

NOTICE: This is a translation of a part of a notice issued on June 4, 2018 in Japanese and is made solely for the convenience of the foreign shareholders. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Securities code: 4536

June 4, 2018

**CONVOCATION NOTICE
OF THE 106TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

We hereby inform you of the 106th Annual General Meeting of Shareholders of the Company to be held as set forth below. Your presence at the meeting will be highly appreciated.

If you cannot attend the Meeting, you are entitled to exercise your voting right by a written form or via the Internet.* In such a case, after reviewing the attached “Reference Materials for the General Meeting of Shareholders,” please exercise your voting right by: filling up the Voting Card indicating your assent or dissent to the items on the agenda, and returning the card to us by mail before 17:30 on Monday, June 25, 2018; or accessing the website (<https://evote.tr.mufg.jp/>) designated by the Company for voting using your personal computer, and exercising your voting right before 17:30 of the aforementioned day.

Very truly yours,

Akira Kurokawa
Representative Director
Chairman & CEO

SANTEN PHARMACEUTICAL CO., LTD.
9-19, Shimoshinjo 3-chome, Higashiyodogawa-ku, Osaka, Japan
[Corporate Headquarters: 4-20, Ofuka-cho, Kita-ku, Osaka, Japan]

*Please note that shareholders outside Japan may not directly use this means outside Japan.

AGENDA

1. **Date and Time: Tuesday, June 26, 2018 at 10:00 a.m.**
(Start of admission at 9:00 a.m.)
2. **Place: Knowledge Capital Congrès Convention Center at the Second Basement, North Building, Grand Front Osaka**
3-1, Ofuka-cho, Kita-ku, Osaka, Japan

**Please note that the venue is different from last year's venue.
To avoid any mistake, please refer to the venue guide attached at the end hereof.**

3. Agenda

- Reports:**
1. Reports on the Business Report, Consolidated Financial Statements and Financial Statements for the 106th Business Term (April 1, 2017 to March 31, 2018)
 2. Reports on the Audit Reports by the Accounting Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements for the 106th Business Term (April 1, 2017 to March 31, 2018)

Items for Resolution:

- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Appointment of Seven (7) Directors
- Proposal No. 3** Appointment of One (1) Corporate Auditor
- Proposal No. 4** Revision of the Limit of the Monetary Remuneration for Directors and the Stock-Linked Remuneration Program for Directors Excluding Outside Directors

4. Matters Determined concerning the Convocation

Please see the Information regarding the Exercise of Voting Rights, etc., on page 7-8.*

*Japanese version only.

■ Disclosure via the Internet

Pursuant to laws and regulations as well as Article 16 of the Company's Articles of Incorporation, the lists described below are posted on the website of the Company (<http://www.santen.co.jp/ja/ir/document/meeting.jsp>) and hence, are not provided in the Appendices* hereto.

- (1) Explanatory Notes to the Consolidated Financial Statements; and
- (2) Explanatory Notes to the Financial Statements.

Please be informed that the Consolidated Financial Statements and the Financial Statements that have been audited by the Corporate Auditors and the Accounting Auditors consist of documents included in the Appendices hereto as well as the Explanatory Notes described in (1) and (2) above posted on the website of the Company.

*Japanese version only.

- ◎ Changes in the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Financial Statements, if any, shall be publicized via the Internet on the website of the Company (<http://www.santen.co.jp/ja/ir/document/meeting.jsp>).

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Board of Directors proposes to appropriate the surplus as follows:

Matters regarding the Term-End Dividends of Profits

Basic Policy on Dividends of Profits

Distribution of profits to shareholders is considered by the Company as a key focus of management. The Company's policy is to set dividends at a level that is stable and sustainable while, at the same time, maintaining capital efficiency and securing funds that will allow the Company to invest in research and development, which is necessary for our growth in the future, and strategic business collaborations. The Company also continually assesses the acquisition and cancellation of its treasury shares in a flexible manner.

Under the Medium-term Management Plan FY2014-2017, the Company aims to maintain the dividend payout ratio at around 40%, taking into account the distribution of profits to shareholders, securing funds necessary for our growth in the future, and the like.

Term-End Dividends of Profits for the 106th Business Term

For the 106th Business Term, the Board of Directors proposes term-end dividends of profits at JPY 13 per share.

Consequently, the total dividends for the annual business term, including the interim dividends previously distributed (JPY 13 per share), will be JPY 26 per share.

- (1) Kind of dividend property: cash
- (2) Matters concerning the distribution of dividend property to shareholders and the aggregate amount thereof: JPY 13 per share of the common shares of the Company, which amounts to JPY 5,288,921,352 in the aggregate.
- (3) Effective date of distribution of dividends from the surplus: June 27, 2018

Proposal No. 2 Appointment of Seven (7) Directors

The term of office of all the Directors will expire at the close of this Annual General Meeting of Shareholders. Under this Proposal, the Board of Directors proposes the appointment of seven (7) Directors as specified below.

The Board of Directors passed a resolution on the selection of candidates for Director after a deliberation thereon was made by the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors.

The candidates for Director are as follows:

The candidates who will be newly appointed are shown with an asterisk (*) next to their names

Candidate No.	Name (Date of birth)	Profile (Positions and responsibilities in the Company/other entities, and material posts concurrently held in other juridical persons)	Number of Santen shares owned
1	Akira KUROKAWA (September 5, 1952)	April 1977 Joined the Company April 1997 General Manager, Head of the Office of Sales & Marketing Division, Prescription Pharmaceuticals June 1997 Director June 1998 Deputy Head of Sales & Marketing Division, Prescription Pharmaceuticals May 2001 Head of Sales & Marketing Division, Prescription Pharmaceuticals June 2001 Corporate Officer July 2004 Senior Corporate Officer June 2006 President & COO June 2008 President of Santen Holdings U.S., Inc. June 2008 President & CEO April 2018 Chairman & CEO (incumbent)	150,000 shares
2	Shigeo TANIUCHI (December 10, 1973)	April 1996 Joined the Company October 2007 Deputy General Manager, Chinese Business Management Group, Asia Division November 2008 Head of Marketing & Sales Division, Santen Pharmaceutical (China) Co., Ltd. April 2011 General Manager, Business Planning & Administration Group, Asia Division April 2012 General Manager, Corporate Planning Group, Corporate Development Division January 2014 Deputy Head of Corporate Development Division April 2015 Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V. April 2016 Senior Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V. June 2017 Director April 2018 President & COO (incumbent)	1,700 shares
3	Takeshi ITO (July 16, 1959)	April 1982 Joined the Company July 1999 General Manager, Business Development Group, Business Development Division May 2001 General Manager, Corporate Development Group, R&D Strategic Integration Department December 2002 Head of R&D Integration Department, R&D Division April 2007 Head of Surgical Division April 2012 Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales and Marketing Division, Prescription Pharmaceuticals April 2014 Senior Corporate Officer, Head of Japan Sales and Marketing, Prescription Pharmaceuticals April 2016 Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing, Prescription Pharmaceuticals (incumbent) June 2017 Director (incumbent)	2,000 shares

