

**Yamatake Corporation**  
**June 10, 2003**

**Notice of the 81<sup>st</sup> Ordinary General Meeting of Shareholders**

Dear Shareholders,

You are cordially invited to attend the Ordinary General Meeting of Shareholders of Yamatake Corporation, which will be held on Friday, June 27, 2003, at 10:00 a.m. in the Conference Room, 6th Floor of Totate International Bldg at 2-12-19 Shibuya, Shibuya-ku, Tokyo.

If you are unable to attend the meeting in person, you may exercise your voting right in writing. Please review the attached reference materials and indicate "for" or "against" for each agenda item listed on the enclosed proxy card, affix your seal to the card, and return it to the Head Office of the Company.

\*When attending the meeting in person, please present your proxy card at the reception desk on the sixth floor of Totate International Building.

Sincerely,

Yoshiharu Sato,  
President and Chief Executive Officer  
Yamatake Corporation  
2-12-19 Shibuya, Shibuya-ku, Tokyo

## **Meeting Agenda**

### **Items to be Reported:**

Non-Consolidated Balance Sheet, Business Report and Non-Consolidated Statement of Income for the 81st term from April 1, 2002 to March 31, 2003

### **Items to be Resolved:**

- Item 1:            Approval of the proposed appropriation of retained earnings in the 81<sup>st</sup> term**
- Item 2:            Revisions to the Articles of Incorporation**  
(Contents of this resolution are detailed in the “Reference Materials for Exercising Voting Rights” from page 3 to page 4)
- Item 3:            Election of four (4) corporate auditors**
- Item 4:            Retirement bonus awarded to retiring corporate auditors**
- Item 5:            Revision of compensation for corporate auditors**

## REFERENCE MATERIALS FOR EXERCISING VOTING RIGHTS

I. Total number of voting rights held by shareholders 735,530

II. Agenda items and reference materials

### Item 1: Approval of the proposed appropriation of retained earnings in the 81<sup>st</sup> term

#### Details:

Our basic policy towards the appropriation of retained earnings is as follows: We place emphasis on consolidated earnings, and consider the balance between compensation paid to directors and the need to strengthen our operating base with retained earnings. Furthermore, we strive to increase the return to shareholders through higher dividends, while simultaneously aiming to ensure that dividend levels remain relatively stable over the longer term.

In keeping with this policy, we propose to pay a dividend of ¥6 per share this year. And with the interim dividend of ¥6 per share paid in December 2002, the total dividend for the full year is ¥12 per share.

Finally, taking into account our consolidated profits for the term, we propose to pay a total of ¥32 million in bonuses to our directors.

Appropriation of Retained Earnings		(unit: yen)
Item		Amount
Unappropriated retained earnings at end of term		12,165,267,699
Reversal of special depreciation reserve		14,764,959
Reversal of fixed asset advanced depreciation reserve		146,747,535
<b>Total</b>		<b>12,326,780,193</b>
Appropriation of earnings		
Dividends (¥6 per share)		441,423,576
Special depreciation reserve		1,454,575
Fixed asset advanced depreciation reserve		90,941,149
Bonuses to directors		32,000,000
<b>Total</b>		<b>565,819,300</b>
<b>Retained earnings carried forward</b>		<b>11,760,960,893</b>

(Note) An interim dividend of ¥6 per share (total sum ¥441,429,810) was paid to shareholders as of September 30, 2002.

### Item 2: Revisions to the Articles of Incorporation

#### 1) Reasons for the revisions

- (1) We propose a revision to relevant sections of our Articles of Incorporation in accordance with the “Partial Amendment to Commercial Code and the Law Concerning the Exceptions to the Commercial Code for Corporate Auditors” (Law No. 149, 2001) implemented on May 1, 2002, and the subsequent extension of the tenure of corporate auditors.
- (2) We also propose a revision to our Articles of Incorporation to reflect the “Partial Amendment to the Commercial Code” (Law Number 44,

2002, implemented on April 1, 2003) that requires us to create a system for the annulment of lost shares, and to recognize a quorum of one-third of all shareholders with voting rights as being sufficient to vote on special resolutions at General Shareholders Meetings.

## 2) Details of the Revisions

Details for the revisions are stated as follows:

<b>Current Articles of Incorporation</b>		<b>Proposed Revisions</b>	
(transfer agent)		(transfer agent)	
Article 8	The Company will appoint a transfer agent for its shares. The selection of the transfer agent and the location of its office will be determined by resolution of the Board of Directors, and will be announced through public notice. The Company's shareholders' register (including beneficial shareholders' register hereafter) will be kept at the transfer agent's office, where all matters relating to shares, including transfer of shares and the purchases of odd lots of shares, will be handled by the transfer agent.	Article 8	The Company will appoint a transfer agent for its shares. The selection of the transfer agent and the location of its office will be determined by resolution of the Board of Directors, and will be announced through public notice. The Company's shareholders' register (including beneficial shareholders' register hereafter) <u>and the register of lost stocks</u> will be kept at the transfer agent's office, where all matters relating to shares, including transfer of shares and the purchases of odd lots of shares, will be handled by the transfer agent.
(voting procedures)		(voting procedures)	
Article 13	With the exception of special provisions provided for by the law, all resolutions will be required to have a vote of over 50% of the voting rights of the attending shareholders to be approved. (newly added)	Article 13	With the exception of special provisions provided for by the law, all resolutions will be required to have a vote of over 50% of the voting rights of the attending shareholders to be approved. <u>2. In accordance with Section 343 of the Commercial Code, one-third of all shareholders with voting rights are required to be in attendance in order to hold a general shareholders meeting, and a vote of no less than two-thirds of the voting rights of shareholders in attendance is necessary to pass any resolution.</u>
(tenure)		(tenure)	
Article 25	The tenure of corporate auditors is to end as of the close of the regularly scheduled general shareholders meeting of the <u>third</u> fiscal year following their appointment. In the event that a new corporate auditor is chosen to replace a retiring corporate auditor, then the new corporate auditor's tenure will be limited to the remainder of the tenure of the retiring corporate auditor.	Article 25	The tenure of corporate auditors is to end as of the close of the regularly scheduled general shareholders meeting of the <u>fourth</u> fiscal year following their appointment. In the event that a new corporate auditor is chosen to replace a retiring corporate auditor, then the new corporate auditor's tenure will be limited to the remainder of the tenure of the retiring corporate auditor.

