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

June 2, 2016

NOTICE OF CONVOCATION OF THE 44th ORDINARY GENERAL MEETING OF SHAREHOLDERS

To: Our Shareholders

You are cordially invited to attend the 44th 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 Wednesday, June 22, 2016 at 5:00 p.m.

Sincerely yours,

Masao Okawa
Representative Director and President

1. Date and time: 10:00 a.m., Thursday, June 23, 2016

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 44th fiscal term (from April 1, 2015 to March 31, 2016)

(2) Non-consolidated Financial Statements for the 44th fiscal term (from April 1, 2015 to March 31, 2016)

Matters to be resolved

Proposal No.1: Appropriation of Surplus

Proposal No.2: Partial Amendments to the Articles of Incorporation

Proposal No.3: Election of Ten (10) Directors

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

Proposal No.5: Determination of the Amounts and Details of the Performance Share, etc. for Directors

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, 2016)

		(Thousands of yen)
ASSETS		
CURRENT ASSETS		**12,429,495**
Cash in hand and in banks		1,870,076
Trade receivables		3,258,382
Merchandise and finished goods		5,116,992
Work in process		290,861
Raw materials and supplies		1,056,385
Deferred tax assets		488,437
Other current assets		358,955
Allowance for bad debts		(10,595)
FIXED ASSETS		**7,703,494**
TANGIBLE:		**6,850,730**
Buildings and structures		670,967
Machinery, equipment and vehicles		224,893
Tools, furniture and fixtures		3,789,770
Land		2,160,393
Other fixed assets		4,705
INTANGIBLE:		**113,080**
INVESTMENTS AND OTHER ASSETS:		**739,683**
Deferred tax assets		671,118
Other investments		68,582
Allowance for bad debts		(18)
	Total assets	**20,132,990**

CONSOLIDATED BALANCE SHEET

(As of March 31, 2016)

	(Thousands of yen)
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	**5,574,153**
Accounts payable	609,927
Short-term bank loans	3,834,823
Lease obligations	63,301
Income taxes payable	129,293
Accrued expenses	281,451
Accounts payable, other	161,578
Accounts payable-installment purchase	240,181
Provision for bonuses	166,229
Provision for directors' bonuses	31,464
Other current liabilities	55,903
LONG-TERM LIABILITIES	**3,228,238**
Long-term bank loans	1,811,368
Lease obligations	100,968
Net defined benefit liability	671,338
Asset retirement obligations	21,469
Accounts payable, other	420
Long-term accounts payable-installment purchase	359,468
Long-term deposits received	3,500
Deferred tax liabilities	259,706
Total liabilities	**8,802,391**
NET ASSETS	
STOCKHOLDERS' EQUITY	**10,956,348**
Common stock	**3,001,929**
Additional paid-in-capital	**2,587,029**
Retained earnings	**5,393,670**
Treasury stocks	**(26,280)**
Valuation And Translation Adjustments Abstract	**360,912**
Deferred gains or losses on hedges	**(31,155)**
Adjustments on foreign currency statement translation	**497,845**
Remeasurements of defined benefit plans	**(105,777)**
Non-controlling interests	**13,337**
Total net assets	**11,330,598**
Total liabilities and net assets	**20,132,990**

CONSOLIDATED PROFIT AND LOSS STATEMENT

(For the year ended March 31, 2016)

(Thousands of yen)

Net Sales		**13,024,747**
Cost of sales		**3,820,854**
Gross profit		**9,203,892**
Selling, general and administrative expenses		**7,496,108**
Operating income (loss)		**1,707,784**
Non operating income		
Interest income	345	
Commission fee	5,113	
Others	5,243	10,702
Non operating expenses		
Interest expenses	136,321	
Losses on notes receivable discounted	929	
Foreign exchange losses	9,510	
Syndicated loan commission	27,426	
Others	7,837	182,026
Ordinary income (loss)		**1,536,460**
Extraordinary losses		
Loss on disposal of fixed assets	324,467	324,467
Profit (loss) before income taxes		**1,211,993**
Income taxes - current	185,447	
Income taxes - deferred	225,118	**410,565**
Profit (loss)		**801,428**
Profit (loss) attributable to non-controlling interests		**882**
Profit (loss) attributable to owners of parent		**800,546**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(For the year ended March 31, 2016)