4	<p>Akihiro TSUJIMURA (December 26, 1967)</p>	<p>August 2004 Joined the Company October 2007 Head of Business Development Department April 2010 COO of Santen Inc. April 2011 Corporate Officer, COO of Santen Inc. April 2012 Corporate Officer, President and CEO of Santen Inc. April 2013 Corporate Officer, Head of Asia Division July 2015 Senior Corporate Officer, Head of Asia Division April 2016 Executive Corporate Officer, Head of Corporate Development Division, Asia and North America Businesses, and President & CEO of Santen Inc. April 2017 Executive Corporate Officer, Asia and North America Businesses, Head of Asia Division, and President & CEO of Santen Inc. (incumbent) June 2017 Director (incumbent)</p> <p>Material posts concurrently held in other juridical persons: President of Santen Holdings U.S., Inc. President & CEO of Santen Inc. Director of Santen Pharmaceutical (China) Co., Ltd. Director of Santen Pharmaceutical Asia Pte. Ltd.</p>	2,000 shares
5	<p>Kanoko OISHI (March 24, 1961)</p>	<p>January 1993 Partner, McKinsey & Company, Inc. June 2000 Established Mediva, Inc. July 2000 Representative Director (incumbent) July 2000 Established Seinan Mediva Co., Ltd. (currently, Seeds 1); Representative Director (incumbent) August 2004 Established Platanus Medical Corporation; COO (incumbent) June 2010 Outside Director, Astellas Pharma Inc. June 2015 Outside Director of the Company (incumbent) June 2015 External Board Member, Ezaki Glico Co., Ltd. (incumbent) June 2015 Outside Director, Suruga Bank Ltd. (incumbent) (expected to resign from office on June 28, 2018) March 2016 External Director, Shiseido Company, Limited (incumbent)</p> <p>Material posts concurrently held in other juridical persons: Representative Director, Mediva, Inc. Representative Director, Seeds 1 External Board Member, Ezaki Glico Co., Ltd. Outside Director, Suruga Bank Ltd. External director, Shiseido Company, Limited</p> <p>Total term of office until the close of this Meeting: Three (3) years Number of attendance at Board of Directors' meetings: 10 out of 11 meetings</p>	0 share
6	<p>Yutaro SHINTAKU (September 19, 1955)</p>	<p>June 2005 Executive Officer of Terumo Corporation June 2006 Director and Executive Officer, President of Cardiac & Vascular Products Group of Terumo Corporation June 2007 Director and Senior Executive Officer in charge of the R&D Center, Intellectual Property Department and Legal Department of Terumo Corporation June 2009 Director and Managing Executive Officer, General Manager of Strategy Planning Department, and General Manager of International Business in charge of the Human Resources Department and Accounting & Finance Department of Terumo Corporation June 2010 Representative Director, President and CEO of Terumo Corporation April 2017 Director and Corporate Advisor of Terumo Corporation June 2017 Corporate Advisor of Terumo Corporation (incumbent) June 2017 External Director of J-Oil Mills Inc. (incumbent) June 2017 Outside Director of the Company (incumbent) March 2018 Outside Director of Kubota Corporation (incumbent) April 2018 Visiting Professor, Business Administration, Hitotsubashi University Business School (incumbent)</p>	0 share

		<p>Material posts concurrently held in other juridical persons: External Director of J-Oil Mills Inc. Outside Director of Kubota Corporation Visiting Professor, Business Administration, Hitotsubashi University Business School</p> <p>Total term of office until the close of this Meeting: One (1) year Number of attendance at Board of Directors' meetings: 9 out of 9 meetings</p>	
7	<p>* Kunihito MINAKAWA (August 15, 1954)</p>	<p>October 1997 Senior Vice President and Chief Financial Officer, Ricoh Americas Corporation</p> <p>April 2010 Corporate Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.</p> <p>June 2010 Outside Audit & Supervisory Board Member, Ricoh Leasing Company, Ltd.</p> <p>April 2012 Corporate Senior Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.</p> <p>June 2013 Audit & Supervisory Board Member, Ricoh Company, Ltd.</p> <p>June 2017 Outside Director of Sony Corporation (incumbent)</p> <p>Material post concurrently held in another juridical person: Outside Director of Sony Corporation</p>	0 share

(Note 1) None of the above candidates for Director have a special interest in the Company.

(Note 2) Among the candidates for Director, Kanoko Oishi, Yutaro Shintaku and Kunihito Minakawa are candidates for Outside Director.

(Note 3) Among the candidates for Director, the Company designated Kanoko Oishi and Yutaro Shintaku as Independent Officers pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and has filed their names therewith. The Company, through a filing, has informed the Tokyo Stock Exchange, Inc. that, upon the approval of the appointment of Kunihito Minakawa under this Proposal, he will become an Independent Officer pursuant to Article 436-2, Paragraph 1 of the said Regulations.

