

## **UBE INDUSTRIES, LTD.**

### **Notice of the 100<sup>th</sup> Ordinary General Meeting of Shareholders**

**This document is an abridged translation of the Japanese original. It is for reference purposes for shareholders living outside Japan, and does not constitute a formal translation of the original notice. Certain information, including the Company's business report, balance sheet, and statement of income, both consolidated basis and non-consolidated basis, has been intentionally omitted from the translation.**

June 8, 2006

Dear Shareholder:

You are cordially invited to attend the 100<sup>th</sup> Ordinary General Meeting of Shareholders of Ube Industries, Ltd., to be held in the conference room, 3<sup>rd</sup> floor, Ube Kosan Building, 8-1, Aioicho, Ube City, Japan on June 29, 2006 at 10 o'clock in the morning.

If you do not expect to attend the meeting, we request that you review the accompanying Voting Information, indicate your approval or disapproval of each of the proposals in the space provided on the enclosed Voting Card, affix your signature or registered seal, and return the Voting Card to the Company by June 28, 2006.

If you attend the meeting in person, please submit the enclosed Voting Card to the receptionists.

Sincerely,

Hiroaki Tamura  
President and Representative Director  
Ube Industries, Ltd.  
1978-96, O-Aza Kogushi,  
Ube-shi, Yamaguchi-ken  
755-8633,  
Japan

#### **OBJECTIVES OF THE MEETING:**

#### **MATTERS TO BE REPORTED:**

1. Reports on the Consolidated Balance Sheet, Consolidated Statement of Income for the fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006) as well as the Audit Reports on Consolidated Financial Statements by Independent Auditors and the Board of Auditors
2. Reports on the Business Reports, the Non-Consolidated Balance Sheet, and the Non-Consolidated Statement of Income for the fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

**PROPOSALS :**

Proposal 1: Approval of the proposed appropriation of non-consolidated retained earnings for the fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

Proposal 2: Amendment of a part of the Articles of Incorporation

Proposal 3: Election of one alternate outside Auditor

Proposal 4: Granting of a condolence money to the late Director Mr. Kazumasa Tsunemi

Proposal 5: Granting of final retirement allowance to Directors and Auditors involved in the termination of providing retirement allowance by this Company

Proposal 6: Decision on the amount and substance of Stock Options for Directors

Proposal 7: Revision of the amount of Auditors' remuneration, etc.

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## VOTING INFORMATION

1. Number of total votes of all shareholders: 997,270

2. Information on proposals

### **Proposal 1: Approval of the proposed appropriation of non-consolidated retained earnings for the fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)**

It is proposed that appropriations be made as indicated in the Proposed Appropriation of Earnings table below.

The Company proposed to pay ¥3 per share as the year-end cash dividend for this fiscal year.

Regarding bonuses to Directors and Statutory Auditors, the Company proposed to pay ¥28.41 million for Directors' bonuses, of which ¥2.4 million for outside Directors, and ¥6.27 million for Statutory Auditors' bonuses to the present eight (8) Directors (including two (2) outside Directors) and present four (4) Statutory Auditors. A proposal is also made that Board of Directors shall decide the bonuses for each Directors, and Statutory Auditors shall decide the bonuses for each Statutory Auditors, with respect to the specific amount of the bonuses.

Proposed Appropriation of Earnings for the fiscal year is set out below:

	Yen
Unappropriated retained earnings as of the end of the year	11,861,411,620
Reversal of reserve for special depreciation	56,000,000
Reversal of reserve for deferral of capital gain reinvested into other assets	1,530,000,000
Total	13,447,411,620

To be appropriated to:

	Yen
Cash dividends (¥3 per share)	3,026,156,748
Directors' bonuses	28,410,000
Auditors' bonuses	6,270,000
Reserve for general reserve	7,000,000,000
Unappropriated retained earnings forward to the next fiscal year	3,386,574,872

Proposed Appropriation of Capital Surplus Available for Distribution for the fiscal year is set out below:

	Yen
Capital Surplus Available for Distribution as of the end of the year	3,515,068,407

To be appropriated to:

	Yen
Capital Surplus Available for Distribution forward to the next fiscal year	3,515,068,407

## Proposal 2: Amendment of a part of the Articles of Incorporation

### 1) Reasons for amendment

In accordance with the enforcement of the Corporate Code (2005 Law No. 86) and the Law for Arrangement of Relevant Legislation along with the Enforcement of the Corporate Code (2005 Law No. 87) effective on May 1, 2006, the Company proposes the following amendments to the Articles of Incorporation for the purpose of establishment of new Article such as Rights Concerning Less Than One Unit, and Internet Disclosure of Reference Documents for the General Meeting of Shareholders and Deemed Provision thereof, deletion, shift, modification of Articles, adjustments of number of Articles, and refinement of wording.

