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Securities Code 4151
March 2, 2018

Dear Shareholders,

Nobuo Hanai
Executive Director of the Board,
President and Chief Executive Officer
Kyowa Hakko Kirin Co., Ltd.
1-6-1 Ohtemachi, Chiyoda-ku, Tokyo

Notice of Convocation of the 95th Ordinary General Meeting of Shareholders

Please be advised that the 95th Ordinary General Meeting of Shareholders (the “**Meeting**”) of Kyowa Hakko Kirin Co., Ltd. (the “**Company**”) will be held as set forth below. You are cordially requested to attend the Meeting.

If you are unable to attend the Meeting in person, you may exercise your voting rights in either of the following methods. Please review the attached “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights.

Exercising voting rights by postal mail

Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Form and return it to reach us by 5:40 p.m. on Thursday, March 22, 2018 (JST).

Exercising voting rights via the Internet, etc.

Please indicate your approval or disapproval of each of the proposals via the Internet, etc., by 5:40 p.m. on Thursday, March 22, 2018 (JST).

Details of the Meeting

1. Date and Time:

March 23, 2018 (Friday), at 10:00 a.m. (JST)

2. Venue:

“Aoi,” 2F, PALACE HOTEL TOKYO
1-1-1 Marunouchi, Chiyoda-ku, Tokyo

3. Agenda:

Matters to be reported:

1. Business Report, Consolidated Financial Statements, as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements, for the 95th fiscal year (from January 1, 2017 to December 31, 2017)
2. Non-consolidated Financial Statements for the 95th fiscal year (from January 1, 2017 to December 31, 2017)

Matters to be resolved:

- Proposal No. 1: Appropriation of surplus
- Proposal No. 2: Election of seven (7) Directors of the Board
- Proposal No. 3: Election of two (2) Audit & Supervisory Board Members
- Proposal No. 4: Election of Accounting Auditor
- Proposal No. 5: Authorization for the Board of Directors to determine the offering terms (*boshu jiko*) of stock acquisition rights (*shinkabu yoyakuken*) as stock compensation-type stock options

4. Other Decisions on the Convocation of the Meeting:

In the case that voting rights are exercised in duplicate, via both postal mail and the Internet, etc., the vote via the Internet, etc. shall be deemed valid.

In the case that multiple votes are received via the Internet, etc., the last vote shall be deemed valid.

End

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- If attending the Meeting in person, please present the enclosed Voting Form at the reception of the meeting venue. In addition, please bring this “Notice of Convocation” with you to conserve paper. We would appreciate it if you could arrive ahead of time to avoid congestion at the reception.
 - Of the documents to be provided to shareholders with this convocation notice, matters to be stated or presented in the notes to the Consolidated Financial Statements and the notes to the Non-consolidated Financial Statements are deemed to have been provided to shareholders in writing by means of posting on the website of the Company, pursuant to the provisions of relevant laws and regulations and the Company’s Articles of Incorporation. The Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Audit & Supervisory Board Members and the Accounting Auditor consist of the documents stated in the documents attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders, as well as the notes to the Consolidated Financial Statements and the notes to the Non-consolidated Financial Statements posted on the Company’s website.
 - If any changes are required in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, the changes will be posted on the Company’s website.

The Company’s website: <http://ir.kyowa-kirin.com/en/>

Reference Documents for the General Meeting of Shareholders

Proposals and References:

Proposal No. 1: Appropriation of surplus

The basis of the Company's policy regarding the distribution of profits is to pay dividends stably in light of a comprehensive consideration of factors including consolidated results and dividend payout ratio for each fiscal year, while also increasing its retained earnings for future business development and other purposes. In the FY2016-2020 Medium-term Business Plan, the Company aims to maintain stable payment of dividend with the target of 40% of consolidated payout ratio through 2018.

Based on this policy, the Company intends to pay a year-end dividend of ¥14.50 per share for the 95th fiscal year, as described below. Combined with the interim dividend of ¥12.50 per share, this will result in an annual dividend of ¥27 per share, an increase of ¥2 compared to the annual dividend for the previous fiscal year.

Year-end dividend

- (1) Type of dividend property: Cash
- (2) Allocation of dividend property and total amount thereof:
¥14.50 per share of the Company's common stock
Total amount: ¥7,935,953,008
- (3) Effective date of dividends of surplus:
March 26, 2018

Proposal No. 2: Election of seven (7) Directors of the Board

As of the conclusion of the Meeting, the terms of office of all eight (8) Directors of the Board will expire. Accordingly, based on the report from the Nomination Consultative Committee, which is chaired by an outside Director of the Board and made up of three (3) members out of outside Directors of the Board and Audit & Supervisory Board Members and two (2) internal Directors of the Board and Audit & Supervisory Board Members, and in the interest of enhancing the flexibility of decision making, shareholders are requested to elect seven (7) Directors of the Board including two (2) outside Directors of the Board.

