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(Securities Code 4521)
June 11, 2019

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 99th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 99th 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 right through the methods described below. Please review the Reference Documents for the Meeting (described hereinafter) and exercise your voting right by 5:30 p.m. on Wednesday, June 26, 2019 (Japan standard time).

[Exercising voting rights in writing]

Please indicate your approval or disapproval for the proposals on the enclosed Voting Rights Exercise Form and return it to the Company so that it is received by the deadline above.

[Exercising voting rights via the Internet]

Please confirm “Exercising Voting Rights via the Internet” on pages 3 and 4 (Japanese version only) and follow the on-screen instructions to enter your approval or disapproval for the proposals by the deadline above.

If voting rights are exercised both in writing and via the Internet, the last vote arriving at the Company shall be treated as the valid exercise of voting rights. If both arrive on the same day, the vote submitted via the Internet shall be treated as the valid exercise of voting rights.

If voting rights are exercised via the Internet more than once, the final vote submitted shall be treated as the valid exercise of voting rights.

- 1. Date and Time:** Thursday, June 27, 2019 at 10:00 a.m. (Japan standard time) (reception begins at 9:00 a.m.)
- 2. Place:** Ueno TOH-TEN-KOH, 3rd Floor, “Ho-oh-no-ma”
4-1, Ikenohata 1-chome, Taito-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters for Reporting:**
1. Report on Business Operations, Consolidated Financial Statements, and the audit reports by the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements for the Company’s 99th Fiscal Year (April 1, 2018 - March 31, 2019)
 2. Non-Consolidated Financial Statements for the Company’s 99th Fiscal Year (April 1, 2018 - March 31, 2019)
- Matters for Resolution:**
- Proposal No. 1:** Approval for the Appropriation of Surplus
- Proposal No. 2:** Election of Eight Directors
- Proposal No. 3:** Election of Three Corporate Auditors
- Proposal No. 4:** Election of One Substitute Corporate Auditor
- Proposal No. 5:** Introduction of Performance-Linked Stock Compensation Plan for Directors
- Proposal No. 6:** Grant 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, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Non-Consolidated Statements of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements have been provided to shareholders on the Company’s website (<http://www.kaken.co.jp/>), 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) As to exercising your voting right by proxy, it can only be entrusted to one shareholder of the Company who also holds a voting right. In this case, you are requested to submit a written power of attorney to the Company.

Notes: 1. If you attend the Meeting, please present the enclosed Voting Right Exercise Form at the reception desk at the Meeting.

2. Subsequent amendments to the Reference Documents for the Meeting and the enclosed documents (if any) will be posted on the Company’s website (<http://www.kaken.co.jp/>).

Reference Documents for the Meeting

Proposals and References

Proposal No. 1: Approval for the Appropriation of Surplus

Considering the financial results, future business development, and other factors, the Company proposes to pay the following as the year-end dividend for the fiscal year 2018:

(1) Form of dividends

Cash

(2) Allocation of dividends to shareholders and total amount of allocation

¥75 per common share

Total amount of ¥2,978,847,150

(3) Effective date of distribution of surplus for dividends

June 28, 2019

Proposal No. 2: Election of Eight Directors

The term of all seven Directors of the Company will expire at the closing of the Meeting.

Accordingly, the Company proposes the election of eight Directors (including three Outside Directors) with the addition of one Outside Director to ensure transparency in management and further strengthen corporate governance.

The candidates for Director are as follows:

No.	Name		Positions and Responsibilities at the Company	Attendance at the Board of Directors' Meetings
1	Tetsuo Onuma	Reappointment	President and Representative Director	100% (17/17 meetings)
2	Hiroyuki Horiuchi	Reappointment	Managing Director, Chief Officer of Marketing & Sales Division	100% (17/17 meetings)
3	Atsushi Takaoka	Reappointment	Managing Director, in charge of Accounting & Finance Department and Agrochemicals & Animal Health Products Division	100% (17/17 meetings)
4	Fumihiro Watanabe	Reappointment	Director, in charge of Corporate Planning & Coordination Department, Legal Affairs & Intellectual Property Department, Information System Department, and Drug information & Marketing Supervision Department	100% (17/17 meetings)
5	Chikara Ieda	Reappointment	Director, Chief Officer of R&D Division	100% (17/17 meetings)
6	Eiki Enomoto	Reappointment Outside Independent	Outside Director	100% (17/17 meetings)
7	Yoshio Tanabe	Reappointment Outside Independent	Outside Director	100% (17/17 meetings)
8	Kiyoko Kamibeppu	New Candidate Outside Independent	-	-