The Company also proposes to introduce electronic public notice.

### 2) Contents of the amendment

Proposed amendments are set out below:

(Amendments shown by underlines)

(Present Articles)	(Proposed Amendments)
<b>CHAPTER I General Provision</b>	<b>CHAPTER I General Provision</b>
<b>Article 1. (Corporate Name)</b> (The related provision omitted)	<b>Article 1. (Corporate Name)</b> (The same as the existing one)
<b>Article 2. (Corporate Object)</b> (The related provision omitted)	<b>Article 2. (Corporate Object)</b> (The same as the existing one)
<b>Article 3. (Location of Head Office)</b> (The related provision omitted)	<b>Article 3. (Location of Head Office)</b> (The same as the existing one)
<b>(New Articles)</b>	<b><u>Article 4. (Organs)</u></b> <u>This Company has the following organs in addition to the General Meeting of Shareholders and Directors.</u> <u>(1) Board of Directors</u> <u>(2) Auditors</u> <u>(3) Board of Auditors</u> <u>(4) Independent Auditors</u>
<b>Article 4. (Method of Public Notice)</b> Public notices of this Company shall be inserted in the Nihon Keizai shinbun <u>published in Tokyo.</u>	<b>Article 5. (Method of Public Notice)</b> Public notices of this Company shall be <u>electronic public notices; provided however, that if this Company is unable to provide electronic public notices due to an accident or any other unavoidable reason, public notice of this Company shall be inserted in the Nihon Keizai shinbun.</u>
<b>CHAPTER II Shares</b>	<b>CHAPTER II Shares</b>
<b>Article 5. (Total Number of Shares)</b> Total Number of Shares authorized to be issued by this Company shall be three thousand three hundred million (3,300,000,000).	<b>Article 6. (Total Number of Shares Authorized to be Issued)</b> Total Number of Shares authorized to be issued by this Company shall be three thousand three hundred million (3,300,000,000).

(Present Articles)	(Proposed Amendments)
(New Articles)	<p><b><u>Article 7. (Issuance of Share Certificates)</u></b>  <u>This Company shall issue share certificates.</u></p>
(To be shifted from Article 11.)	<p><b><u>Article 8. (Acquisition by this Company of Its Own Shares)</u></b>  <u>This Company may acquire its own shares through market transaction and other means with a resolution of the Board of Directors, pursuant to the Article 165 Paragraph 2 of the Corporate Code.</u></p>
<p><b>Article 6. (Number of Shares as One Unit and Non-issuance of Shares Less Than One Unit)</b>  The number of shares to be counted as one unit in this Company shall be one thousand shares. This Company shall not issue shares less than one unit; provided, however, that the matters provided for in the Rules relating to Handling of Shares shall be governed by the provision of such Rules relating to Handling of Shares.</p>	<p><b>Article 9. (Number of Shares as One Unit and Non-issuance of Share Certificates Less Than One Unit)</b>  The number of shares to be counted as one unit in this Company shall be one thousand (1,000) shares. <u>Notwithstanding the provision of Article 7, this Company shall not issue share certificates less than one unit; provided, however, that the matters provided for in the Rules relating to Handling of Shares shall be governed by the provision of such Rules relating to Handling of Shares.</u></p>
(New Articles)	<p><b><u>Article 10. (Rights Concerning Less Than One Unit)</u></b>  <u>The shareholders of this Company (hereinafter including Beneficial Shareholders) can not exercise rights other than set forth below concerning any of shares less than one unit owned by such shareholders.</u></p> <ol style="list-style-type: none"> <li><u>(1) Rights as set forth in each Item of Article 189 Paragraph 2 of Corporate Code.</u></li> <li><u>(2) The Right to request as specified in Article 166 Paragraph 1 of Corporate Code.</u></li> <li><u>(3) The right to receive the allotment of shares offered or share acquisition rights offered according to the number of shares held by shareholder.</u></li> <li><u>(4) The right to request as specified in the following Article.</u></li> </ol>
<p><b>Article 7. (Additional Purchase of Shares Less Than One Unit)</b>  <u>Shareholder (hereinafter including Beneficial Shareholders) who has shares less than one unit of this Company may request this Company to sell to the shareholder the number of shares which sums to one unit with the less than one unit owned by the shareholder in accordance with Rules relating to Handling of Shares.</u></p>	<p><b>Article 11. (Additional Purchase of Shares Less Than One Unit)</b>  <u>The Shareholder of this Company may request this Company to sell to the shareholder the number of shares which sums to one unit with the number of shares of less than one unit owned by the shareholder in accordance with Rules relating to Handling of Shares.</u></p>