The candidates for the positions of Directors of the Board are as follows:

| Candidate No. | Name | Current position and areas of responsibility in the Company | Board of Directors Meeting Attendance |
|---------------|---|---|---------------------------------------|
| 1 | Nobuo Hanai Reelection | *Executive Director of the Board, President and Chief Executive Officer | 100% (16/16) |
| 2 | Masashi Miyamoto Reelection | Director of the Board, Managing Executive Officer Director, Corporate Strategy & Planning Department | 100% (16/16) |
| 3 | Toshifumi Mikayama Reelection | Director of the Board, Managing Executive Officer Director, Overseas Business Department | 100% (16/16) |
| 4 | Yutaka Osawa New Candidate | Managing Executive Officer Vice President Head, Production Division | – |
| 5 | Noriya Yokota Reelection | Director of the Board | 100% (16/16) |
| 6 | Yoshiko Leibowitz Reelection Outside Director of the Board Independent Director | Outside Director of the Board | 100% (16/16) |
| 7 | Kentaro Uryu New Candidate Outside Director of the Board Independent Director | Outside Audit & Supervisory Board Member | – |

(Note) Executive Director of the Board above * concurrently serves as Executive Officer.

| No. | Name (Date of birth) | Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|---|---|---|
| 1. | <p><u>Reelection</u></p> <p>Nobuo Hanai (Apr. 30, 1953)</p> | <p>Apr. 1976: Joined Kyowa Hakko Kogyo Co., Ltd. Feb. 2003: President and Chief Executive Officer, BioWa, Inc. Jun. 2006: Executive Officer, Kyowa Hakko Kogyo Co., Ltd. Oct. 2008: Executive Officer, Head, Development Division, Kyowa Hakko Kirin Co., Ltd. Apr. 2009: Managing Executive Officer, Head, Development Division, Kyowa Hakko Kirin Co., Ltd. Jun. 2009: Director of the Board, Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd. Mar. 2010: Director of the Board, Senior Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd. Mar. 2012: Executive Director of the Board, President and Chief Executive Officer, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <p><u>Reasons for appointing him as a candidate for Director of the Board:</u></p> <p>Mr. Nobuo Hanai was selected as a candidate for Director of the Board because the Company has judged that in view of his many years' experience as its Executive Director of the Board responsible for business management of the Company, he is the right person to educe effective functioning of the Board of Directors and perform the role of enhancing decision making on material matters of management and supervising function over execution of the business operation, using his extensive experience and high level of insight regarding overall business management, and to promote sustainable growth and enhanced corporate value of the Kyowa Hakko Kirin Group (the “Group”) by driving the group business management.</p> | <p>18,900 shares</p> |

| No. | Name (Date of birth) | Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|--|--|---|
| 2. | <p><u>Reelection</u></p> <p>Masashi Miyamoto (Jul. 16, 1959)</p> | <p>Apr. 1985: Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)</p> <p>Apr. 2011: Director, Regulatory Affairs Department of Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2012: Executive Officer, Director, Regulatory Affairs Department of Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Jul. 2014: Executive Officer, Director, Strategic Product Portfolio Department and Regulatory Affairs Department of Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Apr. 2015: Executive Officer, Director, Strategic Product Portfolio Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2017: Director of the Board, Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd.</p> <p>Apr. 2017: Director of the Board, Managing Executive Officer, Director, Corporate Strategy & Planning Department, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <p><u>Position and areas of responsibility:</u> Director, Corporate Strategy & Planning Department</p> <p><u>Reasons for appointing him as a candidate for Director of the Board:</u> Mr. Masashi Miyamoto was selected as a candidate for Director of the Board because the Company has judged that he is the right person to perform the role of decision making on material matters of management and supervising the execution of operation as Director of the Board, using his extensive experience and high level of insight regarding overall business management, to push forward various measures for CSV management* and for making a leap forward to become a global specialty pharmaceutical company with his strong leadership, and to promote sustainable growth and enhanced corporate value of the Group. *CSV management: Management that seeks corporate growth through providing solutions to challenging issues in society. (CSV: Creating Shared Value)</p> | 21,000 shares |

| No. | Name (Date of birth) | Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|--|---|---|
| 3. | <p><u>Reelection</u></p> <p>Toshifumi Mikayama (Jul. 18, 1957)</p> | <p>Apr. 1983: Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)</p> <p>Mar. 2004: General Manager, Planning Division of Pharmaceutical Division, Kirin Brewery Company, Limited</p> <p>Jul. 2007: Director, Executive Officer, Head, Research Division, Kirin Pharma Company, Limited</p> <p>Oct. 2008: Executive Officer, Head, Research Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Apr. 2010: Executive Officer, Director, Corporate Strategy & Planning Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2012: Managing Executive Officer, Director, Overseas Business Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2014: Director of the Board, Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <p><u>Position and areas of responsibility:</u> Director, Overseas Business Department</p> <p><u>Reasons for appointing him as a candidate for Director of the Board:</u> Mr. Toshifumi Mikayama was selected as a candidate for Director of the Board because the Company has judged that he is the right person to perform the role of decision making on material matters of management and supervising the execution of operation as Director of the Board, using his extensive experience and high level of insight regarding overall business management, and to promote overseas business continuously, driving the Company forward to a global specialty pharmaceutical company.</p> | 31,300 shares |

