

This document has been translated from the Japanese original version for the reference and convenience of non-Japanese shareholders without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation version and the Japanese original version, the original shall prevail.

Securities identification code: 6376

March 9, 2018

To our shareholders:

Toshihiko Kai
President & Representative Director
NIKKISO CO., LTD.
4-20-3 Ebisu, Shibuya-ku, Tokyo

NOTICE OF THE 77TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 77th Ordinary General Meeting of Shareholders of NIKKISO 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 or via the Internet (see Page 3). 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 or via the Internet to reach us no later than 5:30 p.m., Wednesday, March 28, 2018 (Japan Standard Time).

Meeting Details

- 1. Date and time:** Thursday, March 29, 2018, at 10:00 a.m. (Japan Standard Time)
(The reception desk will open from 9:00 a.m.)
- 2. Venue:** Nikkiso Higashimurayama Plant, R&D Center
Multi-Purpose Bldg. 7F, Conference Room
2-16-2 Noguchi-cho, Higashimurayama-shi, Tokyo
- 3. Purposes:**
Items to be reported:
 1. Business Report and Consolidated Financial Statements for the 77th Term (from January 1, 2017 to December 31, 2017), as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the 77th Term (from January 1, 2017 to December 31, 2017)**Items to be resolved:**
 - Proposal 1:** Election of eight (8) Directors
 - Proposal 2:** Election of one (1) Audit & Supervisory Board Member
 - Proposal 3:** Election of one (1) Substitute Audit & Supervisory Board Member

4. Other decisions concerning convocation of this General Meeting of Shareholders

- (1) If you exercise your voting rights by postal mail, please follow the “Instructions on How to Exercise Voting Rights” (Page 3), indicate your approval or disapproval of the proposals on the enclosed voting form, and return it by postal mail to reach us no later than 5:30 p.m., Wednesday, March 28, 2018 (Japan Standard Time).
- (2) If you exercise your voting rights via the Internet, please follow the “When exercising your voting rights via the Internet” (Page 3), and exercise your voting rights no later than 5:30 p.m., Wednesday, March 28, 2018 (Japan Standard Time) from the voting website designated by the Company (<https://www.web54.net>).
- (3) If you exercise your voting rights by multiple methods such as by postal mail and via the Internet, that which reaches the Company last shall be deemed effective; provided, however, that if voting rights are exercised by postal mail and via the Internet on the same date, the exercise of voting rights via the Internet shall be deemed effective.
- (4) If you exercise your voting rights multiple times via the Internet, the last exercise shall be deemed effective.

-
- If you will attend the meeting, please submit the enclosed voting form at the reception desk of the meeting.
 - Of the documents to be submitted upon this notification, the following matters are posted on the Company’s website (<https://www.nikkiso.co.jp>) pursuant to laws and regulations as well as Article 19 of the Company’s Articles of Incorporation, and thus these documents are not included in the attached documents. The Audit & Supervisory Board Members and the Accounting Auditor conducted an audit on the Consolidated Financial Statements and Non-Consolidated Financial Statements, including these matters posted on the Company’s website.
 - 1) Notes to the Consolidated Financial Statements
 - 2) Notes to the Non-Consolidated Financial Statements
 - In the event of circumstances requiring amendments to the Business Report, Non-Consolidated Financial Statements, Consolidated Financial Statements, and Reference Documents for the General Meeting of Shareholders, the matters that have been amended will be posted on the Company’s website (<https://www.nikkiso.co.jp>).

Instructions on How to Exercise Voting Rights

Voting rights can be exercised with the following three (3) methods.

When attending the General Meeting of Shareholders

Please submit the enclosed voting form at the reception desk of the meeting. (You are not required to sign and affix a seal on this form.)

Date and time: Thursday, March 29, 2018, at 10:00 a.m. (Japan Standard Time)
(The reception desk will open from 9:00 a.m.)

Venue: Nikkiso Higashimurayama Plant, R&D Center
Multi-Purpose Bldg. 7F, Conference Room

When exercising your voting rights by postal mail

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and then return the form to us by postal mail without affixing a stamp.

Deadline for exercising your voting rights: Must be received by 5:30 p.m. on Wednesday, March 28, 2018 (Japan Standard Time)

When exercising your voting rights via the Internet

Access the website for exercising your voting rights (<https://www.web54.net>) from a PC or smartphone, use the code for exercising voting rights and the password written on the enclosed voting form and then enter your votes according to the instructions on the screen. Any costs and expenses arising from access to the website for exercising voting rights (such as Internet connection charges and phone charges) are to be borne by the shareholder.