(Thousands of yen)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury Stock	Total
Balance at April 1, 2015	3,001,929	2,587,029	4,725,431	(26,234)	10,288,154
Changes in the year ended March 31, 2016					
Cash dividend			(132,306)		(132,306)
Profit (loss) attributable to owners of parent for the year ended March 31, 2016			800,546		800,546
Acquisition of treasury stocks				(45)	(45)
Net change in items other than shareholders' equity during the year ended March 31, 2016					
Total (net)	—	—	668,239	(45)	668,194
Balance at March 31, 2016	3,001,929	2,587,029	5,393,670	(26,280)	10,956,348

(Thousands of yen)

	Valuation And Translation Adjustments Abstract				Non-controlling 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, 2015	19,757	640,238	(106,832)	553,163	12,455	10,853,773
Changes in the year ended March 31, 2016						
Cash dividend						(132,306)
Profit (loss) attributable to owners of parent for the year ended March 31, 2016						800,546
Acquisition of treasury stocks						(45)
Net change in items other than shareholders' equity during the year ended March 31, 2016	(50,913)	(142,392)	1,054	(192,251)	882	(191,369)
Total (net)	(50,913)	(142,392)	1,054	(192,251)	882	476,824
Balance at March 31, 2016	(31,155)	497,845	(105,777)	360,912	13,337	11,330,598

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2016)

(Thousands of yen)

ASSETS		
CURRENT ASSETS		**8,930,966**
Cash in hand and in banks		1,779,917
Notes receivable, trade		1,304,233
Accounts receivable, trade		1,369,887
Merchandise and finished goods		3,870,776
Work in process		19,134
Raw materials and supplies		30,726
Prepaid expenses		31,645
Deferred tax assets		310,654
Short-term loans receivable		927
Accounts receivable, other		154,614
Consumption taxes receivable		59,893
Other current assets		9,245
Allowance for bad debts		(10,691)
FIXED ASSETS		**6,605,131**
TANGIBLE:		**4,888,883**
Buildings		434,270
Structures		608
Machinery and equipment		1,082
Vehicles		1,903
Tools, furniture and fixtures		2,318,910
Land		2,132,108
INTANGIBLE:		**38,881**
Software		29,710
Telephone rights		9,170
INVESTMENTS AND OTHER ASSETS:		**1,677,367**
Investments in subsidiaries		988,882
Long-term loans receivable		5,650
Deferred tax assets		623,906
Leasehold deposits		58,946
Allowance for bad debts		(18)
	Total assets	**15,536,097**

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2016)

(Thousands of yen)

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	**2,155,049**
Accounts payable, trade	415,217
Short-term bank loans	826,000
Lease obligations	63,301
Accounts payable, other	162,430
Accounts payable-installment purchase	240,181
Accrued expenses	65,612
Income taxes payable	128,708
Provision for bonuses	166,229
Provision for directors' bonuses	31,464
Deposits received	10,841
Other current liabilities	45,061
LONG-TERM LIABILITIES	**2,004,173**
Long-term bank loans	1,000,000
Lease obligations	100,968
Accrued retirement benefits to employees	518,347
Accounts payable, other	420
Long-term accounts payable-installment purchase	359,468
Long-term deposits received	3,500
Asset retirement obligations	21,469
Total liabilities	**4,159,222**
NET ASSETS	
STOCKHOLDERS' EQUITY	**11,408,030**
Common stock	**3,001,929**
Capital Surplus	**2,587,029**
Additional paid-in-capital	2,587,029
Retained earnings	**5,845,352**
Legal reserve	197,500
Retained earnings, other	5,647,852
General reserve	4,913,000
Unappropriated retained earnings	734,852
Treasury stocks	**(26,280)**
Valuation and translation adjustments	**(31,155)**
Deferred gains or losses on hedges	(31,155)
Total net assets	**11,376,874**
Total liabilities and net assets	**15,536,097**

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

(For the year ended March 31, 2016)

(Thousands of yen)

