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(Stock Exchange Code 4516)  
June 7, 2017

**To Shareholders with Voting Rights:**

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

## **NOTICE OF THE 154TH 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 154th 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 28, 2017, Japan time, or access the website for exercising voting rights (<http://www.evotep.jp/>) and input your vote for or against the proposal.

**1. Date and Time:** Thursday, June 29, 2017 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 154th Fiscal Year (April 1, 2016 - March 31, 2017) 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 154th Fiscal Year (April 1, 2016 - March 31, 2017)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Partial Amendments to the Articles of Incorporation  
**Proposal 3:** Election of 10 Directors  
**Proposal 4:** Revision of Amount of Remuneration to 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:  
¥30 per share of common stock of the Company  
Total amount: ¥2,020,712,280  
Together with the interim dividend of ¥18 per share, the annual dividend will be ¥48 per share.
- (3) Effective Date of Distribution of Retained Earnings:  
Friday, June 30, 2017

**Proposal 2:** Partial Amendments to the Articles of Incorporation

1. Reason for the proposal

In line with the expansion and globalization of business and with the intent of further strengthening and enriching the management structure, the Company proposes removing the upper limit on the number of Directors and Audit & Supervisory Board Members, and at the same time, placing a lower limit of three persons on both.

2. The content of the revision

The content of the revision is as follows:

(Amended parts are underlined.)

Current	Proposed amendments
<p>Chapter 4. Directors and Board of Directors (Number of Directors) Article 21. The <u>maximum</u> number of Directors of the Company shall be <u>ten (10)</u>.</p> <p>Chapter 5. Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board (Number of Audit &amp; Supervisory Board Members) Article 31. The <u>maximum</u> number of Audit &amp; Supervisory Board Members of the Company shall be <u>five (5)</u>.</p>	<p>Chapter 4. Directors and Board of Directors (Number of Directors) Article 21. The number of Directors of the Company shall be <u>three (3) or more</u>.</p> <p>Chapter 5. Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board (Number of Audit &amp; Supervisory Board Members) Article 31. The number of Audit &amp; Supervisory Board Members of the Company shall be <u>three (3) or more</u>.</p>

**Proposal 3:** Election of 10 Directors

The terms of office of all 9 Directors, including 2 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, an addition of 1 External Director, is proposed to further strengthen the management structure.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, significant concurrent positions and reasons for the nomination for Directors	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      General Manager, Corporate Planning Dept., Corporate Strategy Office</p> <p>April 2004      Corporate Officer</p> <p>June 2005      Director</p> <p>June 2005      Director, Corporate Planning, Accounting &amp; Financing, and Information systems, and General Manager, Corporate Planning Dept.</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 General Manager, Corporate Planning Dept. 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>51,000</p> <p>14/14 meetings 100%</p>
2	Tsugio Tanaka (March 23, 1953)	<p>April 1980      Joined the Company</p> <p>April 2006      General Manager, Business Strategy Department</p> <p>July 2007      General Manager, International Business Department</p> <p>March 2008      General Manager, Manufacturing Management and Material Procurement Center; General Manager, International Department</p> <p>April 2008      General Manager, Manufacturing Management and Resource Procurement Department</p> <p>June 2008      Director</p> <p>June 2008      Director, Resource Procurement, Production and Assurance</p> <p>June 2014      Managing Director (current position)</p> <p>June 2014      Managing Director, Business Management (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1980, Mr. Tsugio Tanaka assumed positions including General Manager, Business Strategy Department from 2006, General Manager, International Business Department from 2007, Director in charge of Resource Procurement, Production and Assurance from 2008, and Managing Director in charge of Business Management (current position) from 2014. The Company nominates him for Director as he has a wealth of business experience and broad insight into overall management.</p>	<p>30,000</p> <p>14/14 meetings 100%</p>

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, significant concurrent positions and reasons for the nomination for Directors	Number of shares of the Company held  Attendance at Board of Directors' meetings
3	Akira Matsuura (March 1, 1953)	<p>April 1988      Joined the Company</p> <p>April 2004      General Manager, Chemical Research Department, Discovery Research Labs., Research &amp; Development Division</p> <p>April 2007      General 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</p> <p>June 2010      Director, Research and Development; General Manager, Research &amp; Development Div. (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 General Manager, Chemical Research Department, Discovery Research Laboratories from 2004, General 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 from 2016 (current position). 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>12,100</p> <p>14/14 meetings 100%</p>
4	Yoshiro Yura (April 2, 1952)	<p>April 1977      Joined the Company</p> <p>March 1994      Transfer to The Japan Federation of Economic Organizations</p> <p>April 2003      General Manager, Corporate Communications Department</p> <p>April 2007      General Manager, Personnel Department</p> <p>June 2008      Director (current position)</p> <p>June 2008      Director, CSR and management administration (current position)</p> <p>[Reasons for the nomination for Director] After joining the Company in 1977, Mr. Yoshiro Yura assumed positions including General Manager of Public Relations Department from 2003, General Manager of Human Resources Department from 2007 and Director in charge of CSR and management administration (current position) from 2008. The Company nominates him for Director as he has a wealth of business experience in CSR and management administration and broad insight into such field.</p>	<p>22,400</p> <p>14/14 meetings 100%</p>
5	Hitoshi Saito (August 25, 1955)	<p>April 1978      Joined the Company</p> <p>July 2005      General Manager, Purchasing Department, Manufacturing Management and Material Procurement Center</p> <p>April 2008      General Manager, R&amp;D Planning Department, R&amp;D Planning Administration Department, Research &amp; Development Division</p> <p>April 2010      Corporate Officer; General Manager, R&amp;D Planning Administration Department, Research &amp; Development Division</p> <p>June 2014      Director (current position)</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 General Manager, Procurement Department, Production Control and Material Procurement Center from 2005, General Manager, R&amp;D Planning Department from 2008, and Director in charge of supply chain and reliability 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>4,700</p> <p>14/14 meetings 100%</p>

