Japan Medical Dynamic Marketing, INC.
12-2 Ichigayadaimachi, Shinjuku-ku
Tokyo 162-0066 Japan

May 29, 2015

NOTICE OF CONVOCATION OF THE 43rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

To: Our Shareholders

You are cordially invited to attend the 43rd Ordinary General Meeting of Shareholders, which will be held as described below.
In the event you are unable to attend, you may exercise your voting rights in writing. You are requested to study the attached Reference Documents for the General Meeting of Shareholders, indicate your approval or disapproval for each proposal on the enclosed Voting Rights Exercise Form and return it by Thursday, June 18, 2015 at 5:00 p.m.

Sincerely yours,

Masao Okawa
Representative Director and President

1. Date and time: 10:00 a.m., Friday, June 19, 2015

2. Venue: Ohgi Room, 4th Floor of the South Tower, Keio Plaza Hotel 2-2-1 Nishi Shinjuku, Shinjuku-ku, Tokyo

3. Agenda

Matters to be reported

(1) Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors for the 43rd fiscal term (from April 1, 2014 to March 31, 2015)

(2) Non-consolidated Financial Statements for the 43rd fiscal term (from April 1, 2014 to March 31, 2015)

Matters to be resolved

Proposal No.1: Appropriation of Surplus

Proposal No.2: Election of Eight (8) Directors

Proposal No.3: Election of Three (3) Statutory Auditors

Proposal No.4: Election of One (1) Substitute Statutory Auditor

Notes:

1. If the attached documents and the Reference Documents for the General Meeting of Shareholders are amended, the amended matters will be presented on the website of the Company (http://www.jmdm.co.jp/).
2. For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the Meeting.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2015)

		(Thousands of yen)
ASSETS		
CURRENT ASSETS		**12,872,417**
Cash in hand and in banks		2,138,305
Trade receivables		3,395,244
Merchandise and finished goods		5,266,737
Work in process		272,847
Raw materials and supplies		1,004,412
Deferred tax assets		456,061
Other current assets		348,928
Allowance for bad debts		(10,119)
FIXED ASSETS		**7,295,199**
TANGIBLE:		**6,266,625**
Buildings and structures		682,745
Machinery, equipment and vehicles		236,176
Tools, furniture and fixtures		3,181,413
Land		2,162,296
Other fixed assets		3,994
INTANGIBLE:		**125,476**
INVESTMENTS AND OTHER ASSETS:		**903,096**
Deferred tax assets		834,750
Other investments		69,818
Allowance for bad debts		(1,472)
	Total assets	**20,167,616**

CONSOLIDATED BALANCE SHEET

(As of March 31, 2015)

	(Thousands of yen)
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	**5,797,738**
Accounts payable	715,808
Short-term bank loans	3,838,839
Lease obligations	62,757
Income taxes payable	90,335
Accrued expenses	319,107
Accounts payable, other	171,054
Accounts payable-installment purchase	198,917
Provision for bonuses	175,816
Other current liabilities	225,101
LONG-TERM LIABILITIES	**3,516,104**
Long-term bank loans	2,057,213
Lease obligations	164,269
Net defined benefit liability	632,866
Asset retirement obligations	12,513
Accounts payable, other	3,960
Long-term accounts payable-installment purchase	453,249
Long-term deposits received	3,500
Deferred tax liabilities	188,530
Total liabilities	**9,313,842**
NET ASSETS	
STOCKHOLDERS' EQUITY	**10,288,154**
Common stock	**3,001,929**
Additional paid-in-capital	**2,587,029**
Retained earnings	**4,725,431**
Treasury stocks	**(26,234)**
Valuation And Translation Adjustments Abstract	**553,163**
Deferred gains or losses on hedges	**19,757**
Adjustments on foreign currency statement translation	**640,238**
Remeasurements of defined benefit plans	**(106,832)**
Minority interests	**12,455**
Total net assets	**10,853,773**
Total liabilities and net assets	**20,167,616**

CONSOLIDATED PROFIT AND LOSS STATEMENT

(For the year ended March 31, 2015)

(Thousands of yen)