| No. | Name (Date of birth) | Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|---|---|---|
| 4. | <p data-bbox="245 342 443 376"><u>New Candidate</u></p> <p data-bbox="245 416 443 483">Yutaka Osawa (Oct. 17, 1959)</p> | <p data-bbox="480 338 1134 371">Apr. 1984: Joined Kyowa Hakko Kogyo Co., Ltd.</p> <p data-bbox="480 376 1171 472">Apr. 2007: Director, Pharmaceutical Production Development Department, Kyowa Hakko Kogyo Co., Ltd.</p> <p data-bbox="480 477 1206 573">Oct. 2008: Director, CMC Development Department, Development Division, Kyowa Hakko Kirin Co., Ltd.</p> <p data-bbox="480 577 1187 674">Apr. 2009: Director, Production Planning Department, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p data-bbox="480 678 1193 775">Mar. 2013: Executive Officer, Director, Production Planning Department, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p data-bbox="480 779 1174 875">Apr. 2014: Executive Officer, Vice President Head, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p data-bbox="480 880 1209 976">Mar. 2017: Managing Executive Officer, Vice President Head, Production Division, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <p data-bbox="480 1048 922 1081"><u>Position and areas of responsibility:</u></p> <p data-bbox="480 1086 999 1120">Vice President Head, Production Division</p> <p data-bbox="480 1169 1225 1236"><u>Reasons for appointing him as a candidate for Director of the Board:</u></p> <p data-bbox="480 1240 1222 1615">Mr. Yutaka Osawa was newly selected as a candidate for Director of the Board because the Company has judged that he has profound knowledge and high level of insights gained through his extensive experience regarding research and development, overseas development and manufacturing and is the right person to fully perform the role of decision making on material matters of management and supervising the execution of operation as Director of the Board, and to firmly deliver the important mission of ensuring stable supply of high quality products as a pharmaceutical company.</p> | 5,700 shares |

| No. | Name (Date of birth) | Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|--|---|---|
| 5. | <p><u>Reelection</u></p> <p>Noriya Yokota (Feb. 3, 1961)</p> | <p>Apr. 1984: Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)</p> <p>Mar. 2006: Managing Director, Kirin Australia Pty. Ltd.</p> <p>Mar. 2011: General Manager, Sendai Plant, Production Division, Kirin Brewery Company, Limited</p> <p>Mar. 2014: General Manager, Production Department of Production Division, Kirin Brewery Company, Limited</p> <p>Mar. 2015: Director of Group Personnel & General Affairs, Kirin Holdings Company, Limited Executive Officer, General Manager of Personnel & General Affairs Department, Kirin Company, Limited</p> <p>Mar. 2017: Senior Executive Officer, Director, Corporate Strategy, Kirin Holdings Company, Limited (to present) Director of the Board, Senior Executive Officer, Kirin Company, Limited (to present) Director of the Board, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <p><u>Reasons for appointing him as a candidate for Director of the Board:</u></p> <p>Mr. Noriya Yokota was selected as a candidate for Director of the Board because the Company has judged that he is the right person to perform the role of decision making on material matters of management and supervising the execution of operation as Director of the Board, using his extensive experience and high level of insight regarding overall business management, and to promote tight-knit cooperation with Kirin Group companies which have various business bases aimed at facilitating contribution to health and well-being of people by providing solutions responding to various medical needs, through making use of our various business bases.</p> | 0 shares |