(Present Articles)	(Proposed Amendments)
<p><b>Article 8. (Transfer Agent)</b>  <u>This Company shall have Transfer Agent with respect to the shares. The Transfer Agent and place of its service shall be determined by the Board of Directors and shall be publicly notified. The Register of Shareholders, the Register of Beneficial Shareholders and the Register of Loss of Share Certificates of this Company shall be kept in the Place of the service of the Transfer Agent, and this Company shall have the Transfer Agent handle the registration of transfer of shares, entering the shareholders on the Register of Beneficial Shareholders, registration of pledge, indication of trust property, purchase and additional purchase of shares less than one unit, notification to be made by shareholders and other matters concerning shares and shall not handle these matters at this Company's offices.</u></p>	<p><b>Article 12. (Custodian of Shareholders' Register)</b>  <u>This Company shall have a Custodian of Shareholders' Register. The Custodian of Shareholders' Register and place of its service shall be determined by the Board of Directors and shall be publicly notified. Preparation and keeping of the Register of Shareholders (hereinafter including the Register of Beneficial Shareholders), the Register of share acquisition rights and the Register of Loss of Share Certificates of this Company and other administrative services concerning the Register of Shareholders, the Register of share acquisition rights and the Register of Loss of Share Certificates of this Company shall be delegated to the Custodian of Shareholders' Register and such services shall not be handled by this Company.</u></p>
<p><b>Article 9. (Rules relating to Handling of Shares)</b>  <u>The types of share certificate of this Company, and the registration of transfer of shares, entering the shareholders on the Register of Beneficial Shareholders, registration of pledge, indication of trust property, purchase and additional purchase of shares less than one unit, notifications to be made by shareholders, handling of other matters and fees to be charged concerning shares shall be governed by the share handling rules established for such purpose by the Board of Directors.</u></p>	<p><b>Article 13. (Rules relating to Handling of Shares)</b>  <u>Handling of shares of this Company and fees to be charged incidental thereto shall be governed by the share handling rules established for such purpose by the Board of Directors, except as set forth in the applicable laws, ordinances, and these Articles of Incorporation.</u></p>
<p><b>Article 10. (Record Date)</b>  <u>This Company shall deem a shareholder on record in the Register of Shareholders or the Register of Beneficial Shareholders at every account settlement (March 31 of each year) to be entitled to exercise the rights of shareholder at the Ordinary General Meeting of Shareholders. Besides, in case of necessity this Company shall, with prior public notice, deem a shareholder on record in the Register of Shareholders or the Register of Beneficial Shareholders at a fixed record date to be entitled to exercise the rights of shareholder.</u></p>	<p>(Deleted)</p>
<p><b>Article 11. (Acquisition by this Company of Its Own Shares)</b>  <u>This Company may acquire its own shares with a resolution of the Board of Directors, pursuant to the Article 211-3 paragraph 1 item 2 of the Commercial Code.</u></p>	<p>(To be shifted to Article 8.)</p>