Deadline for exercising your voting rights: Must be exercised by 5:30 p.m. on Wednesday, March 28, 2018 (Japan Standard Time)

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Reference: Policies and Procedure for Nominating Candidates for Company Director and Audit & Supervisory Board Member

The policies and procedure when nominating the Company's candidates for Directors and Audit & Supervisory Board Members are as follows. The candidates in Proposal No. 1 to Proposal No. 3 to be discussed during this meeting have been nominated in accordance with these policies and procedures.

<p>Policies and Procedure for Nominating Candidates for Director and Audit & Supervisory Board Member</p>	<p>[Criteria for the Election of Outside Directors]</p> <p>For an Outside Officer, we designate a person who, as a party having no personal, capital or trade relationship with, or any other interest in, the Company other than his or her relationship as an outside director, has no possibility of causing a conflict of interest with ordinary shareholders, and who can supervise the directors' decision-making and performance of their duties from an objective and professional viewpoint independent from the Company's executives and provide correct advice based on his or her expertise in order to promote the sustainable growth of the Company and improve the medium- to long-term corporate value.</p>	<p>[Independence Judgment Criteria of Independent Outside Officers]</p> <p>The independence of Outside Officers shall be judged strictly in accordance with the independence criteria stipulated by Tokyo Stock Exchange, Inc.</p>
<p>[Criteria for the Election of Directors]</p> <p>For a Director, we designate a person who has knowledge, ability and leadership that will enable him or her to gain an overview of the management environment of our Group, promote important management issues speedily and decisively, and achieve results, and who can be committed to establish corporate governance that supports the realization of our corporate philosophy.</p>	<p>[Criteria for the Election of Outside Audit & Supervisory Board Members]</p> <p>For an Outside Officer, we designate a person who, as a party having no personal, capital or trade relationship with, or any other interest in, the Company other than his or her relationship as an Outside Audit & Supervisory Board Member, has no possibility of causing a conflict of interest with ordinary shareholders, and who can supervise the directors' decision-making and performance of their duties from an objective and professional viewpoint independent from the Company's executives and provide instructions and advice related to management strategy risks on the basis of extensive expertise.</p>	<p>[Concurrent Post Restrictions of Independent Outside Officers]</p> <p>Independent Outside Officers shall not concurrently hold positions as director or audit & supervisory board members at more than three (3) other public companies other than the Company as a general rule.</p>
<p>[Criteria for the Election of Audit & Supervisory Board Members]</p> <p>For an Audit & Supervisory Board Member, we designate a person who can perform business audits and accounting audits as well as actively exercise his or her authority and give appropriate opinions at the Board of Directors. Furthermore, at least one (1) Audit & Supervisory Board Member shall possess appropriate expertise related to financial affairs and accounting.</p>		<p>[Procedure for Director and Audit & Supervisory Board Member Candidate Nominations]</p> <p>The Company shall explain the candidates to Independent Outside Officers and receive advice on the nominations in advance.</p>

Proposal 1: Election of eight (8) Directors

The term of office of all of the current eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes that eight (8) Directors be elected.

The candidates for Directors are as follows:

No.	Name	Position and responsibilities in the Company	Significant concurrent positions outside the Company	
1	Toshihiko Kai	President & Representative Director		[Reelection]
2	Hiroshi Nakamura	Director, Executive Vice President, and in charge of Administration and Corporate Planning (Compliance, Export Control, Internal Audit, Internal Control, Information Systems, and Public Relations/Investor Relations) and UVLED Business		[Reelection]
3	Shotaro Fujii	Director, Senior Executive Officer In charge of Quality Control		[Reelection]
4	Naota Shikano	Director, Executive Officer, and in charge of Industrial Businesses (Industrial Business, Precision Equipment Business, and Aerospace Business)	CEO, Cryogenic Industries, Inc. (the Company's consolidated subsidiary in the United States)	[Reelection]
5	Hisakazu Nakahigashi	Director, Executive Officer, and in charge of Production and Engineering, General Manager of Research & Engineering Institute, and General Manager of Biomedical Engineering Center		[Reelection]
6	Yoshihiko Kinoshita	Director, Executive Officer, and in charge of Medical Business, and General Manager of Medical Division		[Reelection]
7	Eisuke Nagatomo	Outside Audit & Supervisory Board Member	President & CEO, EN Associates Co., Ltd. Outside Director, Miroku Jyoho Service Co., Ltd. Outside Audit & Supervisory Board Member, Nidec Corporation	[New election] [Independent Director] [Outside Director]
8	Haruko Hirose (Name in family register: Haruko Makinouchi)	–	Specially Appointed Professor, Academy for Global Leadership, Tokyo Institute of Technology President, Japan Morocco Association Outside Director, S&B Foods Inc.	[New election] [Independent Director] [Outside Director]

