The following is an English translation of the Notice of the 55th Ordinary General Meeting of Shareholders of SHIMA SEIKI MFG., LTD. to be held on June 28, 2016.
The Company provides this translation for your reference and convenience only and without any guarantee as to its accuracy.

Securities Code: 6222
June 6, 2016

To Our Shareholders

85 Sakata, Wakayama
SHIMA SEIKI MFG., LTD.
Masahiro Shima
President

Notice of the 55th Ordinary General Meeting of Shareholders

We would like to take this opportunity to thank you for your kind and continuous support.
Firstly, we would like to express our sincere sympathy for those who are affected by the Kumamoto earthquake, and wish for the early recovery and reconstruction of the afflicted areas.
SHIMA SEIKI MFG., LTD. (the "Company") will hold the 55th Ordinary General Meeting of Shareholders as stated below, and we would like to request your participation.
If you are unable to attend the meeting, you may exercise your voting rights in writing or the Internet. In such case, please review the Reference Document for the General Meeting of Shareholders provided below and cast your votes by 5:45 p.m., Monday, June 27, 2016.

1. **Date/Time** Tuesday, June 28, 2016, 10:00 a.m.
2. **Venue** High-Vision Hall, Company Headquarters, 85 Sakata, Wakayama
   (See the access map at the end of this document for the location of the venue.)
3. **Objectives**

Matters to be reported

1. The business report, the consolidated financial statements, and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Corporate Auditors for the 55th business period from April 1, 2015 to March 31, 2016.
2. The non-consolidated financial statements for the 55th business period from April 1, 2015 to March 31, 2016.

Proposals to be resolved

Proposal No. 1： Appropriation of Surplus
Proposal No. 2： Partial Amendment to the Articles of Incorporation
Proposal No. 3： Election of Twelve (12) Directors
Proposal No. 4： Election of Two (2) Corporate Auditors

4. Exercise of Voting Rights

(1) If you exercise your voting rights in writing, please indicate your vote "for" or "against" each proposal on the voting form enclosed herewith and return it so that it arrives by 5:45 p.m., Monday, June 27, 2016.

(2) If you exercise your voting rights via the Internet, please enter your vote "for" or "against" each proposal by 5:45 p.m., Monday, June 27, 2016. For the exercise of your voting rights via the Internet, please make sure to read Exercise of Voting Rights via the Internet on the next page.

(3) If you exercise your voting rights redundantly in writing and via the Internet, the votes cast via the Internet shall be treated as valid.

If you exercise your voting rights multiple times via the Internet, only the last vote cast shall be treated as valid. In addition, if you exercise voting rights redundantly by using a personal computer, smartphone, or mobile phone, only the last vote cast shall be treated as valid.

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Exercise of Voting Rights via the Internet

Before exercising your voting rights via the Internet, please note the following matters. If you attend the General Meeting of Shareholders in person, the procedures for exercising voting rights by postal mail (voting card) or via the Internet are unnecessary.

1. Website for Exercising Voting Rights

(1) Exercise of voting rights via the Internet is possible only by accessing the website for the exercise of voting rights designated by the Company (http://www.evote.jp/) from a personal computer, smartphone, or mobile phone (i-mode, EZweb, or Yahoo! Mobile*).
(However, please note that voting on the designated website is not possible between the hours of 2:00 a.m. and 5:00 a.m.)
*i-mode, EZweb, and Yahoo! are trademarks or registered trademarks of NTT DOCOMO, Inc., KDDI Corporation, and Yahoo! Inc., respectively.
(2) You may not be able to exercise voting rights via a personal computer or smartphone depending on your Internet settings.
(3) Although the exercise of voting rights via the Internet is possible until 5:45 p.m. on Monday, June 27, 2016, shareholders are advised to vote early. Please contact the Help Desk if you have any questions.

