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(Translation)

(Code No.: 4665)

June 1, 2017

To Shareholders

Teruji Yamamura
President & CEO
Duskin Co., Ltd.
1-33 Toyotsu-cho, Suita-shi,
Osaka 564-0051 JAPAN

Notice of the 55th Annual General Meeting of Shareholders

The 55th Annual General Meeting of Shareholders will be held as indicated below under the heading of “Details of the Meeting” and your attendance is cordially requested.

If you are unable to attend on this date, you may exercise your voting rights either in writing or via electronic format (Internet). In this case, you are requested to carefully review the Reference Material for the Annual General Meeting of Shareholders, attached hereto, and exercise your voting rights by 5:00 pm on Wednesday, June 21, 2017.

Details of the Meeting

- 1: **Date and Time:** 10:00 am on Thursday, June 22, 2017
(The reception is scheduled to start at 9:00 am.)
- 2: **Venue:** Main Hall, Osaka International Convention Center 5th Floor
5-3-51 Nakanoshima, Kita-ku, Osaka, Japan
- 3: **Purpose of the Shareholders’ Meeting**

Items to be reported

1. Presentation of the business report, the Consolidated Financial Statements for Fiscal 2016 (April 1, 2016 to March 31, 2017) and Result on Consolidated Financial Statement Auditing Report by Accounting Auditors and the Audit & Supervisory Board
2. Presentation of the business performance, Fiscal 2016 (April 1, 2016 to March 31, 2017)

Matters to be resolved

- Proposal 1: Proposal for Appropriation of Retained Earnings
- Proposal 2: Partial Amendments to the Articles of Incorporation
- Proposal 3: Election of Twelve (12) Members of the Board of Directors
- Proposal 4: Determination of Remuneration concerning Stock Options for Directors
(excluding Outside Directors)

4: Matters concerning exercise of voting rights

- (1) When multiple votes are cast through Internet, the final vote will be considered to be the intended official vote.
- (2) When multiple votes are cast on Internet and by proxy card, regardless of the time of the received votes, vote on Internet will be considered to be the intended effective vote.
- (3) Shareholders may vote their shares by proxy by naming another shareholder who holds voting rights to attend the shareholders meeting and act as the proxy. In this case, the proxy must submit proof of identity

5: Matters concerning materials annexed to this notice and reference materials for the Annual General Meeting of Shareholders

- (1) The following matters have been posted on the corporate website (Japanese only) and are therefore omitted from the materials annexed to this Notice pursuant to relevant laws and Article 17 of the Company's Articles of Incorporation:
 - 1) Necessary systems to ensure appropriate execution of operations and its operational status
 - 2) Basic Policies related to the Company's Ownership Control
 - 3) The notes to the consolidated financial statements; and
 - 4) The notes to the nonconsolidated financial statements

Audit & Supervisory Board Members audit the business report, consolidated and nonconsolidated financial statements attached to this Notice of convocation, and documents 1) to 4) as stated above. The Accounting Auditor audits the consolidated and nonconsolidated financial statements attached to this Notice of convocation, and documents 3) to 4) stated above.

- (2) If amendments are made to the Shareholders' Meeting reference materials, the business report, or the consolidated and nonconsolidated financial statements, the amended contents will be posted immediately on the corporate website (Japanese only).

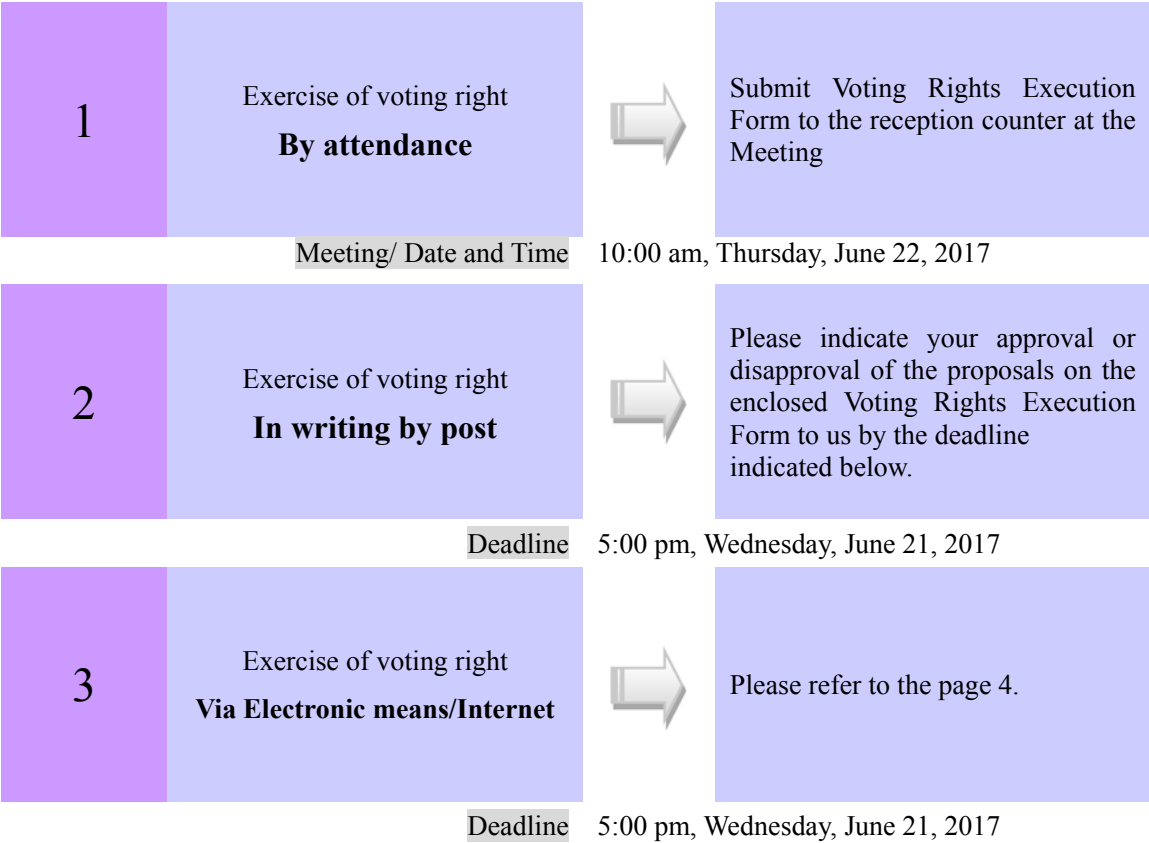
Our corporate website: <http://www.duskin.co.jp/ir/>

When attending the Meeting in person, please present the enclosed voting form at the reception. Please note that only shareholders are entitled to attend the Meeting.