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p style="text-align: center;">Toshihiko Kai (August 19, 1946) [Reelection]</p>	<p>February 1996 General Manager of Dai-Ichi Kangyo Bank Nederland N.V.</p> <p>March 2000 Joined the Company</p> <p>April 2001 Executive Officer of the Company</p> <p>April 2002 President, Medical Equipment Unit of the Company</p> <p>June 2003 Director of the Company (present position)</p> <p>December 2004 President & Representative Director of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] President & Representative Director</p> <p>[Significant concurrent positions outside the Company] -</p>	55,949
<p>[Reasons for selection as a candidate] Continuing from the previous term, in this term as well the Company has aimed to sustain its position as a top supplier worldwide that uses excellent technological capabilities for its primary businesses as strength of the Group and has executed policies designed for medium- to long-term growth in the Company's primary business. Regarding Industrial Business, the Company has acquired all the stocks of top business groups worldwide in this field with the goals of strengthening business in the field of liquefied natural gas (LNG), whose worldwide market scale is expected to expand in the future, and newly entering the business of manufacturing devices for industrial gas, including hydrogen, which is expected to become a form of next generation energy. Regarding Aerospace Business, in order to steadily respond to the expanding worldwide demands for aircraft, the Company started construction on the new Miyazaki Plant. Also, regarding Medical Business, the Company has expanded its strategic business partnerships with Chinese businesses in order to further increase business performance in the Chinese dialysis-related product market, which is exhibiting remarkable growth. His leadership is necessary to realize the Nikkiso 2020 five-year medium-term business plan for which the fiscal year ending December 31, 2020 is designated as the final year. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p>Hiroshi Nakamura (January 10, 1953) [Reelection]</p>	<p>January 2006 Executive Officer, General Manager of Nihonbashi Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>March 2007 Joined the Company</p> <p>June 2007 Director of the Company</p> <p>October 2009 Director of the Company Managing Director, Nikkiso Europe GmbH (a Company's consolidated subsidiary in Germany)</p> <p>June 2011 Director, Senior Executive Officer, and in charge of Business Strategy and Alliance, and Europe of the Company</p> <p>April 2013 Director, Senior Executive Officer, in charge of Information Systems and Quality Control, and General Manager of Precision Equipment Business Division of the Company</p> <p>November 2013 Director, Senior Executive Officer, in charge of Administration (Export Control, Internal Control, Internal Audit, Compliance, and Information Systems), and General Manager of Corporate Planning Department of the Company</p> <p>June 2015 Audit & Supervisory Board Member of the Company</p> <p>March 2017 Director, Executive Vice President, in charge of Administration and Corporate Planning (Compliance, Export Control, Internal Audit, Internal Control, Information Systems, and Public Relations/Investor Relations) and UVLED Business of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Vice President, and in charge of Administration and Corporate Planning (Compliance, Export Control, Internal Audit, Internal Control, Information Systems, Public Relations/Investor Relations) and UVLED Business</p> <p>[Significant concurrent positions outside the Company] —</p>	49,267
<p>[Reasons for selection as a candidate] In this term, he has been successful in his endeavors to acquire the stocks of worldwide business groups that possess solid technology and market networks in the downstream field of liquefied natural gas (LNG) and in the market field for manufacturing devices for industrial gas. Furthermore, aiming for the continued growth and the medium- and long-term improvement of the corporate value of the Group, he has also vigorously created and executed plans such as M&A and other similar strategic investments, risk management systems including group governance and efficient group capital management systems. His abundant experience and knowledge support the realization of the Nikkiso 2020 five-year medium-term business plan. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p style="text-align: center;">Shotaro Fujii (December 3, 1954) [Reelection]</p>	<p>April 2008 General Manager of IVD Technology Center, Nihon Kohden Corporation</p> <p>November 2011 Joined the Company</p> <p>October 2012 General Manager of Shizuoka Plant (currently Research & Engineering Institute) and General Manager of Medical Shizuoka Factory of the Company</p> <p>April 2013 Executive Officer, General Manager of Shizuoka Plant, and General Manager of Medical Shizuoka Factory of the Company</p> <p>June 2015 Director (present position), Executive Officer, in charge of Research and Development, General Manager of Shizuoka Plant, and General Manager of Biomedical Engineering Center of the Company</p> <p>January 2016 Senior Executive Officer (present position), in charge of Engineering, General Manager of Research & Engineering Institute, and General Manager of Biomedical Engineering Center of the Company</p> <p>March 2017 In charge of Engineering and Quality Control, and General Manager of Research & Engineering Institute of the Company</p> <p>January 2018 In charge of Quality Control of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Senior Executive Officer, and in charge of Quality Control</p> <p>[Significant concurrent positions outside the Company] —</p>	21,073