2. How to Exercise Voting Rights via the Internet

(1) On the website for the exercise of voting rights (http://www.evote.jp/), please use the login ID and the temporary password written on the voting form and input "for" or "against" in accordance with the instructions on the screen.
(2) To prevent unauthorized access (impersonation) by third parties other than shareholders and to prevent the alteration of votes, shareholders who vote via the Internet are requested to change the temporary password on the designated voting website.

3. Costs Incurred When Accessing the Website for the Exercise of Voting Rights

All costs incurred when accessing the website for exercising voting rights (Internet connection charges, call charges, etc.) are borne by the shareholder. Also, when voting via mobile phone, packet communication charges and other charges for use of a mobile phone are required, and these charges are also borne by the shareholder.

Contact for Technical Inquiries
Corporate Agency Division (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m.; toll-free within Japan)

【Information on the Electronic Voting Platform (To Institutional Investors)】

Nominal shareholders (including standing proxies) such as master trust banks and other companies that have applied in advance to use the electronic voting platform operated by ICJ, Inc., may use the platform.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1： Appropriation of Surplus

The Company, which considers returning profits to shareholders to be one of its top management priorities, believes that this should be done based on enhanced performance and in consideration of, among other factors, future earnings prospects and business development while continuously paying stable dividends over the long term.

It is the Company's policy to proactively use retained earnings to enhance its management foundation and prepare for future business development, which include investments in equipment and research and development activities from medium- to long-term perspectives.

Based on these policies, the Company would like to set the amount of year-end dividend at 22.50 yen per share, which consists of an ordinary dividend of 20 yen per share and an additional dividend of 2.50 yen per share commemorating the 20th anniversary of WHOLEGARMENT flat knitting machines.

Year-End Dividends

(1) Type of dividend property
Cash

(2) Matters concerning allocation and the total amount of dividends to shareholders
22.50 yen per share of common stock of the Company.
This will amount to the total dividends of 769,900,883 yen.

(3) Effective date of the distribution of retained earnings
June 29, 2016

As the Company paid 15 yen per share as an interim dividend, annual dividends to be paid for the year amount to 37.50 yen per share, up 5 yen from the previous fiscal year.

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

1. Reason for Proposal
   In compliance with the current state of businesses of the Company, as well as its subsidiaries, the Company will plan to increase the clarity of operations content. In order to cope with diversifying business development going forward including those of subsidiaries, necessary changes will be made in Article 2 (Purpose) of its current articles of incorporation.

2. Details of Amendment
   The details of the amendment are as follows.

(The underlines indicate amendments.)

Current Articles of Incorporation	Proposed amendment
(Purpose)	(Purpose)
Article 2. The purpose of the Company shall be to engage in the following businesses:	Article 2. The purpose of the Company shall be to engage in the following businesses:
1. Development, manufacture and sales of the textile machineries and related equipment;	1. (Not amendments)
2. Development, manufacture and sales of the electronic control devices and equipment;	2. (Not amendments)
3. Development, manufacture and sales of the information processing devices and equipment;	3. (Not amendments)
4. Development, manufacture, and sales of medical equipment, other machineries and appliances, and their parts	4. Development, manufacture, and sales of medical equipment, medical devices, vehicles, boats and ships, aircrafts, space equipment, industrial machineries and appliances, other machineries and appliances, and their parts; and development, manufacture, and sales of their manufacturing equipment/appliances and fixtures
(Newly set forth)	5. Repair/maintenance relating to each of the foregoing items;
5. Development, manufacture and sales of the metal molds	6. Development, manufacture and sales of the metal molds and molded resin processed products
6. (Article omitted)	7. (Not amendments)
(Newly set forth)	8. Planning, production and sales of the

	contents by voice, image, data, etc.
7. ～ 8. (Articles omitted)	9. ～ 10. (Not amendments)
9. Production, processing, export/import and sales of foodstuffs	11. Production, processing, export & import and sales of the foodstuffs and daily necessities
10. ～ 20. (Articles omitted)	12. ～ 22. (Not amendments)

Proposal No. 3： Election of Twelve (12) Directors

The term of office for all of eleven (11) directors will expire at the close of this general meeting of shareholders. Accordingly, the Company proposes the election of twelve (12) directors, an increase of one (1) outside director aimed at ensuring management transparency and the further enhancement of corporate governance. Candidates for Director are as follows.