Net Sales		**8,733,089**
Cost of sales		**3,616,691**
Gross profit		**5,116,398**
Selling, general and administrative expenses		**4,123,091**
Operating income (loss)		**993,306**
Non operating income		
Interest income	955	
Contract services income	100,000	
Commission fee	5,113	
Others	3,812	109,882
Non operating expenses		
Interest expenses	41,485	
Losses on notes receivable discounted	929	
Syndicated loan commission	27,426	
Foreign exchange losses	12,377	
Others	1,008	83,227
Ordinary income (loss)		**1,019,961**
Extraordinary losses		
Loss on disposal of fixed assets	127,690	127,690
Profit (loss) before income taxes		**892,270**
Income taxes - current	135,832	
Income taxes - deferred	182,732	**318,565**
Profit (loss)		**573,705**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the year ended March 31, 2016)

(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, 2015	3,001,929	2,587,029	197,500	5,713,000	(506,545)	(26,234)	10,966,677
Changes in the year ended March 31, 2016							
Reversal of general reserve				(800,000)	800,000		—
Cash dividend					(132,306)		(132,306)
Profit(loss) for the year ended March 31, 2016					573,705		573,705
Acquisition of treasury stocks						(45)	(45)
Net change in items other than shareholders' equity during the year ended March 31, 2016							
Total (net)	—	—	—	(800,000)	1,241,398	(45)	441,353
Balance at March 31, 2016	3,001,929	2,587,029	197,500	4,913,000	734,852	(26,280)	11,408,030

(Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total	
Balance at April 1, 2015	19,757	19,757	10,986,435
Changes in the year ended March 31, 2016			
Reversal of general reserve			—
Cash dividend			(132,306)
Profit(loss) for the year ended March 31, 2016			573,705
Acquisition of treasury stocks			(45)
Net change in items other than shareholders' equity during the year ended March 31, 2016	(50,913)	(50,913)	(50,913)
Total (net)	(50,913)	(50,913)	390,439
Balance at March 31, 2016	(31,155)	(31,155)	11,376,874

Proposals and References

Proposal No.1: Appropriation of Surplus

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 44th fiscal term as follows.

(1) Dividend property classification
Cash

(2) Matters related to allotment of dividend property and its total amount
¥6 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 ¥158,767,626.

(3) Effective date of distribution of surplus
June 24, 2016

Proposal No.2: Partial Amendments to the Articles of Incorporation

1. Reason of amendment

The "Law for Partial Amendment of the Company Law" (Law No. 90 of 2014) which came into force on May 1, 2015, has broadened the scope of liability limitation agreement may be concluded to include Directors excluding executive Directors, etc., and the Company shall make partial amendments to Article 29 so that such Directors may fully play the roles expected of them.

It should be noted that Statutory Auditors have previously given their approval to the amendments to Article 29.

2. The details of proposed amendments

The details of proposed amendments are as follows.

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendment
CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS (Limitation of Liabilities of Outside Directors) Article 29 The Company may conclude agreements with Outside Directors which sets the liability of such Outside Directors 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 his/her duties are performed in good faith and without gross negligence.	CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS (Limitation of Liabilities of Directors) Article 29 The Company may conclude agreements with Directors (excluding executive Directors, etc.) which sets the liability of such Directors 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 his/her duties are performed in good faith and without gross negligence.

Proposal No.3: Election of Ten (10) Directors

Directors, Messrs. Toshiyuki Hironaka and Masakazu Watabe have resigned as of May 16, 2016, due to the dissolution of the capital and business alliance with ITOCHU Corporation. The term of office of six (6) Directors, Messrs. Masao Okawa, Itsuro Numata, Katsuhiko Seshita, Koichi Kondo, Hiroshi Ishikawa and Toshio Saburi will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following ten (10) Directors, including additional two (2) Directors 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) (Reappointment)	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	35,230 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	
		December 2009	Director of Ortho Development Corporation (current position)	
		May 2016	Representative Director and President, in charge of corporate planning and the Control Division and in charge of the Business Promotion Division (current position)	
	Reason for the nomination as a candidate for Director Mr. Masao Okawa has been involved in management as the Representative Director, and has led the Company and its Group companies (hereinafter "the Group") in working to enhance its functions as a manufacturer and expand its business in North America. He has steadily advanced the medium-term management plan, bringing recovery of the Group's business performance to a situation in which it can be fully evaluated. In the Board of Directors as well, he has demonstrated his leadership abilities to make critical management decisions, and fully supervise the execution of business by other Directors. The Company has judged that this candidate's achievements and management leadership ability are necessary in order to promote the medium-term management plan which is currently underway by the Company and achieve sustainable growth, and so has nominated Mr. Masao Okawa as a candidate to continue serving as a Director.			