<p>[Reasons for selection as a candidate] In this term, he has not only established the Company's research and development system but has also worked on establishing the quality control system. He has experience and skills that can be used to continuously promote quality control activities in order to maintain and improve market confidence in terms of the Company's finished goods and services. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p style="text-align: center;">Naota Shikano (November 18, 1952) [Reelection]</p>	<p>April 1977 Joined the Company</p> <p>April 2010 Executive Officer, Senior Manager of Industrial Solutions & Overseas Business Headquarter, Industrial Division of the Company</p> <p>January 2013 Executive Officer of the Company Managing Director & CEO, LEWA GmbH (a consolidated subsidiary in Germany)</p> <p>January 2016 Senior Executive Officer and in charge of Industrial Business of the Company</p> <p>March 2016 Director (present position), Executive Vice President, and in charge of Industrial Business and UVLED Business of the Company</p> <p>March 2017 Executive Vice President and in charge of Industrial Businesses (Industrial Business, Precision Equipment Business, and Aerospace Business) of the Company (present position)</p> <p>August 2017 Executive Vice President of the Company CEO of Cryogenic Industries Holdings, Inc. (the Company's consolidated subsidiary in the United States, currently Cryogenic Industries, Inc.) (present position)</p> <p>September 2017 Executive Officer of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Officer, and in charge of Industrial Businesses (Industrial Business, Precision Equipment Business, and Aerospace Business)</p> <p>[Significant concurrent positions outside the Company] CEO, Cryogenic Industries, Inc. (the Company's consolidated subsidiary in the United States)</p>	6,306
<p>[Reasons for selection as a candidate] In this term, he has been successful in his endeavors to acquire the stocks of worldwide business groups that possess solid technology and market networks in the downstream field of liquefied natural gas (LNG) and in the market field for manufacturing devices for industrial gas. He has also been successful in his endeavors to perform integration after the acquisition of these stocks. After acquiring all the stocks of the group, he took the position of CEO of the holding company Cryogenic Industries Holdings, Inc. (currently Cryogenic Industries, Inc.) and has rapidly executed various policies aimed at integrating this group to the Group. He has the experience and knowledge that are required for establishing and building the foundation for medium- to long-term growth in Industrial Business. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Hisakazu Nakahigashi (January 11, 1955) [Reelection]	<p>April 1978 Joined the Company</p> <p>April 2011 General Manager of Manufacturing Department, Kanazawa Plant, Medical Division of the Company</p> <p>October 2011 Technical Senior Manager, Medical Shizuoka Factory, Shizuoka Plant (currently Research & Engineering Institute) of the Company</p> <p>April 2014 General Manager of Medical Products Factory, Kanazawa Plant of the Company</p> <p>April 2015 Executive Officer (present position), General Manager of Kanazawa Plant, and General Manager of Medical Products Factory of the Company</p> <p>March 2017 Director (present position), in charge of Production, and General Manager of Kanazawa Plant of the Company</p> <p>January 2018 In charge of Production and Engineering, General Manager of Research & Engineering Institute, and General Manager of Biomedical Engineering Center of the Company (present position)</p> <p>[Position and areas of responsibility at the Company]</p> <p>Director, Executive Officer, and in charge of Production and Engineering, General Manager of Research & Engineering Institute, and General Manager of Biomedical Engineering Center</p> <p>[Significant concurrent positions outside the Company]</p> <p>—</p>	31,270
<p>[Reasons for selection as a candidate]</p> <p>In this term, he has vigorously worked on establishing the Group's production system. He possesses a wealth of experience and knowledge in both research and development and product development aimed at the creation of a medium- to long-term business foundation. He is also capable of decisively promoting important management issues. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
6	<p>Yoshihiko Kinoshita (September 13, 1966) [Reelection]</p>	<p>April 1989 Joined the Company</p> <p>April 2009 General Manager of Market Development Department, Medical Division of the Company</p> <p>October 2011 Deputy General Manager of Medical Division of the Company</p> <p>April 2013 Deputy General Manager of Medical Division and General Manager of Planning & Strategy, Medical Division of the Company</p> <p>January 2016 General Manager of Medical Division of the Company (present position)</p> <p>October 2016 Vice Chairman, Weigao Nikkiso (Weihai) Dialysis Equipment Co., Ltd. (the Company's associates accounted for using the equity method in China) (present position)</p> <p>January 2017 Executive Officer of the Company (present position)</p> <p>March 2017 Director and in charge of Medical Business of the Company (present position)</p> <p>October 2017 CEO and Managing Director, Nikkiso Europe GmbH (the Company's consolidated subsidiary in Germany) (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Officer, and in charge of Medical Business, and General Manager of Medical Division</p> <p>[Significant concurrent positions outside the Company] -</p>	11,591