No.	Name (Date of Birth)	Career Summary, Present Position, and Responsibilities		Number of Shares of the Company Held
1	Tetsuo Onuma (November 30, 1950) Reappointment	April 1974	Joined the Company	13,600 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] Mr. Tetsuo Onuma has extensive experience in marketing sections, and has demonstrated achievements as an executive after appointment as President and Representative Director of the Company in 2011. Thus, the Company has determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.		
2	Hiroyuki Horiuchi (March 21, 1962) Reappointment	April 1984	Joined the Company	3,500 shares
		October 2010	General Manager of Hiroshima Branch of the Company	
		April 2014	General Manager of Osaka Branch of the Company	
		July 2015	Corporate Officer, General Manager of Osaka Branch of the Company	
		April 2016	Corporate Officer, General Manager of Marketing & Sales Department of the Company	
		June 2016	Director, General Manager of Marketing & Sales Department of the Company	
		April 2017	Director, Chief Officer of Marketing & Sales Division of the Company	
		June 2018	Managing Director, Chief Officer of Marketing & Sales Division of the Company (to present)	
[Reasons for selection as candidate for Director] Mr. Hiroyuki Horiuchi has extensive experience in marketing sections, and has demonstrated achievements as the person responsible for the marketing & sales section after appointment as Chief Officer of Marketing & Sales Division of the Company in 2017. Thus, the Company has determined 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, Present Position, and Responsibilities		Number of Shares of the Company Held
3	Atsushi Takaoka (June 28, 1955) Reappointment	April 1978	Joined The Norinchukin Bank	1,000 shares
		June 2003	General Manager, Securities Operation Division of The Norinchukin Bank	
July 2004	Deputy General Manager, Osaka Branch of The Norinchukin Bank			
June 2005	General Manager of JA Bank System Management Division, The Norinchukin Bank			
June 2007	Managing Director, The Norinchukin Bank			
June 2010	Full-Time Audit & Supervisory Board Member, Nihon Unisys, Ltd.			
June 2014	Advisor of Okasan Securities Co., Ltd.			
June 2016	Managing Director of the Company (in charge of Accounting & Finance Department, Purchasing Department, and Agrochemical & Animal Health Products Division)			
August 2016	Managing Director, General Manager of Purchasing Department of the Company (in charge of Accounting & Finance Department, Purchasing Department, and Agrochemical & Animal Health Products Division)			
October 2016	Managing Director of the Company (in charge of Accounting & Finance Department and Agrochemical & Animal Health Products Division)			
April 2019	Managing Director of the Company (in charge of Accounting & Finance Department and Agrochemicals & Animal Health Products Division) (to present)			
[Reasons for selection as candidate for Director] Mr. Atsushi Takaoka has extensive 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 determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.				
4	Fumihiro Watanabe (May 14, 1960) Reappointment	April 1984	Joined Toho Mutual Life Insurance Company	2,800 shares
		April 2000	Joined the Company	
April 2007	General Manager of Accounting & Finance Department of the Company			
April 2013	General Manager of General Affairs Department of the Company			
July 2013	Corporate Officer, General Manager of General Affairs Department of the Company			
April 2016	Corporate Officer of the Company			
June 2016	Director of the Company (in charge of Corporate Planning & Coordination Department, Legal Affairs & Intellectual Property Department, and Information System Department)			
May 2019	Director of the Company (in charge of Corporate Planning & Coordination Department, Legal Affairs & Intellectual Property Department, Information System Department, and Drug information & Marketing Supervision Department) (to present)			
[Reasons for selection as candidate for Director] Mr. Fumihiro Watanabe has extensive experience in accounting and finance sections, and he has demonstrated achievements in the area of finance and IR, etc. serving as General Manager of Accounting & Finance Department and General Manager of General Affairs Department since 2007. Thus, the Company has determined 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, Present Position, and Responsibilities		Number of Shares of the Company Held
5	Chikara Ieda (January 6, 1961) Reappointment	April 1984	Joined the Company	3,100 shares
		April 2009	General Manager of Clinical Development Department of the Company	
		April 2014	General Manager of R&D Strategic Planning Department of the Company	
		January 2015	General Manager of Project Management and Licensing Department of the Company	
		July 2016	Corporate Officer, General Manager of Project Management and Licensing Department of the Company	
		October 2016	Corporate Officer, Chief Officer of R&D Division, and General Manager of Project Management and Licensing Department of the Company	
		April 2017	Corporate Officer, Chief Officer of R&D Division of the Company	
		June 2017	Director, Chief Officer of R&D Division of the Company (to present)	
	[Reasons for selection as candidate for Director] Mr. Chikara Ieda has extensive experience in the R&D Division, and has demonstrated achievements as the person responsible for the R&D Division after assuming the position of Chief Officer of R&D Division. Thus, the Company has determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.			
6	Eiki Enomoto (May 22, 1969) Reappointment Outside Director Independent Director	April 1999	Registered as attorney at law (Dai-ichi Tokyo Bar Association)	400 shares
		June 2005	Outside Auditor, ZENRIN CO., LTD.	
		August 2009	Established Ishii & Enomoto Law Office Partner, Ishii & Enomoto Law Office	
		April 2014	Auditor, Dai-ichi Tokyo Bar Association	
		June 2014	Director of the Company (current position)	
		April 2018	Professor, The Legal Training and Research Institute, The Supreme Court of Japan (current position)	
		January 2019	Established Enomoto & Fujimoto Law Office Partner, Enomoto & Fujimoto Law Office (current position) (to present)	
		[Significant concurrent positions] Partner, Enomoto & Fujimoto Law Office Professor, The Legal Training and Research Institute, The Supreme Court of Japan		
	[Reasons for selection as candidate for Outside Director] The Company has determined that Mr. Eiki Enomoto can utilize his experience and professional expertise he gained 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.			