(Present Articles)	(Proposed Amendments)
<p align="center"><b>CHAPTER III General Meeting of Shareholders</b></p>	<p align="center"><b>CHAPTER III General Meeting of Shareholders</b></p>
<p><b>Article 12. (Time of Convocation)</b> (The related provision omitted)</p>	<p><b>Article 14. (Convocation)</b> (The same as the existing one)</p>
<p align="center">(New Articles)</p>	<p><b>Article 15. (Record Date of the Ordinary General Meeting of Shareholders)</b> <u>The record date of the Ordinary General Meeting of Shareholders for exercising voting rights shall be March 31 of every year.</u></p>
<p><b>Article 13. (The Chairman of General Meeting)</b> The Director-President of this Company shall preside over the General Meeting of Shareholders. In a case where the President is unable to so preside, one of the other Directors shall act as the Chairman in the order fixed in advance by the Board of Directors.</p>	<p><b>Article 16. (Person Entitled to Convene Meetings and Chairman)</b> The Director-President of this Company shall <u>convene and</u> preside over the General Meeting of Shareholders. In a case where the President is unable to so preside, one of the other Directors shall act as the Chairman in the order fixed in advance by the Board of Directors.</p>
<p align="center">(New Articles)</p>	<p><b>Article 17. (Internet Disclosure of Reference Documents for the General Meeting of Shareholders and Deemed Provision thereof)</b> <u>In convening the General Meeting of Shareholders, this Company shall be deemed to have provided the shareholders with the information which must be mentioned or displayed in the reference document of the General Meeting of Shareholders, business reports, financial statements and consolidated financial documents by disclosing such information using the Internet pursuant to the ordinance issued by the Ministry of Justice.</u></p>
<p><b>Article 14. (Resolutions)</b> A resolution of the General Meeting of Shareholders shall be adopted by a majority of <u>votes</u> of the shareholders present thereat. <u>Special resolution</u> provided in <u>Article 343 of the Commercial Code</u> shall be adopted by not less than two-thirds (2/3) of the <u>votes</u> of the shareholders present <u>who hold shares</u> representing not less than one-third (1/3) of the <u>total votes</u> of <u>all</u> the shareholders.</p>	<p><b>Article 18. (Resolutions)</b> <u>Unless otherwise provided for in applicable law or ordinance or these Articles of Incorporation</u>, a resolution of the General Meeting of Shareholders shall be adopted by a majority of <u>voting rights</u> of the shareholders present thereat <u>who are entitled to exercise voting rights</u>. <u>The resolutions</u> provided in <u>Article 309 Paragraph 2 of the Corporate Code</u> shall be adopted by <u>an affirmative vote of not less than two-thirds (2/3) of the voting rights</u> of the shareholders present <u>at the meeting, where such shareholders shall hold shares</u> representing not less than one-third (1/3) of the <u>voting rights</u> of the shareholders <u>who are entitled to exercise voting rights</u>.</p>

(Present Articles)	(Proposed Amendments)
<p><b>Article 15. (Vote by Proxy)</b>  Shareholder may exercise his/her voting right by proxy who shall be also a shareholder of this Company; provided, however, that such a shareholder or proxy shall file with this Company a document establishing his/her power of representation.</p>	<p><b>Article 19. (Vote by Proxy)</b>  Shareholder may exercise his/her voting right by <u>one (1)</u> proxy who shall be also a shareholder of this Company; provided, however, that such a shareholder or proxy shall file with this Company a document establishing his/her power of representation <u>at each General Meeting of Shareholders.</u></p>
<p><b>CHAPTER IV Directors and Board of Directors</b></p>	<p><b>CHAPTER IV Directors and Board of Directors</b></p>
<p><b>Article 16. (Election of Director)</b>  The Directors of this Company not more than fifteen (15) in number shall be elected at the General Meeting of Shareholders.  The Directors shall be elected by a majority of votes of the shareholders <u>at the General Meeting of Shareholders at which the shareholders holding more than one-third (1/3) of the total votes of all the shareholders are present.</u>  No cumulative voting shall be used for election of the Directors.</p>	<p><b>Article 20. (Number and Election of Directors)</b>  The Directors of this Company not more than fifteen (15) in number shall be elected at the General Meeting of Shareholders.  The Directors shall be elected by <u>an affirmative vote of</u> a majority of votes of the shareholders <u>present at the meeting, where such shareholders shall hold shares representing more than one-third (1/3) of the voting rights of the shareholders who are entitled to exercise voting rights.</u>  No cumulative voting shall be used <u>for a resolution of electing</u> Directors.</p>
<p><b>Article 17. (Term of Office of Director)</b>  The term of office of <u>a Director</u> shall expire at the close of the Ordinary General Meeting of Shareholders <u>for the last account settlement term</u> not later than two (2) years after <u>their assumption of office.</u> The term of office of Director newly elected to fill the vacancy of a predecessor or to fill the vacancy because of an increase in the number of Directors shall be the same as the remaining term of office of the other Directors then in office.</p>	<p><b>Article 21. (Term of Office of Directors)</b>  The term of office of <u>Directors</u> shall expire at the close of the Ordinary General Meeting of Shareholders <u>for the last business term ending within</u> two (2) years after <u>their election.</u>  The term of office of Director newly elected to fill the vacancy of a predecessor or to fill the vacancy because of an increase in the number of Directors shall be the same as the remaining term of office of the other Directors then in office.</p>
<p><b>Article 18. (Representative Director)</b>  (The related provision omitted)</p>	<p><b>Article 22. (Representative Director)</b>  (The same as the existing one)</p>
<p><b>Article 19. (Name of Offices of Director)</b>  (The related provision omitted)</p>	<p><b>Article 23. (Name of Offices of Director)</b>  (The same as the existing one)</p>
<p><b>Article 20. (Notice of Meeting of Board of Directors)</b>  A notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director and Auditor three (3) days before the date of meeting; provided, however, that in case <u>of urgency, the above period may be shortened.</u></p>	<p><b>Article 24. (Notice of Meeting of Board of Directors)</b>  A notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director and Auditor <u>no later than</u> three (3) days before the date of meeting.</p>