Net Sales		**11,855,226**
Cost of sales		**3,568,659**
Gross profit		**8,286,566**
Selling, general and administrative expenses		**6,991,152**
Operating income (loss)		**1,295,413**
Non operating income		
Interest income	330	
Commission fee	10,716	
Dividends income of insurance	3,591	
Others	6,658	21,296
Non operating expenses		
Interest expenses	148,968	
Losses on notes receivable discounted	1,621	
Foreign exchange losses	36,794	
Syndicated loan commission	31,555	
Others	10,819	229,758
Ordinary income (loss)		**1,086,951**
Extraordinary losses		
Loss on sales of fixed assets		
Loss on disposal of fixed assets	109,279	109,279
Net income (loss) before income taxes		**977,671**
Income taxes - current	187,051	
Income taxes - deferred	1,169,693	**1,356,744**
Income (loss) before minority interests		**(379,073)**
Minority interests in income (loss)		**12,455**
Net income (loss)		**(391,528)**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(For the year ended March 31, 2015)

(Thousands of yen)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury Stock	Total
Balance at April 1, 2014	3,001,929	2,587,029	5,249,267	(26,162)	10,812,062
Changes in the year ended March 31, 2015					
Cash dividend			(132,307)		(132,307)
Net income（loss） for the year ended March 31, 2015			(391,528)		(391,528)
Acquisition of treasury stocks				(72)	(72)
Net change in items other than shareholders' equity during the year ended March 31, 2015					
Total (net)	—	—	(523,836)	(72)	(523,908)
Balance at March 31, 2015	3,001,929	2,587,029	4,725,431	(26,234)	10,288,154

(Thousands of yen)

	Valuation And Translation Adjustments Abstract				Minority interests	Total net assets
	Deferred gains or losses on hedges	Adjustments on foreign currency statement translation	Remeasurements of defined benefit plans	Total		
Balance at April 1, 2014	—	337,432	(97,842)	239,590	—	11,051,653
Changes in the year ended March 31, 2015						
Cash dividend						(132,307)
Net income（loss） for the year ended March 31, 2015						(391,528)
Acquisition of treasury stocks						(72)
Net change in items other than shareholders' equity during the year ended March 31, 2015	19,757	302,805	(8,989)	313,573	12,455	326,028
Total (net)	19,757	302,805	(8,989)	313,573	12,455	(197,879)
Balance at March 31, 2015	19,757	640,238	(106,832)	553,163	12,455	10,853,773

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2015)

(Thousands of yen)

ASSETS		
CURRENT ASSETS		**9,071,581**
Cash in hand and in banks		1,986,875
Notes receivable, trade		1,504,911
Accounts receivable, trade		1,225,159
Merchandise and finished goods		3,651,555
Work in process		14,059
Raw materials and supplies		33,580
Prepaid expenses		51,704
Deferred tax assets		311,717
Short-term loans receivable		121,179
Accounts receivable, other		141,148
Other current assets		40,243
Allowance for bad debts		(10,557)
FIXED ASSETS		**6,006,936**
TANGIBLE:		**4,133,106**
Buildings		421,826
Structures		646
Machinery and equipment		1,082
Vehicles		129
Tools, furniture and fixtures		1,577,312
Land		2,132,108
INTANGIBLE:		**39,523**
Software		30,352
Telephone rights		9,170
INVESTMENTS AND OTHER ASSETS:		**1,834,306**
Investments in subsidiaries		988,882
Long-term loans receivable		5,778
Claims in bankruptcy		1,453
Deferred tax assets		781,893
Leasehold deposits		57,771
Allowance for bad debts		(1,472)
	Total assets	**15,078,517**

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2015)

(Thousands of yen)