No.	Name (Date of Birth)	Career Summary, Present Position, and Responsibilities		Number of Shares of the Company Held
7	Yoshio Tanabe (March 24, 1955) Reappointment Outside Director Independent Director	April 1978 Joined Ministry of Foreign Affairs of Japan October 1989 Joined McKinsey & Company, Inc., Japan October 1993 Joined Otsuka Pharmaceutical Co., Ltd. (Board Director status) June 2001 Operating Officer, Otsuka Pharmaceutical Co., Ltd. March 2008 Senior Managing Executive Officer, TOKUHON Corporation June 2008 Senior Managing Director, TOKUHON Corporation April 2009 President and Representative Director, TOKUHON Corporation June 2013 Advisor, TOKUHON Corporation June 2014 Retired TOKUHON Corporation September 2014 Partner, KIZASHI Corporation (current position) June 2016 Director of the Company (current position) September 2017 Representative Director of Medical Opinion Co., Ltd. (current position) (to present) [Significant concurrent positions] Partner, KIZASHI Corporation Representative Director of Medical Opinion Co., Ltd.		1,000 shares
[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 determined that he can utilize these in the management of the Company and has continued to select him as a candidate for Outside Director.				
8	Kiyoko Kamibeppu (April 12, 1955) New Candidate Outside Director Independent Director	April 2001 Assistant Professor, Nihonbashi Gakkan University (currently Kaichi International University) April 2002 Assistant Professor, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo December 2012 Professor, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo (current position) April 2013 Assumed the position of Department Director, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo March 2015 Resigned from the position of Department Director, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo April 2017 Resumed the position of Department of Family Nursing Graduate School of Medicine Director, Planning Office Division for Counseling and support, the University of Tokyo (current position) (to present) [Significant concurrent positions] Professor, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo		0 shares
[Reasons for selection as candidate for Outside Director] As Ms. Kiyoko Kamibeppu has extensive professional expertise, experience, and an insight as a Doctor of Health Science and a Professor of Graduate School, the Company has determined that she can utilize these in the management of the Company and has selected her as a candidate for Outside Director.				

