

Securities Code 7245
June 8, 2016

To shareholders with voting rights

3-1, Sakae 2-chome, Naka-ku, Nagoya
13F Nagoya Hirokoji Building

DAIDO METAL CO., LTD.

Chairman and
Chief Executive Officer **Seigo Hanji**

Notice of Convocation of the 108th Annual Shareholders' Meeting

Dear shareholders,

You are cordially invited to the 108th Annual Shareholders' Meeting to be held as set forth below. Your attendance at the meeting will be greatly appreciated.

If you are unable to attend the meeting on the day, you may exercise your voting rights by post or via the Internet, etc. Therefore, please kindly review the reference materials for the Annual Shareholders' Meeting that follow this notice, and exercise your voting rights by no later than 5 p.m. on June 28, 2016 (Tuesday).

Yours sincerely,

Note

- 1. Date and time** 10 a.m. on June 29, 2016 (Wednesday)
- 2. Venue** 4-2, Marunouchi 2-chome, Naka-ku, Nagoya, Japan
5th Floor Grand Hall of Nagoya Bankers Association
(Please see "Information Map of Venues of Shareholders' Meeting on the final page)
- 3. Purpose**
 - Reporting matters 1. Reporting of the 108th business report (from April 1, 2015 to March 31, 2016), consolidated financial statements and results of the audit of consolidated financial statements by the accounting auditors and Audit & Supervisory Board
 2. Reporting of non-consolidated financial statements for the 108th fiscal year (from April 1, 2015 to March 31, 2016)

Matters for resolution

- | | |
|-------------------|---|
| Agenda Item No. 1 | Disposition of Surplus |
| Agenda Item No. 2 | Election of Seven Directors |
| Agenda Item No. 3 | Election of One Substitute Audit & Supervisory Board Member |
| Agenda Item No. 4 | Payment of Bonuses to Directors |

4. Guidance on exercising voting rights

- (1) Exercising voting rights by post
Please complete the enclosed Voting Card, indicating your approval or disapproval, and send the Card by return mail to be delivered to us no later than 5 p.m. of June 28, 2016 (Tuesday).
- (2) Exercising voting rights via the Internet, etc.
If you exercise your voting rights via the Internet, etc., please review the instructions under “Guidance for exercising your voting rights via the Internet” described on pages 4 and 5. Please access the Website to Exercise Voting Rights designated by the Company (<http://www.web54.net>) to exercise your voting rights following the instructions on the screen by no later than 5 p.m. on June 28, 2016 (Tuesday).
- (3) Once you exercised your voting rights by both post and via the Internet, etc., the voting rights exercise via the Internet, etc. shall be treated as the valid vote. If you exercise your voting rights multiple times via the Internet, etc., the voting rights exercised last shall be treated as the valid vote.

End of document

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- ⦿ **When attending the meeting on the day, please kindly submit the enclosed Voting Card to the receptionist.**
 - ⦿ **In the event you intend to exercise voting right by proxy, you can delegate your right to a single shareholder who has voting rights of the Company. In this case, please submit documentation to prove you have rights to act as proxy.**
 - ⦿ **The reception is scheduled to open at 9 a.m. on the day.**
 - ⦿ **If there are any revisions to the attached documents and Reference Materials for Annual Shareholders’ Meeting they will be posted online on the Company’s website (<http://www.daidometal.com/>).**

Guidance for exercising your voting rights via the Internet

If you exercise your voting rights via the Internet, please review the items below and access the Website to Exercise Voting Rights at <http://www.web54.net>. Please enter the “Voting Rights Exercise Code” and “Password” given on the bottom right of the Voting Card and indicate your vote for or against the proposal on the website to exercise your voting rights by following the instructions on the screen.

1. Accessing the Website to Exercise Voting Rights
URL of the Website to Exercise Voting Rights: <http://www.web54.net/>
If you use a cellular phone or smartphone, you may access the website by scanning the “QR Code” provided on the right-hand side of the Voting Card as well as on the following page of this document. (*QR Code is the registered trademark of DENSO WAVE INCORPORATED.)
 2. Login
Please enter the “Voting Rights Exercise Code” given on the bottom right of the Voting Card.
 3. Entering password
Please enter the “Password” given on the bottom right of the Voting Card.
- Please then follow the instructions on the screen and indicate your approval or disapproval on the website.