Please bring this copy of the proxy statement to the Meeting to save resources.

Exercise of Voting Right

Voting rights may be exercised by attendance, in writing or via electronic means.



Electronic Voting Platform for institutional investors

As a method of exercising voting rights via electronic means with respect to the General Meetings of Shareholders of the Company, the electronic voting platform for institutional investors operated by Investor Communications Japan Inc., which was established by Tokyo Stock Exchange, Inc. and other entities, in addition to the exercise of voting rights via the Internet stated in item on the page 4, is available to custodian banks and other nominal shareholders (including standing proxies) who have applied to use such platform in advance.

Voting information over the Internet

If you wish to vote over the Internet, please follow the instructions below.

1. Voting over the Internet

Voting over the Internet can only be accomplished by accessing the site designated for this purpose only by the Company (Japanese only).

Voting site: <http://www.web54.net>

2. Voting validity

- 1) Please note that voting over the Internet requires the voting code and password printed on the Proxy Card and follow the instructions on the site.
- 2) The deadline is 5:00 pm, Wednesday, June 21, 2017.
- 3) When multiple votes are cast on Internet, the last vote will be considered to be the intended official vote.
- 4) When multiple votes are cast on Internet and by proxy card, regardless of the time of the received votes, vote on Internet will be considered to be the intended effective vote.
- 5) Please note that using Internet may incur cost such as connection fee, and such cost will be borne by the shareholders.

3. The voting password

- 1) Please note that voting password is material information for identification and the Company will not respond to the enquiries regarding the password.
- 2) Password will expire after certain number of unsuccessful tries. Follow guidance on the screen to apply for reissuance of password.

Please contact the offices below if you have any questions:

Questions for operating personal computers:

Dedicated line for the service
The Sumitomo Mitsui Trust Bank, Limited
Transfer Agent Web Support

Phone: **0120-652-031**
9:00 – 21:00

Other inquiries:

Transfer Agent Office
The Sumitomo Mitsui Trust Bank, Limited

Phone: **0120-782-031**
9:00 – 17:00
Excluding Saturday, Sunday and Holidays

= Reference Material =

Proposal 1: Proposal for Appropriation of Retained Earnings

Duskin considers the return to shareholders one of the most important priorities and the payment of continuous returns on profits is basic to how we organize and manage our businesses. After securing internal capital resources required for operations, business plans and sound business management, we determine the amount of the year-end dividend and appropriation of the retained earnings.

During the fiscal year that ended in March 2017, Duskin used retained earnings brought forward to fund the retirement of treasury shares. As a result, the general reserve was reversed and transferred to retained earnings brought forward and the year-end dividend for the fiscal year will be 20 yen per share, the same as one year earlier.

1. Other appropriation of the retained earnings

(1) Item and amount of decreased retained earnings

General reserves: 4,000,000,000 yen

(2) Item and amount of increased retained earnings

Retained earnings brought forward: 4,000,000,000 yen

2. Year-end dividend for this fiscal year

(1) Type of dividend: cash

(2) Particulars and amount of the dividends

20 yen per share of common stock

Total amount of dividends: 1,068,908,820 yen (funds for the dividends: retained earnings)

The Company paid an interim dividend of 20 yen per share. The full-year dividend is to total 40 yen per share.

(3) The effective date of the dividends: June 23, 2017

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

It is proposed to add business activities in the present Articles of Incorporation Article 3 (Purpose) in order to prepare for future business expansion.

Amendment 7: To enable the Company to provide daily support services to people certified “requiring support” in accordance with the newly amended Long-term Care Insurance Act

Amendment 10: A construction license under the Construction Business Act is needed for certain construction work for setting up indoor and outdoor event venues.

2. Proposed Amendments

The proposed amendments are as shown below

(Amendments are underlined.)

Present Articles of Incorporation	Proposed Amendments
<p>CHAPTER I GENERAL PROVISIONS (Purpose) Article 3: The purpose of the Company shall be to engage in the following businesses: (1. - 6. omitted) 7. Provision of in-home services of home-visit long-term care, rental of specified welfare equipment and rental of specified welfare equipment for preventive long-term care, as well as sale of specified welfare equipment and sale of specified welfare equipment for preventive long-term care under the Long-Term Care Insurance Act (8. - 9. omitted) (new) (10. - 37. omitted)</p>	<p>CHAPTER I GENERAL PROVISIONS (Purpose) Article 3: The purpose of the Company shall be to engage in the following businesses: (1. - 6. unchanged) 7. Provision of in-home services of home-visit long-term care, rental of specified welfare equipment and rental of specified welfare equipment for preventive long-term care, as well as sale of specified welfare equipment and sale of specified welfare equipment for preventive long-term care, <u>comprehensive services for long-term care prevention/daily support- first house call services</u> under the Long-term Care Insurance Act (8. - 9. unchanged) <u>10. Construction</u> (11. - 38. unchanged)</p>

Proposal 3: Election of Twelve (12) Members of the Board of Directors

The term of the current twelve (12) Directors of the Board shall expire at the close of this Annual General Meeting of Shareholders. It is proposed that the total number of Directors remains at twelve (12).

