥78 per share of common stock (of which, an ordinary dividend of ¥68 and a commemorative dividend of ¥10 to celebrate the launch of Clenafin), for a total of 3,229,656,144 yen

(3) Effective date of distribution of surplus

June 30, 2016

**Proposal No. 2: Election of Eight Directors**

All six Directors of the Company will complete their term of office at the closing of the Meeting.

Accordingly, with the aim of ensuring transparency of management and further enhancing corporate governance, and with the intent of strengthening the Marketing & Sales structure, the Company proposes increasing the number of Directors by two persons, including one Outside Director, hence the election of eight Directors (including two Outside Directors).

The candidates for Director are as follows.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions		Number of shares of the Company held
1	Tetsuo Onuma (November 30, 1950)	April 1974	Joined the Company	11,800 shares
		April 2002	General Manager of Marketing Planning & Coordination Department of the Company	
		July 2004	Corporate Officer, General Manager of Marketing Planning & Coordination Department of the Company	
		June 2005	Director, General Manager of Marketing Planning & Coordination Department of the Company	
		April 2007	Director, Chief Officer of Marketing & Sales Division of the Company	
		June 2007	Managing Director, Chief Officer of Marketing & Sales Division of the Company	
		June 2011	President and Representative Director of the Company (to present)	
	[Reasons for selection as candidate for Director] As Mr. Tetsuo Onuma has a wealth of operational experience from marketing sections since joining the Company, and subsequent to appointment as President and Representative Director of the Company in 2011, has achievements as an executive, the Company has judged him to be suitable to continue serving as Director of the Company, and selected him as a candidate for Director.			
2	Hirokazu Konishi (October 7, 1953)	April 1977	Joined the Company	6,400 Shares
		April 2003	General Manager of Sapporo Branch of the Company	
		April 2005	General Manager of Tokyo Branch II of the Company	
		April 2007	General Manager of Marketing Planning & Coordination Department of the Company	
		June 2009	Director, General Manager of Marketing Planning & Coordination Department of the Company	
		June 2011	Managing Director, Chief Officer of Marketing & Sales Division of the Company (to present)	
	[Reasons for selection as candidate for Director] As Mr. Hirokazu Konishi has a wealth of operational experience from marketing sections since joining the Company, and subsequent to appointment as Chief Officer of Marketing & Sales Division of the Company in 2011, has achievements as the person responsible for the marketing & sales section, the Company has judged him to be suitable to continue serving as Director of the Company, and selected him as a candidate for Director.			

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions		Number of shares of the Company held
3	Kazuki Sekitani (May 20, 1956)	April 1980 August 2001 January 2004 October 2007 January 2009	Joined Toho Mutual Life Insurance Company Corporate Officer, GE Edison Life Insurance Company Corporate Officer, Sun Microsystems Co., Ltd. Senior Corporate Officer, GE Commercial Finance, Ltd. President and Representative Director, MetLife Direct Co., Ltd.	800 shares
		October 2011 October 2012 June 2013 June 2014 June 2015	Corporate Officer, General Manager of Corporate Strategy Division, EPS Corporation Director, Managing Officer, EPS Corporation Director of the Company Director of the Company (in charge of Research and Development Division) Managing Director of the Company (in charge of Research and Development Division) (to present)	
[Reasons for selection as candidate for Director] As Mr. Kazuki Sekitani has a wealth of experience and achievements serving at numerous companies, and subsequent to being appointed as Director of the Company in charge of Research and Development Division in 2014, has achievements as the person responsible for the research and development section, the Company has judged him to be suitable to continue serving as Director of the Company, and selected him as a candidate for Director.				
4	Atsushi Takaoka (June 28, 1955)  New Candidate	April 1978 June 2003	Joined The Norinchukin Bank General Manager, Securities Operation Division of The Norinchukin Bank	0 shares
		July 2004 June 2005 June 2007 June 2010 June 2014	Deputy General Manager, Osaka Branch of The Norinchukin Bank General Manager of JA Bank System Management Division, The Norinchukin Bank Managing Director, The Norinchukin Bank Full-Time Audit & Supervisory Board Member, Nihon Unisys, Ltd. Advisor of Okasan Securities Co., Ltd. (to present)	
[Reasons for selection as candidate for Director] As Mr. Atsushi Takaoka has a wealth of experience and achievements serving at financial institutions, the Company believes that he can use his wide insights fostered in these duties in the business execution of the Company, and the Company has judged him to be suitable to serve as Director of the Company, and selected him as a candidate for Director.				
5	Fumihiro Watanabe (May 14, 1960)  New Candidate	April 1984 April 2000 April 2007	Joined Toho Mutual Life Insurance Company Joined the Company General Manager of Accounting & Finance Department of the Company	1,700 shares
		April 2013 July 2013 April 2016	General Manager of General Affairs Department of the Company Corporate Officer, General Manager of General Affairs Department of the Company Corporate Officer (in charge of Corporate Planning & Coordination Department and Legal Affairs & Intellectual Property) (to present)	
[Reasons for selection as candidate for Director] As Mr. Fumihiro Watanabe has a wealth of operational experience from accounting and finance sections since joining the Company, and serving as General Manager of Accounting & Finance Department and General Manager of General Affairs Department from 2007 onward, he has achievements in finance and IR, etc., the Company has judged him to be suitable to serve as Director of the Company, and selected him as a candidate for Director.				

