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Securities identification code: 4553
June 3, 2016

To our shareholders:

Itsuro Yoshida
President
TOWA PHARMACEUTICAL CO., LTD.
2-11, Shinbashi-cho, Kadoma, Osaka, JAPAN

NOTICE OF THE 60TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to extend our deep sympathies and condolences to all the shareholders who were affected by the 2016 Kumamoto earthquake. We sincerely hope for a quick recovery and restoration. You are cordially invited to attend the 60th Ordinary General Meeting of Shareholders of TOWA PHARMACEUTICAL CO., LTD. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail.

Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail to reach us no later than Thursday, June 23, 2016 at 5:30 p.m. (Japan Standard Time).

Meeting Details

1. Date and time: Friday, June 24, 2016 at 10:00 a.m. (Japan Standard Time)

2. Venue: Headquarters of the Company
Meeting room on the 2nd floor
2-11, Shinbashi-cho, Kadoma, Osaka, JAPAN

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 60th Term (from April 1, 2015 to March 31, 2016), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Non-Consolidated Financial Statements for the 60th Term (from April 1, 2015 to March 31, 2016)

Items to be resolved:

Proposal 1: Appropriation of surplus

Proposal 2: Election of one (1) substitute Audit & Supervisory Board Member

Proposal 3: Payment of bonuses to Directors and Audit & Supervisory Board Members

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

The Company has a basic policy of paying dividends in accordance with earnings as we work to reinforce the foundations of our operations, and we consider it a major issue to continue to pay dividends in a stable manner to all shareholders. Based on this policy and taking into consideration earnings in the year under review as well as the future development of the business, after a careful review, the appropriation of surplus for the year under review is as follows.

1. Matters related to year-end dividends

   (1) Type of dividend property

   Cash

   (2) Allocation of dividend property and total amount thereof

   47.50 yen per common share of the Company
   Total amount of dividends: 779,147,155 yen

   The Company paid an interim dividend of 47.50 yen per share, and thus the annual dividend for the fiscal year under review is 95 yen per share.

   (3) Effective date of distribution of dividends of surplus

   June 27, 2016

2. Matters related to other appropriation of surplus

   (1) Item of surplus to be decreased and amount of decrease thereof

   Retained earnings brought forward: 7,500,000,000 yen

   (2) Item of surplus to be increased and amount of increase thereof

   General reserve: 7,500,000,000 yen

Proposal 2: Election of one (1) substitute Audit & Supervisory Board Member

As of the start of this meeting, the election effect of Shigehiko Okazawa as substitute Audit & Supervisory Board Member elected at the 56th Ordinary General Meeting of Shareholders on June 27, 2012 expires and thus to ensure that there will be no shortfall in the number of Audit & Supervisory Board Members stipulated by laws and regulations, we request the election of one (1) substitute Audit & Supervisory Board Member.

It should be noted that so long as the office has not yet been assumed, the outcome of the election can be overturned by a resolution of the Board of Directors after obtaining the consent of the Audit & Supervisory Board.
This proposal has been agreed to by the Audit & Supervisory Board.

The candidate for substitute Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Career summary and position (significant concurrent positions outside the Company)		Number of the Company's shares owned
Shigehiko Okazawa (January 7, 1960)	Apr. 1998 Nov. 2000 Apr. 2008 Apr. 2016	Registered as an attorney Joined Morino and Okazawa Law Office (currently Mitsuhashi, Morino, and Okazawa Law Office) (present position) Vice Chairperson of Information Center Management Committee, Osaka Bengoshi Kai (present position) Vice Chairperson of Attorney Ethical Committee, Osaka Bengoshi Kai (present position)	—

Notes:
1. The Company has entered into a legal advisory contract with Shigehiko Okazawa.
2. Shigehiko Okazawa is a candidate for substitute Outside Audit & Supervisory Board Member.
3. The Company proposes Shigehiko Okazawa as substitute Outside Audit & Supervisory Board Member as we expect that he would make good use of the legal knowledge cultivated as an attorney in our auditing system. The candidate has not been directly involved in corporate management in the past, but for the above reasons, we have determined that he would perform his duties appropriately.
4. Agreement to limited liability of the substitute Outside Audit & Supervisory Board Member
   If Shigehiko Okazawa assumes the position of Audit & Supervisory Board Member, the Company plans to enter into an agreement with him to limit the liability for damages of Article 423, Paragraph 1 of the Companies Act. Based on this agreement, the maximum liability for damages is the minimum liability stipulated in Article 425, Paragraph 1 of the Companies Act.

Proposal 3: Payment of bonuses to Directors and Audit & Supervisory Board Members

Taking into account earnings for the fiscal year under review, the amounts of past Directors' bonus payments, and other considerations, the Company has determined Directors' bonus amounts as follows. The thirteen (13) Directors (including one (1) Outside Director) and four (4) Audit & Supervisory Board Members (including two (2) Outside Audit & Supervisory Board Members) will be paid Directors' bonuses totaling 87 million yen at the end of the fiscal year under review, consisting of 77 million yen for Directors (including 2 million yen for the Outside Director) and 9 million yen for Audit & Supervisory Board Members (including 1 million yen for Outside Audit & Supervisory Board Members).
The amount allocated to each Director is a matter to be determined by the Board of Directors, and the amount allocated to each Audit & Supervisory Board Member is a matter to be determined by Audit & Supervisory Board.