(Present Articles)	(Proposed Amendments)
<p><b>Article 21. (Remuneration of Director)</b>  The remuneration of the Directors shall be determined at the General Meeting of Shareholders.</p>	<p><b>Article 25. (Directors' Remuneration, etc.)</b>  The remuneration, bonuses and the financial benefits payable to the Directors from this Company in consideration of execution of their duties (hereinafter collectively referred to as "Remuneration, etc.") shall be determined by a resolution of the General Meeting of Shareholders.</p>
<p><b>Article 22. (Contract for an Outside Director to limit its liability)</b>  Pursuant to the Article 266 paragraph 19 of the Commercial Code, this Company may contract with an outside director to limit his or her liability for the damage due to the act under Article 266 paragraph 1 item 5 of the Commercial Code. Provided, however, such limited amount of liability shall not exceed the sum of the amount of money under any item of Article 266 paragraph 19 of the Commercial Code.</p>	<p><b>Article 26. (Contract for an Outside Directors to limit its liability)</b>  Pursuant to the Article 427 Paragraph 1 of the Corporate Code, this Company may contract with an outside director to limit his or her liability for the damage set forth in Article 423 Paragraph 1 of the Corporate Code. Provided, however, such limited amount of liability shall not exceed the minimum amount provided in relevant laws and ordinances.</p>
<p><b>Article 23. (Advisers and Counselors)</b>  (The related provision omitted)</p>	<p><b>Article 27. (Advisers and Counselors)</b>  (The same as the existing one)</p>
<p><b>CHAPTER V Auditors and Board of Auditors</b></p>	<p><b>CHAPTER V Auditors and Board of Auditors</b></p>
<p><b>Article 24. (Election of Auditor)</b>  The Auditors of this Company not more than five (5) in number shall be elected at the General Meeting of Shareholders. The Auditors shall be elected by a majority of votes of the shareholders at the General Meeting of Shareholders at which the shareholders holding more than one-third (1/3) of the total votes of all the shareholders are present.</p>	<p><b>Article 28. (Number and Election of Auditors)</b>  The Auditors of this Company not more than five (5) in number shall be elected at the General Meeting of Shareholders. The Directors shall be elected by an affirmative vote of a majority of votes of the shareholders present at the meeting, where such shareholders shall hold shares representing more than one-third (1/3) of the voting rights of the shareholders who are entitled to exercise voting rights.</p>
<p><b>Article 25. (Term of Office of Auditor)</b>  The term of office of an Auditor shall expire at the close of the Ordinary General Meeting of Shareholders for the last account settlement term not later than four (4) years after their assumption of office. The term of office of Auditor newly elected to fill the vacancy of a predecessor shall be the same as the remaining term of office to his/her predecessor.</p>	<p><b>Article 29. (Term of Office of Auditors)</b>  The term of office of Auditors shall expire at the close of the Ordinary General Meeting of Shareholders for the last business term ending within four (4) years after their election.  The term of office of Auditor newly elected to fill the vacancy of a predecessor retired before the expiry of term of office shall be the same as the remaining term of office to his/her predecessor.</p>
<p><b>(New Articles)</b></p>	<p><b>Article 30. (Full-Time Auditors)</b>  Full-time Auditor(s) shall be elected from Auditors by a resolution of Board of Auditors.</p>