No.	Name (Date of birth)	Profile, position, responsibility and significant concurrent positions		Number of shares of the Company held
1	Masahiro Shima (March 10, 1937) Re-election	July 1961 March 2009	Founded Sanshin Seiki Mfg. Ltd., (now the Company) President, Representative Director President, Representative Director, Director of Sales Headquarters (incumbent)	1,070,000 shares
	[Reasons for nomination as a candidate for Director] Mr. Masahiro Shima founded the Company in 1961 and as president built it into a leading company in the flat knitting machine industry. Mr. Shima has abundant experience and knowledge in the area of research and development, including the development of glove knitting machines and WHOLEGARMENT flat knitting machines, and also oversees the sales function and leads the Company. In addition, he makes decisions on important management matters and supervises business execution as the representative director and is performing his duties and responsibilities appropriately. Therefore, we have determined that Mr. Shima, who has rich experience and strong leadership qualities, is able to contribute to the management of the Company, and nominated him as a candidate for Director.			

No.	Name (Date of birth)	Profile, position, responsibility and significant concurrent positions		Number of shares of the Company held
2	Mitsuhiro Shima (June 23, 1961) Re-election	March 1987	Joined the Company	1,061,600 shares
		March 1998	General Manager of System Development Division	
		June 2002	Director, General Manager of System Development Division	
		June 2004	Director, General Manager of Graphic System Development Division	
		June 2006	Director in charge of Control System Development Division and Intellectual Property Department, General Manager of Graphic System Development Division	
		October 2006	Director in charge of Control System Development Division, Intellectual Property Department and Total Design Center, General Manager of Graphic System Development Division	
		June 2007	Executive Director in charge of Control System Development Division, Intellectual Property Department and Total Design Center, General Manager of Graphic System Development Division	
		November 2007	Executive Director in charge of Intellectual Property Department and Total Design Center, General Manager of Graphic System Development Division	
		March 2009	Executive Director in charge of Total Design Center, Director of Production Headquarters	
		June 2010	Executive Director in charge of Machinery Production Technology Division, Material Purchasing Division and Total Design Center, Director of Production Headquarters	
		June 2011	Senior Executive Director in charge of Machinery Production Technology Division and Total Design Center, Director of Production Headquarters	
		June 2012	Executive Vice President in charge of Corporate Planning Division and Total Design Center, Deputy Director of Sales Headquarters	
		March 2013	Executive Vice President, Deputy Director of Sales Headquarters	
		April 2015	Executive Vice President, Deputy Director of Sales Headquarters, in charge of Corporate Planning Division (incumbent)	
	[Reasons for nomination as a candidate for Director] Mr. Mitsuhiro Shima, who served in such capacities as the General Manager of Graphic System Development Division and the Director of Production Headquarters, has abundant experience and knowledge in the fields of research and development and production. In addition, he currently overseas the sales function as the Deputy Director of Sales Headquarters and has wide-ranging experience and a track record related to the business of the Company. In addition, Mr. Shima makes decisions on important management matters and supervises business execution as a Director and is appropriately performing his duties and responsibilities. Therefore, we have determined that Mr. Shima is able to contribute to the management of the Company, and nominated him as a candidate for Director.			