Candidate No.	Name		Titles and Responsibilities (significant concurrent positions)	Number of Board of Directors meeting attended
1	Reappointment	Teruji Yamamura	President & CEO	26/26
2	Reappointment	Kenichi Miyajima	Senior Executive Director Mister Donut Business Group Food Business Development	24/26
3	Reappointment	Akihisa Tsurumi	Senior Executive Director President's Office Human Resources Public Relations Information System	26/26
4	Reappointment	Kazuo Okai	Executive Director International, ServiceMaster Terminix, Merry Maids, Total Green, Home Repair	24/26
5	Reappointment	Junichi Narahara	Director Clean & Care Sales Group Clean Service Development Corporate Account	26/26
6	Reappointment	Osaharu Fujii	Director Legal Affairs & Corporate Compliance Quality Assurance & Risk Management New Business Development Product Inspection Center	26/26
7	Reappointment	Kazushi Sumimoto	Director Corporate Planning Production & Logistics Group	22/26
8	Reappointment	Hideyuki Naito	Director General Affairs, Accounting Corporate Management	20/20
9	Reappointment	Taku Suzuki	Director Life Care Development Group Rent-All, Uniform Service Health & Beauty	19/20
10	Reappointment Candidate for Independent Outside Director	Tadashi Yamamoto	Outside Director	26/26
11	Reappointment Candidate for Independent Outside Director	Junko Katada	Outside Director	26/26
12	New Candidate for Independent Outside Director	Tomoya Yoshizumi	-	-

Note: Attendance at meetings of the Board of Directors for Hideyuki Naito and Taku Suzuki are for meetings held after their election as Directors on June 24, 2016.

Reference: Policy for selection of Director candidates

Director candidates must have the proper character, knowledge and ethics for this post and must have no health issues that would prevent them from performing their duties.

With regard to internal Directors, the President & CEO requests recommendations for candidates from current Directors of the Board, and reviews the recommendations. Candidates for internal Directors must be those who can steadily promote the medium-long-term growth strategy of the Duskin Group, and make a positive impact on vitalizing our organization. Candidates are selected by the Board of Directors after taking into account the opinions of Audit & Supervisory Board Members and the Outside Directors and Audit & Supervisory Board Members Council.

Candidates for Outside Directors must not be a related party of the Duskin Group and be able to maintain their independence. They must also have the business experience and expertise to perform supervisory and advisory functions for the Board of Directors. In addition, they must be capable of providing beneficial advice from many perspectives to ensure management transparency, soundness and fairness. Outside Director candidates are selected by the Board of Directors after taking into account the opinions of Audit & Supervisory Board Members and the Outside Directors and Audit & Supervisory Board Members Council.

Candidate No. **1**

Teruji Yamamura



Reappointment

Attendance at Board of Directors meetings during FY 2016:

26/26
100.0%

Date of birth

January 28, 1957

Number of shares owned: 32,185

Tenure: 13 years

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2009	President & CEO (to the present)
Apr. 2007	Director Care Service Business Group Rent-All, Home Instead
June 2004	Director & Assistant General Manager Clean Service Business Group
Jan. 1982	Joined the Company

Reasons for recommending Teruji Yamamura as a candidate for Director

Since becoming President & CEO in 2009, Mr. Yamamura has implemented reforms to achieve a recovery in consolidated performance and supervised the ONE DUSKIN structural reforms aimed at providing a single point of contact for customers. In addition, Mr. Yamamura has established a global strategy for sustained growth and overseen the development of new businesses. Therefore, Duskin requests a vote in favor of Mr. Yamamura's re-election as a Director.

Candidate No. 2

Kenichi Miyajima



Reappointment

Attendance at Board of Directors meetings
during FY 2016:

24/26

92.3%

Date of birth

March 16, 1955

Number of shares owned: **10,800**

Tenure: **13 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

June 2016	Senior Executive Director (to the present) Mister Donut Business Group Food Business Development
Apr. 2015	Senior Executive Director President's Office Mister Donut Business Group and Food Group
June 2012	Senior Executive Director President's Office, Public Relations Legal Affairs & Corporate Compliance Quality Assurance & Risk Management Product Inspection Center Food Chain Business & Development
Apr. 2009	Executive Director Clean Service Business Group Care Service Business Group Rent-All, Uniform Service, Health & Beauty, Home Instead, Drink Service, Corporate Account
June 2004	Director & General Manager, Clean Service Business Group
May 1990	Joined the Company

Reasons for recommending Kenichi Miyajima as a candidate for Director

Mr. Miyajima was named a Senior Executive Director and General Manager of Mister Donut Business Group in 2014 after positions in the Clean and Care Service Businesses, the head office and the Food Group. Due to Mr. Miyajima's extensive experience with all Duskin operations and strong leadership skills, Duskin requests a vote in favor of Mr. Miyajima's re-election as a Director.

Candidate No. **3**

Akihisa Tsurumi



Reappointment

Attendance at Board of Directors meetings
during FY 2016:

26/26

100.0%

Date of birth

September 26, 1953

Number of shares owned: **11,100**

Tenure: **10 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2017	Senior Executive Director (to the present) President's Office, Human Resources, Public Relations, Information System
June 2016	Senior Executive Director President's Office, Human Resources, General Affairs, Public Relations, Information System
June 2015	Senior Executive Director Human Resources, General Affairs, Accounting, Information System Quality Assurance & Risk Management Product Inspection Center, Production & Logistics
June 2011	Executive Director Human Resources, General Affairs, Accounting Information System
June 2007	Director Continuous Process Improvement Manager, Corporate Planning
Apr. 2005	Joined the Company Manager, Continuous Process Improvement
Oct. 2002	General Manager, Kyoto Corporate Business Office-3, Sumitomo Mitsui Banking Corporation

Reasons for recommending Akihisa Tsurumi as a candidate for Director

Since his election as a Director in 2007, Mr. Tsurumi has used experience and knowledge from jobs before joining Duskin for the oversight of corporate-level departments. Mr. Tsurumi has played a central role in creating management strategies for improving profitability and returns on capital, such as by enacting personnel system reforms. Therefore, Duskin requests a vote in favor of Mr. Tsurumi's re-election as a Director.