| No. | Name (Date of birth) | Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|---|--|---|
| 6. | <div data-bbox="245 338 384 376" style="border: 1px solid black; padding: 2px;">Reelection</div> <p data-bbox="245 416 424 517">Yoshiko Leibowitz (Sep. 2, 1945)</p> <div data-bbox="245 551 453 624" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director of the Board</div> <div data-bbox="245 658 453 710" style="border: 1px solid black; padding: 2px;">Candidate for Independent Director</div> | <p data-bbox="475 338 1222 376">Apr. 1968: RN, St. Luke's International Hospital, Tokyo</p> <p data-bbox="475 376 1222 439">Sep. 1977: Instructor, Intercollegiate College of Nursing, Washington State University</p> <p data-bbox="475 439 1222 551">May 1981: Nursing Supervisor, Thomas Jefferson University Hospital Ford Road Campus (FRC)</p> <p data-bbox="475 551 1222 663">Jul. 1984: Assistant Director, Nursing Service Department, Thomas Jefferson University Hospital, FRC</p> <p data-bbox="475 663 1222 725">Apr. 1995: Founder and Director, Continuous Home Care Inc. (Philadelphia, Pennsylvania)</p> <p data-bbox="475 725 1222 788">Apr. 1998: Adult Nursing Chief Professor, Oita Medical University</p> <p data-bbox="475 788 1222 851">Apr. 2002: Professor, Department of Nursing, Aomori University of Health and Welfare (AUHW)</p> <p data-bbox="475 851 1222 913">Apr. 2003: Professor & Chair, Intercultural Communication, AUHW</p> <p data-bbox="475 913 1222 976">Apr. 2006: Professor & Department Head of Nursing, AUHW</p> <p data-bbox="475 976 1222 1014">Apr. 2007: President, AUHW</p> <p data-bbox="475 1014 1222 1077">Apr. 2008: Chair of the Board of Trustees and President, Public University Corporation, AUHW</p> <p data-bbox="475 1077 1222 1140">Jun. 2014: Professor Emeritus, AUHW (to present)</p> <p data-bbox="475 1140 1222 1202">Mar. 2015: Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <div data-bbox="475 1267 1230 1341" style="border: 1px solid black; padding: 2px;"> <p>Reasons for appointing her as a candidate for outside Director of the Board:</p> </div> <p data-bbox="475 1346 1222 1762">Ms. Yoshiko Leibowitz was selected as a candidate for outside Director of the Board because the Company has judged she will contribute toward reinforcing the Company's governance function by supervising the execution of operations from an independent standpoint and reflecting in the Company's management a perspective of protecting the rights of the general shareholders. The Company expects that she will continuously utilize her long-standing experience in medical treatment both in Japan and overseas and her insight as a Chair of the Board of Trustees and President of an incorporated educational institution, in the management of the Company.</p> | 1,400 shares |

| No. | Name (Date of birth) | Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|---|---|---|
| 7. | <div data-bbox="245 338 451 376" style="border: 1px solid black; padding: 2px;">New Candidate</div> <p data-bbox="245 434 421 510">Kentaro Uryu (Jan. 2, 1965)</p> <div data-bbox="245 539 451 613" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director of the Board</div> <div data-bbox="245 647 451 698" style="border: 1px solid black; padding: 2px;">Candidate for Independent Director</div> | <p data-bbox="475 338 1225 1189"> Apr. 1995: Admitted to Tokyo Bar Association Apr. 1995: Joined Tsunematsu Yanase & Sekine Law Firm (presently Nagashima Ohno & Tsunematsu Law Firm) Jan. 1996: Joined Matsuo & Kosugi Law Firm Feb. 1999: Joined Salomon Smith Barney (presently Citigroup Global Markets Japan Inc.) Apr. 2000: Long term expert, Japan International Cooperation Agency Aug. 2002: Attorney-at-Law, Managing Partner, Cast Law Firm (presently Uryu & Itoga Law Firm) (to present) Aug. 2008: CEO, SUI Advisory Service Co., Ltd. (presently U&I Advisory Service Co., Ltd.) (to present) Jun. 2014: Outside Director, FRUTA FRUTA, Inc. Sep. 2014: External Director, GMO TECH, Inc. (to present) Mar. 2015: Outside Audit & Supervisory Board Member, Kyowa Hakko Kirin Co., Ltd. (to present) (scheduled to retire from the position on March 23, 2018) Jun. 2015: Outside Audit & Supervisory Board Member, ITOCHU Corporation (to present) </p> <div data-bbox="475 1227 1225 1301" style="border: 1px solid black; padding: 2px;">Reasons for appointing him as a candidate for outside Director of the Board:</div> <p data-bbox="475 1312 1225 1727"> Mr. Kentaro Uryu was newly selected as a candidate for outside Director of the Board because the Company has judged that he has applied his professional views as attorney-at-law and extensive experience to business management of the Company since his assumption of office as outside Audit & Supervisory Board Member in March 2015, and is the right person to fully perform the role of decision making on material matters of management and supervising the execution of operation. The Company expects that he will continuously utilize his experience and high level of insight as legal professional in the management of the Company. </p> | 1,700 shares |

- (Notes)
1. No special interests exist between the Company and each candidate.
 2. Kirin Holdings Company, Limited, which holds 50.10% of the Company's total number of issued shares, is the Company's parent.
 3. Kirin Company, Limited is a subsidiary of Kirin Holdings Company, Limited, which is the Company's parent.
 4. Kirin Australia Pty. Ltd. was a subsidiary of Kirin Brewery Company, Limited. However, all of its shares were transferred to GrainCorp Limited's subsidiary Barrett Burston Malting Co. Pty. Ltd. in April 2011.