- (Notes) 1. There is no special interest between the Company and any of above candidates for Director.
2. Mr. Eiki Enomoto, Mr. Yoshio Tanabe and Ms. Kiyoko Kamibeppu are candidates for Outside Directors.
3. The Company has designated Mr. Eiki Enomoto and Mr. Yoshio Tanabe as Independent Directors/Corporate Auditors under the provisions of Tokyo Stock Exchange and submitted them to Tokyo Stock Exchange. If their reappointment is approved, the Company will continue to have them serve as Independent Directors/Corporate Auditors. Additionally, The Company also plans to designate Ms. Kiyoko Kamibeppu as an Independent Director/Corporate Auditor and submit her 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 to 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 five years at the closing of the Meeting.

Additionally, there are no advisory agreements between Enomoto & Fujimoto Law Office and the Company. There are no transactional relationships between The Legal Training and Research Institute of The Supreme Court of Japan and the Company.

5. The term of office of Mr. Yoshio Tanabe as Outside Director of the Company will be three years at the closing of the Meeting. Additionally, there are no transactional relationships between KIZASHI Corporation and Medical Opinion Co., Ltd., and the Company.
6. Although Ms. Kiyoko Kamibeppu does not have any experience in getting directly involved in corporate management, the Company considers that she can properly carry out her duties as Outside Director due to her extensive professional expertise, experience, and an insight as a Doctor of Health Science and a Professor of Graduate School. Ms. Kiyoko Kamibeppu is a Professor of Health Sciences and Nursing, Graduate School of Medicine at the University of Tokyo. The Company donates to the University of Tokyo, but this donation is not provided to individual professors or the Department of Health Sciences and Nursing with which she is affiliated. In addition, the donation amount is less than 0.1% of the ordinary expenses and ordinary revenue of the university in the most recent fiscal year, and is less than ¥10 million throughout the year, and in light of its amount and nature, the Company has determined there is no risk of conflicts of interest with the general shareholders.
7. The Company has entered into an agreement with Mr. Eiki Enomoto and Mr. Yoshio Tanabe to limit their 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 and Mr. Yoshio Tanabe are reappointed at the Meeting, the Company will continue the agreement with them. Additionally, if the election of Ms. Kiyoko Kamibeppu is approved, the Company plans to enter into an agreement to limit her liability for damages identical to the agreement mentioned above.

Proposal No. 3: Election of Three Corporate Auditors

The term of three Corporate Auditors of the Company, Mr. Atsutada Iwamoto, Mr. Toshio Sakurai and Mr. Kazuo Hara, will expire at the closing of the Meeting.

The Company proposes the election of three Corporate Auditors.

The Board of Corporate Auditors has already given its approval to this Proposal.

The candidates for Corporate Auditors are as follows:

No.	Name (Date of Birth)	Career Summary and Present Position		Number of Shares of the Company Held
1	Atsutada Iwamoto (June 29, 1956) Reappointment	April 1979 April 2008 July 2011 June 2015	Joined the Company General Manager of Osaka Branch II of the Company General Manager of Purchasing Department of the Company Standing Corporate Auditor of the Company (to present)	2,100 shares
[Reasons for selection as candidate for Corporate Auditor] Mr. Atsutada Iwamoto has experience in marketing sections and broad knowledge and an insight regarding the group's business based on his achievements as General Manager of Osaka Branch II and General Manager of Purchasing Department. Thus, the Company has determined him to be suitable to continue serving as Corporate Auditor of the Company and has selected him as a candidate for Corporate Auditor.				
2	Kazuo Hara (April 14, 1949) Reappointment Outside Corporate Auditor Independent Corporate Auditor	April 1968 July 1986 July 2007 July 2008 September 2009 June 2015 March 2016 March 2018 [Significant concurrent positions]	Joined Fukuoka Regional Taxation Bureau Commissioner's Secretariat of National Tax Agency Vice-principal of National Tax College Director-General of Kumamoto Regional Taxation Bureau Registered as certified tax accountant Corporate Auditor of the Company (current position) Outside Director (Audit and Supervisory Committee Member), Toagosei Co., Ltd. Retired from the position of Outside Director (Audit and Supervisory Committee Member), Toagosei Co., Ltd. (to present) Certified tax accountant (Kazuo Hara Certified Tax Accountant Office)	600 shares
[Reasons for selection as candidate for Outside Corporate Auditor] Mr. Kazuo Hara has deep knowledge and experience in taxation and accounting as a certified tax accountant. Thus, the Company has determined that he can utilize these in auditing the Company and has continued to select him as a candidate for Outside Corporate Auditor.				