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, significant concurrent positions and reasons for the nomination for Directors	Number of shares of the Company held  Attendance at Board of Directors' meetings
6	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 Department, Sales and Marketing Division</p> <p>April 2013      Corporate Officer; General Manager, Kinki and Tokai Regional Administration Department, Sales and Marketing Division</p> <p>April 2015      Corporate Officer; Deputy Head of Functional Food Company</p> <p>June 2015      Director (current position)</p> <p>June 2015      Director, Functional Food; Head of Functional Food Company (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 Department 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>4,500</p> <p>14/14 meetings 100%</p>
7	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 Department, Sales and Marketing Division</p> <p>April 2015      Corporate Officer; Head, Sales and Marketing Division</p> <p>June 2015      Director (current position)</p> <p>June 2015      Director, Sales and Marketing; General Manager, Sales and Marketing Div. (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 Department 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>5,500</p> <p>14/14 meetings 100%</p>

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, significant concurrent positions and reasons for the nomination for Directors	Number of shares of the Company held  Attendance at Board of Directors' meetings
8	<p>Candidate for External Director</p> <p>Candidate for Independent Director</p> <p>Yukio Sugiura (February 3, 1942)</p>	<p>January 1988      Professor, Institute for Chemical Research, Kyoto University</p> <p>March 1998      Guest professor of Pharmaceutical Department, The University of Manchester</p> <p>April 1998      Director, Institute for Chemical Research, Kyoto University</p> <p>April 2005      Emeritus professor, Kyoto University (current position)</p> <p>April 2005      President, The Pharmaceutical Society of Japan</p> <p>April 2007      Specially appointed professor, Faculty of Pharmaceutical Sciences, Doshisha Women's College of Liberal Arts</p> <p>June 2013      External Director (current position)</p> <p>[Service period as External Director of the Company] He will have served as External Director for four years at the conclusion of this General Meeting of Shareholders.</p> <p>[Significant concurrent position] None</p> <p>[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.</p>	<p>1,200</p> <p>14/14 meetings 100%</p>
9	<p>Candidate for External Director</p> <p>Candidate for Independent Director</p> <p>Hitoshi Sakata (January 22, 1953)</p>	<p>April 1985      Registered with Kyoto Bar Association</p> <p>December 1989      Joined Inoue Sakata Law Office</p> <p>July 1995      Partner, Oike Law Office (current position)</p> <p>April 1998      Deputy Chairman, Kyoto Bar Association</p> <p>February 2010      Guest researcher of Faculty of Law, University of Cambridge</p> <p>April 2011      Professor of Doshisha Law School, Graduate School of Doshisha University</p> <p>June 2013      External Director (current position)</p> <p>June 2016      Outside Audit &amp; Supervisory Board Member of KYOCERA Corporation (current position)</p> <p>[Service period as External Director of the Company] He will have served as External Director for four 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>1,200</p> <p>14/14 meetings 100%</p>



No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, significant concurrent positions and reasons for the nomination for Directors	Number of shares of the Company held
10	<p>New candidate</p> <p>Candidate for External Director</p> <p>Candidate for Independent Director</p> <p>Miyuki Sakurai (December 15, 1964)</p>	<p>April 1992      Completed training program at Legal Training and Research Institute</p> <p>April 1992      Registered with Osaka Bar Association</p> <p>April 1992      Joined Nishimura Law and Accounting Office</p> <p>May 2003      Partner, Hanamizuki Law Office (current position)</p> <p>March 2015    Auditor, Nissay Life Foundation (current position)</p> <p>April 2016      Auditor, Osaka University (current position)</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 the Company has judged that she is capable of 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>	0

(Notes)

1. There are no special interests between each candidate and the Company.
2. 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:
  - (1) 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 and Mr. Hitoshi Sakata 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. Furthermore, if the appointment of Ms. Miyuki Sakurai is approved, the Company plans to enter into an identical agreement to limit the maximum amount of her liability.
  - (2) The Company has designated Dr. Yukio Sugiura and Mr. Hitoshi Sakata as independent directors stipulated by Tokyo Stock Exchange and reported such designation to the Exchange. If the reelection of both candidates is approved and resolved, they will continue to serve as independent directors. Additionally, if the appointment of Ms. Miyuki Sakurai is approved, the Company will also designate her as an independent director and report to the Exchange to that effect.

\* 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

**Proposal 4:** Revision of Amount of Remuneration to Directors

The maximum total amount of remuneration to Directors of the Company was approved by a resolution of the 143rd Annual General Meeting of Shareholders held on June 29, 2006 to be “¥400 million annually,” and has been unchanged to the present. Taking into consideration various factors, such as the increase in the number of Directors with special titles and External Directors for strengthening our business execution system, we propose the revision of the maximum amount of remuneration to Directors to be “¥600 million annually.”

Currently, the number of Directors of the Company is 9 (including 2 External Directors), and should Proposal 3 be approved as originally proposed, the number of Directors will be 10 (including 3 External Directors).