(Note 4) Reasons for the appointment of the candidates for Director:

- (1) As regards Akira Kurokawa, he has assumed command of overall management as the Representative Director, President & CEO of the Company since June 2008 and the Representative Director, Chairman & CEO of the Company since April 2018 and has achieved a sustained enhancement of the corporate value of the Company. Furthermore, at the Board of Directors, he has fulfilled his responsibilities concerning matters for resolutions and reports as the Chairman & CEO as well as taken the chair thereof as the Representative Director, appropriately conducted the meetings thereof, and contributed in the making of decisions thereat by gaining the understanding of each Director. Considering the foregoing, the Board of Directors proposes his continuous appointment as such.
- (2) As regards Shigeo Taniuchi, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including the China business, corporate development and the European business, and has served as the Corporate Officer, Head of Santen Europe (currently EMEA) since 2015, and as the Senior Corporate Officer, Head of Santen Europe (currently EMEA) since 2016, and, as the Representative Director, President & COO of the Company since April 2018, he has contributed to the enhancement of the corporate value of the Company. Furthermore, he has contributed to enhance the quality of the discussions in the Board of

Directors by expressing his opinions actively throughout the proceedings at meetings, and he has contributed in the making of decisions thereat. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.

- (3) As regards Takeshi Ito, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including R&D, surgical, sales & marketing, prescription pharmaceuticals, and has served as a Corporate Officer since 2012, the Senior Corporate Officer, Head of Sales & Marketing Division, Prescription Pharmaceuticals since 2014, and the Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing, Prescription Pharmaceuticals since 2016; and he has contributed to the enhancement of the corporate value of the Company. Furthermore, he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, and he has contributed in the making of decisions thereat. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.
- (4) As regards Akihiro Tsujimura, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including business development, overseas businesses in Asia and the U.S., and has served as a Corporate Officer since 2011, the Executive Corporate Officer, Head of Corporate Development Division, Asia and North America Businesses since 2016, and the Executive Corporate Officer, Asia and North America Businesses, Head of Asia Division since 2017, and he has contributed to the enhancement of the corporate value of the Company. Furthermore, he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, and he has contributed in the making of decisions thereat. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.
- (5) As regards Kanoko Oishi, considering that she has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, and that she has contributed to enhance the quality of the discussions in the Board of Directors by expressing her opinions actively throughout the proceedings at meetings, the Board of Directors believes that she is well-qualified to be an Outside Director, and proposes her continuous appointment as such.
- (6) As regards Yutaro Shintaku, considering that he has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, including as a management executive of a major company manufacturing and distributing medical equipment and pharmaceutical products, and that he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his continuous appointment as such.
- (7) As regards Kunihito Minakawa, considering that he has extensive knowledge and global experience amassed through long years of involvement in management in the country and overseas, as well as extensive insight and business experience in finance and auditing, and that he is expected to enhance the quality of the discussions in the Board of Directors, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his appointment as such.

(Note 5) Agreement with the Outside Directors to limit their liability:

To further ensure the Company's objective and transparent management through the invitation and appointment of capable and competent persons for the post of Outside Director, it is provided in Article 27 of the Company's current Articles of Incorporation that the Company may enter into an agreement with any Outside Director to limit his or her liability for any damage that may be caused by his or her negligence in the performance of his or her duty. Pursuant to such provision, the Company has previously entered into agreements with Kanoko Oishi and Yutaro Shintaku, the candidates for Outside Director, to limit their liability for any such damage. Upon the approval of the reappointment of these Outside Directors under this Proposal, the foregoing agreements are planned to be renewed. Upon the approval of the appointment of Kunihito Minakawa, who is a candidate for Outside Director under this Proposal, such agreement is planned to be concluded between him and the Company as well. The outline of such agreement is as follows:

- In case the Outside Director becomes liable for damages suffered by the Company due to his or her negligence in the performance of his or her duty, he or she shall be liable for such damages only up to the maximum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The aforementioned limitation on liability of the Outside Director shall be allowed only if he or she performed his or her duty, which caused the damages, in good faith and without gross negligence.

Proposal No. 3 Appointment of One (1) Corporate Auditor

The term of office of the Corporate Auditor, Koichi Matsuzawa, will expire at the close of this Annual General Meeting of Shareholders. Under this Proposal the Board of Directors proposes the appointment of one (1) Corporate Auditor as specified below.

The Board of Directors passed a resolution on the selection of the candidate for Corporate Auditor with the consent of the Board of Corporate Auditors.

The candidate for Corporate Auditor is as follows:

The candidate who will be newly appointed is shown with an asterisk (*) next to his name.

Name (Date of birth)	Profile (Positions and responsibilities in the Company/other entities and material posts concurrently held in other juridical persons)	Number of Santen shares owned
* Yasuyuki MIYASAKA (April 1, 1952)	November 1975 Joined Tohmatsu Awoki & Co. (currently, Deloitte Touche Tohmatsu LLC) March 1980 Registered as a certified public accountant June 1990 Partner, Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC) August 1993 Stationed at Singapore Office, Deloitte & Touche LLP October 2010 Director of Risk Management and Quality Assurance Office of IFRS, Deloitte Touche Tohmatsu LLC June 2017 Retired from Deloitte Touche Tohmatsu LLC July 2017 Established Yasuyuki Miyasaka Certified Public Accountant Office and assumed the Head thereof (incumbent) Material post concurrently held in another juridical person: Outside Director of ITOCHU-SHOKUHIN Co., Ltd. (expected to assume office on June 21, 2018)	0 share

(Note 1) The above candidate for Corporate Auditor has no special interest in the Company.

(Note 2) Yasuyuki Miyasaka, the candidate for Corporate Auditor, is a candidate for Outside Corporate Auditor.

(Note 3) The Company, through a filing, has informed the Tokyo Stock Exchange, Inc. that, upon the approval of the appointment of Yasuyuki Miyasaka under this Proposal, he will become an Independent Officer pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

(Note 4) Reasons for the appointment of the candidate for Corporate Auditor:

As regards Yasuyuki Miyasaka, considering that he has extensive knowledge and experience amassed through long years of involvement in audits as a certified public accountant in the country and overseas, and he is expected to express appropriate audit opinions from the company-wide point of view at the meetings of the Board of Corporate Auditors and the Board of Directors, the Board of Directors believes that he is well-qualified to be an Outside Corporate Auditor, and proposes his appointment as such.