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions		Number of shares of the Company held
6	Hiroyuki Horiuchi (March 21, 1962)	April 1984 October 2010	Joined the Company General Manager of Hiroshima Branch (currently General Manager of Chugoku and Shikoku Branch) of the Company	2,000 shares
	New Candidate	April 2014 July 2015	General Manager of Osaka Branch of the Company Corporate Officer, General Manager of Osaka Branch of the Company	
		April 2016	Corporate Officer, General Manager of Marketing & Sales Department of the Company (to present)	
[Reasons for selection as candidate for Director] As Mr. Hiroyuki Horiuchi has a wealth of operational experience from sales sections since joining the Company, and serving as General Manager of Hiroshima Branch (currently General Manager of Chugoku and Shikoku Branch) and General Manager of Osaka Branch from 2010 onward, he has achievements as a General Manager of branches, the Company has judged him to be suitable to serve as Director of the Company, and selected him as a candidate for Director.				
7	Eiki Enomoto (May 22, 1969)	April 1999	Registered as attorney at law (Dai-ichi Tokyo Bar Association)	100 shares
	Outside Director	June 2005 August 2009	Outside Auditor, ZENRIN CO., LTD. Established Ishii and Enomoto Law Office Partner, Ishii and Enomoto Law Office (current position)	
	Independent Director/Corporate Auditor	April 2014 June 2014	Auditor, Dai-ichi Tokyo Bar Association Director of the Company (to present)	
[Reasons for selection as candidate for Outside Director] The Company has judged that Mr. Eiki Enomoto can utilize his experience and professional expertise through engaging in corporate legal work as an attorney at law in the management of the Company, and has continued to select him as a candidate for Outside Director.				
8	Yoshio Tanabe (March 24, 1955)	April 1978 October 1989 October 1993	Joined Ministry of Foreign Affairs of Japan Joined McKinsey Japan Joined Otsuka Pharmaceutical Co., Ltd. (Board director status)	0 shares
	New Candidate	June 2001 March 2008	Operating Officer, Otsuka Pharmaceutical Co., Ltd. Senior Managing Executive Officer, TOKUHON Corporation	
	Outside Director	June 2008 April 2009	Senior Managing Director, TOKUHON Corporation President and Representative Director, TOKUHON Corporation	
	Independent Director/Corporate Auditor	June 2013 June 2014 September 2014	Advisor, TOKUHON Corporation Retired TOKUHON Corporation Partner, KIZASHI Corporation (current position) (to present)	
		[Significant concurrent positions] Partner, KIZASHI Corporation		
[Reasons for selection as candidate for Outside Director] As Mr. Yoshio Tanabe has experience, achievements, and insights from being involved in management at the Ministry of Foreign Affairs and numerous companies, the Company has judged that he can utilize these in the management of the Company, and has selected him as a candidate for Outside Director.				

Notes: 1. No material conflict of interest exists between the Company and the above candidates for Director.

2. Candidates for Director, Mr. Eiki Enomoto and Mr. Yoshio Tanabe, are candidates for Outside Director.

3. The Company has designated Mr. Eiki Enomoto as an Independent Director/Corporate Auditor under the provisions of Tokyo Stock Exchange and submitted him to Tokyo Stock Exchange. Additionally, if his reelection is approved, the Company will continue to have him serve as Independent Director/Corporate Auditor. Additionally, Mr. Yoshio Tanabe is also scheduled to be designated an Independent Director/Corporate Auditor and will be submitted to Tokyo Stock Exchange.

4. Although Mr. Eiki Enomoto does not have any experience in getting involved in corporate management other than by means of serving as an outside officer, the Company considers that he

can properly carry out his duties as Outside Director due his experience and professional expertise through engaging in corporate legal work as an attorney at law. Mr. Eiki Enomoto's term of office as Outside Director will reach two years at the closing of the Meeting.

5. The Company has entered into an agreement with Mr. Eiki Enomoto to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the said Act, to the minimum amount provided by laws and regulations. If Mr. Eiki Enomoto is reappointed at the Meeting, the Company will continue the agreement with him. Additionally, if the election of Mr. Yoshio Tanabe is approved, the Company plans to enter into an agreement to limit his liability for damages identical to the agreement mentioned above.

**Proposal No. 3: Payment of Bonuses to Directors**

The Company proposes that bonuses amounting to ¥124,200,000 be paid to the five Directors who were in office as Directors as of the end of the fiscal year under review, excluding the Outside Director, based on the Company's past payment records and results of earnings during the fiscal year under review and other factors. It is also proposed that amount of the bonus to each Director be decided at a meeting of the Board of Directors.