<Help desk about the use of the Website to Exercise Voting Rights>

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Web Support:

Toll free (only within Japan) 0120-652-031

(Business Hours: from 9 a.m. to 9 p.m., Japanese time)

«Passwords»

- The password is a means to verify the identity of the person exercising voting rights as a shareholder. Please keep the password in a safe place until the conclusion of this Annual Shareholders' Meeting.
- We will not be able to respond to inquiries about the password by telephone.
- If you enter an incorrect password more than a certain number of times, the operation will be locked and rendered unusable. If you would like a new password to be issued, please follow the instructions on the screen.

«Notes on the system»

- Accessing the Website to Exercise Voting Rights using PCs (computers)
 - Please use the following browser:
Microsoft® Internet Explorer® or Windows® Internet Explorer® (Ver.5.01 SP2 or later) (Depending on your computer, settings and other software installed, you may not be able to access the Website to Exercise Voting Rights through your computer even if you use the browser with the above conditions.)
 - Please enable Cookies.
 - Please set your screen resolution to at least 800 x 600 pixels (width by height) (SVGA).
 - Adobe® Reader® (Ver. 6.0 or later) must be installed on your computer to view the reference materials.
- Accessing the Website to Exercise Voting Rights using cellular phones
 - Please use any cellular phones compatible with the internet connection service of i-mode, EZweb, or Yahoo! Keitai.
(Cellular phones must be equipped with SSL communication function which enables encrypted communication.)
 - Please access the website using the QR Code or by entering the URL directly.



QR Code

- Accessing the Website to Exercise Voting Rights through browser using smartphones or cellular phones
 - You may access the website and exercise your voting rights using full browser function. However, depending on your model, browser or Internet connection, you may not be able to access the website.
- Internet connection charges and communication charges to Internet service providers as well as communication charges to telecommunication carriers shall be borne by the shareholder.

Reference Materials for the Annual Shareholders' Meeting

Agendas and Matters for Reference

Agenda Item No. 1 Disposition of Surplus

For the current fiscal year, the Company proposes to make the following disposition of surplus:

The Company's fundamental policy is to return appropriate profits to our shareholders in consideration of the results of operations and payout ratio, and to maintain a stable and long-lasting level of dividend of surplus in overall consideration of the internal reserve funds for future business development, expansion of research and development, strengthening of business foundations and changes to the business environment.

In comprehensive consideration of all the factors including the consolidated performance for the full year based on the above fundamental policy, the year-end dividend would be 13 yen per share for the current fiscal year.

As a result, the annual dividend, including the interim dividend of 13 yen per share (actual), would be 26 yen per share, an increase of 6 yen compared with the annual dividend of 20 yen per share (actual) for the previous fiscal year.

To attain sufficient internal reserves necessary for strengthening business foundations in order to provide for future business development and changes to the business environment, the Company proposes to reverse retained earnings carried forward and to accumulate a general reserve as stated below.

1. Details of the year-end dividend

(1) Type of dividend

Cash

(2) Allocation of dividends to shareholders and the total amount

13 yen per ordinary share of the Company

Total amount: 517,614,032 yen

(3) Date when dividends from surplus become effective

June 30, 2016

2. Other items regarding disposition of surplus

(1) Item and amount of surplus to be increased

General reserve 2,000,000,000 yen

(2) Item and amount of surplus to be decreased

Retained earnings carried forward 2,000,000,000 yen

Agenda Item No. 2 Election of Seven Directors

The terms of office for all six Directors expire at the close of this Shareholders' Meeting. To ensure the transparency of management and further enhance corporate governance, the Company believes it should increase the number of Directors from six to seven by newly appointing one Outside Director. We therefore propose the election of seven Directors.