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Profile, position, responsibility and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">3</td><td>Takashi Wada
(November 15, 1947)
Re-election</td><td>March 1966
March 1992

June 2000

June 2010

June 2011

June 2012

November 2014

</td><td>Joined the Company
General Manager of Manufacturing Division
Director, General Manager of Manufacturing Division
Director in charge of System Production Technology Division, General Manager of Manufacturing Division
Executive Director in charge of System Production Technology Division, General Manager of Manufacturing Division
Executive Director in charge of Machinery Production Technology Division, Manufacturing Division, and System Production Technology Division, Director of Production Headquarters
Executive Director, Director of Production Headquarters, in charge of Machinery Production Technology Division, Manufacturing Division and System Production Technology Division (incumbent)</td><td>32,100 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
Mr. Takashi Wada, who has been in charge of the manufacturing function for many years, has abundant experience and knowledge in production. Mr. Wada overseas the production and manufacturing functions as the Director of Production Headquarters, promoting high-quality manufacturing in the Company.
In addition, Mr. Wada makes decisions on important management matters and supervises business execution as a Director and is appropriately performing his duties and responsibilities.
Therefore, we have determined that Mr. Wada is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">4</td><td>Reiji Arikita
(February 21, 1953)
Re-election</td><td>March 1971
March 2004

June 2006

November 2007

March 2009

June 2011

June 2012

January 2013

</td><td>Joined the Company
General Manager of Mechatronic Development Division
Director, General Manager of Mechatronic Development Division
Director in charge of Control System Development Division, General Manager of Mechatronic Development Division
Director, Director of Development Headquarters
Executive Director, Director of Development Headquarters
Executive Director in charge of R&D New Technology Applications Division, Director of Development Headquarters
Executive Director, Director of Development Headquarters (incumbent)</td><td>9,000 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
Mr. Reiji Arikita, who has been in charge of the development function for many years, has abundant knowledge and experience in the field of research and development. Mr. Arikita oversees the development function as the Director of Development Headquarters, actively promoting research and development activities in the Company.
In addition, Mr. Arikita makes decisions on important management matters and supervises business execution as a Director and is appropriately performing his duties and responsibilities.
Therefore, we have determined that Mr. Arikita is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Profile, position, responsibility and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">5</td><td>Ikuto Umeda
(February 20, 1957)
Re-election</td><td>May 1990
March 1998

June 2004

June 2006

November 2007

November 2008

March 2009

March 2013

June 2013

April 2015</td><td>Joined the Company
Manager of Senshu Branch, Sales Division
Director, General Manager of Export Division
Director in charge of Physical Distribution Division, General Manager of Export Division
Director, General Manager of Export Division, CEO of SHIMA SEIKI WIN WIN LTD. (now SHIMA SEIKI (HONG KONG) LTD.)
Director in charge of Export Division CEO of SHIMA SEIKI WIN WIN LTD.
Director, CEO of SHIMA SEIKI WIN WIN LTD.
Director in charge of Corporate Planning Division, CEO of SHIMA SEIKI (HONG KONG) LTD.
Executive Director, Deputy Director of Sales Headquarters, General Manager of Corporate Planning Division, CEO of SHIMA SEIKI (HONG KONG) LTD.
Executive Director, Deputy Director of Sales Headquarters, CEO of SHIMA SEIKI (HONG KONG) LTD. (incumbent)</td><td>153,400 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
Mr. Ikuto Umeda serves as the head of overseas sales and the Deputy Director of Sales Headquarters, has abundant experience and a track record in the sales function, and also leads subsidiary management as CEO of an overseas subsidiary.
In addition, Mr. Umeda makes decisions on important management matters and supervises business execution as a Director and is appropriately performing his duties and responsibilities.
Therefore, we have determined that Mr. Umeda is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">6</td><td>Osamu Fujita
(March 9, 1950)
Re-election</td><td>March 1972
May 2001

June 2004

May 2010</td><td>Joined the Company
General Manager in charge of personnel, General Affairs Division
Director, General Manager of General Affairs Division
Director, General Manager of General Affairs and Personnel Division (incumbent)</td><td>38,200 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
Mr. Osamu Fujita has overseen the personnel policy of the Company as the head of general affairs and personnel functions for many years. Leveraging his abundant experience and knowledge in those fields, Mr. Fujita makes decisions on important management matters and supervises business execution as a Director and is appropriately performing his duties and responsibilities.
Therefore, we have determined that Mr. Fujita is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Profile, position, responsibility and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">7</td><td>Toshio Nakashima
(July 7, 1951)
Re-election</td><td>February 1986
March 1992