No.	Name (Date of Birth)	Career Summary and Present Position	Number of Shares of the Company Held
3	Hirotooshi Endo (May 18, 1954) New Candidate Outside Corporate Auditor Independent Corporate Auditor	<p>April 1978 Joined The Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company)</p> <p>April 2001 General Manager, Net Increase Promotion Department of The Yasuda Mutual Life Insurance Company</p> <p>January 2004 General Manager, Fukuoka Branch of Meiji Yasuda Life Insurance Company</p> <p>April 2005 General Manager, Sales Planning Department of Meiji Yasuda Life Insurance Company</p> <p>December 2005 Executive Officer, General Manager, Administration Department of Meiji Yasuda Life Insurance Company</p> <p>April 2009 Managing Executive Officer of Meiji Yasuda Life Insurance Company</p> <p>April 2012 Senior Managing Executive Officer of Meiji Yasuda Life Insurance Company</p> <p>April 2014 President and Representative Director, Meiji Yasuda General Insurance Co., Ltd.</p> <p>April 2018 Corporate Auditor, Meiji Yasuda Trading Co., Ltd. (current position) (to present)</p> <p>[Significant concurrent positions] Corporate Auditor, Meiji Yasuda Trading Co., Ltd.</p>	0 shares
<p>[Reasons for selection as candidate for Outside Corporate Auditor] Mr. Hirotooshi Endo has an insight cultivated through his extensive experience in the financial industry and his achievements as a corporate manager. Thus, the Company has determined that he can utilize these in auditing the Company, and has selected him as a candidate for Outside Corporate Auditor.</p>			

- (Notes) 1. There is no special interest between the Company and any of above candidates for Corporate Auditor.
2. Mr. Kazuo Hara and Mr. Hirotooshi Endo are candidates for Outside Corporate Auditors.
3. The Company has designated Mr. Kazuo Hara as an Independent Director/Corporate Auditor under the provisions of Tokyo Stock Exchange and submitted him to Tokyo Stock Exchange. If his reappointment is approved, the Company will continue to have him serve as an Independent Director/Corporate Auditor. The Company also plans to designate Mr. Hirotooshi Endo as an Independent Director/Corporate Auditor and submit him to Tokyo Stock Exchange.
4. Mr. Kazuo Hara has deep knowledge and experience in taxation and accounting as a certified tax accountant. Thus, the Company has determined that he can utilize these in auditing the Company and has proposed his reelection as a candidate for Outside Corporate Auditor. Although Mr. Kazuo Hara 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 Corporate Auditor due to the above reasons. Mr. Kazuo Hara's term of office as Outside Corporate Auditor will reach four years at the closing of the Meeting. Additionally, there are no advisory agreements between Kazuo Hara Certified Tax Accountant Office and the Company.
5. Mr. Hirotooshi Endo has an insight cultivated through his extensive experience in the financial industry and his achievements as a corporate manager. Thus, the Company has determined that he can utilize these in auditing the Company and has selected him as a candidate for Outside Corporate Auditor. Additionally, there are no transactional relationships between Meiji Yasuda Trading Co., Ltd. and the Company.
6. The Company has entered into an agreement with Mr. Kazuo Hara 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. Kazuo Hara is reappointed at the Meeting, the Company will continue the agreement with him. Additionally, if the election of Mr. Hirotooshi Endo is approved, the Company plans to enter into an agreement to limit his liability for damages identical to the agreement mentioned above.

Proposal No. 4: Election of One Substitute Corporate Auditor

The effect of election of one Substitute Corporate Auditor shall expire at the beginning of the Meeting, and therefore, to prepare for the vacancy of statutory Corporate Auditors, the Company proposes the election of one Substitute Corporate Auditor.

The Company will, only before the election, be able to cancel the election by the approval of the Board of Corporate Auditors and the resolution of the Board of Directors.

The Board of Corporate Auditors has already given its approval to Proposal No. 4.

