

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code 6417
June 7, 2019

To Those Shareholders with Voting Rights

Kimihisa Tsutsui
Representative Director, President & COO
SANKYO CO., LTD.
3-29-14 Shibuya, Shibuya-ku, Tokyo, Japan

NOTICE OF THE 54th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to the 54th Ordinary General Meeting of Shareholders of the Company. The meeting will be held as stated below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders as described hereinafter, and exercise your voting rights by no later than 6:00 p.m. on Wednesday, June 26, 2019.

- 1. Date and Time:** Thursday, June 27, 2019 at 10:00 a.m.
- 2. Place:** Star Room, The Westin Tokyo, B2F, 1-4-1 Mita, Meguro-ku, Tokyo (located within Yebisu Garden Place)
- 3. Agenda of the Meeting:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements for the 54th Fiscal Term (from April 1, 2018 to March 31, 2019) and results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 54th Fiscal Term (from April 1, 2018 to March 31, 2019)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of Four Statutory Auditors

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

The Company regards the return of profits to shareholders as one of the most important management priorities. The Company's dividend policy is to maintain a payout ratio of 25% of consolidated net income and the aim is to continuously increase dividends.

The Company will effectively utilize retained earnings for enhancing product development, capital investment, and sales & marketing to improve business performance. Repurchasing of own shares will be decided from the viewpoint of increasing capital efficiency.

For the 54th fiscal term, the Company proposes to pay a year-end dividend of ¥75 per share. Including the interim dividend of ¥75 per share, the amount of full-year dividends will be ¥150 per share, resulting in a consolidated payout ratio of 91.0%. In line with the above policy and from the viewpoint of maintaining stable dividend payment, the amount of full-year dividends will be unchanged from the previous year. The details are described below.

Matters concerning the year-end dividends

(1) Type of dividend property

Dividends will be paid in cash.

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

¥75 per share of the Company's common stock, for a total amount of ¥6,088,162,950

As a result, the annual dividend for this term, including interim dividend, would be ¥150 per share.

(3) Effective date of dividends from surplus

June 28, 2019

Proposal No. 2: Election of Four Statutory Auditors

All four Statutory Auditors of the Company will complete their term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of four Statutory Auditors. The Board of Statutory Auditors has previously given its approval.

The candidates for Statutory Auditors are as follows:

No.	Name (Date of birth)	Career summary and position	Number of shares of the Company held
1	<u>New candidate</u> Takafumi Okubo (March 12, 1958)	April 2008 Office Manager of Internal Auditing Office of the Company April 2015 General Manager of General Affairs Dept of the Company April 2019 Advisor of the Company (to present)	700

- Notes: 1. No conflict of interest exists between the Company and Mr. Okubo.
2. If Mr. Takafumi Okubo is elected, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into a liability limitation agreement with him. The limit of his liability for damages in accordance with the said agreement will be the amount stipulated by laws and regulations.

No.	Name (Date of birth)	Career summary and position	Number of shares of the Company held
2	<u>Reappointment</u> Toshiaki Ishiyama (September 17, 1956)	June 1994 Statutory Auditor of the Company (to present) January 2012 Joined Noda Fumiyoshi Tax Accounting Office(to present) (Significant concurrent positions) Statutory Auditor of Sankyo Create Co., Ltd. Statutory Auditor of International Card System Co., Ltd.	5,000

- Notes: 1. No conflict of interest exists between the Company and Mr. Ishiyama.
2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Toshiaki Ishiyama. The limit of his liability for damages in accordance with the said liability limitation agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to continue the said liability limitation agreement with him.

No.	Name (Date of birth)	Career summary and position	Number of shares of the Company held
3	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Auditor</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Auditor</div> Yoshiro Sanada (May 8, 1957)	April 1982 Joined Kubota Judicial Scrivener Office December 1992 Registered as Judicial Scrivener Head of Sanada Judicial Scrivener Office (to present) June 2003 Statutory Auditor of the Company (to present)	1,000

Reasons for nomination as a candidate for Outside Auditor

The Company has elected Mr. Yoshiro Sanada as a candidate for an Outside Statutory Auditor because the Company expects him to use, for the good of the auditing system of the Company, his knowledge of legal affairs accumulated by his long experience as a Judicial Scrivener when he takes office as an Outside Statutory Auditor. Although Mr. Sanada has never been directly involved in corporate management other than serving as an Outside Statutory Auditor of the Company, the Company believes that he will be able to adequately perform his duties as an Outside Statutory Auditor, because he specializes in corporate legal affairs as a Judicial Scrivener and has sufficient insight to administer corporate management. His term of office as an Outside Statutory Auditor will have been sixteen years at the conclusion of this General Meeting of Shareholders.

- Notes:
1. No conflict of interest exists between the Company and Mr. Sanada.
 2. Mr. Yoshiro Sanada is candidates for Outside Statutory Auditor. He is Independent Auditors as defined in the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
 3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Yoshiro Sanada. The limit of his liability for damages in accordance with the said liability limitation agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to continue the said liability limitation agreement with him.

No.	Name (Date of birth)	Career summary and position	Number of shares of the Company held
4	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Auditor</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Auditor</div> Fumiyoshi Noda (January 26, 1959)	August 1983 Joined Noda Susumu Tax Accountant & Real Estate Appraisal Office March 1984 Registered as Certified Tax Accountant August 1986 Head of Noda Fumiyoshi Tax Accounting Office (to present) June 2007 Statutory Auditor of the Company (to present)	1,000

Reasons for nomination as a candidate for Outside Auditor

The Company has elected Mr. Fumiyoshi Noda as a candidate for an Outside Statutory Auditor because the Company expects him to use, for the good of the auditing system of the Company, his knowledge of accounting accumulated by his long experience as a Certified Tax Accountant. Although Mr. Noda has never been directly involved in corporate management other than serving as an Outside Statutory Auditor of the Company, the Company believes that he will be able to adequately perform his duties as an Outside Statutory Auditor, because he specializes in corporate accounting as a Certified Tax Accountant and has sufficient insight to administer corporate management. In the past, he has never served as a Certified Tax Accountant for the Company. His term of office as an Outside Statutory Auditor will have been twelve years at the conclusion of this General Meeting of Shareholders.

- Notes:
1. No conflict of interest exists between the Company and Mr. Noda.
 2. Mr. Fumiyoshi Noda is candidates for Outside Statutory Auditor. He is Independent Auditors as defined in the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
 3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Fumiyoshi Noda. The limit of his liability for damages in accordance with the said liability limitation agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to continue the said liability limitation agreement with him.