The candidates for the position of Director are as follows:

Candidate No.	Name (Date of birth)	Personal history, positions at the Company, and important positions at other corporations	Number of shares of the Company held by the candidate
(1)	Seigo Hanji (January 2, 1942) <u>Reappointment</u>	<p>April 1965 Joined the Company</p> <p>April 1980 General Manager of Tokyo Sales Office, Sales HQ of the Company</p> <p>April 1991 General Manager of Management Planning Department, Management Planning Office of the Company</p> <p>April 1993 Deputy General Manager of Business Division No. 3 of the Company</p> <p>June 1993 Director and Deputy General Manager of Business Division No. 3 of the Company</p> <p>April 1994 Director and General Manager of Business Division No. 1 of the Company</p> <p>June 1995 President of the Company</p> <p>June 2005 President & Chief Executive Officer of the Company</p> <p>June 2007 Chairman & Chief Executive Officer of the Company (to present)</p> <p>May 2008 HQ Executive/Vice Chairman of Japan Auto Parts Industries Association and Branch Manager of Chubu Branch of the same Association (to present)</p> <p>June 2010 Outside Director of Nichirei Co., Ltd.</p> <p>[Important positions at other corporations] HQ Executive/Vice Chairman of Japan Auto Parts Industries Association and Branch Manager of Chubu Branch of the aforementioned Association</p>	139,412 shares
(2)	Kotaro Kashiya (March 28, 1947) <u>Reappointment</u>	<p>April 1971 Joined the Company</p> <p>April 1993 General Manager of Product Planning Department, Production Engineering Laboratory of the Company</p> <p>April 1994 Manager of Maehara Plant of the Company</p> <p>April 1996 Deputy General Manager of Business Division No. 2, and Manager of Maehara Plant of the Company</p> <p>April 1999 Head of Heavywall Bearings, RPB, Heavy Industrial Bearings, Fluid Systems & New Products Division of the Company</p> <p>April 2000 Head of Polymer Bearings Division of the Company</p> <p>June 2003 Director and Head of Polymer Bearings Division of the Company</p> <p>April 2005 Director and Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company</p> <p>July 2005 Director and Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company</p> <p>June 2007 Managing Director and Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company</p> <p>July 2007 Managing Director and Senior Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company</p> <p>June 2009 Managing Director and General Manager of Strategy Development Division of the Company</p> <p>June 2010 Senior Managing Director and Senior Executive Officer, and General Manager of Strategy Development Division of the Company President of Daido Plain Bearings Co., Ltd.</p> <p>April 2011 Senior Managing Director and Senior Executive Officer, and General Manager of Global Strategy Division and Head of Technology Division of the Company President of Daido Plain Bearings Co., Ltd.</p> <p>June 2011 President & Chief Operating Officer of the Company Head of Global Strategy Division and Technology Division</p> <p>April 2012 President & Chief Operating Officer of the Company (to present)</p>	75,369 shares

Candidate No.	Name (Date of birth)	Personal history, positions at the Company, and important positions at other corporations	Number of shares of the Company held by the candidate
(3)	Toshiyuki Sasaki (December 7, 1950) <u>Reappointment</u>	<p>April 1974 Joined Tokai Bank Ltd.</p> <p>April 1997 Manager of Taipei Branch of the same bank</p> <p>March 2001 Manager of Americas, Manager of New York Branch, Manager of Cayman Branch and Manager of Chicago Office of the same bank</p> <p>June 2002 General Manager of Toyota Corporate Sales Division and Manager of Toyota Branch of UFJ Bank Co., Ltd.</p> <p>October 2003 Seconded to the Company</p> <p>April 2004 Joined the Company</p> <p>April 2004 General Manager of Overseas Planning Department, Corporate Planning Division of the Company</p> <p>April 2005 General Manager of Corporate Planning Department, Corporate Planning Division of the Company</p> <p>June 2005 Director and General Manager of Corporate Planning Department, Corporate Planning Division of the Company</p> <p>July 2005 Director and Executive Officer, and General Manager of Corporate Planning Department, Corporate Planning Division of the Company</p> <p>June 2007 Director and Executive Officer, and General Manager of Corporate Planning Division of the Company</p> <p>April 2008 Director and Executive Officer, and Head of Corporate Planning Division of the Company</p> <p>July 2008 Director and Senior Executive Officer, and Head of Corporate Planning Division of the Company</p> <p>July 2009 Director and Senior Executive Officer, and Head and General Manager of Corporate Planning Department of Corporate Planning Division of the Company</p> <p>October 2009 Director and Senior Executive Officer, and Head of Corporate Planning Division of the Company</p> <p>April 2010 Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division of the Company</p> <p>June 2010 Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division of the Company</p> <p>June 2011 Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division and Head of Human Resources Planning Division of the Company</p> <p>April 2012 Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division of the Company</p> <p>April 2015 Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division of the Company President of DAIDO METAL SAGA CO., LTD. (part-time) (to present)</p> <p>July 2015 Director and Managing Executive Officer, and Head of Corporate/Financial Planning Division of the Company President of DAIDO METAL SAGA CO., LTD. (part-time)</p> <p>April 2016 Director and Managing Executive Officer, and General Manager of Business Process Re - engineering (BPR) Department of the Company President of DAIDO METAL SAGA CO., LTD. (part-time) (to present)</p>	60,863 shares
(4)	Yasuo Kawamura (December 13, 1949) <u>Reappointment</u>	<p>April 1973 Joined the Company</p> <p>April 1999 General Manager of Tokyo Branch of the Company</p> <p>July 2005 Executive Officer and General Manager of Tokyo Branch of the Company</p> <p>April 2006 Vice-Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company</p> <p>July 2008 Senior Executive Officer of the Company Director-President of Dyna Metal Co., Ltd. (Thailand)</p> <p>April 2010 Senior Executive Officer and Head of Sales Division of the Company</p> <p>April 2011 Senior Executive Officer and Head of Polymer Bearings Division of the Company</p> <p>June 2011 Director and Senior Executive Officer, and Head of Polymer Bearings Division of the Company</p> <p>April 2015 Director and Senior Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company</p> <p>July 2015 Director and Managing Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company</p> <p>April 2016 Director and Managing Executive Officer, Head of Thinwall Bearings & Turbo Charging Bearings Division and General Manager of Global Business Administration Department of the Company</p> <p>June 2016 Director and Managing Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division of the Company (to present)</p>	24,494 shares

