



**DAIWABO INFORMATION SYSTEM CO., LTD.**

[Translation]

**[Disclaimer:** Please note that the following purports to be an accurate translation from the original 2002 Proxy Statement of Daiwabo Information Systems Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please be advised that certain expressions for domestic procedures that are not applicable to the aforesaid shareholders are omitted or modified to avoid confusion.]

June 5, 2002

To the Shareholders:

**NOTICE OF CONVOCATION OF  
THE 20TH ANNUAL GENERAL MEETING OF SHAREHOLDERS (DRAFT)**

Dear Shareholders:

You are cordially invited to attend the 20th Annual General Meeting of Shareholders of DAIWABO INFORMATION SYSTEM CO., LTD (the "Company"), which will be held as described below.

Please note that you may exercise your voting rights in writing even if you are unable to attend the Meeting. In such a case, please review "Reference Materials Concerning the Exercise of Voting Rights" described below and kindly follow the necessary procedure to exercise your voting rights

Yours very truly,

DAIWABO INFORMATION SYSTEM CO., LTD

By:           /s/ MITSURU YOKOYAMA          

Mitsuru Yokoyama

President

2-5, Honmachi 3-chome,

Chuo-ku, Osaka

## PARTICULARS

**1. Date and Time of the Meeting:**

Thursday, **June 27, 2002** at 10:00 a.m.

**2. Place of the Meeting:**

Sunrise Building, 2<sup>nd</sup> Floor  
6-8, Bingo-cho 2-chome, Chuo-ku, Osaka

**3. Matters to be dealt with at the Meeting:**

**Matters for Reporting:**

Report on the Non-Consolidated Balance Sheet as of March 31, 2002 and the Non-Consolidated Statement of Income and Business Report for the 20th Business Term (April 1, 2001 to March 31, 2002).

**Matters for Resolution:**

**First Item of Business:**                      **Approval of the Proposed Appropriation of Retained Earnings for the 20th Business Term**

**Second Item of Business:**                **Partial Amendment to the Articles of Incorporation of the Company**  
Particulars of the Proposals described above are as stated in the attached "Reference Materials Concerning the Exercise of Voting Rights"

**Third Item of Business:**                    **Election of one (1) Director**

**Forth Item of Business:**                   **Granting of a Retirement Gratuity to the Retiring Corporate Auditor**

## REFERENCE MATERIALS CONCERNING THE EXERCISE OF VOTING RIGHTS

1. Number of voting rights of total shareholders:

31,912 shares

2. Items of Business and Matters for Reference:

**First Item of Business: Approval of the Proposed Appropriation of Retained Earnings for the 20th Business Term**

The proposal for the appropriation of retained earnings is as stated on page 11 of this Material.

Having taken into consideration the business results of the Term and the business environment, the Company proposes to declare the total Term-end dividend of ¥15, including an ordinary Term-end dividend of ¥10 per share plus a commemorative dividend of ¥5 for the 20th anniversary of its foundation (bringing the total dividends for the Term, including an interim dividend paid, to ¥25 per share).

**Second Item of Business: Partial Amendment to the Articles of Incorporation of the Company**

1. The Gist and Reasons for amendments:

- (1) The Company intends to add to the purposes of business of Article 2, for the purpose of preparing for extension of the business and diversity of business activity in the future.
- (2) Due to the “Law concerning the Amendments to the Commercial Code, etc.” (No.79, 2001) enforced in October 1, 2001, with respect to abolishment of the par-value share system and establishing the system of share units (*tan-gen kabu*), the Company intends to delete Article 6.of the current Articles of Incorporation (par-value shares), to change Article 7. from “Number of shares per one unit (*tan-i*)” to “Number of shares per one unit(*tan-gen*)”, newly establish the provision of non-issuance of shares constituting less than one unit (1 *tan-gen*) and will execute necessary amendments of the provisions such as Article 9.(Transfer Agent), Article10.(Share Handling Regulations) and Article.16(Election of Directors and Corporate Auditors).
- (3) Due to the “Law concerning the Amendments to the Commercial Code, etc.”(No. 128, 2001) enforced in April 1,2002, with respect to reconsideration of the share system, preparation of corporate related documents in electronic format etc., the Company intends to delete Article 24.of the current Articles of Incorporation (Time of Conversion of Convertible Bonds and make necessary changes concerning Article

8. (Record Date), Article 14. (Exercising voting rights by proxy), Article 22. (Dividends) and Article 23.(Interim Dividend).

- (4) Due to the enforcement of the Law Regarding the Amendment to a Part of the Commercial Code, etc. enforced in May 1, 2001 (No.149, 2001), the Company intends to extend the Statutory Auditors' term of office from 3 years to 4 years. Further, due to Article 7 of the supplementary provisions of the former law, the terms of auditors who are in office before the conclusion of the ordinary general meeting of shareholders held with respect to the term ending March 31, 2003 of the Company shall be the same as before amendment (i.e., 3 year term of office), so the Company shall provide a temporary provision and shall delete such temporary provision after the temporary period elapses.

## 2. Contents of amendments:

The contents of the amendments are described below.

(Parts proposed to be amended are underlined.)

Present Articles of Incorporation	Proposed Amendment
<p>CHAPTER 1. GENERAL (Purposes) Article. 2 The Objects of the Company shall be to carry out the following business:</p> <ol style="list-style-type: none"> <li>1. Develop and sale of new systems of process information and process information services;</li> <li>2. Sales, lease, maintenance and repair of computer equipment, home electronic machinery equipment, communication equipment, measurement equipment, analysis equipment, office equipment, control equipment, plastic processing equipment, fiber manufacturing machines, construction machines and loading and transporting machines;</li> <li>3. Manufacturing of computers and peripherals and manufacturing and sales of these parts;</li> <li>4. Sales of computers, peripherals such as communication equipment and office equipment, accessories and office equipments such as paper and ink ribbons, and related books and magazines;</li> <li>5. Managing computer lessons and holding lecture classes;</li> <li>6. Electronic engineering works and electronic communication engineering works;</li> </ol>	<p>CHAPTER 1. GENERAL (Purposes) Article. 2 The Objects of the Company shall be to carry out the following business:</p> <ol style="list-style-type: none"> <li>1. (No change)</li> <li>2. (No change)</li> <li>3. (No change)</li> <li>4. (No Change)</li> <li>5. (No change)</li> <li>6. (No change)</li> </ol>

<p>7. Warehousing, freight transportation dealing business, transportation business by ordinary and light freight cars, packing and loading work and sales of packing materials; (Newly Provided)</p> <p>8. Worker dispatch business based on the Worker Dispatch Business Law; (Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>(Newly Provided)</p> <p>9. Any and all business relating to the preceding items;</p> <p>CHAPTER 2. SHARES (Amount per par-value share) <u>Article 6. Par value per par-value share authorized to be issued by the Company shall be ¥50.</u></p> <p>(Number of shares per one Unit (1 <i>tan-i</i>) <u>Article 7. Number of shares of the Company per one unit (1 <i>tan-i</i>) shall be 100 shares.</u></p>	<p>7. (No change)</p> <p><u>8. Sales, leasing, management, mediation, possession and investment of real estate;</u></p> <p><u>9. Worker dispatch business based on the Worker Dispatch Business Law;</u></p> <p><u>10. Industrial waste reproduction processing business;</u></p> <p><u>11. Business relating operation and management of company-owned dormitories, company-owned houses, resort houses, accommodations and car parks;</u></p> <p><u>12. Education and training for directors, executives, managers and staff;</u></p> <p><u>13. Commission of information input using computer system, accompanied affairs and data administration;</u></p> <p><u>14. Planning, edition, production, publication, and sales of various printed matters and publications;</u></p> <p><u>15. Selling business using information communication system such as the Internet etc., e-commerce mediation, management using e-commerce and information supply services mediation;</u></p> <p><u>16. Planning and promotion of internet home page;</u></p> <p><u>17. Salary account agency business;</u></p> <p><u>18. Preparing financial related documents and finance processing business;</u></p> <p><u>19. Collection and supplying of information related to law;</u></p> <p><u>20. Any and all business relating to the preceding items;</u></p> <p>(To be deleted)</p> <p>(Number of shares per one Unit (1 <i>tan-gen</i>) and <u>non-issuance of share certificates for shares constituting less than one unit</u>) <u>Article 6. Number of shares of the Company</u></p>
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<p>(Record Date)          Article <u>8</u> The Company shall deem any shareholder including substantial shareholder (hereinafter called “Shareholder”) registered on the final shareholders’ register on March 31 entitled to exercise the rights of Shareholder at the ordinary general meeting of Shareholders for such term.          Whenever necessary, in addition to the preceding paragraph, the Company may, by giving advance public notice by resolution of the Board of Directors, deem any Shareholder as of a specific date to be the Shareholder entitled to exercise the rights of Shareholder.</p> <p>(Transfer Agent)          Article <u>9</u>. The Company shall have a transfer agent for its shares.          The transfer agent and its place of business shall be designed by resolution of the Board of Directors.          The shareholders' register of the Company shall be kept at the place of business of the transfer agent, and any clerical matters for shares, such as registration of transfers of shares, preparing substantial shareholders’ register and acceptance of substantial shareholders’ notifications shall be handled by the transfer agent nor by the Company.</p> <p>(Share Handling Regulations)          Article <u>10</u>. The registration of transfers of shares, purchase of <u>fractional shares</u> and any other procedures for shares and charges shall be governed by the Share Handling Regulations established by the Board of Directors.</p>	<p>per one unit (1 <u>tan-gen</u>) shall be 100 shares and <u>the Company shall not issue share certificates for shares constituting less than one unit (1 <u>tan-gen</u>).</u></p> <p>(Record Date)          Article <u>7</u> The Company shall deem any shareholder including substantial shareholder (hereinafter called “Shareholder”) registered <u>or recorded</u> on the final shareholders’ register on March 31 entitled to exercise the rights of Shareholder at the ordinary general meeting of Shareholders for such term.          Whenever necessary, in addition to the preceding paragraph, the Company may, by giving advance public notice by resolution of the Board of Directors, deem any Shareholder as of a specific date to be the Shareholder entitled to exercise the rights of Shareholder.</p> <p>(Transfer Agent)          Article <u>8</u>. The Company shall have a transfer agent for its shares.          The transfer agent and its place of business shall be designed by resolution of the Board of Directors.          The shareholders' register of the Company shall be kept at the place of business of the transfer agent, and any clerical matters for shares, such as registration of transfers of shares, preparing substantial shareholders’ register, acceptance of substantial shareholders’ notifications and purchasing shares less than one Unit shall be handled by the transfer agent nor by the Company.</p> <p>(Share Handling Regulations)          Article <u>9</u>. The registration of transfers of hares, purchase of <u>shares less than one Unit</u> and any other procedures for shares and charges shall be governed by the Share Handling Regulations established by the Board of Directors.</p>
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<p>Chapter 3 General Shareholders' Meeting (Convocation) Article <u>11</u>. (Omitted)</p> <p>(Resolution) Article <u>13</u>. (Omitted)</p> <p>(Exercise voting rights by proxy) Article <u>14</u>. A shareholder may exercise his voting right by proxy by appointing another shareholder of the Company who is entitled to exercise voting rights at a general meeting of shareholders; provided, however, that such proxy must submit a power of attorney to the Company.</p> <p>Chapter 4 Directors, Statutory Auditors, Board of Directors and Board of Auditors (Number of Directors) Article <u>15</u>. (Omitted)</p> <p>(Election) Article <u>16</u>. The election of Directors and Auditors shall be resolved by a majority vote of the shareholders present who shall hold and represent one-third (1/3) or more of <u>shares</u> of the total number of <u>shares issued and outstanding</u>. The election of Directors may not be made by cumulative voting.</p> <p>(Term of office of Director and Statutory Auditor) Article <u>17</u>. The Term of office of Directors shall expire within two (2) years and that of Statutory Auditors shall expire within <u>three (3)</u> years of the close of the ordinary general meeting of shareholders held with respect to the last closing of accounts of the year of their assumption of office. The term of office of a Director elected to fill a vacancy or to increase the number of Directors shall be the same as the remaining term of office of the other Directors then in office.</p>	<p>Chapter 3 General Shareholders' Meeting (Convocation) Article <u>10</u>. (No Change)</p> <p>(Resolution) Article <u>12</u>. (No Change)</p> <p>(Exercise voting rights by proxy) Article <u>13</u>. A shareholder may exercise his voting right by proxy by appointing another shareholder of the Company who is entitled to exercise voting rights at a general meeting of shareholders; provided, however,</p> <p>Chapter 4 Directors, Statutory Auditors, Board of Directors and Board of Auditors (Number of Directors) Article <u>14</u>. (No change)</p> <p>(Election) Article <u>15</u>. The election of Directors and Auditors shall be resolved by a majority vote of the shareholders present who shall hold and represent one-third (1/3) or more <u>voting rights</u> of the total <u>voting rights of all shareholders</u>. (No Change)</p> <p>(Term of office of Director and Statutory Auditor) Article <u>16</u>. The Term of office of Directors shall expire within two (2) years and that of Statutory Auditors shall expire within <u>three (4)</u> years of the close of the ordinary general meeting of shareholders held with respect to the last closing of accounts of the year of their assumption of office. (No change)</p> <p>(No change)</p>
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<p>The term of office of a Statutory Auditor elected to fill a vacancy shall be the same as the remaining term of office of his predecessor.</p> <p>(Convocation of the Board of Directors and the Board of Statutory Auditors) Article <u>18</u>. (Omitted)</p> <p>(Salary and gratuity to the retiring Directors and Statutory Auditors) Article <u>20</u>. (Omitted)</p> <p>Chapter 5 Accounts (Business Year) Article <u>21</u>. (Omitted)</p> <p>(Dividends) Article <u>22</u>. Dividends shall be paid to the registered shareholders or pawnee whose names have been <u>entered</u> in the shareholders' register as of March 31 each year.</p> <p>(Interim Dividends) Article <u>23</u>. The Company may, subject to resolution of the Board of Directors, make interim dividends to the shareholders whose names have been <u>entered</u> in the last shareholders' register as of September 30 of each year.</p> <p><u>(Time of Conversion of Convertible Bonds)</u> Article <u>24</u>. <u>The initial dividends or interim dividends on shares issued upon conversion of convertible bonds shall be paid, assuming that the conversion took place on April 1 if such conversion request is made during the period from April 1 to September 30 or on October 1 if such conversion request is made during the period from October 1 to March 31 of the following year.</u></p> <p>(Exclusion Term of Dividends) Article <u>25</u>. (Omitted)</p>	<p>(Convocation of the Board of Directors and the Board of Statutory Auditors) Article <u>17</u>. (No change)</p> <p>(Salary and gratuity to the retiring Directors and Statutory Auditors) Article <u>19</u>. (No Change)</p> <p>Chapter 5 Accounts (Business Year) Article <u>20</u>. (No Change)</p> <p>(Dividends) Article <u>21</u>. Dividends shall be paid to the registered or recorded shareholders or pawnee whose names have been <u>entered or recorded</u> in the shareholders' register as of March 31 each year.</p> <p>(Interim Dividends) Article <u>22</u>. The Company may, subject to resolution of the Board of Directors, make interim dividends to the shareholders whose names have been <u>entered or recorded</u> in the last shareholders' register as of September 30 of each year.</p> <p>(To be deleted)</p> <p>(Exclusion Term of Dividends) Article <u>23</u>. (No change)</p>
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(Supplement) (Newly provided)	(Supplement) <u>With regard to the terms of auditors of the Company who are in office before the conclusion of the ordinary general meeting of shareholders held with respect to the term ending March 31, 2003, “within three (3) years” shall be modified to “within four(4) years”.</u>
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**Third Item of Business:** Election of one (1) Director