(Present Articles)	(Proposed Amendments)
<p><b>Article 26. (Notice of Meeting of Board of Auditors)</b></p> <p>A notice of convocation of a meeting of the Board of Auditors shall be dispatched to each Auditor three (3) days before the date of meeting; <u>provided, however, that in case of urgency, the above period may be shortened.</u></p>	<p><b>Article 31. (Notice of Meeting of Board of Auditors)</b></p> <p>A notice of convocation of a meeting of the Board of Auditors shall be dispatched to each Auditor <u>no later than</u> three (3) days before the date of meeting.</p>
<p><b>Article 27. (Remuneration of Auditor)</b></p> <p><u>The remuneration</u> of the Auditors shall be determined at the General Meeting of Shareholders.</p>	<p><b>Article 32. (Auditors' Remuneration, etc.)</b></p> <p><u>The Remuneration, etc.</u> of the Auditors shall be determined <u>by a resolution of</u> the General Meeting of Shareholders.</p>
<p><b>CHAPTER VI Accounting</b></p>	<p><b>CHAPTER VI Accounting</b></p>
<p><b>Article 28. (Business Term)</b></p> <p>The business term of this Company shall be from April <u>1st</u> to March <u>31st</u> of the ensuing year.</p>	<p><b>Article 33. (Business Term)</b></p> <p>The business term of this Company shall be from April <u>1</u> to March <u>31</u> of the ensuing year.</p>
<p><b>Article 29. (Disposition of Profit)</b></p> <p>A <u>profit</u> of this Company shall be disposed by a resolution of the General Meeting of Shareholders; provided, however, that the matters provided for in the law or ordinance shall be governed by the provision of such law or ordinance.</p>	<p><b>Article 34. (Disposition of Retained Earning)</b></p> <p>A <u>retained earning</u> of this Company shall be disposed by a resolution of the General Meeting of Shareholders; provided, however, that the matters provided for in the law or ordinance shall be governed by the provision of such law or ordinance.</p>
<p><b>Article 30. (Profit Distribution)</b></p> <p><u>The dividend shall be paid to the shareholders who are entered as such in the Register of Shareholders and/or the Register of Beneficial Shareholders as of March 31st of each year.</u></p>	<p><b>Article 35. (Record Date of the Distribution of Retained Earning)</b></p> <p><u>The record date for this Company's distribution of fiscal year-end dividend shall be March 31 of each year.</u></p>
<p><b>Article 31. (Interim Dividend)</b></p> <p>This Company may, by a resolution of the Board of Directors, pay <u>the monetary distribution (hereinafter Called "Interim Dividend")</u> as provided for in <u>Article 293-5 of the Commercial Code to shareholders who are entered as such in the Register of Shareholders and/or the Register of Beneficial Shareholders as of September 30th of each year.</u></p>	<p><b>Article 36. (Interim Dividend)</b></p> <p>This Company may, by a resolution of the Board of Directors, pay <u>dividend of retained earning (Interim Dividend ) as provided for in Article 454 Paragraph 5 of the Corporate Code with the record date of September 30 of each year.</u></p>
<p><b>Article 32. (Time of Conversion of Convertible Debentures)</b></p> <p><u>The first dividend or the first interim dividend on the shares issued on the conversion of convertible debentures shall be paid on the assumption that such conversion occurred at the first day of April of the year if the request for conversion is made during the period from the first day of April to the 30th day of September of the same year; and at the first day of October of the year if such request is made during the period from the first day of October of the same year to the 31st day of March of the ensuing year, respectively.</u></p>	<p><b>(Deleted)</b></p>

(Present Articles)	(Proposed Amendments)
<p><b>Article 33. (Exclusion Period of Profit Distribution, etc.)</b></p> <p>If the dividend or the interim dividend is not received within five (5) years from the date at which it becomes due and payable, this Company shall be discharged from its liability for payment of such dividend.</p>	<p><b>Article 37. (Exclusion Period of Year-End Dividends, etc.)</b></p> <p>If the <u>fiscal year-end</u> dividend or the interim dividend is not received within five (5) years from the date at which it becomes due and payable, this Company shall be discharged from its liability for payment of such dividend.</p>

**Proposal 3: Election of one alternate outside Auditor.**

In case that the Company lacks the necessary number of outside Statutory Auditors required by law or ordinance, shareholders are requested to elect one (1) alternate outside Auditor in advance.