(Note 5) Agreement with the Outside Corporate Auditors to limit its liability:

To further ensure the Company's objective and transparent management through the invitation and appointment of capable and competent persons for the post of Outside Corporate Auditor, it is provided in Article 35 of the Company's current Articles of Incorporation that the Company may enter into an agreement with any Outside Corporate Auditor to limit his or her liability for any damage that may be caused by his or her negligence in the performance of his or her duty. Pursuant to such provision, upon the approval of the appointment of Yasuyuki Miyasaka, who is a candidate for Outside

Corporate Auditor under this Proposal, such agreement is planned to be concluded between him and the Company as well. The outline of such agreement is as follows:

- In case the Outside Corporate Auditor becomes liable for damages suffered by the Company due to his or her negligence in the performance of his or her duty, he or she shall be liable for such damages only up to the maximum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The aforementioned limitation on liability of the Outside Corporate Auditor shall be allowed only if he or she performed his or her duty, which caused the damages, in good faith and without gross negligence.

Proposal No. 4 Revision of the Limit of the Monetary Remuneration for Directors and the Stock-Linked Remuneration Program for Directors Excluding Outside Directors

I. Reasons for this Proposal

The Company's remuneration system for Directors consists of monetary remuneration, which is comprised of a fixed basic remuneration and an annual bonus, and stock option for stock-linked remuneration solely for Directors excluding Outside Directors (the "Target Directors"). As to the amount of remuneration and the like, the amount of the monetary remuneration was approved to be no more than 430 million yen per year (of which no more than 40 million yen is for Outside Directors) at the 98th annual general meeting of shareholders held on June 23, 2010. In addition, apart from the above remuneration limit, the issuance of subscription rights to new shares of no more than 160 million yen per year to Target Directors as stock options for stock-linked remuneration was approved at the 101st annual general meeting of shareholders held on June 25, 2013, and such limit on remuneration and issuances have been maintained up to now.

Now that there have been changes in the management environment, economic circumstances and the like since then, and considering that the principle of corporate governance has recently become dominant in Japan, it is hereby proposed that the upper limit of the amount of remuneration and the structure of the stock-linked remuneration for Directors be revised for the purpose of encouraging the Company's Directors to proactively engage in achieving the Company's vision and strategy, which would make the remuneration system effective in contributing to the Company's continuous growth and the improvement of its corporate value on a medium- to long-term basis.

The Company's Board of Directors passed a resolution on these revisions based on the report submitted by the Executive Compensation Committee, majority of the members of which are Outside Directors, after their deliberations. Upon approval of Proposal No. 2 without any amendment, the number of Directors will be seven (7) (three (3) of which are Outside Directors).

II. Revision of the Limit of the Monetary Remuneration for Directors

As to the limit of the monetary remuneration for Directors, as a result of objective acknowledgment of the remuneration level of the industry to which the Company belongs and comprehensive considerations, including the number of Directors, it is hereby proposed to revise the monetary remuneration for Directors from the current 430 million yen or less per year (of which 40 million yen or less is for Outside Directors) to 600 million yen or less per year for Target Directors (of which 400 million yen or less is base salary and 200 million yen or less is annual bonus), and to 60 million yen or less per year for Outside Directors as monetary remuneration of only a fixed base salary, in addition to the remuneration for Target Directors, in consideration of the increase in the roles and responsibilities of Outside Directors.

III. Revision of the Stock-Linked Remuneration Program for Target Directors

For the purpose of encouraging the Target Directors to proactively engage in achieving the Company's vision and strategy, and to promote the further sharing of value with shareholders from the perspective of enhancing the stock-linked remuneration program's functions and effectiveness by further clarifying the message conveyed by the program, so that it contributes to the Company's continuous growth and the improvement of its corporate value on a medium- to long-term basis, it is hereby proposed that, in addition to the limit of the Directors' monetary remuneration and in lieu of stock options for stock-linked remuneration, a new stock-linked remuneration program be introduced for the Target Directors (the "Program") described in the Overview of the Program below, which consists of two types of systems, namely, the performance share unit system (a performance-linked stock remuneration system) and the restricted stock-linked remuneration system.

The specific time of the grant and payment to each of the Target Directors and the specific allocation among them shall be determined by the Company's Board of Directors after deliberations at the Executive Compensation Committee, majority of the members of which are Outside Directors. Upon approval of this Proposal No. 4, the previous stock options for stock-linked remuneration will be abolished and subscription rights to new shares will not be granted to the Target Directors as stock options in the future.

<Overview of the Program>

1. The Performance Share Unit System ("System 1")

(1) Overview of System 1

System 1 is a performance-linked stock remuneration system for the Target Directors wherein numerical targets such as the Company's business performance are predetermined by the Company's Board of Directors for the performance evaluation period, which consists of several consecutive fiscal years (decided by the Company between three (3) and five (5) years) of the Company's medium-term management plan (the "Performance Evaluation Period"), and which grants monetary remuneration claims for the issuance of a number of common shares of the Company (the "Company Shares") based on the achievement rate of said numerical targets as well as pays cash to secure funds for the purpose of paying tax that will accrue due to the issuance of the Company Shares ("Cash for Tax Payment Purposes") as remuneration for the Performance Evaluation Period. Accordingly, in principle, the grant of such monetary remuneration claims for the issuance of Company Shares to the Target Directors and the payment of Cash for Tax Payment Purposes will be made after the end of the Performance Evaluation Period. Considering that System 1 involves granting of monetary remuneration claims for the issuance of Company Shares and payment of Cash for Tax Payment Purposes based on the achievement rate of the subject numerical targets, whether or not such grants or payments will be made to each Target Director as well as the specific number of Company Shares to be issued (the "Number of Shares to be Issued") or the amount of the monetary remuneration claims for the issuance of Company Shares or the Cash for Tax Payment Purposes to be granted and paid will not be fixed at the time of the implementation of System 1.

The initial Performance Evaluation Period shall be three (3) fiscal years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021, which is the period of the Company's medium-term management plan. However, the continuation of System 1 after the end of the initial Performance Evaluation Period may be approved by the Company's Board of Directors within the scope approved at the General Meeting of Shareholders.