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career summary, major concurrent titles at other companies, and position and responsibility at the Company</th><th>Number of Company shares held</th></tr>
<tr><td rowspan="2">2</td><td>Itsuro Numata
(May 18, 1960)
(Reappointment)</td><td>March 1984
July 2001

October 2002

August 2003

August 2005
June 2007

August 2009
August 2010

November 2012
April 2013</td><td>Joined Japan Medical Dynamic Marketing, INC.
General Manager of the Sales and Planning Department of the Sales Division and General Manager of the Product Management Department
Manager of the Marketing Strategy Department of the Sales Division and General Manager of the Product Management Department
Director and Divisional Manager of the Sales Division
Director of Ortho Development Corporation
Director in charge of product management and marketing
Director in charge of the Sales Division
Representative Director and President
Director in charge of the Business Promotion Division
Director, Divisional Manager of the Business Promotion Division and General Manager of Marketing Department
Director, Divisional Manager of the Business Promotion Division
Director in charge of Trauma Business Promotion and Operation Department (current position)</td><td>48,705 shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Itsuro Numata is familiar with trends in the orthopedic medical device industry which the Group belongs to, is involved in management of the Group in a wide range of fields focused on sales sector and logistics sector, and has worked to expand the Group’s business performance. Based on his wealth of experience and achievements, he has fully played his role as a Director in deciding important matters, executing business, and supervising other Director’s execution of business. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further enhance our Trauma Business and logistics sector will be optimal for the Company, and so has nominated Mr. Itsuro Numata as a candidate to continue serving as a Director.</td></tr>
<tr><td rowspan="2">3</td><td>Katsuhiko Seshita
(July 26, 1963)
(Reappointment)</td><td>December 1988
March 2001

July 2001
July 2003
June 2007
August 2007

June 2008</td><td>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)</td><td>27,552 shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Katsuhiko Seshita is familiar with sales in the orthopedic medical device industry, has a wealth of sales experience, and has been involved in management of the Company for many years as the person responsible for the sales sector, working to expand the Company’s business performance. Based on his wealth of experience and achievements, he has fully played his role as a Director in deciding important matters, executing business, and supervising other Director’s execution of business. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further enhance our sales sector will be optimal for the Company, and so has nominated Mr. Katsuhiko Seshita as a candidate to continue serving as a Director.</td></tr>
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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
4	**Koichi Kondo** (April 7, 1967) (Reappointment)	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)	11,790 shares
	Reason for the nomination as a candidate for Director Mr. Koichi Kondo is familiar with trends in the orthopedic medical device industry which the Group belongs to, has been involved in management as the person responsible for the marketing sector, and has planned and executed the Group's product strategies, working actively to enhance the marketing function of the Group. Based on his wealth of experience and achievements, he has fully played his role as a Director in deciding important matters, executing business, and supervising other Director's execution of business. The Company has judged that making use of this candidate's wealth of knowledge and experience in order to further enhance our marketing sector will be optimal for the Company, and so has nominated Mr. Koichi Kondo as a candidate to continue serving as a Director.			

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
5	**Toshiyuki Hironaka** (November 17, 1962) (New appointment)	April 1986 Joined ITOCHU Corporation August 2001 General Manager of Business Sales Headquarters, Dell Japan Inc. August 2003 General Manager of Enterprise Sales Headquarters April 2006 Corporate Director, Dell Inc. (in the U.S.) December 2006 Managing Corporate Officer, Lenovo Japan Ltd. August 2009 Director, Assistant to President, in charge of sales, Japan Medical Dynamic Marketing, INC. August 2010 Director in charge of the Sales Division and ODEV Director of Ortho Development Corporation April 2011 Manager of Healthcare Business Section 1, ITOCHU Corporation August 2011 Retired from Director of Japan Medical Dynamic Marketing, INC. Retired from Director of Ortho Development Corporation April 2013 General Manager of the Corporate Planning Division Director of Ortho Development Corporation (current position) June 2013 Director in charge of sales and corporate planning, and General Manager of the Corporate Planning Division April 2014 Director in charge of sales, corporate planning and the Control Division, and General Manager of the Corporate Planning Division May 2016 Resigned as Director General Manager of the Corporate Planning Division (current position)	– shares
	Reason for the nomination as a candidate for Director Mr. Toshiyuki Hironaka has been involved in management of the Group as the person responsible for corporate planning, overseas business, and the administrative sector. He has led planning of the medium-term management plan while striving to expand the business of our United States subsidiary. Based on his wealth of experience and achievements, he has fully played his role as a Director in deciding important matters, executing business, and supervising other Director's execution of business. The Company has judged that making use of this candidate's wealth of knowledge and experience in order to further enhance business administration, as well as planning and execution of the Company's management strategy, will be optimal for the Company, and so has nominated Mr. Toshiyuki Hironaka as a candidate to continue serving as a Director.		