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	**2,355,411**
Accounts payable, trade	521,675
Short-term bank loans	868,170
Lease obligations	62,757
Accounts payable, other	171,838
Accounts payable-installment purchase	198,917
Accrued expenses	64,154
Income taxes payable	77,601
Provision for bonuses	175,816
Deposits received	10,786
Other current liabilities	203,693
LONG-TERM LIABILITIES	**1,736,671**
Long-term bank loans	626,000
Lease obligations	164,269
Accrued retirement benefits to employees	473,177
Accounts payable, other	3,960
Long-term accounts payable-installment purchase	453,249
Long-term deposits received	3,500
Asset retirement obligations	12,513
Total liabilities	**4,092,082**
NET ASSETS	
STOCKHOLDERS' EQUITY	**10,966,677**
Common stock	**3,001,929**
Capital Surplus	**2,587,029**
Additional paid-in-capital	2,587,029
Retained earnings	**5,403,954**
Legal reserve	197,500
Retained earnings, other	5,206,454
General reserve	5,713,000
Unappropriated retained earnings	(506,545)
Treasury stocks	**(26,234)**
Valuation and translation adjustments	**19,757**
Deferred gains or losses on hedges	19,757
Total net assets	**10,986,435**
Total liabilities and net assets	**15,078,517**

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

(For the year ended March 31, 2015)

(Thousands of yen)

Net Sales		**8,151,885**
Cost of sales		**3,458,184**
Gross profit		**4,693,701**
Selling, general and administrative expenses		**4,143,928**
Operating income (loss)		**549,773**
Non operating income		
Interest income	2,965	
Contract services income	100,000	
Others	19,674	122,640
Non operating expenses		
Interest expenses	49,157	
Losses on notes receivable discounted	1,621	
Syndicated loan commission	31,555	
Foreign exchange losses	3,342	
Others	6,078	91,755
Ordinary income (loss)		**580,657**
Extraordinary losses		
Loss on disposal of fixed assets	87,219	87,219
Net income (loss) before income taxes		**493,437**
Income taxes - current	78,492	
Income taxes - deferred	1,134,535	**1,213,028**
Net income (loss)		**(719,590)**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the year ended March 31, 2015)

(Thousands of yen)

	Stockholders' equity						
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total
		Additional paid-in capital	Legal reserve	Others			
				General reserve	Unappropriated retained earnings		
Balance at April 1, 2014	3,001,929	2,587,029	197,500	5,713,000	345,352	(26,162)	11,818,647
Changes in the year ended March 31, 2015							
Cash dividend					(132,307)		(132,307)
Net income (loss) for the year ended March 31, 2015					(719,590)		(719,590)
Acquisition of treasury stocks						(72)	(72)
Net change in items other than shareholders' equity during the year ended March 31, 2015							
Total (net)	—	—	—	—	(851,897)	(72)	(851,970)
Balance at March 31, 2015	3,001,929	2,587,029	197,500	5,713,000	(506,545)	(26,234)	10,966,677

(Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total	
Balance at April 1, 2014	—	—	11,818,647
Changes in the year ended March 31, 2015			
Cash dividend			(132,307)
Net income (loss) for the year ended March 31, 2015			(719,590)
Acquisition of treasury stocks			(72)
Net change in items other than shareholders' equity during the year ended March 31, 2015	19,757	19,757	19,757
Total (net)	19,757	19,757	(832,212)
Balance at March 31, 2015	19,757	19,757	10,986,435

Proposals and References

Proposal No.1: Appropriation of Surplus

Regarding the appropriation of surplus, the Company proposes the following:

1. Matters related to appropriation of surplus

The Company had negative retained earnings brought forward for the 43rd term, which, however, is temporary. In order to distribute stable dividends to our shareholders, we ask for your approval of the reversal of general reserve.

(1) Item and amount of decrease in surplus

general reserve	¥800,000,000

(2) Item and amount of increase in surplus

retained earnings brought forward	¥800,000,000

2. Matters related to year-end dividend

In view of the operating results for the fiscal term, future business development and other factors, the Company proposes to pay the year-end dividend for the 43rd fiscal term as follows.

(1) Dividend property classification
Cash

(2) Matters related to allotment of dividend property and its total amount
¥5 per one (1) common stock share of the Company
In this case, the total amount to be paid out in the form of dividends comes to ¥132,306,725.