Candidate No. 4

Kazuo Okai



Reappointment

Attendance at Board of Directors meetings during FY 2016:

24/26

92.3%

Date of birth

June 29, 1957

Number of shares owned: **17,955**

Tenure: **9 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2017	Executive Director (to the present) International, ServiceMaster, Terminix, Merry Maids, Total Green, Home Repair
June 2015	Executive Director General Manager, Clean & Care Development Group
Apr. 2010	Director Corporate Planning, Overseas Business Development New Business Development
June 2008	Director Manager, Overseas Business Development Chairman & CEO, Duskin Hong Kong Co., Ltd.
Apr. 1980	Joined the Company

Reasons for recommending Kazuo Okai as a candidate for Director

Mr. Okai has used extensive experience to oversee corporate planning, overseas operations, the Clean & Care Business Group and other operations since becoming a Director in 2008. Starting in 2017, he supervised strategic planning and product/service development for Care Service Businesses and expansion and establishment of overseas businesses. Therefore, Duskin requests a vote in favor of Mr. Okai's re-election as a Director.

Candidate No. 5

Junichi Narahara



Reappointment

Attendance at Board of Directors meetings during FY 2016:

26/26

100.0%

Date of birth

February 20, 1958

Number of shares owned: **9,800**

Tenure: **8 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2017	Director (to the present) Clean & Care Sales Group Clean Service Development Corporate Account
Apr. 2015	Director, General Manager, Clean & Care Sales Group
Mar. 2014	Director, Western Japan, Clean & Care Group
June 2009	Director & General Manager, Mister Donut Business Group
Oct. 1982	Joined the Company

Reasons for recommending Junichi Narahara as a candidate for Director

Mr. Narahara has been involved for many years in the growth of Mister Donut Business Group. Since 2014, he has been overseeing sales and business development in the Clean & Care Businesses. He is supervising measures to energize the frontline sales organization and direct selling organization. Therefore, Duskin requests a vote in favor of Mr. Narahara's re-election as a Director.

Candidate No. 6

Osaharu Fujii



Reappointment

Attendance at Board of Directors meetings during FY 2016:

26/26
100.0%

Date of birth Number of shares owned: **9,700**

September 25, 1958 Tenure: **4 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2017	Director (to the present) Legal Affairs & Corporate Compliance, Quality Assurance & Risk Management New Business Development, Product Inspection Center
June 2016	Director, Legal Affairs & Corporate Compliance, Quality Assurance & Risk Management International, New Business Development
June 2013	Director, Corporate Planning, Overseas Business Development New Business Development Manager, Corporate Management Chairman & CEO, Duskin Hong Kong Co., Ltd.
Apr. 2010	Joined the Company Manager, New Business Development
Apr. 2008	General Manager, Osaka-Nishi Corporate Business Office Sumitomo Mitsui Banking Corporation

Reasons for recommending Osaharu Fujii as a candidate for Director

Mr. Fujii has been involved with new business development since joining Duskin in 2010. After becoming a Director in 2013, he has used experience from prior jobs to oversee corporate-level departments. In addition to his experience with implementing M&A strategies, he is expected to play a key role to support legal affairs, quality assurance, compliance, risk management and CSR management. Therefore, Duskin requests a vote in favor of Mr. Fujii's re-election as a Director.

Candidate No. 7

Kazushi Sumimoto



Reappointment

Attendance at Board of Directors meetings during FY 2016:

22/26
84.6%

Date of birth Number of shares owned: **5,185**

November 29, 1960 Tenure: **3 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2017	Director (to the present) Corporate Planning, Production & Logistics Group
May 2016	Director, Corporate Management, Life Care Development Group, Rent-All, Uniform Service, Health & Beauty
June 2014	Director, Home Instead Division Manager, Rent-All
Apr. 1983	Joined the Company

Reasons for recommending Kazushi Sumimoto as a candidate for Director

Mr. Sumimoto was assigned to Clean & Care Business Group and then moved to Rent-All in 2012 where he has made a big contribution to the growth of this business. As the Director for corporate planning from 2016, and for Production & Logistics from 2017, he is expected to play a central role in strengthening the foundation for existing business operations, formulating growth strategies, and optimizing cost structures. Therefore, Duskin requests a vote in favor of Mr. Sumimoto's re-election as a Director.

Candidate No. **8**

Hideyuki Naito



Reappointment

Attendance at Board of Directors meetings
during FY 2016:

20/20

100%

Date of birth Number of shares owned: **5,585**

December 3, 1961 Tenure: **1 year**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2017 Director (to the present)
General Affairs, Accounting, Corporate Management

June 2016 Director, Corporate Management
Manager, Accounting

Apr. 2012 Manager, Accounting

Nov. 2007 Manager, Auditing

Apr. 1982 Joined the Company

Reasons for recommending Hideyuki Naito as a candidate for Director

Mr. Naito was involved with operations and accounting and finance in several business units and then became Manager of the Audit Department and the Accounting Department. He has many years of experience with financial statement accounting, internal controls, equity-related measures and other activities. Due to his ability to help achieve management, financial and other strategic goals, Duskin requests a vote in favor of Mr. Naito's re-election as a Director.

Candidate No. **9**

Taku Suzuki



Reappointment

Attendance at Board of Directors meetings
during FY 2016:

19/20

95.0%

Date of birth Number of shares owned: **2,900**

October 8, 1965 Tenure: **1 year**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2017 Director (to the present)
Life Care Development, Rent-All
Uniform Service, Health & Beauty

June 2016 Director, Product Inspection Center
General Manager, Production & Logistics Group

May 2012 General Manager, Production & Logistics Group

Oct. 2009 Regional Manager, Shikoku Area, Clean Service
Business Group

Apr. 1989 Joined the Company

Reasons for recommending Taku Suzuki as a candidate for Director

Mr. Suzuki was involved with new business development associated with the Clean & Care Business Group, plant operations and other activities. In 2012 he was appointed General Manager of the Production & Logistics Group, where he has enacted production reforms. From 2017 as the Director for senior care services, he is expected to use strong leadership for establishing and strengthening the business foundation in this field. Therefore, Duskin requests a vote in favor of Mr. Suzuki's re-election as a Director.