The candidate for Substitute Corporate Auditor is as follows:

Name (Date of Birth)	Career Summary	Number of Shares of the Company Held
Yasutomo Inoue (July 14, 1960) Outside Corporate Auditor Independent Corporate Auditor	April 1999 Registered as attorney at law April 1999 Joined Takahashi Sogo Law Office October 2011 Established Nagahama, Mizuno & Inoue Partner, Nagahama, Mizuno & Inoue (current position) June 2012 Dispute Resolution Committee Member, the General Insurance Association of Japan (current position) September 2015 Outside Auditor, Synchro Food Co., Ltd. (current position) (to present) [Significant concurrent positions] Partner, Nagahama, Mizuno & Inoue Outside Auditor, Synchro Food Co., Ltd. Dispute Resolution Committee Member, the General Insurance Association of Japan	0 shares
[Reasons for selection as candidate for Outside Corporate Auditor] Mr. Yasutomo Inoue has expert knowledge and experience as an attorney at law. Thus, the Company has determined that he can utilize these in auditing the Company if he assumes the office of Outside Corporate Auditor, and has selected him as a candidate for Substitute Corporate Auditor.		

- (Notes)
1. There is no special interest between the Company and the above candidate for Substitute Corporate Auditor.
 2. Mr. Yasutomo Inoue is a candidate for Substitute Outside Corporate Auditor.
 3. If the candidate for Substitute Outside Corporate Auditor, Mr. Yasutomo Inoue, assumes the office of Corporate Auditor, the Company will designate him as an Independent Director/Corporate Auditor under the provisions of Tokyo Stock Exchange and submit him to Tokyo Stock Exchange.
 4. Mr. Yasutomo Inoue has expert knowledge and experience as an attorney at law. Thus, the Company has determined that he can utilize these in auditing the Company if he assumes the office of Outside Corporate Auditor, and has proposed his election as Substitute Corporate Auditor. Although Mr. Yasutomo Inoue 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 Corporate Auditor due to the above reasons. Additionally, there are no advisory agreements between Nagahama, Mizuno & Inoue and the Company. There are no transactional relationships between Synchro Food Co., Ltd. or the General Insurance Association of Japan and the Company.
 5. Upon Mr. Yasutomo Inoue's assumption of office as Outside Corporate Auditor, the Company will enter into an agreement with him 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.

Proposal No. 5: Introduction of Performance-Linked Stock Compensation Plan for Directors

1. Reasons for proposal

The Company introduces a new Performance-Linked Stock Compensation Plan “Board Benefit Trust” (hereinafter referred to as the “Plan”) for Directors of the Company (excluding Outside Directors) is proposed.

The aim of introduction of the Plan is to further clarify the linkage between compensation of the Directors and the corporate performance and stock value of the Company and thereby motivate the Directors to further contribute to mid- to long-term improvement in the corporate performance and expansion of corporate value by sharing the benefits and risks of stock price performance with shareholders. In light of such purposes, the Company deems that the introduction of this Plan is justifiable.

In this Proposal, the Company proposes to provide new stock compensation to the Company’s Directors apart from the amount of compensation for Directors (not more than 330 million yen per year. This excludes employee salary) that was approved at the 87th Ordinary General Meeting of Shareholders on June 28, 2007. The Company proposes that details of the Plan be determined by the Board of Directors within the framework outlined in 2. below.

Currently, five Directors are subject to the Plan. The number remains unchanged even after Proposal No. 2 is approved as proposed.

2. Amount of compensation, etc. under the Plan and its reference information

(1) Outline of the Plan

The Plan is a Performance-Linked Stock Compensation Plan under which the shares of the Company will be acquired through a trust (hereinafter referred to as the “Trust”) using cash contributed by the Company as the source, and the shares of the Company and the cash equivalent to the market value of the shares of the Company (the “Company Shares, etc.”) will be delivered to Directors and Corporate Officers (the “Officers”) through the Trust in accordance with the Officer Stock Benefit Regulations established by the Company. Officers will receive the Company Shares, etc. upon their retirement from office in principle.

(2) Target of the Plan

Directors (excluding Outside Directors) and Corporate Officers

(3) Trust period

From August 2019 (planned) until the end of the Trust (The Trust shall continue without a specific timeline as long as the Plan is in effect. The Plan shall be terminated when the Company’s stock is delisted or the Officer Stock Benefit Regulations are abolished, or for other reasons.)