Candidate No.	Name (Date of birth)	Personal history, positions at the Company, and important positions at other corporations	Number of shares of the Company held by the candidate
(5)	Masaki Ikawa (December 12, 1950) <u>Reappointment</u>	<p>April 1973 Joined the Company</p> <p>April 2001 General Manager of Overseas Sales and Concerned Office of Company No. 1 of the Company</p> <p>September 2005 President of Daido Metal Bellefontaine LLC</p> <p>July 2008 Executive Officer of the Company President of Daido Metal Bellefontaine LLC</p> <p>October 2009 Executive Officer and General Manager of Corporate Planning Department, Corporate Planning Division of the Company</p> <p>April 2010 Executive Officer and General Manager of Bimetal Division of the Company</p> <p>April 2011 Executive Officer and General Manager of Quality Management & Planning Department of the Company</p> <p>July 2011 Senior Executive Officer, General Manager of Quality Management & Planning Department and General Manager of Inuyama Site of the Company</p> <p>March 2012 Senior Executive Officer, General Manager of Quality Management & Planning Department, President of Daido Metal College and General Manager of Inuyama Site of the Company</p> <p>April 2012 Senior Executive Officer, General Manager of Human Resources Planning Department, President of Daido Metal College and General Manager of Inuyama Site of the Company</p> <p>June 2012 Director and Senior Executive Officer, Head of Human Resources Planning Division, Head of Daido Metal College and Head of Inuyama Site of the Company</p> <p>April 2014 Director and Senior Executive Officer, Head of Human Resources Planning Division and Head of Daido Metal College of the Company</p> <p>April 2015 Director and Senior Executive Officer, Head of Human Resources Planning Division, General Manager of Human Resources Planning Department and Head of Daido Metal College</p> <p>July 2015 Director and Managing Executive Officer, Head of Human Resources Planning Division, General Manager of Human Resources Planning Department and Head of Daido Metal College</p> <p>April 2016 Director and Managing Executive Officer, Head of Human Resources Planning Division and Head of Daido Metal College (to present)</p>	25,382 shares
(6)	Toshikazu Takei (September 22, 1953) <u>Reappointment</u> <u>Outside Director</u> <u>Independent Officer</u>	<p>April 1976 Joined the Bank of Japan</p> <p>July 1989 Director of Nagoya Branch of the Bank of Japan</p> <p>November 1991 Director of Secretary Office and Secretariat of the Policy Board of the Bank of Japan</p> <p>June 1994 Deputy General Manager for Europe of the Bank of Japan</p> <p>April 1998 Director of Diet Liaison Division, Secretariat of the Policy Board of the Bank of Japan</p> <p>May 1999 General Manager of Matsuyama Branch of the Bank of Japan</p> <p>February 2002 Director-General, Senior Secretary to the Governor, Secretariat of the Bank of Japan</p> <p>July 2003 Advisor to the Governor for Parliamentary Affairs and Public Relations, Secretariat of the Policy Board</p> <p>July 2005 General Manager of Nagoya Branch of the Bank of Japan</p> <p>July 2006 Chief Representative in Europe of the Bank of Japan (stationed in London)</p> <p>June 2008 Retired from the Bank of Japan</p> <p>July 2008 Senior Executive Advisor of Accenture</p> <p>October 2012 Managing Director of Japan Center for International Finance (to present)</p> <p>June 2015 Outside Director of the Company (to present)</p> <p>[Important positions at other corporations] Managing Director of Japan Center for International Finance</p>	681 shares