We intend to set the total amount of remuneration to be paid during the Performance Evaluation Period at no more than 100 million yen per year, multiplied by the number of years of each Performance Evaluation Period; the upper limit of the number of shares to be issued at no more than 100 thousand shares per year multiplied by the number of years of each Performance Evaluation Period; and the total amount of Cash for Tax Payment Purposes to be paid during the Performance Evaluation Period at no more than 100 thousand shares per year multiplied by the number of years of each Performance Evaluation Period, which is then multiplied by the share price at the time of issuance. The upper limit of the Number of Shares to be Issued of 300 thousand shares in total for three (3) fiscal years of the initial Performance Evaluation Period will be equivalent to approximately 0.07% of 406,847,515 shares, the number of shares outstanding as of the end of March 2018.

However, if a split of the Company Shares (including an allotment thereof without contribution) or a consolidation thereof is made after the day of the resolution on this Proposal No. 4, then the number of shares to be used as a criteria for the calculation of the aforementioned total amount and the total number of Company Shares to be allotted to each of the Target Directors shall be

adjusted based on the ratio of such split or consolidation.

(2) The Structure of System 1

The specific structure of System 1 is as follows:

- (i) The Company shall determine, through its Board of Directors, each of the numerical targets to be used in System 1 (for the initial Performance Evaluation Period, the target value of the rate of sales growth and the like that is the strategic target for the medium-term management plan is expected to be used), the performance-based coefficient and the like as well as other indexes and the like needed in the specific calculation of the Number of Shares to be Issued.
- (ii) After the end of the Performance Evaluation Period, the Company shall determine the number of Company Shares to be allotted to each of the Target Directors based on the achievement rate of each of the numerical targets in the relevant Performance Evaluation Period.
- (iii) Based on a resolution of the Board of Directors, the Company shall grant to each of the Target Directors their monetary remuneration claims within the limit of the total amount to be paid during the aforesaid Performance Evaluation Period as remuneration under System 1 based on the number of Company Shares to be allotted to each of the Target Directors as determined under item (ii) above, and each of the Target Directors shall receive an allotment of such number of Company Shares upon payment by way of a contribution in kind of all of their monetary remuneration claims. The amount of the payment for the Company Shares shall be determined by the Company's Board of Directors based on the closing price thereof at the Tokyo Stock Exchange on the business day immediately before the day of the resolution of the Company's Board of Directors on the aforesaid allotment (or, if no trading is made on that day, then the closing price on the trading day immediately before that day), and shall be within a range that is not particularly advantageous to any of the Target Directors who will subscribe to the Company Shares.
- (iv) As each of the Target Directors will incur expenses to pay the tax associated with the allotment of the Company Shares described in item (iii) above, in order to secure funds to pay such tax expenses, in addition to granting the aforesaid monetary remuneration claims, upon such allotment, the Company shall pay Cash for Tax Payment Purposes in an amount taking into consideration the expenses needed to pay the taxes to be incurred thereon.
- (v) The requirements for the issuance of the Company Shares to each of the Target Directors and other details shall be determined by the Company's Board of Directors.

(3) The Manner of Calculating the Number of Company Shares to be Issued and the Amount of Money to be Paid to the Target Directors

The Company shall calculate the number of Company Shares to be issued to each of the Target Directors based on the formula described in item (i) below (any fraction less than one (1) share shall be rounded down), and the amount of money to be paid to each of the Target Directors based on the formula described in item (ii) below. In case of any resignation or new appointment during the Performance Evaluation Period, the number of Company Shares to be issued or the amount of money to be paid to the relevant Target Director or his or her heir(s) and the like may be reasonably adjusted as determined by the Company's Board of Directors. If the aforesaid total number of Company Shares to be allotted to the Target Directors will be exceeded due to the allotment of such number of Company Shares determined under item (i) below, then, to the extent that will not exceed the aforesaid total number, the number of Company Shares to be allotted to each of the Target Directors shall be reduced by way of a proportional distribution or other reasonable means to be determined by the Company's Board of Directors.

- (i) The Number of Company Shares to be Issued to Each of the Target Directors
The number of the Base Share Unit (*1) x the Payment Rate (*2) x 50%

- (ii) The Amount of Money to be Paid to Each of the Target Directors
(The number of the Base Share Unit (*1) x Payment Rate (*2) – the number of Company Shares calculated under item (i) above) x the share price at the time of the issuance (*3)

*1: to be determined by the Company's Board of Directors taking into consideration of the classification of each of the Target Directors.

*2: to be calculated in a manner to be determined by the Company's Board of Directors within the range between 0% and 200% based on the achievement rate of each of the numerical targets during the Performance Evaluation Period.

*3: the amount to be determined by the Company's Board of Directors based on the closing price of the Company Shares at the Tokyo Stock Exchange on the business day immediately before the day of the resolution of the Company's Board of Directors on the aforesaid allotment (or, if no trading is made on that day, then the closing price on the trading day immediately before that day), and which is within a range that is not particularly advantageous to any of the Target Directors who will subscribe to the Company Shares.

*If any matter concerning a merger agreement, where the Company will be the company absorbed, or any other organizational restructuring as determined by the Company's Board of Directors (a "Material Organizational Restructuring") is approved at the Company's general meeting of shareholders (or by the Company's Board of Directors if such Material Organization Restructuring does not require an approval at the Company's general meeting of shareholders) during the Performance Evaluation Period (limited to cases where the effective date of such Material Organization Restructuring is scheduled to take place before the day of the issuance of the Company Shares under System 1), then on the effective date of such Material Organization Restructuring, the Company shall pay to the Target Directors the amount to be adjusted in a reasonable manner to be determined by the Company's Board of Directors.

2. The Restricted Stock-Linked Remuneration System ("System 2")

(1) Overview of System 2

System 2 is a system wherein the monetary remuneration claims are granted to the Target Directors every fiscal year as remuneration relating to restricted stock, and each of the Target Directors shall receive an allotment of the Company Shares upon payment by way of a contribution in kind of all of their monetary remuneration claims. The issuance or disposition of Company Shares under System 2 is conditioned on the conclusion of a restricted stock allotment agreement between the Company and each of the Target Directors (the "Allotment Agreement").