5. Of the candidates for Directors of the Board, Ms. Yoshiko Leibowitz and Mr. Kentaro Uryu are candidates for outside Directors of the Board.
6. Although Ms. Yoshiko Leibowitz has not been directly engaged in corporate management, the Company has judged from her experience as a Chair of the Board of Trustees and President at a university and other qualities that she can appropriately perform her duties as an outside Director of the Board.
7. Ms. Yoshiko Leibowitz is currently an outside Director of the Board of the Company. As of the conclusion of the Meeting, her term of office as outside Director of the Board is three (3) years.
8. Mr. Kentaro Uryu is currently an outside Audit & Supervisory Board Member of the Company. However, at the conclusion of the Meeting, he will resign as Audit & Supervisory Board Member. As of the conclusion of the Meeting, his term of office as outside Audit & Supervisory Board Member is three (3) years.
9. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Noriya Yokota and Ms. Yoshiko Leibowitz to limit their liability for damages stipulated in Article 423, Paragraph 1 of the same Act. The said agreements limit their liability for damages to the higher of ¥5 million or the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If this proposal is approved as proposed at the Meeting, the Company intends to continue the same liability limitation agreements with Mr. Noriya Yokota and Ms. Yoshiko Leibowitz.
10. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Kentaro Uryu, who is an outside Audit & Supervisory Board Member, to limit his liability for damages stipulated in Article 423, Paragraph 1 of the same Act. The said agreement limits his liability for damages to the higher of ¥5 million or the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If this proposal is approved as proposed at the Meeting, the Company intends to enter into a liability limitation agreement of a similar kind with Mr. Kentaro Uryu.
11. The Company has notified the Tokyo Stock Exchange of the status of outside Director of the Board, Ms. Yoshiko Leibowitz as an independent director under Tokyo Stock Exchange regulations. The Company intends to notify the Tokyo Stock Exchange of her status again if her election as outside Director of the Board is approved as proposed. Ms. Yoshiko Leibowitz meets the “Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members” established by the Company (on pages 17 and 18).
12. The Company has notified the Tokyo Stock Exchange of the status of outside Audit & Supervisory Board Member, Mr. Kentaro Uryu as an independent audit & supervisory board member under Tokyo Stock Exchange regulations. The Company intends to notify the Tokyo Stock Exchange of his status as an independent director if his election as outside Director of the Board is approved as proposed. Mr. Kentaro Uryu meets the “Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members” established by the Company (on pages 17 and 18).

Proposal No. 3: Election of two (2) Audit & Supervisory Board Members

As of the conclusion of the Meeting, the term of office of Audit & Supervisory Board Member Mr. Nobuhisa Yamazaki will expire, and Audit & Supervisory Board Member Mr. Kentaro Uryu will retire from office due to his resignation. Accordingly, based on the report from the Nomination Consultative Committee, which is chaired by an outside Director of the Board and made up of three (3) members out of outside Directors of the Board and Audit & Supervisory Board Members and two (2) internal Directors of the Board and Audit & Supervisory Board Members, shareholders are requested to elect two (2) Audit & Supervisory Board Members not as substitutes but as new Audit & Supervisory Board Members.

The Audit & Supervisory Board has consented to this proposal.

The candidates for the positions of Audit & Supervisory Board Members are as follows:

| No. | Name (Date of birth) | Career summary and position in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|--|---|---|
| 1. | <div data-bbox="244 748 443 786" style="border: 1px solid black; padding: 2px;">New Candidate</div> Hiroshi Komatsu (Oct. 13, 1962) | <p>Apr. 1986: Joined Kyowa Hakko Kogyo Co., Ltd. Feb. 2009: CFO, Hematech, Inc. Apr. 2012: Manager, Corporate Planning Department, Kyowa Hakko Kirin Co., Ltd. Apr. 2015: Deputy Director, General Affairs Department, Kyowa Hakko Kirin Co., Ltd. Apr. 2016: Deputy Director, General Affairs Department, and Leader, Corporate Secretariat Group, General Affairs Department, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <div data-bbox="475 1137 1228 1211" style="border: 1px solid black; padding: 2px;">Reasons for appointing him as a candidate for Audit & Supervisory Board Member:</div> <p>Mr. Hiroshi Komatsu was newly selected as a candidate for Audit & Supervisory Board Member because the Company has judged that he has profound knowledge and insights gained through his broad range of experiences in accounting, finance, research and development, management of overseas subsidiaries, corporate planning and others as well as ethical standards, fair and equal judgment required as audit & supervisory board member and is the right person to appropriately perform the duties as the Audit & Supervisory Board Member of the Company by ensuring audit and supervisory functions fully effective in broad fields.</p> | 2,000 shares |