(4) Trust amount (Amount of compensation, etc.)

Subject to the approval of this Proposal, the Company will introduce the Plan to cover the three fiscal years from the fiscal year ending March 31, 2020 to that ending March 31, 2022 (hereinafter referred to as the “Initial Applicable Period,” and as the “Applicable Period”), and for each subsequent Applicable Period. The Company will contribute the following cash to the Trust as funds for the Trust to acquire the shares of the Company for delivering the Company Shares, etc. to Officers.

First, the Company will contribute ¥225 million (including ¥141 million for Directors) as the upper limit for the funds with regard to the Initial Applicable Period at the time of the establishment of the Trust (August 2019 (planned)).

Further, after the Initial Applicable Period, the Company will make additional contributions to the Trust every Applicable Period, with the upper limit of ¥225 million (including ¥141 million for Directors) for each Applicable Period, until the Plan ends. Provided, however, that in cases where such additional contribution is made and the shares of the Company (excluding any undelivered portion of the shares of the Company corresponding to the number of points granted to Officers during Applicable Periods that precede the Applicable Period in question) and cash (the “Remaining Shares”) remain within the trust assets, the total amounts of the Remaining Shares (For the Company shares, this amount of the Remaining Shares shall be the market value thereof as of the last day of the preceding Applicable Period) and the additional contribution to the Trust should not exceed ¥225 million (including ¥141 million for Directors).

During an Applicable Period, including the Initial Applicable Period, the Company may make multiple contributions to the Trust until the cumulative total of contributions made in the Applicable Period reaches the upper limit mentioned above. When the Company decides to make additional contributions, the decision will be disclosed in a timely and appropriate manner.

(5) Method of acquiring the shares of the Company and number of shares

The Trust will acquire the shares of the Company through the stock exchange or by subscribing for disposal of treasury stock, using the funds contributed in (4) above as the source.

As for the Initial Applicable Period, the Trust will acquire up to 52,200 shares without delay after its establishment. Details of acquisition of the shares of the Company by the Trust will be disclosed in a timely and

appropriate manner.

(6) Calculation method of the Company Shares, etc. to be delivered to Officers

In each fiscal year, each Officer will be granted points calculated according to his/her title and the level of achievement of the targeted business results of the Company in accordance with the Officer Stock Benefit Regulations established by the Company. The total number of points to be granted to Officers per fiscal year should be limited to 10,900 for Directors and 6,500 for Corporate Officers, which has been determined by comprehensive judgment considering the current level of payment of executive compensation, trends and future prospects for the number of Officers. Therefore, the Company deems that such numbers are justifiable.

One point awarded to Officers will be converted to one share of the Company's common stock in the delivery of Company Shares, etc. at the time of delivery of the Company Shares, etc. as described in (7) below (Note that if the shares of the Company become subject to a stock split, gratis allotment or reserve stock split after this Proposal is approved, the Company shall reasonably adjust the upper limit of points and granted number of the points or the exchange ratio so that they reflect such change.)

In principle, the number of points awarded to an Officer as a reference for delivery of the Company Shares, etc. described in (7) below shall be the number of points granted to said Officer by the time of their retirement (the "Fixed Points").

(7) Delivery of the Company Shares, etc.

If an Officer retires from office and meets the beneficiary requirements prescribed in the Officer Stock Benefit Regulations, he/she will be entitled to receive the shares of the Company from the Trust after his/her retirement in proportion to the number of the "Fixed Points" as described in (6) above in principle, by taking the prescribed procedures to confirm the beneficiary. However, if an Officer meets certain requirements set under the Officer Stock Benefit Regulations, as for a certain percentage of the shares of the Company which are supposed to be delivered, the Company may pay him/her cash equivalent to the market value of such shares, instead of delivering them. Note that the Trust may sell the shares of the Company to pay such cash.

(8) Exercise of voting rights

Voting rights related to the shares of the Company held by the Trust account shall not be exercised uniformly pursuant to the direction of the trust administrator. This is aimed at enabling the Trust to remain neutral in the Company's management within the scope of exercise of voting rights of the shares of the Company held by the Trust account.

