

December 25, 2006

Name of Company	Asahi Tec Corporation
Representative	Akira Nakamura, President and CEO Code No.: 5606 Tokyo Stock Exchange 1st Section
Contact	Takao Yoshida Managing Executive Officer (Tel: 0537-36-3112)

Notice on Issuance of Stock Options (Stock Acquisition Rights)

We hereby report that the board of directors of Asahi Tec Corporation (the “Company”) has passed a resolution today to issue the stock options pursuant to Article 236, 238 and 239 of the Corporation Act subject to the completion of the payment of total amount of issue price with respect to the issuance of new Common Stocks as described in the press release “Second Revision to Announcement of issuance of Stock (Common Stock and Class C Preferred Stock) by means of third party allotment” dated November 30, 2006. The Company obtained the shareholders approval regarding the issuance of stock options at specially favorable terms to the third parties at the extraordinary meeting of the shareholders meeting held on November 16, 2006.

1. Reason to issue the stock options upon particularly favorable terms and conditions

In order to incentivize its staff to enhance the performance of the Company’s group, the Company has planned to issue the stock options for the directors and employees of subsidiaries of the Company. The Company passed a resolution concerning the acquisition of Metaldyne Corporation, a company in the United States (“Metaldyne”). In this regard, the Company will plans to issue its stock options to the current stock option holders of Metaldyne in exchange for cancellation of the Metaldyne stock options.

2. Grantees of the stock options

Directors and employees of Metaldyne, which will become a subsidiary of the Company, will be allotted the stock options.

3. Summary terms of issuance of the stock options

- (1) Total Number of Stock Options to be granted

3,031,835 units

(2) Terms and Conditions of Stock Options to be granted

(A) Class and Number of Stock Designated by Stock Acquisition Rights
One Common Stock per One Stock Acquisition Right

In case of share split, share combination or share allocation made free of charge the number of shares that can be purchased through the exercise of unexercised stock acquisition rights are adjusted based on the following formula and any decimal point numbers generated are rounded down.

$$(\text{No. of Shares after Adjustment}) = (\text{No. of Shares before Adjustment}) \times (\text{Split} / \text{Combination} / \text{Allocation Ratio})$$

Other than the above, in case that the event of the price adjustment determined in (B), the number of shares to be issued by the exercise of each stock acquisition right appropriately adjusted in the way that the amount to be obtained by multiplying the adjusted number of shares and the exercise price after adjustment is equal to that to be obtained by multiplying the number of shares before adjustment and the exercise price before adjustment.

(B) Amount to be Paid in for Exercise of Each Stock Acquisition or Method of Calculation of Such Amount

The amount to be paid in for exercise of Stock Acquisition Right will be the amount equal to the closing price of the common stock on the trading date (on which the closing price was available) immediately prior to the granting date.

In case of share split, share combination or share allocation made free of charge the exercise price per share is adjusted based on the following formula and any decimal point numbers generated are rounded up.

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Split/Combination/Allocation Ratio}}$$

Other than the above, after the issue of stock acquisition rights, in case that our Company i) merges with other company and becomes a surviving company, ii) does a company split, or iii) recognizes a need for adjustment of the exercise price in other cases similar to i) and ii), the Board of Directors of our Company can properly adjust the exercise price on its discretion.

(C) Exercise Period for Stock Acquisition Rights

From the first anniversary of the date of grant to the tenth anniversary of the date of grant.

(D) Conditions of Exercise of Stock Acquisition Rights

- (a) Partial exercise of a stock acquisition right is prohibited.
- (b) Neither transfer, pledge nor any other disposition of a stock acquisition rights is allowed.
- (c) Other conditions of the exercise of the stock acquisition rights will be provided in Stock Option Agreement to be signed between our Company and each person who is entitled to obtain the stock acquisition rights.

(E) Matters Related to the Increase of Capital and Capital Reserve in Case of the Issuance of Shares for the Exercise of Stock Acquisition Rights.