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career summary, major concurrent titles at other companies, and position and responsibility at the Company</th><th>Number of Company shares held</th></tr>
<tr><td rowspan="2">6</td><td>Masahiko Okuyama
(February 24, 1957)
(New appointment)</td><td>April 1981
February 2006
July 2009

July 2011
April 2013
April 2014
June 2015</td><td>Joined NGK SPARK PLUG CO., LTD.
General Manager, Research Department II, R&D Group
Senior General Manager, R&D Center, Engineering R&D Group and concurrently General Manager, FR Research Department
Senior General Manager, Engineering R&D Group
Corporate Officer
Managing Officer
Managing Officer, Member of the Board (current position)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Masahiko Okuyama has achieved results developing artificial bones as a person responsible for design and development of medical devices, etc. and has knowledge and wealth of experience in research and development. Furthermore, he has been active in scholarly societies and associations and has researched ceramics at a university in the US as a researcher and can use his extensive personal connections. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further strengthen the Company’s research and development structure, will be optimal for the Company, and so has nominated Mr. Masahiko Okuyama as a candidate for Director.</td></tr>
<tr><td rowspan="2">7</td><td>Junichi Suzuka
(April 11, 1958)
(New appointment)</td><td>April 1982
July 2000
February 2001
June 2005
October 2008

April 2011

April 2016</td><td>Joined NGK SPARK PLUG CO., LTD.
Development Department, Sensor Division
PDX (Cell Business) Project
Medical Technology Department, Fine Ceramics Division
General Manager, Quality Management Department, Fine Ceramics Division
Deputy General Manager, Fine Ceramics Division and concurrently General Manager, Medical Products Department
Associate Director, Medical Products Department, Business Development Division (current position)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Junichi Suzuka has wealth of experience in technological development including new business fields. He is particularly knowledgeable about materials and technology for medical products and, as a person responsible for overall manufacturing and sales of medical devices, is well informed about management of quality and safety for medical business. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further strengthen the Company’s product development and quality and safety management structure, will be optimal for the Company, and so has nominated Mr. Junichi Suzuka as a candidate for Director.</td></tr>
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<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career summary, major concurrent titles at other companies, and position and responsibility at the Company</th><th>Number of Company shares held</th></tr>
<tr><td rowspan="2">8</td><td>Naoto Sawaki
(January 16, 1963)
(New appointment)</td><td>April 1981
October 1991
September 2000

October 2004
February 2009

March 2011

April 2014
April 2015

April 2016</td><td>Joined NGK SPARK PLUG CO., LTD.
Sensor Engineering Department, Sensor Division
Seconded to NGK SPARK PLUG MFG. (U.S.A.), INC. (currently NGK Spark Plugs (U.S.A.), Inc.)
Planning Control Department, Sensor Division
General Manager, Management Development, Planning Department, Automotive Components Group
General Manager, Planning Control Unit, SCM Department, Automotive Components Group
Logistics Department, Automotive Components Group
Deputy Associate Director, Development Management Department, New Business Advancement Group
Deputy Associate Director, Development Management Department, Business Development Division (current position)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Naoto Sawaki is well informed about supply chain management (SCM) and logistics planning management and with wealth of knowledge and experience of shortening delivery times and reducing inventory is well informed about management. Furthermore, he has experience working at NGK Spark Plugs (U.S.A.).
The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further strengthen the management structures at the Company and its subsidiaries in the United States, will be optimal for the Company, and so has nominated Mr. Naoto Sawaki as a candidate for Director.</td></tr>
<tr><td rowspan="2">9</td><td>Hiroshi Ishikawa
(June 8, 1968)
(Reappointment)
(Outside Director)</td><td>April 1999
June 2013