(9) Dividends

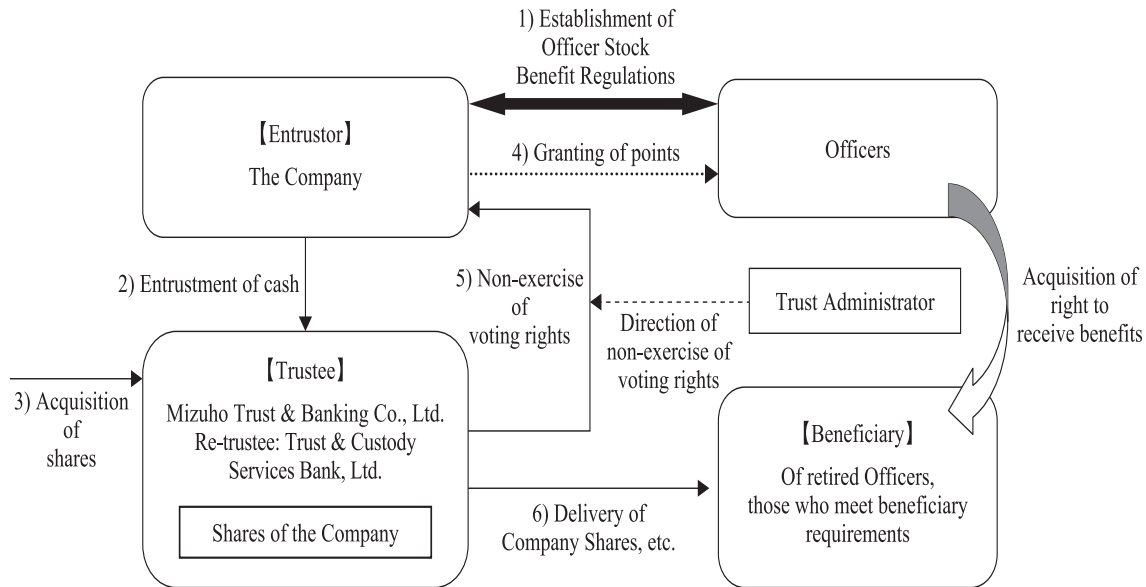
The Trust shall receive dividends related to the shares of the Company held by the Trust account to acquire the shares of the Company or pay for the trustee's compensation, etc. Any remaining dividends upon termination of the Trust shall be divided and paid to Officers in office at that time in accordance with their respective number of points held as prescribed in the Officer Stock Benefit Regulations.

(10) Termination of the Trust

The Trust shall be terminated when the Company's stock is delisted on the Tokyo Stock Exchange or any events occur resulting in the abolishment of the Officer Stock Benefit Regulations or for other reasons.

Of the residual property in the Trust upon its termination, the shares of the Company (excluding shares to be delivered to Officers as described in (7) above) shall be acquired by the Company without consideration and cancelled by resolution of the Board of Directors. Cash in the Trust's remaining assets when the Trust terminates shall be paid to the Company, after deducting cash to be paid to Officers as described in (9) above

<Reference: Structure of the Plan>



- 1) The Company shall establish the Officer Stock Benefit Regulations within the framework of the approval for this Proposal.
- 2) The Company entrusts cash in the range of the amount approved for this Proposal.
- 3) The Trust uses the funded amount outlined in 2) above as funds to acquire shares of the Company through the stock market or by subscribing for disposal of treasury stock.
- 4) The Company grants points to Officers based on the Officer Stock Benefit Regulations.
- 5) Voting rights for the shares of the Company held by the Trust account will not be exercised pursuant to the direction of the trust administrator independent from the Company.
- 6) The Trust delivers the shares of the Company to retired Officers who meet the beneficiary requirements set under the Officer Stock Benefit Regulations (the “Beneficiaries”) based on the number of points they have been awarded. If an Officer meets certain requirements set under the Officer Stock Benefit Regulations, the Company will pay, to a certain percentage of the points awarded, him/her cash equivalent to the market value of such shares.

Proposal No. 6: Grant of Bonuses to Directors

The Company proposes that bonuses amounting to ¥86,400,000 be paid to the five Directors who were in office as Directors as of the end of the fiscal year under review, excluding Outside Directors, based on past payments, the Company’s performance during the fiscal year, and other factors. It is also proposed that amount of the bonus to each Director be decided at the board of directors meeting.