The candidate for alternate outside Auditor position is as follows:

Candidate Number	Name and Date of Birth	Personal History and representative position in other companies	Shares owned
1	Mr. Toshiei Imaizumi July 20, 1937	December 1969 Entered, Showa Audit Corporation (present Ernst & Young ShinNihon) February 1976 Representative partners, Showa Audit Corporation (present Ernst & Young ShinNihon) June 2003 Retired, Shin Nihon & Co. (present Ernst & Young ShinNihon) January 2005 Corporate Auditor, SN Corporate Advisory Co., Ltd. (current)	3,000

**Proposal 4: Granting of a condolence money to the late Director Mr. Kazumasa Tsunemi.**

In order to reward the late Director, Mr. Kazumasa Tsunemi, who passed away on March 13, 2006, for his service during his terms in office, it is proposed that a condolence money, instead of retirement allowances, be granted to the deceased, appropriately considering his years of the terms and achievements and in accordance with the Company's practices and standards. A proposal is also made that Board of Directors shall decide the condolence money for the deceased, with respect to the specific amount, time and method of payment of the condolence money.

The personal history of the deceased is as follows:

Name	Personal history
Mr. Kazumasa Tsunemi	June 1993 Director June 1997 Managing Director June 1998 Senior Managing Director June 1999 President and Representative Director June 2003 Board of Chairman, President and Representative Director June 2005 Board of Chairman and Director March 2006 Demise

**Proposal 5: Granting of final retirement allowance to Directors and Auditors involved in the termination of providing retirement allowance by this Company.**

For the purpose of ensuring better accountability and higher transparency to shareholders, and sharing corporate value with shareholders, the Company shall revise compensation package system for Directors and Auditors and terminate the system of retirement allowance.

In terminating the system, it is proposed that final retirement allowances be granted to present Directors and Auditors, appropriately considering respective years of terms and achievements and in accordance with the Company's practices and standards, as adjustment for the termination of retirement allowances. A proposal is also made that time of payment of the retirement allowance shall be the time of retirement of each Directors and Auditors, and Board of Directors shall decide the retirement allowance for each of the Directors, and Statutory Auditors shall decide the retirement allowance for each of the Statutory Auditors, with respect to the specific amount and method of payment of the retirement allowance; provided however, the retirement allowance for the Directors shall be paid at the time of retirement from both Directors and Executive Officers.

As for the outside Directors, the Company shall treat as same as other Directors.

The Company currently has eight (8) Directors (including two (2) outside Directors) and four (4) Statutory Auditors.

The abbreviated histories of the Directors and the Statutory Auditors are as follows:

Name	Personal history
Mr. Hiroaki Tamura	June 1997 Director June 1999 Managing Director June 2001 Senior Managing Executive Officer June 2003 Senior Managing Executive Officer and Senior Managing Director June 2005 President and Representative Director (current)
Mr. Yasuhisa Chiba	June 1997 Director June 2001 Managing Executive Officer June 2003 Senior Managing Executive Officer and Senior Managing Director June 2005 Vice President and Executive Officer, and Representative Director (current)
Mr. Kazuhiko Okada	June 1999 Director June 2001 Managing Executive Officer and Managing Director June 2003 Senior Managing Executive Officer and Senior Managing Director June 2005 Vice President and Executive Officer, and Representative Director (current)
Mr. Takashi Matsumoto	June 1999 Director June 2001 Managing Executive Officer June 2003 Senior Managing Director June 2005 Director (current)
Mr. Akinori Furukawa	June 2005 Senior Managing Executive Officer and Director (current)
Mr. Masao Uno	June 2005 Managing Executive Officer and Director (current)