<p>[Reasons for selection as a candidate] Continuing from the previous term, in this term as well he has vigorously worked on the development of new products and the optimization of business systems in order to decisively respond to the dramatic changes of the management environment surrounding the medical businesses of the Company. He possesses experience and knowledge that enable him to act flexibly and boldly in order to bring about continuous growth in the Medical Business. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
7	<p>Eisuke Nagatomo (July 7, 1948) [New election] [Independent Director] [Outside Director]</p>	<p>April 1971 Joined Tokyo Stock Exchange June 2003 Senior Executive Officer, Tokyo Stock Exchange, Inc. December 2005 Senior Executive Officer, Tokyo Stock Exchange, Inc. (Chief Self-Regulatory Officer) October 2007 President & CEO, EN Associates Co., Ltd. (present position) April 2008 Visiting Professor, Graduate School of Commerce, Waseda University (present position) June 2010 Outside Director, Miroku Jyoho Service Co., Ltd. (present position) June 2012 Outside Audit & Supervisory Board Member of the Company (present position) June 2016 Outside Audit & Supervisory Board Member, Nidec Corporation (present position)</p> <p>[Position and areas of responsibility at the Company] Outside Audit & Supervisory Board Member</p> <p>[Significant concurrent positions outside the Company] President & CEO, EN Associates Co., Ltd. Outside Director, Miroku Jyoho Service Co., Ltd. Outside Audit & Supervisory Board Member, Nidec Corporation</p>	6,085
<p>[Reasons for selection as a candidate] He has held successive positions in important offices such as Senior Executive Officer and Chief Self-Regulatory Officer, Tokyo Stock Exchange, Inc., a position on the Business Accounting Council of the Financial Services Agency and Director of the Financial Accounting Standards Foundation. In addition to his considerable expertise related to financial affairs and accounting, he has also acquired thorough knowledge about corporate governance, group governance, and risk management. During his time spent as an Outside Audit & Supervisory Board Member of the Company, he has sufficiently fulfilled his role in auditing the decision-making and the execution of duties of Directors from an objective and expert standpoint independent from the Company's operations while clearly providing advice from a point-of-view that takes into account the sustainable growth of the Group and improves the medium- and long-term corporate value. As such, we nominate him as a new candidate for Outside Director in order to have him henceforth put his experience and opinions to work as an Outside Director of the Company.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
8	Haruko Hirose (Name in family register: Haruko Makinouchi) (September 23, 1945) [New election] [Independent Director] [Outside Director]	December 1968 Appointed to the National Personnel Authority of Japan January 1992 Director, Bureau of Human Resources Management of Headquarters, United Nations Educational, Scientific and Cultural Organization (UNESCO) September 2002 Deputy to the Director General and Managing Director of Programme Coordination and Field Operations Division, United Nations Industrial Development Organization (UNIDO) November 2006 Japanese Ambassador Extraordinary and Plenipotentiary to Kingdom of Morocco March 2010 Retirement from Ministry of Foreign Affairs of Japan April 2013 Specially Appointed Professor, Academy for Global Leadership, Tokyo Institute of Technology (present position) May 2014 President, Japan Morocco Association (present position) June 2016 Outside Director, S&B Foods Inc. (present position) April 2017 Director, Ochanomizu University (present position) [Position and areas of responsibility at the Company] – [Significant concurrent positions outside the Company] Specially Appointed Professor, Academy for Global Leadership, Tokyo Institute of Technology President, Japan Morocco Association Outside Director, S&B Foods Inc.	0
[Reasons for selection as a candidate] She has worked in international projects for many years such as in personnel, financial affairs, and industrial development of the United Nations. Furthermore, she has also endeavored in activities for developing personnel who are active on the world stage. We expect that she will sufficiently fulfill her role in supervising the decision-making and the execution of duties of Directors from an objective and expert standpoint independent from the Company's operations while providing beneficial advice aimed at ensuring the effectiveness of the functions of the Company's Board of Directors and constructing a Group environment in which we can place diverse employees rightly for the right place like promoting further active participation by women. Although she has not been directly involved in corporate management in the past, it has been determined that she is suitable as an Outside Director of the Company for the reasons outlined above. As such, we nominate her as a new candidate for Director.			