Candidate No.	Name (Date of birth)	Personal history, positions at the Company, and important positions at other corporations	Number of shares of the Company held by the candidate
(7)	Kiyotaka Hoshinaga (November 15, 1950) <u>New appointment</u> <u>Outside Director</u> <u>Independent Officer</u>	<p>May 1975 Joined Department of Urology, Keio University School of Medicine</p> <p>August 1994 Assistant Professor, Department of Urology, Fujita Health University School of Medicine</p> <p>April 2000 Professor, Department of Urology, Fujita Health University School of Medicine</p> <p>February 2006 Deputy Director, Fujita Health University Hospital</p> <p>February 2009 Director, Fujita Health University Hospital</p> <p>April 2013 Managing Director, Fujita Academy Incorporated Educational Institution (to present)</p> <p>April 2014 President, Fujita Health University Hospital (to present)</p> <p>[Important positions at other corporations] President, Fujita Health University Hospital Managing Director, Fujita Academy Incorporated Educational Institution</p>	0 shares

- (Notes)
- There are no particular conflicts of interest between each candidate and the Company.
 - As for each candidate's position please refer to "4. Matters Relating to Company Officers, (1) Directors and Audit & Supervisory Board Members" on pages 19-20.
 - Mr. Toshikazu Takei and Mr. Kiyotaka Hoshinaga are candidates for Outside Directors.
 - Mr. Toshikazu Takei was long engaged in business execution and served in managerial positions at the Bank of Japan. We expect that he will oversee and supervise the management of the Company with his familiarity with international businesses and based on his rich experience and broad insight. We therefore propose the election of Mr. Takei as an Outside Director. Although he has no experience in the management of a company, he has appropriately overseen and supervised the management of the Company as an Outside Director, and therefore we re-nominated him as a candidate for an Outside Director.
 - Mr. Kiyotaka Hoshinaga has served as a director of a hospital and a president of a university after serving as a professor of a university. We expect that he will oversee and supervise the management of the Company based on his extensive knowledge and experience as a manager of a hospital and a president of a university. We therefore propose the election of Mr. Hoshinaga as an Outside Director. Although he has no experience in the management of a company, we judge for the reason above that he is able to appropriately oversee and supervise the management of the Company as an Outside Director.
 - Liability limitation agreement
The Company has entered into a liability limitation agreement with Mr. Toshikazu Takei. The Company will continue this agreement with him if he is elected as an Outside Director and he assumes office.
The Company will enter into a liability limitation agreement with Mr. Kiyotaka Hoshinaga if he is elected as an Outside Director and he assumes office.
The outline of the agreement is as follows:
 - When a non-executive Director is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act).
 - The above liability limitation is allowed only when the relevant non-executive Director acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph 1 of the Companies Act.
 - Mr. Toshikazu Takei has been registered as an "Independent Officer" pursuant to the provisions of the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. If he is elected as an Outside Director and he assumes office the Company will continue to register him as an "Independent Officer."
 - The Company will register Mr. Kiyotaka Hoshinaga as an "Independent Officer" pursuant to the provisions of the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. if he is elected as a Director and he assumes office.
 - The term of office of Mr. Toshikazu Takei as an Outside Director will be one year at the conclusion of this Annual Shareholders' Meeting.