Candidate No. **10**

Tadashi Yamamoto



Reappointment

Candidate for Independent

Outside Director

Attendance at Board of Directors meetings
during FY 2016:

26/26

100.0%

Date of birth

November 14 , 1952

Number of shares owned: -

Tenure: **2 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

June 2015	Director (to the present)
June 2014	Resigned from the position of Audit & Supervisory Board Member, Wacoal Corp.
June 2012	Audit & Supervisory Board Member Wacoal Corp. Resigned from the position of Director Wacoal Holdings Corp.
Mar. 2012	Resigned from the position of Director, Wacoal Corp.
Apr. 2008	Director, Wacoal Holdings Corp. Senior Managing Corporate Officer General Manager, International Operations Wacoal Corp.
June 2006	Director, Wacoal Holdings Corp. Managing Corporate Officer General Manager, Human Resource & Administration Wacoal Corp.
Apr. 1976	Joined Wacoal Corp.

Reasons for recommending Tadashi Yamamoto as a candidate for Director

Mr. Yamamoto has a great deal of experience and knowledge in corporate management as a Director and Senior Managing Corporate Officer at Wacoal Corporation. In addition, he has considerable expertise concerning human resource planning, international operations and other fields. Since becoming a Duskin Outside Director in June 2015, Mr. Yamamoto has contributed to enhancing corporate governance by providing advice and supervision regarding management from an objective standpoint independent of the executives who conduct Duskin's business operations. Therefore, Duskin requests a vote in favor of Mr. Yamamoto's re-election as an Outside Director.

Candidate No. **11**

Junko Katada



Reappointment

Candidate for Independent

Outside Director

Attendance at Board of Directors meetings during FY 2016:

26/26

100.0%

Date of birth

February 21, 1963

Number of shares owned: **400**

Tenure: **2 years**

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

June 2015	Director (to the present)
June 2015	Resigned from the position of Auditor, Osaka Izumi Consumers' Co-Operative Union
June 2007	Auditor, Osaka Izumi Consumers' Co-Operative Union

Reasons for recommending Junko Katada as a candidate for Director

Ms. Katada has a thorough knowledge of consumer issues. Since becoming a Duskin Outside Director in June 2015, she has contributed to enhancing corporate governance by providing advice and supervision regarding protection of the interests of customers and general consumers from an objective standpoint independent of the executives who conduct Duskin's business operations. Therefore, Duskin requests a vote in favor of her re-election as an Outside Director. Although she has not been involved in corporate management, Duskin believes that Ms. Katada is capable of fulfilling her duties as an Outside Director.

Candidate No. 12

Tomoya Yoshizumi



New Candidate for
Independent Outside Director

Date of birth

June 10, 1953

Number of shares owned: -

Tenure: -

(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

June 2017	Expected to retire from Ajinomoto Co., Inc.
June 2015	Advisor, Ajinomoto Co., Inc.
June 2013	Corporate Vice President & General Manager, North America Division, Bioscience & Finechemicals Business Division Ajinomoto Co., Inc.
June 2011	President, AJINOMOTO NORTH AMERICA, INC Member of the Board & Corporate Vice President General Manager, North America Division Bioscience & Finechemicals Business Division Ajinomoto Co., Inc. President, Ajinomoto U.S.A. (current AJINOMOTO NORTH AMERICA, INC)
June 2008	Member of the Board & Corporate Vice President President, Amino Acids Company
June 2007	Member of the Board, Ajinomoto Co., Inc.
Apr. 1978	Joined Ajinomoto Co., Inc.

Reasons for recommending Tomoya Yoshizumi as a candidate for Director

Mr. Yoshizumi has a great deal of experience and knowledge in corporate management as a Member of the Board and Corporate Vice President at Ajinomoto Co., Inc. At Ajinomoto, he was engaged in strategic production planning, the Medium-Term Management Plan and implementing M&A strategies for the Ajinomoto Group. For four years from 2011, he supervised business operations in North America as General Manager, North America Division and President of AJINOMOTO NORTH AMERICA, INC. Mr. Yoshizumi is expected to enhance corporate governance by providing advice and supervision regarding management from an objective standpoint independent of the executives who conduct Duskin's business operations. Therefore, Duskin requests a vote in favor of Mr. Yoshizumi's election as a new Outside Director.

1. The nominees have no special interests in Duskin.
2. Duskin has designated Mr. Tadashi Yamamoto and Ms. Junko Katada as Independent Directors in accordance with regulations of the Tokyo Stock Exchange. If these Director candidates are re-elected, Duskin plans to again designate them as Independent Directors. Also, if Mr. Tomoya Yoshizumi is elected, Duskin plans to designate him as an Independent Director.
3. Duskin has contracts with Mr. Tadashi Yamamoto and Ms. Junko Katada that limit their liability as provided in Article 423, Paragraph 1 of the Companies Act within the amount prescribed by laws or ordinances. If these two individuals are elected as Outside Directors, Duskin plans to extend these contracts. If Mr. Tomoya Yoshizumi is elected as an Outside Director, Duskin will also enter into the same contract with Mr. Yoshizumi.
4. The number of meetings of the Board of Directors that Mr. Hideyuki Naito and Mr. Taku Suzuki attended is for meetings that were held after their election as Directors on June 24, 2016.

Reference:

Standards for independence of Outside Directors and Audit & Supervisory Board Members

The independence of an Outside Director or Outside Audit & Supervisory Board Member requires that none of the following items is applicable to these individuals. These standards are based on the independence standards of the Securities Listing Regulations Enforcement Rules of the Tokyo Stock Exchange and also include standards established by Duskin.

To determine if an Outside Director or Outside Audit & Supervisory Board Member is independent, Duskin confirms that none of the following standards 1 through 9 are applicable, while referring to Duskin Standards for Independence of Outside Directors and Audit & Supervisory Board Members. Then, the Board of Directors holds discussions that include consideration of the opinions and advice of Audit & Supervisory Board Members and the Outside Directors and Audit & Supervisory Board Members Council, in order to select Outside Director and Outside Audit & Supervisory Board Member candidates.