| No. | Name (Date of birth) | Career summary and position in the Company, and significant positions concurrently held at other organizations | Number of shares of the Company held by the candidate |
|-----|--|---|---|
| 2. | <div data-bbox="245 344 450 383" style="border: 1px solid black; padding: 2px;">New Candidate</div> <p data-bbox="245 421 450 488">Yuji Inoue (Apr. 4, 1948)</p> <div data-bbox="245 517 450 618" style="border: 1px solid black; padding: 2px;">Candidate for Outside Audit & Supervisory Board Member</div> <div data-bbox="245 651 450 752" style="border: 1px solid black; padding: 2px;">Candidate for Independent Audit & Supervisory Board Member</div> | <p data-bbox="475 344 1230 1267"> Apr. 1971: Joined Ricoh Company, Ltd. Nov. 1985: Managing Director, Ricoh UK Ltd. (London) Apr. 1993: General Manager, Finance Department, Finance and Accounting Division, Ricoh Company, Ltd. Apr. 1998: General Manager, Finance and Accounting Division, Ricoh Company, Ltd. Jun. 1999: Managing Director, General Manager, Sales Division, Ricoh Leasing Co., Ltd. Apr. 2000: President, Ricoh Leasing Co., Ltd. Jun. 2000: Group Executive Officer, Ricoh Company, Ltd. Jun. 2004: Managing Director, in charge of Finance Solutions, Ricoh Company, Ltd. Jun. 2005: President and Chief Executive Officer, Ricoh Leasing Co., Ltd. Jun. 2009: Corporate Auditor (Full-time), Ricoh Company, Ltd. Jun. 2014: Outside Corporate Auditor, Infoteria Corporation Jun. 2015: Outside Director (Audit Committee Member), ANRITSU CORPORATION May 2016: Outside Corporate Auditor, Ryohin Keikaku Co., Ltd. (to present) Jun. 2017: Outside Director, ANRITSU CORPORATION (to present) </p> <div data-bbox="475 1301 1230 1375" style="border: 1px solid black; padding: 2px;"> Reasons for appointing him as a candidate for outside Audit & Supervisory Board Member: </div> <p data-bbox="475 1379 1230 1897"> Mr. Yuji Inoue was newly selected as a candidate for outside Audit & Supervisory Board Member because the Company has judged that he has a significant level of insights of finance and accounting through his experiences in important posts in accounting and finance division and Corporate Auditor in Ricoh Company, Ltd., as well as his abundant experience from his service as President and Chief Executive Officer, and in other roles at Ricoh Leasing Co., Ltd. and he will apply such insight and experience to the business management and audits of the Company. The Company expects that he will adequately perform his auditing and supervising roles from an independent standpoint based on not only his standpoint as an expert in accounting, etc. but also his extensive experience as a management executive. </p> | 0 shares |

- (Notes)
1. No special interests exist between the Company and each candidate.
 2. Mr. Yuji Inoue is a candidate for an outside Audit & Supervisory Board Member.
 3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to newly enter into agreements with Mr. Hiroshi Komatsu and Mr.

Yuji Inoue to limit their liability for damages stipulated in Article 423, Paragraph 1 of the same Act, if this proposal is approved as proposed at the Meeting. The said agreements limit their liability for damages to the higher of ¥5 million or the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act.

4. The Company intends to notify the Tokyo Stock Exchange of the status of Mr. Yuji Inoue as an independent audit & supervisory board member under Tokyo Stock Exchange regulations, if his election as an outside Audit & Supervisory Board Member is approved as proposed. Mr. Yuji Inoue meets the “Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members” established by the Company (on pages 17 and 18).
5. Hematech, Inc., which had been a consolidated subsidiary of the Company, transferred all the businesses to non-profit organization, Sanford AppliedBiosciences, LLC., in December 2012.

(Reference) “Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members”

In order for outside Directors of the Board and outside Audit & Supervisory Board Members of the Company to be judged as being independent, such outside Directors of the Board and outside Audit & Supervisory Board Members must not fall under any of the following items:

1. Director (*torishimariyaku*), audit & supervisory board member (*kansayaku*), executive officer (*shikkoyakuin*), manager (*shihainin*) or other employee of a parent company or fellow subsidiary of the Company
“Fellow subsidiary” refers to another company that has the same parent company as the Company.
2. Director, audit & supervisory board member, corporate officer (*shikkoyaku*), executive officer, manager or other employee of a major shareholder of the Company (excluding a parent company of the Company)
“Major shareholder” refers to a shareholder who holds 10% or more of voting rights.
3. Director, audit & supervisory board member, accounting advisor (*kaikaisanyo*), corporate officer, executive officer, manager or other employee of a company of which the Company is a major shareholder (excluding a subsidiary of the Company)
4. Person whose major business counterparty is the Company or a subsidiary of the Company
“Person whose major business counterparty is the Company or a subsidiary of the Company” refers to a person who receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of that person’s annual total net sales in the most recent fiscal year.
5. Executive director (*gyomushikko torishimariyaku*), corporate officer, executive officer, manager or other employee of a company whose major business counterparty is the Company or a subsidiary of the Company
“Company whose major business counterparty is the Company or a subsidiary of the Company” refers to a company which receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of that company’s annual consolidated net sales in the most recent fiscal year.
6. Major business counterparty of the Company
“Major business counterparty of the Company” refers to a person who receives or makes payments from or to the Company of 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.
7. Executive director, corporate officer, executive officer, manager or other employee of a company that is a major business counterparty of the Company
“A company that is a major business counterparty of the Company” refers to a company which receives or makes payments from or to the Company of 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.
8. Certified public accountant (or certified public tax accountant), or member, partner or employee of audit corporation (or tax accounting firm), that is the accounting auditor or accounting advisor of the Company or a subsidiary of the Company
9. Attorney-at-law, certified public accountant, certified public tax accountant or consultant, etc. who, excluding the remuneration received as a director or audit & supervisory board member, receives 10 million yen or more per year on average during the past three years of monetary consideration or other property benefits from the Company or a subsidiary of