Item 3: Election of four (4) corporate auditors

The four corporate auditors whose services are currently retained are ending their tenure as of the close of the forthcoming General Shareholders Meeting. We therefore request the approval of four new corporate auditors. Tentative agreement has been obtained from the current corporate auditors that we elect to replace the outgoing corporate auditors. These four candidates are as follows:

<b>Names</b>	<b>Work history and corporate posts</b>	<b>Shareholdings</b>
1 * Yukihiko Tsuruta (b. March 3, 1946)	Aug 1973 Entered Yamatake-Honeywell Co., Ltd. (Yamatake Corporation) Sep 1997 General Manager, Fiscal Control & Finance Hq Apr 2001 General Manager, Accounting & Finance Dept. Jun 2002 Executive Officer and General Manager, Accounting & Finance Dept. Apr 2003 Vice Executive Officer (current post)	2,300
2 Shosaku Maeda (b. November 2, 1945)	May 1969 Entered Yamatake-Honeywell Co., Ltd. (Yamatake Corporation) Apr 1994 Executive General Manager, Solid State Advance Center Jun 1996 Director Mar 1998 General Manager, New Business Development Center Jun 2000 Standing Corporate Auditor (current post)	4,900
3 * Tomonori Kobayashi (b. April 23, 1949)	Apr 1973 Entered Fuji Bank Ltd. Jul 1990 Counselor Securities Planning Division May 1995 General Manager, American Div. Jul 1998 General Manager, Asia Div. May 1999 General Manager, Joint Planning Office, Global Planning Div. May 2000 General Manager, Hong Kong Branch Apr 2002 Executive Officer, General Manager, Hong Kong Branch, Mizuho Corporate Bank Co., Ltd. Apr 2003 Executive officer (current post)	—
4 Makoto Yasuda (b. November 11, 1937)	Apr 1960 Entered Yamatake-Honeywell Co., Ltd. (Yamatake Corporation) Aug 1968 Retired from the Company Oct 1983 Managing Director, Elders Pica Group of Companies May 1987 President and Representative Director, Elders and Yasuda Ltd. Jul 1990 President and Representative Director, Yasuda and Pama Ltd. (current post) Jun 1999 Director, Dodwell Japan Ltd. Jun 2000 Corporate Auditor, Yamatake Corporation (current post) May 2001 Director, Li & Fung Ltd. (current post)	1,900

- (note)
1. There are no conflicts of interest between the Company and any of the above candidates for corporate auditor.
  2. \* mark denotes newly elected candidates for corporate auditors.
  3. Work history and corporate posts in other companies are current as of the date of the mailing of this notification.
  4. Section 18, Article 1 of the “Special Law Governing Corporate Auditors,” which pertains to external corporate auditors, applies to both Messrs. Kobayashi and Yasuda.

**Item 4: Retirement bonus awarded to retiring corporate auditors**

In recognition of their many contributions while in office, we propose the payment of retirement bonuses to those corporate auditors, Messrs. Muneo Toda and Ryosuke Zako, who will retire at the close of the forthcoming General Shareholders Meeting. The amount to be paid will be reasonable and based on standards set by the Company. We also propose that the Board of Corporate Auditors be given discretion in determining the amounts, timing and method of payment of retirement bonuses. Details of the outgoing corporate auditors' periods of service are noted below.

Names	Work history and corporate posts	
Muneo Toda	Jun 1997	Standing Corporate Auditor, Yamatake Corporation (current post)
Ryosuke Zako	Jun 2000	Corporate Auditor, Yamatake Corporation (current post)

**Item 5: Revision of compensation for corporate auditors**

Compensation for corporate auditors was determined to be “no more than ¥65,000,000 per year” during our 72<sup>nd</sup> regularly-scheduled General Shareholders Meeting held on December 20, 1994. However, in light of the expanded scope of business brought about by our merger, it was decided to increase the number of our standing corporate auditors by one. In our effort to bolster our corporate governance strategy, it is expected that the role of corporate auditors will become more important and the increase in number may be imperative. Thus, we propose to increase the ceiling of compensation paid to corporate auditors to ¥80,000,000 per year.

We currently retain the services of four corporate auditors, and provided that Item 3 is passed without revision, the total number of corporate auditors will remain unchanged at four.

*Note: This English translation is an abridged version of the original notice in Japanese. In the event of discrepancies, the Japanese version shall prevail.*