1. A Director (except an Outside Director of Duskin), Audit & Supervisory Board Member (except an Outside Audit & Supervisory Board Member of Duskin) or employee of a Duskin Group* company
*The Duskin Group is Duskin and subsidiaries of Duskin.
2. A major shareholder* of Duskin or a Director, Audit & Supervisory Board Member or employee of a company or other organization that is a major shareholder of Duskin
*An individual, company or other entity that owns at least 10% of Duskin's voting rights
3. A Director, Audit & Supervisory Board Member or employee of a company with a major business relationship* with the Duskin Group
*A company where, in the most recent fiscal year, amounts paid to or received from the Duskin Group for business transactions are more than the larger of 3% of the consolidated sales of the Duskin Group or the company (including the parent company and subsidiaries) or 1 billion yen
4. An individual that has received substantial donations* from the Duskin Group or a Director, Audit & Supervisory Board Member or employee of a company or other organization that has received such donations
*Substantial donations are cash and other items with a value of the larger of 1% of consolidated sales of the Duskin Group in the most recent fiscal year or 100 million yen.
5. An attorney, accountant, consultant who has received substantial payments* or other items of value (or an individual belonging to a company or other organization that has received these payments) other than Director or Audit & Supervisory Board Member compensation from the Duskin Group
*A payment of cash or other items with a value of the larger of 1% of consolidated sales of the Duskin Group in the most recent fiscal year or 100 million yen
6. An individual who was ever in any position described in the above items 1 and 2
7. An individual who was within the past three years in any position described in the above items 3 through 5
8. Spouses and first or second-degree relatives of individuals described in the above items 1 through 7
9. Individuals who have been a Duskin Outside Director for five years or a Duskin Outside Audit & Supervisory Board Member for eight years
10. Individuals with any other reasons for doubt about independence concerning the performance of duties as a Duskin Outside Director or Outside Audit & Supervisory Board Member

Proposal 4: Determination of Remuneration Concerning Stock Options for Directors (excluding Outside Directors)

At the 53rd Annual General Meeting of Shareholders held on June 19, 2015, a limit of 500 million yen per annum (of which 35 million yen per annum is for Outside Directors) was approved for the amount of remuneration for Directors of the Company. With the aim of further raising motivation to achieve sustainable growth and enhance corporate value by sharing risks and benefits of fluctuations in stock prices with shareholders, we request that approval be given to allot share-based-remuneration-type stock options to Directors in the form of share options, while remaining within the limit of 50 million yen per annum.

The amount of stock option remuneration shall be determined by multiplying the number of allotted share options by the fair value of each share option as of the date of its allotment. The compensation of the Company's Directors consists of basic compensation (base salary) and a performance-based bonus (short-term incentive) in the form of a monetary payment. As a new form of compensation, the Company wants to allocate stock acquisition rights in the form of stock options in lieu of part of the basic compensation.

The timing of the issuance of the stock options and their allocation will be left entirely up to the Board of Directors. There are currently twelve Directors (including three Outside Directors). If Proposal 3 is approved, there will be twelve Directors (including three Outside Directors).

Information about the stock acquisition rights as stock options for the Company's Directors (excluding Outside Directors) is as follows:

1. Class and number of shares underlying the stock acquisition rights

The class of shares underlying the stock acquisition rights shall be shares of the company's common stock, and the number of shares underlying the stock acquisition rights ("number of shares granted") shall not be more than 20,000. The number of shares to be delivered per unit of the share options shall be 10.

Provided that, if the Company implements a share split (including an allotment of common shares of the Company without contribution; the same shall apply to the following description of the share split), or share consolidation after the date on which the share options are allotted ("allotment date"), the number of shares granted shall be adjusted using the following formula.

Number of shares granted after adjustment = Number of shares granted before adjustment x ratio of share split or consolidation

In the event of unavoidable circumstances that require an adjustment of the number of shares granted in addition to the preceding items, the Company may make an adjustment to the number of shares granted that the Board of Directors deems necessary.

Any fraction less than one (1) share arising as a result of the preceding adjustment shall be dropped.

2. Aggregate number of share options

The number of share options to be allocated within one year from the date of an Annual General Meeting of Shareholders for each business year shall not be more than 2,000.

3. Amount to be paid for share options

The amount to be paid for each share option shall be determined by the Board of Directors on the basis of the fair value of the share option at the time of its allotment as calculated by a fair calculation method,

such as the Black-Scholes Model.

An individual who has received share options (“Share Options Holder”) shall offset the payment of the amount to be paid with the remuneration claims against the Company and accordingly shall not be required to make any monetary payment.

4. Amount of assets to be paid upon exercise of share options

The amount of the assets to be paid upon the exercise of the share options shall be calculated by multiplying the price of one yen per share to be delivered through the exercise of the share options by the number of shares granted.

5. Exercise period

The share option exercise period shall be determined by a resolution of the Board of Directors up to a maximum of thirty years starting on the day immediately following the Allotment Date.

6. Conditions for exercise of share options

A Share Options Holder may exercise his/her share options only one time, during a period of 10 days within the exercise period starting on the day immediately following the day on which a Director or Audit & Supervisory Board member ceased to hold any such positions.

7. Restrictions on acquisition of share options by transfer

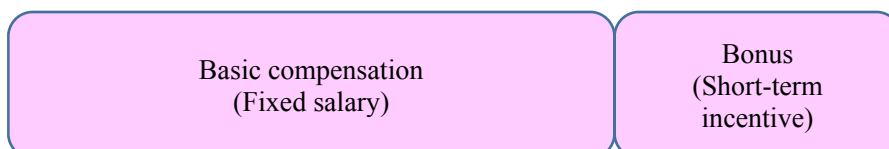
Acquisition of the share options by means of transfers require the approval of the Board of Directors.

8. Other items concerning share options

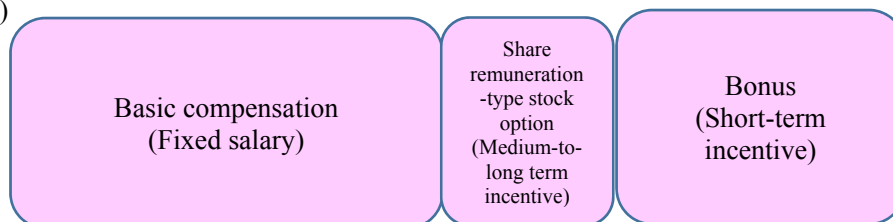
Other matters regarding the preceding items and other subjects shall be determined by the Board of Directors, which determines terms for offering share options.