the Company

10. Member, partner or employee of a corporation, association, or other organization such as law firm, audit corporation, tax accounting firm, or consulting firm that receives monetary consideration or other property benefits of more than a certain amount from the Company or a subsidiary of the Company
In this item, a corporation, association, or other organization above receives “more than a certain amount” when such organization, etc. receives 2% or more on average of the total net sales (total revenue) of the organization, etc. per year during the past three years.
11. Director, audit & supervisory board member, accounting advisor, corporate officer, executive officer, manager or other employee of a financial institution or other large creditor that is essential to the Company’s financing and that the Company is dependent on to a degree that there is no substitute
12. Director or other person who executes business in a corporation, association or other organization which receives donations or subsidies from the Company or a subsidiary of the Company more than a certain amount
In this item, a corporation, association or other organization receives “more than a certain amount” when such organization, etc. receives, during the past three years, more than (i) 10 million yen per year on average or (ii) 30% on average of the annual total expenses of the organization, etc., whichever is higher.
13. Director, audit & supervisory board member, accounting advisor, corporate officer, or executive officer of a company or its subsidiary that has accepted a person from the Company or a subsidiary of the Company as a director (serving at that company on either a full-time or part-time basis)
14. Person who has come under a category listed in either of items 1 and 2 in the past five years
15. Person who has come under a category listed in any of items 4 through 8, and item 11 in the past three years
16. Spouse or first- to second-degree relative, or other relative sharing same residence of any person who has come under a category listed in any of items 1 through 15; provided, however, that any mention of “manager or other employee” shall be deemed to be replaced with “manager or other important employee.”
17. Spouse, first- to second-degree relative, or other relative sharing same residence of Director of the Board, Executive Officer, manager or other important employee of the Company
18. Spouse, first- to second-degree relative, or other relative sharing same residence of executive director, executive officer, manager or other important employee of a subsidiary of the Company
19. Spouse, first- to second-degree relative, or other relative sharing same residence of executive director or executive officer of the Company or a subsidiary of the Company in the past five years

Proposal No. 4: Election of Accounting Auditor

As of the conclusion of the Meeting, term of office of the Accounting Auditor of the Company Ernst & Young ShinNihon LLC will expire, therefore it will terminate its services as the position. Accordingly, shareholders are requested to elect KPMG AZSA LLC as the Accounting Auditor based on the decision of the Audit & Supervisory Board.

The Audit & Supervisory Board has selected KPMG AZSA LLC as the candidate for Accounting Auditor as it concluded that KPMG AZSA LLC is qualified for the role based on comprehensive reviews on the auditing system, including the planning to conduct auditing on the consolidated financial statements on a global basis, the auditing policy including its policy on adoption of International Financial Reporting Standards (“IFRS”) audits, the assessment system in preparation for IFRS opinions, and the quality control system including assurance of independence.

(As of December 31, 2017)

| | | | | |
|--------------------|--|--|----------------|-------|
| Name | KPMG AZSA LLC | | | |
| Office | Main office: | 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo | | |
| | Number of offices: | 12 | | |
| History | Jul. 1985 | Asahi Shinwa & Co. was founded. | | |
| | Oct. 1993 | Merged Asahi Shinwa & Co. and Inoue Saito Eiwa Audit Corporation (Founded in Apr. 1978), and renamed Asahi & Co. | | |
| | Jan. 2004 | Merged Asahi & Co. and KPMG AZSA & Co. (Founded in Feb. 2003), and renamed KPMG AZSA & Co. | | |
| | Jul. 2010 | Renamed KPMG AZSA LLC, along with the shift to a limited liability company. | | |
| Outline | Capital: | | ¥3,000 million | |
| | Personnel: | Number of Certified Public Accountant | | 3,256 |
| | | Number of other audit personnel | | 1,937 |
| | | Number of other employees | | 671 |
| | | Total | | 5,864 |
| Number of clients: | (Audit certification business clients) | | 3,589 | |

Proposal No. 5: Authorization for the Board of Directors to determine the offering terms (*boshu jiko*) of stock acquisition rights (*shinkabu yoyakuden*) as stock compensation-type stock options

The Company requests authorization for the Board of Directors of the Company to determine the offering terms of stock acquisition rights as stock compensation-type stock options for Directors of the Board (limited to executive Directors of the Board; the same shall apply hereinafter in this proposal), Executive Officers of the Company and certain Directors of the Board of the Company's subsidiaries. The number of Directors of the Board of the Company eligible to receive the stock compensation-type stock options in this proposal shall be four (4) persons if Proposal No. 2 is approved as proposed.