The total annual amount of the monetary remuneration claims to be granted in a fiscal year shall not be more than 100 million yen, and the maximum number of Company Shares to be allotted to the Target Directors by the Company within such fiscal year upon their payment by way of a contribution in kind of all of their monetary remuneration claims shall be 100 thousand shares (per fiscal year, which will be equivalent to approximately 0.02% of 406,847,515 shares, the number of shares outstanding as of the end of March 2018). If a split of the Company Shares (including an allotment thereof without contribution) or a consolidation thereof is made after the day of the resolution on this Proposal No. 4, or it is otherwise necessary to adjust the total number of restricted stocks to be allotted for these cases, then the total number of such Company Shares may be reasonably adjusted.

(2) Outline of the Allotment Agreement

The following is an outline of the Allotment Agreement:

(i) Details of the Transfer Restriction

Each Target Director shall not transfer, pledge or otherwise dispose of the Company Shares allotted under the Allotment Agreement (the "Allotted Shares") during the transfer restriction

period to be pre-determined by the Company's Board of Directors between three (3) years to five (5) years from the day of receipt of the allotment under the Allotment Agreement.

(ii) Treatment in Case of Resignation

If any Target Director resigns or retires from the position of Director, Corporate Officer, Corporate Auditor, employee or any equivalent thereof of the Company or its subsidiary before the end of the transfer restriction period, then the Company shall automatically acquire the Allotted Shares without consideration unless such event is due to the expiration of the term, death or any other justifiable reason.

(iii) Lift of the Transfer Restriction

The Company shall lift the transfer restriction on all of the Allotted Shares upon the expiration of the transfer restriction period, on condition that the Target Director has held the position of Director, Corporate Officer, Corporate Auditor, employee or any equivalent thereof of the Company or its subsidiary continuously during the transfer restriction period. However, if such Target Director resigns or retires from such position before the expiration of the transfer restriction period due to the expiration of the term, death or any other justifiable reason, then the number of Allotted Shares to be lifted from the transfer restriction and the time of lifting of such transfer restriction shall be reasonably adjusted as necessary. In addition, immediately after the transfer restriction is lifted in accordance with the foregoing provisions, the Company shall automatically acquire the Allotted Shares still subject to the transfer restriction without consideration.

(iv) Treatment in Cases of Organizational Restructurings

Notwithstanding the provisions of item (i) above, in cases where matters concerning a Material Organizational Restructuring are approved at the Company's general meeting of shareholders (or by the Company's Board of Directors if the approval at the Company's general meeting of shareholders is not required for such Material Organization Restructuring) during the transfer restriction period, prior to the effective date of the approval of such Material Organization Restructuring, the Company shall lift the transfer restriction on a number of the Allotted Shares to be reasonably determined by a resolution of the Company's Board of Directors taking into consideration the period from the day of commencement of the transfer restriction period to the day of the approval of such Material Organization Restructuring. In addition, immediately after the transfer restriction is lifted in accordance with the foregoing provisions, the Company shall automatically acquire the Allotted Shares still subject to the transfer restriction without consideration.

(v) Other Matters to be Determined by the Board of Directors

Other matters shall be determined by the Company's Board of Directors.

For the avoidance of any doubt, if a Target Director is a non-resident at the time of receipt of the allocation of the aforementioned restricted stock, then a restricted stock unit system (*i.e.*, a system of issuing Company Shares and the like after the lapse of a certain period) with the same conditions and economic value as those of the restricted stock may be applied in lieu of System 2 for the purpose of compliance with the necessary laws or to avoid tax disadvantages in the country of residence.

<For Your Reference>

On the assumption that this Proposal is approved, the Company plans to introduce a performance share unit system and a restricted stock-linked remuneration system or another restricted stock unit system to Corporate Officers in and outside Japan who do not concurrently serve as Directors of the Company. In this case, the upper limit of the total number of all of the above stock-linked remuneration programs during the three (3) fiscal years from the fiscal year ending March 31, 2019 to

the fiscal year ending March 31, 2021, the initial Performance Evaluation Period, will be 1,491 thousand shares for the Company's Target Directors and Corporate Officers in and outside Japan who do not concurrently serve as Directors of the Company (the upper limit of the total number of allotted shares for the three (3) fiscal years of the initial Performance Evaluation Period will be equivalent to approximately 0.37 % of 406,847,515 shares, the number of shares outstanding as of March 31, 2018).

For Your Reference:

1. The Company's Policy and Procedures for the Appointment of Candidates for Director and Corporate Auditor

(1) Appointment of Candidates for Director

In the Company, the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors, deliberates on the selection of candidates for Director, and based on its recommendation, the Board of Directors determines the candidates for Director. Upon deliberation by the Nominating Committee, on the premise that each nominee has an understanding of Santen's Values and the underlying ethos thereof, the guiding principle for the selection of candidates for Director is that each nominee must have credentials such as superb expertise, ability to participate in decision-making from a managerial standpoint and supervise execution of the duties by directors, while the guiding principle for the selection of candidates for Outside Director is that each nominee must have credentials such as being capable of contributing to enhance the quality of the discussions in the Board of Directors with experience in managing companies or a specialized understanding of corporate management, and satisfies the criteria of independence established by the Company.

(2) Appointment of Candidates for Corporate Auditor

In the Company, the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors, discusses the recommendation of candidates for Corporate Auditor, and then the Board of Directors determines the nominees as candidates for Corporate Auditor after it obtains the consent of the Board of Corporate Auditors. Upon consent by the Board of Corporate Auditors, on the premise that each nominee has an understanding of Santen's Values and the underlying ethos thereof, the guiding principle for the selection of candidates for Corporate Auditor is that each nominee must have credentials such as having ethical values and a sense of fairness, while being experienced in performing high-level duties in any field, while the guiding principle for the selection of candidates for Outside Corporate Auditor is that each nominee must have credentials such as being experienced in academic pursuits, the legal profession or management as well as having a wealth of experience and high expertise in each field, and satisfies the criteria of independence established by the Company.