(Remuneration System for Directors)

(Current)



(New system)



*The compensation of the Company’s Directors consists of basic compensation (base salary) and a performance-based bonus (short-term incentive) in the form of a monetary payment. In the new system, share remuneration-type stock options are provided as a medium-to-long-term incentive in lieu of part of the basic compensation.

Consolidated Balance Sheets

(millions of yen)

Account	FY2016 as of Mar. 31, 2017	FY2015 as of Mar. 31, 2016	Account	FY2016 as of Mar. 31, 2017	FY2015 as of Mar. 31, 2016
Assets			Liabilities		
Current assets	62,021	63,260	Current liabilities	34,603	31,929
Cash and deposits	21,200	19,006	Notes and accounts payable-trade	6,836	7,353
Notes & accounts receivable-trade	9,887	10,109	Short-term loans payable	78	—
Lease receivables and investment assets	1,359	1,460	Current portion of long-term loans payable	10	9
Securities	16,018	19,528	Income taxes payable	2,337	413
Merchandise and finished goods	7,388	7,590	Provision for bonuses	3,255	2,876
Work in process	157	174	Asset retirement obligations	12	8
Raw materials and supplies	1,557	1,432	Accounts payable-other	7,583	7,057
Deferred tax assets	1,719	1,473	Guarantee deposit received for rental products	9,421	9,657
Other	2,766	2,524	Other	5,069	4,552
Allowance for doubtful accounts	-34	-39	Non-current liabilities	13,403	14,744
Non-current assets	128,095	127,062	Long-term loans payable	—	10
Property, plant and equipment	51,334	52,733	Net defined benefit liability	11,901	13,286
Buildings and structures	17,769	18,902	Asset retirement obligations	616	643
Machinery, equipment and vehicles	6,745	6,520	Long-term guarantee deposited	812	728
Land	23,628	23,588	Long-term accounts payable-other	74	74
Construction in progress	241	324	Other	0	0
Other	2,948	3,397	Total liabilities	48,007	46,673
Intangible assets	7,618	7,569	Net Assets		
Goodwill	793	305	Shareholders' equity	136,203	138,255
Other	6,825	7,263	Capital stock	11,352	11,352
Investment and other assets	69,142	66,758	Capital surplus	11,086	10,835
Investment securities	58,979	56,608	Retained earnings	117,332	119,910
Long-term loans receivable	5	8	Treasury shares	-3,568	-3,843
Deferred tax assets	2,263	2,283	Accumulated other comprehensive income	5,521	4,472
Guarantee deposits	6,304	6,408	Valuation difference on available-for-sale securities	7,754	8,462
Other	1,616	1,596	Deferred gains or losses on hedges	—	-18
Allowance for doubtful accounts	-27	-147	Foreign currency translation adjustment	-120	-37
			Remeasurements of defined benefit plans	-2,113	-3,934
			Non-controlling interests	384	920
Total Assets	190,116	190,322	Total Net Assets	142,108	143,648
			Total Liabilities and Net Assets	190,116	190,322

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Consolidated Statements of Income

(millions of yen)

Account	FY2016 (Apr. 1, 2016 - Mar. 31, 2017)	FY2015 (Apr. 1, 2015 - Mar. 31, 2016)
Net sales	161,880	165,203
Cost of sales	89,204	94,740
Gross profit	72,676	70,462
Selling, general and administrative expenses	66,606	65,090
Operating profit	6,069	5,372
Non-operating income	1,884	1,785
Interest income	408	571
Dividend income	325	293
Rent income on facilities	177	95
Commission fee	198	215
Share of profit of entities accounted for using equity method	171	126
Miscellaneous income	603	483
Non-operating expenses	399	449
Interest expenses	1	0
Foreign exchange losses	7	53
Compensation expenses	48	219
Cancellation penalty	102	6
Commission for purchase of treasury shares	60	44
Miscellaneous loss	179	125
Ordinary profit	7,554	6,707
Extraordinary income	728	629
Gain on sales of non-current assets	0	4
Gain on sales of investment securities	580	559
Gains on bargain purchase	—	50
Investment securities settlement gain	114	—
Gain on sales of shares of subsidiaries and associates	24	—
Other	8	14
Extraordinary losses	1,673	1,682
Loss on sales of non-current assets	22	12
Loss on abandonment of non-current assets	166	308
Impairment loss	1,297	1,165
Loss on liquidation of subsidiaries and associates	—	115
Loss on disaster	176	—
Amortization of goodwill	—	79
Other	10	1
Profit before income taxes	6,610	5,655
Income taxes-current	3,051	1,645
Income taxes-deferred	-726	1,215
Profit	4,285	2,794
Loss attributable to non-controlling interests	-33	-188
Profit attributable to owners of parent	4,318	2,983

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Consolidated Statements of Changes in Net Assets

(April 1, 2016 – March 31, 2017)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,352	10,835	119,910	-3,843	138,255
Changes of items during the period					
Dividends of surplus			-2,204		-2,204
Profit attributable to owners of parent			4,318		4,318
Purchase of treasury shares				-4,417	-4,417
Disposal of treasury shares			-4,691	4,691	—
Changes in equity of the parent company related to transactions with non-controlling shareholder		251			251
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	251	-2,577	274	-2,052
Balance at end of current period	11,352	11,086	117,332	-3,568	136,203

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,462	-18	-37	-3,934	4,472	920	143,648
Changes of items during the period							
Dividends of surplus							-2,204
Profit attributable to owners of parent							4,318
Purchase of treasury shares							-4,417
Disposal of treasury shares							—
Changes in equity of the parent company related to transactions with non-controlling shareholder							251
Net changes of items other than shareholders' equity	-707	18	-82	1,820	1,049	-536	512
Total changes of items during the period	-707	18	-82	1,820	1,049	-536	-1,539
Balance at end of current period	7,754	—	-120	-2,113	5,521	384	142,108

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-Consolidated Balance Sheets

(millions of yen)