June 2001
December 2006

June 2010

June 2012

March 2013</td><td>Joined the Company
General Manager of Sales Planning Division
General Manager of Export Division
President of SHIMA - ORSI S.R.L. (now SHIMA SEIKI ITALIA S.p.A.)
Director in charge of Domestic Sales Division and Corporate Planning Division, General Manager of Overseas Sales
Director in charge of Domestic Sales Division and Physical Distribution Division, General Manager of Overseas Sales Division
Director, General Manager of Total Design Center (incumbent)</td><td>9,300 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
Mr. Toshio Nakashima, who served as the head of planning and sales functions, has abundant experience and a track record in sales and also has the experience of leading a subsidiary's business as the president of an overseas subsidiary. He is currently responsible for customer support and the development of appealing products as the General Manager of the Total Design Center.
In addition, Mr. Nakashima makes decisions on important management matters and supervises business execution as a Director and is appropriately performing his duties and responsibilities.
Therefore, we have determined that Mr. Nakashima is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">8</td><td>Takashi Nanki
(March 28, 1959)
Re-election</td><td>March 1986
November 2008
May 2010

June 2010

March 2013

July 2013

November 2014

March 2016</td><td>Joined the Company
General Manger of Accounting Division
General Manger of Accounting and Finance Division
Director in charge of Administration Division, General Manager of Accounting and Finance Division
Director in charge of Administration Division and Physical Distribution Division: General Manager of Accounting and Finance Division
Director in charge of Physical Distribution Division, General Manager of Accounting and Finance Division
Director, General Manager of Accounting and Finance Division, in charge of Physical Distribution Division
Director, General Manager of Accounting and Finance Division, in charge of the Administration Division and Physical Distribution Division (incumbent)</td><td>700 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
Mr. Takashi Nanki has served as the head of accounting and finance functions, has overseen accounting and finance strategies of the Company, and has abundant accounting knowledge and a track record.
In addition, Mr. Nanki makes decisions on important management matters and oversees business execution as a Director from financial perspectives, and is appropriately performing his duties and responsibilities.
Therefore, we have determined that Mr. Nanki is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Profile, position, responsibility and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">9</td><td>Hirokazu Nishitani
(August 4, 1955)
Re-election</td><td>March 1978 Joined the Company
March 2006 General Manager of Control System Development Division
April 2010 General Manager of Material Purchasing Division
June 2011 Director, General Manager of Material Purchasing Division (incumbent)</td><td>2,500 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
Mr. Hirokazu Nishitani has been responsible for the development function for many years, served as the head of the development function, and has abundant experience and knowledge in product development. He is currently responsible for the material procurement function, where he leverages his experience and track record in the development function.
Based on his abundant experience and knowledge, Mr. Nishitani makes decisions on important management matters and supervises business execution and is appropriately performing his duties and responsibilities as a Director.
Therefore, we have determined that Mr. Nishitani is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">10</td><td>Kiyokata Nishikawa
(October 23, 1957)
Re-election</td><td>April 1980 Joined Nichimen Corporation (now Sojitz Corporation)
October 2002 General Manger, Apparel Department of Nichimen Corporation
April 2004 General Manager, Apparel Department of Sojitz Corporation
November 2010 Joined the Company
March 2012 General Manager for Sales Headquarters
June 2012 Director, General Manager for Sales Headquarters
March 2013 Director, General Manager of Joint Sales Division (incumbent)</td><td>200 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
Mr. Kiyokata Nishikawa, who oversaw the Apparel business of a general trading company, has abundant knowledge and a track record in Apparel business, which he leverages in leading the sales activities of the Company as the General Manager of Joint Sales Division.
In addition, Mr. Nishikawa makes decisions on important management matters and supervises business execution as a Director and is appropriately performing his duties and responsibilities.
Therefore, we have determined that Mr. Nishikawa is able to contribute to the management of the Company and nominated him as a candidate for Director.</td></tr>
</table>