2. Criteria of Independence of Outside Directors and Outside Corporate Auditors

From the viewpoint of further strengthening corporate governance as well as enhancing the transparency and objectiveness of management, the Company has established the following criteria in determining that each of the Outside Directors and Outside Corporate Auditors has no interest in the Company and its affiliate companies (collectively, the "Santen Pharmaceutical Group"), and that each of them is "independent."

- (1) In the past, the relevant director/corporate auditor has never been a director, corporate auditor or employee of the Santen Pharmaceutical Group.
- (2) The relevant director/corporate auditor is not a consultant, accounting expert or legal expert, regardless of whether he/she/it is an individual or a juridical person, who has ever been directly involved in the business of the Santen Pharmaceutical Group, and has never obtained money or other assets in an amount of JPY 10 million or more per year therefrom, during the past three (3) years.
- (3) During the past three (3) years, the relevant director/corporate auditor has never been a director and the like (including a corporate officer or other person equivalent thereto; hereinafter, the same shall apply) of a company with sales to the Santen Pharmaceutical Group amounting to 2%

or more of the annual sales of such company. Also, during the past three (3) years, the relevant director/corporate auditor has never been a director and the like of a company with sales by the Santen Pharmaceutical Group amounting to 2% or more of the annual sales of the Santen Pharmaceutical Group.

- (4) The relevant director/corporate auditor is not a director and the like of a company, 10% or more of the aggregate number of outstanding shares of which is held by the Santen Pharmaceutical Group, or a company holding 10% or more of the aggregate number of outstanding shares of the Company.
- (5) The relevant director/corporate auditor has never taken office as a director and the like of the Santen Pharmaceutical Group's main bank, lead managing securities companies, main life insurance company or main non-life insurance company.
- (6) The relevant director/corporate auditor is not a director/corporate auditor of the Santen Pharmaceutical Group, a spouse or another relative within the third degree of kinship of any person classified under any of items (1) to (5) above.
- (7) There is no matter concerning the relevant director/corporate auditor that may raise a material conflict of interest in his/her performing the duties of an Outside Director/Outside Corporate Auditor, or any relationship that may affect his/her judgment as an Outside Director/Outside Corporate Auditor.

Consolidated statement of income (IFRS*)

(Millions of yen)

	Year to March 31, 2018	(Reference) Year to March 31, 2017
Revenue	224,942	199,096
Cost of sales	(86,378)	(74,966)
Gross profit	138,564	124,130
Selling, general and administrative expenses	(68,788)	(62,193)
Research and development expenses	(24,398)	(22,786)
Amortization on intangible assets associated with products	(6,740)	(6,412)
Other income	417	468
Other expenses	(364)	(728)
Operating profit	38,691	32,479
Finance income	1,004	1,105
Finance expenses	(434)	(3,529)
Profit before tax	39,261	30,055
Income tax expenses	(4,000)	(8,331)
Net profit for the year	35,261	21,724
Profit attributable to		
Owners of the company	35,247	21,731
Non-controlling interests	14	(7)
Net profit for the year	35,261	21,724

(Figures are rounded to the nearest million yen)

* International Financial Reporting Standards

Consolidated statement of financial position (IFRS)

(Millions of yen)

	Year ended March 31, 2018	(Reference) Year ended March 31, 2017
Assets		
Non-current assets		
Property, plant and equipment	29,706	28,550
Intangible assets	134,495	138,935
Financial assets	35,775	29,889
Deferred tax assets	2,264	2,396
Other non-current assets	2,855	2,124
Total non-current assets	205,095	201,894
Current assets		
Inventories	30,636	28,502
Trade and other receivables	78,654	70,970
Other financial assets	472	333
Other current assets	4,322	3,909
Cash and cash equivalents	69,283	53,297
Total current assets	183,367	157,011
Total assets	388,463	358,906

(Figures are rounded to the nearest million yen)

(Millions of yen)

	Year ended March 31, 2018	(Reference) Year ended March 31, 2017
Equity		
Share capital	8,032	7,792
Capital surplus	8,657	8,417
Treasury shares	(11)	(10)
Retained earnings	249,225	223,283
Other components of equity	19,921	15,628
Total equity attributable to owners of the company	285,823	255,110
Non-controlling Interests	1,734	819
Total equity	287,557	255,929
Liabilities		
Non-current liabilities		
Financial liabilities	21,244	26,288
Net defined benefit liabilities	1,804	1,900
Provisions	1,367	1,426
Deferred tax liabilities	12,909	17,963
Other non-current liabilities	1,380	1,919
Total non-current liabilities	38,704	49,496
Current liabilities		
Trade and other payables	29,743	23,937
Other financial liabilities	14,404	17,649
Income tax payable	7,656	3,279
Provisions	1,508	1,372
Other current liabilities	8,890	7,244
Total current liabilities	62,201	53,481
Total liabilities	100,905	102,977
Total equity and liabilities	388,463	358,906

(Figures are rounded to the nearest million yen)

Consolidated statement of changes in equity (IFRS)

Year ended March 31, 2018

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other component of equity	
					Remeasurements of defined benefit plans	Net gain or loss on financial assets Measured at fair value through other comprehensive income
Balance at April 1, 2017	7,792	8,417	(10)	223,283	—	9,470
Comprehensive income						
Net profit for the year				35,247		
Other comprehensive income					284	5,867
Total comprehensive income for the year	—	—	—	35,247	284	5,867
Transactions with owners						
Issuance of new shares	240	240				
Acquisition of treasury shares			(1)			
Dividends				(10,563)		
Establishment of subsidiary with non-controlling interests						
Share-based payment						
Other				1,257	(284)	(973)
Total transactions with owners	240	240	(1)	(9,306)	(284)	(973)
Balance at March 31, 2018	8,032	8,657	(11)	249,225	—	14,364

	Other component of equity			Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Subscription rights to shares	Total			
Balance at April 1, 2017	5,332	825	15,628	255,110	819	255,929
Comprehensive income						
Net profit for the year			—	35,247	14	35,261
Other comprehensive income	(749)		5,401	5,401	63	5,464
Total comprehensive income for the year	(749)	—	5,401	40,648	77	40,725
Transactions with owners						
Issuance of new shares		(68)	(68)	412		412
Acquisition of treasury shares			—	(1)		(1)
Dividends			—	(10,563)		(10,563)
Establishment of subsidiary with non-controlling interests			—	—	838	838
Share-based payment		218	218	218		218
Other			(1,257)	—		—
Total transactions with owners	—	150	(1,107)	(9,934)	838	(9,096)
Balance at March 31, 2018	4,583	975	19,921	285,823	1,734	287,557