Notes:

1. There is no special interest between each candidate and the Company.
2. Eisuke Nagatomo is a candidate to be our Outside Director.
 - (1) He is currently one of the Company's Outside Audit & Supervisory Board Members, and he will have been in this position for five (5) years and nine (9) months at the conclusion of this Ordinary General Meeting of Shareholders. He will retire from office as Audit & Supervisory Board Member at the conclusion of this meeting due to his resignation.
 - (2) At the current time, the Company has registered him with the Tokyo Stock Exchange, Inc. as an Independent Officer. When he assumes the position of Outside Director, the Company plans to continue registering him as an Independent Officer.

- (3) The Company has currently executed with him, pursuant to the provisions of Articles of Incorporation for an Outside Audit & Supervisory Board Member, a limited liability agreement which provides that the higher amount of either three (3) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages. If he assumes the position of Outside Director, the Company plans to execute with him, pursuant to the provisions of Articles of Incorporation for an Outside Director, a limited liability agreement which provides that the higher amount of either five (5) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages.
3. Haruko Hirose is a candidate to be our Outside Director.
 - (1) When she assumes the position of Outside Director, the Company plans to register her with the Tokyo Stock Exchange, Inc. as an Independent Officer.
 - (2) If she assumes the position of Outside Director, the Company plans to execute with her, pursuant to the provisions of Articles of Incorporation, a limited liability agreement which provides that the higher amount of either five (5) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages.

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

Eisuke Nagatomo, who is currently an Outside Audit & Supervisory Board Member, will assume the position of Outside Director in the event that Proposal 1 of this Ordinary General Meeting of Shareholders is approved and adopted. As such, he will retire from office as an Audit & Supervisory Board Member at the conclusion of this meeting due to his resignation.

Therefore, the Company proposes the election of one (1) Audit & Supervisory Board Member. In addition, the Audit & Supervisory Board has given its consent to this proposal.

If this proposal is approved in its original form, the Audit & Supervisory Board will have four (4) Audit & Supervisory Board members, including two (2) Outside Audit & Supervisory Board members.

The candidate for an 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
<p>Hiroyuki Muneta (October 24, 1954) [New election] [Independent Audit & Supervisory Board Member] [Outside Audit & Supervisory Board Member]</p>	<p>October 1985 Joined Aoyama Audit Corporation, Price Waterhouse as a Junior Accountant</p> <p>March 1989 Registered as a certified public accountant (to present)</p> <p>July 1989 Left Aoyama Audit Corporation, Price Waterhouse</p> <p>July 1989 Joined BDO Sanyu & Co.</p> <p>April 1997 Registered as a licensed tax accountant (to present)</p> <p>August 1997 Established Muneta Certified Public Accounting Office (currently Ichiban-cho Joint Accounting Office) as Managing Partner (present position)</p> <p>April 1999 Representative Director, Biotech System Machinery Co., Ltd. (present position)</p> <p>[Position at the Company] –</p> <p>[Significant concurrent positions outside the Company] Representative Director, Biotech System Machinery Co., Ltd. Certified public accountant (Managing Partner, Ichiban-cho Joint Accounting Office) and licensed tax accountant</p>	0
<p>[Reasons for selection as a candidate] Through his activities as a certified public accountant and licensed tax accountant over the years, he has acquired abundant expertise related to financial affairs, accounting, and corporate management. We expect that he will be able to sufficiently fulfill his role in auditing the decision-making and the execution of duties of Directors from an objective and expert standpoint independent from the Company's operations while providing instructions and advice on risks related to corporate management on the basis of extensive expertise covering financial affairs, accounting, and corporate management. As such, it has been determined that he is suitable as an Outside Audit & Supervisory Board Member of the Company, and as a new candidate to be an Outside Audit & Supervisory Board Member.</p>		