(3) Effective date of distribution of surplus
June 22, 2015

Proposal No.2: Election of Eight (8) Directors

The term of office of seven (7) Directors, Messrs. Masao Okawa, Itsuro Numata, Katsuhiko Seshita, Koichi Kondo, Toshiyuki Hironaka, Masakazu Watabe, and Hiroshi Ishikawa will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following eight (8) Directors, including additional one (1) Director to reinforce its management base.
The candidates for Directors are as follows:

Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position and responsibility at the Company		Number of Company shares held
1	**Masao Okawa** (September 8, 1956)	August 2001	Joined Japan Medical Dynamic Marketing, INC. and appointed Director, Divisional General Manager of the Control Division and General Manager of the Financial Department	33,230 shares
		September 2001	Director of Ortho Development Corporation	
		October 2002	Director in charge of overseas affairs (stationed in the United States)	
		March 2003	Representative Director and President of Ortho Development Corporation	
		August 2003	Managing Director in charge of overseas affairs	
		August 2005	Managing Director in charge of management and overseas affairs and General Manager of the Financial Department	
		June 2007	Director and Divisional Manager of the Control Division in charge of overseas affairs	
		June 2008	Director in charge of the Control Division, overseas affairs and corporate planning	
		August 2009	Representative Director and President (current position)	
		December 2009	Director of Ortho Development Corporation (current position)	
2	**Itsuro Numata** (May 18, 1960)	March 1984	Joined Japan Medical Dynamic Marketing, INC.	48,105 shares
		July 2001	General Manager of the Sales and Planning Department of the Sales Division and General Manager of the Product Management Department	
		October 2002	Manager of the Marketing Strategy Department of the Sales Division and General Manager of the Product Management Department	
		August 2003	Director and Divisional Manager of the Sales Division Director of Ortho Development Corporation	
		August 2005	Director in charge of product management and marketing	
		June 2007	Director in charge of the Sales Division Representative Director and President	
		August 2009	Director in charge of the Business Promotion Division	
		August 2010	Director, Divisional Manager of the Business Promotion Division and General Manager of Marketing Department	
		November 2012	Director, Divisional Manager of the Business Promotion Division	
		April 2013	Director in charge of Trauma Business Promotion and Operation Department (current position)	

Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position and responsibility at the Company		Number of Company shares held
3	**Katsuhiko Seshita** (July 26, 1963)	December 1988 March 2001 July 2001 July 2003 June 2007 August 2007 June 2008	Joined Japan Medical Dynamic Marketing, INC. General Manager of the Sales Department of the Sales Division and Head of the Tokyo Sales Office General Manager of the First Sales Department of the Sales Division Manager of the Sales Strategy Department of the Sales Division Divisional Manager of the Sales Division Director, Divisional Manager of the Sales Division and General Manager of the Sales Promotion Department Director and Divisional Manager of the Sales Division (current position)	27,152 shares
4	**Koichi Kondo** (April 7, 1967)	January 1989 July 2003 August 2005 August 2007 June 2008 August 2010 April 2015 May 2015	Joined Japan Medical Dynamic Marketing, INC. General Manager of the Sales Strategy Department of the Sales Division and Head of the Yokohama Sales Office General Manager of the Marketing Department Director, Divisional Manager of the Business Promotion Division and General Manager of the Planning and Development Department Director, Divisional Manager of the Business Promotion Division and General Manager of the Marketing Department Director, General Manager of the East Japan Sales Department and in charge of Spine Team Director, Group Manager of the Marketing Group and General Manager of the Spine Product Department (current position) Director of Ortho Development Corporation (current position)	11,590 shares
5	**Toshiyuki Hironaka** (November 17, 1962)	April 1986 August 2001 August 2003 April 2006 December 2006 August 2009 August 2010 April 2011 August 2011 April 2013 June 2013 April 2014	Joined ITOCHU Corporation General Manager of Business Sales Headquarters, Dell Japan Inc. General Manager of Enterprise Sales Headquarters Corporate Director, Dell Inc. (in the U.S.) Managing Corporate Officer, Lenovo Japan Ltd. Director, Assistant to President, in charge of sales, Japan Medical Dynamic Marketing, INC. Director in charge of the Sales Division and ODEV Director of Ortho Development Corporation Manager of Healthcare Business Section 1, ITOCHU Corporation Retired from Director of Japan Medical Dynamic Marketing, INC. Retired from Director of Ortho Development Corporation General Manager of the Corporate Planning Department Director of Ortho Development Corporation (current position) Director in charge of sales and corporate planning, and General Manager of the Corporate Planning Department Director in charge of sales, corporate planning and the Control Division, and General Manager of the Corporate Planning Department (current position)	– shares

Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position and responsibility at the Company		Number of Company shares held
6	**Masakazu Watabe** (January 25, 1969)	April 1992 May 1992 November 2006 May 2007 August 2008 August 2010 June 2012 July 2012 April 2013 May 2013 June 2013 May 2015	Joined ITOCHU Corporation Assigned to the Industrial Machinery Department No.3 Assigned to the Medical Solution Department Assigned to the Healthcare Business Department Director in charge of Management Planning, Japan Medical Dynamic Marketing, INC. Director in charge of the Control Division, corporate planning and business development Retired from Director of Japan Medical Dynamic Marketing, INC. Outside Director, Century Medical, Inc. Assigned to Healthcare Business Department, ITOCHU Corporation Divisional Manager of the Business Promotion Division, Japan Medical Dynamic Marketing, INC. Director of Ortho Development Corporation (current position) Divisional Manager of the Business Promotion Division and General Manager of the Pharmaceutical Affairs and Development Department Director, Divisional Manager of the Business Promotion Division and General Manager of the Pharmaceutical Affairs and Development Department Director, Divisional Manager of the Business Promotion Division, General Manager of the Pharmaceutical Affairs and Development Department and the Business Development Department (current position)	– shares
7	**Hiroshi Ishikawa** (June 8, 1968)	April 1999 June 2013 December 2013	Joined Ohhara Law Office, registered as a lawyer (current position) Outside Director, Japan Medical Dynamic Marketing, INC. (current position) Supervisory Director, Daiwa House Residential Investment Corporation (current position)	– shares
8	**Toshio Saburi** (June 2, 1949)	October 1982 March 1986 September 1993 January 1999 October 2002 June 2004 June 2005 October 2008 May 2010 April 2014	Joined Chuo Accounting Audit Corporation Registered as a Certified Public Accountant Partner, Chuo Audit Corporation Joined Tempstaff Co., Ltd. Auditor, e-staffing Co., Ltd. Director, General Manager of Support Division and General Manager of Financial Department, Tempstaff Co., Ltd. Executive Managing Director Executive Managing Director and General Manager of Group Corporate Planning Division, Temp Holdings Co., Ltd. Director, Kelly Services, Inc. Executive Managing Director, General Manager of Group Corporate Planning Division and General Manager of Group Financial Department, Temp Holdings Co., Ltd.	100 shares

Notes: 1. No conflict of interest exists between the Company and the above candidates for Director.
2. Messrs. Hiroshi Ishikawa and Toshio Saburi are candidates for Outside Director.

When Mr. Hiroshi Ishikawa is re-elected as Outside Director, he will continue to be Independent Director in accordance with the listing regulations of the Tokyo Stock Exchange, Inc. In addition, when Mr. Toshio Saburi is elected as Outside Director, he will be Independent Director.

3. Special notes with regard to candidates for Outside Directors are as follows:

(1) Reasons for appointing the aforesaid as candidates for Outside Directors

The Company has judged that the Company will be able to further strengthen the function of its Board of Directors with Mr. Hiroshi Ishikawa's advice for the operation of the Company, based on his extensive knowledge and experience as a lawyer and from the perspective of a legal expert. He does not have experience of being directly engaged in corporate management other than serving as an Outside Director, yet the Company judges him capable of properly executing his duties of Outside Director given his extensive knowledge and experience as a lawyer. Mr. Toshio Saburi has specialized knowledge he has garnered as a certified public accountant as well as experience of being engaged in corporate management; the Company has judged that the Company will be able to further strengthen the function of its Board of Directors with his advice for the operation of the Company.

(2) Independence of candidates for Outside Directors

Messrs. Hiroshi Ishikawa and Toshio Saburi have not accepted any significant amount of money or other asset (excluding remuneration for Directors) from the Company or any parties specially related to the Company in the past two years, nor will they do so in the future. In addition, they are not spouses, relatives within the third degree of kinship, or any other equivalents of the executive officers or officers of the Company or of any parties specially related to the Company.

(3) The term of office since the candidate for Outside Director is in office as Outside Director

Mr. Hiroshi Ishikawa, currently an Outside Director of the Company, will have been in office for two (2) years at the conclusion of this General Meeting of Shareholders.

(4) Liability limitation agreement with the candidates for Outside Directors

Mr. Hiroshi Ishikawa has actually concluded a liability limitation agreement with the Company and is scheduled to conclude the same with the Company after the re-election. In addition, Mr. Toshio Saburi is scheduled to conclude such an agreement with the Company after the election.

The content of the agreement is outlined as follows:

- Liability of the Outside Director as stipulated in Article 423, Paragraph 1 of the Company Law shall be borne by the Company to the extent permitted by laws and regulations, if such Outside Director performs his/her duties in good faith and without gross negligence.

Proposal No.3: Election of Three (3) Statutory Auditors

The term of office of four (4) Statutory Auditors, Messrs. Yasuki Ogawa, Takeo Suzuki, Shuzo Ohara and Yoji Oishi will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of the following three (3) Statutory Auditors is proposed.

The Board of Statutory Auditors has previously given its approval for this proposal.

The candidates for Statutory Auditors are as follows:

Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position at the Company		Number of Company shares held
1	**Yasuki Ogawa** (October 24, 1953)	November 1984 June 1997 March 1999 June 1999 August 2000 August 2003 August 2005	Joined Japan Medical Dynamic Marketing, INC. General Manager of the Sales Department and Head of the Osaka Sales Office General Manager of the Tokyo Product Center General Manager of Product Management Department of the Sales Division Full-time Statutory Auditor Managing Director, Divisional General Manager of the Control Division and General Manager of the Financial Department Director of Ortho Development Corporation Full-time Statutory Auditor (current position)	38,184 shares
2	**Yoji Oishi** (September 14, 1947)	April 1972 September 1974 March 1994 November 2003 January 2007 August 2007	Joined National Mutual Bank Joined Jinwakai General Hospital Joined Nerima General Hospital, administered by Tokyo Medical and Health Foundation, and appointed General Manager of Administration Joined Saiseikai Kanagawa Hospital, administered by Social Welfare Organization Saiseikai Imperial Gift Foundation Inc. Joined Saiseikai Yokohama Eastern Hospital, administered by Social Welfare Organization Saiseikai Imperial Gift Foundation Inc. and appointed General Manager of the Central Information Control Department Outside Statutory Auditor (current position)	7,200 shares
3	**Miyoko Yamada** (April 29, 1961)	October 1987 March 1991 January 1997 June 1998 October 2003 June 2010 April 2011	Joined Chuo Accounting Audit Corporation Registered as a Certified Public Accountant Joined NIKE, INC. (Japan) Established Yamada Certified Public Accountant Office (current position) Representative Director of Melissa Co., Ltd. (current position) Statutory Auditor of Placo Co., Ltd. Auditor of the Independent Administrative Institution - the National Women's Education Center	– shares

Notes: 1. No conflict of interest exists between the Company and the above candidates for Statutory Auditor.

2. Mr. Yoji Oishi and Ms. Miyoko Yamada are candidates for Outside Statutory Auditor.
When Mr. Yoji Oishi is re-elected as Outside Statutory Auditor, he will continue to be Independent Auditor in accordance with the listing regulations of the Tokyo Stock Exchange, Inc. In addition, when Ms. Miyoko Yamada is elected as Outside Statutory Auditor, she will

be Independent Auditor.

3. Special notes with regard to candidates for Outside Statutory Auditors are as follows:

(1) Reasons for appointing the aforesaid as candidates to become Outside Statutory Auditors

The Company proposes the election of Mr. Yoji Oishi as Outside Statutory Auditor so that he will continue contributing to the audit system of the Company with the specialized knowledge and experience he has garnered while working in the medical business. The Company proposes the election of Ms. Miyoko Yamada as Outside Statutory Auditor so that she will contribute to the audit system of the Company with the specialized knowledge and experience she has garnered as a certified public accountant.

(2) The independence of the candidates for Outside Statutory Auditor

Mr. Yoji Oishi and Ms. Miyoko Yamada have not accepted any significant amount of money or other asset (excluding remuneration for Statutory Auditors) from the Company or any parties specially related to the Company in the past two years, nor will they do so in the future. Furthermore, they are not spouses, relatives within the third degree of kinship, or any other equivalents of the executive officers or officers of the Company or of any parties specially related to the Company.

(3) The terms of office since the candidates for Outside Statutory Auditors are in office as Outside Statutory Auditors

Mr. Yoji Oishi, currently Outside Statutory Auditor of the Company, will have been in office for eight (8) years at the conclusion of this General Meeting of Shareholders.

(4) Liability limitation agreement with Outside Statutory Auditors

Mr. Yoji Oishi has actually concluded a liability limitation agreement with the Company and is scheduled to conclude the same with the Company after the re-election. In addition, Ms. Miyoko Yamada is scheduled to conclude such an agreement with the Company after the election.

The contents of the agreement are outlined as follows:

- Liability of the Outside Statutory Auditor as stipulated in Article 423, Paragraph 1 of the Company Law shall be borne by the Company to the extent permitted by laws and regulations, if such Outside Statutory Auditor performs his/her duties in good faith and without gross negligence.

Proposal No.4: Election of One (1) Substitute Statutory Auditor

In preparation for the case of lacking the number of Statutory Auditors required by laws and regulations, the Company proposes the election of one (1) Substitute Statutory Auditor in advance. The Board of Statutory Auditors has previously given its approval for this proposal.
The candidate for Substitute Statutory Auditor is as follows:

Name (Date of Birth)	**Career summary, major concurrent titles at other companies, and position at the Company**		**Number of Company shares held**
Masaaki Ayukawa (July 28, 1945)	April 1969	Joined Chuo Accounting Audit Corporation	– shares
	February 1971	Registered as a Certified Public Accountant	
	May 2000	Executive Board Member and Divisional Manager of the International Affairs Division of Chuo Aoyama Audit Corporation	
	September 2006	Executive Board Member and Divisional Manager of the International Affairs Division of Misuzu Audit Corporation	
	August 2007	Liquidator of Misuzu Audit Corporation (under liquidation) (current position)	
	March 2009	Outside Statutory Auditor of TonenGeneral Sekiyu K.K. (current position)	
	June 2014	Outside Statutory Auditor of Kumagai Gumi Co., Ltd. (current position)	

Notes: 1. No conflict of interest exists between the Company and the above candidate for Statutory Auditor.

2. The above candidate for Statutory Auditor is a candidate for Substitute Outside Statutory Auditor.
When Mr. Masaaki Ayukawa is elected as Outside Statutory Auditor, he will be Independent Auditor.

3. Special notes with regard to candidate for Substitute Outside Statutory Auditor are as follows:

(1) The Company proposes the election of Mr. Masaaki Ayukawa as Outside Statutory Auditor so that he will contribute to the audit system of the Company with the specialized knowledge and experience he has garnered as a certified public accountant. He does not have experience of being directly engaged in corporate management, yet he is deemed to be qualified to perform the duties of Outside Statutory Auditor properly, given his long years of experience as an outside auditor.

(2) Mr. Masaaki Ayukawa has not accepted any significant amount of money or other asset (excluding remuneration for Statutory Auditor) from the Company or any parties specially related to the Company in the past two years, nor will he do so in the future. Furthermore, he is not a spouse, a relative within the third degree of kinship, or any other equivalent of the executive officers or officers of the Company or of any parties specially related to the Company.

(3) Liability limitation agreement with Outside Statutory Auditors
Mr. Masaaki Ayukawa is scheduled to conclude a liability limitation agreement with the Company after the election.
The contents of the agreement are outlined as follows:

- Liability of the Outside Statutory Auditor as stipulated in Article 423, Paragraph 1 of the Company Law shall be borne by the Company to the extent permitted by laws and regulations, if such Outside Statutory Auditor performs his/her duties in good faith and without gross negligence.

MEMO

MEMO