- (a) In case of the issuance of shares for the exercise of stock option, a half of the amount of the maximum amount of increase of capital and the like which shall be calculated in accordance with Article 40, Paragraph 1 of the Regulations for the Corporation Accounting shall be capitalized (any amount less than 1 yen that arises by the calculation is rounded up and capitalized).
- (b) In case of the issuance of shares for the exercise of stock option, the amount of the increased capital reserve shall be the amount obtained by deducting the capitalized amount prescribed in (a) above from the maximum amount of increase of capital and the like prescribed in (a) above.

(F) Restrictions on the Transfer of Stock Acquisition Rights

Any transfer of stock acquisition rights shall be subject to the approval of the Board of Directors of our Company.

(G) Conditions of Acquisition of Stock Acquisition Right by Our Company

- (a) In case that i) a merger agreement resulting in our Company becoming a dissolving Company is approved by the Shareholders' Meeting, ii) a share exchange agreement or share transfer plan is approved by the Shareholders' meeting or iii) the Board of Directors of our Company recognizes a need in the other corporate restructuring events, and the Board of Directors resolves the acquisition of stock acquisition rights and the date of the acquisition, our Company can acquire the stock acquisition rights with the consideration determined by the Board of Directors in its discretion which is considered to be equivalent with the stock acquisition rights.

- (b) If a person who received stock acquisition rights falls into a situation in which he or she cannot exercise stock acquisition rights, such as the where he or she does not satisfy the conditions stipulated in the “Stock Option Agreement” prescribed in the (D) (c), and the Board of the Directors of our company resolves that our Company acquires such stock acquisition rights with the date of acquisition, our Company acquires such stock acquisition rights without charge.

(H) Stock Acquisition Rights Granted via Reorganization

In case our Company becomes a dissolving company as a result of a merger, our Company executes corporate split in which it spins off its business to an existing company (*kyuushuu bunkatsu*), our Company executes corporate split in which it spins off its business to establish a new company (*shinsetsu bunkatsu*), our Company executes a share exchange or a share transfer, then stock acquisition rights of the surviving company after such merger, the company newly established by such merger, the company which succeeds the rights and duties of the business through *kyuushuu bunkastu*, the company newly established by *shinsetsu bunkatsu*, the company which becomes its parent company through a share exchange or the company newly established by share transfer may be granted in place of stock acquisition rights based on an agreement on *kyuushuu gappei*, agreement on *shinsetsu gappei*, agreement on *kyuushuu bunkatsu*, plan for *shinsetsu bunkatsu*, agreement on share exchange or plan for share transfer.

In this case, the conditions of stock acquisition rights to be granted shall be determined in accordance with the following.

(a) Shares that can be purchased through the exercise of stock acquisition rights

Same class of shares of the surviving company after such merger, the company newly established by such merger, the company which succeeds rights and duties of the business through *kyuushuu bunkastu*, the company newly established by *shinsetsu bunkatsu*, the company which becomes its parent company through share exchange or the company newly established by share transfer.

(b) Number of shares that can be purchased through the exercise of stock acquisition rights

To be adjusted in accordance with the ratio of merger, company split, share exchange or share transfer. With regard to shares to be granted to the person who exercised stock acquisition rights, any shares less than 1 share that arises as a result of such adjustments for the person who shall be rounded down.

(c) Value of property payable for exercise of stock acquisition rights (Exercise Price)

To be adjusted in accordance with the ratio of merger, company split, share exchange or share transfer. Any amount less than 1 yen that arises as a result of such adjustments shall be rounded up.

- (d) Exercise period of stock acquisition rights, exercise conditions of stock acquisition rights, reasons for the Company to acquire stock acquisition rights

To be determined in the merger agreement, agreement on *kyuushuu bunkatsu*, plan for *shinsetsu bunkatsu*, agreement on share exchange or plan for share transfer.

- (e) Restrictions on the assignment of stock acquisition rights

Any assignment of stock acquisition rights shall be subject to approval of the Board of Directors of the Company which grants stock acquisition rights.

- (3) Payment Amount for Issuance of Stock Options

To be issued free of charge. Payment is not required.

- (4) Date of Grant of Stock Options

To be granted on the date provided in the Stock Option Agreement and falling within a period during January 10, 2007 to January 16, 2007.

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