December 2013</td><td>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)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Outside Director
Mr. Hiroshi Ishikawa has extensive knowledge and experience as a lawyer and is familiar with corporate governance. The Company has judged that the Company will be able to further strengthen the supervisory function of the Board of Directors with his advice as a legal expert to improve the transparency and fairness of the Company’s management, and so has nominated Mr. Hiroshi Ishikawa as a candidate to continue serving as an Outside Director. He does not have experience of being directly engaged in corporate management other than serving as an Outside Director, yet the Company has judged him capable of properly executing his duties of Outside Director for the reasons described above.</td></tr>
</table>

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
10	**Toshio Saburi** (June 2, 1949) (Reappointment) (Outside Director)	October 1982 March 1986 September 1993 January 1999 October 2002 June 2004 June 2005 October 2008 May 2010 April 2014 June 2015	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, Tempstaff Co., Ltd. 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. Outside Director, Japan Medical Dynamic Marketing, INC. (current position)	500 shares
	Reason for the nomination as a candidate for Outside Director Mr. Toshio Saburi has specialized knowledge and experience garnered as a certified public accountant, and also has experience being engaged in corporate management for many years. The Company has judged that the Company will be able to further strengthen the supervisory function of the Board of Directors with his advice to improve the transparency and fairness of the Company's management, and so has nominated Mr. Toshio Saburi as a candidate to continue serving as an Outside Director.			

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 Messrs. Hiroshi Ishikawa and Toshio Saburi are re-elected as Outside Directors, they will continue to be Independent Directors in accordance with the listing regulations of the Tokyo Stock Exchange, Inc.

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

(1) 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.

(2) The terms of office since the candidates for Outside Directors are in office as Outside Directors
Mr. Hiroshi Ishikawa, currently an Outside Director of the Company, will have been in office for three (3) years at the conclusion of this General Meeting of Shareholders.
Mr. Toshio Saburi, currently an Outside Director of the Company, will have been in office for one (1) year at the conclusion of this General Meeting of Shareholders.

4. Liability limitation agreement with the candidates for Directors
Messrs. Hiroshi Ishikawa and Toshio Saburi have actually concluded a liability limitation agreement with the Company and are scheduled to conclude the same with the Company after the re-election. Mr. Masahiko Okuyama is expected to be elected as a non-executive Director and is scheduled to conclude the same with the Company after the election, subject to approval of Proposal No.2 “Partial Amendments to the Articles of Incorporation.”
The content of the agreement is outlined as follows:
- Liability of the 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 Director 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	
	March 2009	Outside Statutory Auditor, TonenGeneral Sekiyu K.K.	
	June 2014	Outside Statutory Auditor, Kumagai Gumi Co., Ltd. (current position)	
	March 2016	Outside Director, Aucnet Inc. (current position)	
Reason for the nomination as a candidate for Outside Substitute Statutory Auditor Mr. Masaaki Ayukawa has specialized knowledge and experience garnered as a certified public accountant, and has a wealth of experience cultivated as an outside auditor in many companies for many years. The Company has nominated Mr. Masaaki Ayukawa as an Outside Statutory Auditor in order for him to make use of his specialized knowledge and experience in the Company's auditing system. 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 for the reasons described above.			

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) 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.

(2) 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.

Proposal No.5: Determination of the Amounts and Details of the Performance Share, etc. for Directors

1. Reasons for the proposal and reasons justifying such remuneration

Remuneration for the Company's Directors (excluding Outside Directors; hereinafter the same shall apply) has previously comprised "base remuneration" and "performance-linked remuneration" but this proposal requests approval to introduce an additional "Performance Share plan" (hereinafter "the Plan"). The Company also requests that the determination of the details of the Plan be left to the Board of Directors within the framework described in 2. below.

The Plan aims to raise the awareness of the Directors of contributing to the sustainable growth of the Company and the medium- to long-term improvement of its corporate value by clarifying that the remuneration of Directors is linked to the Company's performance and share values, where the Directors benefit arising from rising share prices and sharing the risks associated with falling share prices.