Notes:

1. There is no special interest between the candidate and the Company.
2. Hiroyuki Muneta is a candidate to be our Outside Audit & Supervisory Board Member.
 - (1) When he assumes the position of the Outside Audit & Supervisory Board Member, the Company plans to register him with the Tokyo Stock Exchange, Inc. as an Independent Officer.
 - (2) If he assumes the position of the Outside Audit & Supervisory Board Member, the Company plans to execute with him, pursuant to the provisions of Articles of Incorporation, a limited liability agreement which provides that the higher amount of either three (3) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages.

Proposal 3: Election of one (1) Substitute Audit & Supervisory Board Member

At the 74th Ordinary General Meeting of Shareholders held on June 24, 2015, Hideki Kurashige was elected as a substitute Outside Audit & Supervisory Board Member, but he has provided notice for his desire to resign from this position as of the start of this 77th Ordinary General Meeting of Shareholders. Therefore, in accordance with the resolutions of the 74th Ordinary General Meeting of Shareholders and with the consent of the Audit & Supervisory Board, the Board of Directors has resolved to nullify his election as a substitute Audit & Supervisory Board Member as of the start of this 77th Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election again of one (1) substitute Audit & Supervisory Board Member as an advance substitute Outside Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board members fall below the number required by laws and regulations.

While the validity of the election of this proposal expires at the start of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within four (4) years after the election as per Article 35 of the Articles of Incorporation, this election may be nullified by resolution of the Board of Directors if the consent of the Audit & Supervisory Board has been obtained, provided that the substitute Audit & Supervisory Board Member has not yet assumed the position of the Audit & Supervisory Board Member. In addition, the Audit & Supervisory Board has given its consent to this proposal.

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

Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
Shuichi Tajima (August 5, 1955) [New election] [Independent Audit & Supervisory Board Member] [Outside Audit & Supervisory Board Member]	<p>April 1979 Joined The Long-Term Credit Bank of Japan, Limited</p> <p>June 1998 Sales Manager of New York Branch and General Manager of Chicago Sub-Branch, The Long-Term Credit Bank of Japan, Limited</p> <p>September 1999 Managing Director of Commercial Finance, GE Capital Japan</p> <p>May 2002 Executive Vice President, Lone Star Japan Acquisitions, Ltd.</p> <p>March 2012 Senior Advisor, Lincoln International (present position)</p> <p>April 2016 Director of the Board, TX Entrepreneur Partners (present position)</p> <p>[Position at the Company] –</p> <p>[Significant concurrent positions outside the Company] Senior Advisor, Lincoln International</p>	0
<p>[Reasons for selection as a candidate] He has acquired thorough knowledge about areas such as international finance, international M&A and corporate governance. As he has no personal, capital or trade relationship with, or any other interest in, the Company, and has no possibility of causing a conflict of interest with ordinary shareholders, we expect that he will be able to sufficiently fulfill his role in auditing the decision-making and the execution of duties of Directors from an objective and expert standpoint independent from the Company's operations while providing instructions and advice on risks related to corporate management on the basis of extensive expertise related to areas such as international finance and international M&A. As such, it has been determined that he is suitable as an Outside Audit & Supervisory Board Member of the Company, and as a new candidate to be an Outside Audit & Supervisory Board Member.</p>		

Notes:

1. There is no special interest between the candidate and the Company.
2. Shuichi Tajima is a candidate to be our substitute Outside Audit & Supervisory Board Member.

- (1) When he assumes the position of Outside Audit & Supervisory Board Member, the Company plans to register him with the Tokyo Stock Exchange, Inc. as an Independent Officer.
- (2) If he assumes the position of Outside Audit & Supervisory Board Member, the Company plans to execute with him, pursuant to the provisions of Articles of Incorporation, a limited liability agreement which provides that the higher amount of either three (3) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages.