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(Stock Exchange Code 1822)  
June 7, 2017

**To Shareholders with Voting Rights:**

Hisao Mizushima  
Representative Director  
DAIHO CORPORATION  
24-4, Shinkawa 1-Chome, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF  
THE 68TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 68th Annual General Meeting of Shareholders of DAIHO CORPORATION (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing by submitting the Voting Rights Exercise Form. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Wednesday, June 28, 2017, Japan time.

- 1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. Japan time
- 2. Place:** BF Conference room at the Corporate Headquarters located at 24-4, Shinkawa 1-Chome, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report and Non-Consolidated Financial Statements for the Company's 68th Fiscal Year (April 1, 2016 - March 31, 2017)
    2. Consolidated Financial Statements for the Company's 68th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Independent Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of 7 Directors
    - Proposal 3:** Election of 3 Corporate Auditors
    - Proposal 4:** Election of 1 Substitute Corporate Auditor
    - Proposal 5:** Payment of Special Reward for Service to the Retiring President

#### **4. Disclosure via the Internet:**

From among the document to be provided with this Notice, Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements of Consolidated Financial Statements, as well as Non-Consolidated Statements of Changes in Net Assets and Notes to Non-Consolidated Financial Statements of Non-Consolidated Financial Statements, are posted on the Company's website (<http://www.daiho.co.jp>) in accordance with laws and regulations as well as Article 18 of the Company's Articles of Incorporation and therefore are not provided in the Appendix of this Notice.

The Consolidated Statements of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statements of Changes in Net Assets and Notes to Non-Consolidated Financial Statements were also audited by the Independent Auditor and the Board of Corporate Auditors during the preparation of their respective audit reports as documents that constitute part of the Consolidated Financial Statements and Non-Consolidated Financial Statements.

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - Should the Business Report, Non-Consolidated Financial Statements, Consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<http://www.daiho.co.jp>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Appropriation of Surplus

The Company holds a basic policy of maintaining and enhancing stable dividends while improving the financial strength as a basis for long-term development. It is proposed that the year-end cash dividend for the 68th fiscal year be ¥9.0 per share of common stock, in comprehensive consideration of the financial results and management environment during the fiscal year under review.

Matters relating to the year-end cash dividend

- (1) Matters related to the distribution of dividend properties and the total amount thereof  
¥9.0 per share of the Company's common stock (an ordinary dividend of ¥7.0 plus a special dividend of ¥2.0)  
Total amount of dividends ¥776,910,015
  
- (2) Effective date of dividends of surplus  
June 30, 2017

**Proposal 2:** Election of 7 Directors

Mr. Katsumi Mori resigned as Director as of March 31, 2017, and the terms of office of the 5 Directors Hisao Mizushima, Fumio Tada, Masanobu Nakasugi, Shigeki Murata, and Keiichiro Ota will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 7 Directors is proposed for the purpose of strengthening management supervisory functions by increasing the number of External Directors by one.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Hisao Mizushima (October 24, 1945)	<p>April 1968      Joined the Company</p> <p>October 1995    General Manager, Civil Engineering Works Department, Nagoya Branch</p> <p>April 1998      General Manager, Civil Engineering Sales Department, Nagoya Branch</p> <p>May 2000        General Manager, Nagoya Branch</p> <p>June 2001        Director; General Manager, Nagoya Branch</p> <p>June 2003        Director; General Manager, Tokyo Branch</p> <p>June 2004        Senior Managing Director; General Manager, Civil Engineering Division</p> <p>June 2005        Representative Director; Senior Managing Director; General Manager, Civil Engineering Division</p> <p>April 2006       Representative Director; Operating Vice President; General Manager, Civil Engineering Division</p> <p>June 2008       Representative Director; President (to present)</p>	78,598
2	Fumio Tada (November 23, 1953)	<p>April 1977      Joined the Company</p> <p>October 2000    Deputy General Manager, the 1st Civil Engineering Sales Department, Civil Engineering Division</p> <p>October 2001    General Manager, the 1st Civil Engineering Sales Department, Civil Engineering Division</p> <p>March 2003     Deputy General Manager, Nagoya Branch</p> <p>July 2004        General Manager, the 1st Civil Engineering Sales Department, Civil Engineering Division</p> <p>June 2005       Director; General Manager, the 1st Civil Engineering Sales Department, Civil Engineering Division</p> <p>April 2006       Director; Executive Officer; Deputy General Manager, Civil Engineering Division; General Manager, the 1st Civil Engineering Sales Department</p> <p>January 2007    Director; Executive Officer; General Manager, Tokyo Branch; Deputy General Manager, Civil Engineering Division</p> <p>June 2007       Director; Managing Executive Officer, General Manager, Tokyo Branch; Deputy General Manager, Civil Engineering Division</p> <p>June 2008       Director; Managing Executive Officer; General Manager, Civil Engineering Division</p> <p>June 2009       Representative Director; Senior Managing Executive Officer; General Manager, Civil Engineering Division</p> <p>April 2011       Representative Director; Operating Vice President; General Manager, Civil Engineering Division</p> <p>April 2012       Representative Director; Operating Vice President; General Manager, Construction Division</p> <p>April 2014       Representative Director; Operating Vice President (to present)</p>	38,593

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Masanobu Nakasugi (October 3, 1953)	<p>April 1977      Joined the Company</p> <p>August 1999    Manager, Legal Affairs Section, General Affairs Department, Administration Division</p> <p>March 2004     Manager, General Affairs Section, General Affairs Department, Administration Division</p> <p>January 2008    General Manager, General Affairs Department, Administration Division</p> <p>February 2009   Executive Officer; General Manager, Administration Division</p> <p>June 2009       Director; Executive Officer; General Manager, Administration Division</p> <p>June 2010       Director; Managing Executive Officer; General Manager, Administration Division</p> <p>April 2013       Director; Senior Managing Executive Officer; General Manager, Administration Division (to present)</p>	15,298
4	Shigeki Murata (August 18, 1952)	<p>April 1971      Joined the Company</p> <p>November 2001   Acting General Manager, Construction Department, Osaka Branch</p> <p>April 2002       General Manager, Construction Department, Osaka Branch</p> <p>June 2008       Executive Officer; Deputy General Manager, Osaka Branch; General Manager, Construction Department, Osaka Branch</p> <p>April 2010       Executive Officer; Deputy General Manager, Construction Division; Deputy General Manager, Tokyo Branch</p> <p>April 2011       Managing Executive Officer; Deputy General Manager, Construction Division</p> <p>June 2011       Director; Managing Executive Officer; Deputy General Manager, Construction Division</p> <p>November 2011   Director; Managing Executive Officer; Deputy General Manager, Tokyo Branch</p> <p>April 2013       Director; Managing Executive Officer; Deputy General Manager, Construction Division; General Manager, Construction Department; Deputy General Manager, Tokyo Branch</p> <p>April 2014       Director; Managing Executive Officer; General Manager, Construction Division; General Manager, the 2nd Construction Sales Department</p> <p>June 2014       Director; Senior Managing Executive Officer; General Manager, Construction Division; General Manager, the 2nd Construction Sales Department (to present)</p>	11,540
5	*Kazumi Imai (September 16, 1955)	<p>April 1978      Joined the Company</p> <p>November 2007   Acting General Manager, Civil Engineering Department, Civil Engineering Division</p> <p>May 2008       General Manager, Works Department, Kyushu Branch</p> <p>February 2009   General Manager, Civil Engineering Technology Department, Tokyo Branch</p> <p>June 2012       General Manager, Civil Engineering Department, Civil Engineering Division</p> <p>April 2013       Executive Officer; Deputy General Manager, Civil Engineering Division; General Manager, Civil Engineering Department; General Manager, Civil Engineering Technology Department</p> <p>April 2014       Executive Officer; Deputy General Manager, Civil Engineering Division; General Manager, Civil Engineering Department</p> <p>April 2017       Managing Executive Officer, General Manager, Civil Engineering Division (to present)</p>	1,346

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	*Tetsuro Kawaguchi (October 31, 1948)	December 2005 Senior Regional Coordinator, Middle Eastern and African Affairs Bureau, Ministry of Foreign Affairs of Japan March 2006 Senior Coordinator, Management and Coordination Division, Minister's Secretariat January 2008 Ambassador in charge of Madagascar and Comoros December 2012 Retired (to present)	0
7	*Kimiyoishi Kakitsuba (October 25, 1954)	April 1982 Appointed as a public prosecutor at the Tokyo District Public Prosecutors Office April 1986 Registered as an attorney-at-law (Daiichi Tokyo BAR Association); Joined Kakitsuba Law Office April 2005 Established Tokyo Will Law Office (to present)	0

(Notes)

1. Asterisks (\*) indicate newly appointed candidates for Directors.
2. There are no special interests between any of the candidates for Directors and the Company (available in Japanese only).
3. Responsibilities, etc. are as posted in the Directors and Corporate Auditors column in the Business Report.
4. Messrs. Tetsuro Kawaguchi and Kimiyoshi Kakitsuba are candidates for External Directors. Mr. Tetsuro Kawaguchi is a candidate for independent director prescribed by Tokyo Stock Exchange, Inc.
5. The reasons for nomination as candidates for External Directors are as follows.
  - (1) Mr. Tetsuro Kawaguchi has experienced key positions in administrative agencies over a long period. We believe that he will supervise and offer opinions to the management as an External Director by taking advantage of his extensive experience and insight.  
Although Mr. Tetsuro Kawaguchi has not been directly involved in corporate management other than as an External Director, we believe that he will be able to appropriately perform his duties as an External Director for the above reasons.
  - (2) We believe that Mr. Kimiyoshi Kakitsuba will supervise and offer opinions to the management as an External Director by taking advantage of his expertise and experience as an attorney-at-law.  
Although Mr. Kimiyoshi Kakitsuba has not been directly involved in corporate management other than as an External Director, we believe that he will be able to appropriately perform his duties as an External Director for the above reasons.
6. If the election of Mr. Tetsuro Kawaguchi and Mr. Kimiyoshi Kakitsuba as Directors is approved as proposed, the Company intends to enter into an agreement with each of them to limit their respective liabilities under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement is ¥10 million or the minimum amount of liability stipulated in Article 425, Paragraph 1 of the same act, whichever is higher.

**Proposal 3: Election of 3 Corporate Auditors**

The terms of office of Corporate Auditors Yoshiyuki Kiya, Masaomi Yoshida and Masato Ueda will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 3 Corporate Auditors is proposed.

The Board of Corporate Auditors has previously given its approval to this proposal.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Yoshiyuki Kiya (August 27, 1954)	<p>April 1977      Joined the Company</p> <p>April 2003      Manager, Accounting Section, Accounting Department, Administration Division of the Company</p> <p>July 2006        General Manager, Accounting Department, Administration Division, Morimoto Corporation</p> <p>April 2008      Executive Officer; Deputy General Manager, Administration Division; General Manager, Accounting Department, Morimoto Corporation</p> <p>June 2009      Director; Executive Officer; Deputy General Manager, Administration Division; General Manager, Accounting Department, Morimoto Corporation</p> <p>June 2011      Corporate Auditor, Morimoto Corporation</p> <p>June 2013      Corporate Auditor of the Company (to present)</p>	2,310
2	*Kazuo Hashimoto (May 8, 1953)	<p>April 2010      Executive Officer; General Manager, Shikoku Division, Aioi Insurance Co., Ltd. (currently Aioi Nissay Dowa Insurance Co., Ltd.)</p> <p>October 2010    Executive Officer; General Manager, Hokkaido Division, Aioi Nissay Dowa Insurance Co., Ltd.</p> <p>April 2011      Managing Executive Officer, Aioi Life Insurance Co., Ltd.</p> <p>October 2011    Executive Officer, Mitsui Sumitomo Aioi Life Insurance Company Limited</p> <p>March 2014     Retired from Mitsui Sumitomo Aioi Life Insurance Company Limited (to present)</p>	0
3	*Ryosuke Harada (May 22, 1954)	<p>April 2010      Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>May 2011        Senior Managing Director, Sumitomo Mitsui Finance and Leasing Company, Limited</p> <p>June 2011      Senior Managing Director, Member of the Board, Sumitomo Mitsui Finance and Leasing Company, Limited</p> <p>May 2013        Advisor, SMBC Servicer Co., Ltd.</p> <p>June 2013      President &amp; Representative Director, SMBC Servicer Co., Ltd. (to present)</p>	0

(Notes)

- Asterisks (\*) indicate newly appointed candidates for Corporate Auditors.
- There are no special interests between any of the candidates for Corporate Auditors and the Company.
- Mr. Ryosuke Harada will retire from the position of President & Representative Director of SMBC Servicer Co., Ltd. in June 2017.
- Messrs. Kazuo Hashimoto and Ryosuke Harada are candidates for External Corporate Auditors. Mr. Kazuo Hashimoto is a candidate for independent auditor prescribed by Tokyo Stock Exchange, Inc.
- The reasons for nomination as candidates for External Corporate Auditors are as follows.
  - Mr. Kazuo Hashimoto has abundant experience in the insurance industry and expertise relating to corporate activities. Therefore, we believe that he will appropriately perform his role as an External Corporate Auditor.
  - Mr. Ryosuke Harada has professional knowledge of and abundant experience in financial institutions and extensive and sophisticated insight as a corporate manager. Therefore, we believe that he will appropriately perform his role as an External Corporate Auditor.
- If the election of Mr. Yoshiyuki Kiya, Mr. Kazuo Hashimoto, and Mr. Ryosuke Harada as Corporate Auditors is approved as proposed, the Company intends to enter into an agreement with each of them to limit their respective liabilities under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement is ¥10 million or the minimum amount of liability stipulated in Article 425, Paragraph 1 of the same act, whichever is higher.





**Proposal 4:** Election of 1 Substitute Corporate Auditor

In order to prepare for the contingency in which the number of Corporate Auditors falls below that stipulated by laws and regulations, the election of 1 Substitute Corporate Auditor pursuant to Article 329, Paragraph 3 of the Companies Act is proposed.

The Board of Corporate Auditors has previously given its approval to this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
Fumio Tsuchiya (July 26, 1952)	April 1985	Registered as an attorney-at-law (Daini Tokyo Bar Association)	1,000
	April 1989	Established Tsuchiya Sogo Law Office (to present)	

(Notes)

1. The Company entered into a legal adviser with Mr. Fumio Tsuchiya.
2. Mr. Fumio Tsuchiya is a candidate for Substitute External Corporate Auditor.
3. The reasons for nomination as a candidate for Substitute External Corporate Auditor are as follows.  
Mr. Fumio Tsuchiya is an attorney-at-law. We believe that Mr. Fumio TSUCHIYA will offer appropriate advice and conduct appropriate audits if he assumes the office as Corporate Auditor by taking advantage of the legal knowledge and experience, etc. he has accumulated over a long period. Therefore, we propose his election as a Substitute External Corporate Auditor.  
Although Mr. Fumio Tsuchiya has not been directly involved in corporate management other than as an External Corporate Auditor, we believe that he will be able to appropriately perform his duties as an External Corporate Auditor for the above reasons.
4. If Mr. Fumio Tsuchiya assumes the office as External Corporate Auditor, the Company intends to enter into an agreement to limit his liability under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement is ¥10 million or the minimum amount of liability stipulated in Article 425, Paragraph 1 of the same act, whichever is higher.

**Proposal 5:** Payment of Special Reward for Service to the Retiring President

If Proposal 2 is approved and the current Representative Director, President Hisao Mizushima is elected as Director, he will assume the office as Representative Director, Chairman at the Board of Directors meeting to be held after the conclusion of this year's Annual General Meeting of Shareholders.

Accordingly, it is proposed that a special reward be paid to him in the amount of ¥121,million to remunerate him for distinguished service rendered during his term of office.

It is also proposed that the timing, methods, etc. of the payment be entrusted to the Board of Directors.

Mr. Hisao Mizushima assumed the office as Representative Director, President in June 2008. Turmoil in the financial markets and stock markets resulting from the collapse of Lehman Brothers in September 2008 brought down the Company's stock price to ¥38. Under these turbulent circumstances, he led the Company as President and took proactive measures to recover the Company's financial results, such as the disposal of nonperforming assets. Through these efforts, he has succeeded in remarkably improving the Company's financial standing. In the fiscal year ended March 31, 2017 he helped the Company achieve a shareholders' equity ratio of 37.9%, return on equity of 15.5%, and the highest ever operating income recorded since the Company's foundation.

Financial performance and financial position for the last ten years

Year ended March 31,	Sales (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Shareholders' equity ratio (%)	Return on equity (%)	Dividends (Yen)	Stock price (Yen)	
							High	Low
2008	163,246	(301)	(647)	16.7	(2.4)	2.00	252	97
2009	142,353	1,950	(3,536)	18.2	(15.0)	0.00	153	38
2010	120,978	1,706	624	23.0	2.9	1.00	128	50
2011	116,564	867	490	24.9	2.2	1.00	151	60
2012	101,179	276	(499)	24.4	(2.3)	1.00	147	81
2013	112,740	(411)	(2,629)	22.0	(12.6)	1.00	164	79
2014	126,416	2,536	1,864	25.2	8.4	2.00	493	97
2015	138,525	6,302	4,616	28.7	16.6	3.00	738	343
2016	146,815	9,205	5,554	35.7	15.2	5.00	659	406
2017	143,613	10,131	7,037	37.9	15.5	9.00	592	421

For details on Mr. Hisao Mizushima's past experience, please refer to the information shown for June 2001 onward presented in Proposal 2 on page 4 of this Notice.