[Standards for Independence of Outside Officers]

The Company has established independence standards, which refer to the independence standards in the independent officers system established by the Tokyo Stock Exchange, Inc., and set even stricter standards. In principle, an outside director or outside audit & supervisory board member who is deemed to have independence from the Company is registered as an independent outside director or independent outside audit & supervisory board member. For more details please refer to [Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.] as stated below.

[Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.]
Established on October 28, 2015

An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have independence from the Company in the event that he/she comes under any of the categories below.

- (1) Person related to the Company
A person who currently works or has previously worked for the DAIDO Group within the last ten years.
- (2) Person related to the major suppliers
A person who currently is or has previously been an officer or employee of a major supplier to the Company (with which the annual aggregate amount of transactions is 1,000 million yen or more) or its group companies within the last three fiscal years.
- (3) Person related to the major business partners
A person who currently is or has previously been an officer or employee of the Company's major business partner (with which the annual aggregate amount of transactions is 1,000 million yen or more) during any of the last three fiscal years.
- (4) Person related to the financial institutions
 - 1) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a financial institution with which the Company currently has transactions of deposits or borrowings of 1,000 million yen or more.
 - 2) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a company which is a managing underwriter of the Company.
- (5) Person related to the parties providing professional services
A person who currently receives, or within the last three years, has received from the Company an annual compensation of 20 million yen or more as the Company's legal counsel (law office), the Company's accounting auditor, a certified tax accountant, patent attorney, judicial scrivener, or as a management, finance, technology or marketing consultant.
- (6) Person related to the parties receiving donations or grants from the Company
A person who is a representative or operating officer of an organization (public interest incorporated foundation, public interest incorporated association, non-profitable corporation, etc.) to which the Company has made donations or provided grants exceeding a certain amount (either an annual amount of 1.0 million yen or an annual average of 30% of the organization's total expenses, whichever is larger) in the current fiscal year or in the last three fiscal years.
- (7) Relative
A relative of a person who currently works or has previously worked for the DAIDO Group within the last five years (the person's spouse, parent, child, sibling, grandparent, grandchild, or relatives living with the person).
A relative of a person coming under aforementioned categories (2) to (5). Reappointment and reappointed person.
A person who has executed his/her duties as an outside director for a period exceeding ten years without coming under any of the aforementioned categories (*a period exceeding twelve years in three consecutive terms in case of reappointment of Audit & Supervisory Board Member).

Agenda Item No. 3 Election of One Substitute Audit & Supervisory Board Member

We propose to elect one substitute Audit & Supervisory Board Member in advance, just in case we lack the number of Audit & Supervisory Board Members stipulated in laws and regulations. The effect of this resolution shall last until the commencement of the next Annual Shareholders' Meeting.

We have already received the approval of this agenda from the Audit & Supervisory Board.

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

Name (Date of birth)	Personal history, positions at the Company, and important positions at other corporations	Number of shares of the Company held by the candidate
Nobuyuki Ishiwata (July 12, 1945) Substitute Audit & Supervisory Board Member Outside Audit & Supervisory Board Member	April 1971 Joined Tohmatsu Aoki Audit Corporation (now Deloitte Touche Tohmatsu LLC) April 1975 Registered as a certified public accountant January 1976 Registered as a licensed tax accountant March 1978 Left Tohmatsu Aoki Audit Corporation (now Deloitte Touche Tohmatsu LLC) April 1978 Opened CPA Nobuyuki Ishiwata accounting firm April 1988 Established Seishin & Co. Audit Corporation (currently, SeishinShisei & Co. Audit Corporation) and assumed the post of Representative Partner (to present) August 1999 Outside auditor of Adecco Ltd. (to present) July 2003 Established Seishin & Co. Tax Corporation (currently, SeishinShisei & Co. Tax Corporation) and assumed the post of Representative Partner (to present) [Important positions at other corporations] Representative Partner of SeishinShisei & Co. Audit Corporation Representative Partner of SeishinShisei & Co. Tax Corporation Outside auditor of Adecco Ltd.	0 shares

(Notes) 1. There are no particular conflicts of interest between the candidate and the Company.

2. Mr. Nobuyuki Ishiwata, candidate for a substitute Audit & Supervisory Board Member, is a candidate for an Outside Audit & Supervisory Board Member.