No.	Name (Date of birth)	Profile, position, responsibility and significant concurrent positions	Number of shares of the Company held
11	Yoshio Ichiryu (January 3, 1946) Re-election Candidate for Outside Director	April 1968 Joined the Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry) June 1993 Director-General, MITI-Kinki Bureau June 1995 Director-General, Machinery and Information Industries Policy, Machinery and Information Industries Bureau August 1996 Director-General for Policy Coordination, Minister's Secretariat June 1998 Retired the MITI July 2000 Established Ichiryu Associates, Inc. President & CEO (incumbent) June 2014 Director (incumbent) (Significant concurrent positions) President & CEO, Ichiryu Associates, Inc. Outside Director, SALA Corporation	8,500 shares
	[Reasons for nomination as a candidate for Outside Director] Mr. Yoshio Ichiryu has abundant experience in such areas as economic and industrial policies, as well as wide-ranging management knowledge and experience gained as a business manager. Therefore, we have determined that Mr. Ichiryu is able to contribute to appropriate decision-making by the Board of Directors and the realization of management supervision from an objective perspective independent from the management team, and nominated him as a candidate for Outside Director.		
12	Rieko Zamma (March 21, 1950) New Candidate for Outside Director	April 1970 Joined Shizuoka Broadcasting System Co., Ltd. June 1973 Joined Kobunsha Co., Ltd. June 1980 Established CANDID, Inc. (now CANDID COMMUNICATIONS, Inc.) CEO July 2005 Established Creative Senior, Inc. (now CANDID PRODUCE, Inc.) CEO (incumbent) January 2009 Established club willbe, a network for grown-ups Representative (incumbent) (Significant concurrent positions) CEO, CANDID PRODUCE, Inc. Outside Director, FUJITA KANKO INC. Outside Director, IBJ, Inc.	- shares
	[Reasons for nomination as a candidate for Outside Director] Ms. Rieko Zamma has abundant experience as a producer in event planning and PR/advertising strategies, as well as wide-ranging management knowledge and experience as a business manager. Therefore, we have determined that Ms. Zamma is able to contribute to appropriate decision-making by the Board of Directors and the realization of management supervision from an objective perspective independent from the management team, and nominated her as a candidate for Outside Director.		

(Note)

1. Director candidates Mr. Masahiro Shima and Mr. Mitsuhiro Shima have all the shares of Wajima Kosan Co., Ltd., a major shareholder of the Company, and the Company has transaction relationships such as real estate leasing with Wajima Kosan.
   There are no special interests between other director candidates and the Company.
2. The number of shares held by each candidate includes their shareholding through the stock ownership plan for officers of Shima Seiki.
3. The Company has entered into an agreement with Mr. Yoshio Ichiryu to limit his liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. The amount of liability under the agreement is limited to the minimum liability amount as provided for in Article 425, Paragraph 1 of the same Act. If the Re-election of Mr. Ichiryu is approved, the Company will continue the above agreement to limit his liability. In addition, if the election of Ms. Rieko Zamma is approved, the Company will enter into the same agreement with her.
4. Matters concerning candidates for Outside Director are as follows.
   (1) Mr. Yoshio Ichiryu and Ms. Rieko Zamma are candidates for Outside Director.
   (2) The period of service of Mr. Yoshio Ichiryu as Outsider Director of the Company will be two (2) years at the close of this ordinary general meeting of shareholders.
5. The Company has designated Mr. Yoshio Ichiryu as an Outside Officer under the regulations of the Tokyo Stock Exchange and made notification as such to the Exchange. In addition, if Ms. Rieko Zamma is elected as a Director as proposed, the Company will also designate her as an Outside Officer and make notification as such to the Exchange.