(Figures are rounded to the nearest million yen)

Non-consolidated balance sheets (J-GAAP*)

(Millions of yen)

	Year ended March 31, 2018	(Reference) Year ended March 31, 2017
Assets		
Current assets	139,590	123,990
Cash and deposits	39,579	32,772
Trade notes receivable	252	461
Trade accounts receivable	68,317	61,117
Merchandise and finished goods	19,038	17,368
Work in process	37	76
Raw materials and supplies	3,678	4,127
Deferred tax assets	2,318	1,994
Other	6,376	6,075
Allowance for doubtful receivables	(5)	—
Fixed assets	181,238	175,373
Tangible assets	23,135	23,088
Buildings	9,749	9,409
Structures	104	120
Machinery and equipment	3,725	2,051
Vehicles	29	1
Tools, furniture and fixtures	1,401	1,386
Land	6,880	6,880
Leased assets	12	15
Construction in progress	1,235	3,226
Intangible assets	50,006	52,809
Manufacturing and marketing approval	47,124	50,056
Software	2,347	2,452
Other	535	301
Investments and other assets	108,097	99,476
Investment securities	33,823	28,074
Investments in subsidiaries	69,575	65,124
Deferred tax assets	348	1,959
Other	4,573	4,320
Allowance for doubtful receivables	(221)	—
Total assets	320,828	299,363

(Figures are rounded to the nearest million yen)

* Generally Accepted Accounting Principles in Japan

(Millions of yen)

	Year ended March 31, 2018	(Reference) Year ended March 31, 2017
Liabilities		
Current liabilities	50,190	44,887
Electronically recorded obligations	1,896	1,313
Trade accounts payable	18,454	14,973
Current portion of long-term loans payable	4,098	8,316
Other payables	15,190	14,276
Income taxes payable	6,374	2,184
Consumption taxes payable	1,148	810
Reserves for bonuses	2,666	2,565
Other	364	450
Non-current liabilities	4,873	9,117
Long-term loans payable	3,500	7,598
Provision for retirement benefits	713	716
Asset retirement obligations	235	232
Other	425	571
Total liabilities	55,063	54,004
Net assets		
Shareholders' equity	250,240	234,889
Common stock	8,032	7,792
Capital surplus	8,726	8,486
Additional paid-in capital	8,726	8,486
Retained earnings	233,493	218,621
Earing reserve	1,551	1,551
Other retained earnings	231,942	217,069
Reserve for retirement benefit	372	372
General reserve	89,109	89,109
Retained earnings carried forward	142,461	127,588
Treasury stock at cost	(11)	(10)
Valuation, translation adjustments	14,550	9,644
Unrealized gains on securities, net of taxes	14,550	9,644
Stock subscription rights	975	825
Total net assets	265,765	245,358
Total liabilities and net assets	320,828	299,363

(Figures are rounded to the nearest million yen)

Non-consolidated statement of income (J-GAAP)

(Millions of yen)

	Year to March 31, 2018	(Reference) Year to March 31, 2017
Net sales	171,872	156,968
Cost of sales	70,205	61,373
Gross profit	101,667	95,595
Selling, general and administrative expenses	70,369	64,284
Operating income	31,298	31,311
Non-operating income	1,020	1,085
Interest and dividend income	613	703
Dividend income of life insurance	154	144
Asset rental income	140	110
Other	113	128
Non-operating expenses	629	2,019
Interest expenses	24	49
Commission fee	171	—
Foreign exchange losses	107	1,714
Depreciation	91	95
Provision of allowance for debtful accounts	221	—
Other	15	160
Ordinary income	31,689	30,378
Extraordinary income	1,413	333
Gain on disposal of non-current assets	—	4
Gain on sales of investment securities	1,406	318
Gain on reversal of special retirement expenses	8	8
Gain on reversal of subscription rights to shares	—	4
Extraordinary losses	104	95
Loss on disposal of non-current assets	26	29
Impairment loss	77	56
Loss on sales of golf club memberships	—	10
Loss on valuation of golf club memberships	0	—
Income before income taxes	32,999	30,616
Income taxes - current	8,433	4,758
Income taxes - deferred	(869)	859
Net income	25,435	24,999

(Figures are rounded to the nearest million yen)

Non-consolidated statement of changes in net assets (J-GAAP)

April 1, 2017 to March 31, 2018

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus		Earning reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Total capital surplus		Reserve for retirement benefit	General reserve	Retained earnings carried forward	
Balance at April 1, 2017	7,792	8,486	8,486	1,551	372	89,109	127,588	218,621
Changes of items during period								
Issuance of new shares	240	240	240					—
Dividends of surplus			—				(10,563)	(10,563)
Net income			—				25,435	25,435
Purchase of treasury stock at cost			—					—
Net changes of items other than shareholders' equity			—					—
Total changes of items during period	240	240	240	—	—	—	14,872	14,872
Balance at March 31, 2018	8,032	8,726	8,726	1,551	372	89,109	142,461	233,493

	Shareholders' equity		Valuation, translation adjustments		Stock subscription rights	Total net assets
	Treasury stock at cost	Total shareholders' equity	Unrealized gains on Securities, net of taxes	Total valuation, translation adjustments		
Balance at April 1, 2017	(10)	234,889	9,644	9,644	825	245,358
Changes of items during period						
Issuance of new shares		480		—		480
Dividends of surplus		(10,563)		—		(10,563)
Net income		25,435		—		25,435
Purchase of treasury stock at cost	(1)	(1)		—		(1)
Net changes of items other than shareholders' equity		—	4,906	4,906	150	5,055
Total changes of items during period	(1)	15,351	4,906	4,906	150	20,406
Balance at March 31, 2018	(11)	250,240	14,550	14,550	975	265,765

(Figures are rounded to the nearest million yen)