Director Yoshinobu Kadota will resign at the close of the current Annual General Meeting of Shareholders; therefore it is proposed that new 1 Director be elected. The proposed candidate for the position is:

Name (Date of Birth)	Brief Personal Record and Responsibilities at Other Companies	Number of Shares of the Company Owned	Special Relationship Between Each of the Proposed Candidates for Director and the Company
Tatsuya Yasunaga (May 21, 1957)	March 1989: Entered into the Company April 1992: General Manager of Hiroshima Branch May 1998: Headquarter Manager of Chugoku and Shikoku Computer Business Headquarter April 1999: Headquarters Manager of Chubu Computer Business Headquarters and General Manager of the Sales Promotion Department April 2001: Headquarters Manager of East Japan Business Headquarters to the present	1,210	None

**Fourth Item of Business:** Granting of a Retirement Gratuity to the Retiring Directors and the Retiring Corporate Auditor

It is proposed that a retirement gratuity be granted to retiring Director Mr. Yoshinobu Kadota who will retire at the close of the current Annual General Meeting of Shareholders, to be paid in an amount determined to be reasonable in accordance

[Translation]

with the prescribed internal standards of the Company. It is proposed that the determination of the amount, the date of presentation and method etc. of retirement of Directors be entrusted to the Board of Directors.

Details concerning the retiring Director are as follows:

Name	Brief Personal Record
Yoshinobu Kadota	June 1998 : Director June 2000 : Managing Director to the present

[Translation]

**Details of the Proposed Appropriation of Retained Earnings for the 20<sup>th</sup> Business Term:**  
(Inserted)

(In Japanese Yen)

Unappropriated Retained Earnings for the Term	1,627,020,955
Proposed Appropriation:	
Dividends (Representing Ordinary Dividend of ¥10 per Share)	245,431,935
(Representing Anniversary Dividend of ¥5 per Share)	163,646,590
Bonus to Directors and Corporate Auditors (Bonus to Corporate Auditors included in the above item)	78,000,000 (8,800,000)
General reserve	700,000,000
Retained Earnings to be carried forward to the next term	603,589,020

Note: The Company declared and paid an interim dividend of ¥10 per share on December 7, 2001.