Account	FY2016 as of Mar. 31, 2017	FY2015 as of Mar. 31, 2016	Account	FY2016 as of Mar. 31, 2017	FY2015 as of Mar. 31, 2016
Assets			Liabilities		
Current assets	48,617	50,004	Current liabilities	44,900	39,399
Cash and deposits	14,819	12,912	Accounts payable-trade	6,276	6,836
Notes receivable-trade	3	8	Accounts payable-other	5,866	5,796
Accounts receivable-trade	7,420	7,863	Accrued expenses	936	918
Lease receivables	24	—	Income taxes payable	1,934	38
Securities	16,018	19,528	Deposits received	16,107	12,690
Merchandise and finished goods	5,682	5,633	Guarantee deposits received for rental products	10,080	10,298
Work in process	2	2	Provision for bonuses	2,391	2,023
Raw materials and supplies	936	800	Asset retirement obligations	12	8
Prepaid expenses	505	453	Other	1,294	788
Deferred tax assets	1,209	995			
Short-term loans receivable	3	3	Non-current liabilities	8,476	10,173
Short-term loans receivable from subsidiaries and associates	95	101	Provision for retirement benefits	6,677	5,630
Other	1,910	1,719	Asset retirement obligations	544	562
Allowance for doubtful accounts	-15	-19	Long-term guarantee deposited	856	758
Non-current assets	126,753	125,147	Long-term deposits received	380	3,050
Property, plant and equipment	40,298	41,415	Long-term accounts payable-other	17	17
Buildings	13,895	14,754	Deferred tax liabilities	—	154
Structures	772	774	Total Liabilities	53,377	49,573
Machinery and equipment	1,108	1,046			
Vehicles	1	1	Net Assets		
Tools, furniture and fixtures	1,677	1,946	Shareholders' equity	114,265	117,162
Fixed assets for rent	81	79	Capital stock	11,352	11,352
Land	22,607	22,567	Capital surplus	1,090	1,090
Construction in progress	154	244	Legal capital surplus	1,090	1,090
Intangible assets	6,740	7,164	Retained earnings	105,390	108,562
Goodwill	11	67	Legal retained earnings	2,777	2,777
Trademark right	2	3	Other retained earnings	102,612	105,784
Software	5,735	6,481	Reserve for business development	869	869
Temporary account for intangible fixed assets	786	394	Reserve for reduction entry	31	32
Other	205	217	General reserve	100,800	113,800
Investments and other assets	79,713	76,566	Retained earnings brought forward	912	-8,916
Investment securities	57,729	55,396	Treasury shares	-3,568	-3,843
Shares of subsidiaries and associates	14,380	13,898			
Investments in capital	0	0	Valuation and translation adjustments	7,729	8,415
Investments in capital of subsidiaries and associates	0	330	Valuation difference on available-for-sale securities	7,729	8,434
Long-term loans receivable	4	6	Deferred gains or losses on hedges	—	-18
Long-term loans receivable from subsidiaries and associates	409	752			
Long-term prepaid expenses	675	502	Total Net Assets	121,994	125,578
Deferred tax assets	735	—	Total Liabilities & Net Assets	175,371	175,151
Guarantee deposits	5,600	5,712			
Other	200	218			
Allowance for doubtful accounts	-23	-251			
Total Assets	175,371	175,151			

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-Consolidated Statements of Income

(millions of yen)

Account	FY2016 (April 1, 2016- March 31, 2017)	FY2015 (April 1, 2015 March 31, 2016)
Net sales	134,245	138,697
Cost of sales	78,709	84,212
Gross profit	55,535	54,484
Selling, general and administrative expenses	51,466	50,891
Operating profit	4,069	3,593
Non-operating income	2,898	2,879
Interest income	16	35
Interest income on securities	390	530
Dividend income	918	970
Rent income on facilities	856	733
Commission fee	271	281
Miscellaneous income	444	327
Non-operating expenses	489	336
Interest expenses	20	27
Foreign exchange losses	2	53
Debt waiver	105	—
Compensation expenses	26	43
Provision of allowance for doubtful accounts	—	48
Cancellation penalty	87	11
Commission for purchase of treasury shares	60	44
Rent expenses on facilities	69	—
Miscellaneous loss	117	106
Ordinary profit	6,478	6,136
Extraordinary income	698	564
Gain on sales of investment securities	580	559
Investment securities settlement gain	114	—
Other	3	4
Extraordinary losses	1,949	2,776
Loss on sales of non-current assets	22	7
Loss on abandonment of non-current assets	129	273
Impairment loss	1,078	1,076
Loss on valuation of shares of subsidiaries and associates	559	1,419
Loss on disaster	157	—
Other	2	0
Income before income taxes	5,227	3,924
Income taxes-current	2,306	971
Income taxes-deferred	-802	1,121
Profit	3,723	1,831

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-consolidated Statements of Changes in Net Assets

(April 1, 2016 – March 31, 2017)

(millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings					Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings					
					Reserve for business development	Reserve for reduction entry	General reserve	Retained earnings brought forward		
Balance at beginning of current period	11,352	1,090	1,090	2,777	869	32	113,800	-8,916	108,562	
Changes of items during the period										
Dividends of surplus								-2,204	-2,204	
Profit								3,723	3,723	
Purchase of treasury shares										
Disposal of treasury shares								-4,691	-4,691	
Reversal of reserve for reduction entry						-0		0	—	
Reversal of general reserve							-13,000	13,000	—	
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	-0	-13,000	9,828	-3,172	
Balance at end of current period	11,352	1,090	1,090	2,777	869	31	100,800	912	105,390	

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	-3,843	117,162	8,434	-18	8,415	125,578
Changes of items during the period						
Dividends of surplus		-2,204				-2,204
Profit		3,723				3,723
Purchase of treasury shares	-4,417	-4,417				-4,417
Disposal of treasury shares	4,691	—				—
Reversal of reserve for reduction entry		—				—
Reversal of general reserve		—				—
Net changes of items other than shareholders' equity			-704	18	-686	-686
Total changes of items during the period	274	-2,897	-704	18	-686	-3,583
Balance at end of current period	-3,568	114,265	7,729	—	7,729	121,994

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.