Proposal No. 4： Election of Two (2) Corporate Auditors

The term of office for Corporate Auditor Mr. Masao Tanaka and Mr. Daisuke Shinkawa will expire at the close of this general meeting of shareholders. Accordingly, the Company proposes the election of two (2) Corporate Auditors.
The consent of the Board of Corporate Auditors for this proposal has been obtained.
The candidates for Corporate Auditor are as follows.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Profile, position, and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>Masao Tanaka
(April 10, 1943)
Re-election</td><td>October 1982
June 1983

June 1997

May 2006

November 2008

May 2010

June 2010

June 2012</td><td>Joined the Company
Director, General Manager of Accounting Division
Executive Director, General Manager of Accounting Division
Senior Executive Director in charge of General Affairs Division and Internal Auditing Division, General Manager of Accounting Division
Senior Executive Director in charge of General Affairs Division, Internal Auditing Division, and Accounting Division
Senior Executive Director in charge of Internal Auditing Division, Director of Administration Headquarters
Senior Executive Director in charge of Internal Auditing Division and Physical Distribution Division, Director of Administration Headquarters
Standing Corporate Auditor (incumbent)</td><td>16,100 shares</td></tr>
<tr><td colspan="4">[Reason for nomination as a candidate for Corporate Auditor]
Mr. Masao Tanaka, who has overseen the accounting and finance functions for many years, has abundant knowledge and a track record in those fields and also knows the Company's businesses, having served as a Director of the Company. Therefore, we have determined that Mr. Tanaka is able to contribute to ensuring the sound management of the Company through auditing, and nominated him as a candidate for Corporate Auditor.</td></tr>
<tr><td rowspan="2">2</td><td>Daisuke Shinkawa
(April 28, 1964)
Re-election
Candidate for Outside Corporate Auditor</td><td>May 1991

August 1991
April 2002

January 2003

June 2012</td><td>Registered as certified public accountant
Registered as tax attorney
Established HOKUTO tax accountant office
Partner
Representative Partner, HOKUTO tax accountant office (incumbent)
Corporate Auditor (incumbent)</td><td>1,200 shares</td></tr>
<tr><td colspan="4">[Reason for nomination as a candidate for Outside Corporate Auditor]
Mr. Daisuke Shinkawa has abundant experience as a certified public accountant and tax attorney, as well as a fine character and insights. We have determined that Mr. Shinkawa is able to contribute to ensuring the sound management of the Company through auditing principally from accounting and tax perspectives, and nominated him as a candidate for Outside Corporate Officer.</td></tr>
</table>

(Note)
1. There are no special interests between the candidates for Corporate Auditor and the Company.
2. The number of shares held by each candidate includes their shareholding through the stock ownership plan for officers of Shima Seiki.
3. The Company has entered into an agreement with Mr. Daisuke Shinkawa to limit his liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. The amount of liability under the agreement is limited to the minimum liability amount as provided for in Article 425, Paragraph 1 of the same Act. If the re-election of Mr. Shinkawa is approved, the Company will continue the above agreement to limit his liability.
4. Matters concerning candidates for Outside Corporate Auditor are as follows.
   (1) Mr. Daisuke Shinkawa is a candidate for Outside Corporate Auditor.
   (2) While Mr. Daisuke Shinkawa does not have the experience of direct involvement in corporate management, he has deep knowledge in corporate accounting as a certified public accountant and tax attorney; therefore, we have determined that he is able to perform duties as Outside Corporate Auditor appropriately.
   (3) The period of service of Mr. Daisuke Shinkawa as Outside Corporate Auditor of the Company will be four (4) years at the close of this ordinary general meeting of shareholders.
5. The Company has designated Mr. Daisuke Shinkawa as an Outside Officer under the regulations of the Tokyo Stock Exchange and made notification as such to the Exchange.