1. Reason for the need to solicit subscribers for stock acquisition rights on particularly favorable terms

The objective of granting stock acquisition rights to Directors of the Board, Executive Officers of the Company, and certain Directors of the Board of the Company's subsidiaries is to raise their interest in the Company's stock price and financial results while also boosting their incentive to enhance corporate value and motivation to steer the Group toward becoming a global specialty pharmaceutical company by strengthening the linkage between the Company's financial result and stock price with their remuneration, thereby having them share the benefits and risks of stock price fluctuations with shareholders. Stock acquisition rights will be granted without contribution, as stock compensation-type stock options under which shares are granted upon exercise of stock acquisition rights at an exercise price of ¥1 per share.

The exercise period of the stock acquisition rights starts on the day after at least three (3) years from the issuance date of the stock acquisition rights. This, the Company considers, will serve as an incentive to realize improved business performance and higher stock prices in a medium- to long-term.

These stock compensation-type stock options are not granted to non-executive Directors of the Board including outside Directors of the Board.

2. Details and maximum number of stock acquisition rights for which offering terms may be determined based on the matters resolved at the Meeting

(1) Maximum number of stock acquisition rights for which offering terms may be determined based on this authorization:

The maximum number of the stock acquisition rights shall be 1,118 (the "**Maximum Number of Stock Acquisition Rights**"), with the terms specified in (3) below, and the allocation thereof will be executed within one (1) year of the date of the Meeting. The maximum number to be allocated to Directors of the Board of the Company shall be 351. (The number of the stock acquisition rights to be allocated to Directors of the Board of the Company is within the upper limit approved at the 94th Ordinary General Meeting of Shareholders held on March 23, 2017.)

The upper limit of the aggregate number of shares to be granted upon exercise of the stock acquisition rights shall be 111,800 shares of common stock of the Company. In the event that the number of shares to be granted is adjusted pursuant to (3) i) below, the upper limit of the aggregate number of shares to be granted upon exercise of stock acquisition rights shall be the number obtained by multiplying the Number of Granted Shares after Adjustment (as defined in (3) i) below) by the Maximum Number of Stock Acquisition Rights as provided above.

(2) Monetary payment is not required for the stock acquisition rights for which offering terms may be determined based on this authorization.

(3) Details of the stock acquisition rights for which offering terms may be determined based on this authorization

i) Class and number of shares to be granted upon exercise of stock acquisition rights

The class of shares to be granted upon exercise of the stock acquisition rights shall be shares of common stock. The number of shares to be granted upon exercise of each stock acquisition right (hereinafter the “**Number of Granted Shares**”) shall be 100 shares.

Notwithstanding the foregoing, in the event that the Company carries out a stock split (including any allotment of common stock of the Company without contribution; the same shall apply hereinafter in relation to stock splits) or a consolidation of the common stock after the date of the resolution at the Meeting (hereinafter the “**Resolution Date**”), the Number of Granted Shares shall be adjusted according to the following formula. Any fraction less than one share resulting from this adjustment shall be rounded down.

$$\text{Number of Granted Shares after Adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Ratio of stock split or consolidation}$$

In addition, the Number of Granted Shares shall be adjusted to an extent reasonable in the unavoidable event where an adjustment of the Number of Granted Shares is required after the Resolution Date.

ii) Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon exercise of each stock acquisition right shall be the amount obtained by multiplying ¥1, which is the exercise price per one (1) share to be granted upon exercise of stock acquisition rights, by the Number of Granted Shares.

iii) Exercise period of stock acquisition rights

The exercise period is three (3) years from the day on which three (3) years have passed since the day following the allocation date of the stock acquisition rights. The specific period shall be determined by resolution of the Board of Directors of the Company.

iv) Matters concerning the amount of increase in stated capital and legal capital surplus resulting from issuance of shares upon exercise of stock acquisition rights

a) The amount of increase in stated capital resulting from the issuance of shares upon exercise of the stock acquisition rights shall be one-half of the maximum amount of increase in capital stock as calculated pursuant to Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fraction of less than ¥1 shall be rounded up to the nearest yen.

b) The amount of increase in legal capital surplus resulting from the issuance of shares upon exercise of stock acquisition rights shall be the maximum amount of increase in stated capital as provided in a) above less the amount of increase in stated capital as determined in a) above.

v) Restrictions on the acquisition of stock acquisition rights through transfer

The acquisition of the stock acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Company.

vi) Any fraction of less than a whole share in the number of shares to be granted to the holder of the stock acquisition rights upon exercise of the stock acquisition rights shall be rounded down.

vii) Other terms of exercise of stock acquisition rights

Partial exercise of one (1) stock acquisition right is not permitted.

End