Specifically, the Company requests approval to pay a new Performance Share to Directors, separate from the monetary remunerations ("base remuneration" and "performance-linked remuneration") limitation, which was previously approved by the shareholders, to Directors of the Company who serve during the three years from the fiscal year ending March 31, 2017 through the fiscal year ending March 31, 2019 (hereinafter "the Period"). If Proposal No.3 "Election of Ten (10) Directors" is approved as proposed, five (5) Directors will be eligible for the Plan.

2. Amount and details of the remuneration, etc. under the Plan

(1) Overview of the Plan

The Plan is a Performance Share plan in which a trust (hereinafter "the Trust") is established through the contribution of money by the Company; and the Company's shares are acquired and delivered through the Trust to each Director proportional to the number of points awarded to each Director based on a given criteria including the Director's performance. The timing for the delivery of the Company's shares to each Director shall be, in principle, at the time of retirement of the Director.

(2) Maximum limit of the trust money to be contributed by the Company

The initial trust term of the Plan will be three years, and during this trust term the Company will contribute a maximum ¥120,000,000 in trust money as funds required for the acquisition of the Company's shares to be delivered as remuneration to the Directors serving during the Period and will establish the Trust with the Directors who meet certain requirements as the beneficiaries. The Trust will use the money entrusted by the Company as funds to acquire the Company's shares through the stock markets (including ToSTNeT-1).

Note: The actual amount of trust money to be contributed by the Company to the Trust will include, in addition to the funds required to acquire the Company's shares described above, estimated amounts of necessary expenses including trust fees and a remuneration for a trust caretaker.

At the expiration of the trust term, the Trust may be extended by extending the trust term by resolution of the Company's Board of Directors. In such cases, the Company shall make additional contributions to the Trust of a maximum ¥40,000,000 for each year of the extended trust term as funds required to acquire the Company's shares to be delivered to the Directors based on the Plan. (However, in the event that such additional contributions are to be made, if the Company's shares or money remains in the trust assets as of the last day of the previous trust term, the amount of additional contribution shall be a maximum ¥40,000,000 for each year of the extended trust term less the amount equivalent to the shares or the amount of money remaining in the trust). Additionally, in such cases, the Period shall be extended according to the extensions made to the Plan and the trust term, and the awarding of points described in (3) 1) and the delivery of the Company's shares described in (4) below shall continue for the extended trust term. However, even in the event that the awarding of points, as described above, is discontinued, if there are Directors serving who have already accumulated points but have yet to reach retirement at the expiration of the trust term, the trust term of the Trust may be extended up to the time that such Directors reach retirement and the delivery of the Company's shares is completed.

(3) Method of calculating and the maximum number of the Company's shares to be delivered to the Directors

1) Method of awarding points to Directors and the maximum number of points that will be awarded

The Company, in accordance with the Share Delivery Regulations to be established by the Board of Directors of the Company, shall award to each Director on the dates of the Ordinary General Meeting of Shareholders held during the trust term (or the date of retirement for those retiring in the middle of the term of office) points which have been calculated according to the following formula by multiplying the basic amount by position as of the date on which the points are awarded by a performance coefficient corresponding to the Director's performance attainment level during the fiscal year ended immediately prior, and divided by the share acquisition price of the Trust. Fractional points of less than 100 points shall be rounded off. However, the maximum number of points that will be awarded by the Company to a Director shall be 50,000 points per fiscal year.

2) Delivery of the Company's shares proportional to the number of points awarded
Directors shall receive delivery of the Company's shares proportional to the number of points awarded described in 1) above, upon completion of the procedures described in (4) below. The number of the Company's shares to be delivered to the Director shall be the number of points awarded to such Director multiplied by 1.0 (However, in the event of a share split, a reverse share split or any other events for which making adjustments to the number of the Company's shares to be delivered is deemed reasonable, reasonable adjustments shall be made according to the ratio of the share split, the reverse share split or other ratio).

(4) Delivery of the Company's shares to Directors
The delivery of the Company's shares to each Director, as described in (3) above, shall be made from the Trust upon completion of the designated beneficiary confirmation procedures by each Director at the time of retirement. However, a certain portion of the Company's shares shall be sold and converted into cash within the Trust and delivered as cash benefits in lieu of the shares. In addition, in the event that the Company's shares are converted into cash within Trust, including cases where the Company's shares are tendered in a tender offer and settled, cash benefits may be delivered in lieu of the shares.

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