3. Reason for appointment as candidate for the position of substitute Audit & Supervisory Board Member, and reason for judging that the candidate is able to adequately perform the duties as an Outside Audit & Supervisory Board Member:

(1) Reason for appointment as candidate for the position of substitute Outside Audit & Supervisory Board Member

Mr. Nobuyuki Ishiwata has rich accounting and taxation knowledge gained from his experience as a certified public accountant and a licensed tax accountant. We expect that he will reflect such knowledge in the audit of the Company if he assumes the role of Audit & Supervisory Board Member.

(2) Reason for judging that the candidate is able to adequately perform the duties as an Outside Audit & Supervisory Board Member:

Although Mr. Nobuyuki Ishiwata has no experience in the management of a company, he has been engaged in the practical business of entities as a certified public accountant and a licensed tax accountant, and we judge that he is able to appropriately perform the duties as an Outside Audit & Supervisory Board Member.

4. Liability limitation agreement

The Company will enter into a liability limitation agreement with Mr. Nobuyuki Ishiwata if he is elected as an Audit & Supervisory Board Member and he assumes office.

The outline of the agreement is as follows:

- When an Audit & Supervisory Board Member is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act).
- The above liability limitation is allowed only when the relevant Audit & Supervisory Board Member acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph 1 of the Companies Act.

Agenda Item No. 4 Payment of Bonuses to Directors

The Company requests approval for the payment of bonuses amounting to 135.8 million yen to the five Directors (excluding one Outside Director) at the end of this fiscal year based on the specified standard of the Company in due consideration of business performance, etc. during the fiscal year.

It is also proposed that decisions as to the amounts of the bonus paid to each Director are delegated to the Board of Directors.

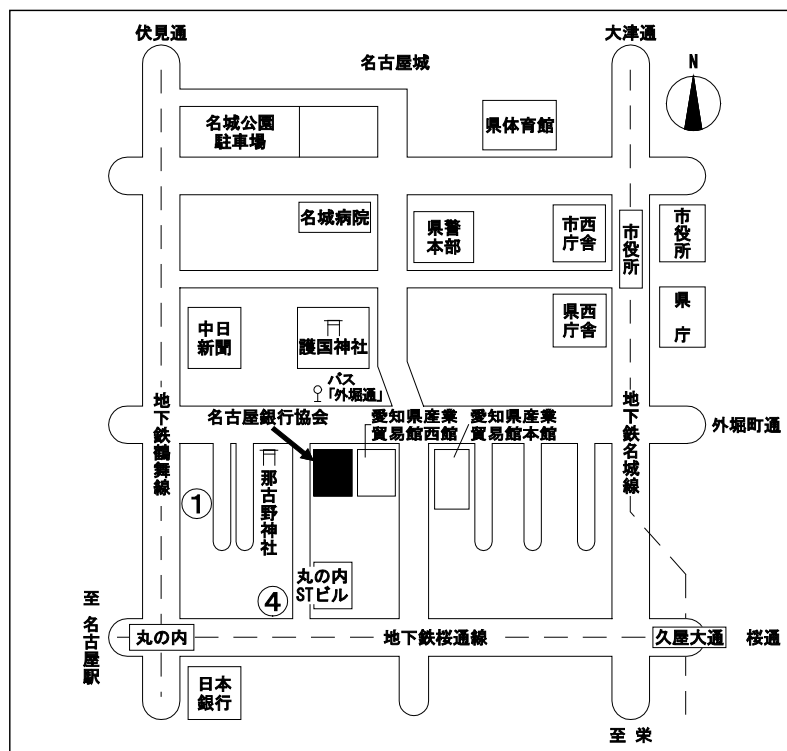
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Information Map of Venue of Shareholders' Meeting

Venue 4-2, Marunouchi 2-chome, Naka-ku, Nagoya
5th Floor Grand Hall of Nagoya Bankers Association

Transportation

- Subway 6-minute walk from = No. ① and No. ④ exit of Marunouchi Station on the Sakuradori Line/Tsurumai Line
- City bus When coming from Nagoya Bus Terminal Sotobodori bus stop is just by the venue



- ◎ The reception is scheduled to open at 9 a.m. on the day.
- ◎ Shareholders are politely requested not to travel by car due to the lack of parking spaces.