Name	Personal history
Mr. Yoshiomi Matsumoto	June 2005 Outside Director (current)
Mr. Michitaka Motoda	June 2005 Outside Director (current)
Mr. Hiroshi Ikeda	June 2003 Full-Time Statutory Auditor (current)
Mr. Masaki Kashibe	June 2004 Full-Time Statutory Auditor (current)
Mr. Kazuo Yamanaka	June 2005 Full-Time Statutory Auditor (current)
Mr. Hiroshi Takimoto	June 2005 Statutory Auditor (part-time)(current)

### **Proposal 6: Decision on the amount and substance of Stock Options for Directors.**

In connection with the termination of retirement allowance, as for Directors other than outside Directors, the Company shall add the amount equivalent to the approximately half of their retirement allowance to their monthly salary already fluctuated in conjunction with the Company's performance. As for the amount equivalent to the rest half of such retirement allowance, for the purpose of enhancing the directors' motivation and morale toward higher stock price and further improvement in operating performance by increasing co-movement with stock price and sharing a mutual interest between directors and shareholders, the Company shall allot the share acquisition rights (share acquisition rights of which the amount to be paid per share (hereinafter referred to as "Exercise Price") for shares to be issued upon exercising such rights is ¥1). Provided however, in accordance with the enforcement of the Corporate Code (2005 Law No. 86) such share acquisition rights allotted to directors as stock option shall be deemed as part of their remuneration, etc.

It is hereby proposed that the amount of directors' remuneration, etc. and its details with regard to the share acquisition rights allotted to directors except for outside directors as stock option, in addition to the monthly amount of directors' remuneration, etc, settled within the aggregate amount of ¥60 million per month according to the approval at the 83th ordinary general meeting of shareholders held on June 29 1989.

The Company currently has eight (8) Directors (including two (2) outside Directors).

As for the outside directors, the Company shall not allot stock option to maintain the independence of outside director, and shall add the amount equivalent to their retirement allowance to their monthly remuneration.

1. It is proposed that the amount of remuneration, etc. with regard to the share acquisition rights allotted to directors as stock option shall be within ¥100 million per year.

2. The details of the share acquisition rights allotted to directors as stock option shall be as follows

(1) Total number of share acquisition rights, and class and number of shares subject to the share acquisition rights

The number of shares subject to each share acquisition right (hereinafter referred to as "Number of Shares") shall be 1,000 shares.

The upper limit of share acquisition rights to be allotted to directors within one (1) year following the date of ordinary general meeting of shareholders pertaining to each business year shall be 180.

The subject of the share acquisition rights shall be ordinary shares and the upper limit of shares which issuance will be available to qualified directors by exercising their share acquisition rights to be allotted within one (1) year following the date of ordinary general meeting of shareholders pertaining to each business year shall be 180,000 shares.

In case it is considered appropriate to change the number of shares when the Company conducts a share splitting (including gratis allocation of shares) or a reverse share split, the Company shall make adjustments as deemed necessary.

(2) Amount to be paid upon the exercise of the share acquisition rights

The amount of money to be paid to upon the exercise of each share acquisition right shall be the amount of Exercise Price multiplied by the Number of Shares.

(3) Exercisable period of the share acquisition rights

The exercisable period of the share acquisition rights shall be twenty-five (25) years from the date when such rights are allotted.

(4) Restriction on transfer of the share acquisition rights

The acquisition of the share acquisition rights via transfer shall require the approval of the Company's Board of Directors.

(5) Conditions for exercise of the share acquisition rights

1) A person who holds the share acquisition rights can exercise such rights for a period of eight (8) years from the date following the date when he or she loses all of the position as both director and executive officer of the Company within the exercisable period under (3) above.

2) Other applicable conditions for the exercise of the share acquisition rights shall be prescribed by the Board of Directors, which determines the guidelines for applicants of the share acquisition rights.

**Proposal 7: Revision of the amount of Auditors' remuneration, etc..**

The amount of Statutory Auditors' remuneration, etc. were settled within the aggregate amount of ¥6 million per month according to the approval at the 83th ordinary general meeting of shareholders held on June 29 1989. As retirement allowance of the Company terminated, the Company shall not allot stock option to Statutory Auditors to maintain the independence of Statutory Auditor, and shall add the amount equivalent to their retirement allowance to their monthly remuneration.

Accordingly, It is proposed that the amount of Statutory Auditors' remuneration, etc. shall revise to increase within the aggregate amount of ¥8 million per month.

The Company currently has four (4) Statutory Auditors.